# OPM RETIREMENT MODERNIZATION

## Longstanding Information Technology Management Weaknesses Need to Be Addressed

## 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 tasked with ensuring 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. The use of information technology (IT) is crucial in helping OPM to carry out its responsibilities, and 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 retirement modernization effort in February 2011.

GAO was asked to provide a statement summarizing its work on challenges OPM has faced in managing its efforts to modernize federal employee retirement processing. To do this, GAO relied on previously published work as well as a limited review of more recent documentation on OPM's retirement modernization activities.

## What GAO Recommends

GAO is not making new recommendations at this time. As noted, GAO has previously made numerous recommendations to address the challenges OPM has faced in carrying out its retirement modernization efforts.

View GAO-12-226T. For more information, contact Valerie C.Melvin at (202) 512-6304 or melvinv@gao.gov.

## What GAO Found

In a series of reviews, GAO found that OPM's efforts to modernize its retirement system have been hindered by weaknesses in several important management disciplines that are essential to successful IT modernization efforts. For example, in 2005, GAO made recommendations to address weaknesses in the following areas:

- **Project management**. While OPM had defined major retirement modernization components, it had not identified the dependencies among them, increasing the risk that delays in one activity could hinder progress in others.
- **Risk management**. OPM did not have a process for identifying and tracking project risks and mitigation strategies on a regular basis. This meant that OPM lacked a mechanism to address potential problems that could adversely impact the retirement modernization effort's cost, schedule, and quality.
- **Organizational change management.** OPM had not developed a detailed plan to help users transition to different job responsibilities in response to the deployment of the new system, which could lead to confusion about roles and responsibilities, hindering effective system implementation.

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

- **Testing**. Test results 1 month prior to the deployment of a major system component showed that it had not performed as intended. The defects, along with a compressed testing schedule, increased the risk that the deployed system would not work as intended.
- **Cost estimating**. The cost estimate OPM had developed was not supported by documentation necessary to its reliability. This meant that OPM did not have a sound basis for formulating budgets or developing a cost baseline for the program.
- **Earned value management**, which is a tool for measuring program progress. The baseline against which OPM was measuring program progress did not reflect the full scope of the project, meaning that variances from planned performance would not be identified.

In 2009, GAO reported that OPM continued to face challenges in cost estimating, earned value management, and testing and made recommendations to address these deficiencies as well as additional weaknesses in planning and overseeing the retirement modernization effort. Although OPM agreed with GAO's recommendations and had begun to address them, the agency terminated the retirement modernization effort in February 2011. The agency has since stated that it does not plan to undertake another large-scale retirement modernization, but instead plans targeted steps to improve retirement processing, such as hiring new staff and working to improve data quality. Nonetheless, the development and institutionalization of the capabilities GAO recommended to address these weaknesses remains key to the success of any future IT initiatives that OPM undertakes.

_____ **United States Government Accountability Office**