

GAO Reports Highlight Ongoing Struggles in Reforming IT Acquisitions and Operations

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As federal agencies are slated to spend almost \$80 billion on federal information technology (“IT”) acquisitions this fiscal year and the OMB prepares to issue its final guidance on the Federal Information Technology Acquisition Reform Act (“FITARA”), GAO has released two reports this month that discuss ongoing efforts to improve IT procurement. Combined with GAO’s recent addition of IT acquisitions and operations to its list of high-risk programs (which we [previously discussed](#)), these new reports underscore GAO’s ongoing emphasis on reforming IT acquisitions to reduce redundancy and increase efficiency.

In the first [report](#), GAO added federal software licenses to its list of twenty-four areas in which it discovered evidence of fragmentation, overlap, or duplication in federal government programs. Citing its May 2014 report on federal agencies’ management of software licenses, GAO explained that a vast majority of agencies do not have sufficient policies to manage their software licenses. According to GAO, this mismanagement results in over-purchasing licenses, which leads to unnecessary spending, and under-purchasing licenses, which leads to fees for violating licensing agreements. Therefore, GAO reemphasized that agencies should implement software license management policies that, among other things, provide for centralized management of software licenses and ensure that a software license inventory is created and maintained.

In addition to adding federal software licenses to its list of areas prone to fragmentation, duplication, and overlap, GAO discussed additional ways for Congress and executive branch agencies to reduce unnecessary duplication and spending in critical IT areas. Specifically, GAO emphasized the importance of OMB’s efforts to identify opportunities for consolidation of federal data centers and encouraged agencies to complete their data center inventories and implement their consolidation plans. In addition, GAO noted that close to three-quarters of the almost \$80 billion in federal IT spending this fiscal year will be used on the operation and maintenance of legacy investments. In light of this spending, GAO encouraged agencies to ensure that these legacy systems continue to meet their needs, deliver value, and do not unnecessarily overlap with other investments.

GAO also noted that agencies could better utilize the OMB’s PortfolioStat initiative to manage their existing IT systems. PortfolioStat requires agencies to conduct annual, agency-wide reviews of IT

portfolios with a view towards reducing IT spending and ensuring that their IT investments align with their missions and business functions. Citing to its more than 60 past recommendations to agencies and the OMB related to the PortfolioStat initiative, GAO encouraged wider execution of this program. A second GAO [report](#), released last week, underscores the agencies' ongoing struggles in the implementation of the PortfolioStat initiative. GAO noted that the agencies have reduced their projected PortfolioStat savings by almost 70 percent, or \$3.8 billion, for fiscal years 2013 to 2015. The Department of Defense and Homeland Security accounted for most of the difference, as they reported a reduction of approximately \$3.5 billion in anticipated savings. GAO further reported that only nine of 26 agencies have met their reduced cost-saving estimates for fiscal years 2013 and 2014. That said, GAO noted the difficulty in calculating the agencies' cost savings due to inconsistencies in how savings are reported. Specifically, GAO explained that agencies have other cost saving initiatives, such as the consolidation of federal data centers, that they have reported as part of their PortfolioStat savings to OMB, but not GAO, and visa-versa.

These recent GAO reports further underscore the ongoing struggles in reforming IT acquisitions and operations, as well as the difficulty of tracking progress in this area. These struggles will make it increasingly difficult for government contractors to anticipate and respond to agencies' IT acquisition needs. As a result, the IT contracting community would be well advised to continue monitoring IT acquisition reforms, especially as OMB issues its final guidance on FITARA later this year.

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