

VA Office of Inspector General

OFFICE OF AUDITS & EVALUATIONS



# **Veterans Benefits Administration**

*Audit of the Veterans  
Service Network*

February 18, 2011  
09-03850-99

## **ACRONYMS AND ABBREVIATIONS**

ATT	Application Turnover Transmittals
BDN	Benefits Delivery Network
GAO	Government Accountability Office
IMS	Integrated Master Schedule
IT	Information Technology
PMAS	Program Management Accountability System
SEI	Carnegie Mellon Software Engineering Institute
VETSNET	Veterans Service Network

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# Report Highlights: Audit of the Veterans Service Network

## Why We Did This Audit

Since 1996, VA has been working to consolidate compensation and pension benefits processing into a single replacement system, called the Veterans Service Network (VETSNET). We conducted an audit of VETSNET to determine whether: effective controls have been implemented to address previously identified program governance deficiencies; schedule, cost, and performance goals for the program have been met; and effective change controls have been implemented to support the planning, testing, and implementation of the VETSNET suite of applications.

## What We Found

VA has addressed prior program governance deficiencies by establishing oversight groups, risk management processes, and software development gate reviews to provide greater visibility and control of VETSNET program activities. Despite these improvements, VETSNET faces the continuing challenge of managing competing mandates and new systems initiatives that have repeatedly changed the scope and direction of the program.

Such changes have adversely impacted achieving schedule, cost, and performance goals over the life of the VETSNET program. Specifically, work to meet original program objectives has been delayed and consolidation of compensation and benefits processing has been extended by nearly 5 years since 2006. In 2006, the total cost projection for VETSNET was \$151 million through 2009. In 2009, VA

reported a revised cost estimate of \$308 million through 2012, more than two times the previous amount. Planned system functionality enhancements also remain unaddressed.

Moreover, the competing priorities have resulted in changing business requirements, necessitating additional software releases to meet those requirements. Because software change controls and testing have not been adequate to ensure proper system functionality, software rework and rollback of installation packages have been required to correct defects, and planned functionality enhancements have been delayed.

## What We Recommend

We recommend the Assistant Secretary, Office of Information and Technology, clarify goals, align resources, and establish a schedule for accomplishing the goals of VETSNET in the near term. We also recommend that improved processes be implemented to address software development deficiencies.

## Agency Comments

The Assistant Secretary for Information and Technology and the Acting Under Secretary for Benefits agreed with our findings and recommendations. The OIG will monitor implementation of the action plans.

*(original signed by:)*

**BELINDA J. FINN**  
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for Audits and Evaluations

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## INTRODUCTION

### Objective

We conducted an audit of the Veterans Service Network (VETSNET) program to determine whether effective controls have been implemented to address program governance deficiencies identified in prior VETSNET assessments; schedule, cost, and performance goals for the program have been met; and effective change controls have been implemented to support planning, testing, and implementation of the VETSNET suite of applications.

### Overview

Since 1996, VA has focused on replacing the compensation and pension program functions within its aging Benefits Delivery Network (BDN) with a system called VETSNET. VA is developing VETSNET as a suite of applications to facilitate the administration of benefit programs and provide users with the data needed to make informed business decisions. Automated data exchanges with connecting systems to form “One VA” system will allow for faster retrieval of information critical to adjudicate and process benefit claims. Appendix C lists the numerous VETSNET stakeholder groups that are responsible for project oversight and development and ensuring the applications meet end-user requirements.

Over the past 14 years, VA’s system development efforts have resulted in substantial improvements in the functionality and performance of VETSNET applications. In April 2008, VETSNET became the core business application and payment system for compensation benefits. Because of the functionality enhancements, more than four million veterans now receive compensation and pension payments through VETSNET. VA estimates this represents 99 percent of all veterans’ compensation claims and 94 percent of all veterans’ pension claims. Completing VETSNET development to process the remaining claims is a continuing challenge.

Concerned about the slow pace of VETSNET development, VA contracted with the Carnegie Mellon Software Engineering Institute (SEI) in 2004 to perform an independent evaluation and provide recommendations for program management and process improvements.<sup>1</sup> In 2006, the Government Accountability Office (GAO) evaluated VETSNET and noted that VA was generally implementing SEI recommendations while taking action to address identified weaknesses in overall management and software development.<sup>2</sup>

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<sup>1</sup> Kathryn Ambrose; William Novak; Steve Palmquist, PE, PMP; Ray Williams (Team Lead); and Dr. Carol Woody, *Report of the Independent Technical Assessment on the Department of Veterans Affairs VETSNET Program* (Carnegie Mellon Software Engineering Institute, September 2005).

