



September 2015

# INFORMATION TECHNOLOGY REFORM

Billions of Dollars in  
Savings Have Been  
Realized, but  
Agencies Need to  
Complete  
Reinvestment Plans

# GAO Highlights

Highlights of GAO-15-617, a report to congressional requesters

## Why GAO Did This Study

Beginning in 2010, OMB initiated a series of IT reform efforts to consolidate the growing number of data centers and eliminate duplicative spending. In May 2012, the agency began a “cut and reinvest” effort that required agencies to propose fiscal year 2014 IT reductions and reinvestments.

GAO was asked to review agencies’ savings from OMB’s IT reform efforts and determine how those savings are being reinvested. The objectives were to (1) assess agencies’ progress in achieving savings from their IT reform efforts, (2) evaluate agencies’ plans to reinvest their savings, and (3) evaluate how selected agencies have reinvested their savings and governance processes to oversee the reinvestments. GAO assessed 26 agencies’ cost savings and avoidance documentation, evaluated 27 agencies’ (including the Smithsonian Institution) reinvestment plans against OMB’s guidance, and compared 4 of the agencies’ governance processes against best practices. The 4 agencies were selected, in part, because they had the highest dollar amounts of proposed IT reinvestments.

## What GAO Recommends

GAO recommends that agencies complete their IT savings reinvestment plans and improve tracking, and that OMB define targets for agency reinvestment and require that agencies complete their plans and track actual reinvestment performance. OMB and 12 agencies agreed with GAO’s recommendations, 1 did not state whether it agreed or disagreed, 3 had no comments, and 1 partially agreed.

View GAO-15-617. For more information, contact David Pownner at (202) 512-9286 or [pownnerd@gao.gov](mailto:pownnerd@gao.gov).

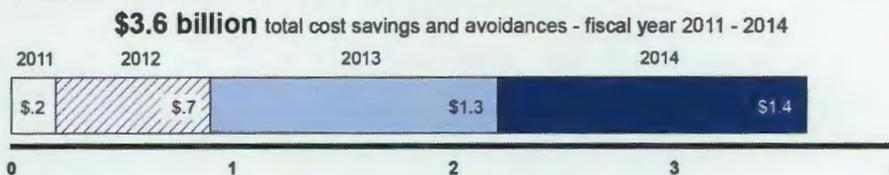
## INFORMATION TECHNOLOGY REFORM

### Billions of Dollars in Savings Have Been Realized, but Agencies Need to Complete Reinvestment Plans

## What GAO Found

Twenty-four of the 26 federal agencies participating in the Office of Management and Budget’s (OMB) information technology (IT) reform initiatives reported achieving an estimated total of \$3.6 billion dollars in cost savings and avoidances between fiscal years 2011 and 2014. Slightly more than half (or about \$2.0 billion) of the savings and avoidances were from data center consolidation and optimization efforts. Notably, of the \$3.6 billion total, the Departments of Defense, Homeland Security, Treasury, and the Social Security Administration accounted for about \$2.5 billion (or 69 percent).

### Agency-reported IT Reform Cost Savings and Avoidances



Source: GAO analysis of agency data. | GAO-15-617

Most agencies did not fully meet OMB’s requirements to submit reinvestment plan information. Of the 27 agencies required to submit reinvestment plans (including one-time and ongoing plans), 5 agencies had fully implemented OMB’s guidance, while the remaining 22 had only partially implemented it. For example, most agencies had not fully implemented OMB’s guidance for submitting one-time fiscal year 2014 IT reduction and reinvestment plans as part of OMB’s “cut and reinvest” effort. As a result, agencies’ plans were substantially short of OMB’s overall fiscal year 2014 targets: \$3.0 billion in proposed reductions and \$2.1 billion in proposed reinvestments, compared to OMB’s targets of \$7.6 billion in reductions and as much as \$7.6 billion in reinvestments. Agencies provided varied reasons for not meeting OMB’s requirements, such as that their components had not fully tracked and reported how their savings were to be reinvested. Until agencies complete their ongoing reinvestment plans, they will be challenged to ensure that their considerable savings are being used in the most efficient and effective manner possible.

Four selected agencies—the Departments of Education, Interior, Labor, and the Social Security Administration—had documented key governance processes to guide the development of their fiscal year 2014 budget submission, which included proposed IT reinvestments of \$350 million. However, none of the four agencies had tracked the reinvestment performance results. They provided varied reasons for not doing so, and two agencies noted the lack of visibility into their components’ reinvestments. The lack of performance tracking is also due to OMB not requiring agencies to document actual results. In addition, OMB has not defined targets for reinvestments beyond fiscal year 2014. Until OMB requires agencies to track actual reinvestment performance and defines targets, it will be limited in its ability to ensure that agencies are actually reinvesting funds as planned and may not be able to hold them accountable. Finally, without improved tracking, selected agencies may lack assurance that their components are reinvesting in areas consistent with agency-wide goals.

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## Abbreviations

Agriculture	U.S. Department of Agriculture
CIO	chief information officer
Commerce	Department of Commerce
Defense	Department of Defense
DHS	Department of Homeland Security
Education	Department of Education
Energy	Department of Energy
EPA	Environmental Protection Agency
FDCCI	Federal Data Center Consolidation Initiative
GSA	General Services Administration
HHS	Department of Health and Human Services
HUD	Department of Housing and Urban Development
Interior	Department of the Interior
IRB	investment review board
IRM	information resource management
IT	information technology
Justice	Department of Justice
Labor	Department of Labor
NARA	National Archives and Records Administration
NASA	National Aeronautics and Space Administration
NRC	U.S. Nuclear Regulatory Commission
NSF	National Science Foundation
OMB	Office of Management and Budget
OPM	Office of Personnel Management
SBA	Small Business Administration
Smithsonian	Smithsonian Institution
SSA	Social Security Administration
State	Department of State
Transportation	Department of Transportation
Treasury	Department of the Treasury
USACE	U.S. Army Corps of Engineers
USAID	U.S. Agency for International Development
VA	Department of Veterans Affairs

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September 15, 2015

The Honorable Ron Johnson  
Chairman  
The Honorable Thomas R. Carper  
Ranking Member  
Committee on Homeland Security and Governmental Affairs  
United States Senate

The Honorable Jason Chaffetz  
Chairman  
Committee on Oversight and Government Reform  
House of Representatives

Federal agencies spend over \$80 billion annually to meet their increasing demand for information technology (IT). Beginning in 2010, the Office of Management and Budget (OMB) launched a series of IT reform initiatives intended to help agencies achieve greater efficiency in their IT investments by, among other things, consolidating the growing number of federal data centers and increasing the use of cloud computing.<sup>1</sup> We have previously reported<sup>2</sup> and testified<sup>3</sup> that OMB's IT reform initiatives

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<sup>1</sup>Cloud computing relies on Internet-based services and resources to provide computing services to customers, while freeing them from the burden and costs of maintaining the underlying infrastructure.

<sup>2</sup>See, for example, GAO, *Information Technology: Additional OMB and Agency Actions Needed to Ensure Portfolio Savings are Realized and Effectively Tracked*, GAO-15-296 (Washington, D.C.: Apr. 16, 2015); *Data Center Consolidation: Reporting Can Be Improved to Reflect Substantial Planned Savings*, GAO-14-713 (Washington, D.C.: Sept. 25, 2014); *Cloud Computing: Additional Opportunities and Savings Need to Be Pursued*, GAO-14-753 (Washington, D.C.: Sept. 25, 2014); and *Information Technology: Additional OMB and Agency Actions Are Needed to Achieve Portfolio Savings*, GAO-14-65 (Washington, D.C.: Nov. 6, 2013).

<sup>3</sup>See, for example, GAO, *Information Technology: Reform Initiatives Can Help Improve Efficiency and Effectiveness*, GAO-14-671T (Washington, D.C.: June 10, 2014); *Information Technology: OMB and Agencies Need to More Effectively Implement Major Initiatives to Save Billions of Dollars*, GAO-13-796T (Washington, D.C.: July 25, 2013); *Data Center Consolidation: Strengthened Oversight Needed to Achieve Billions of Dollars in Savings*, GAO-13-627T (Washington, D.C.: May 14, 2013); and *Information Technology: OMB and Agencies Need to Fully Implement Major Initiatives to Save Billions of Dollars*, GAO-13-297T (Washington, D.C.: Jan. 22, 2013).

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can help to improve the efficiency and effectiveness of the federal government and have the potential to save billions of dollars.

To further increase the efficiency of IT spending, in May 2012, OMB initiated a “cut and reinvest” effort that required agencies, as part of their fiscal year 2014 budget submission, to propose reductions in IT that represented 10 percent of their overall spending and to propose reinvestments of between 50 and 100 percent of the savings.<sup>4</sup> According to OMB’s guidance, reductions were to be in duplicative, underperforming, or lower-priority investments, while reinvestments were to be in innovative solutions that would, among other things, produce a favorable return on investment within 18 months or demonstrably improve citizen services or administrative efficiencies.

Given the importance of OMB’s IT reform efforts, you asked us to review agencies’ savings from such efforts and determine how agencies are reinvesting their savings. Our objectives were to (1) assess agencies’ progress in achieving savings from their IT reform efforts; (2) evaluate the extent to which agencies have established plans to reinvest their savings; and (3) evaluate how selected agencies have reinvested their savings, including the extent to which IT governance processes are in place to oversee such reinvestments.

To address our first objective, we obtained and analyzed the cost savings and avoidance documentation from 26 departments and agencies (agencies)<sup>5</sup> that are required to implement OMB’s PortfolioStat initiative.<sup>6</sup> This documentation included quarterly status reports to OMB and other agency-developed spreadsheets and reporting tools. We then identified

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<sup>4</sup>OMB, *Fiscal Year 2014 Budget Guidance*, Memorandum M-12-13 (Washington D.C.: May 18, 2012) and *FY14 Guidance on Exhibits 53 and 300* (Washington, D.C.: Aug. 3, 2012).

<sup>5</sup>The 26 agencies we reviewed are the Departments of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, Homeland Security, Housing and Urban Development, the Interior, Justice, Labor, State, Transportation, the Treasury, and Veterans Affairs; the Environmental Protection Agency, General Services Administration, National Aeronautics and Space Administration, National Archives and Records Administration, National Science Foundation, U.S. Nuclear Regulatory Commission, Office of Personnel Management, Small Business Administration, Social Security Administration, U.S. Agency for International Development, and U.S. Army Corps of Engineers.

<sup>6</sup>OMB, *Implementing PortfolioStat*, Memorandum M-12-10 (Washington, D.C.: Mar. 30, 2012).

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the total agency-reported savings and avoidances achieved from fiscal years 2011 to 2014. To address our second objective, we compared the 26 PortfolioStat agencies' long-range (e.g., 3-5 year) reinvestment plans, as documented in their information resource management (IRM) strategic plans, to requirements documented in OMB's March 2013 PortfolioStat memorandum.<sup>7</sup> We also compared 27 agencies' fiscal year 2014 IT reduction and reinvestment plans, as documented in their budget submissions for that fiscal year,<sup>8</sup> to requirements in OMB's fiscal year 2014 budget guidance.<sup>9</sup> Finally, we compared the 26 PortfolioStat agencies' quarterly reinvestment plans, as documented in their status reports to OMB, against OMB's instructions for submitting such reports.

For the third objective, we selected four federal agencies—the Departments of Education (Education), the Interior (Interior), and Labor (Labor), and the Social Security Administration (SSA)—based on their fiscal year 2014 proposed IT reductions and reinvestments, as documented in their budget submission documentation. We chose these agencies, in part, because they had the highest proposed reinvestment dollar amounts. We compared the governance processes used by these agencies to develop their fiscal year 2014 budget submission (including planned IT reductions and reinvestments) to key practices for establishing and involving investment boards in the investment management framework developed by GAO,<sup>10</sup> analyzed agencies' actual performance against their proposed fiscal year 2014 IT reductions and reinvestments, and interviewed agency officials.

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<sup>7</sup>OMB, *Fiscal Year 2013 PortfolioStat Guidance: Strengthening Federal IT Portfolio Management*, Memorandum M-13-09 (Washington, D.C.: Mar. 27, 2013).

<sup>8</sup>In addition to the 26 agencies previously mentioned, OMB's fiscal year 2014 budget submission requirements for IT reduction and reinvestment plans also applied to the Smithsonian Institution. See OMB, *FY14 Guidance on Exhibits 53 and 300* for more information. However, the Smithsonian Institution is not required to participate in OMB's PortfolioStat initiative; therefore, the requirements to report cost savings and avoidances and submit associated reinvestment plans as part of that initiative do not apply to the agency.

<sup>9</sup>OMB, *FY14 Guidance on Exhibits 53 and 300*.

<sup>10</sup>GAO, *Information Technology Investment Management: A Framework for Assessing and Improving Process Maturity*, version 1.1, GAO-04-394G (Washington, D.C.: March 2004).

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We conducted this performance audit from October 2014 to September 2015 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Appendix I contains additional details on our objectives, scope, and methodology.

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## Background

As we and OMB have noted, duplicative, wasteful, and low-value investments have proliferated over the years, highlighting the need for agencies to avoid such investments whenever possible. To help agencies manage their IT more effectively, reduce duplication, and achieve cost savings, OMB implemented a series of initiatives beginning in 2010:

- *Data Center Consolidation and Optimization.* In February 2010, the Federal Chief Information Officer (CIO) established the Federal Data Center Consolidation Initiative (FDCCI) to address the growing number of federal data centers. This initiative's four high-level goals were to reduce the overall energy and real estate footprint of government data centers; reduce the cost of data center hardware, software, and operations; increase the overall IT security posture of the government; and shift IT investments to more efficient computing platforms and technologies. OMB estimates that the initiative has the potential to provide about \$3 billion in savings by the end of 2015. In March 2013, OMB issued a memorandum<sup>11</sup> that expanded FDCCI to include measuring the extent to which agencies have optimized their core data centers in areas such as energy, labor, and storage, and subsequently released a set of 11 data center optimization metrics to measure agency progress.
- *IT Reform Plan.* In December 2010, the Federal CIO established a *25-Point IT Reform Plan*<sup>12</sup> designed to address challenges in IT acquisition, improve operational efficiencies, and deliver more IT value to the American taxpayer. The plan set forth action items and required activities to consolidate the growing number of federal data

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<sup>11</sup>OMB, Memorandum M-13-09.

<sup>12</sup>OMB, *25 Point Implementation Plan to Reform Federal Information Technology Management* (Washington, D.C.: Dec. 9, 2010).

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centers, shift to increased use of cloud computing, and promote the use of shared service solutions. In addition, as part of an effort to reduce the risk associated with IT acquisitions, the plan calls for federal IT programs to deploy capabilities or functionality in release cycles no longer than 12 months, and ideally, less than 6 months.

- *Cloud Computing Strategy.* In order to accelerate the adoption of cloud computing solutions across the government, OMB's *25-Point IT Reform Plan* included a "Cloud First" policy that required each agency CIO to fully migrate three services to a cloud solution by June 2012, and implement cloud-based solutions whenever a secure, reliable, and cost-effective cloud option exists. Building on this requirement, in February 2011, OMB issued the *Federal Cloud Computing Strategy*,<sup>13</sup> which provided definitions of cloud computing services; benefits of cloud services, such as accelerating data center consolidations; case studies to support agencies' migration to cloud computing; and roles and responsibilities for federal agencies. According to OMB, shifting from building custom systems to adopting cloud technologies and shared solutions will improve the government's operational efficiencies and result in substantial cost savings.
- *PortfolioStat.* In March 2012, OMB launched the PortfolioStat initiative, which requires agencies to conduct an annual agency-wide IT portfolio review to, among other things, reduce commodity IT<sup>14</sup> spending and demonstrate how its IT investments align with the agency's mission and business functions.<sup>15</sup> PortfolioStat is designed to assist agencies in assessing the current maturity of their IT portfolio management process, make decisions on eliminating duplication, and move to shared solutions in order to maximize the return on IT investments across the portfolio. OMB reported that the PortfolioStat effort has the potential to save the government \$2.5 billion between fiscal years 2013 and 2015 by consolidating and eliminating duplicative systems.

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<sup>13</sup>OMB, *Federal Cloud Computing Strategy* (Washington, D.C.: Feb. 8, 2011).

<sup>14</sup>According to OMB, commodity IT includes services such as IT infrastructure (data centers, networks, and desktop computers and mobile devices); enterprise IT systems (e-mail, collaboration tools, identity and access management, security, and web infrastructure); and business systems (finance, human resources, and other administrative functions).

<sup>15</sup>OMB, Memorandum M-12-10.

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- *IT Shared Services Strategy*. In May 2012, building on a requirement established in its *25-Point IT Reform Plan*, OMB released its *Federal IT Shared Services Strategy*.<sup>16</sup> The strategy requires agencies to use shared services—IT functions that are provided for consumption by multiple organizations within or between federal agencies—for IT service delivery in order to increase return on investment, eliminate waste and duplication, and improve the effectiveness of IT solutions. Examples of commodity IT areas to consider migrating to a shared environment, as described in the strategy, include software licenses, e-mail systems, and human resource systems. According to OMB, a review of over 7,000 federal agency IT investments reported in budget year 2013 revealed many redundancies and billions of dollars in potential savings that could be achieved through consolidation and a shared approach to IT service delivery within and between agencies.

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### OMB Required Agencies to Establish Plans to Reinvest Their Savings

With the potential for significant savings, and in continuing its focus on increasing efficiency and reducing costs, OMB established both one-time and ongoing requirements for agencies to establish plans to reinvest their savings. These requirements include the following:

- *Long-range (e.g., 3-5 year) reinvestment plans*. In March 2013, OMB issued a memorandum that consolidated previously collected IT-related plans, reports, and data submissions, and introduced a new requirement for submitting reinvestment information.<sup>17</sup> Specifically, the memorandum required each of the 26 agencies that participate in the PortfolioStat initiative to describe how they plan to reinvest savings resulting from the consolidation of commodity IT resources (including data centers) in their IRM strategic plan.<sup>18</sup>

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<sup>16</sup>OMB, *Federal Information Technology Shared Services Strategy* (Washington, D.C.: May 2, 2012).

<sup>17</sup>OMB, Memorandum M-13-09.

<sup>18</sup>OMB, *Management of Federal Information Resources*, Circular A-130 (Washington, D.C.: Nov. 30, 2000). According to OMB Circular A-130, an agency's IRM strategic plan should describe how information resources management activities help accomplish agency missions, and ensure that IRM decisions are integrated with organizational planning, budget, procurement, financial management, human resources management, and program decisions.

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- *Fiscal year 2014 reduction and reinvestment plans.* OMB's fiscal year 2014 budget guidance required 27 agencies<sup>19</sup> to propose, in their budget submissions for that fiscal year only, reductions in IT that represented 10 percent of their overall IT spending, and propose reinvestments of at least 50 percent, and up to 100 percent, of the savings.<sup>20</sup> More specifically, agencies were required to reduce agency spending in the following IT areas: duplicative commodity IT investments or contracts; underperforming projects or investments of any type; and lower-value or lower-priority investments of any type. Regarding reinvestments, agencies were required to propose reinvestments that were expected to demonstrate a favorable return on investment (quantitative or qualitative) to the agency within 18 months from the enactment of the fiscal year 2014 appropriations. OMB's guidance further stated that these proposed reinvestments were to address, among other things, improvements to citizen services or administrative efficiencies, adoption of shared services, and consolidation of commodity IT.
  - *Quarterly reinvestment plans.* OMB's March 2013 memorandum also required the 26 agencies that participate in the PortfolioStat initiative to report quarterly on cost savings and avoidances<sup>21</sup> related to the migration to shared services and data center consolidation, among other areas, in their integrated data collection submissions<sup>22</sup> to OMB. As part of these submissions, OMB also required agencies to describe their plans to use the cost savings and avoidances resulting from any cost savings and avoidance initiatives reported.

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<sup>19</sup>In addition to the 26 agencies required to implement OMB's PortfolioStat initiative, OMB's fiscal year 2014 budget submission requirements for IT reduction and reinvestment plans also applied to the Smithsonian Institution. See OMB, *FY14 Guidance on Exhibits 53 and 300* for more information.

<sup>20</sup>OMB, *FY14 Guidance on Exhibits 53 and 300*.

