

VA Office of Inspector General

OFFICE OF AUDITS AND EVALUATIONS



Department of Veterans Affairs

*Follow-Up Audit of the
Information Technology
Project Management
Accountability System*

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13-03324-85

ACRONYMS

DEAP	Disability Exam and Assessment Program
FY	Fiscal Year
EDI	Electronic Data Interchange
ERMO	Enterprise Risk Management Office
HAC	Health Administration Center
IT	Information Technology
OIG	Office of Inspector General
OI&T	Office of Information and Technology
PBO	PMAS Business Office
PMAS	Project Management Accountability System
PRE	Pharmacy Reengineering
SDE	Service Delivery and Engineering
VA	Department of Veterans Affairs

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Report Highlights: Follow-Up Audit of VA's Information Technology Project Management Accountability System

Why We Did This Audit

In June 2009, VA launched the Project Management Accountability System (PMAS). This follow-up audit assessed whether the Office of Information and Technology (OI&T) took effective actions to address recommendations we made to strengthen PMAS in two prior audit reports.

What We Found

OI&T has taken steps to improve PMAS. Although steps were taken to improve PMAS, more than 5 years after its launch, it still has not fully infused PMAS with the discipline and accountability necessary for effective oversight of IT development projects. Two OI&T offices did not adequately perform planning and compliance reviews. The PMAS Business Office (PBO) still had Federal employee vacancies and the PMAS Dashboard lacked a complete audit trail of baseline data. Project managers continued to struggle with capturing increment costs and project teams were not reporting costs related to enhancements on the PMAS Dashboard.

These conditions occurred because OI&T did not provide adequate oversight to ensure our prior recommendations were sufficiently addressed and that controls were operating as intended. OI&T also did not adequately define enhancements in the *PMAS Guide*. As a result, VA's portfolio of IT development projects was potentially being managed at an unnecessarily high risk. We also identified approximately \$6.4 million in cost savings OI&T could achieve by hiring

Federal employees to replace contract employees currently augmenting PBO staff.

What We Recommended

We recommended the Executive in Charge ensure compliance and planning reviews are performed, replace PBO contract workers with Federal employees, modify the PMAS Dashboard so that it retains a complete audit trail of baseline data, establish stronger cost reporting controls, and ensure OI&T reports enhancement costs on the dashboard.

Agency Comments

The Executive in Charge concurred with all but one of our recommendations and provided acceptable planned corrective actions. OI&T nonconcurred with Recommendation 4, stating that contractors are needed due to increases in workload. OIG's audit evidence provides a sufficient and reasonable basis for our findings and conclusions. Thus, where OI&T disagreed, we will continue our scrutiny and reporting and we will follow up on OI&T's implementation of corrective actions. The Executive in Charge also provided technical comments, which were considered, but not included in this report. We continue to retain our position that it would be more economical to perform the PMAS Business Office workload by replacing contract employees with Government employees.

Handwritten signature of Linda A. Halliday in black ink.

LINDA A. HALLIDAY
Assistant Inspector General
for Audits and Evaluations

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INTRODUCTION

Objective

We conducted this audit to follow up on Office of Information and Technology's (OI&T) implementation of our prior audits' recommendations to strengthen the Project Management Accountability System (PMAS).

PMAS

On June 19, 2009, the Secretary of Veterans Affairs announced VA was implementing PMAS to improve VA's information technology (IT) project delivery success rate. PMAS represented a major shift from the way VA historically planned and managed IT projects because it focuses on delivering functionality in increments instead of delivering a complete product at the end of the project. PMAS is an IT project management discipline providing incremental delivery of functionality—tested and accepted by customers—within established schedule and cost criteria. PMAS requires project teams to deliver functional business capability in cycles of 6 months or less.

Related Prior Inspector General Reports

In August 2011, we reported a great deal of work remained before PMAS would be fully established (*Audit of the Project Management Accountability System Implementation*, Report No. 10-03162-262). OI&T deployed PMAS without a detailed plan, adequate leadership and staff, and controls to establish accountability and oversight. We made six recommendations to improve PMAS in our 2011 report. We recommended OI&T develop a detailed implementation plan; assign adequate PMAS staff resources; create a centralized PMAS office; measure project performance against original and current baselines; perform independent reviews; and perform required planning, outcome, and compliance reviews. We subsequently closed all six recommendations based on OI&T's reported corrective actions.

In December 2013, we reported OI&T restarted the Pharmacy Reengineering (PRE) project at a time when PMAS had not evolved to where it could provide the oversight needed to ensure project success (*Audit of the Pharmacy Reengineering Software Development Project*, Report No. 12-04536-308). We concluded the project team did not adequately re-plan PRE to fit PMAS and project management staffing was insufficient. We made two additional PMAS recommendations that were subsequently closed. We recommended OI&T establish guidance on re-planning paused projects and ensure projects have adequate resources assigned.

Other Information

- Appendix A provides pertinent background information.
- Appendix B provides details on our scope and methodology.
- Appendix C provides prior report recommendations.

RESULTS AND RECOMMENDATIONS

Finding **Progress Made, but Additional Actions Needed To Improve Accountability and Oversight**

OI&T has taken steps to improve PMAS. However, OI&T did not fully implement all of our prior recommendations and needs to take additional actions to strengthen PMAS. More than 5 years after its launch, OI&T has still not fully infused PMAS with the discipline and accountability necessary for effective management and oversight of IT development projects. Specifically, two OI&T offices were not meeting their designated PMAS responsibilities.

- The Office of Product Development did not conduct required planning reviews to determine whether projects were ready to move to the Active State, needed to be reevaluated, or should be closed.
- The Enterprise Risk Management Office did not perform effective compliance reviews to ensure projects were meeting PMAS requirements.

The PMAS Business Office (PBO) still contained significant numbers of Federal employee vacancies. OI&T did not adequately modify the PMAS Dashboard so that it maintains a complete audit trail of baseline data. Project managers continued to struggle with capturing and reporting reliable cost information on the PMAS Dashboard. Moreover, project teams were not reporting cost information for projects related to enhancements of existing IT systems on the PMAS Dashboard. These conditions occurred because OI&T did not:

- Provide adequate oversight to ensure that our prior recommendations were adequately addressed, PMAS policies were enforced, and management controls were in place and operating as intended.
- Adequately define the term “enhancement of an existing system or its infrastructure” in the *PMAS Guide*.

As a result, VA’s portfolio of IT development projects budgeted at approximately \$495 million in fiscal year (FY) 2014, were potentially being managed at an unnecessarily high risk. In addition, OI&T and VA leaders lacked reasonable assurance that development projects were delivering promised functionality on time and within budget, which makes them more susceptible to cost overruns and schedule slippages. We also identified approximately \$6.4 million in cost savings OI&T could achieve by hiring Federal employees to replace contract employees augmenting PBO staff.

**OI&T PMAS
Improvements**

OI&T has taken corrective actions to address two audit recommendations in our August 2011 PMAS report and part of a third recommendation. Specifically, OI&T developed a detailed PMAS implementation plan, established PBO with defined roles and responsibilities, and performed outcome reviews. It has also taken corrective actions to address two PMAS recommendations in our December 2013 PRE report. OI&T developed guidance for re-planning paused projects and established controls to ensure IT projects have sufficient OI&T leadership and staff.