<sup>2</sup> *Information Technology: Veterans Benefits Administration: Progress Made in Long-Term Effort to Replace Benefits Payment System, but Challenges Persist*, U.S. Government Accountability Office (GAO-07-614, April 27, 2007).

## RESULTS AND RECOMMENDATIONS

### Finding 1 VETSNET Governance Improvements

VA has addressed prior program governance deficiencies by establishing oversight groups, risk management processes, and software development gate reviews to provide greater visibility and oversight of VETSNET program activities. Despite these improvements, the VETSNET Program Management Office faces the continuing challenge of managing competing external priorities and overlapping system development initiatives that have repeatedly changed the scope and direction of the program.

#### **Program Governance Improvements**

GAO stated that since 2004, VA has taken a number of steps to improve VETSNET program management. SEI previously reported that stakeholders had not taken ownership responsibility for the project and did not comprehend total system and process operating costs. In response, VA developed a new governance structure for VETSNET, which the Under Secretary for Benefits approved in March 2006. This governance structure established a process for information technology (IT), business lines, and regional offices to share ownership and management. Within the new structure, the VETSNET Executive Board was expanded and reorganized to serve as a focal point and major governance mechanism. A number of teams at different levels were also established to manage the day-to-day activities associated with developing and implementing VETSNET. Appendix C lists these VETSNET oversight, development, and implementation entities.

To further address governance issues, VETSNET has been subjected to Program Management Accountability System (PMAS) oversight. VA's Chief Information Officer implemented PMAS to address IT performance management shortcomings. The goal of PMAS is to provide near-term visibility for troubled programs, allowing for earlier assistance and helping avoid long-term project failures. Under PMAS, software development projects must deliver smaller, more frequent releases of new functionality to customers. Since the adoption of PMAS, VA has implemented incremental releases of VETSNET every 6 months. The scope of functionality enhancements with each release has been reduced to meet the timelines for deliverables.

#### **Risk Management Improvements**

Improvements have been made in the risk management area. SEI previously reported that documentation of VETSNET risk management activities was conducted as a formality and had minimal impact on program decisions. In response to SEI's concerns, the VETSNET team, with contractor support, developed a risk management plan that was adopted in January 2007. The plan includes procedures for identifying, analyzing, and developing mitigation strategies for reporting and closing project risks. During

fieldwork, the VETSNET Integrated Project Team met periodically to identify project risks and mitigation strategies, with special attention given to risks directly impacting current project activities. These status meetings addressed various risks including technical, programmatic, and supportability risks, as well as risks associated with cost, schedule, and staffing. Some resulting risk mitigation strategies included realigning resources to meet near-term priorities for software releases and reducing the planned scope of software functionality to meet established project timelines.

### **Competing Requirements**

Despite the improvements made, the VETSNET Program Management Office faces the challenge of managing competing external priorities and legislative requirements that have repeatedly altered the scope and direction of the VETSNET program. According to VETSNET program management officials, the new priorities and mandates, introduced to meet legitimate system needs, have required unplanned additions or adjustments to VETSNET functionality. Several major VETSNET releases that VA developed and deployed to address the emerging functionality requirements for benefit claims processing are as follows.

- A February 2009 VETSNET release included enhanced functionality for the Disability Evaluation System pilot program, which supports VA and Department of Defense interoperability agreements. Full implementation of this system will facilitate completion of disability ratings while service members are on active duty.
- An August 2009 VETSNET release provided new capabilities to furnish benefit payments under the Concurrent Retirement Disability Payment legislative mandate, a joint VA and Department of Defense project benefiting retired veterans.
- An August 2009 VETSNET release implemented new functionality to provide \$250 in benefit payments to approximately 2.8 million recipients under the American Recovery and Reinvestment Act.
- Additional VETSNET releases implemented new functionality to deliver \$198 million in benefits payments in accordance with Filipino Veterans Equity Compensation Act requirements, as well as to meet regulatory requirements under the Veterans Claims Assistance Act.

### **Overlapping IT Projects**

As a further complication, VA has launched several high profile IT initiatives, such as the Paperless Veterans Benefit Management System, the Post-9/11 GI Bill Education Benefits Program, and the Chapter 31 Vocational Rehabilitation and Employment Program that need to leverage VETSNET to make benefit payments. Several of these new IT initiatives entail implementing service-oriented architectures to provide Web interfaces for end users. Systems interdependencies require that some VETSNET applications, currently client-server-based, will have to be re-hosted as well.

