EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

June 28, 2010

M-10-25

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: Peter R. Orszag
Director, Office of Management and Budget

Rahm Emanuel
Chief of Staff

SUBJECT: Reforming the Federal Government's Efforts to Manage Information Technology Projects

Information technology (IT) has transformed how the private sector operates and revolutionized the efficiency, convenience, and effectiveness with which it serves its customers. The Federal Government has not taken full advantage of this transformation due to poor management of its technology investments. Too many Government IT projects cost hundreds of millions of dollars more than they should, take years longer than necessary to deploy, and deliver technologies that are obsolete by the time they are completed.

This Administration has begun to address these problems, and our early efforts – such as the IT Dashboard – are off to a good start. However, more remains to be done. The Administration is committed to fundamentally reforming the way the Federal Government manages IT projects so that we can lower costs and improve government performance. Accordingly, we direct the following actions:

- First, effective immediately, the Federal Chief Information Officer (CIO) will undertake detailed reviews of the highest-risk IT projects across the Federal Government. Agencies will be required to present improvement plans to the CIO for projects that are behind schedule or over budget. Where serious problems are identified and cannot be corrected, further actions should be taken, including potential adjustments to Fiscal Year 2012 agency budgets. Within 30 days, the CIO shall issue guidance on how this review process will be conducted.

- Second, concurrent with this memorandum, the Director of the Office of Management and Budget (OMB) is directing executive departments and agencies to refrain from awarding new task orders or contracts for financial system modernization projects – an area of persistent problems – pending review and approval by OMB. This guidance specifies the timing and parameters of the review process, including specific rules designed to significantly reduce the size, cost, and complexity of financial system modernization projects.

- Third, OMB's Deputy Director for Management shall develop recommendations, within 120 days and in consultation with agencies, for improving the Federal Government 's IT procurement and management practices. These recommendations shall address the root causes of problems plaguing Federal IT projects by strengthening existing policies and procedures where appropriate, eliminating outdated and cumbersome rules, and focusing on proven best practices from inside and outside the Federal Government. They will include higher standards for project management practices and personnel, additional mechanisms for holding managers accountable for project results, and more rigorous review processes.

Together, these steps will help to catalyze a fundamental reform of Federal IT, which is essential to improving the effectiveness and efficiency of the Federal Government .

Attachments