**Prior PMAS Audit
Recommendations**

In our 2011 PMAS audit, we reported that OI&T rolled out PMAS without a detailed implementation plan needed to establish the new IT project management methodology. We recommended OI&T develop a detailed plan of steps needed to complete the implementation of PMAS. In response, OI&T developed a PMAS implementation plan that assigned tasks under the following four functional areas of responsibility within PBO:

- Policy and guidance
- Assessment and reporting
- Tools, designs, and interfaces
- Business office

In addition, the plan provided milestones and a methodology for tracking progress for the tasks assigned under each of these areas.

We also reported that IT project teams and OI&T personnel were required to use PMAS to manage and monitor IT projects even though OI&T had not yet clearly defined PMAS roles and responsibilities. No single office or group of individuals had been given overall PMAS responsibility. We recommended OI&T clearly define the roles and responsibilities for executing PMAS and establish a central office with overall PMAS responsibility. In response, OI&T established PBO and defined its roles and responsibilities. In addition, OI&T revised the *PMAS Guide* to add more oversight into the project management methodology by inserting additional management controls such as milestone reviews.

Finally, we reported OI&T had not conducted compliance, planning, and outcome reviews, which were required under PMAS. As such, we recommended OI&T designate personnel and provide detailed written instructions to perform planning, compliance, and outcome reviews. Although OI&T did not perform adequate planning and compliance reviews, OI&T met the intent of the outcome reviews by establishing and performing Milestone 3 Reviews. Project teams complete Milestone 3 Reviews to validate all development and implementation activities have been completed and to ensure their projects are ready to begin closeout activities.

**PRE Audit
Recommendations**

In our 2013 PRE audit, we reported the project management team did not adequately re-plan PRE to fit PMAS. Consequently, we recommended OI&T establish guidance on re-planning paused IT projects in sufficient detail to demonstrate the increments included in future projects are achievable. In response, OI&T now requires paused projects to pass a Milestone 1 Review with senior leader participation—the review serves as a critical checkpoint to ensure the planning required in the current PMAS state (paused) is complete before allowing projects to return to the Active State.¹

We also reported in our PRE audit that significant project manager vacancies and turnover negatively affected the PRE project. Accordingly, we recommended OI&T establish controls to ensure IT projects have sufficient leadership and staff assigned throughout the life of a project. In response, OI&T implemented controls to ensure IT projects have sufficient leadership and staff. Project managers can now request resources through the Project Management Council. After the Project Management Council prioritizes the requests, Competency Managers propose resources based on priorities, skills, and availability. In addition, project managers can use the Red Flag process to escalate significant resource shortages that may jeopardize projects' ability to be successful.²

**Additional
Actions
Needed**

This review concluded OI&T needs to take additional actions to fully address the following issues associated with the recommendations in our August 2011 PMAS report:

- Perform planning reviews to determine whether a project is ready to move from the Planning State to the Active State, needs to be reevaluated, or should be closed.
- Perform independent periodic reviews of the PMAS Dashboard data to ensure reliability and completeness.
- Assign adequate Federal leadership and staffing needed to execute PMAS to the PBO.
- Modify the PMAS Dashboard so that it maintains a complete audit trail of baseline data.
- Capture and report reliable planned and actual costs down to the increment level on the PMAS Dashboard.

In addition, project teams tasked with direct management responsibilities for specific development projects were not reporting cost information for

¹The Active State is the PMAS state where projects incrementally build and deliver IT solutions.

²Projects raise Red Flags to give senior leaders the opportunity to resolve significant issues or risks that could jeopardize a project from moving forward.

projects related to enhancements of existing IT systems on the PMAS Dashboard.

Oversight Responsibilities

Two OI&T offices were not fulfilling their designated PMAS responsibilities. The Office of Product Development did not meet its responsibility to perform planning reviews. Similarly, the Enterprise Risk Management Office (ERMO) did not meet its responsibility to perform compliance reviews. In our prior PMAS audit, we reported OI&T had not conducted planning and compliance reviews, which were required under PMAS. As a result, we recommended OI&T designate personnel and provide detailed written instructions to perform these reviews.

In response, OI&T tasked the Office of Responsibility—an OI&T organizational office such as the Office of Product Development or the Office of Service Delivery and Engineering—with evaluating its projects in the Planning State. It is the primary office with overall responsibility for executing designated IT projects.

We also reported in our previous PMAS audit that the information maintained on the PMAS Dashboard did not always reflect the actual performance of an IT project. Therefore, we recommended OI&T designate personnel and provide them with detailed written procedures to perform periodic independent reviews of the PMAS Dashboard data to ensure reliability and completeness. In response, OI&T tasked ERMO with the responsibility of performing compliance reviews. OI&T also reported to VA OIG that it had incorporated the independent review of the data reported on the PMAS Dashboard to ensure reliability and completeness into the compliance review process. However, neither the Office of Product Development nor ERMO were effective in meeting their designated PMAS review responsibilities.

Table 1 shows that these two OI&T offices did not complete 30 of 36 required PMAS reviews (83 percent) for the IT projects we evaluated.

Table 1. Summary of PMAS Review Deficiencies

Type of Review	Reviews Not Completed	Required Reviews
Planning	13	16
Compliance	7	10
Independent Review of Reported Costs	10	10
Total	30	36

Source: VA OIG Review Results

*Planning
Reviews*

Seven of the 10 active projects we reviewed during this follow-up audit were in the Planning State for more than 60 calendar days. According to the *PMAS Guide*, projects in the Planning State must be evaluated every 60 calendar days by the Office of Responsibility to determine whether the projects should remain in planning, move to the Active State, be reevaluated, or be closed. The intent of the Planning Reviews is to ensure senior OI&T leaders are aware of and properly evaluate their projects while in the planning phase. However, the Office of Product Development did not conduct 13 of 16 required Planning Reviews (81 percent) for the IT projects we reviewed that were under its supervision. For example:

- The Patient Record Flags for Suicide Risk and Missing Patients project started planning on May 15, 2012. It finished planning on January 30, 2013. The project should have completed four Planning Reviews during the 260 days it was in the Planning State.
- Similarly, the Caregivers-Newborn Claims Processing Enhancement project was in planning 315 days from April 10, 2012 through February 19, 2013. This project should have completed five Planning Reviews while in the Planning State.

However, neither project completed any of the required Planning Reviews. When the Office of Product Development does not complete required Planning Reviews, OI&T accepts unnecessary risks that projects will incur significant delays and waste resources because project teams are not completing the necessary planning tasks needed to advance into the Active State or be closed.

*Compliance
Reviews*

According to the *FY 2013 PMAS Compliance Review Executive Summary Report*, ERMO reviewed 37 active development projects during FY 2013. However, project managers told us 7 of the 10 projects (70 percent) we evaluated did not undergo compliance reviews. Additionally, the *FY 2013 PMAS Compliance Review Executive Summary Report* stated that the Enterprise Risk Management Office did not perform independent reviews of project expenses and budget information because OI&T had not completed integration of the Budget Tracking Tool and Budget Operating Plan with PMAS due to a lack of funding. Although 3 of 10 active projects we reviewed received a compliance review, none of the projects were subjected to independent reviews of planned and actual costs reported on the PMAS Dashboard.

