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**TESTIMONY OF TONY SCOTT  
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BEFORE THE SUBCOMMITTEES ON  
INFORMATION TECHNOLOGY AND ON GOVERNMENT OPERATIONS OF THE  
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM  
UNITED STATES HOUSE OF REPRESENTATIVES**

November 4, 2015

Chairman Hurd, Ranking Member Kelly, Chairman Meadows, Ranking Member Connolly, and Members of the Subcommittees, thank you for the opportunity to appear before you today to discuss OMB's work in overseeing the government-wide implementation of the Federal Information Technology Acquisition Reform Act (FITARA), and thank you for your resolute, bipartisan efforts in ensuring that this critical law is implemented successfully.

When I last appeared before you to discuss my team's work in implementing FITARA, I offered an overview of how FITARA and our implementation guidance<sup>1</sup> enables strategic partnerships among agency Chief Information Officers (CIOs) and other senior leaders. I also discussed how FITARA strengthens key reform initiatives, including PortfolioStat, TechStat, data center optimization, and our push towards incremental development. Today, I will focus my remarks on the progress that has been made in institutionalizing this important law, as well as the ways in which OMB is facilitating and overseeing its implementation.

### **Implementation of the Common Baseline**

The backbone of OMB's FITARA guidance is the "Common Baseline," which provides direction on the roles and responsibilities of agency CIOs and other senior leaders for the management of Information Technology (IT). Each covered agency is required to submit a self-

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<sup>1</sup> *Management and Oversight of Federal Information Technology*, M-15-14, <https://www.whitehouse.gov/sites/default/files/omb/memoranda/2015/m-15-14.pdf>

assessment to OMB describing their current operation compared to the Common Baseline, and an implementation plan describing actions the agency will take to ensure that all Common Baseline requirements are implemented by the end of the year.

I am pleased to announce that we have received a self-assessment and implementation plan from each covered agency, and that our staff has conducted a thorough review for each agency with a timely submission. During the review of each agency's plan we considered four overarching questions:

1. Has the agency identified real breakthrough opportunities for change?
2. Has the agency described a compelling and feasible plan to act on those changes?
3. Has the agency described how the plan integrates agency senior leadership with the leadership of bureaus and programs to jointly drive the mission?
4. Does the agency CIO serve as the single point of accountability for the roles and responsibilities identified in the Common Baseline?

Our analysis of the initial agency plan submissions revealed several key themes that our staff is working with agencies to address:

- Budget formulation: There was often a gap in CIO involvement in budget formulation activities. To the extent that significant involvement was delineated, it was often related to major agency-wide investments and not to investments at the bureau and program levels.
- Budget execution: Plans often reflected a passive rather than active CIO role in IT budget execution activities, such as those of planning expenditures, evaluating IT performance, or reprogramming of funds.
- Acquisition: Agency plans sometimes reflected a view that CIO's would not/did not have direct knowledge of IT goods and services acquisition at the bureau or program levels, which precludes significant involvement in these acquisitions.
- Organization: CIOs assigned significant duties to other agency officials. This is acceptable only if the CIO retains accountability, the CIO is directly involved with the delegation, and the rationale is documented and approved by OMB.

Although these challenges exist today, I am encouraged that agencies have recognized them in their self-assessments, and in their subsequent dialog with OMB, and have begun to develop policies and procedures to address them.

Full implementation of the Common Baseline will have positive benefits that will ripple throughout each agency and the Federal Government as a whole. To further advance incremental development, we are currently working on major enhancements for the IT Dashboard to be released early next year. These improvements will provide additional details on agency use of incremental development, and will allow the public to view information on the risk of IT investments on a year-round basis. For the first time, we will also begin publicly showing detailed cost savings resulting from our reform efforts.

In addition to enhancing the ability of CIOs to account for incremental development, Common Baseline implementation empowers CIOs to better address the longstanding challenges associated with legacy IT spending, which accounts for the majority of Federal IT spending. Reducing the proportion of money spent on keeping the lights on in legacy systems also strengthens our ability to leverage new technologies and approaches, further driving cost savings. This also improves the Federal cybersecurity posture by decommissioning antiquated systems that are costly to operate and are often unable to support critical functions like encryption and two-factor authentication.

Moving forward, our oversight of agency progress implementing the Common Baseline is being accomplished through a number of means, including quarterly PortfolioStat reviews, mandatory TechStat sessions, tracking progress through a public dashboard, engaging with key partners, and by building a government-wide support community.