<sup>21</sup>OMB defines cost savings as a reduction in actual expenditures below the projected level of costs to achieve a specific objective. The agency defines cost avoidances as results from an action taken in the immediate time frame that will decrease costs in the future.

<sup>22</sup>According to OMB, the integrated data collection channel is to be used by agencies to report structured information, such as progress in meeting IT strategic goals, objectives, and metrics, as well as cost savings and avoidances.

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## Recent Legislation Requires Improvements to the Acquisition and Management of IT

Recognizing the importance of reforming the government-wide management of IT, in December 2014, Federal Information Technology Acquisition Reform provisions (commonly referred to as FITARA) were enacted as a part of the *Carl Levin and Howard P. 'Buck' McKeon National Defense Authorization Act for Fiscal Year 2015*.<sup>23</sup> Among other things, the law includes the following requirements:<sup>24</sup>

- Agencies, except for the Department of Defense (Defense), shall ensure that CIOs have a significant role in, among other things, programming and budgeting decisions, as well as management, governance, and oversight processes related to IT.<sup>25</sup> For example, agencies (other than Defense) may only enter into contracts for IT and IT services that are reviewed and approved by the agency CIO.<sup>26</sup>
- OMB shall require, in its annual capital planning guidance, that CIOs certify that IT acquisitions are adequately implementing incremental development.
- OMB shall issue guidance that requires the CIO to adequately reflect each major IT investment's cost and schedule performance in the investment evaluation.
- OMB shall make available to the public a list of each major IT investment including data on cost, schedule, and performance.
- The General Services Administration (GSA) shall identify and develop a government-wide program, as provided for in the statute, for the

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<sup>23</sup>*Carl Levin and Howard P. 'Buck' McKeon National Defense Authorization Act for Fiscal Year 2015*, Pub. L. No. 113-291, division A, title VIII, subtitle D, 128 Stat. 3292, 3438 (Dec. 19, 2014).

<sup>24</sup>Unless otherwise noted, the provisions apply to the agencies covered by the *Chief Financial Officers Act of 1990*, 31 U.S.C. § 901(b). The Department of Defense, the Intelligence Community, and portions of other agencies that operate systems related to national security are subject only to certain provisions, as provided for in the statute.

<sup>25</sup>For Defense, the law requires that the Defense CIO review and provide recommendations to the Secretary of Defense on the department's IT budget request.

<sup>26</sup>With regard to CIO approval of contracts, a covered agency may use the governance processes of the agency to approve a contract or other agreement if the CIO is included as a full participant in the governance processes.

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acquisition, dissemination, and shared use of software and that allows for the purchase of government-wide software licenses.

In addition, the law also includes the following requirements related to the reporting of IT reform-related cost savings:

- OMB, in consultation with agency CIOs (except for Defense), shall implement a process to assist them in reviewing their IT portfolios, including developing a multi-year strategy to identify and reduce duplication and waste and to identify projected cost savings resulting from the strategy.
- OMB's Administrator of the Office of Electronic Government shall submit a quarterly report to specified congressional committees on the cost savings and reductions in duplicative IT investments identified during reviews of agency IT portfolios.
- Agencies (except for Defense) shall annually report to OMB's Administrator of the Office of Electronic Government about federal data center inventories and strategies to achieve consolidation, including yearly calculations of investment and cost savings.
- OMB's Administrator of the Office of Electronic Government shall develop, and make publicly available, yearly goals for the amount of planned cost savings and optimization improvements achieved through FDCCI, and for each year thereafter, compare reported cost savings against those goals.

In June 2015, OMB released guidance on how agencies are to implement the law.<sup>27</sup> OMB's guidance stated that it is intended to, among other things, assist agencies in aligning their IT resources with statutory requirements; establish government-wide IT management controls that will meet the law's requirements, while providing agencies with flexibility to adapt to unique agency processes and requirements; clarify the CIO's role and strengthen the relationship with agency CIOs and bureau CIOs; and strengthen CIO accountability for IT cost, schedule, and performance.

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<sup>27</sup>OMB, *Management and Oversight of Federal Information Technology*, Memorandum M-15-14 (Washington, D.C.: June 10, 2015).

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Further, the guidance includes several actions agencies are to take within specified time frames to implement a basic set of roles and responsibilities for CIOs and other senior agency officials (referred to as the "common baseline") needed for the management of IT and to implement the specific authorities described in the legislation. Such roles and responsibilities described include those related to budget formulation and planning, acquisition and execution, and organization and workforce. To implement the common baseline, the proposed guidance includes the following more specific requirements:

- By August 15, 2015, each agency is to conduct a self-assessment and articulate a plan describing the changes it will make to ensure that all common baseline responsibilities are implemented by December 31, 2015. Agencies are to submit their plans to OMB's Office of E-Government for review and approval and make the plans publicly available on agency websites no later than 30 days after approval.
- By December 31, 2015, agencies are to implement specific responsibilities and processes for the management of IT from the common baseline.
- By April 30, 2016, agencies are to update their self-assessment to identify any obstacles or incomplete implementation of common baseline responsibilities over the preceding 12 months. The self-assessment is to be updated on an annual basis thereafter.

Finally, OMB's guidance also includes requirements to help support agency implementation of the common baseline. For example, through the end of fiscal year 2016, the Federal CIO Council<sup>28</sup> is to meet quarterly to discuss topics related to the implementation of the common baseline and to assist agencies by, for example, sharing examples of agency governance processes and IT policies. Additionally, by June 30, 2015, the President's Management Council<sup>29</sup> is to select three members from the

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<sup>28</sup>The Federal CIO Council is the principal interagency forum to improve agency practices on matters such as the design, modernization, use, sharing, and performance of agency information resources.

<sup>29</sup>The President's Management Council is chartered to ensure that management reforms are implemented across the executive branch. It is composed of a senior official responsible for organizational management from each cabinet-level department and selected agencies.

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council to provide an update on government-wide implementation of FITARA on a quarterly basis through September 2016. The updates are to improve the agencies' awareness of policies and procedures that have worked well in other agencies.

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### GAO Has Reported and Testified on Issues Related to OMB's IT Reform Efforts

Since 2011, we have reported and testified that OMB's IT reform initiatives can help to improve the efficiency and effectiveness of the federal government and have the potential to save billions of dollars. These key initiatives include FDCCI, PortfolioStat, and cloud computing.

Between July 2011 and September 2014, we issued several reports<sup>30</sup> and testified<sup>31</sup> on agency efforts to consolidate federal data centers and achieve cost savings. Most recently, in September 2014, we reported that 19 of the 24 agencies that participate in FDCCI collectively reported achieving an estimated \$1.1 billion in cost savings between fiscal years 2011 and 2013, and that, by 2017, that figure was estimated to rise to a total of about \$5.3 billion. However, we found that planned savings may be higher because six agencies that reported closing as many as 67 data centers reported limited or no savings.

In addition, 11 of the 21 agencies with planned cost savings had underreported their fiscal years 2012 through 2015 figures to OMB by approximately \$2.2 billion. While several agencies noted communication issues as the reason for this, others did not provide a reason. We concluded that until agencies fully report their savings, the \$5.3 billion in total savings will be understated. Accordingly, we recommended that OMB assist agencies in reporting savings, and that agencies fully report their consolidation cost savings. OMB and the agencies to which we made recommendations generally agreed and described planned actions to implement them. Further, Defense noted in a November 2014 response to our report that, in addition to the \$2.6 billion in cost savings

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<sup>30</sup>GAO-14-713; GAO, *Data Center Consolidation: Strengthened Oversight Needed to Achieve Cost Savings Goal*, GAO-13-378 (Washington, D.C.: Apr. 23, 2013); *Data Center Consolidation: Agencies Making Progress on Efforts, but Inventories and Plans Need to Be Completed*, GAO-12-742 (Washington, D.C.: July 19, 2012); and *Data Center Consolidation: Agencies Need to Complete Inventories and Plans to Achieve Expected Savings*, GAO-11-565 (Washington, D.C.: July 19, 2011).

<sup>31</sup>See, for example, GAO-14-671T, GAO-13-796T, and GAO-13-627T.

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planned by fiscal year 2017, the department expects that figure to increase to \$4.7 billion in future years as efficiencies are gained.

We have also previously reported on the implementation of OMB's PortfolioStat initiative. Specifically, in November 2013, we determined<sup>32</sup> that additional OMB and agency actions were needed to achieve savings from OMB's PortfolioStat initiative. For example, although all of the 26 federal agencies that were required to participate in the PortfolioStat initiative had fully addressed four of seven key requirements established by OMB, only 1 of the 26 agencies addressed all the requirements. Further, agencies had not developed action plans that addressed all elements, such as criteria for identifying wasteful, low-value, or duplicative investments, or migrated two commodity IT areas—such as enterprise IT systems and infrastructure—to a shared service by the end of 2012.

In addition, we reported that OMB's estimate of about 100 consolidation opportunities and a potential \$2.5 billion in savings from the PortfolioStat initiative was understated because, among other things, it did not include estimates from the Departments of Defense and Justice. Our analysis, which included these estimates, showed that, collectively, the 26 agencies were reporting 204 opportunities and at least \$5.8 billion in potential savings through fiscal year 2015. To address these shortcomings, we made a total of 64 recommendations, including that OMB require agencies to fully disclose limitations in CIOs' ability to exercise their authority and that 24 agencies take steps to improve their PortfolioStat implementation. OMB agreed with some of the recommendations and disagreed with others; likewise, responses from the 24 other agencies we made recommendations to varied.

More recently, in April 2015, we reviewed OMB's second iteration of PortfolioStat and reported<sup>33</sup> that agencies had achieved a total of approximately \$1.1 billion in PortfolioStat-related savings during fiscal years 2013 and 2014. However, agencies' total planned PortfolioStat savings from fiscal year 2013 to fiscal year 2015 had decreased by about 66 percent (from at least \$5.8 billion to approximately \$2 billion) compared to what they had reported in 2013. In addition, agencies had

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<sup>32</sup>GAO-14-65.

<sup>33</sup>GAO-15-296.

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not consistently included savings from FDCCI in their PortfolioStat reporting, which means that the total savings amount is understated. Finally, the report notes that, while three selected agencies were able to explain how they reinvested their PortfolioStat savings, they were not always able to provide support for how such savings were used. We recommended, among other things, that OMB ensure that its reports to Congress accurately reflect savings generated from all PortfolioStat initiatives, including those associated with FDCCI, and require agencies to document how such savings are being reinvested. OMB agreed with our recommendations and described plans to implement them.

We have also reported on agencies' cloud computing efforts. For example, we reported<sup>34</sup> in September 2014 that, while agencies had made progress in implementing OMB's "Cloud First" policy, additional opportunities for implementing cloud services and achieving savings needed to be pursued. Specifically, although the seven agencies reviewed had increased their cloud computing services since we last reported on their progress in 2012,<sup>35</sup> the overall increase in their IT budgets was just 1 percent. We determined that the relatively small increase in cloud spending was attributed, in part, to the fact that these agencies collectively had not considered cloud computing services for about 67 percent of their investments, which was inconsistent with OMB's policy that calls for cloud solutions to be considered first whenever a secure, reliable, and cost-effective option exists regardless of where the investment is in its life cycle.

We also found that the seven agencies collectively reported cost savings of about \$96 million from the implementation of cloud services, but that other cloud services implemented did not save money, in part, because the associated costs negated any savings. We concluded that, until the agencies fully assess all their IT investments, they will not be able to achieve the resulting benefits of operational efficiencies and cost savings. To address these shortcomings, we recommended that the seven agencies assess the IT investments identified in the report that have yet to be evaluated for suitability for cloud computing services. The seven agencies generally agreed with our recommendations.

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<sup>34</sup>GAO-14-753.

<sup>35</sup>GAO, *Information Technology Reform: Progress Made but Future Cloud Computing Efforts Should be Better Planned*, GAO-12-756 (Washington, D.C.: July 11, 2012).

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Finally, in light of the project failures that continue to plague the federal government and the duplicative and wasteful management of IT operations, in the February 2015 update to our High-Risk List, we designated the management of IT acquisitions and operations as a new government-wide high-risk area.<sup>36</sup> In doing so, we emphasized the importance of federal agencies expeditiously implementing the requirements of the December 2014 IT acquisition reform legislation to (1) improve the transparency and management of IT acquisitions and operations across the government and (2) strengthen CIOs' authority to provide needed direction and oversight. Our High-Risk List update also notes that, beyond implementing legislation, OMB and the agencies need to continue to implement our previous recommendations in order to improve their ability to effectively and efficiently invest in IT. Finally, OMB and agencies should demonstrate measurable government-wide progress in key areas, including achieving planned PortfolioStat and FDCCI cost savings.

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## Agencies Reported Achieving Billions of Dollars in Savings from Implementation of OMB's IT Reform Efforts

As previously stated, beginning in 2010, OMB launched a series of IT reform initiatives in the areas of data center consolidation, cloud computing, and shared services migration, among other things, intended to help agencies achieve greater efficiency in their IT investments, as well as identify and execute opportunities for savings. In March 2013, OMB issued a memorandum<sup>37</sup> that included a requirement for the 26 agencies that participate in the PortfolioStat initiative to begin reporting quarterly on their planned and actual cost savings and avoidances achieved or expected through their IT reform efforts. OMB uses these data to report quarterly to Congress on the status of federal IT reform efforts.<sup>38</sup>

In total, 24 of the 26 agencies reported achieving approximately \$3.6 billion in cost savings and avoidances from the implementation of OMB's IT reform efforts between fiscal years 2011 and 2014. The 2 agencies that did not report any savings were the National Aeronautics and Space

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<sup>36</sup>GAO, *High-Risk Series: An Update*, GAO-15-290 (Washington, D.C.: Feb. 11, 2015).

<sup>37</sup>OMB, Memorandum M-13-09.

<sup>38</sup>See *Consolidated Appropriations Act, 2012*, Pub. L. No. 112-74, div. C, title II, 125 Stat. 786, 896 (2011). The provision directing OMB to report on agencies' cost savings and avoidances in a quarterly report to Congress on the status of federal IT reform efforts has been included in subsequent appropriations acts.

Administration (NASA) and Office of Personnel Management (OPM). NASA officials stated that, as of June 2015, previously reported cost avoidances (of about \$54 million) had been reduced to zero due to the inclusion of additional requirements that were not accounted for in the new, consolidated contract that initially led to the avoidances. OPM officials said that, while planned IT consolidation initiatives had been executed, savings were minimal and not quantifiable.

Of the 24 agencies with reported cost savings and avoidances, 4—Defense, Department of Homeland Security (DHS), Department of the Treasury (Treasury), and SSA—accounted for approximately \$2.5 billion (or about 69 percent) of the total. Treasury reported the highest amount of cost savings and avoidances, about \$1.1 billion, followed by DHS reporting approximately \$671.4 million. See table 1 for a listing of the 26 agencies' cost savings and avoidances between fiscal years 2011 and 2014.

**Table 1: Agency-reported IT Reform-related Cost Savings and Avoidances (FY 2011 through FY 2014)**

Dollars in millions (rounded)

Agency	FY 2011 actual or estimated cost savings and avoidances	FY 2012 actual or estimated cost savings and avoidances	FY 2013 actual or estimated cost savings and avoidances	FY 2014 actual or estimated cost savings and avoidances	Total actual or estimated cost savings and avoidances <sup>a,b</sup>
Agriculture	\$0.00	\$27.60	\$90.58	\$1.82	\$120.00
Commerce	0.00	5.56	54.14	89.63	149.33
Defense <sup>c</sup>	18.82	24.17	99.12	239.19	381.30
Education	0.00	4.37	2.19	8.04	14.60
Energy	1.80	2.17	10.12	2.60	16.69
HHS	0.00	14.14	17.46	26.20	57.80
DHS	0.00	243.30	270.87	157.25	671.42
HUD	0.00	0.60	0.00	3.00	3.60
Interior	0.12	27.53	55.70	67.56	150.90
Justice	0.29	45.56	55.78	75.26	176.89
Labor	0.00	0.00	0.80	1.39	2.19
State	1.60	4.81	5.68	7.63	19.71
Transportation	0.00	10.06	59.58	58.33	127.96
Treasury	170.23	117.04	308.87	501.65	1,097.79
VA	0.00	21.24	45.13	43.80	110.17
EPA	0.00	17.88	13.09	1.12	32.09
GSA	0.00	17.61	28.89	30.17	76.67

Dollars in millions (rounded)

Agency	FY 2011 actual or estimated cost savings and avoidances	FY 2012 actual or estimated cost savings and avoidances	FY 2013 actual or estimated cost savings and avoidances	FY 2014 actual or estimated cost savings and avoidances	Total actual or estimated cost savings and avoidances <sup>a,b</sup>
NASA	0.00	0.00	0.00	0.00	0.00
NARA	0.00	0.00	4.91	9.91	14.82
NSF	0.00	1.18	2.89	3.13	7.20
NRC	0.00	0.31	0.29	0.01	0.61
OPM	0.00	0.00	0.00	0.00	0.00
SBA	0.00	0.00	0.24	3.21	3.45
SSA	0.00	98.27	109.11	92.47	299.86
USAID	0.00	0.39	11.04	9.29	20.71
USACE	0.00	5.46	6.16	4.18	15.80
<b>Totals<sup>b</sup></b>	<b>192.86</b>	<b>689.24</b>	<b>1,252.63</b>	<b>1,436.83</b>	<b>3,571.56</b>

Key: FY = fiscal year.

Source: GAO analysis of agency data. | GAO-15-617

Note: HHS—Department of Health and Human Services; DHS—Department of Homeland Security; HUD—Department of Housing and Urban Development; VA—Department of Veterans Affairs; EPA—Environmental Protection Agency; GSA—General Services Administration; NASA—National Aeronautics and Space Administration; NARA—National Archives and Records Administration; NSF—National Science Foundation; NRC—U.S. Nuclear Regulatory Commission; OPM—Office of Personnel Management; SBA—Small Business Administration; SSA—Social Security Administration; USAID—U.S. Agency for International Development; USACE—U.S. Army Corps of Engineers.

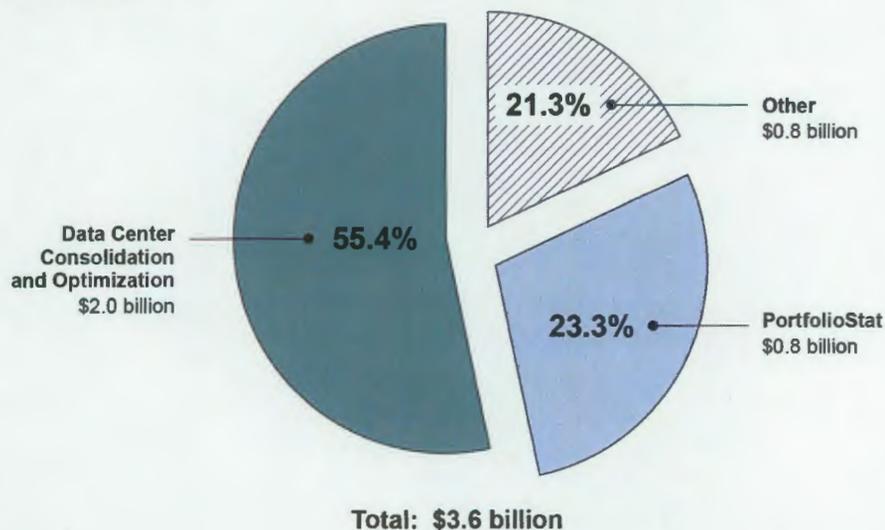
<sup>a</sup>These figures do not fully reflect the implementation costs associated with agencies' IT reform-related cost savings and avoidance efforts because many agencies were unable to determine these costs.

<sup>b</sup>Totals may not add up due to rounding.

<sup>c</sup>Defense tracks and reports its cost savings in two ways: annual savings and cumulative savings. The figures in this table represent the department's cumulative savings.

Data center consolidation and optimization cost savings and avoidances comprise slightly more than half of the \$3.6 billion total, while PortfolioStat and other initiatives (such as cloud computing and shared services migration) comprise the remainder of the cost savings and avoidances. Figure 1 shows the key areas where the cost savings and avoidances have been reported by agencies and the associated amounts.