Consequently, OI&T's compliance reviews were not effective in ensuring project teams reported accurate cost information on the PMAS Dashboard. Had these reviews been performed, OI&T could have taken corrective actions to ensure project managers developed alternative methodologies for capturing reliable planned and actual costs, while OI&T completed actions to

automate budget traceability and make all IT development contracts increment-based.

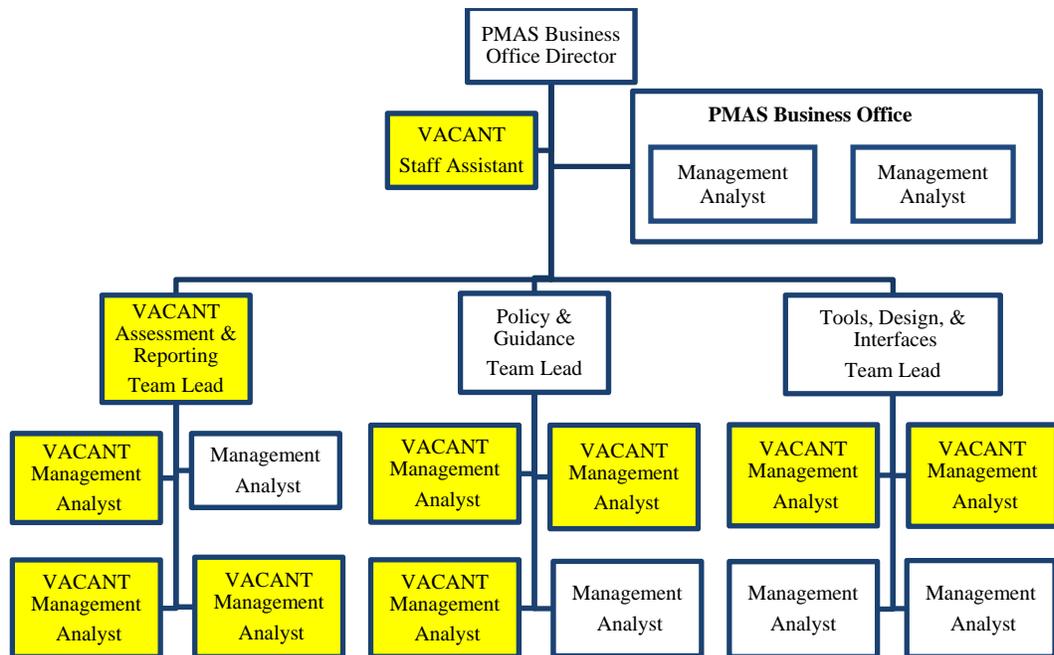
PMAS Staffing

Federal staffing shortages still exist within PBO. In our PMAS audit, we reported OI&T's efforts to make PMAS fully operational were hindered because it proceeded with the implementation of PMAS even though it did not have leadership and staffing resources in place. Consequently, we recommended OI&T assess PMAS resources and establish a central office for implementing and executing PMAS.

OI&T responded by establishing PBO in October 2011. PBO is aligned under the Office of Product Development. The PBO organization chart as of January 13, 2014, included 19 full-time employees. However, as of May 19, 2014, 10 of 19 PBO positions remained vacant.

The figure below shows the vacancies within PBO.

Figure. PMAS Business Office Organization Chart



Source: OI&T's PMAS Business Office

Our analysis of OI&T's hiring efforts indicated the Office of Product Development did not hire enough Federal employees for PBO. Instead, the Director of the Office of Product Development relied on contractor support and reduced the number of PBO positions to 15 full-time employees at the end of January 2013, without informing PBO officials of changes to their organization chart.

OI&T addressed PBO staffing deficiencies with project management support personnel by awarding a firm-fixed-price task order valued at approximately

\$7.8 million. The task order had a 3-year period of performance starting on May 17, 2013, which included a 6-month base period plus five 6-month option periods. PBO officials estimated that the PBO contract support staff consisted of approximately 14 full-time equivalent contract employees. OI&T's justification for using the task order was that PBO was newly established and did not have the necessary in-house resources to support all of the PMAS business requirements. The scope of work for the task order indicates contractor personnel are responsible for performing the same tasks as the vacant Federal positions within PBO. For example, the contractor is responsible for facilitating PMAS Red, Yellow, Green, and TechStat meetings; assisting with creating PBO documentation; facilitating PMAS Milestone Reviews; and providing PMAS compliance training.³

Thus, OI&T has made a questionable and inefficient decision by using this task order in lieu of filling the 10 vacant positions with Federal employees. We compared the cost of the PBO task order with the cost of filling the 10 vacant Federal positions identified in the PBO's organization chart.⁴ Our analysis showed that OI&T could put approximately \$6.4 million to better use over a 5-year period if it hires the 10 Federal employees and does not exercise the future option periods and avoids awarding a new task order to continue augmenting the PBO with contract personnel.

*Audit Trail of
Baseline Data*

The PMAS Dashboard still does not maintain a complete audit trail of initial baseline data. We previously reported that the PMAS Dashboard did not maintain an audit trail of initial baseline data. Accordingly, we recommended OI&T modify the PMAS Dashboard and issue guidance to ensure project performance is measured against both original and current baselines.

In response, OI&T modified the PMAS Dashboard so that it maintains an audit trail of planned, projected (or revised), and actual project start and finish dates. Similarly, it maintains an audit trail of planned, projected, and actual start and finish dates as well as cost figures for each project's Planning State.⁵ In these cases, the PMAS Dashboard has the capability to maintain an initial baseline in the planned column as well as a revised baseline in the projected column.

In contrast, the PMAS Dashboard does not maintain an audit trail of initial and revised baseline information for development project life-cycle costs. It also does not maintain an audit trail of initial and revised baseline

³A TechStat meeting is a forum where senior leaders are presented the root cause for a project missing an increment delivery date.

⁴To develop the cost, we used a Washington, DC, area Step 5 salary for each pay grade. We also factored 36.25 percent for fringe benefits. Finally, we applied an inflation factor of 3.4 percent to calculate projected salaries for out years.

⁵There are four standard states in PMAS: New Start, Planning, Active, and Closed.

information for projects' increment costs and schedules. In these cases, the PMAS Dashboard only has the capability of maintaining one baseline. Consequently, if a project's planned dates or cost figures are changed, visibility of initial cost and schedule data is lost.

According to the Deputy Chief Information Officer for Product Development, there is no reason to include these data on the PMAS Dashboard because the original baseline data are available within the database that supports the PMAS Dashboard and in other PMAS reporting mechanisms. However, this goes against one of the basic principles of PMAS—to provide transparency by allowing senior OI&T leaders to clearly see project status throughout a project's life cycle. As a result, the PMAS Dashboard does not accurately reflect the actual performance of an IT project that has revised its planned increment dates or costs.

