

Why GAO Did This Study

VA's core financial system is more than 30 years old. Two prior attempts to replace the system, beginning in 1998, failed after years of development and hundreds of millions of dollars in costs. The current program has spent \$1.9 billion since 2016 and completed six incremental deployments of a new system. The current target date for program completion is 2031.

GAO was asked to review the progress of the program. This report examines the extent to which (1) the program's cost estimate and schedule followed best practices; (2) requirements development and management efforts followed Agile best practices; and (3) the independent program reviews that VA conducted met key elements of effective reviews and addressed identified issues.

GAO evaluated program and independent review documentation, compared it with relevant best practices, and interviewed cognizant VA officials.

What GAO Recommends

GAO is making four recommendations to VA, including that the program fully implement Agile best practices for requirements development and management and that it incorporate key elements of effective independent reviews in VA policy. VA concurred with the recommendations and described actions the department will take to address them.

View [GAO-25-107256](#). For more information, contact Paula M. Rascona, (202) 512-9816 or rasconap@gao.gov; Brian P. Bothwell, (202) 512-6888 or bothwellb@gao.gov; or Vijay A. D'Souza, (202) 512-7650 or dsouzav@gao.gov.

FINANCIAL MANAGEMENT SYSTEMS

VA Should Improve Its Requirements Development, Cost Estimate, and Schedule

What GAO Found

In 2016, the Department of Veterans Affairs (VA) established the Financial Management Business Transformation program (the program) to replace its aging financial and acquisition systems. In 2021, GAO made two recommendations to VA to help ensure that the program's cost estimate and schedule were consistent with GAO-identified best practices. They have not yet been implemented. VA continues to not fully or substantially meet best practices for developing and managing the cost estimate and schedule. As a result, they are unreliable. Without a reliable cost estimate and schedule, VA management risks not making fully informed and sound decisions.

Additionally, the program substantially or fully met five Agile best practices for requirements development and management and partially met the remaining three (see table). Regarding the three partially met practices, (1) if the program does not ensure complete and feasible requirements, it could be working on requirements that are not high priority; (2) without traceability, the program cannot establish that the work is contributing to its goals and providing value; and (3) by not balancing customer needs, the program could be developing functionality that is not immediately necessary.

Summary Assessment of VA Program Requirements Development and Management Efforts Against Agile Best Practices

Best practice	GAO assessment
Refine requirements	●
Test and validate the system as it is being developed	●
Ensure work is contributing to the completion of requirements	●
Elicit and prioritize requirements	●
Manage and further refine requirements	●
Ensure requirements are complete, feasible, and verifiable	◐
Maintain traceability in requirements decomposition	◐
Balance customer and user needs and constraints	◐

Legend: ●=Fully met; ●=Substantially met; ◐=Partially met; ◑=Minimally met; ○=Not met

Source: GAO analysis of Department of Veterans Affairs (VA) Financial Management Business Transformation program documentation. | [GAO-25-107256](#)

GAO also found that VA generally incorporated the five key elements of effective independent verification and validation (independent review) for the program. Specifically, the program incorporated nine of the 10 key sub-elements and partially implemented one sub-element on determining which programs are subject to independent review. Although the program generally incorporated the elements of an effective independent review, VA does not have a department-wide IT acquisition policy that requires independent review or incorporates the key elements. As a result, VA risks not consistently implementing independent reviews for other VA IT programs.

Regarding addressing identified issues, as of November 2024 the independent review team reported that the program resolved 93 percent of the findings and recommendations that the team identified from 2021 to 2024. This is a significant improvement compared to the 27 percent of recommendations reported implemented as of April 2020.