

## Why GAO Did This Study

VA's core financial system is approximately 30 years old and is not integrated with other relevant IT systems, resulting in inefficient operations and complex work-arounds. The FMBT program is VA's current effort and third attempt to replace its aging financial and acquisition systems with one integrated system. The first two attempts were unsuccessful after years of development and hundreds of millions of dollars in cost.

GAO was asked to review the progress of the FMBT program. This report (1) describes the status of the FMBT program, including steps VA has taken to address challenges it has identified, and (2) examines the extent to which VA has followed certain IT management best practices. GAO summarized FMBT program risks and challenges that VA identified, reviewed FMBT program documentation and compared it with relevant guidance and best practices, and interviewed cognizant VA officials.

## What GAO Recommends

GAO is making two recommendations to VA that it help ensure that the FMBT program's cost and schedule estimates are consistent with GAO-identified best practices. VA concurred with the recommendations and described actions the department has taken and plans to take to address them.

View [GAO-21-227](#). For more information, contact Paula M. Rascona at (202) 512-9816 or [rasconap@gao.gov](mailto:rasconap@gao.gov) and Carol C. Harris at (202) 512-4456 or [harriscc@gao.gov](mailto:harriscc@gao.gov).

## VETERANS AFFAIRS

# Ongoing Financial Management System Modernization Program Would Benefit from Improved Cost and Schedule Estimating

## What GAO Found

The Department of Veterans Affairs (VA) Financial Management Business Transformation (FMBT) program has begun implementing the Integrated Financial and Acquisition Management System (iFAMS), with the first deployment of certain capabilities at the National Cemetery Administration (NCA) on November 9, 2020. FMBT program officials identified various challenges, such as FMBT program funding shortfalls, which represent the difference between VA's original requirement and the President's budget request, and coordination with other major initiatives. VA has taken various steps to address its challenges. For example, because of the COVID-19 pandemic, VA postponed the initial NCA deployment 4 months and converted planning, training, and testing activities to virtual events. In addition, the FMBT program and Veterans Health Administration (VHA) worked together to address the FMBT program funding shortfall by postponing iFAMS implementation at VHA for at least 2 years to coordinate with the implementation of a new logistics system.

Following information technology (IT) management best practices on major transformation efforts, such as the FMBT program, can help build a foundation for ensuring responsibility, accountability, and transparency. VA has generally met such practices for program governance, Agile project management, and testing and defect management. However, it has not fully met certain best practices for developing and managing cost and schedule estimates. As a result, its estimates were not reliable. Specifically, VA's estimates substantially met one, and partially or minimally met three of the four characteristics associated with reliable cost and schedule estimates, respectively. For example, VA minimally met the "credible" characteristic associated with reliable cost estimates, in part, because it did not compare its cost estimate to an independently developed estimate.

### GAO Assessment of VA Cost and Schedule Estimates against Best Practice Characteristics

Cost estimate characteristic	Assessment of cost estimate	Schedule estimate characteristic	Assessment of schedule estimate
Comprehensive	Partially met	Comprehensive	Partially met
Well-documented	Substantially met	Well-constructed	Partially met
Accurate	Partially met	Credible	Partially met
Credible	Minimally met	Controlled	Substantially met

Legend: substantially met = VA provided evidence that satisfies a large portion of the criterion; partially met = VA provided evidence that satisfies about one-half of the criterion; minimally met = VA provided evidence that satisfies a small portion of the criterion

Source: GAO assessment of the Department of Veterans Affairs Financial Management Business Transformation program documentation. | [GAO-21-227](#)

Reliable cost and schedule estimates provide a road map for project execution and are critical elements to delivering large-scale IT systems. Without reliable estimates, VA management may not have the information necessary for informed decision-making. Further, following cost and schedule best practices helps minimize the risk of cost overruns and schedule delays and would better position the FMBT program for effective and successful implementation on future deployments.