



Highlights of [GAO-05-237](#), a report to congressional committees

Why GAO Did This Study

The Office of Personnel Management (OPM) manages the systems that process retirement benefits for most federal civilian employees. In fiscal year 2003, over 198,000 claims were processed and over \$50 billion in benefits was paid through OPM's retirement systems. OPM is trying to modernize these systems through a program called Retirement Systems Modernization (RSM).

The conference report accompanying the fiscal year 2004 OPM appropriations act directed us to review the management of and challenges facing RSM. Specifically, our objectives were to determine (1) the current status of and plans for OPM's RSM program and (2) the challenges OPM faces in successfully managing the program.

What GAO Recommends

GAO is recommending that the director of OPM ensure that the RSM program office establish the management processes needed for effective oversight of the RSM program.

In written comments on a draft of this briefing, the OPM director agreed that the management processes we identified are essential and described steps the agency is taking to strengthen these processes.

www.gao.gov/cgi-bin/getrpt?GAO-05-237.

To view the full product, including the scope and methodology, click on the link above. For more information, contact David Powner at (202) 512-9286 or pownerd@gao.gov.

OFFICE OF PERSONNEL MANAGEMENT

Retirement Systems Modernization Program Faces Numerous Challenges

What GAO Found

The Office of Personnel Management (OPM) is in the midst of an effort known as Retirement Systems Modernization (RSM). OPM's goals, through this program, are to improve customer service, reduce calculation errors, and reduce the amount of paper-based and manual processing. OPM expects RSM's total cost to be about \$294 million from fiscal year 1997 to fiscal year 2008, when the agency expects to have most of RSM implemented and integrated. As currently envisioned, RSM comprises four major components: licensed technology for pension benefits administration, data conversion of paper files and development of electronic processes for capture and storage of data, coverage determination and other applications, and foundation and infrastructure elements (see table).

GAO's experience with major systems acquisitions such as RSM has shown that having sound systems acquisition, change management, and investment management processes in place increases the likelihood of the acquisitions meeting cost and schedule estimates as well as performance requirements. However, GAO found that many of the processes in these areas for RSM are not sufficiently developed, are still under development, or are planned for future development. For example, OPM lacks needed processes for developing and managing requirements, planning and managing project activities, managing risks, and providing sound information to investment decision makers. Without these processes in place, RSM is at increased risk of not being developed and delivered on time and within budget and falling short of promised capabilities.

Major Components of RSM and Current Status and Plans

RSM components and descriptions	Status and plans
Licensing technology—licensing a pension administration system from a private vendor to process claims and customer service inquiries	Issued request for proposals in late September. Contract award was expected by the end of January 2005. However, since our briefing, the award has been delayed pending review by Office of Management and Budget. Initial deployment planned for 2006.
Data conversion—includes selecting a vendor to convert paper-based retirement information to an electronic format and developing processes to electronically capture and store incoming retirement information	Separate request for proposals for conversion of paper data to be issued before September 2005.
Coverage determination and other RSM applications—includes developing an application to help determine benefit amounts	Pilot tested application in 2004. Plan is to fully deploy governmentwide by February 2005.
Foundation and infrastructure elements—developing the infrastructure and shared services to support RSM	Maintaining and developing master database of retirement information to support licensed technology. Developing infrastructure to support data transmission between OPM and other agencies.

Source: GAO.