Such interdependencies increase the risk that VA may experience confusion in program priorities and delays in achieving the original program goals.

Because of the many organizational units involved with these initiatives, VETSNET Executive Team and program management officials stated that they were not well informed of the status of other projects and their potential impacts on the VETSNET program. Accordingly, VA needs to develop a means of managing the resources, activities, and timing for addressing the complexities and functionality requirements imposed by the overlapping IT projects in a coordinated manner.

Developing a fully Integrated Master Schedule (IMS) is one way to help meet this need. SEI previously reported that the VETSNET program lacked an IMS that would incorporate all critical areas of software development and identify the extent of work to be completed, as well as measure the progress of work performed. In response to the SEI report, the VETSNET Executive Team developed a high-level IMS, which is supported by some detailed work breakdown structures for VETSNET major releases. The most recent IMS, covering FYs 2010 to 2012, shows the timing of VETSNET major software releases, data conversion efforts, and other system development efforts that will leverage VETSNET to make benefit payments.

However, due to the near-term focus of the VETSNET program, the high-level IMS does not reflect all system interdependencies that could adversely impact the estimated completion dates for VETSNET major milestones. For example, the VETSNET Executive Team could not provide detailed work breakdown structures for other IT initiatives that will use common resources to support their system development efforts.

Some program management officials acknowledged that program management resources were already being used to test Chapter 33 interface development, creating constraints on meeting some near-term goals for VETSNET. Further, it was indicated at a May 2010 VETSNET Integrated Project Team meeting that, given competing IT priorities, the scope of software changes for VETSNET Version Release 9 may need to be reduced to meet established software release timelines.

### **Conclusion**

VA has taken positive steps forward in addressing previously identified management deficiencies internal to the VETSNET program. However, such improvements have not been the solution to managing the external challenges imposed by competing priorities and IT interdependencies that have changed the focus and direction of VETSNET. Effectively integrating new requirements and managing interdependencies with IT development initiatives that rely on VETSNET resources will be key to sustained VETSNET progress and viability.



**Recommendation** 1. *We recommend the Assistant Secretary, Office of Information and Technology, update the Integrated Master Schedule to reflect project interdependencies and incorporate work breakdown structures of VA's other Information Technology initiatives that will rely on Veterans Service Network resources.*

**Management Comments** The Assistant Secretary, Office of Information and Technology, concurred with our findings and recommendation. The Assistant Secretary's comments included as Appendix E provide a listing of interdependencies considered critical for the VETSNET program. The implementation plan will ensure incorporation of these items into the Integrated Master Schedule by April 1, 2011.

**OIG Response** Management's action is responsive to the recommendation and has provided an acceptable implementation plan.

## **Finding 2      VETSNET Schedule, Cost, and Performance Objectives Not Being Met**

Taken together, the competing priorities and overlapping system requirements have had adverse impacts on meeting VETSNET schedule, cost, and performance objectives. They have increased confusion about VETSNET focus and activities to achieve original BDN replacement goals. They have hindered accomplishment of critical data conversion activities to transition from the legacy to replacement system processing. Further, competition for attention and resources has prevented VA from addressing longstanding functionality defects that require substantial workaround processes to meet program performance goals.

Ultimately, the competing priorities and changing system requirements have served to prolong the schedule and increase the costs needed to complete the VETSNET program overall. Originally scheduled to be fully operational in 2006, VETSNET completion has now been delayed by nearly 5 years. Moreover, expanding the scope of the VETSNET program to become the primary payment system for VA's other system development initiatives has increased estimated VETSNET development costs by more than three times the original estimates.

### ***Full BDN Replacement in Question***

The competing priorities and emerging systems requirements have led to a loss of focus regarding the long-term goals for the VETSNET program. The principal area of confusion is with regard to the disposition of the BDN mainframe system. Specifically, the VETSNET Executive Team has stated that VA's long-term goal is to migrate all entitlements programs from the aging BDN system to the VETSNET Corporate Database and retire the legacy system. The VETSNET Office of Management and Budget Exhibit 300 and VA's Fiscal Year 2011 Budget Submission documents similarly state the BDN mainframe system has exceeded its useful life and is scheduled for retirement in 2012.

Conversely, the VETSNET Program Management Plan and VA Congressional briefing in March 2010 indicate that VA's intent is to replace only BDN's compensation and pension functionality and not the entire mainframe system. Some VA representatives likewise said it would not be practical to decommission BDN because the legacy system performs many critical and unique functions, which are not replicated in VETSNET.

