Office of Inspector General

Audit Report

Management Advisory on Selected Chief Information Officer Functions

Department of Transportation

Report Number: FE-1998-049
Date Issued: December 16, 1997

Memorandum

U.S. Department of Transportation
Office of the Secretary of Transportation
Office of Inspector General

Subject: ACTION: Management Advisory on Selected Chief Information Officer Functions, DOT Report Number. FE-1998-049

Date: December 16, 1997

Reply to Attn of:

From: Lawrence H. Weintrob
Assistant Inspector General for Auditing

To: Michael P. Huerta
Acting Chief Information Officer

BACKGROUND AND OBJECTIVES

This Management Advisory presents the results of our audit of selected Chief Information Officer (CIO) functions within the Department of Transportation (DOT). Our objectives were to evaluate DOT's compliance with the Office of Management and Budget (OMB) Bulletin 96-02 in consolidating data centers, and related provisions in the Information Technology Management Reform Act of 1996 (Clinger-Cohen Act). Specifically, the audit determined whether (i) all data centers meeting the OMB criteria were included in consolidation evaluations, (ii) appropriate data centers were selected for consolidation, (iii) implementation plans for data center consolidation adequately addressed acquisition, human resource, funding, chargeback, and facility improvement factors, and (iv) information technology (IT) performance measures were prescribed and evaluated. We also assessed the initial efforts to establish the CIO function in the Department.

Audit work was performed between May and November, 1997. The audit was conducted in accordance with Government Auditing Standards prescribed by the Comptroller General of the United States.

RESULTS-IN-BRIEF

Data Center Consolidation

OMB guidance requires federal agencies to reduce the number of data centers and the total cost of data center operations. We found the Department was in

compliance with OMB requirements.[1] The Department is closing two U. S. Coast Guard minicomputer-based data centers by co-locating operations with other centers. The future of the Transportation Administrative Service Center mainframe computer center will be decided when an independent contractor completes its evaluation. As of December 9, 1997, the evaluation was not complete.

CIO Functions

The Clinger-Cohen Act requires the agency CIO to monitor the performance of IT programs; evaluate performance against performance measures; and advise the agency head whether the program or project should be continued, modified, or terminated. The Government Performance and Results Act of 1993 (Results Act) requires agencies to provide performance-oriented budget submissions beginning in Fiscal Year 1999, and annual program performance reports beginning March 31, 2000. As of December 9, 1997, the Department did not have a full-time CIO.

IT Performance

The Department relied on a well-defined process to evaluate major IT acquisitions (generally costing over $50 million). However, these oversight procedures did not extend into the systems' operation and maintenance phases, nor apply to projects costing less than $50 million. Accordingly, this could lead to the continuance of inefficient, obsolete, or duplicate systems within the Department.

To mitigate this concern, a departmental task force, composed of senior officials from the CIO Office, the Office of Acquisition and Grant Management, the Office of Financial Management, and the Office of Budget and Program Performance, was established in February 1997, to develop a process to more closely integrate the planning, budgeting, and project oversight functions of these offices. This process would provide for analyzing IT investment proposals, selecting investments which best meet the DOT strategic plan, and managing these investments through establishment of performance goals and program reviews. However, the task force had not determined which investment proposals would be reviewed at the departmental level. Further, preparation of detailed guidance on performance measures and how IT projects will be evaluated needs to be coordinated with the Operating Administrations' information resource management officials.

[1]OMB guidance did not clearly indicate whether non-administrative data centers such as the Federal Aviation Administration's air traffic centers should be included in the evaluation. The Department requested these computer centers be exempted; however, OMB had not acted on the waiver request as of December 9, 1997.

IT Planning

The CIO Office plans to use information collected for the Department's annual Five-Year IT Plan to establish a portfolio of IT systems for the capital planning and project evaluation process. The data call for the Fiscal Year 1998 plan required departmental components to provide information on all IT projects costing more than $1 million in life-cycle costs, and to identify any planned enhancements and known project deficiencies. Specifically, the information requested for systems costing over $50 million was to include baseline and current estimates on cost, schedule and performance goals, and a description of variances from baseline goals. Information requested for smaller projects was to include current cost and milestone schedules, identification of cost savings resulting from system implementation, and a description of performance in accordance with the Results Act.

While the data call for the Five-Year IT Plan will provide a solid beginning for establishing a framework for evaluating IT initiatives, we identified these areas for improvement:

- The data call guidance did not require DOT components to provide baseline parameters for identifying cost, schedule, and performance goals (e.g., system accuracy, availability, maintainability, and reliability), and prepare problem-alert reports for smaller projects. This information, which is required for major acquisitions, could allow departmental managers to take more timely corrective actions on smaller projects, and to determine whether systems are becoming obsolete.

- The IT systems included in prior annual IT plans contained redundant or incomplete entries. For example, submissions from the Federal Aviation Administration for the 1996 and 1997 plans listed the same office automation acquisition projects under both the national and regional offices. Conversely, IT projects which began as research and development projects were not always included in the Five-Year IT Plan submissions.

- The CIO Office did not receive annual performance plans prepared by DOT components which could identify additional IT projects and performance measures.

RECOMMENDATIONS

We recommend the Department's Acting CIO:

1. Work with senior officials from the Office of Acquisition and Grant Management, the Office of Budget and Program Performance, and the Office of Financial Management to establish the process for an integrated analysis and approval of IT investment proposals.

2. Work with Operating Administrations' information resource management officials to establish responsibilities, schedules, and criteria for IT performance reviews commensurate with project size and significance, as required by the Clinger-Cohen Act and the Results Act.

3. Require development of baseline performance measures and establish criteria for problem-alert reports for projects under $50 million.

4. Prepare a complete portfolio of IT projects by comparing systems identified in the annual Five-Year IT Plan with information provided in budget submissions and annual performance plans.

5. Establish procedures to obtain annual performance plans prepared by DOT components for IT projects.

Management Comments

The Department's Acting CIO reviewed this report on December 9, 1997. He concurred with the recommendations, and stated implementation actions would be taken by February 28, 1998. No further response to this report is required.

We appreciate the courtesy and cooperation extended by DOT representatives. If you have any questions on this report, please call me at (202) 366-1992, or John Meche at (202) 366-1496.

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