



TECHNICAL BRIEF · BASED ON GAO-22-104070 · DOW

GAO FOUND DOW CLOUD SPENDING LIKELY UNDERREPORTED IN TBM DATA

50 of 121

FY2022 CLOUD INVESTMENTS AT SIX DOW COMPONENTS THAT USED COMMERCIAL PROVIDERS BUT REPORTED NO OUTSIDE SERVICES SPENDING

GAO found that DoW cloud spending is likely underreported in its Technology Business Management data: 50 of 121 FY2022 commercial-provider cloud investments at six components reported no outside services spending. GAO's recommendation to update DoW guidance had no closure on its page.

THE FINDING

In June 2022, GAO published [Cloud Computing: DOD Needs to Improve Workforce Planning and Software Application Modernization](#) (GAO-22-104070). Part of the report covers how DoW (formerly DoD) reports cloud spending under Technology Business Management (TBM), the cost framework OMB required in agency budget submissions starting with fiscal year 2019.

GAO's conclusion: DoW's cloud spending is likely underreported. It reviewed six components with the largest FY2021 cloud budget requests. In FY2022, 121 of their 136 cloud investments used commercial providers, and 50 of those 121 (41%) reported no outside services spending. In FY2021 the count was 34 of 97 (35%).

Three of the report's nine recommendations deal with this. GAO told the DoW CIO to update department-wide TBM guidance on allocating cloud spending to cost pools and towers, on control processes for reliable data, and on the \$1,000 minimum reporting amount. It told the Air Force CIO to designate a TBM implementation unit, issue cloud allocation guidance and set up a data quality process. The Army CIO got the same guidance and data quality recommendation.

WHY IT KEEPS HAPPENING

GAO named two causes: nonspecific department guidance on how to report cloud spending, and no control processes to make the data reliable. It also found the Army and Air Force did not follow leading TBM implementation practices.

DoW's response differed by recommendation. It did not concur with the department-level one, and GAO's page says GAO will report on it once it confirms DoW has acted. DoW partially concurred with the Air Force recommendation, and GAO's page records the Air Force planning ITIPS upgrade work, the portfolio tool it uses for TBM categories, by October 2026. The Army is developing a TBM memo and matrix as additional guidance.

The pattern shows up on the billing side. Cloud bills arrive by account or subscription, while a TBM submission wants spending by investment, cost pool and tower. Without an enforced mapping between the two, someone fills the gap by hand each budget cycle, and what that hand work leaves behind is an investment with a commercial provider but no outside services line.

WHY IT MATTERS TO YOUR BID

Cloud hosting, migration and O&M task orders at DoW components generate the billing data that TBM reports depend on. GAO said the department lacks complete information for IT investment decisions until the guidance and practices are fixed, and that sentence is the kind an evaluator reads into a requirement.

Expect it in three places. A technical volume needs a tagging and account structure that ties every cloud dollar to an investment, because untagged spend can't be reported. The management volume needs a reporting rhythm the component CIO can use in a data call. In the cost volume, a baseline built from billing data beats one extrapolated from last year's obligations.

Transitions sharpen this. An incoming contractor inherits the incumbent's accounts and whatever mapping exists. A teammate who can reconcile the billing data to the investment list in the first weeks gives the agency a number it can trust and a check it can repeat. For consumption-pricing context at the government-wide level, see [17 of 24 Agencies Struggle to Control Cloud Costs](#).

TECHNICAL APPROACH

The method comes from Avalon's [FinOps service](#), delivered under the FinOps Foundation Framework with read-only access, in unclassified environments only.

- 1. Baseline the bill.** Pull 12 to 24 months of native billing data for each in-scope component (the AWS Cost and Usage Report, Azure Cost Management exports or the GCP BigQuery billing export), normalize it to the FOCUS specification and reconcile it to the reseller or vehicle invoices. The output is one agreed spend baseline per component.
- 2. Measure allocation.** Report what share of spend can be attributed to a program or system today, then write the tagging and account-structure standard that raises it. The standard is the enforceable document, not a recommendation to have one.
- 3. Join the bill to the investment list.** Map each account, subscription or tag value to an investment ID and to a TBM cost pool and tower. Then run a completeness check: any investment with commercial-provider charges in the bill and nothing in the outside services pool goes on an exceptions list with the dollar amount the bill shows.
- 4. Enforce and re-run.** Put the standard into policy where the platform allows, such as service control policies or Azure Policy, and use Cloud Custodian for detection. The monthly cost review re-runs the exceptions list and triages anomalies in days, so the component has a repeatable data quality check it can point to.
- 5. Report in the CIO's terms.** Produce showback by program, system and appropriation, and a quarterly TBM-aligned view the CIO's office can drop into data calls.

The component's CIO and CFO offices own the guidance, the TBM unit and the budget submission. Avalon advises and delivers analysis; it does not write DoW policy, designate a TBM owner or attest that a submission is complete.

WHAT "FIXED" LOOKS LIKE

GAO's page shows no closure for recommendations 7 to 9, so there is no GAO closure evidence to cite. The recommendations themselves define the end state:

- Department guidance that tells components how to allocate cloud spending to cost pools and towers, names control processes for reliable TBM data and clarifies the \$1,000 minimum.
- A designated TBM implementation unit at the Air Force, plus allocation guidance and a data quality process at both the Air Force and the Army.

For a contract, write the targets as measurable: the count of cloud investments with commercial-provider charges but no outside services spending, and the share of cloud spend attributed to an investment. Both come straight from the billing data, and the component sets the thresholds.

STATUS CHECK

OPEN As of GAO's product page, read in October 2026, recommendations 7 to 9 show no closure and no last-updated date. DoW did not concur with recommendation 7. The Air Force's planned ITIPS upgrade work was due by October 2026, and the Army was developing its TBM memo and matrix. The report's separate application rationalization recommendations are covered in a companion brief.

TEAMING FIT

NAICS	541519, 541512
AVALON'S SUB ROLE	Billing-data baseline, tagging and allocation standard, and showback mapped to investments, cost pools and towers under the prime's cloud hosting or O&M task order, in unclassified environments
SMALL-BUSINESS STATUS	Small business; HUBZone (in progress)
LIKELY VEHICLES	GSA MAS (SIN 518210C Cloud Computing and Cloud Related IT Professional Services); GSA MAS (SIN 54151S IT Professional Services); GSA Alliant 3

If DoW cloud hosting or O&M work is in your capture plan, Avalon teams as the sub that ties the billing data to investments, cost pools and towers, so the component's TBM numbers come from the bill rather than from estimates.

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