Inconsistency and a lack of clarity regarding the end goals of VETSNET in various documents created internally across VA components (that is, Office of Information and Technology and VA Program Offices) add to the confusion. VA's recent capital planning documents, program management documents, and IMS do not reflect the level of effort needed to process all payments through VETSNET and fully decommission the BDN mainframe

system. For example, the documents do not state that to successfully decommission BDN, VETSNET functionality must be enhanced to process all compensation and pension cases, as well as process all Educational and Vocational Rehabilitation and Employment entitlement programs currently paid by the legacy system.

An adverse impact of not fully replacing BDN is that the legacy system would continue to require costly maintenance each year after all entitlements cases have been migrated to VETSNET. VA has reported that the direct maintenance cost for BDN is approximately \$7 million per year. Decommissioning this mainframe system would negate the need for the maintenance and provide significant cost savings to offset VETSNET development costs. In addition, a program official estimated that up to eight staff positions could be eliminated by migrating the legacy benefit programs that have not yet been moved from the BDN mainframe system to VETSNET. Decommissioning outdated mainframe legacy systems and eliminating redundancy are sound business practices. As funding for the VETSNET program has increased over the last several years, it is critical to utilize funds wisely and demonstrate to taxpayers a sufficient return on investment.

**Data Conversion  
Delayed**

VA has also been hindered in its ability to meet the original data conversion goals for the VETSNET program. After 14 years of development, VETSNET applications still require substantial enhancements before all records can be migrated from the BDN mainframe legacy system. VA's system development efforts have nonetheless substantially improved the functionality and performance of the VETSNET applications in recent years. In April 2008, VETSNET became the core business application and payment system for compensation benefits. In April 2010, the VA successfully converted approximately 1.2 million active compensation and pension records from the BDN mainframe system to VETSNET, including most live cases, clothing allowances, and offset adjustments for insurance deductions.

As of October 2010, approximately 380,000 legacy compensation and pension benefit records (including 54,000 active records) remained to be converted for VETSNET processing. VA anticipates converting the remaining legacy cases by October 2011. Until VA enhances VETSNET functionality to accommodate the remaining legacy cases, it will continue to use the mainframe system, preventing VA from eliminating redundant claims processing.

One of the challenges faced in developing the functionality required to complete data conversion is that VETSNET must support many decisions and processes to administer a complex set of benefits. For instance, different categories of veterans and their families are eligible for various types of benefits and payments. Some benefits may also be paid to third party

fiduciaries or when a veteran grants power of attorney to another individual. Compensation and pension cases not currently supported by VETSNET include:

- Death and Terminated Pension benefits
- Compensation and Pension cases involving more than nine dependents
- Medal of Honor benefits
- Offsets for hospital and nursing home reductions
- Non-Monthly Pension benefits Veteran married to veteran benefit cases

Competing legislative priorities and new system requirements only add to the complexities already inherent in the fundamental VETSNET program. Integrated system planning and scheduling, as previously discussed, along with effective resource prioritization will be critical for VA to maintain focus and continue to make progress in converting the remaining compensation and pension records from the legacy BDN as originally intended.

***Longstanding  
Performance  
Issues  
Unaddressed***

Longstanding VETSNET functionality defects have gone unaddressed amid the competing demands for resources and attention. More specifically, end users have encountered functionality defects in the system, requiring manual updates and corrections to thousands of data tables. For example, VETSNET does not liquidate some accounts payable transactions or record certain accounts receivable transactions, requiring monthly data corrections to production systems. The manual workarounds to address these issues impede the ability to ensure accurate processing of benefit payments. Other ongoing VETSNET functionality defects include:

- Rejected payments each month due to address formatting errors, requiring repayments by regional offices.
- Inability to authorize certain compensation awards due to error messages.
- Duplicate medical and income awards displayed to end users.
- Incorrectly processed insurance transactions.
- Failed accounting transactions due to incorrect document sequence numbers.
- Incorrect negative balances contained in certain accounting transactions.

During 2008 and 2009, VETSNET developers relied on more than 900 master record change orders to compensate for the high number of defects and to correct the data errors in VETSNET production systems. VA has had to devote considerable resources each month to ensure that accounting transactions are properly recorded and data is accurately displayed within the production systems. VETSNET developers are tracking the accounting functionality defects and expect to fully remediate them by April 2011. The number of monthly master record changes should decline as the developers resolve the accounting functionality defects.