*Tracking
Increment
Costs*

Project managers are struggling with capturing and reporting reliable cost information on the PMAS Dashboard. We reported in our PMAS audit that OI&T had not established budget traceability down to the increment level so that OI&T could compare IT projects' planned against actual performance.⁶ We previously recommended OI&T develop detailed written instructions for tracking budgets and costs. In response, OI&T created a series of Milestone Reviews along with detailed instructions, which would include reviewing budget and actual costs incurred. In addition, OI&T subsequently stated Compliance Reviews would verify the accuracy of costs reported on the PMAS Dashboard. However, Milestone Reviews were not independent and did not validate the accuracy of reported planned and actual costs. Compliance Reviews also did not validate reported cost information.

Managers' inability to capture and report reliable cost information on the PMAS Dashboard occurred for several reasons. PBO officials stated they had planned to automate budget traceability down to the increment level on the PMAS Dashboard by creating an interface with the Budget Tracking Tool to merge budget and PMAS data. According to PBO officials, however, OI&T had not completed this task due to funding constraints.

In some cases, project managers were working with older contracts that were not increment-based. In other cases, OI&T awarded contracts at the initiative or program level that supported multiple projects. In both of these situations, the contracts were not compatible with performing IT development work under PMAS because contractual periods of performance were not aligned with PMAS increments and project-level work and costs could not be easily identified in program-level contracts.

⁶An increment is a segment of a project that produces an agreed-to portion of functional business capability.

In contrast, the *PMAS Guide* requires contracts to be aligned with periods of performance and the incremental delivery schedule. OI&T officials were taking corrective actions to replace these contracts, but they had not yet completed the actions needed to shift all of VA's IT projects to increment-based contracts. According to OI&T officials, they will replace all program-level legacy contracts that support multiple projects as the contracts expire with new increment-based project-level contracts.

In the meantime, these contract issues made it challenging for project managers to capture reliable planned and actual costs for their projects' increments. Project teams compounded this issue by not maintaining adequate information or audit trails to support cost data they are required to report on the PMAS Dashboard. Finally, OI&T did not take actions to ensure project managers captured reliable cost data and maintained audit trails in the interim until actions to automate budget traceability down to the increment level and shift VA's IT projects to increment-based contracts are completed.

*Electronic Data
Interchange*

The Health Administration Center (HAC) Electronic Data Interchange (EDI) project provides an example demonstrating the difficulty associated with capturing reliable costs when an IT development contract is awarded at the initiative level and it is not increment-based. OI&T is developing the HAC EDI project to modify Veterans Health Administration systems to comply with Federally mandated operating rules for the electronic exchange of information related to claims processing. The PMAS Dashboard included total life-cycle costs of approximately \$4.6 million dollars for this project. In contrast, the contract supporting this project was a firm-fixed-price task order awarded on July 25, 2011, valued at approximately \$57.2 million. The task order supported six programs falling under the Health Administration Product Enhancements initiative. Further, the task order was not based on HAC EDI project increments and did not provide the level of detail needed to identify specific HAC EDI work and costs.

As of June 1, 2014, the project team had completed the HAC EDI project's first and fifth increments. Increment one started on April 18, 2013, and ended on October 17, 2013. Increment five started on October 18, 2013, and ended on January 20, 2014. According to the PMAS Dashboard, the planned cost for increment one was approximately \$497,000, while the reported actual cost was approximately \$559,000. The planned and actual cost figures reported on the PMAS Dashboard for increment five were both approximately \$724,000.

Conversely, the contractor began and completed increments one and five during the task order's third and fourth option periods, which did not match the project's increment time periods. Option three, valued at approximately \$10.4 million, began on January 26, 2013, and ended on July 24, 2013.

Option four, valued at approximately \$5 million, began on July 25, 2013, and ended on January 25, 2014.

The project manager could not demonstrate how initiative level costs were allocated to the HAC EDI project to arrive at the costs reported on the PMAS Dashboard. We also could not calculate reliable cost figures because of how the task order requirements were structured. Moreover, the project manager did not maintain an audit trail supporting how the project team allocated the initiative's task order costs to the HAC EDI project. As a result, OI&T has limited assurance planned and actual costs for this project are accurate, which makes it difficult to determine whether the project is delivering promised functionality within budgeted cost objectives.

Table 2 illustrates the significant differences between PMAS-reported incremental time periods and costs and the time periods and costs included in the initiative-level software development contract options supporting HAC EDI.

Table 2. Comparison of HAC EDI Costs

Description	Start Date	Completion Date	Planned Costs	Actual Costs
Increment 1	April 18, 2013	October 17, 2013	\$497,000	\$559,000
Increment 5	October 18, 2013	January 20, 2014	\$724,000	\$724,000
Option 3	January 26, 2013	July 24, 2013	\$10,400,000*	N/A
Option 4	July 25, 2013	January 25, 2014	\$5,000,000*	N/A

Source: VA OIG analysis of HAC EDI project data as of June 1, 2014

*Note: Cost figures are rounded. In addition, options 3 and 4 include costs for all applicable programs under the Health Administration Product Enhancements initiative supported by the task order.

Disability Exam and Assessment Program

The Disability Exam and Assessment Program (DEAP) project provides an example where the project manager could not support reported actual costs on the PMAS Dashboard even though the task orders supporting this effort were in line with PMAS. In addition, the project manager did not maintain an audit trail showing how reported actual costs were allocated to the project, and according to the project manager, a compliance review was not conducted by ERMO to validate this vital information.

OI&T is developing DEAP to create a clinical workflow system enabling health care professionals to provide comprehensive, timely, and quality medical evaluations in support of disability determination and adjudication processes. The contract supporting software development for the DEAP

project was a firm-fixed-price task order for Microsoft Enterprise Services. The task order included a separately priced option for an increased quantity of a numbered line item that the contracting officer could exercise at any time up to the annual contract maximum. The contracting officer exercised this option to purchase 2,867 hours of design and development services for DEAP valued at approximately \$848,000 during the first option period. In addition, the project obtained program office management support services with another task order valued at approximately \$134,000. According to the project manager, a small portion of this task order also supported enhancements to the Compensation and Pension Record Interchange, but the project manager could not separate the costs by each project.

As of June 2, 2014, the project team had completed the program's first increment. The first increment started on August 21, 2013, and ended on February 17, 2014. The project contractors submitted invoices that charged approximately \$982,000—the full amount of the two task orders for the August 2013 through February 2014 time period. However, the PMAS Dashboard indicated the project spent approximately \$539,000, which included \$183,000 for Government employees, to complete its first increment. Thus, according to the PMAS Dashboard, the project only spent \$356,000 (\$539,000 minus \$183,000) on the two task orders.

Table 3 highlights the differences between actual costs spent and actual costs reported on the PMAS Dashboard for the project's first increment.

Table 3. Comparison of DEAP Costs

Description	Actual Cost
Development Task Order	\$848,000*
Program Office Management Support Task Order	\$134,000*
Sub Total (1)	\$982,000
Increment 1 as reported on the PMAS Dashboard	\$539,000*
Less: Cost of Government Employees	(\$183,000)
Total (2)	\$356,000
Difference (1-2)	\$626,000

Source: VA OIG analysis of DEAP data as of June 2, 2014

*Note: Cost figures are rounded.