**Figure 1: Key IT Reform-related Cost Savings and Avoidances Areas (Fiscal Year 2011 through 2014)**



Source: GAO analysis of agency data. | GAO-15-617

Note: Approximately \$480 million of the data center consolidation and optimization cost savings and avoidances are also associated with the PortfolioStat initiative; however, for the purposes of this graphic, the savings and avoidances are reflected as part of the data center consolidation and optimization area. "Other" includes cost savings related to cloud computing, shared services migration, and other IT reform-related initiatives not specifically categorized by agencies.

See table 2 for a listing of OMB's key IT reform areas and selected examples of agency-reported savings or avoidances in each.

**Table 2: Key OMB IT Reform Areas and Selected Examples of Agency-reported Cost Savings and Avoidances**

IT reform area	Selected agencies and key examples of reported savings and avoidances
<b>Data center consolidation and optimization</b>	<ul style="list-style-type: none"> <li><b>Treasury</b> – \$1.05 billion in cost avoidances between FY 2011 and FY 2014 based on year-over-year reductions in the ratio of IT infrastructure spending compared to overall IT spending across Treasury's IT portfolio. More specifically, the ratio of spending on IT infrastructure to overall IT spending has declined from about 46 percent to about 32 percent due, in part, to the department's data center consolidation initiative and related efforts.</li> <li><b>Defense</b> – \$260.35 million in cost savings between FY 2011 and FY 2014 from efficiencies achieved, in part, through virtualization and operating system reductions, and facility closures resulting in eliminating staff and reducing the facility costs per square foot.</li> <li><b>Energy</b> – \$3.12 million in cost savings and avoidances between FY 2012 and FY 2014 from the consolidation and closure of multiple data centers, which resulted in reduced energy, rent, maintenance, and operations costs.</li> </ul>

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**IT reform area Selected agencies and key examples of reported savings and avoidances**

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<b>PortfolioStat</b>	<ul style="list-style-type: none"> <li>• <b>DHS</b> – \$82.50 million in cost avoidances in FY 2013 from the consolidation of licensing agreements across the department’s component agencies.</li> <li>• <b>SSA</b> – \$62.34 million in cost savings between FY 2013 and FY 2014 from enhanced electronic disability processes, which expanded use of an electronic case analysis tool to increase policy standardization and incorporate more algorithms to automatically identify and increase the speed of processing people’s cases with severe medical conditions.</li> <li>• <b>Treasury</b> – \$8.30 million in cost savings between FY 2013 and FY 2014 from the Invoice Processing Platform, a web-based service intended to more efficiently manage government invoicing from purchase orders, such as enabling agencies to process invoices electronically from suppliers and enhancing security.</li> </ul>
<b>Shared services migration</b>	<ul style="list-style-type: none"> <li>• <b>Treasury</b> – \$35.02 million in cost savings and avoidances between FY 2013 and FY 2014 from the Do Not Pay program, which was created to convert the manual process of identifying improper payments (e.g., payments to the wrong recipient or in the incorrect amounts) to a more centralized process via a single web-based portal.</li> <li>• <b>Justice</b> – \$9.52 million in cost savings and avoidances between FY 2012 and FY 2013 from deploying an enterprise personnel security system to replace Justice component-agency systems for managing the processing of background investigations, clearances, reinvestigations, and access authorizations.</li> <li>• <b>USAID</b> – \$5.04 million in cost savings and avoidances between FY 2012 and FY 2014 from implementing HR Connect, a shared personnel management system that consolidated 11 systems into one.</li> </ul>
<b>Other</b>	<ul style="list-style-type: none"> <li>• <b>GSA</b> – \$20.40 million in cost avoidances between FY2012 and FY 2014 related to the Real Estate across the United States system, which replaced a legacy system and reduced operations and maintenance costs.</li> <li>• <b>Justice</b> – \$13.16 million in cost savings between FY 2012 and FY 2014 from the Justice Management Division’s Exception-based Time and Attendance Reporting initiative, which resulted in improved time and attendance reporting accuracy and significant reductions in the costs of managing processes manually.</li> <li>• <b>HHS</b> – \$7.25 million in cost savings and avoidances from centralizing the billing validation and running audit checks on invoices for Networx—a government-wide telecommunications services program managed by GSA.</li> </ul>

Key: FY = fiscal year.

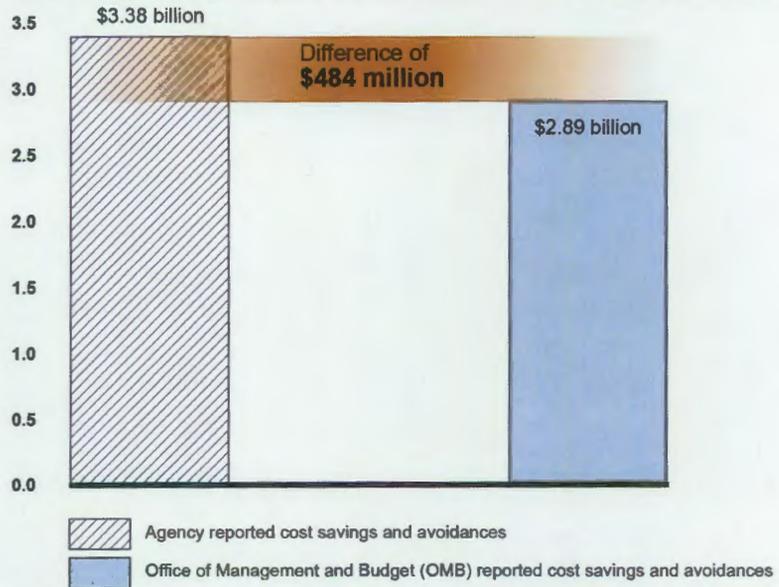
Source: GAO analysis of agency data. | GAO-15-617

Note: HHS—Department of Health and Human Services; DHS—Department of Homeland Security; GSA—General Services Administration; SSA—Social Security Administration; USAID—U.S. Agency for International Development.

While agencies have reported significant savings to us, they have not fully reported their savings to OMB, as required. In turn, OMB does not have the information to use in its statutorily required quarterly reports to Congress on the status of federal IT reform efforts. Specifically, OMB noted in its May 2015 quarterly report to Congress that 25 agencies reported total cost savings and avoidances of approximately \$2.89 billion between fiscal years 2012 and 2014. In contrast, 24 agencies reported to us approximately \$3.38 billion in cost savings and avoidances over that same time frame, which is approximately \$484 million higher than the savings and avoidances being reported by OMB to Congress. See figure 2 for a graphical depiction of the differences in reported cost savings and avoidances.

**Figure 2: Difference between Agency and OMB Reporting of IT Reform-related Cost Savings and Avoidances (Fiscal Years 2012 to 2014)**

Information technology reform-related cost savings and avoidances, fiscal year 2012 to 2014 (in billions)



Source: GAO analysis of agency and OMB data. | GAO-15-617

The \$484 million shortfall in OMB’s report to Congress is due, in part, to agencies not yet fully implementing our prior recommendations related to reporting all their data center consolidation cost savings and avoidances to OMB. Specifically, in September 2014, we reported<sup>39</sup> that 11 agencies had underreported (through the integrated data collection process) their fiscal year 2011 through 2015 data center consolidation cost savings to OMB by a total of approximately \$2.2 billion. Accordingly, we recommended that the agencies report all data center consolidation cost savings and avoidances to OMB in accordance with established guidance. The agencies generally agreed with our recommendation; however, as of June 2015, only 3 of the 11 agencies—the Departments of Commerce (Commerce) and Energy (Energy) and the Environmental Protection Agency (EPA)—had implemented our recommendation by reporting their data center consolidation cost savings to OMB. The

<sup>39</sup>GAO-14-713.

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remaining 8 agencies<sup>40</sup> had not yet fully implemented our recommendation, although many had taken action by reporting a portion, but not all, of their data center consolidation cost savings and avoidances to OMB.

The shortfall can also be attributed to other inconsistencies in how the amounts are being reported by agencies and OMB. Specifically, in April 2015, we reported<sup>41</sup> on the implementation of OMB's second iteration of the PortfolioStat initiative and identified dozens of examples of cost-savings initiatives that were reported to OMB but not to us, or initiatives that agencies reported to us but not to OMB. We attributed these inconsistencies to several reasons, including that agencies did not always follow OMB's instructions regarding what savings information to report, or when to report it, and that several agencies had stated that their reported savings were not always included in OMB's report to Congress. We concluded that, until these inconsistencies are addressed, it will be difficult to determine the extent to which the PortfolioStat initiative is meeting its goals. As a result, we recommended that OMB ensure that its reports to Congress related to the results of IT reform efforts accurately reflect savings generated from all PortfolioStat initiatives, including those associated with FDCCI. OMB agreed with our recommendation.

The importance of agencies identifying and reporting their cost savings to OMB, and OMB reporting such savings to Congress, has also been emphasized in recent legislation. Specifically, as previously mentioned, in December 2014, Congress enacted IT acquisition reform legislation (commonly referred to as FITARA) that requires, among other things, agencies to work with OMB to increase the efficiency and effectiveness of their IT portfolios and identify potential cost savings. The legislation also requires agencies to report to OMB on cost savings realized from the implementation of FDCCI, as well as progress on optimization and consolidation. Further, the legislation requires OMB to submit a goal of planned cost savings and optimization improvements to Congress.<sup>42</sup>

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<sup>40</sup>The eight agencies are the Departments of Agriculture, Defense, the Interior, Transportation, the Treasury, and Veterans Affairs, NASA, and OPM.

<sup>41</sup>GAO-15-296.

<sup>42</sup>The goal that OMB is required to submit to Congress is to be accompanied by a statement describing the extent to which agencies have submitted comprehensive inventories and strategies to achieve consolidation and optimization of data centers.

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Finally, OMB shall provide an annual update of aggregated cost savings and optimization improvements achieved to date through FDCCI and compare the savings to the projected cost savings and optimization improvements.<sup>43</sup>

Until agencies implement our prior recommendations to report all aggregated cost savings and avoidances, and OMB implements our prior recommendation to ensure that its quarterly reports to Congress accurately reflect such information, Congress may be limited in its ability to oversee agencies' progress in achieving savings from OMB's IT reform efforts.

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## Agencies Have Incomplete Plans for Reinvesting Savings

Most agencies did not fully implement OMB's guidance for submitting reinvestment plan information. As previously stated, OMB has established both one-time and ongoing requirements for agencies to establish plans to reinvest their savings. Specifically, for long-range reinvestment plans, OMB's fiscal year 2013 PortfolioStat memorandum<sup>44</sup> included a requirement for agencies to describe plans to reinvest savings resulting from the consolidation of commodity IT resources, including data centers, in their IRM strategic plans.

Further, OMB's fiscal year 2014 budget guidance<sup>45</sup> required federal agencies to develop one-time fiscal year 2014 reduction and reinvestment plans as part of its "cut and reinvest" initiative. Specifically, agencies were to cut 10 percent from proposed IT spending based on their average IT spending between fiscal years 2010 and 2012 and propose reinvestments of 50 to 100 percent of the savings into priority investments that were expected to demonstrate a favorable return on investment (quantitative or qualitative) to the agency within 18 months from the enactment of the fiscal year 2014 appropriations. Each of the proposed reductions and reinvestments was also to include supplemental information, such as the

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<sup>43</sup>Pub. L. No. 113-291, §§ 833-834, 128 Stat. 3442-3448 (Dec. 19, 2014).

<sup>44</sup>OMB, Memorandum M-13-09.

<sup>45</sup>OMB, *FY14 Guidance on Exhibits 53 and 300*.

reduction or reinvestment type<sup>46</sup> and explanations of the changes in funding. In addition, each of the proposed reinvestments was to include a priority level and a description of the favorable return on investment. Finally, agencies were to submit quarterly reinvestment plans via their integrated data collection submissions to OMB, which were to describe agency plans to use the resulting cost savings or avoidances for each IT reform-related savings and avoidance initiative reported.

Of the 27 agencies required to submit reinvestment plan information to OMB, 5 had fully implemented OMB's guidance, while the remaining 22 agencies had partially implemented the guidance. More specifically, although about two-thirds of agencies had established long-range reinvestment plans in their IRM strategic plans, most agencies had not fully implemented OMB's guidance for establishing fiscal year 2014 reduction and reinvestment plans. In addition, half of the agencies had not fully implemented OMB's guidance for submitting quarterly reinvestment plans in their integrated data collection submission. See table 3 for a summary of agencies' cost savings and avoidances and the completeness of their reinvestment plans provided to OMB. A more detailed discussion of agencies' reinvestment plans follows the table.

**Table 3: Summary of Agency-reported Cost Savings and Avoidances and Assessment of Agency Reinvestment Plans Provided to OMB (as of June 2015)**

Agency	Total fiscal year 2011 to 2014 cost savings and avoidances	Long-range reinvestment plans (i.e., IRM strategic plans) <sup>a</sup>	One-time fiscal year 2014 reduction and reinvestment plans <sup>b</sup>	Quarterly reinvestment plans (i.e., integrated data collection submission) <sup>c</sup>	Overall assessment <sup>d</sup>
Agriculture	\$120.00	●	○	◐	◐
Commerce	149.33	○	◐	◐	◐
Defense	381.30	●	○	◐	◐
Education	14.60	●	◐	●	◐
Energy	16.69	●	◐	◐	◐
HHS	57.80	○	○	●	◐

<sup>46</sup>The reduction types included commodity IT: IT infrastructure; commodity IT: data centers; commodity IT: enterprise IT systems; commodity IT: business systems; redundant contract vehicles; underperforming investments; and low-value or low-priority investments. The reinvestment types included citizen services, administrative efficiencies, shared services, commodity IT, security posture, energy efficiency, innovative investments, and big data.

Agency	Total fiscal year 2011 to 2014 cost savings and avoidances	Long-range reinvestment plans (i.e., IRM strategic plans) <sup>a</sup>	One-time fiscal year 2014 reduction and reinvestment plans <sup>b</sup>	Quarterly reinvestment plans (i.e., integrated data collection submission) <sup>c</sup>	Overall assessment <sup>d</sup>
DHS	671.42	●	●	◐	◐
HUD	3.60	●	○	◐	◐
Interior	150.90	●	●	◐	◐
Justice	176.89	●	○	●	◐
Labor	2.19	●	●	●	●
State	19.71	○	◐	●	◐
Transportation	127.96	●	◐	●	◐
Treasury	1,097.79	○	◐	◐	◐
VA	110.17	●	○	◐	◐
EPA	32.09	●	○	◐	◐
GSA	76.67	●	◐	●	◐
NASA	0.00	●	◐	n/a <sup>e</sup>	◐
NARA	14.82	●	●	●	●
NSF	7.20	●	●	●	●
NRC	0.61	○	●	◐	◐
OPM	0.00	○	◐	n/a <sup>e</sup>	◐
SBA	3.45	●	●	●	●
Smithsonian	n/a <sup>f</sup>	n/a <sup>f</sup>	●	n/a <sup>f</sup>	●
SSA	299.86	●	◐	●	◐
USAID	20.71	○	●	◐	◐
USACE	15.80	○	◐	●	◐
<b>Total</b>	<b>3,571.56</b>				

Key

- = fully implemented OMB's guidance
- ◐ = partially implemented OMB's guidance
- = did not implement OMB's guidance

n/a = Not applicable.

Source: GAO analysis of agency data. | GAO-15-617

Note: HHS—Department of Health and Human Services; DHS—Department of Homeland Security; HUD—Department of Housing and Urban Development; VA—Department of Veterans Affairs; EPA—Environmental Protection Agency; GSA—General Services Administration; NASA—National Aeronautics and Space Administration; NARA—National Archives and Records Administration; NSF—National Science Foundation; NRC—U.S. Nuclear Regulatory Commission; OPM—Office of Personnel Management; SBA—Small Business Administration; SSA—Social Security Administration; USAID—U.S. Agency for International Development; USACE—U.S. Army Corps of Engineers.

<sup>a</sup>Long-range reinvestment plans—to what extent the agency's IRM strategic plan described the approach to reinvesting savings from the consolidation of commodity IT (including data centers).

<sup>b</sup>Fiscal year 2014 reduction and reinvestment plans—to what extent the agency’s submission met OMB’s reduction and reinvestment targets and included all required supplemental information.

<sup>c</sup>Quarterly reinvestment plans—to what extent the agency’s integrated data collection submission included both the category and details for each cost savings and avoidance initiative reported.

<sup>d</sup>Overall assessment—to what extent the agency implemented all three requirements for reinvestment plan information.

<sup>e</sup>As of June 2015, NASA and OPM did not report any cost savings or avoidances as a basis for providing reinvestment information in their integrated data collection submission.

<sup>f</sup>Smithsonian Institution is not required to participate in OMB’s PortfolioStat initiative; therefore, the requirements to report cost savings and avoidances and submit long-range reinvestment plans in an IRM strategic plan and quarterly reinvestment plans in the integrated data collection do not apply to the agency.

## About Two-thirds of Agencies Had Long-range Reinvestment Plans

About two-thirds of agencies provided a long-range reinvestment plan in their IRM strategic plan, in accordance with OMB’s guidance.<sup>47</sup> Specifically, of the 26 agencies required to submit an IRM strategic plan, 18 included a reinvestment plan and the remaining 8 did not,<sup>48</sup> as detailed in table 4.

**Table 4: Agencies’ IRM Strategic Plans Compliance with OMB’s Guidance (as of June 2015)**

Contained the approach to reinvesting savings from the consolidation of commodity IT resources (including data centers)	• Agriculture	• Transportation
	• Defense	• VA
	• Education	• EPA
	• Energy	• GSA
	• DHS	• NASA
	• HUD	• NARA
	• Interior	• NSF
	• Justice	• SBA
	• Labor	• SSA
Did not contain the approach to reinvesting savings from the consolidation of commodity IT resources (including data centers)	• Commerce	• NRC
	• HHS	• OPM
	• State	• USAID
	• Treasury	• USACE

Source: GAO analysis of agency data. | GAO-15-617.

Note: HHS—Department of Health and Human Services; DHS—Department of Homeland Security; HUD—Department of Housing and Urban Development; VA—Department of Veterans Affairs; EPA—Environmental Protection Agency; GSA—General Services Administration; NASA—National

<sup>47</sup>OMB, Memorandum M-13-09.

<sup>48</sup>Smithsonian Institution is not required to participate in OMB’s PortfolioStat initiative; therefore, the requirement to submit an IRM Strategic Plan does not apply to the agency.

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Aeronautics and Space Administration; NARA—National Archives and Records Administration; NSF—National Science Foundation; NRC—U.S. Nuclear Regulatory Commission; OPM—Office of Personnel Management; SBA—Small Business Administration; SSA—Social Security Administration; USAID—U.S. Agency for International Development; USACE—U.S. Army Corps of Engineers.

For the 18 agencies that implemented OMB's guidance, their long-range reinvestment plans included a wide range of reinvestment initiatives. For example, DHS plans to invest in its secure network to improve its security posture and improve its capability to use and protect classified information. Interior plans to capture savings generated by the consolidation of IT infrastructure and other streamlining efforts and to reinvest those savings into subsequent phases of IT transformation, such as migration of applications and services to the cloud. EPA also plans to reinvest savings into its E-Enterprise initiative to modernize the delivery of environmental services to industry and the public by creating an interactive set of shared services for use by agency and state data systems. According to EPA's plan, this is intended to improve environmental protection and reduce the burden on EPA's regulated community.

However, approximately one-third of agencies did not include long-range reinvestment plan information in their IRM strategic plans and provided varied reasons for not doing so. For example, Treasury's Chief Technology Officer stated that the reinvestment plans for the department were not available when the IRM strategic plan was developed and submitted to OMB, most recently in February 2014. He added that the department is waiting to add such reinvestment information until OMB finalizes its guidance on how to implement the December 2014 IT acquisition reform legislation. In addition, U.S. Army Corps of Engineers officials agreed that the reinvestment information in the agency's current IRM strategic plan was incomplete and stated that the agency was awaiting feedback from OMB on the plan before making additional updates. Finally, Department of Health and Human Services (HHS) officials stated that the department requested additional guidance regarding the reinvestment information to include from OMB and had not received it. In the absence of further clarification from OMB, HHS officials stated that they did not include specific reinvestment plans in the department's IRM strategic plan.

