G A O

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Highlights

OPM RETIREMENT MODERNIZATION

Progress Has Been Hindered by Longstanding Information Technology Management Weaknesses

Why GAO Did This Study

The Office of Personnel Management (OPM) is the central human resources agency for the federal government and, as such, is responsible for ensuring that the government has an effective civilian workforce. As part of its mission, OPM defines recruiting and hiring processes and procedures; provides federal employees with various benefits, such as health benefits; and administers the retirement program for federal employees. OPM's use of information technology (IT) is critical in carrying out its responsibilities; in fiscal year 2011 the agency invested $79 million in IT systems and services. For over 2 decades, OPM has been attempting to modernize its federal employee retirement process by automating paper-based processes and replacing antiquated information systems. However, these efforts have been unsuccessful, and OPM canceled its most recent large-scale retirement modernization effort in February 2011.

GAO was asked to summarize its work on challenges OPM has faced in attempting to modernize the federal employee retirement process. To do this, GAO relied on previously published work in addition to reviewing OPM's recent plan for retirement services.

What GAO Recommends

GAO is not making new recommendations at this time. GAO has previously made numerous recommendations to address IT management challenges OPM has faced in carrying out its retirement modernization efforts. Fully addressing these challenges remains key to the success of OPM's efforts.

What GAO Found

In a series of reviews, GAO found that OPM's retirement modernization efforts were hindered by weaknesses in key management practices that are essential to successful IT modernization projects. For example, in 2005, GAO made recommendations to address weaknesses in the following areas:

- **Project management:** While OPM had defined major components of its retirement modernization effort, it had not identified the dependencies among them, increasing the risk that delays in one activity could have unforeseen impacts on the progress of others.
- **Risk management:** OPM did not have a process for identifying and tracking project risks and mitigation strategies on a regular basis. Thus, OPM lacked a mechanism to address potential problems that could adversely impact the cost, schedule, and quality of the modernization effort.
- **Organizational change management:** OPM had not adequately prepared its staff for changes to job responsibilities resulting from the modernization by developing a detailed transition plan. This could lead to confusion about roles and responsibilities and hinder effective system implementation.

In 2008, as OPM was on the verge of deploying an automated retirement processing system, GAO reported deficiencies in and made recommendations to address additional management capabilities:

- **Testing:** The results of tests 1 month prior to the deployment of a major system component revealed that it had not performed as intended. These defects, along with a compressed testing schedule, increased the risk that the system would not work as intended upon deployment.
- **Cost estimating:** The cost estimate OPM developed was not fully reliable. This meant that the agency did not have a sound basis for formulating budgets or developing a program baseline.
- **Progress reporting:** The baseline against which OPM was measuring the progress of the program did not reflect the full scope of the project; this increased the risk that variances from planned performance would not be detected.

In 2009, GAO reported that OPM continued to have deficiencies in its cost estimating, progress reporting, and testing practices and made recommendations to address these deficiencies, as well as additional weaknesses in the planning and oversight of the modernization effort. OPM agreed with these recommendations and began to address them, but the agency terminated the modernization effort in February 2011.

More recently, in January 2012, OPM released a new plan to improve retirement processing that aims at targeted, incremental improvements rather than a large-scale modernization. Specifically, OPM plans to hire new claims-processing staff, take steps to identify potential process improvements, and work with other agencies to improve data quality. Further, OPM intends to make IT improvements that allow retirees to access and update their accounts and automate the retirement application process. However, the plan reflects a less ambitious retirement processing timeliness goal and does not address improving or eliminating the legacy systems that support retirement processing.

_____ **United States Government Accountability Office**