The *PMAS Guide* requires project managers to deliver promised outcomes within cost, schedule, and scope. It also requires project managers to accurately budget and track costs down to the increment level. Being able to measure performance at the increment level is dependent upon project teams

capturing and reporting reliable planned and actual cost information. Without such information, OI&T and VA leaders will continue to lack reasonable assurance that projects are delivering promised functionality on time and within budget.

Improved Oversight Needed

These recurring systemic conditions occurred because OI&T did not provide adequate oversight to ensure:

- Prior OIG recommendations for PMAS were adequately addressed.
- PMAS policies were enforced.
- Management controls were in place and operating as intended.

More robust oversight by OI&T would help achieve the discipline and accountability needed to protect VA's portfolio of IT investments managed under PMAS.

Enhancements to Existing Capabilities

OI&T's Office of Service Delivery and Engineering (SDE) did not report cost information on the PMAS Dashboard for projects that enhanced existing capabilities within VA's current systems or infrastructure. According to the *PMAS Guide*, PMAS is required for all development projects valued at more than \$250,000 in total life-cycle cost that create new functionality or enhance existing capabilities in a VA IT system or its infrastructure.

SDE staff record a nominal cost figure as a placeholder for projects they believe are only sustaining systems but are identified on the PMAS Dashboard. The *PMAS Guide* states IT projects sustaining existing systems are not governed by PMAS. However, SDE projects in some cases provide more than system sustainment. For example:

Example 1

SDE developed the Mass Decryption of Encrypted Messages interim solution to create a stand-alone process to decrypt Personal Identification Verification encrypted email messages. According to 60-day planning review documentation, the project deliverable was a streamlined technical process designed to improve overall efficiency over the existing process to include reduced manual intervention and code performance.

SDE initiated this project on April 2, 2013. The project's Planning State started on June 26, 2013, and ended on September 27, 2013. The project's only increment started on September 30, 2013, and ended on January 21, 2014. The contracts supporting this effort were a modification to an existing contract option on VA's Microsoft Enterprise Agreement with a total value of approximately \$584,000 and a delivery order to purchase two servers valued at a total of approximately \$58,000. However, the project team only included \$1 on the PMAS Dashboard for both the increment and total life-cycle costs for the project.

The Milestone 1 Review documentation for this project states the project team acquired design, engineering, deployment, and consulting services. In addition, the modification to the existing contract stated VA purchased Mass Decryption of Encrypted Messages support in the form of an Enterprise Support Consultant and 200 additional hours of design and development.

Example 2

SDE is also developing the follow-on project Mass Decryption of Encrypted Messages – Long-Term Solution. According to the PMAS Dashboard, this project has a total life-cycle cost of \$3. However, review documentation states the long-term solution project is a 12-month effort to develop and deliver an automated capability to decrypt Personal Identity Verification encrypted email messages. Further, the project's profile on the PMAS Dashboard indicates it will use the waterfall methodology, which is a software development methodology.

This occurred because the *PMAS Guide* did not adequately define enhancement versus sustainment of an existing IT system. According to an SDE official, project teams are not required to report costs on the PMAS Dashboard because these types of projects fall under the category of sustainment instead of development. However, according to the Executive in Charge and Chief Information Officer, SDE projects that enhance existing system capabilities must comply with all PMAS requirements. Although the *PMAS Guide* does not define what constitutes an enhancement, the examples above included development work, which goes beyond the mere sustainment of an IT system. Unless SDE reports actual cost data for enhancement projects, the PMAS Dashboard cannot show whether these projects deliver expected outcomes within budget.

Conclusion

Although OI&T has taken steps to improve PMAS, more than 5 years after its launch, it still has not fully infused PMAS with the discipline and accountability necessary for effective management and oversight of IT development projects. OI&T needs to take additional actions to strengthen accountability over IT development projects including action to fully implement our prior recommendations.

Using Federal employees instead of contractor personnel for performing PBO duties and functions would result in a measurable cost savings to the Government. In addition, strengthening controls over measuring performance would greatly enhance the PMAS Dashboard's usefulness as a project management and performance monitoring tool. Currently, project teams still struggle with maintaining and reporting reliable planned and actual cost information so that performance can be accurately measured. Further, more thorough independent PMAS reviews would also improve the reliability of the information reported on the PMAS Dashboard. Finally, including full reporting of enhancements to existing systems on the PMAS Dashboard would provide OI&T with a more complete picture of how its

project teams are performing. Putting these elements in place would make PMAS a stronger system for IT project accountability and oversight.

Recommendations

1. We recommended the Executive in Charge and Chief Information Officer, Office of Information and Technology, establish procedures to ensure the Office of Product Development completes all required Planning Reviews (*repeat recommendation from the 2011 VA Office of Inspector General audit report*).
2. We recommended the Executive in Charge and Chief Information Officer, Office of Information and Technology, ensure personnel performing Compliance Reviews assess the accuracy and reasonableness of cost information reported on the Project Management Accountability System Dashboard (*repeat recommendation from the 2011 VA Office of Inspector General audit report*).
3. We recommended the Executive in Charge and Chief Information Officer, Office of Information and Technology, ensure hiring actions are completed by acquiring the vacant Federal employee positions in the Project Management Accountability System Business Office (*repeat recommendation from the 2011 VA Office of Inspector General audit report*).
4. We recommended the Executive in Charge and Chief Information Officer, Office of Information and Technology, not exercise future options of the task order used to augment Project Management Accountability System Business Office staffing once hiring actions have been completed.
5. We recommended the Executive in Charge and Chief Information Officer, Office of Information and Technology, complete modification of the Project Management Accountability System Dashboard so that it maintains a complete audit trail of baseline data by including planned, revised, and actual figures for project life-cycle and increment costs (*repeat recommendation from the 2011 VA Office of Inspector General audit report*).
6. We recommended the Executive in Charge and Chief Information Officer, Office of Information and Technology, complete development and implementation of a sound methodology to capture and report planned and actual total project and increment level costs (*repeat recommendation from the 2011 VA Office of Inspector General audit report*).
7. We recommended the Executive in Charge and Chief Information Officer, Office of Information and Technology, ensure project managers

capture and report reliable cost data and maintain adequate audit trails to support how the cost information reported on the Project Management Accountability System Dashboard was derived in the interim until actions to automate budget traceability and shift VA's IT projects to increment-based contracts are completed (*repeat recommendation from the 2011 VA Office of Inspector General audit report*).

8. We recommended the Executive in Charge and Chief Information Officer, Office of Information and Technology, clearly define the term "enhancement of an existing system or its infrastructure" and require Service Delivery and Engineering project teams to track and report costs associated with enhancements on the Project Management Accountability System Dashboard.

**Management
Comments
and OIG
Response**

The Executive in Charge and Chief Information Officer, Office of Information and Technology, concurred with all of our recommendations except Recommendation 4 and proposed the following planned corrective actions. OI&T will implement processes to ensure relevant offices complete Planning Reviews and that personnel performing Compliance Reviews assess the accuracy and reasonableness of cost information reported on the PMAS Dashboard.