Until agencies update their strategic plans to include their approach to reinvesting savings from the consolidation of commodity IT resources, including data centers, they will lack an important tool to help ensure that savings are being used in the most efficient and effective manner possible.

## Only One-Third of Agencies' Fiscal Year 2014 Reduction and Reinvestment Plans Were Complete

Most agencies did not follow OMB's guidance for proposing one-time fiscal year 2014 IT reductions of 10 percent and reinvestments of between 50 and 100 percent of the savings in their budget submissions for that fiscal year. Specifically, of the 27 agencies required to submit fiscal year 2014 reduction and reinvestment plan information,<sup>49</sup> 9 had fully met OMB's guidance by meeting or exceeding OMB's reduction and reinvestment targets and including all required supplemental information, but 18 had not. Specifically, 11 agencies had partially met the guidance, 5 had not met it, and 2 had not submitted the required document. See table 5 for an assessment of agencies' one-time fiscal year 2014 proposed reductions and reinvestments against OMB's guidance.

**Table 5: Assessment of Agencies' One-time Fiscal Year 2014 Reductions and Reinvestment Plans against OMB's Fiscal Year 2014 Budget Guidance**

Dollars in millions (rounded)

Agency	10 percent reduction target	Total of proposed reductions	Met reduction target?	Target reinvestment range	Total of proposed reinvestments	Within or above reinvestment range?	Provided complete information?	Met OMB guidance for IT reduction and reinvestment plans?
DHS	\$563 <sup>a</sup>	\$ 574	Yes	\$282-563 <sup>a</sup>	\$316	Yes	Yes	Fully met
Interior	99	99	Yes	49-99	99	Yes	Yes	Fully met
Labor	48 <sup>a</sup>	50	Yes	24-48 <sup>a</sup>	50	Yes	Yes	Fully met
NRC	15 <sup>a</sup>	15	Yes	8-15 <sup>a</sup>	8	Yes	Yes	Fully met
USAID	13	13	Yes	7-13	13	Yes	Yes	Fully met
NARA	11 <sup>a</sup>	11	Yes	6-11 <sup>a</sup>	6	Yes	Yes	Fully met
SBA	11	11	Yes	6-11	11	Yes	Yes	Fully met
NSF	10	10	Yes	5-10	8	Yes	Yes	Fully met
Smithsonian	6	6	Yes	3-6	4	Yes	Yes	Fully met
Treasury	327	414	Yes	164-327	171	Yes	No	Partially met
Transportation	299	293	No	149-299	240	Yes	No	Partially met
Commerce	259	186	No	129-259	163	Yes	No	Partially met
Energy	205	113	No	103-205	97	No	Yes	Partially met

<sup>49</sup>In addition to the 26 agencies required to implement OMB's PortfolioStat initiative, OMB's fiscal year 2014 budget submission requirements for IT reduction and reinvestment plans also applied to the Smithsonian Institution. See OMB, *FY14 Guidance on Exhibits 53 and 300* for more information.

Dollars in millions (rounded)

Agency	10 percent reduction target	Total of proposed reductions	Met reduction target?	Target reinvestment range	Total of proposed reinvestments	Within or above reinvestment range?	Provided complete information?	Met OMB guidance for IT reduction and reinvestment plans?
NASA	174	122	No	87-174	45	No	Yes	Partially met
SSA	152 <sup>a</sup>	150	No	76-152 <sup>a</sup>	150	Yes	Yes	Partially met
State	142	150	Yes	71-142	145	Yes	No	Partially met
GSA	62	136	Yes	31-62	70	Yes	No	Partially met
USACE	54	49	No	27-54	30	Yes	Yes	Partially met
Education	52 <sup>a</sup>	51	No	26-52 <sup>a</sup>	51	Yes	Yes	Partially met
OPM	8	15	Yes	4-8	15	Yes	No	Partially met
VA	216	120	No	158-316	116	No	No	Did not meet
Justice <sup>b</sup>	285	201	No	142-285	107	No	No	Did not meet
Agriculture	252	131	No	126-252	111	No	No	Did not meet
EPA	46	12	No	23-46	12	No	No	Did not meet
HUD	38	34	No	19-38	17	No	No	Did not meet
Defense	3,509	No data	No	1,754-3,509	No data	No	No	Did not submit
HHS	662	No data	No	331-662	No data	No	No	Did not submit
<b>Totals<sup>c</sup></b>	<b>7,618</b>	<b>2,967</b>		<b>3,809-7,618</b>	<b>2,055</b>			

Source: GAO analysis of OMB guidance and agency data. | GAO-15-617

Note: HHS—Department of Health and Human Services; DHS—Department of Homeland Security; HUD—Department of Housing and Urban Development; VA—Department of Veterans Affairs; EPA—Environmental Protection Agency; GSA—General Services Administration; NASA—National Aeronautics and Space Administration; NARA—National Archives and Records Administration; NSF—National Science Foundation; NRC—U.S. Nuclear Regulatory Commission; OPM—Office of Personnel Management; SBA—Small Business Administration; SSA—Social Security Administration; USAID—U.S. Agency for International Development; USACE—U.S. Army Corps of Engineers.

<sup>a</sup>Target was revised from OMB's fiscal year 2014 budget guidance based on budget discussions between the agency and OMB.

<sup>b</sup>Justice officials stated that the initial IT reduction and reinvestment plan information that the department submitted to OMB was overcome by events, included being superseded by subsequent instructions resulting from sequestration, and never finalized as Justice's plan for fiscal year 2014. Instead, the department provided its final reduction and reinvestment plans for fiscal year 2014, as documented in its fiscal year 2015 budget submission. We relied on this information in the table.

<sup>c</sup>Totals may not add up due to rounding.

Of the nine agencies that had fully met or exceeded OMB's one-time reduction and reinvestment targets and included all required supplemental information, two agencies—DHS and Interior—accounted for more than \$650 million of proposed IT reductions and \$400 million in reinvestments. For example, DHS was required by OMB's guidance to submit \$563 million in reductions and provided almost \$574 million in

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reductions, in areas such as enterprise IT systems and data centers. The department also proposed reinvesting \$316 million of its savings across 39 IT investments aimed at improving shared services, security posture, and citizen services. In addition, Interior proposed reductions to 51 IT investments, collectively totaling about \$99 million, primarily in the areas of IT infrastructure and business systems, and planned to reinvest the full amount across 79 reinvestments, in areas such as administrative efficiencies and commodity IT.

Eleven agencies only partially met OMB's guidance because they either did not meet OMB's one-time reduction and reinvestment target or did not include the required supplemental information for each of the proposed reductions and reinvestments (e.g., reduction or reinvestment type, explanation of the changes in funding, and description of the favorable return on investments). For example, OPM met the guidance for providing reductions amounting to 10 percent and proposing reinvestments for at least half of that amount, but did not provide a description of the favorable return on investment for each of its reinvestments. According to OPM's Chief of Investment Management, Operations Technology Management, the agency's offices did not provide a description of the favorable return on investment, so the information could not be provided in the department's submission.

As another example, Energy did not meet OMB's guidance for the percentage of reductions and reinvestments, but did provide complete supplemental information for the reductions and reinvestments that the department reported. Energy officials acknowledged that the department did not meet the target IT reduction set by OMB, but stated that they felt that the target did not account for significant IT reductions already achieved in fiscal years 2012 and 2013 in response to other OMB and internal IT cost savings initiatives. Officials further noted that several programs had just completed significant IT reduction efforts in the previous years and found it difficult to identify additional reductions for the fiscal year 2014 budget submission. Similarly, NASA also did not meet OMB's guidance for reductions and reinvestments, but provided complete supplemental information. According to NASA officials, the agency could not meet the target for reinvestment due to having already completed many of its projects that would have provided OMB's expected benefits and that the agency was working with its Office of the Chief Technologist to identify new IT investments for future years.

Five agencies did not meet OMB's guidance because they did not meet OMB's one-time reduction and reinvestment targets for fiscal year 2014

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and did not provide supplemental information for all required fields. Agencies' reasons for not meeting the guidance varied. For example, a Department of Justice official from the Office of the CIO stated that the department had made significant reductions in its IT spending in the previous two budget cycles and did the best it could to meet OMB's guidance, but ultimately fell short. In addition, the Department of Housing and Urban Development's (HUD) Deputy CIO for Customer Relations and Performance Management stated that the department had focused on proposing reductions that were possible to achieve as opposed to reductions that were not feasible. Although the department did not meet OMB's targets, the official added that, since OMB did not convey any objection to HUD's approach, the department inferred that OMB did not have any objection to the reductions and reinvestments that HUD provided.

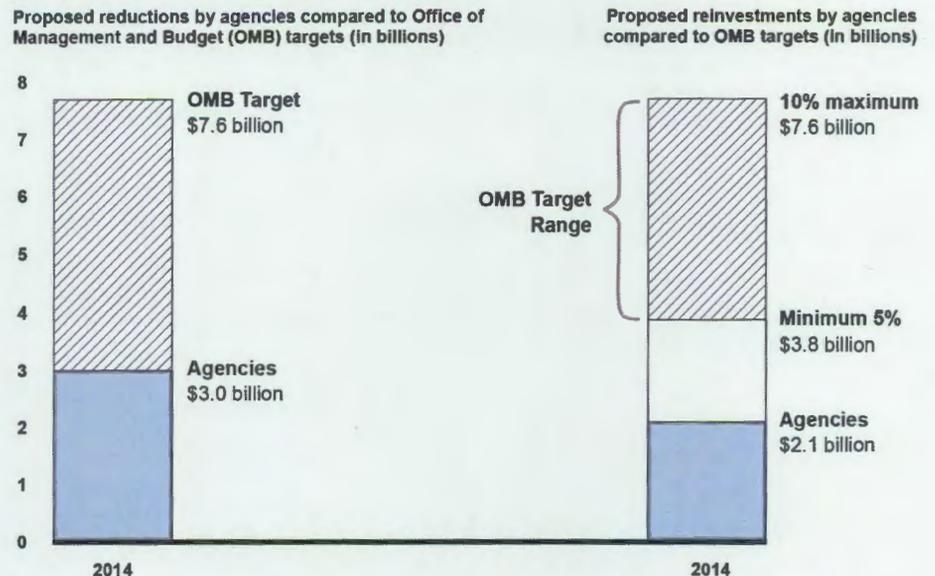
As another example, EPA officials stated that their initial submission was rejected by OMB because the information was not submitted according to OMB's guidance. As a result, the agency submitted a revised version to address OMB's feedback; however, our assessment of that version showed that it did not meet OMB's guidance. Finally, Veterans Affairs (VA) officials stated that the department believed that the OMB target did not take into consideration spending reductions made in prior years. As a result, VA submitted \$120 million in proposed spending reductions (compared to its target of \$316 million) for fiscal year 2014 that the Deputy Assistant Secretary believed were appropriate. The officials stated that the \$196 million difference was funding that was being spent on mission-related priorities (instead of IT-related priorities).

The two agencies that did not submit one-time fiscal year 2014 reduction and reinvestment plan information—Defense and HHS—provided varying reasons for not doing so. Specifically, rather than submit the required documentation, Defense requested an exemption from the requirement from OMB on the basis that an arbitrary 10 percent reduction was not in the best interests of national security and also cited system limitations that prevented the department from providing the requested information. Defense officials also stated that OMB's guidance on what information to include in the reduction and reinvestment plans was issued too late to make changes to the department's budgeting process in order to provide the requested information. In addition, HHS did not submit fiscal year 2014 IT reduction and reinvestment plans. According to HHS officials, the department requested additional guidance from OMB on how the reductions and proposed reinvestments submitted would be incorporated

into the department's budget request, but did not receive a response, so the department chose not to submit the required documentation.

Because not all agencies followed OMB's guidance, the totals of agencies' proposed reductions and reinvestments were substantially short of OMB's overall goals for its "cut and reinvest" initiative. Specifically, agencies should have submitted a total of \$7.6 billion in reductions and proposed reinvestments between \$3.8 and \$7.6 billion. Instead, agencies collectively proposed reductions of about \$3.0 billion and reinvestments of \$2.1 billion in their fiscal year 2014 budget submissions. The difference is primarily due to two agencies—Defense, which was expected to propose about \$3.5 billion in reductions and between \$1.75 and \$3.5 billion in reinvestments, and HHS, which was expected to propose \$662 million in reductions and between \$331 and \$662 million in reinvestments. See figure 3 for a graphical depiction of the total of agencies' proposed reductions and reinvestments compared to OMB's guidance.

**Figure 3: Agencies' Fiscal Year 2014 Proposed Reductions and Reinvestments Compared to OMB's Guidance**



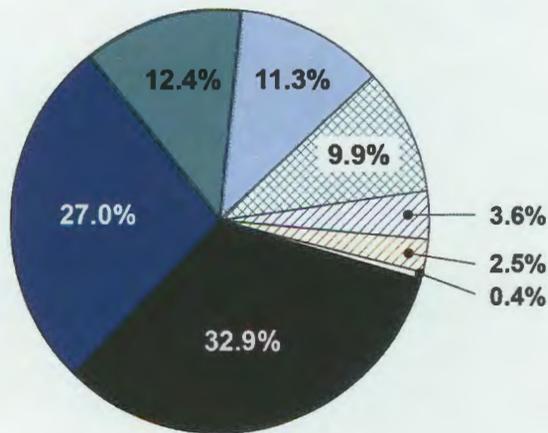
Source: GAO analysis of agencies' data. | GAO-15-617

Agencies were also required to assign an area to each of their proposed reductions (e.g., IT infrastructure, data centers, underperforming investment) and proposed reinvestments (e.g., citizen services,

administrative efficiencies, energy efficiency). IT infrastructure accounted for the largest area of proposed reductions, about \$978 million, while citizen services accounted for the largest area of reinvestment, about \$480 million. See figure 4 for a graphical depiction of the total proposed reductions and total proposed reinvestments in each area assigned by agencies and the associated dollar values.

**Figure 4: Agencies' Fiscal Year 2014 Proposed Reduction Areas, Reinvestment Areas, and the Associated Dollar Values**

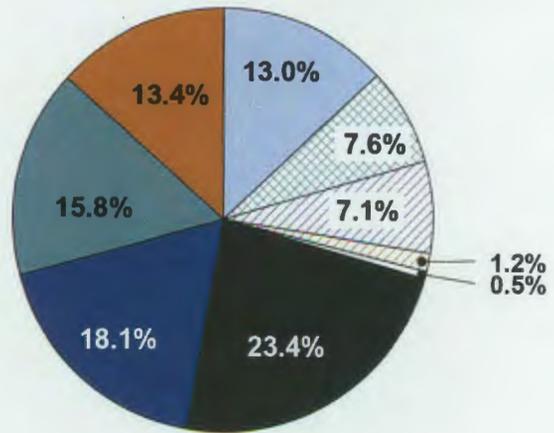
**Proposed reductions for fiscal year 2014**



**Total: \$2,967.0 million**

- Commodity information technology (IT): IT infrastructure - \$977.5 million
- Low-value or low-priority investments - \$801.4 million
- Not categorized - \$368.5 million
- Commodity IT: enterprise IT systems - \$334.7 million
- Commodity IT: business systems - \$292.6 million
- Underperforming investments - \$105.5 million
- Commodity IT: data centers - \$75.2 million
- Redundant contract vehicles - \$11.4 million

**Proposed reinvestments for fiscal year 2014**



**Total: \$2,055.1 million**

- Citizen services - \$480.3 million
- Commodity IT - \$371.6 million
- Administrative efficiencies - \$324.3 million
- Shared services - \$275.7 million
- Not categorized - \$266.6 million
- Innovative investments - \$155.5 million
- Security posture - \$145.3 million
- Big data - \$24.5 million
- Energy efficiency - \$11.2 million

Source: GAO analysis of agencies' data. | GAO-15-617

Note: According to OMB, commodity IT includes services such as IT infrastructure (e.g., networks, desktop computers, and mobile devices); enterprise IT systems (e.g., e-mail, collaboration tools, and security); and business systems (e.g., finance and human resources). Shared services are IT functions that are provided for consumption by multiple organizations within or between federal agencies.

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As previously discussed, several agencies that only partially followed or did not follow OMB's guidance stated that their submissions reflected the best that could be done after consideration of other cost reduction efforts in the preceding years. In addition, the lack of agency compliance with OMB's guidance is also due, in large part, to OMB not enforcing the requirements in its guidance. Most agencies reported that they did not receive explicit approval or disapproval of their IT reduction and reinvestment proposals. As a result, many of the agencies considered their submissions to be approved once the budget request submission process had been concluded, even in cases where they did not meet the expected reduction or reinvestment targets. According to staff from OMB's Office of E-Government and Information Technology, all agencies, except for Defense, adhered to the requirements for the IT reduction and reinvestment plan submission; however, OMB was unable to provide documentation to support this claim. In addition, as previously stated, the results of our analysis showed that most agencies did not follow OMB's guidance for their submissions, including submitting IT reductions and reinvestments that met OMB's defined targets.

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### Half of Agencies' Quarterly Plans Did Not Provide Reinvestment Details

Half of the agencies did not provide complete quarterly reinvestment plan information in their integrated data collection submissions, in accordance with OMB guidance. Specifically, of the 26 agencies required to submit this information, 12 had provided both the reinvestment category<sup>50</sup> and reinvestment details, 12 had provided partial information, and 2—NASA and OPM—had not reported any cost savings or avoidances.<sup>51</sup> See table 6 for an assessment of the reinvestment information in agencies' integrated data collection submissions.

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<sup>50</sup>Reinvestment categories include, for example, administrative efficiencies, citizen services, commodity IT, energy efficiency, innovative investments, shared services, or other.

<sup>51</sup>Smithsonian Institution is not required to participate in OMB's PortfolioStat initiative; therefore, the requirement to submit a quarterly integrated data collection submission does not apply to the agency.

**Table 6: Agencies' Integrated Data Collection Submission Compliance with OMB's Guidance (as of June 2015)**

Contained reinvestment category and details information for all reported cost savings and avoidance initiatives	• Education	• GSA
	• HHS	• NARA
	• Justice	• NSF
	• Labor	• SBA
	• State	• SSA
	• Transportation	• USACE
Contained partial reinvestment category or details information	• Agriculture <sup>a</sup>	• Interior
	• Commerce	• Treasury
	• Defense <sup>a</sup>	• VA <sup>a</sup>
	• Energy	• EPA <sup>a</sup>
	• DHS	• NRC
	• HUD <sup>a</sup>	• USAID <sup>a</sup>

Source: GAO analysis of agency data. | GAO-15-617

Note: Two agencies—the National Aeronautics and Space Administration and the Office of Personnel Management—are not included in this table because they did not report any cost savings or avoidances. HHS—Department of Health and Human Services; DHS—Department of Homeland Security; HUD—Department of Housing and Urban Development; VA—Department of Veterans Affairs; EPA—Environmental Protection Agency; GSA—General Services Administration; NARA—National Archives and Records Administration; NSF—National Science Foundation; NRC—U.S. Nuclear Regulatory Commission; SBA—Small Business Administration; SSA—Social Security Administration; USAID—U.S. Agency for International Development; USACE—U.S. Army Corps of Engineers.

<sup>a</sup>Agency provided only reinvestment category information (e.g., administrative efficiencies, citizen services, energy efficiency) and did not provide any more detailed reinvestment information for its cost savings or avoidance initiatives.

For the 12 agencies that included complete information, their quarterly submissions provided insight into key cost savings and avoidance initiatives and related reinvestment plans. For example, HHS reported that it had reduced the number of data centers and servers, which resulted in a reduction in operating expenses. The resulting \$16.4 million in cost avoidances since 2012 has been used to help fund projects related to data center operations, as well as other mission-related projects and initiatives. In addition, the National Archives and Records Administration has saved \$6.0 million in Electronic Records Archives activities in fiscal years 2013 and 2014 that it plans to use to help adapt its archives into a cloud-based solution to support increases in the volume of records managed. As another example, SSA has expanded use of its Electronic Case Analysis Tool that automatically identifies and speeds the processing of people's cases with severe medical conditions. This has resulted in approximately \$128.1 million in cost avoidances over the last 3 fiscal years, which the agency plans to use to fund other disability determination investments.

