



Highlights of [GAO-07-614](#), a report to the Chairman, Committee on Veterans' Affairs, House of Representatives

Why GAO Did This Study

Since 1996, the Veterans Benefit Administration (VBA) has been working on an initiative to replace its aging system for paying compensation and pension benefits. In 2005, concerned about the slow pace of development, VBA contracted with the Software Engineering Institute (SEI) for an independent evaluation of the project, known as the Veterans Service Network (VETSNET). SEI advised VBA to continue working on the project at a reduced pace while addressing management and organization weaknesses that it determined had hampered the project's progress.

GAO was requested to determine to what extent the VETSNET project has followed the course of action recommended by SEI and describe the project's current status.

To perform its review, GAO analyzed project documentation, conducted site visits, and interviewed key program officials.

What GAO Recommends

To sustain the improved management and software development processes currently being used by VETSNET project management, GAO is making recommendations to the Secretary of Veterans Affairs in several areas, including cost tracking, capacity planning and management, and performance measures. The Secretary agreed with GAO's recommendations and described actions planned in response.

www.gao.gov/cgi-bin/getrpt?GAO-07-614.

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

VETERANS BENEFITS ADMINISTRATION

Progress Made in Long-Term Effort to Replace Benefits Payment System, but Challenges Persist

What GAO Found

VBA is generally following the course of action recommended by SEI by continuing to work on the replacement initiative at a reduced pace, while taking action to address identified weaknesses in overall management and software development processes. For example, VBA established a new governance structure for the initiative that included senior management and involved all stakeholders, and it incorporated all critical areas of system development in an integrated master schedule. However, not all of SEI's management concerns have been addressed. For example, SEI advised VBA to ensure that stakeholders take ownership responsibility for the project, including the total system and process operating costs; however, although VBA is tracking costs incurred by contractors, it is not yet tracking and reporting in-house costs incurred by the project. Further, although the project has improved its management processes, such as establishing a process to manage and stabilize system requirements, it has not yet developed processes for capacity planning and management. This will be important for ensuring that further VETSNET development does not lead to delays and slowdowns in processing of benefits. In addition, although the project has established certain performance measures, it has not yet established results-oriented measures for productivity and user satisfaction, both of which will be important for measuring progress. Finally, the process improvements that VBA has incorporated in the replacement initiative remain in draft and have not been established through documented policies and procedures. If VBA does not institutionalize these improvements, it increases the risk that they may not be maintained through the life of the project or be available for application to other development initiatives.

After more than 10 years of effort, including the recent management, organizational, and process improvements, VBA has developed critical functionalities needed to process and pay certain original compensation claims using the replacement system, but it remains far from completing the project. According to VBA officials, all five of the major software applications that make up the new system are now being used to establish and process new compensation claims for veterans. In total, the replacement system is currently providing monthly compensation payments to almost 50,000 veterans (out of about 3 million veterans who receive such payments); the system was used to process about 83 percent of all new compensation claims completed in March 2007. Nonetheless, the system requires further development before it can be used to process claims for the full range of compensation and pension benefits available to veterans and their dependents.