OI&T will also complete hiring actions to fill vacant Federal positions in the PMAS Business Office; develop an interim approach to maintain a complete audit trail of baseline schedule and cost data; revise its policies, practices, and methodologies to ensure project teams capture and report planned and actual project and increment level costs; and ensure the integrity of cost information reported on the PMAS Dashboard in the interim until capability is developed to enable the PMAS Dashboard to interface with the systems and databases where relevant authoritative financial information is maintained. Finally, OI&T will clearly define the phrase "enhancement of an existing system or its infrastructure" in a policy memorandum.

OI&T's planned corrective actions are responsive. We will monitor OI&T's progress and follow up on the implementation of our recommendations until all proposed actions are completed.

The Executive in Charge did not concur with Recommendation 4 to not exercise future options of the task order used to augment PMAS Business Office staffing once hiring actions have been completed. The Executive in Charge maintained that, because of the growing PMAS workload coupled with a decrease in the number of Government positions in the PMAS Business Office, contractors are needed to provide support for activities that are not inherently governmental in nature. The Executive in Charge stated that in order to determine the appropriate composition of the PMAS Business Office workforce, OI&T leadership will conduct an analysis that will

compare the cost to fill positions with Government employees against the cost to fill positions with contract personnel.

OIG acknowledges OI&T's nonconcurrency, but asserts that OI&T's reasons are not valid. OIG's audit evidence provides a sufficient and reasonable basis for our findings and conclusions. We agree that the PMAS workload is increasing; however, OI&T never completely filled the initially authorized Government positions in the PMAS Business Office. Instead, OI&T chose to rely on contractor support while reducing the number of Government positions. Further, we continue to retain our position that it would be more economical to perform the PMAS Business Office workload by replacing contract employees with Government employees.

The Executive in Charge also provided technical comments, which were considered, but not included in this report.

Appendix A Background

PMAS Overview

VA has had a longstanding history of problems associated with managing and delivering successful IT projects. According to the *PMAS Guide*, VA conducted an internal review of more than 280 IT development projects in 2009. VA's analysis revealed that it delivered only 30 percent of its IT projects on time. Moreover, late delivery, no delivery, or the delivery of inaccurate functionality resulted in millions of dollars being wasted or mismanaged with little or no accountability.

OI&T developed PMAS to improve VA's IT project delivery success rate. Senior leadership's goal was to establish a project management discipline that ensures the customer, project team, vendors, and all stakeholders invested in an IT project are aligned by one compelling mission—achieving the project's stated incremental deliverables on time.

Applicability

PMAS must be used to plan and manage all IT projects that introduce new functionality or enhance existing capabilities within current VA systems with total life-cycle costs greater than \$250,000. IT projects involved only with the sustainment of existing IT systems are not governed by PMAS.

PMAS Principles

PMAS adheres to eight major principles:

1. **Incremental Development**—Project teams break projects down into increments to reduce delivery risk. PMAS requires delivery of new capability in increments of 6 months or less.
2. **Integrated Teamwork Across VA**—All PMAS projects must have an Integrated Project Team of multidisciplinary experts committed to a common purpose of delivering IT solutions that meet business requirements on time and within budget.
3. **Accountability**—The project manager is required to manage the project and deliver expected outcomes within cost, schedule, and scope. In addition, the Integrated Project Team and vendor staff are held accountable throughout the project's schedule to ensure on-time product delivery.
4. **Resource Management**—Project increments will not start or maintain execution unless they have the required resources, including funding, contracts, staffing, and infrastructure.
5. **Transparency**—Processes are designed to enable leadership and project management to clearly see cost, schedule, quality, scope, and resource status throughout the project's lifecycle.
6. **Engaged Senior Leadership**—Senior leaders are involved in reviewing projects at various stages of product development. In addition, project

managers can engage senior leaders at any time when problems need to be solved.

7. **Customer Participation**—Customers are involved throughout the project's life cycle.
8. **Agile Practices**—PMAS strongly encourages “agile” practices during project execution. Agile practices highlight close collaboration with the customer, iterative small-chunk development, testing and release of incremental functionality, continuous integration and improvement, and ongoing process improvement.

Roles and Responsibilities

The Assistant Secretary for Information and Technology (VA's Chief Information Officer) is responsible for:

- Monitoring all IT projects operating under PMAS
- Approving funding for IT projects
- Addressing significant issues or risks that jeopardize projects from moving forward
- Conducting meetings to determine the root cause for projects missing incremental delivery dates

The PBO develops and maintains PMAS policy and guidance. PBO personnel serve as the stewards of PMAS data and the PMAS Dashboard reporting discipline. This office is also responsible for developing tools and techniques to gather, analyze, and report on project data.

The Enterprise Risk Management Office is responsible for conducting PMAS compliance reviews and providing findings and recommendations based on the results of those reviews.

Project managers are responsible for managing their projects and delivering expected outcomes on time and within budget. They are also responsible for tracking and reporting project data on the PMAS Dashboard—a tool designed to provide senior OI&T leaders with visibility of the current status of all IT projects governed by PMAS.

Appendix B Scope and Methodology

We conducted our audit work from September 2013 through October 2014. Our review focused on evaluating whether PMAS as a control over VA's IT investment portfolio was working as intended and whether OI&T took appropriate actions to address the recommendations in our prior reports.

- *Audit of the Project Management Accountability System Implementation*, Report No. 10-03162-262, August 29, 2011
- *Audit of the Pharmacy Reengineering Software Development Project*, Report No. 12-04536-308, December 23, 2013

We also evaluated whether OI&T has improved management controls to ensure that project managers deliver IT development projects that meet cost, schedule, and performance objectives. We conducted site visits and interviewed project managers in Alabama; Florida; New Jersey; Texas; Washington, DC; and Utah. We also visited the PBO in Washington, DC.

We reviewed Office of Management and Budget and VA guidance related to effective management and oversight of IT development projects. We conducted interviews with senior OI&T officials, PMAS and project management officials, and stakeholders. We also reviewed documentation supporting OI&T's actions in response to our prior audit report and whether those actions were effective.

To measure the effectiveness of OI&T's implementation actions, we reviewed a sample of projects to evaluate whether promised functionality was delivered on time and within budget. According to the PMAS Dashboard, OI&T started 92 IT projects in FY 2012 and 63 in FY 2013. We randomly selected 20 IT projects started in FYs 2012 and 2013 for our review. Our sample consisted of:

- 10 active projects
- 2 completed projects
- 4 stopped projects
- 4 paused projects

We examined management controls including planning and compliance reviews. We reviewed project management reports, PMAS Dashboard data, and contract and budget information to evaluate how effective project managers were at using PMAS to manage their projects. We compared project cost and schedule documentation with the data reported on the PMAS Dashboard to determine whether project managers were accurately reporting their project status information.

**Fraud
Assessment**

The audit team assessed the risk that fraud, violations of legal and regulatory requirements, and abuse could occur during this audit. The audit team exercised due diligence in staying alert to any fraud indicators by taking actions such as:

- Soliciting the OIG's Office of Investigations for fraud indicators applicable to IT project management operations
- Interviewing project and program managers about the risk of fraud occurring in their projects
- Reviewing IT projects and how project teams reported projects to ensure compliance with guidance

We did not identify any instances of fraud during this audit.