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The remaining 12 agencies provided partial information about their reinvestment plans. For example, 6 of the 12 agencies provided only reinvestment category information (e.g., administrative efficiencies, shared services, innovative investments), but did not provide the related details of their reinvestment plans. The remaining 6 agencies provided reinvestment categories and the related reinvestment details for a portion, but not all, of their cost savings and avoidance initiatives. For example, Commerce reported that it had migrated existing and built new IT infrastructure in a virtualized environment to reduce its IT footprint. This resulted in \$11.8 million in cost avoidances that were expected to be used to reduce physical infrastructure procurement requirements year-over-year. However, the department was missing detailed reinvestment information for 13 of its 18 initiatives.

The agencies that submitted partial reinvestment plan information in their quarterly submissions provided various reasons for why information was missing. For example, U.S. Agency for International Development officials indicated that they were not aware of the requirement to provide reinvestment information in their integrated data collection submission. In contrast, a Commerce official stated that the integrated data collection information is provided by the department's component-level organizations and that the Office of the CIO does not have insight into why complete information was not provided. Interior's Director of IT Planning also stated that missing information in their integrated data collection submission was also due to its component agencies not tracking and reporting complete information for their savings and avoidance initiatives.

Without complete reinvestment plans in their integrated data collection submissions, agencies will lack important information that could be used to better ensure that cost savings and avoidances from OMB IT reform efforts are being used in the most efficient and effective manner possible.

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## Selected Agencies Documented Key Governance Processes in Planning IT Reinvestments, but Did Not Track Performance Results

According to our IT Investment Management Framework,<sup>52</sup> organizations should establish IT governance processes that include one or more decision-making bodies or boards that are involved in making decisions on which investments to fund and ensuring that such decisions meet stakeholder needs and are made in the best interests of the organization. Additionally, standards for internal control emphasize the need for federal agencies to put in place mechanisms to achieve their objectives, such as comparing actual performance against plans and goals, and analyzing significant differences.<sup>53</sup> Finally, leading practices<sup>54</sup> of government and industry have established the importance of developing performance measures, including identifying targets, to gauge progress. They should be measurable, outcome-oriented, and actively tracked and reported.

The four selected agencies—SSA, Interior, Education, and Labor—documented the role of key investment boards and related IT governance processes to guide the development of their fiscal year 2014 budget submission (which included planned IT reductions and reinvestments). See table 7 for a detailed description of each agency's key governance responsibilities and processes for developing the fiscal year 2014 IT budget submission.

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<sup>52</sup>GAO-04-394G.

<sup>53</sup>GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G (Washington, D.C.: Sept. 10, 2014).

<sup>54</sup>GAO, *Aviation Weather: Agencies Need to Improve Performance Measurement and Fully Address Key Challenges*, GAO-10-843 (Washington, D.C.: Sept. 9, 2011); GAO, *NextGen Air Transportation System: FAA's Metrics Can Be Used to Report on Status of Individual Programs, but Not of Overall NextGen Implementation or Outcomes*, GAO-10-629 (Washington, D.C.: July 27, 2010); OMB, *Guide to the Program Assessment Rating Tool* (Washington, D.C.: January 2008); Department of the Navy, Office of the Chief Information Officer, *Guide for Developing and Using IT Performance Measurements* (Washington, D.C.: October 2001); and GSA, *Performance-Based Management: Eight Steps To Develop and Use Information Technology Performance Measures Effectively* (Washington, D.C.: 1996).

**Table 7: Selected Agencies' Key Governance Processes for Developing Fiscal Year 2014 IT Budget Submission**

Agency	Key investment boards and working groups	Key governance responsibilities and processes for developing the fiscal year 2014 budget submission
SSA	<ul style="list-style-type: none"> <li>• Strategic Information Technology Assessment and Review Board</li> <li>• Portfolio Executive Board</li> </ul>	<p>According to SSA's <i>Capital Planning and Investment Control</i> policies, the agency's Strategic Information Technology Assessment and Review Board, which is chaired by the Deputy Commissioner for Systems/CIO and comprised of heads of business and supporting units, is responsible for making decisions about which projects to fund for the fiscal year based on its determination of where SSA's needs are greatest. Further, SSA's policy states that integration and collaboration are facilitated through the IT portfolio executives and associate commissioners of the Office of Systems, who together form the Portfolio Executive Board. The Portfolio Executive Board reviews all IT investments from an enterprise perspective, prioritizes IT investment requests using scoring criteria, and prepares recommendations for the Strategic Information Technology Assessment and Review Board.</p>
Education	<ul style="list-style-type: none"> <li>• Education Investment Review Board (IRB)</li> <li>• Planning and Investment Review Working Group</li> </ul>	<p>According to Education's <i>Information Technology Investment Management Departmental Directive</i>, the Education IRB is the executive decision-making body for the department's IT investment management process. According to the directive, the IRB is responsible for setting priorities and objectives used to assess IT initiatives and for overseeing the entire IT portfolio. Further, the department's directive states that the Planning and Investment Review Working Group serves as an advisory group that provides oversight and recommendations regarding the strategic direction of the IT portfolio. Among its responsibilities, the working group reviews annually and recommends to the IRB the selected portfolio of IT investments for inclusion in the current and next fiscal years' budgets.</p>
Interior	<ul style="list-style-type: none"> <li>• Working Capital Fund Consortium</li> <li>• Bureau and Office IRBs</li> <li>• Office of the CIO Service Planning and Management</li> <li>• Support Services Board</li> <li>• iStat Executive Committee</li> <li>• Line of Business Segment Roadmap Teams</li> </ul>	<p>According to Interior's <i>Office of the CIO Directive 2012-009, Budget Year 2014 Information Technology Budget Submission Requirements</i>, budget recommendations on IT investments, including those budgeted through the working capital fund,<sup>a</sup> are based on the results of the department's capital planning and investment control process, as well as the approval of Interior's iStat investment review and governance process.<sup>b</sup> Further, the department's requirements state that bureau and office IRBs are to approve their respective portfolios prior to submission and that the bureau budget offices are to validate the submissions to ensure that each investment's summary of funding, funding source, and full-time-equivalent tables match bureau budget plans. Finally, the Office of the CIO's Service Planning and Management collects and reviews the bureau and office IT portfolio submissions and finalizes the required budget submission documentation for submittal to OMB. Other investment boards and working groups involved in Interior's capital planning and investment control process include the Support Services Board, which makes IT investment recommendations to the iStat Executive Committee for further adjudication, and the Line of Business Segment Roadmap Teams, which provide support, analysis, and recommendations to the Support Service Board.</p>
Labor	<ul style="list-style-type: none"> <li>• Labor Executive Leadership</li> <li>• IT Acquisition Review Board</li> </ul>	<p>According to Labor's <i>IT Capital Planning and Investment Control Guide</i>, the department's executive leadership determines Labor's annual budget requests including requests for funding for new and ongoing IT investments. Executive leadership includes the Secretary of Labor and the Deputy Secretary of Labor with input from the Departmental Budget Center, the Center for Program Performance and Results, the Office of the Chief Financial Officer, and the Office of the CIO. Further, Labor's guide states that the department's IT Acquisition Review Board is tasked with reviewing and approving Labor's planned IT purchases in order to reduce costs, avoid duplication, and pursue strategic sourcing opportunities.</p>

Source: GAO analysis of agency data. | GAO-15-617

<sup>a</sup>Interior's working capital fund is overseen by the Working Capital Fund Consortium.

<sup>b</sup>Interior's iStat process includes face-to-face, evidence-based accountability reviews of IT programs that examine investment management, program performance data, and opportunities for improvement.

In executing their fiscal year 2014 budget formulation processes, the four selected agencies proposed \$350 million in total IT reductions and \$350 million in IT reinvestments for fiscal year 2014. The largest amount of reductions, approximately \$240.9 million, were planned in the area of IT infrastructure, while the largest amount of reinvestments, approximately \$240.2 million, were planned in the area of commodity IT. Table 8 outlines the selected agencies' approved reductions and reinvestments for fiscal year 2014, according to the key areas.

**Table 8: Selected Agencies' Fiscal Year 2014 Proposed Reductions and Reinvestments**

Dollars in millions (rounded)

Agency	Reduction areas	Proposed reduction amount <sup>a</sup>	Reinvestment areas	Proposed reinvestment amount <sup>a</sup>
<b>SSA</b>				
	Commodity IT: IT infrastructure	\$141.93	Commodity IT	\$149.83
	Commodity IT: data centers	7.90	Citizen services	0.31
	Commodity IT: enterprise IT systems	0.31		
<b>Totals</b>		<b>150.14</b>		<b>150.14</b>
<b>Interior</b>				
	Commodity IT: IT infrastructure	49.07	Commodity IT	76.47
	Commodity IT: business systems	45.50	Administrative efficiencies	14.62
	Commodity IT: enterprise IT systems	3.95	Citizen services	6.27
			Shared services	1.25
<b>Totals</b>		<b>98.52</b>		<b>98.62</b>
<b>Education</b>				
	Underperforming investments	44.25	Administrative efficiencies	22.63
	Low-value or low-priority investments	7.10	Citizen services	22.37
			Innovative investments	4.57
			Security posture	1.78
<b>Totals</b>		<b>51.35</b>		<b>51.35</b>

Dollars in millions (rounded)

Agency	Reduction areas	Proposed reduction amount <sup>a</sup>	Reinvestment areas	Proposed reinvestment amount <sup>a</sup>
<b>Labor</b>				
	Commodity IT: IT infrastructure	49.90	Shared services	36.04
			Commodity IT	13.86
<b>Totals</b>		<b>49.90</b>		<b>49.90</b>
<b>Grand total</b>		<b>349.91</b>		<b>350.01</b>

Source: GAO analysis of agency data. | GAO-15-617

<sup>a</sup>Totals may not add up due to rounding.

However, three of the four selected agencies did not track performance results against their planned reductions. One agency—SSA—was able to provide supporting documentation that it had tracked the results of its proposed reductions. Specifically, the agency reported that it had achieved an estimated \$106.7 million in total reductions, primarily in the area of IT infrastructure, as compared to total planned reductions of \$150.1 million (see table 9.) The remaining three agencies—Education, Labor, and Interior—had not tracked performance results against their planned IT reductions.

**Table 9: SSA's Performance Against Proposed Fiscal Year 2014 Reductions**

Dollars in millions (rounded)		
Proposed reduction areas	Total proposed reduction amount	Total actual reduction amount (estimated)
Commodity IT: IT infrastructure	\$141.93	\$99.78
Commodity IT: data centers	7.30	6.95
Commodity IT: enterprise IT systems	0.31	0.0
<b>Total</b>	<b>150.14</b>	<b>106.73</b>

Source: GAO analysis of SSA data. | GAO-15-617

In addition, none of the four selected agencies had tracked the performance results of their planned reinvestments. While SSA had provided information regarding how spending had increased in their planned reinvestment areas (e.g., data centers, office automation, etc.), the agency was unable to track the amounts against the reinvestment amounts in their fiscal year 2014 budget submission. Interior officials stated that their proposed fiscal year 2014 IT reductions and reinvestments were likely executed as planned, while Labor's IT

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Governance Director stated that their reinvestment amounts were likely equal to or slightly higher than planned due to certain component agencies increasing IT service levels; however, neither was able to provide supporting documentation. Labor, Interior, and Education officials also stated that the execution of the reductions and reinvestments was not tracked because the fiscal year 2014 plan was a one-time submission and not an ongoing OMB reporting requirement.

While none of the agencies had tracked their proposed fiscal year 2014 reinvestments, two agencies—SSA and Education—had established policies and processes to oversee the reallocation (i.e., reinvestment) of funds to other investments. Specifically, according to SSA's *Capital Planning and Investment Control* policy, dated November 2014, budget changes are required to be submitted to the Deputy Commissioner for Systems/CIO for approval through the agency's IT investment management system using the IT funding change request process. The policy further states that such change requests should include an explanation and justification of budget adjustment and discuss the impact of the change on the investments providing the additional funds as well as the investment receiving the funds. Further, according to Education's *IT Investment Management Process Guide*, dated March 2014, when additional funding becomes available, Education's Investment Review Board will convene and take under consideration recommendations for IT investment funding from the department's Planning and Investment Review Working Group. The guide further states that projects or project components that previously did not receive funding may be reconsidered along with any new investment proposals.

The remaining two agencies—Interior and Labor—stated that they did not track performance results of their fiscal year 2014 reinvestments because their CIO offices did not have information regarding such reinvestments at their component agencies. For example, Interior's officials stated that because the department has a decentralized business structure and investment management autonomy within its 14 bureaus and offices, with each having primary control over their IT spending, it was difficult to be able to track their specific reinvestments. In addition, officials added that a tracking mechanism was not put in place, since the fiscal year 2014 reduction and reinvestment plan was a one-time submission and not an ongoing requirement. Labor's IT Governance Director cited similar difficulties in tracking the reductions and reinvestments of their component agencies.

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## Incomplete OMB Requirements Have Resulted in Lack of Tracking of Reinvestment Performance

The lack of agency tracking of the actual performance of their reinvestments is due, in part, to weaknesses in OMB's requirements for submitting reinvestment information. Specifically, while agencies were required to establish proposed reductions and reinvestments for fiscal year 2014, OMB did not require agencies to track the actual performance against those reductions and reinvestments. A policy analyst from OMB's Office of E-Government and Information Technology indicated that agencies were not expected to assess performance against their planned reductions and reinvestments because the exercise was considered to be complete when the fiscal year 2014 President's budget was issued. However, OMB did not formally convey this information to agencies in its fiscal year 2014 budget guidance or in other guidance documents. Officials from several agencies included in this review stated that the lack of guidance from OMB left them unsure of how to proceed with the reductions and reinvestments in their fiscal year 2014 budget submissions.

Further, although OMB's ongoing requirements for reinvestment information include providing long-range reinvestment plans in agency IRM strategic plans and more specific quarterly reinvestment plans for each cost savings and avoidance initiative, it has not established a requirement for agencies to track the actual performance of their reinvestments. As previously stated, as part of the quarterly integrated data collection submissions, OMB requires agencies to document, for each cost savings and avoidance initiative, their plans to use such savings or avoidances. However, in addition to the fact that most agencies did not provide complete information in these submissions, there is no OMB requirement for agencies to document whether the reinvestment was executed as planned or to report the performance results through the integrated data collection process.

In addition, while OMB had previously established targets to guide agencies in their one-time fiscal year 2014 IT reduction and reinvestment plans, its ongoing requirements for reinvestment plans do not include any targets. For example, as previously discussed, OMB's fiscal year 2014 budget guidance included a reinvestment dollar amount range for each agency. However, the ongoing requirements for reinvestment plans only require agencies to provide narrative on their reinvestment plans and do not require agencies' reinvestments to meet any specific dollar amounts, specific percentages of planned reductions, or other performance indicator. Established targets are important because, as previously stated, they provide an indicator for gauging progress and improving

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performance if they are outcome-oriented and actively tracked and reported against.

Until OMB requires agencies to report actual reinvestment performance and defines performance targets to guide agency reinvestment efforts, it will be limited in its ability to ensure that agencies are reinvesting funds as planned and may not be able to hold agencies accountable. Further, without visibility into agencies' reinvestment performance, OMB may not be able to provide effective budgetary oversight. Finally, without improved tracking of reinvestments through the use of existing governance mechanisms and the implementation of FITARA, Interior and Labor may lack assurance that their component agencies are reinvesting in areas consistent with agency-wide goals.

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## Conclusions

In the more than 5 years since OMB began its IT reform efforts, agencies have reported more than \$3 billion in savings from their implementation of such efforts—most notably, Defense, DHS, Treasury, and SSA, which account for 69 percent of the reported government-wide savings to date. However, continued discrepancies of more than \$484 million in the savings being reported by agencies and those being reported in OMB's quarterly reports to Congress indicates that agencies are still not reporting all of their savings to OMB. OMB and agency implementation of our prior recommendations in this area could help ensure that agencies report all data center consolidation savings, and that OMB's quarterly reports to Congress accurately reflect savings achieved.<sup>55</sup> Ensuring accurate reporting is increasingly important in light of the December 2014 IT acquisition reform legislation that specifically addresses agency and OMB reporting of IT reform-related savings.

The extent of savings reported through fiscal year 2014 makes evident the increasing importance for agencies to establish complete reinvestment plans. While several agencies have established plans in accordance with OMB's guidance, most ongoing agency reinvestment plans—including the long-range plans in their IRM strategic plans and quarterly plans in their integrated data collection submissions—are incomplete, which raises questions about whether these agencies are in the best position to reallocate funding to the appropriate investments after

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<sup>55</sup>GAO-14-713 and GAO-15-296.

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savings are realized. Until such plans are completed, agencies will be challenged to ensure that their considerable savings are being used in the most efficient and effective manner possible.

While the four agencies that we selected documented key governance processes and fully embraced OMB's "cut and reinvest" guidance by proposing to reinvest the full amount of their proposed reductions in their fiscal year 2014 budget submissions, none of the four agencies was able to provide support that they had tracked the actual performance of their proposed reinvestments. Although SSA and Education have since established policies and processes to oversee reinvestment, two agencies—Interior and Labor—attributed the weaknesses in this tracking to a lack of visibility into component agencies' reinvestment activities. Expediently implementing the requirements of the December 2014 IT acquisition reform legislation in conjunction with OMB's recent implementation guidance will help to ensure that these agencies have better oversight of their component agencies' reinvestments. The weaknesses in agency tracking of actual reinvestment performance are also due, in part, to OMB not having established a requirement for reporting such information. When combined with the lack of established performance targets—similar to those used by OMB in the fiscal year 2014 budget cycle—it will be difficult for OMB to gauge agency progress in reinvesting their savings going forward. In the absence of a requirement for agencies to track actual reinvestment performance and defined targets, OMB will be limited in its ability to ensure that agencies' reinvestments are occurring as planned and may not be able to hold agencies accountable for continued progress.

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## Recommendations for Executive Action

To better ensure that agencies' IT savings are being reinvested in the most efficient and effective manner possible, we are making two recommendations to OMB. Specifically, we recommend that the Director of OMB direct the Federal CIO to

- ensure that agencies complete their reinvestment plans, in accordance with established requirements, and maintain those plans on an ongoing basis; and
- require agencies to track actual reinvestment performance and define performance targets for agencies' reinvestments, as done previously.

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In addition, we are making 22 recommendations to 17 of the departments and agencies in our review to improve their reinvestment planning and oversight. Appendix II contains these recommendations.

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## Agency Comments and Our Evaluation

We received comments on a draft of our report from OMB, the 17 agencies to which we made recommendations, and the remaining 10 that had no recommendations. Specifically, OMB and 12 agencies agreed with our recommendations, while 1 (State) did not state whether it agreed or disagreed, 3 had no comments, and 1 (Defense) partially agreed. The 10 agencies without recommendations stated that they had no comments. Multiple agencies also provided technical comments, which we have incorporated as appropriate. Comments from the agencies to which we made recommendations are discussed in more detail here.

- In comments provided via e-mail on August 27, 2015, an OMB official from the Office of the General Counsel stated that the agency generally agreed with our report and recommendations and noted that the recommendations would be realized in future budget guidance should OMB engage in a similar effort in the future to realize and reinvest savings. However, OMB also stated that, because the reinvestment plans were included in the fiscal year 2014 budget guidance, changing the rules at this point to have better transparency into the reinvestment decisions would likely outweigh the value of having that detail. Further, the agency stated that, if OMB changed the rules at this stage to require agencies to report investment decisions with greater detail, agencies would invest an inordinate amount of effort for the benefit. We disagree with these statements. As we note in our report, the extent of savings reported through fiscal year 2014 makes evident the increasing importance for OMB to immediately require agencies to complete their reinvestment plans and track reinvestment performance. Until such requirements are in place, agencies may be challenged to ensure that their considerable savings are being used in the most efficient and effective manner possible and OMB will be limited in its ability to ensure that agencies' reinvestments are occurring as planned. We therefore believe our recommendations are warranted.
- In written comments, Agriculture's Assistant Secretary for Administration stated that the department concurred with our recommendation. Agriculture also noted that it supports our recommendations to OMB to define targets for agency reinvestment and require that agencies complete their reinvestment plans and track

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actual performance. The department's comments are provided in appendix III.