### **PortfolioStat and TechStat Sessions**

PortfolioStat and TechStat sessions are two powerful tools to reveal and address challenges agencies face in managing their overall IT portfolio as well as at-risk investments. These and related reform efforts have saved the Federal Government at least \$3.44 billion dollars since fiscal year 2012.

As discussed in our guidance, over the last year we have enhanced our PortfolioStat efforts by shifting from annual to quarterly review sessions with senior agency leaders. The first round of PortfolioStat sessions for this fiscal year is underway, and the prime area of focus is a thorough discussion of each agency's FITARA implementation progress. Future reviews will continue that focus.

While PortfolioStat is an excellent tool for assessing the performance of an agency's overall technology portfolio, we also recognize the need to quickly halt or turn around poor performing individual IT investments through TechStat sessions. OMB has gone beyond the requirements of FITARA by requiring that agencies hold TechStat sessions for any investment that has a red CIO evaluation—indicating high risk—on the IT Dashboard for three consecutive months, as opposed to the FITARA requirement of four consecutive quarters.

### **OMB Implementation Support**

OMB is committed to supporting agencies in their implementation of FITARA. In addition to evaluating agency plans and holding PortfolioStat reviews, we are also working to:

- Foster a Government-wide Community: The ability of agencies to successfully implement FITARA is greatly enhanced through the elimination of bureaucratic silos and the free exchange of ideas and information across government. Our staff has developed several vehicles to facilitate this and to ensure that agency personnel are always aware of the most up-to-date guidance and resources. These include:
  - **Biweekly meetings**. In July, we launched government-wide biweekly meetings on FITARA to act as forums for discussion and collaboration for implementing FITARA-related requirements.
  - **Management.cio.gov**. We will soon re-launch [management.cio.gov](http://management.cio.gov) to serve as a living central location for tools and resources to support agencies, and to provide additional means for collaboration and communication across government. Anyone can contribute content to this site.
- Develop Strategic Partnerships: OMB is collaborating with the CIO Council, General Services Administration (GSA), and other organizations to facilitate knowledge sharing across the Federal enterprise. For example, the CIO Council is partnering with GSA's

Office of Government-wide Policy (OGP) to assist in facilitating FITARA implementation. In this role, OGP is working with CIOs and OMB to identify and document best practices that can be leveraged to create reusable tools—such as case studies, frameworks, and reports—to support agency implementation. Additionally, the American Council for Technology and Industry Advisory Council (ACT-IAC) has worked with more than 50 experienced executives and analysts from government and industry to create a FITARA maturity model<sup>2</sup> to help agencies assess their progress against FITARA standards and develop basic best practices for IT management governance.

- Enable Consistent and Transparent Oversight: As required in our guidance, each agency must post their implementation plan, a directory of IT leaders, a list of all governance boards that include the CIO, and a library of their IT policies on their public website. This enables OMB, Inspectors General, Congress, and GAO to conduct consistent oversight and follow-up. Additionally, as part of the refreshed management.cio.gov site, we will soon launch a public-facing FITARA Dashboard to track progress of agency implementation.

## **IT Acquisition**

Finally, I want to highlight the work that my office is doing in partnership with the OMB Office of Federal Procurement Policy that leverages FITARA to help address complex Federal acquisitions challenges. Together, we have taken a number of steps to better align agencies' IT and acquisition functions and drive enterprise-wide IT strategies.

Just a few weeks ago, OMB issued M-16-02, *Category Management Policy 15-1: Improving the Acquisition and Management of Common Information Technology: Laptops and Desktops*. This memo is the first of a series of policies directing agencies to take new steps to improve the acquisition of common IT goods and services to drive better performance and efficiencies. This policy prohibits the creation of new contract vehicles for workstations, mandates the use of standard configurations and government-wide acquisition vehicles, and requires improved management practices to optimize price and performance. As a result, the Federal Government is

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<sup>2</sup> <https://actiac.org/groups/document/fitara-it-management-maturity-model>

better able to act as a single buyer to achieve greater cost savings through smarter and more strategic buying. OMB is developing additional IT acquisition policies, including those for government-wide software purchasing, as required by FITARA.

I thank the Subcommittees for holding this hearing, and for your commitment to ensuring successful implementation of FITARA. I would be pleased to answer any questions you may have.