**Data
Reliability**

In our effort to determine whether OI&T effectively implemented our recommendations from the prior PMAS audit, we reviewed the accuracy of the data contained in the PMAS Dashboard. We interviewed OI&T and project management officials and collected and reviewed documentation to gain an understanding of the existing management controls. We evaluated whether the controls in place were adequate to provide reasonable assurance that the data in the dashboard were valid and reliable for our intended use. We also reviewed the data in the dashboard for selected projects to determine whether the data provided a valid and reliable representation of project status.

We concluded that data in the PMAS Dashboard were still not sufficiently reliable to determine the actual performance of IT development projects. As a result, we developed additional recommendations to further improve management controls to ensure data reliability within the PMAS Dashboard.

**Government
Standards**

Our assessment of internal controls focused on those controls relating to our audit objectives. We conducted this performance audit in accordance with generally accepted government auditing standards. These 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix C Prior Audit Recommendations

We made six recommendations to improve PMAS in our prior PMAS audit report (Audit of the Project Management Accountability System Implementation). In our PRE audit report, Audit of the Pharmacy Reengineering Software Development Project, we made two additional recommendations applicable to PMAS. During our current follow-up audit, we evaluated the effectiveness of OI&T's completed and planned actions related to the prior audit recommendations to assess the effect on IT project accountability and oversight and the current effectiveness of PMAS governance controls over IT investments. We validated the following eight prior audit recommendations.

***From the
PMAS Audit
Report***

1. We recommended the Assistant Secretary for Information and Technology develop a detailed plan of the steps needed to complete implementation of the Project Management Accountability System program, including milestones for deliverables, performance measures, and a methodology for tracking progress.
2. We recommended the Assistant Secretary for Information and Technology assess Project Management Accountability System resources to ensure the Office of Information and Technology has adequate leadership and staff assigned to complete both implementation and execution of the Project Management Accountability System.
3. We recommended the Assistant Secretary for Information and Technology clearly define the roles and responsibilities for executing the Project Management Accountability System and establish a central office or group of individuals responsible for fully implementing and executing the Project Management Accountability System.
4. We recommended the Assistant Secretary for Information and Technology modify the Project Management Accountability System Dashboard to maintain original baseline data and issue guidance to ensure project performance is measured against both the original and current baselines.
5. We recommended the Assistant Secretary for Information and Technology designate personnel and provide them with detailed written procedures to perform periodic independent reviews of the Project Management Accountability System Dashboard to ensure data reliability and completeness.
6. We recommended the Assistant Secretary for Information and Technology designate personnel and provide them with detailed written instructions to perform Project Management Accountability System

planning, outcome, and compliance reviews and track project budgets and costs.

***From the PRE
Audit Report***

7. We recommended the Executive in Charge and Chief Information Officer, Office of Information and Technology, establish guidance on re-planning software development projects that have been paused in sufficient detail to demonstrate that increments of the projects are well thought out and achievable.

8. We recommended the Executive in Charge and Chief Information Officer, Office of Information and Technology, establish controls to ensure information technology projects have sufficient leadership and staff assigned throughout the project life cycle.

Appendix D Potential Monetary Benefits in Accordance With Inspector General Act Amendments

Recommendation	Explanation of Benefits	Better Use of Funds	Questioned Costs
3 and 4	Hiring Federal staff to fill vacant PMAS Business Office positions in lieu of using more expensive contract support staff would result in better use of funds in the future.	\$6,400,000	\$0
Total		\$6,400,000	\$0

Appendix E Executive in Charge and Chief Information Officer Comments

Department of Veterans Affairs

Memorandum

Date: December 1, 2014

From: Executive in Charge and Chief Information Officer, Office of Information and Technology (005)

Subj: Draft Report, Follow-up Audit of the Project Management Accountability System, Project No. 2013-03324-R6-0171

To: Assistant Inspector General for Audits and Evaluations (52)

Thank you for the opportunity to review the Office of Inspector General (OIG) draft report, "Follow-up Audit of the Project Management Accountability System." The Office of Information and Technology concurs with all but one of OIG's findings and submits the attached written comments for each recommendation. If you have any questions, contact me at (202) 461-6910 or have a member of your staff contact Dave Peters, Acting Deputy CIO for Product Development, at 202-632-4458.



Stephen W. Warren
Attachment

Office of Information and Technology
Comments on OIG Draft Report,
Follow-up Audit of the Project Management Accountability System

(Project No. 2013-03324-R6-0171)

We recommended the Executive in Charge and Chief Information Officer:

OIG Recommendation 1: Establish procedures to ensure the Office of Product Development completes all required Planning Reviews (repeat recommendation from the 2011 VA Office of Inspector General audit report).

OIT Comments: Concur. As specified by PMAS Guide 5.0, the relevant Offices of Responsibility (OOR) within OI&T will conduct planning reviews within their respective organizational units. The outcome of these reviews will determine whether a recommendation is made for a project to remain in a planning state, move to the provisioning or active state, be re-evaluated, or be closed. This process will be implemented during the second quarter of FY15.

Section 3.2.5 ("Required Reviews") of PMAS Guide 5.0 provides the relevant standard:

Projects in the Planning State must be evaluated every 60 calendar days by the Office of Responsibility (OOR) to determine if the project will remain in Planning, move to the Provisioning or Active State, be re-evaluated, or closed. The intent of this requirement is to ensure that senior leaders within the OOR are aware of and are evaluating these projects. Processes for conducting the 60-day reviews are the responsibility of the OOR. The OOR, AS/IT, and PDAS all have the authority to close the project based on this review. If the OOR closes the project, OOR staff has three business days to close the project in the PMAS Dashboard. The project then moves to the Closed-Stopped State and does not require further Milestone Reviews. A Milestone 1 Review to enter the Active State occurs at the end of the Planning State. The project must have all of its resources and be ready to commit to its increment delivery dates and enter the Active State. This review is required for all Active increments, prior to starting work on the increment.