- In written comments, Commerce's Deputy Secretary stated that the department agreed with the report's recommendations and described actions to address the recommendations. Specifically, Commerce stated that it will review and update its IRM strategic plan to establish a means to oversee reinvestments rendered from the consolidation of commodity IT resources. In addition, the department noted that it will continue to collect and report all initiatives resulting in cost savings and avoidances to ensure IT savings are being realized. The department's comments are provided in appendix IV.
- In written comments, Defense's CIO provided comments for both the department and the U.S. Army Corps of Engineers. It partially concurred with the recommendation made to the Defense CIO related to ensuring that the department's integrated data collection submission to OMB includes complete plans to reinvest any resulting savings and avoidances from OMB-directed IT reform-related efforts. Specifically, Defense stated that it will continue to use its Planning, Programming, Budget, and Execution process as the framework for decision making on all resource decisions and that savings achieved as a result of Defense IT efficiency efforts will be directed to defense capabilities as determined by the department's existing process. The department also noted that it is making progress in making these IT resource decisions and associated cost savings and avoidances more transparent.

We support the department's efforts to be more transparent and acknowledge in our report that Defense had approximately \$380 million in reported cost savings and avoidances between fiscal years 2011 and 2014. However, considering the magnitude of the department's reported savings and avoidances, we believe that the department should develop reinvestment plans in accordance with OMB's guidance. Further, without complete reinvestment plans, the department will be challenged to ensure that its considerable savings are being used in the most efficient and effective manner possible. We therefore believe our recommendation is warranted.

The department concurred with the recommendation we made to the U.S. Army Corps of Engineers, stating that the agency will include information in its next IRM strategic plan regarding the approach to reinvesting savings from the consolidation of commodity information

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management and IT resources in accordance with OMB's guidance. The department's comments are provided in appendix V.

- In written comments, Energy's CIO stated that the department concurred with our recommendation and described planned actions to address it. Specifically, the CIO stated that the department will ensure that its integrated data collection submission to OMB includes, for all reported initiatives, complete plans to reinvest any resulting cost savings and avoidances from OMB-directed IT reform-related efforts. Energy's written comments are provided in appendix VI.
- In written comments, HHS's Assistant Secretary for Legislation stated that the department concurred with our recommendation and described planned actions to address it. Specifically, the department stated that HHS's Office of the CIO will address reinvestment of cost savings when the department's IRM Strategic Plan is next updated. The department also provided technical comments, which we have incorporated as appropriate. HHS's written comments are provided in appendix VII.
- In written comments, DHS's Director of the Departmental GAO-OIG Liaison Office stated that the department concurred with our recommendation and described planned actions to address it. Specifically, the department stated that the DHS CIO will ensure that the integrated data collection submission to OMB includes complete plans to reinvest any resulting savings and avoidances from OMB-directed IT reform-related efforts for all reported initiatives. DHS also elaborated on existing IT governance processes in place to facilitate planning for the reinvestment of cost savings, as well as other decision-making processes for budget and acquisition used to enable investment recommendations.

However, the department also noted that OMB does not currently require agencies to document reinvestment plans for cost savings achieved and cited our prior report on the implementation of OMB's PortfolioStat initiative.<sup>56</sup> We disagree with this statement. As mentioned in this report, agencies are required to submit quarterly reinvestment plans via their integrated data collection submissions to OMB, which are to describe agency plans to use the resulting cost

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<sup>56</sup>GAO-15-296.

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savings or avoidances for each IT reform-related savings and avoidance initiative reported. In our prior report on OMB's PortfolioStat initiative, we determined that there was no OMB requirement for agencies to report whether they had actually reinvested the funds as planned—an issue that raises questions about whether reinvestments actually occurred. As such, we believe we have accurately presented OMB's requirements for reporting reinvestment plan information in this report. DHS's written comments are provided in appendix VIII.

- In written comments, HUD's CIO stated that the department concurred with our recommendation. HUD's written comments are provided in appendix IX.
- In written comments, Interior's Principal Deputy Assistant Secretary of Policy, Management and Budget stated that the department generally agreed with our findings and concurred with our recommendations. The department also described planned actions to address the recommendations, including that the Office of the CIO will update its integrated data collection template to make reinvestment plans a required field and review the reinvestment plans for completeness prior to submission to OMB. In addition, the department stated that these new procedures, along with existing and improved governance mechanisms, will be used to facilitate better tracking of how savings are reinvested. Interior's written comments are provided in appendix X.
- In comments provided via e-mail on August 11, 2015, a Labor audit liaison stated that the department had no comments on the report.
- In written comments, State's Comptroller did not agree or disagree with our recommendation, but described planned actions to update its strategic planning guidance to provide additional information on the allocation and reinvestment of IT resources. The department also elaborated on efforts to initiate IT reforms, cost reductions, and reinvestment efforts since 2011, and stated that it is working to ensure that the cost savings yielded by data center consolidation activities are reinvested into the department's strategic priorities. State's written comments are provided in appendix XI.
- In comments provided by e-mail on August 12, 2015, an audit liaison from Treasury's Office of the CIO stated that the department had no comments on the report.

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- In written comments, VA's Chief of Staff stated that the department generally agreed with our conclusions and concurred with our recommendation. The department also described planned actions to address our recommendation, stating that its Office of Information and Technology plans to establish a program management office to track cost savings, avoidance, and reinvestment opportunities by the end of 2015. VA's written comments are provided in appendix XII.
  - In written comments, EPA's CIO stated that the agency concurred with our recommendation. In addition, the CIO noted that it would resolve our finding that its one-time fiscal year 2014 reduction and reinvestment plan did not meet OMB's guidance. However, the agency did not provide additional documentation to support a revision to our evaluation. As such, we continue to believe our evaluation is appropriate. EPA's written comments are provided in appendix XIII.
  - In written comments, NRC's Deputy Executive Director for Corporate Management stated that NRC staff agreed with our findings and recommendations. NRC also noted that, while OMB has issued guidance requiring agencies to report cost savings, the guidance is general in nature. The agency added that a discussion of how agencies' IT reinvestment and reporting would benefit from specific cost definitions and categorization would be useful in our report and would facilitate more meaningful comparisons among agencies. While we acknowledge NRC's comments, this report focused on agencies' progress in achieving savings from their IT reform efforts and did not review the adequacy of OMB's guidance on reporting cost savings, including related cost definitions and categorizations. As a result, we do not have a basis to recommend improvements to OMB's guidance in these areas. NRC's written comments are provided in appendix XIV.
  - In written comments, OPM's CIO stated that the agency concurred with our recommendation and noted that, in future updates to OPM's Strategic IT Plan, information will be provided regarding the approach to reinvesting savings from the consolidation of commodity IT resources (including data centers) in accordance with OMB's guidance. OPM's written comments are provided in appendix XV.
  - In comments provided via e-mail on July 17, 2015, a systems accountant from USAID's Office of the Chief Financial Officer, Audit, Performance and Compliance Division stated that the agency had no comments on the report. The agency also provided technical comments, which we have incorporated as appropriate.

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Comments from the agencies without recommendations are discussed in more detail here.

- In comments provided by e-mail on August 11, 2015, a policy analyst from Education's Office of the Secretary stated that the department had no comments on the report. The department also provided technical comments, which we have incorporated as appropriate.
- In comments provided by e-mail on August 11, 2015, a Justice audit liaison specialist stated that the department had no comments on the report.
- In comments provided via e-mail on July 27, 2015, Transportation's Deputy Director, Office of Audit Relations, stated that the department had no comments on the report.
- In comments provided via e-mail on August 11, 2015, a financial management analyst from GSA's Office of Administrative Services, GAO/IG Audit Response Division stated that the department had no additional comments on the report.

Our draft report provided to GSA for comment included a recommendation that the agency ensure that its integrated data collection submission to OMB include, for all reported initiatives, complete plans to reinvest any resulting cost savings and avoidances from OMB-directed IT reform-related efforts. This was based on the agency's quarterly integrated data collection submission to OMB not including reinvestment plan information for 3 of the agency's 13 cost savings and avoidance initiatives. Subsequently, GSA provided additional documentation that included reinvestment plans for all of its initiatives. As a result of GSA's action, we have removed the recommendation and made appropriate changes in the report to reflect the updated information.

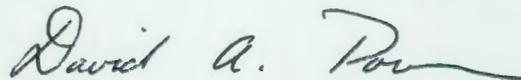
- In comments provided via e-mail on August 12, 2015, NASA's GAO/OIG Audit Liaison Team Lead stated that the agency had no comments on the report.
- In written comments, the Archivist of the United States stated that the agency had no comments on the report. NARA's written comments are provided in appendix XVI.

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- In written comments, NSF's CIO stated that the agency had no comments on the report. NSF's written comments are provided in appendix XVII.
  - In comments provided via e-mail on August 5, 2015, the program manager for SBA's Office of Congressional and Legislative Affairs stated that the agency had no comments on the report.
  - In comments provided via e-mail on August 17, 2015, an official from Smithsonian's Office of Government Relations stated that the agency had no comments on the report.
  - In written comments, SSA's Executive Counselor to the Commissioner stated that the agency had no comments on the report. SSA's written comments are provided in appendix XVIII.

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We are sending copies of this report to interested congressional committees, the Director of OMB, the secretaries and agency heads of the departments and agencies addressed in this report, and other interested parties. In addition, the report will be available at no charge on GAO's website at <http://www.gao.gov>.

If you or your staffs have any questions on the matters discussed in this report, please contact me at (202) 512-9286 or [pownerd@gao.gov](mailto:pownerd@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in appendix XIX.



David A. Powner  
Director, Information Technology  
Management Issues

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# Appendix I: Objectives, Scope, and Methodology

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Our objectives were to (1) assess agencies' progress in achieving savings from their information technology (IT) reform efforts; (2) evaluate the extent to which agencies have established plans to reinvest their savings; and (3) evaluate how selected agencies have reinvested their savings, including the extent to which IT governance processes are in place to oversee such reinvestments.

To assess agencies' progress in achieving savings from their IT reform efforts, we obtained and analyzed the cost savings and avoidance documentation from the 26 departments and agencies (agencies)<sup>1</sup> that are required to implement the Office of Management and Budget's (OMB) PortfolioStat initiative.<sup>2</sup> This documentation included, but was not limited to, quarterly status reports to OMB and other agency-developed spreadsheets and reporting tools. We then identified the total agency-reported savings and avoidances achieved from fiscal years 2011 to 2014.

To assess the reliability of agencies' savings and avoidance data, we reviewed agency documentation for missing data or other errors (e.g., incorrect calculations). We compared the cost savings and avoidances reported to us by agencies with cost savings identified in OMB's quarterly reports to Congress on the status of IT reform efforts.<sup>3</sup> In addition, we interviewed agency officials to confirm our understanding of their reported savings and avoidances and obtain additional supporting information regarding the steps that the agency took to ensure the reliability of its figures and validate these figures. We also discussed with agency officials any discrepancies or potential errors identified during our review of their supporting documentation to determine the cause or request

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<sup>1</sup>The 26 agencies we reviewed are the Departments of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, Homeland Security, Housing and Urban Development, the Interior, Justice, Labor, State, Transportation, the Treasury, and Veterans Affairs; the Environmental Protection Agency, General Services Administration, National Aeronautics and Space Administration, National Archives and Records Administration, National Science Foundation, U.S. Nuclear Regulatory Commission, Office of Personnel Management, Small Business Administration, Social Security Administration, U.S. Agency for International Development, and U.S. Army Corps of Engineers.

<sup>2</sup>OMB, *Implementing PortfolioStat*, Memorandum M-12-10 (Washington, D.C.: Mar. 30, 2012).

<sup>3</sup>OMB, *Quarterly Report to Congress: Information Technology Oversight and Reform* (Washington, D.C.: Feb. 13, 2015).

additional information. We determined that the data were sufficiently reliable to report on agencies' cost savings and avoidances achieved to date. However, as part of our reliability assessment, we identified issues with the reliability of OMB's quarterly reports to Congress, including that agencies' cost savings and avoidances were not being fully reflected in OMB's report. We have highlighted this issue in our report.

To evaluate the extent to which agencies have established plans to reinvest their savings, we compared 26 PortfolioStat agencies' long-range (e.g., 3-5 year) reinvestment plan information in their information resource management (IRM) strategic plans to OMB's guidance, as documented in OMB's March 2013 PortfolioStat memorandum.<sup>4</sup> This guidance states that agencies are to describe plans to reinvest savings resulting from the consolidation of commodity IT resources, including data centers, in their IRM strategic plans. We rated this requirement as "fully implemented" if the agency's IRM strategic plan or equivalent document contained this information and "not implemented" if the agency's IRM strategic plan did not contain this information.

We also compared 27 agencies'<sup>5</sup> fiscal year 2014 IT reductions and reinvestments plans, as documented in their budget submissions for that fiscal year, to requirements in OMB's fiscal year 2014 budget guidance.<sup>6</sup> More specifically, we assessed whether each agency had met OMB's targets for proposed reductions and reinvestments and whether the agency had included supplemental information for each reduction and reinvestment, including OMB budget account number, reduction and reinvestment types, explanation of the changes in funding, priority level, and description of the favorable return on investments, in accordance with OMB's guidance. We rated this requirement as "fully implemented" if the agency's submission met or exceeded OMB's reduction and

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<sup>4</sup>OMB, *Fiscal Year 2013 PortfolioStat Guidance: Strengthening Federal IT Portfolio Management*, Memorandum M-13-09 (Washington, D.C.: Mar. 27, 2013).

<sup>5</sup>In addition to the 26 agencies previously mentioned, OMB's fiscal year 2014 budget submission requirements for IT reduction and reinvestment plans also applied to the Smithsonian Institution. See OMB, *FY14 Guidance on Exhibits 53 and 300* (Washington, D.C.: Aug. 3, 2012) for more information. However, Smithsonian Institution is not required to participate in OMB's PortfolioStat initiative; therefore, the requirements to report cost savings and avoidances and submit associated reinvestment plans as part of that initiative do not apply to the agency.

<sup>6</sup>OMB, *FY14 Guidance on Exhibits 53 and 300*.

reinvestments targets and included all required supplemental information; “partially implemented” if the agency’s submission either did not meet OMB’s reduction and reinvestment targets or did not include the required supplemental information for each of the proposed reductions and reinvestments; and “not implemented” if the agency did not meet OMB’s reduction and reinvestment targets and did not provide supplemental information for all required fields, or the agency did not submit the required documentation to OMB.

To assess the reliability of agencies’ IT reduction and reinvestment plans in their fiscal year 2014 budget submission, we checked the submissions for obvious omissions (i.e., fields left blank), mistakes (e.g., incorrect calculations), outliers, and other potential errors (e.g., IT reinvestments occurring in the same areas as the reductions). We also interviewed agency officials and, in some cases, obtained written responses from agencies regarding the processes and methods used to determine their IT reductions and reinvestments, the related supporting documentation, and the steps that the agency took to review and approve its submission and ensure the reliability of and validate its figures. In cases where we found missing data or potential errors, we interviewed agency officials to determine the cause or request additional information. We found the data sufficiently reliable for reporting on the completeness of agencies’ IT reduction and reinvestment plans. However, certain agencies were missing supplemental information related to their proposed IT reductions and reinvestments, such as reduction and reinvestment types and explanations of the changes in funding. We highlight this issue in our report.

Finally, we compared the 26 PortfolioStat agencies’ quarterly reinvestment plans, as documented in their status reports to OMB (known as the integrated data collection submission), against OMB’s instructions for submitting such reports. These instructions state that agencies are to include both a category<sup>7</sup> and details regarding their plans to use any cost savings and avoidances resulting from the savings and avoidance initiatives reported in their quarterly submission. We rated agencies as “fully implemented” if they included both the category and details for each cost savings and avoidance initiative reported; “partially implemented” if

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<sup>7</sup>Reinvestment categories include, for example, administrative efficiencies, citizen services, commodity IT, energy efficiency, innovative investments, shared services, or other.

the agency provided reinvestment category, but not details, or did not include category and details for all cost savings and avoidance initiatives reported, and; “not implemented” if the agency did not include reinvestment category and details for all cost savings and avoidance initiatives reported.

For evaluating how selected agencies have reinvested their savings, including the extent to which IT governance processes are in place to oversee such reinvestments, we selected four federal agencies (the Departments of Education, Interior, and Labor, and the Social Security Administration) based on their fiscal year 2014 proposed IT reductions and reinvestments, as documented in their budget submission documentation. We chose these agencies because, of the agencies with the highest percentage of proposed reinvestment (i.e., 100 percent reinvestment of proposed reductions), these agencies had the four highest proposed reinvestment dollar amounts. We compared the governance processes used by these agencies to develop their fiscal year 2014 budget submission (including planned IT reductions and reinvestments) to key practices for establishing investment boards in our IT Investment Management Framework.<sup>8</sup> We also analyzed agencies’ actual performance against their proposed fiscal year 2014 IT reductions and reinvestments. Finally, we interviewed agency officials to further our understanding of how agency IT governance processes were involved with the development of the fiscal year 2014 budget submission and to discuss the extent to which the agency had documented actual fiscal year 2014 reductions and reinvestments.

We conducted this performance audit from October 2014 to September 2015 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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<sup>8</sup>GAO, *Information Technology Investment Management: A Framework for Assessing and Improving Process Maturity*, Version 1.1, GAO-04-394G (Washington, D.C.: March 2004).

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# Appendix II: Recommendations to Departments and Agencies

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## Department of Agriculture

To improve the department's IT savings reinvestment plans, we recommend that the Secretary of Agriculture direct the CIO to take the following action:

- Ensure that the department's integrated data collection submission to OMB includes, for all reported initiatives, complete plans to reinvest any resulting cost savings and avoidances from OMB-directed IT reform-related efforts.

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## Department of Commerce

To improve the department's IT savings reinvestment plans, we recommend that the Secretary of Commerce direct the CIO to take the following two actions:

- As part of any future update to the department's IRM strategic plan or equivalent document, include information regarding the approach to reinvesting savings from the consolidation of commodity IT resources (including data centers) in accordance with OMB's guidance.
- Ensure that the department's integrated data collection submission to OMB includes, for all reported initiatives, complete plans to reinvest any resulting cost savings and avoidances from OMB-directed IT reform-related efforts.

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## Department of Defense

To improve the department's IT savings reinvestment plans, we recommend that the Secretary of Defense direct the Defense CIO to take the following action:

- Ensure that the department's integrated data collection submission to OMB includes, for all reported initiatives, complete plans to reinvest any resulting cost savings and avoidances from OMB-directed IT reform-related efforts.

In addition, to improve the U.S. Army Corps of Engineers' IT savings reinvestment plans, we recommend that the Secretary of Defense direct the Secretary of the Army to take the following action:

- As part of any future update to the U.S. Army Corps of Engineers' IRM strategic plan or equivalent document, include information regarding the approach to reinvesting savings from the consolidation of commodity IT resources (including data centers) in accordance with OMB's guidance.

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Department of Energy

To improve the department's IT savings reinvestment plans, we recommend that the Secretary of Energy direct the CIO to take the following action:

- Ensure that the department's integrated data collection submission to OMB includes, for all reported initiatives, complete plans to reinvest any resulting cost savings and avoidances from OMB-directed IT reform-related efforts.

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Department of Health and  
Human Services

To improve the department's IT savings reinvestment plans, we recommend that the Secretary of Health and Human Services direct the CIO to take the following action:

- As part of any future update to the department's IRM strategic plan or equivalent document, include information regarding the approach to reinvesting savings from the consolidation of commodity IT resources (including data centers) in accordance with OMB's guidance.

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Department of Homeland  
Security

To improve the department's IT savings reinvestment plans, we recommend that the Secretary of Homeland Security direct the CIO to take the following action:

- Ensure that the department's integrated data collection submission to OMB includes, for all reported initiatives, complete plans to reinvest any resulting cost savings and avoidances from OMB-directed IT reform-related efforts.

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Department of Housing  
and Urban Development

To improve the department's IT savings reinvestment plans, we recommend that the Secretary of Housing and Urban Development direct the CIO to take the following action:

- Ensure that the department's integrated data collection submission to OMB includes, for all reported initiatives, complete plans to reinvest any resulting cost savings and avoidances from OMB-directed IT reform-related efforts.