**Overall Program  
and Schedule  
Cost Increases**

VA has developed a number of major software releases over the past few years to meet the changing priorities and unplanned requirements that have altered business requirements and therefore the program's scope, direction, and cost. Table 1 provides a list of the eight different VETSNET software releases over the past 3 years.

**Table 1**

<b>VETSNET Software Releases</b>		
<b>Version Release</b>	<b>Date</b>	<b>Description</b>
VR1	August 2007	Enhance Compensation Functionality
VR2	February 2008	Deliver Survivor Benefits
VR3	August 2008	Deliver Income-Based Functionality
VR4	March 2009	Enhance Awards Functionality
VR5	August 2009	Deliver Filipino Equity Compensation
VR6	February 2010	Enhance Functionality for Data Conversion
VR7	March 2010	Software Defect Repairs
VR8	August 2010	Enhance Functionality for Data Conversion

The evolution of the system through such releases has adversely impacted the schedule, cost, performance goals over the life of the VETSNET program. In August 2004, VA reported that its goal was to deploy the VETSNET replacement system to support all compensation and pension cases by the end of December 2006. However, because of changing program requirements, VA now estimates that VETSNET will not support all compensation and pension claims until October 2011, approximately a 5-year schedule delay in meeting program goals.

Further, GAO stated that VA previously reported VETSNET total estimated system development costs of \$89 million for fiscal years 1996 through 2006. In 2006, VA reported to Congress a revised total cost of \$151 million for the VETSNET program through 2009. Due to the expanded scope of the program, in May 2009, VA reported to the House Appropriations Committee a revised total cost estimate of more than \$308 million through 2012, more than two times the 2006 cost projection. Additionally, VA's other IT initiatives increase the risk of yet further changes in VETSNET program priorities and additional delays in achieving original performance goals.

**Conclusion**

Ideally, with complete development and implementation, VETSNET will be leveraged as the primary payment system for VA's benefits delivery. However, changing priorities and overlapping systems requirements have had the adverse impact of diverting focus and resources from accomplishing original program objectives. As the program has evolved, confusion has arisen concerning full replacement of the legacy BDN mainframe system with VETSNET. Efforts to migrate thousands of data records from the legacy to the corporate database have been delayed. Manual workarounds to make up for longstanding functionality defects impede the ability to ensure accurate benefit payments processing.

Ultimately, such performance shortfalls have served to prolong the VETSNET schedule by five years and increase the costs by more than twice the 2006 estimates. Clearly communicating VETSNET goals and reprioritizing resources to accomplish them will be critical to successfully put in place the application suite needed for integrated veterans claims processing and benefits delivery.

- Recommendations**
2. *We recommend the Assistant Secretary, Office of Information and Technology, update the capital planning, budgeting, and program management documents to clearly communicate the current disposition and future plans for the Benefits Delivery Network legacy system.*
  3. *We recommend the Assistant Secretary, Office of Information and Technology, define the level of effort and apply the resources required to complete data migration for all entitlement programs and decommission the Benefits Delivery Network legacy system.*
  4. *We recommend the Assistant Secretary, Office of Information and Technology, address longstanding accounting functionality defects to ensure that benefit payments are accurately recorded within the Veterans Service Network.*
  5. *We recommend the Assistant Secretary, Office of Information and Technology, prioritize resources to put the Veterans Service Network on track toward meeting the established completion schedule and program goals within anticipated cost parameters.*

**Management  
Comments**

The Assistant Secretary, Office of Information and Technology, concurred with our findings and recommendations. The Office of Information and Technology will use the timing of upcoming projects and their interdependencies as baseline planning for decommissioning the Benefits Delivery Network.

The Office of Information and Technology is working with program offices to identify, prioritize, and resolve remaining VETSNET functionality defects. By October 2013, the Assistant Secretary plans to use baseline planning documents and achieve the program goal of VETSNET becoming the primary payment system for all VA's benefits delivery.

***OIG Response***

Management's actions are responsive to the recommendations and have provided an acceptable implementation plan.

### **Finding 3      Software Development, Testing, and Implementation Need Improvement**

Competing priorities, time constraints, and changes to business requirements have led to numerous software releases to meet near-term program goals. As a result, project goals have typically shifted and planned functionality for each software release has been reduced to fit established project timelines. Additionally, change controls and testing with each software release have not been adequate to ensure proper system functionality. As such, software rework and rollback of installation packages have been required to correct defects and planned functionality enhancements have been delayed. The software transmittal process also does not ensure that appropriate system documentation and installation packages are provided for system testing, resulting in rework and reduced cycle times for system testing.

