OFFICE OF PERSONNEL MANAGEMENT

Retirement Modernization Planning and Management Shortcomings Need to Be Addressed

Why GAO Did This Study
For the past two decades, the Office of Personnel Management (OPM) has been working to modernize the paper-intensive processes and antiquated systems used to support the retirement of federal employees. By moving to an automated system, OPM intends to improve the program’s efficiency and effectiveness. In January 2008, GAO recommended that the agency address risks to successful system deployment. Nevertheless, OPM deployed a limited initial version of the modernized system in February 2008. After unsuccessful efforts to address system quality issues, OPM suspended system operation, terminated a major contract, and began restructuring the modernization effort, also referred to as RetireEZ. For this study, GAO was asked to (1) assess the status of OPM’s efforts to plan and implement the RetireEZ program and (2) evaluate the effectiveness of the agency’s management of the modernization initiative. To do this, GAO reviewed OPM program documentation and interviewed agency and contractor officials.

What GAO Found
OPM remains far from achieving the modernized capabilities it had planned. Specifically, the agency has partially implemented two of eight planned capabilities:
• an integrated database of retirement information accessible to OPM and agency retirement processing personnel and
• enhanced customer service capabilities that support customer needs and provide self-service tools.
However, the remaining six capabilities have yet to be implemented because they depended on deliverables that were to be provided by a contract that is now terminated. Examples of these missing capabilities include:
• automated submission of retirement information through interfaces with federal agencies and
• Web-accessible self-service retirement information for active and retired federal employees.
Further, OPM has not yet developed a complete plan that describes how the program is to proceed without the system that was to be provided under the terminated contract. Although agency documents describe program implementation activities, they do not include a definition of the program, its scope, lines of responsibility and authority, management processes, and a schedule. Also, modernization program documentation does not describe results-oriented performance goals and measures. Until the agency completes and uses a plan that includes all of the above elements to guide its efforts, it will not be properly positioned to move forward with its restructured retirement modernization initiative.
Further, OPM has significant weaknesses in five key management areas that are vital for effective development and implementation of its modernization program: cost estimating, earned value management (a recognized means for measuring program progress), requirements management, testing, and oversight. For example, the agency has not developed a cost estimating plan or established a performance measurement baseline—prerequisites for effective cost estimating and earned value management. Further, although OPM is revising its previously developed system requirements, it has not established processes and plans to guide this work or addressed test activities even though developing processes and plans, as well as planning test activities early in the life cycle, are recognized best practices for effective requirements development and testing. Finally, although OPM’s Executive Steering Committee and Investment Review Board have recently become more active regarding RetireEZ, these bodies did not exercise effective oversight in the past, which has allowed the aforementioned management weaknesses to persist and OPM has not established guidance regarding how these entities are to intervene when corrective actions are needed. Until OPM addresses these weaknesses, many of which GAO and others made recommendations to correct, the agency’s retirement modernization initiative remains at risk of failure. Institutionalizing effective management is critical not only for the success of this initiative, but also for that of other modernization efforts within the agency.

What GAO Recommends
To improve OPM’s effort to plan and implement its retirement modernization program, GAO is recommending that OPM correct management weaknesses. In written comments on a draft of this report, the Director of OPM agreed with GAO’s recommendations and described steps the agency is taking to address them.

To view the full product, including the scope and methodology, click on GAO-09-529. For more information, contact Valerie C. Melvin at (202) 512-6304 or melvinv@gao.gov.