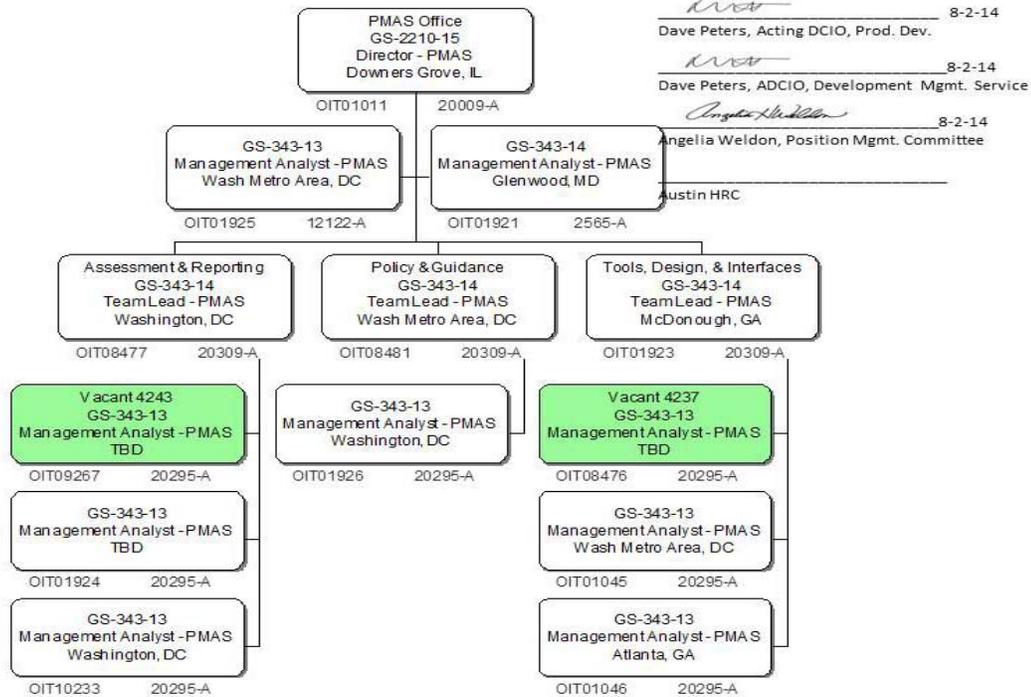
OIG Recommendation 2: Ensure personnel performing Compliance Reviews assess the accuracy and reasonableness of cost information reported on the Project Management Accountability System Dashboard (repeat recommendation from the 2011 VA Office of Inspector General audit report).

OIT Comments: Concur. The current PMAS Dashboard has no automated interfaces to authoritative cost data sources and uses self-reported (by each IT team) cost data, which in turn provides only limited capabilities for personnel to assess the accuracy and reasonableness of cost information. OI&T is evaluating both short-term and long-term alternatives that will allow better assess program cost information. In the short-term, ERM will create a cross reference between systems-of-record and PMAS Dashboard data which will allow more thorough assessments of cost, including validation of project expenses. The short-term solution is expected to be complete by the end of January 2015. The long-term solution will consist of automated interfaces between authoritative cost data sources and the PMAS Dashboard. Information from the Budget Tracking Tool, the Budget Operating Plan and the acquisition module will be integrated into the PMAS Dashboard as part of the long-term solution. In addition, the long-term solution will also include an interface between the PMAS Dashboard and databases where obligation data is recorded. Please see response to

Recommendation 5 for information concerning the estimated completion date for the long-term solution.

OIG Recommendation 3: Ensure hiring actions are completed by acquiring the vacant Federal employee positions in the Project Management Accountability System Business Office (repeat recommendation from the 2011 VA Office of Inspector General audit report).

OIT Comments: Concur: Attached is the current PMAS Business Office (PBO) organizational chart approved August 8, 2014, which decreased the number of PBO positions to a total of thirteen. When the two positions that recently closed on USA Jobs are filled, PBO will be fully staffed.



OIG Recommendation 4: Not exercise future options of the task order used to augment Project Management Accountability System Business Office staffing once hiring actions have been completed.

OIT Comments: Non-Concur. The number of PMAS performance activities and events that VA is managing increases each year. Due to the growing PMAS workload, and a decrease in the number of government positions in the PBO, contractors are needed to provide support for activities that are not inherently governmental in nature. Inherently governmental activities are, and will continue to be, performed exclusively by government FTE assigned to the PBO. In order to determine the appropriate composition of PBO's workforce, OI&T leadership will conduct a pay/contract analysis that will compare the cost to fill positions with government FTE against the cost to fill positions with contract personnel. VA will complete the pay/contract analysis within four months. The results will be used to determine if any reductions in contract support staff are warranted.

OIG Recommendation 5: Complete modification of the Project Management Accountability System Dashboard so that it maintains a complete audit trail of baseline data by including planned, revised, and actual figures for project life-cycle and increment costs (repeat recommendation from the 2011 VA Office of Inspector General audit report).

OIT Comments: Concur. From the inception of the PMAS Dashboard, OI&T's intent has always been to develop capabilities that allow the PMAS Dashboard to interface with the systems and databases where relevant authoritative financial information is maintained. Funds for this effort were, however, reallocated in order to support other VA priorities. In order to fulfill the original intent of the PMAS Dashboard, an unfunded request was submitted in FY15 to fund the PMAS Dashboard project. This request will go through the standard information technology prioritization process. If the request is prioritized high enough to receive funding, OI&T anticipates that it will be able to complete the modifications recommended by OIG approximately six months after a development contract is awarded. VA is developing an interim approach while action is underway to determine if funding will be made available for the planned updates to the PMAS Dashboard. VA will complete the interim approach within two months. The interim approach will maintain an audit trail of planned, revised and actual cost data (project life cycle and increment costs).

OIG Recommendation 6: Complete development and implementation of a sound methodology to capture and report planned and actual total project and increment level costs (repeat recommendation from the 2011 VA Office of Inspector General audit report).

OIT Comments: Concur. In concert with efforts to develop the capabilities described in response to OIG Recommendation 5, OI&T will modify its policies, practices and methodologies to ensure that project teams input into the PMAS Dashboard all data that is necessary to capture and report planned and actual total project and increment level costs.

OIG Recommendation 7: Ensure project managers capture and report reliable cost data and maintain adequate audit trails to support how the cost information reported on the Project Management Accountability System Dashboard was derived in the interim until actions to automate budget traceability and shift VA's IT projects to increment-based contracts are completed (repeat recommendation from the 2011 VA Office of Inspector General audit report).

OIT Comments: Concur. Until capability is developed to enable the PMAS Dashboard to interface with the systems and databases where relevant authoritative financial information is maintained, OI&T will manually ensure the integrity of cost information. Since the start of Fiscal Year 2015, the relevant Offices of Responsibility (OORs) within OI&T have reviewed the detailed cost data that is captured in the Milestone review deck with the Project Managers (PMs) prior to all pre-briefs for Milestone Zero (MS0) through Milestone Four (MS4), and have ensured alignment with cost details in the Budget Tracking Tool (BTT) and other data sources. These practices will continue, yielding greater accuracy of the cost data that is entered into the PMAS Dashboard at the time of the Milestone review.

OIG Recommendation 8: Clearly define the term "enhancement of an existing system or its infrastructure" and require Service Delivery and Engineering project teams to track and report costs associated with enhancements on the Project Management Accountability System Dashboard.

OIT Comments: Concur. OI&T will clearly define the phrase "enhancement of an existing system or its infrastructure" in a PMAS policy memorandum to be published within seventy business days. This phrase will also be clearly defined in the next version of the PMAS Guide. Project costs will be tracked in the PMAS dashboard as specified in the clarified policy.

Appendix F Office of Inspector General Contact and Staff Acknowledgments

OIG Contact	For more information about this report, please contact the Office of Inspector General at (202) 461-4720.
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Acknowledgments	Mario M. Carbone, Director Theresa Cinciripini Clenes Duhon Michael Jacobs Jehri Lawson Crystal Markovic Kristin Nichols
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Appendix G Report Distribution

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