#### **Changing Requirements**

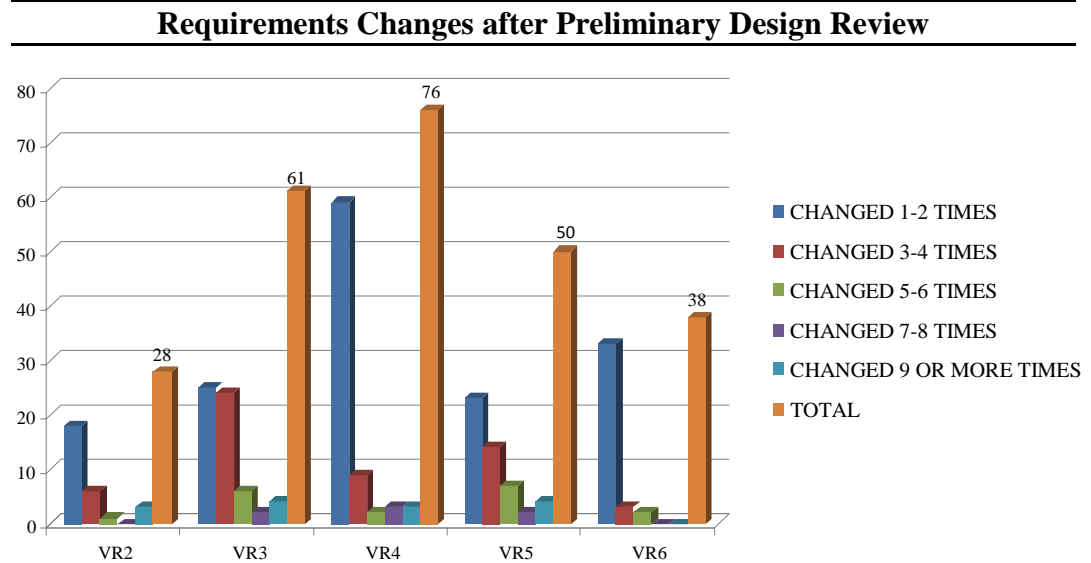
Developing VETSNET software requirements has usually focused on short-term program priorities, resulting in frequently changing business requirements. SEI previously reported in 2005 that VETSNET project requirements were not stable, resulting in confusion and delays in the development of VETSNET. The report concluded that if software requirements are not clearly defined and stabilized, the end results are increased project costs, schedule slippages, and inability to deliver products that meet users' needs.

In response to the SEI report, VA implemented a gate review process to stabilize business requirements, add quality control, and improve the likelihood that software meets end user requirements. The objective of the Preliminary Design Gate Review is to develop an agreed-upon set of business requirements and functional specifications, so requirements can be "frozen." Appendix D provides the software development lifecycle stages, descriptions, and objectives of each gate review.

Despite implementation of the gate review process, test documents and internal reports reveal that VA continues to struggle with frequently changing functionality and business requirements during the development and testing cycles for each major release. The figure presents the significant number of changes to business requirements and functionality specifications after the Preliminary Design Gate Review for several major releases.

As noted in the Figure, in some cases, the functionality requirements changed more than nine times during the design, development, and testing process. In general, major releases had to be reduced in scope and functionality to fit the project schedule.



**Figure**

**Software Testing  
Deficiencies and  
Rework**

Frequently changing business requirements resulted in inadequate time to test the functionality for each software release. Table 2 identifies the significant number of functionality specifications and business scenarios that were not successfully tested during each planned major software release cycle. Internal documents and test results revealed that in a number of instances functionality that was not successfully tested was deferred to subsequent software releases.

**Table 2**

Functionality and Business Scenarios Test Results						
VETSNET Version	Test Procedures Executed			Business Scenarios		
	Test Procedures Passed	Test Procedures Failed	Test Procedures (% Failed)	Business Scenarios Passed	Business Scenarios Failed	Business Scenarios (% Failed)
<b>VR2</b>	2307	605	21	236	156	40
<b>VR3</b>	1953	879	31	264	254	49
<b>VR4</b>	2523	543	18	258	79	23
<b>VR5</b>	2153	950	31	223	68	23
<b>VR6</b>	2921	991	25	266	33	11

Given inadequate time for testing, software functionality problems were typically encountered after major software releases, necessitating rework to correct defects. The Program Management Office compensated for the large number of test failures by relying on supplemental software releases and emergency change orders to implement functionality not successfully tested during the standard development cycle. Specifically, from February 2008 through March 2010, the Program Management Office implemented 16 supplemental releases to add system functionality and correct more than

290 critical software defects associated with VETSNET releases. During the same period, the Program Management Office also initiated more than 35 emergency software changes to correct critical software defects.

