



OFFICE OF PERSONNEL MANAGEMENT

Improvements Needed to Ensure Successful Retirement Systems Modernization

Highlights of [GAO-08-345](#), a report to the Subcommittee on Financial Services and General Government, Committee on Appropriations, U.S. Senate

Why GAO Did This Study

Through its Retirement Systems Modernization (RSM) program, the Office of Personnel Management (OPM) is modernizing the paper intensive processes and antiquated information systems it uses to support the retirement of civilian federal employees. RSM is intended to deploy new or modified systems beginning in February 2008 to improve the efficiency and effectiveness of the agency's retirement program. GAO was asked to (1) determine whether OPM is effectively managing the RSM program to ensure that system components perform as intended and (2) evaluate the risks, cost, and progress of the RSM program. To meet these objectives, GAO analyzed program documentation against relevant plans, policies, and practices.

What GAO Recommends

To improve the management of RSM and reduce the risks to successful system deployment, GAO is making recommendations to the Director of the Office of Personnel Management, including conducting effective system tests, resolving system defects, and improving cost estimating and earned value reporting. In written comments on a draft of this report, the Director of OPM expressed her appreciation of GAO's insightful recommendations and stated that the agency is taking steps to address them.

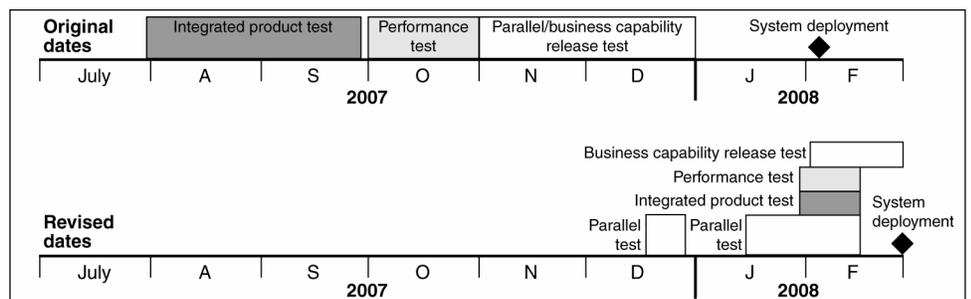
To view the full product, including the scope and methodology, click on [GAO-08-345](#). For more information, contact Valerie C. Melvin at (202) 512-6304 or melvinv@gao.gov.

What GAO Found

In executing the RSM program, OPM has improved its management processes for selecting contractors, defining system and security requirements, managing risks, planning organizational change, and providing program executive oversight. The agency also recently established performance targets for the improvements to retirement processing accuracy and timeliness that it expects the program to achieve and established an independent verification and validation capability. However, the agency's management of RSM in areas that are important to successful deployment of new systems has not ensured that system components will perform as intended. Specifically, initial test results do not provide assurance that a major system component will perform as intended. In addition, OPM's system testing schedule has been compressed, and upcoming tests are to be conducted concurrently, increasing the risk that the agency will not have sufficient resources or time for testing (see figure below). Further, trends in identifying and resolving system defects indicate a growing backlog of problems to be resolved prior to deployment.

Although OPM has established a risk management process that has identified program risks, the agency has not reliably estimated RSM's cost or reported progress. In particular, the reliability of the program's revised life-cycle cost estimate of \$421.6 million is questionable because the agency could not support the estimate with a description of the system to be developed and a description of the methodology used to produce the estimate. Also, the agency's reporting of RSM progress—based on the satisfaction of established program goals and the calculation of variances from the planned cost and schedule—has not reflected the state of the program. With respect to goals, the agency reported that it had met its fiscal year 2007 goals, including completing the imaging of paper-based retirement records and beginning training. While OPM's reporting that it satisfied program goals provided a favorable view of progress, this view did not include program areas for which the agency had not established goals. With respect to program cost and schedule variances, OPM reported in October 2007 that the program was progressing almost exactly as planned. However, the agency's reported favorable view of program progress was not consistent with the state of the program.

RSM Original versus Revised Test Schedule



Source: GAO based on OPM data.