---

Department of the Interior

To improve the department's IT savings reinvestment plans and tracking of reinvestments, we recommend that the Secretary of the Interior direct the CIO to take the following two actions:

- Ensure that the department's integrated data collection submission to OMB includes, for all reported initiatives, complete plans to reinvest any resulting cost savings and avoidances from OMB-directed IT reform-related efforts.
- Use existing governance mechanisms and any improvements resulting from the implementation of FITARA to improve tracking of how savings have been reinvested.

---

Department of Labor

To improve the department's tracking of reinvestments, we recommend that the Secretary of Labor direct the CIO to take the following action:

- Use existing governance mechanisms and any improvements resulting from the implementation of FITARA to improve tracking of how savings have been reinvested.

---

Department of State

To improve the department's IT savings reinvestment plans, we recommend that the Secretary of State direct the CIO to take the following action:

- As part of any future update to the department's IRM strategic plan or equivalent document, include information regarding the approach to reinvesting savings from the consolidation of commodity IT resources (including data centers) in accordance with OMB's guidance.

---

Department of the  
Treasury

To improve the department's IT savings reinvestment plans, we recommend that the Secretary of the Treasury direct the CIO to take the following two actions:

- As part of any future update to the department's IRM strategic plan or equivalent document, include information regarding the approach to reinvesting savings from the consolidation of commodity IT resources (including data centers) in accordance with OMB's guidance.
- Ensure that the department's integrated data collection submission to OMB includes, for all reported initiatives, complete plans to use any resulting cost savings and avoidances from OMB-directed IT reform-related efforts.

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Department of Veterans  
Affairs

To improve the department's IT savings reinvestment plans, we recommend that the Secretary of Veterans Affairs direct the CIO to take the following action:

- Ensure that the department's integrated data collection submission to OMB includes, for all reported initiatives, complete plans to reinvest any resulting cost savings and avoidances from OMB-directed IT reform-related efforts.

---

Environmental Protection  
Agency

To improve the agency's IT savings reinvestment plans, we recommend that the Administrator of the Environmental Protection Agency direct the CIO to take the following action:

- Ensure that the agency's integrated data collection submission to OMB includes, for all reported initiatives, complete plans to reinvest any resulting cost savings and avoidances from OMB-directed IT reform-related efforts.

---

Nuclear Regulatory  
Commission

To improve the agency's IT savings reinvestment plans, we recommend that the Chairman of the U.S. Nuclear Regulatory Commission direct the CIO to take the following two actions:

- As part of any future update to the agency's IRM strategic plan or equivalent document, include information regarding the approach to reinvesting savings from the consolidation of commodity IT resources (including data centers) in accordance with OMB's guidance.
- Ensure that the agency's integrated data collection submission to OMB includes, for all reported initiatives, complete plans to reinvest any resulting cost savings and avoidances from OMB-directed IT reform-related efforts.

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Office of Personnel  
Management

To improve the agency's IT savings reinvestment plans, we recommend that the Director of the Office of Personnel Management direct the CIO to take the following action:

- As part of any future update to the agency's IRM strategic plan or equivalent document, include information regarding the approach to reinvesting savings from the consolidation of commodity IT resources (including data centers) in accordance with OMB's guidance.

---

U.S. Agency for  
International Development

To improve the agency's IT savings reinvestment plans, we recommend that the Administrator of the U.S. Agency for International Development direct the CIO to take the following two actions:

- As part of any future update to the agency's IRM strategic plan or equivalent document, include information regarding the approach to reinvesting savings from the consolidation of commodity IT resources (including data centers) in accordance with OMB's guidance.
- Ensure that the agency's integrated data collection submission to OMB includes, for all reported initiatives, complete plans to reinvest any resulting cost savings and avoidances from OMB-directed IT reform-related efforts.

# Appendix III: Comments from the Department of Agriculture



United States  
Department of  
Agriculture

Office of the  
Assistant Secretary  
for Administration

1400 Independence  
Avenue SW

Washington, DC  
20250-0103

AUG 25 2015

Mr. David Powner  
Director, Information Technology  
Management Issues  
U.S. Government Accountability Office (GAO)  
441 G Street, NW  
Washington, D.C. 20548

Dear Mr. Powner:

The U.S. Department of Agriculture (USDA) has reviewed the draft report, *Information Technology Reform: Billions of Dollars in Savings Have Been Realized, but Agencies Need to Complete Reinvestment Plans (GAO-15-617)*, audit number 311410.

USDA concurs with the recommendation that USDA's integrated data collection submission to OMB includes, for all reported initiatives, complete plans to reinvest any resulting cost savings and avoidances from OMB-directed IT reform-related efforts.

Additionally, USDA supports the recommendation to OMB to define targets for agency reinvestment and require that agencies complete their reinvestment plans and track actual reinvestment performance.

Sincerely,

A handwritten signature in black ink, appearing to read "Gregory L. Parham".

Dr. Gregory L. Parham  
Assistant Secretary  
for Administration

An Equal Opportunity Employer

# Appendix IV: Comments from the Department of Commerce



THE DEPUTY SECRETARY OF COMMERCE  
Washington, D.C. 20230

August 14, 2015

Mr. David A. Powner  
Director, Information Technology Management Issues  
U.S. Government Accountability Office  
441 G Street NW  
Washington, DC 20548

Dear Mr. Powner:

Thank you for the opportunity to review and comment on the Government Accountability Office's (GAO) draft report entitled *Information Technology Reform: Billions of Dollars in Savings Have Been Realized, but Agencies Need to Complete Reinvestment Plans* (GAO-15-617, September 2015). On behalf of the Department of Commerce, I have enclosed our comments on the draft report.

As part of its effort to institute GAO recommendations regarding Information Technology (IT) Reform, the Department of Commerce will review and update the Department's Information Resource Management Strategic Plan to ensure an IT governance process is outlined, which will establish a means to oversee reinvestments rendered from the consolidation of commodity IT resources. Further, as part of its integrated data collection submission to the Office of the Management and Budget, the Department of Commerce will continue to collect and report all initiatives resulting in cost savings and avoidances to ensure IT savings are being realized.

If you have any questions, please contact Steve Cooper, Chief Information Officer, at (202) 482-4797.

Sincerely,

A handwritten signature in black ink, appearing to read "R. H. Andrews", is written over the word "Sincerely,".

Bruce H. Andrews

Enclosure

CAPITOL BOND  
286 001 109

**Department of Commerce's Comments on the Draft Government Accountability Office  
(GAO) Report Entitled  
*Information Technology Reform: Billions of Dollars in Savings Have Been Realized, but  
Agencies Need to Complete Reinvestment Plans*  
(GAO-15-617, September 2015)**

The Office of the Chief Information Officer has reviewed the draft report and we offer the following comments for Government Accountability Office's consideration.

**General Comments**

The report on Information Technology Reform does a fair and thorough job in assessing Government agencies' information technology (IT) reform efforts. The report's discussion of the degree to which the 26 agencies achieved, reinvested, and governed savings from their IT reform investment efforts is generally well-informed, thorough, and balanced.

**Comments on Recommendations**

GAO made two recommendations to the Department of Commerce in the report.

**Recommendation 1:**

"As part of any future update to the department's IRM strategic plan or equivalent document, include information regarding the approach to reinvesting savings from the consolidation of commodity IT resources (including data centers) in accordance with OMB's guidance."

**Commerce Response:** The Department of Commerce agrees with this recommendation. In the report, the Department of Commerce received credit for meeting three out of the four criteria used to measure "Long-range investment plans." Further, the Department of Commerce was listed as one of 11 agencies to receive partial credit for meeting "OMB guidance for IT reduction and reinvestment plans;" however, the Department of Commerce was listed as one of eight agencies needing reinvestment plans which outline methods to reinvest savings from the consolidation of commodity IT, to include data centers. Per the Office of the Management and Budget's (OMB) guidance, the Department of Commerce will review and update the Department's IRM Strategic Plan to ensure an IT governance process is outlined; which will established a means to oversee reinvestments rendered from the consolidation of commodity IT resources.

**Recommendation 2:**

"Ensure that the department's integrated data collection submission to OMB includes, for all reported initiatives, complete plans to reinvest any resulting cost savings and avoidances from OMB-directed IT reform-related efforts."

**Commerce Response:** The Department of Commerce agrees with this recommendation. As part of its integrated data collection (IDC) submission to OMB, the Department of

Commerce will continue to collect and report all initiatives resulting in cost savings and avoidances to ensure IT savings are being realized.

# Appendix V: Comments from the Department of Defense



CHIEF INFORMATION OFFICER

DEPARTMENT OF DEFENSE  
6000 DEFENSE PENTAGON  
WASHINGTON, D.C. 20301-6000

AUG 19 2015

Mr. David A. Powner  
Director, Information Technology Management  
U.S. Government Accountability Office  
441 G Street, NW  
Washington, DC 20548

Dear Mr. Powner:

Enclosed are the Department's comments in response to the GAO Draft Report GAO-15-617 (GAO Engagement 311410), "Information Technology Reform: Billions of dollars in savings have been realized, but agencies need to complete reinvestment plans." The point of contact for this matter is Mr. Craig Garant. He may be reached at [craig.r.garant.civ@mail.mil](mailto:craig.r.garant.civ@mail.mil), 703-697-1029.

Sincerely,

A handwritten signature in black ink, appearing to read "Terry A. Halvorsen".

Terry A. Halvorsen

Enclosure:  
As stated

GAO DRAFT REPORT DATED JULY 15, 2015  
GAO-15-617 (GAO CODE 311410)

**“INFORMATION TECHNOLOGY REFORM: BILLIONS OF DOLLARS IN SAVINGS  
HAVE BEEN REALIZED, BUT AGENCIES NEED TO COMPLETE REINVESTMENT  
PLANS”**

**DEPARTMENT OF DEFENSE COMMENTS  
TO THE GAO RECOMMENDATION**

**RECOMMENDATION 1:** To improve the department’s IT savings reinvestment plans, GAO recommends that the Secretary of Defense direct the Defense CIO to ensure that the department’s integrated data collection submission to OMB includes, for all reported initiatives, complete plans to reinvest any resulting cost savings and avoidances from OMB-directed IT reform-related efforts.

**DoD RESPONSE:** The Department of Defense partially concurs with the GAO recommendation. The Department will continue to use the Planning, Programming, Budget, and Execution (PPBE) process as the framework for decision making on all resource decisions. Savings achieved as a result of DoD IT efficiency efforts will be directed to defense capabilities as determined by the Department’s existing processes. The Department is making progress in making these IT resource decisions, and associated cost savings and avoidance more transparent.

**RECOMMENDATION 2:** In addition, to improve the U.S. Army Corps of Engineers’ IT savings reinvestment plans, we recommend that the Secretary of Defense direct the Secretary of the Army to take the following action as part of any future update to the U.S. Army Corps of Engineers’ IRM strategic plan or equivalent document, include information regarding the approach to reinvesting savings from the consolidation of commodity IT resources (including data centers) in accordance with OMB’s guidance.

**DoD RESPONSE:** The Department of Defense concurs. It is agreed that U.S. Army Corps of Engineers’ will include information in our next IRM Strategic Plan regarding the approach to reinvesting savings from the consolidation of commodity IM/IT resources in accordance with OMB’s guidance.

# Appendix VI: Comments from the Department of Energy



## Department of Energy

Washington, DC 20585

August 14, 2015

Mr. David A. Powner  
Director, Information Technology Management Issues  
U.S. Government Accountability Office  
441 G Street, NW  
Washington, DC 20548

Dear Mr. Powner:

Thank you for providing a draft copy of the Government Accountability Office (GAO) report, "*Information Technology Reform: Billions of Dollars in Savings Have Been Realized, but Agencies Need to Complete Reinvestment Plans (GAO-15-617)*." The Department of Energy (DOE) has reviewed the draft report and provides the following comments below.

The Department concurs with the GAO recommendation and will ensure that DOE's integrated data collection submission to the Office of Management and Budget (OMB) includes, for all reported initiatives, complete plans to reinvest any resulting cost savings and avoidances from OMB-directed IT reform-related efforts.

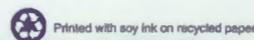
If you have any questions, please contact me on 202-586-0166.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael M. Johnson".

Michael M. Johnson  
Chief Information Officer

Enclosure



Enclosure

Response to Recommendation:

*INFORMATION TECHNOLOGY REFORM: Billions of Dollars in Savings Have Been Realized, but Agencies Need to Complete Reinvestment Plans (GAO-15-617)*

**Recommendation 1:** Ensure that the Department's integrated data collection submission to OMB includes, for all reported initiatives, complete plans to reinvest any resulting cost savings and avoidances from OMB-directed IT reform-related efforts.

**Management Response:** Concur with issues identified in the report.

The Department has already begun to take steps to ensure that, in future submissions to OMB, the "Use of Savings/Avoidance" field in the Integrated Data Collection (IDC) will contain complete information on how the cost savings/avoidance will be used (reinvested) or returned for all reported initiatives. The Department would like to note that although OMB's "Use of Savings/Avoidance (Details)" column is now "Optional" (as described in the Quarterly IDC Instructions for August 2015 revised 8/5/2015), the Department considers this information valuable and will ensure that this information is complete. The Department is planning to include the "Use of Savings/Avoidance (Details)" information in the IDC submission by December 31, 2015.

# Appendix VII: Comments from the Department of Health and Human Services



DEPARTMENT OF HEALTH & HUMAN SERVICES

OFFICE OF THE SECRETARY

Assistant Secretary for Legislation  
Washington, DC 20201

**AUG 14 2015**

Susan J. Irving  
Director, Federal Budget Analysis  
U.S. Government Accountability Office  
441 G Street NW  
Washington, DC 20548

Dear Ms. Irving:

Attached are comments on the U.S. Government Accountability Office's (GAO) report entitled, *"Information Technologies Reform: Billions of Dollars in Savings Have Been Realized, but Agencies Need to Complete Reinvestment Plans"* (GAO-15-617).

The Department appreciates the opportunity to review this report prior to publication.

Sincerely,

A handwritten signature in cursive script that reads "Jim R. Esquea".

Jim R. Esquea  
Assistant Secretary for Legislation

Attachment

**GENERAL COMMENTS OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) ON THE GOVERNMENT ACCOUNTABILITY OFFICE'S DRAFT REPORT ENTITLED: INFORMATION TECHNOLOGY REFORM: BILLIONS OF DOLLARDS IN SAVINGS HAVE BEEN REALIZED, BUT AGENCIES NEED TO COMPLETE REINVESTMENT PLANS (GAO-15-617)**

The U.S. Department of Health and Human Services (HHS) appreciates the opportunity from the Government Accountability Office (GAO) to review and comment on this draft report.

**GAO Recommendation**

The Government Accountability Office (GAO) recommends: *To improve the department's IT savings reinvestment plans, we recommend that the Secretary of Health and Human Services direct the CIO to take the following action:*

- As part of any future update to the department's IRM strategic plan or equivalent document, include information regarding the approach to reinvesting savings from the consolidation of commodity IT resources (including data centers) in accordance with OMB's guidance.

**HHS Response**

HHS concurs with GAO's recommendation. The HHS Office of the Chief Information Officer will address reinvestment of cost savings when the HHS Information Resources Management (IRM) Strategic Plan (2014-2018) is next updated.

# Appendix VIII: Comments from the Department of Homeland Security

U.S. Department of Homeland Security  
Washington, DC 20528



**Homeland  
Security**

August 11, 2015

David A. Powner  
Director, Information Technology Management Issues  
U.S. Government Accountability Office  
441 G Street, NW  
Washington, DC 20548

Re: Draft Report GAO-15-617, "INFORMATION TECHNOLOGY REFORM:  
Billions of Dollars in Savings Have Been Realized, but Agencies Need to  
Complete Reinvestment Plans"

Dear Mr. Powner:

Thank you for the opportunity to review and comment on this draft report. The U.S. Department of Homeland Security (DHS) appreciates the U.S. Government Accountability Office's (GAO's) work in planning and conducting its review and issuing this report.

The Department is pleased to note GAO's acknowledgement of significant savings achieved across the federal government since the Office of Management and Budget (OMB) began its information technology (IT) reform efforts. In fiscal year 2014, DHS exceeded OMB's one time target of proposed IT reductions and reinvestments, submitting almost \$574 million in reductions, in areas such as enterprise IT systems and data centers, when it was only required to identify \$563 million in reductions. DHS will continue to identify the best options for improving its effectiveness while lowering costs.

The draft report contained one recommendation for DHS with which the Department concurs. Specifically, GAO recommended that the Secretary of Homeland Security direct the Chief Information Officer (CIO) to:

**Recommendation 1:** Ensure that the department's integrated data collection submission to OMB includes, for all reported initiatives, complete plans to reinvest any resulting cost savings and avoidances from OMB-directed IT reform-related efforts.

**Response:** Concur. The DHS CIO will ensure that the Department's integrated data collection submission to OMB includes complete plans to reinvest any resulting cost

savings and avoidances from OMB-directed IT reform related efforts for all reported initiatives.

It is important to note, however, that OMB does not currently require agencies to document reinvestment plans for cost savings achieved (see GAO 15-296: "Additional OMB and Agency Actions Needed to Ensure Portfolio Savings Are Realized and Effectively Tracked"). Specifically, the Integrated Data Collection submission does not yet include this specific reporting. Once OMB issues applicable guidance on this topic and updates its reporting tool to allow for the inclusion of reinvestment plans, DHS will begin to submit reinvestment planning documentation, as appropriate.

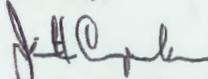
In the meantime, the DHS tiered IT governance process already considers effective planning for the reinvestment of cost savings. With support from the Under Secretary for Management, the CIO/Chief Financial Officer (CFO) Joint Councils, and collaboration with the Office of the CFO, the Office of the CIO performs IT portfolio reviews and analysis to develop Resource Allocation Plans and strengthen the Resource Allocation Decisions.

Additionally, through the Department's Unity of Effort approach, DHS has established a unified decision-making process for budget and acquisition, which effectively supports the Planning, Programming, Budgeting, and Execution process to provide data and visibility to the Joint Requirements Council (JRC). The JRC, comprised of senior-level officials from the Department's seven operational components and key headquarters organizations, develops recommendations for the Department's key decision-making body, the Deputy's Management Action Group, to enable thoroughly-informed investment recommendations.

Estimated Completion Date: To Be Determined.

Again, thank you for the opportunity to review and comment on this draft report. Technical comments were previously provided under separate cover. Please feel free to contact me if you have any questions. We look forward to working with you in the future.

Sincerely,



Jim H. Crumpacker, CIA, CFE  
Director  
Departmental GAO-OIG Liaison Office

# Appendix IX: Comments from the Department of Housing and Urban Development



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-3000

CHIEF INFORMATION OFFICER

AUG 12 2015

Mr. David A. Powner  
Director, Information Technology  
Management Issues  
U.S. Government Accountability Office  
441 G Street NW  
Washington, DC 20548

Dear Mr. Powner:

Thank you for the opportunity to comment on the Government Accountability Office (GAO) draft report entitled, *Information Technology Reform: Billions of Dollars in Savings Have Been Realized, but Agencies Need to Complete Reinvestment Plans* (GAO-15-617). The Department of Housing and Urban Development reviewed the draft report and concurs with the recommendation for Executive Action.

If you have questions or require additional information, please contact Ruby Porch, Acting Chief, Audit Compliance Branch, at (202) 402-6342 ([Ruby.B.Porch@hud.gov](mailto:Ruby.B.Porch@hud.gov)) or Juanita L. Toatley, Audit Liaison, Audit Compliance Branch, at (202) 402-3555 ([Juanita.L.Toatley@hud.gov](mailto:Juanita.L.Toatley@hud.gov)).

Sincerely,

A handwritten signature in black ink, appearing to read "Rafael C. Diaz", written over a circular scribble.

Rafael C. Diaz  
Chief Information Officer

# Appendix X: Comments from the Department of the Interior



## United States Department of the Interior

OFFICE OF THE SECRETARY  
Washington, DC 20240

AUG 13 2015

Mr. David A. Powner  
Director, Information Technology Management Issues  
U.S. Government Accountability Office  
441 G Street, NW  
Washington, DC 20548

Dear Mr. Powner:

Thank you for providing the Department of the Interior (Department) the opportunity to review and comment on the draft Government Accountability Office (GAO) Report entitled *Information Technology Reform: Billions of Dollars in Savings Have Been Realized, but Agencies Need to Complete Reinvestment Plans* (GAO-15-617).