Compared with the standard development process, the supplemental releases and emergency change orders allow developers to bypass standard gate reviews and some quality assurance checks. The inherent risk with the abbreviated process is that functionality defects will not be detected and corrected during development and testing. In March 2010, this risk was realized when one VETSNET sub-module, the Rating Board Automation 2000 installation package, was released into production with minimal testing via an emergency change order.<sup>3</sup> Because the regional offices could not process certain transactions, VA was forced to “roll back” the installation package to an earlier version of the software. More thorough testing of emergency change orders could have identified the faulty installation package before its release into production.

**Software  
Transmittal  
Deficiencies**

Reviews of documentation identified ineffective processes for ensuring appropriate system documentation and software installation packages are delivered for pre-production testing. Specifically, a large number of software transmittal packages, called Application Turnover Transmittals (ATTs), were delivered for pre-production testing with inaccurate system documentation and outdated software installation packages. Table 3 shows the total number of ATTs associated with VETSNET major releases and the number that were rejected for pre-production testing by the VA’s Release Management Division.

**Table 3**

<b>Application Turnover Transmittals Rejected</b>					
<b>VETSNET Version</b>	<b>Total ATTs</b>	<b>ATTs Requiring Revisions</b>	<b>ATTs Revised for Software Changes</b>	<b>ATTs Revised due to Insufficient Documentation</b>	<b>ATT Revisions Impacting Cycle Testing</b>
<b>VR4</b>	128	34	19	15	23
<b>VR5</b>	98	32	15	17	18
<b>VR6</b>	23	6	2	4	6
<b>VR7</b>	10	6	3	3	6
<b>Totals</b>	259	78	39	39	53

As noted in the table, outdated software installations packages, insufficient system documentation, and changing functionality requirements have led to a significantly high rejection rate of approximately 30 percent, or 78 of 259, of all software packages submitted for pre-production testing. Changes to the

<sup>3</sup> The Rating Board Automation 2000 installation package supports the preparation of disability rating decisions. Appendix A contains more details on this application.

software migration packages have significantly reduced the time allocated for pre-production testing, thereby increasing the risk that insufficient testing will occur.

In February 2010, this risk was realized as VA was forced to roll back installations of two VETSNET sub-modules—another Rating Board Installation 2000 installation package and the Control of Veterans Records System—until software defects could be resolved.<sup>4</sup> On both occasions, the software transmittal packages were rejected, resulting in reduced cycle time for testing. Software “rollbacks” cause significant disruptions at VA regional offices and can adversely impact their ability to process compensation and pension claims using VETSNET.

### Conclusion

Stabilizing software requirements earlier in the development process and improving the effectiveness of software testing processes can greatly reduce the number of software defects that occur and must be corrected through supplemental releases and emergency change order processes. Implementing comprehensive test procedures for the supplemental release and emergency change order processes will reduce the risk that defects will not be remediated during software development and deployment. Finally, effective controls need to be implemented to ensure that accurate and up-to-date system documentation and software installation packages are provided for pre-production testing.

### Recommendations

6. *We recommend the Assistant Secretary, Office of Information and Technology, implement controls to stabilize the functionality requirements process and enforce software “code freeze” during the Veterans Service Network software development process.*
7. *We recommend the Under Secretary for Benefits implement controls to stabilize the functionality requirements process and enforce software “code freeze” during the Veterans Service Network software development process.*
8. *We recommend the Assistant Secretary, Office of Information and Technology, implement full testing of all supplemental software releases and emergency software changes to identify and remediate functionality defects before Veterans Service Network applications are installed for production.*
9. *We recommend the Assistant Secretary, Office of Information and Technology, implement controls to ensure that software transmittal*

<sup>4</sup> The Veterans Benefits Administration uses the Control of Veterans Records System to electronically track veterans’ claims folders and control search mail—active claims-related mail waiting to be associated with a veteran’s claims folder.

*processes provide accurate and up-to-date system documentation and software installation packages for pre-production testing.*

**Management  
Comments**

The Assistant Secretary, Office of Information and Technology, concurred with our findings and recommendations. The Assistant Secretary acknowledges that changes to functionality requirements can occur during design, development, and testing, resulting in many software exceptions. The Assistant Secretary stated that future supplemental and emergency software releases will be fully tested prior to installation, unless extraordinary situations require waivers from stakeholders. The Office of Information and Technology has conducted meetings with the Systems Integration Office to identify problems in the software transmittal process and implemented peer reviews to help improve process quality.

