



Highlights of [GAO-10-40](#), a report to the Committee on Veterans' Affairs, House of Representatives

Why GAO Did This Study

Since 2005, the Department of Veterans Affairs (VA) has been undertaking an initiative to develop an integrated financial and asset management system known as the Financial and Logistics Integrated Technology Enterprise (FLITE). FLITE is the successor to an earlier initiative known as the Core Financial and Logistics System (CoreFLS) that the department undertook in 1998 and discontinued in 2004 because it failed to support VA's operations. In light of the past performance of CoreFLS and the Office of Management and Budget's designation of FLITE as high risk, GAO was asked to (1) determine the status of pilot system development and (2) evaluate key program management processes, including VA's efforts to institute effective human capital management, develop a reliable program cost estimate, use earned value management (a recognized means for measuring program progress), establish a realistic program schedule, employ effective requirements development and management, and perform independent verification and validation. To do so, GAO reviewed program documentation and interviewed relevant officials.

What GAO Recommends

GAO is making recommendations aimed at improving program management. In written comments on a draft of this report, VA concurred with the recommendations and identified actions to address them.

View [GAO-10-40](#) or [key components](#). For more information, contact Valerie C. Melvin at (202) 512-6304 or melvinv@gao.gov.

INFORMATION TECHNOLOGY

Actions Needed to Fully Establish Program Management Capability for VA's Financial and Logistics Initiative

What GAO Found

Contract award and performance of work tasks had been started for one of two planned pilot systems—the Strategic Asset Management system. However, as of mid-September, the project had fallen behind (by 2 months) and the contractor had missed the deadline for initiating and completing planned tasks and delivering work products such as a system security plan. In particular, the contractor had not started 11 of 34 tasks, including conducting a security assessment, and was behind schedule on 16 of the remaining 23 tasks, including analyzing business processes. Program officials generally attributed the delays to VA having insufficient program and acquisition staff to perform necessary activities associated with awarding and executing the pilot contract and to poor project management by the pilot system contractor. A second project—for the Integrated Financial Accounting System pilot—is expected to start in October 2009.

VA has taken steps to institute effective management of FLITE; however, the department has not yet fully established capabilities needed to ensure that the program will be successfully implemented. Specifically, VA has

- recently filled long-standing staff vacancies, and only one program office staff opening remains;
- not developed a cost estimate that includes total program costs or reconciled its estimate with an independent estimate;
- not performed key actions necessary for reliable earned value management;
- not yet established a schedule that is reliable;
- not identified all mandatory federal financial management system requirements and ensured that system requirements are based on business requirements; and
- not addressed all of the findings of its independent verification and validation organization in a timely manner.

Until VA reconciles its cost estimate, ensures compliance with earned value management system standards, establishes a reliable schedule, ensures all relevant federal and system requirements are identified and traceable, and addresses all independent verification and validation findings, it could continue to experience schedule delays and further increase its risk of not providing the financial and asset management capabilities that users need.