We appreciate GAO's review of Federal agencies' efforts to reinvest savings resulting from the Office of Management and Budget's (OMB) information technology (IT) reform initiatives. The GAO issued two recommendations to the Department in response to its overall findings. We generally agree with the findings and concur with the recommendations and offer the following responses.

**Recommendation 1: Ensure that the Department's integrated data collection submission to OMB includes, for all reported initiatives, complete plans to reinvest any resulting cost savings and avoidances from OMB-directed IT reform-related efforts.**

**Response:** The Department provides integrated data collection (IDC) submissions to the OMB through the quarterly PortfolioStat. The quarterly IDC includes a section on the Department cost savings/avoidance efforts. The Office of the Chief Information Officer (OCIO) engages with bureaus and offices during each IDC submission to collect their cost savings/avoidance information. To ensure that bureaus and offices provide complete plans to reinvest any resulting cost savings/avoidances, the OCIO will (1) update the bureau and office IDC template to make reinvestment plans a required field and (2) review bureau and office reinvestment plans for completeness prior to the Department IDC submission to OMB.

**Recommendation 2: Use existing governance mechanisms and any improvements resulting from the implementation of Federal Information Technology Acquisition Reform Act (FITARA) to improve tracking of how savings have been reinvested.**

**Response:** The Department put in place a repeatable process to track reinvestments associated with cost savings/avoidances reported through PortfolioStat IDC. The Department's new procedures noted in response to Recommendation 1 along with existing and improved

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**Appendix X: Comments from the Department  
of the Interior**

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governance mechanisms will facilitate better tracking of how savings are reinvested. The Department is currently developing the Federal Information Technology Acquisition Reform Act (FITARA) Common Baseline Assessment and Action Plan for submission to OMB.

If you have any questions, or need additional information, please contact me.

Sincerely,



Kristen J. Sarri

Principal Deputy Assistant Secretary  
Policy, Management and Budget

# Appendix XI: Comments from the Department of State



United States Department of State  
Comptroller  
Washington, DC 20520

AUG 10 2015

Dr. Loren Yager  
Managing Director  
International Affairs and Trade  
Government Accountability Office  
441 G Street, N.W.  
Washington, D.C. 20548-0001

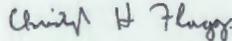
Dear Dr. Yager:

We appreciate the opportunity to review your draft report, "INFORMATION TECHNOLOGY REFORM: Billions of Dollars in Savings Have Been Realized, but Agencies Need to Complete Reinvestment Plans", GAO Job Code 311410.

The enclosed Department of State comments are provided for incorporation with this letter as an appendix to the final report.

If you have any questions concerning this response, please contact Colleen Hinton, IT Policy Analyst, Office of Business Management and Planning, Bureau of Information Resource Management at (202) 634-0320.

Sincerely,

  
Christopher H. Flagg

Enclosure:

As stated.

cc: GAO – David A. Powner  
IRM – Steven C. Taylor  
State/OIG - Norman Brown

**Department of State Response to GAO Draft Report**

**INFORMATION TECHNOLOGY REFORM: Billions of Dollars in Savings  
Have Been Realized, but Agencies Need to Complete Reinvestment Plans  
(GAO-15-617, GAO Code 311410)**

The Department of State (DOS) appreciates the opportunity to respond to GAO's draft report entitled "*Information Technology Reform: Billions of Dollars in Savings Have Been Realized, but Agencies Need to Complete Reinvestment Plans*".

**Recommendation:** To improve the department's IT savings reinvestment plans, GAO recommend that the Secretary of State direct the CIO to take the following action:

- As part of any update to the Department's IRM's strategic plan or equivalent document, include information regarding the approach to reinvestment savings from the consolidation of commodity IT resources (including data centers) in accordance with OMB's guidance.

**Response:** Since 2011, the Department has initiated a series of IT reforms, cost reductions, and reinvestment efforts designed to align with OMB's PortfolioStat initiative and to support the Department's global mission of providing modernized access to information systems via a well-managed IT infrastructure. The Department understands that the convergence of IT services, network connectivity, and data processing into a cost-optimized private infrastructure service provides several benefits across the following areas: mission support, efficiency, and security (e.g. cloud).

With regard to OMB's mandate for a 10% reduction in IT, the Department has established processes and procedures to reduce spending across the following areas:

- Duplicative commodity IT investments and contracts
- IT Infrastructure and Enterprise IT Systems (e.g. Data Centers, Networks)
- Business System Functions (e.g. Administrative, HR)

The Department is committed to effective IT governance structures, ensuring its 81 investments (both major and non-major) are the appropriate initiatives from a strategic, mission, and business perspective and that these initiatives are executed well at both the program and project level. Furthermore, the Department is working to ensure the cost savings yielded by data center consolidation activities are reinvested into the Department's strategic priorities. For example, in 2014, the

-2-

Department invested in two innovative projects: the Foreign Affairs Network (FAN 2.0) and the re-scoping of data center initiatives to increase the accuracy of Federal Data Center Consolidated Initiative (FDCCI) reporting. Additionally, in order to increase transparency moving forward, the Department is planning to invest in technologies that allow for greater virtualization density, storage efficiency, and reduced facilities costs.

Lastly, for the purposes of updating strategic planning guidance, the Department will provide further guidance on the allocation and reinvestment of IT resources as they align to Goal Area #4 (Global Infrastructure) and Goal Area #5 (IT Leadership & Governance) of the Department's FY14-16 IT Strategic Plan. Doing so will ensure that reinvestment activities are documented in policy guidance and that IT resources will be used to deliver reliable and cost-effective solutions.

# Appendix XII: Comments from the Department of Veterans Affairs



DEPARTMENT OF VETERANS AFFAIRS  
WASHINGTON DC 20420  
AUG 17 2015

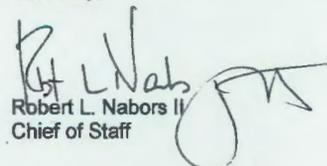
Mr. David A. Powner  
Director  
Information Technology Management  
Issues  
U.S. Government Accountability Office  
441 G Street, NW  
Washington, DC 20548

Dear Mr. Powner:

The Department of Veterans Affairs (VA) has reviewed the Government Accountability Office's (GAO) draft report, **"INFORMATION TECHNOLOGY REFORM: Billions of Dollars in Savings Have Been Realized, but Agencies Need to Complete Reinvestment Plans"** (GAO-15-617). VA generally agrees with GAO's conclusions and concurs with GAO's recommendation to the Department.

The enclosure specifically addresses GAO's recommendation and provides an action plan. VA appreciates the opportunity to comment on your draft report.

Sincerely,

  
Robert L. Nabors II  
Chief of Staff

Enclosure

Enclosure

Department of Veterans Affairs (VA) Response to  
Government Accountability Office (GAO) Draft Report  
***"INFORMATION TECHNOLOGY REFORM: Billions of Dollars in Savings Have  
Been Realized, but Agencies Need to Complete Reinvestment Plans"***  
(GAO-15-617)

**GAO Recommendation:** To improve the department's IT savings reinvestment plans, we recommend that the Secretary of Veterans Affairs direct the CIO to take the following action:

**Recommendation 1:** Ensure that the department's integrated data collection submission to OMB includes, for all reported initiatives, complete plans to reinvest any resulting cost savings and avoidances from OMB-directed IT reform-related efforts.

**VA Comment:** Concur. Although we do not track reinvestment opportunities individually today, the Office of Information and Technology is establishing a Program Management Office (PMO) to track cost savings, avoidance and reinvestment opportunities. We anticipate the PMO will be in place by the end of calendar year 2015.

# Appendix XIII: Comments from the Environmental Protection Agency



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
WASHINGTON, D.C. 20460

AUG 13 2015

OFFICE OF  
ENVIRONMENTAL INFORMATION

David A. Powner, Director  
Information Technology  
U.S. Government Accountability Office  
1244 Speer Boulevard, Suite 800  
Denver, CO 80240

Dear Mr. Powner:

Thank you for the opportunity to review and comment on GAO's draft report, *Information Technology Reform: Billions of Dollars in Savings Have Been Realized, but Agencies Need to Complete Reinvestment Plans* (GAO-15-617). The purpose of this letter is to provide the U.S. Environmental Protection Agency's (EPA) response to your recommendation addressed to EPA.

GAO recommends that EPA ensure that the department's integrated data collection submission to OMB includes, for all reported initiatives, complete plans to reinvest any resulting cost savings and avoidances from OMB-directed IT reform-related efforts.

EPA concurs with the GAO recommendations but has one clarification. EPA will resolve the outstanding OMB one-time Fiscal Year 2014 reductions and reinvestments plans that were reviewed by GAO.

GAO cites EPA's initial submission was rejected by OMB because the information was not submitted according to OMB's guidance. As a result, the agency submitted a revised version to address OMB's feedback; however, GAO's assessment of that version showed that it did not meet OMB's guidance. EPA will work with GAO to clarify this comment and respond to that consideration before the final report is issued.

Thank you for the opportunity to review and comment on GAO's draft report.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ann Dunkin".

Ann Dunkin  
Chief Information Officer

cc: EPA GAO Liaison Team  
Harrell Watkins, OEI/OTOP  
Patricia Williams, OEI GAO Liaison  
Iesha, Alexander, Audit Coordinator, OEI/OTOP/CBSS

# Appendix XIV: Comments from the Nuclear Regulatory Commission



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D.C. 20555-0001

August 24, 2015

Mr. Jon W. Ticehurst  
Senior IT Analyst  
U.S. Government Accountability Office  
441 G Street, N.W.  
Washington, DC 20548

Dear Mr. Ticehurst:

On behalf of the U.S. Nuclear Regulatory Commission (NRC) staff, I am responding to the email request of July 15, 2015, from David A. Powner, the Director of Information Technology Management Issues of U.S. Government Accountability Office (GAO). Mr. Powner requested NRC's review and comment on the draft report entitled "Information Technology Reform: Billions of Dollars in Savings Have Been Realized, but Agencies Need to Complete Reinvestment Plans (GAO-15-617)".

The NRC staff overall agrees with the GAO draft report findings and recommendations. Moreover, we offer the following two comments. The draft report references Office of Management and Budget (OMB) issued guidance on cost savings. OMB has issued guidance requiring agencies to report cost savings; however, the guidance is general in nature. A discussion of how agencies' IT reinvestment and reporting would benefit from specific cost definitions and categorizations in the OMB guidance would be useful in this report. Such specificity would facilitate more meaningful comparisons among agencies and a more useful publicly posted report of costs savings from all agencies as required by the Federal IT Acquisition Reform Act. The NRC staff would also add, for context, that the current budget environment may not lend itself to significant IT reinvestment savings in the foreseeable future for the NRC.

I appreciate the opportunity to work with you on this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Darren B. Ash".

Darren B. Ash  
Deputy Executive Director  
for Corporate Management  
Office of the Executive Director for Operations

# Appendix XV: Comments from the Office of Personnel Management



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT  
Washington, DC 20415

Chief Information  
Officer

David A. Powner  
Director, Information Technology, Management Issues  
U.S. Government Accountability Office  
441 G Street, NW  
Washington, DC 20548

Dear Mr. Powner:

Thank you for providing us the opportunity to respond to the Government Accountability Office (GAO) draft report, Information Technology Reform, GAO-15-617, 311410.

We recognize that even the most well run programs benefit from external evaluations and we appreciate your input as we continue to enhance our programs. Responses to your recommendations are provided below.

**Recommendation in Appendix II:** To improve the agency's IT savings reinvestment plans, we recommend that the Director of the Office of Personnel Management direct the CIO to take the following action:

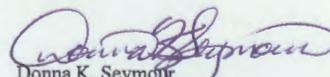
As part of any future update to the agency's IRM strategic plan or equivalent document, include information regarding the approach to reinvesting savings from the consolidation of commodity IT resources (including data centers) in accordance with OMB's guidance.

**Management Response:**

**We concur.** In future updates to the OPM Strategic IT Plan, an IRM strategic plan equivalent document, information will be provided regarding the approach to reinvesting savings from the consolidation of commodity IT resources (including data centers). This information will be in accordance with OMB's guidance.

I appreciate the opportunity to respond to this draft report. If you have any questions regarding our response, please contact the Office of the Chief Information Officer, (202) 606-2150, and [Donna.Seymour@opm.gov](mailto:Donna.Seymour@opm.gov).

Sincerely,

  
Donna K. Seymour  
Chief Information Officer

# Appendix XVI: Comments from the National Archives and Records Administration



NATIONAL  
ARCHIVES

ARCHIVIST *of the*  
UNITED STATES

DAVID S. FERRIERO  
T 202.357.5900  
F 202.357.5901  
[david.ferriero@nara.gov](mailto:david.ferriero@nara.gov)

Via email

12 August 2015

David A. Powner  
Director, Information Technology Management Issues  
United States Government Accountability Office  
441 G Street, NW  
Room 4T21  
Washington, DC 20548

Dear Mr. Powner:

Thank you for the opportunity to comment on the draft report GAO 15-617, *Information Technology Reform: Billions of Dollars in Savings Have Been Realized, but Agencies Need to Complete Reinvestment Plans*. We appreciate the thorough work by your staff to gain an understanding of NARA's implementation of the Office of Management and Budget's Information Technology reform initiatives in cost savings, reductions, and reinvestments. We are pleased that your report revealed that NARA saved \$6 million in Electronic Records Archives activities in fiscal years 2013 and 2014. We plan to reinvest these savings to adapt our archives into a cloud-based solution to support increases in the volume of records managed.

We have no comments for this report. If you have any questions regarding this memo, please contact Kimm Richards, NARA's Audit Liaison at 301-837-1668 or via email at [kimm.richards@nara.gov](mailto:kimm.richards@nara.gov).

Sincerely,

DAVID S. FERRIERO  
Archivist of the United States

NATIONAL ARCHIVES and  
RECORDS ADMINISTRATION  
700 PENNSYLVANIA AVENUE, NW  
WASHINGTON, DC 20408-0001  
[www.archives.gov](http://www.archives.gov)

# Appendix XVII: Comments from the National Science Foundation

NATIONAL SCIENCE FOUNDATION  
4201 WILSON BOULEVARD  
ARLINGTON, VIRGINIA 22230

Mr. David Powner  
Director, Information Technology Management Issues  
U.S. Government Accountability Office  
441 G Street, NW  
Washington, DC 20548

Dear Mr. Powner:

Thank you for providing the opportunity to review the draft GAO Report "Information Technology Reform: Billions of Dollars in Savings Have Been Realized, but Agencies Need to Complete Reinvestment Plans (GAO-15-617)." We have no comments on the draft report.

NSF is committed to continual improvement in information technology (IT) management, including areas of IT reform. We appreciate GAO's interest and work in this area.

If you require any additional information, please feel free to contact me at [anorthcu@nsf.gov](mailto:anorthcu@nsf.gov) or (703) 292-8100.

Sincerely,



Amy Northcutt  
Chief Information Officer

cc:  
Allison C. Lerner/NSF OIG  
NSF/OD  
NSF/OIRM  
NSF/DIS

# Appendix XVIII: Comments from the Social Security Administration



**SOCIAL SECURITY**  
Office of the Commissioner

August 14, 2015

Mr. David A. Powner  
Director, Information Technology  
United States Government Accountability Office  
441 G. Street, NW  
Washington, D C 20548

Dear Mr. Powner,

Thank you for the opportunity to review the draft report, "INFORMATION TECHNOLOGY REFORM: Billions of dollars in Savings Have Been Realized, but Agencies Need to Complete Reinvestment Plans" (GAO-15-617). We do not have any comments.

If you have any questions, please contact me at (410) 965-0520. Your staff may contact Gary S. Hatcher, Senior Advisor for Records Management and Audit Liaison Staff, at (410) 965-0680.

Sincerely,

Frank Cristaudo  
Executive Counselor to the Commissioner

SOCIAL SECURITY ADMINISTRATION BALTIMORE, MD 21235-0001

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# Appendix XIX: GAO Contact and Staff Acknowledgments

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## GAO Contact

David A. Powner, (202) 512-9286 or [pownerd@gao.gov](mailto:pownerd@gao.gov)

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## Staff Acknowledgments

In addition to the contact named above, individuals making contributions to this report included Dave Hinchman (Assistant Director), Justin Booth, Chris Businsky, Corey Evans, Nancy Glover, Lisa Hardman, and Jonathan Ticehurst.

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## Congressional Relations

Katherine Siggerud, Managing Director, [siggerudk@gao.gov](mailto:siggerudk@gao.gov), (202) 512-4400, U.S. Government Accountability Office, 441 G Street NW, Room 7125, Washington, DC 20548

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## Public Affairs

Chuck Young, Managing Director, [youngc1@gao.gov](mailto:youngc1@gao.gov), (202) 512-4800  
U.S. Government Accountability Office, 441 G Street NW, Room 7149  
Washington, DC 20548



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**Tully, Bridin**

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**Sent:** Tuesday, September 15, 2015 11:41 AM

**To:** [Rosemary.Callahan@oig.usda.gov](mailto:Rosemary.Callahan@oig.usda.gov); Arildsen, Jesse <[Jesse.Arildsen@nrc.gov](mailto:Jesse.Arildsen@nrc.gov)>; [GAOLIAISON@DODIG.MIL](mailto:GAOLIAISON@DODIG.MIL); [GAOMailbox@usaid.gov](mailto:GAOMailbox@usaid.gov); [EPA-GAO-Liaison-Team@epa.gov](mailto:EPA-GAO-Liaison-Team@epa.gov); [larry.e.mcgee@hud.gov](mailto:larry.e.mcgee@hud.gov); [DOL-GAO-Liaison@dol.gov](mailto:DOL-GAO-Liaison@dol.gov); [OCLA.GAO@va.gov](mailto:OCLA.GAO@va.gov); [auditreports@opm.gov](mailto:auditreports@opm.gov); [Bessie M. Weaver@omb.eop.gov](mailto:Bessie.M.Weaver@omb.eop.gov); [mmausser@doc.gov](mailto:mmausser@doc.gov); [GAOcorrespondence@treasury.gov](mailto:GAOcorrespondence@treasury.gov); [GAO.ASLREGS@hhs.gov](mailto:GAO.ASLREGS@hhs.gov); [GAO-OIG.Liaison@hq.dhs.gov](mailto:GAO-OIG.Liaison@hq.dhs.gov); [gaoliaisoffice@state.gov](mailto:gaoliaisoffice@state.gov); [ORM@hq.doe.gov](mailto:ORM@hq.doe.gov); [nancy.thomas@ios.doi.gov](mailto:nancy.thomas@ios.doi.gov)

**Cc:** [TicehurstJ@gao.gov](mailto:TicehurstJ@gao.gov); [HinchmanD@gao.gov](mailto:HinchmanD@gao.gov); [PownerD@gao.gov](mailto:PownerD@gao.gov)

**Subject:** [External\_Sender] Release of GAO-15-617, Information Technology Reform: Billions of Dollars in Savings Have Been Realized, but Agencies Need to Complete Reinvestment Plans, 311410

GAO will release the following product today. Until then, use the secure link below to access the product.

GAO-15-617

**Information Technology Reform: Billions of Dollars in Savings Have Been Realized, but Agencies Need to Complete Reinvestment Plans**

<http://www.gao.gov/prerelease/Jks4>

This report contains recommendations to your agency. As you know, 31 U.S.C. 720 requires the head of a federal agency to submit a written statement of the actions taken on our recommendations to the Senate Committee on Homeland Security and Governmental Affairs and to the House Committee on Oversight and Government Reform not later than 60 calendar days from the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 calendar days after that date. Because agency personnel serve as the primary source of information on the status of recommendations, GAO requests that you also provide GAO with a copy of your agency's statement of action to serve as preliminary information on the status of open recommendations. Please send your statement of action to HINCHMAN, DAVID B ([hinchmand@gao.gov](mailto:hinchmand@gao.gov)) or to me at ([pownerd@gao.gov](mailto:pownerd@gao.gov)).

We appreciate the assistance and cooperation of your staff during our review.

**David Powner**

**Director, Government Accountability Office: Information Technology**

After public release later today, the following link should be used to obtain the product.