The Acting Under Secretary for Benefits concurred with our findings and recommendation regarding implementing a software code freeze. The Acting Under Secretary agreed that controls to enforce gate reviews for requirements finalization, design acceptance, and code freeze development need to be strengthened. The VETSNET Integrated Product Team plans to monitor software exceptions and move them to subsequent software releases, unless mandated by legislative changes. In January 2011, VA began enforcing the gate reviews for requirements, acceptance, and development for VETSNET Release 10, which is scheduled for deployment in February 2011.

**OIG Response**

Management's actions are responsive to the recommendations and have provided an acceptable implementation plan.

## Appendix A Background

### **VETSNET Objectives**

As originally envisioned, VETSNET technology was to provide faster, more flexible compensation and pension processing capability from initial claim application through review, rating, award, and benefits delivery. The VETSNET relational database also makes it possible to store more data for each veteran and make that data more accessible for inquiries and analysis.

The VETSNET initiative was considered necessary to replace the compensation and pension functionality of the legacy BDN system that does not: (1) support compliance with Federal financial management regulations; (2) provide automated support for adequate control of payments processing; and (3) meet critical customer service needs, such as immediate response to payment inquiries and processing errors. Additionally, replacing BDN with VETSNET will eliminate concerns about attrition and a shortage of personnel qualified to maintain the legacy system.

### **VETSNET Applications**

VETSNET includes a Windows-based graphical user interface at the regional offices, an Oracle relational database, and a middleware layer that links the end user to the corporate database. The corporate database is a resource shared with other VA systems. VETSNET consists of the following key applications used to process compensation and pension benefits.

- **Share**—Allows regional office employees to query legacy information such as the Beneficiary Information Locator System, the BDN, and other agencies' information. Share, a Microsoft Windows-based client/server application, updates both legacy and corporate information with one transaction.
- **Search and Participant Profile**—Provides the ability to search and locate veterans, claims, and/or family member records by File Number, Social Security Number, or Taxpayer Identification Number. This search functionality includes a real-time interface between VETSNET and the Beneficiary Information Locator System.
- **Modern Awards Processing Development**—Provides a single capability for complete claims development, claims status monitoring, and case management using the features of existing applications. It also provides access to those applications that support the claims development process.
- **Rating Board Automation 2000**—Supports the preparation of disability rating decisions. This application is integrated with VETSNET specifications for award processing and provides support for the creation of text documents needed to document rating decisions. Current

capabilities include direct transfer of award data from this system to the BDN.

- **Statement of the Case**—Creates Word documents. By reading an existing rating document created through Rating Board Automation, the application presents the user with a list of issues to be included in the new or supplemental Statement of the Case. Adjudicative actions can be entered into the system, as well as pertinent laws related to Rating Board Automation.
- **Awards**—Provides the processing capability to generate and authorize compensation and pension awards. A link to the Finance and Accounting System affords complete accounting functions, and includes an interface with the Department of the Treasury. The Awards application collects data to support both information and budgetary requirements for the compensation and pension program.
- **Finance and Accounting System**—Supports fiscal and accounting transaction processing, including an interface with the Department of the Treasury. This application integrates with other applications and supports both the information gathering and budgetary requirements for the compensation and pension program.

***Long-Term  
Program Goals***

The long-term goal of the VETSNET program is to integrate the corporate database with other IT initiatives in the benefits portfolio to ultimately comprise “One VA” system. One of the challenges of developing the required functionality for VETSNET applications is that it must include decisions and processes to administer a complex set of benefits.

## Appendix B Scope and Methodology

This audit focused on evaluating the planning, development, and implementation of VETSNET. Our audit objectives were to determine whether: effective controls have been implemented to address program governance deficiencies identified in prior VETSNET assessments; schedule, cost, and performance goals for the program have been met; and (3) effective change controls have been implemented to support the planning, testing, and implementation of the VETSNET suite of applications.

As background for our audit, we considered prior evaluations by Carnegie Mellon Software Engineering Institute (September 2005) and GAO (April 2007), which stated that the VETSNET program faced many management, organizational, and technical challenges, but that none of these barriers were insurmountable. We focused on VETSNET program management and software development controls from January 2008 through April 2010 to determine the extent to which VA has overcome these issues. We performed limited testing on Release 7 as some system development documentation was not available during testing.

We reviewed VA directives, handbooks, procedures, and supporting documentation to evaluate VETSNET business processes, software development, and testing procedures. We used the Carnegie Mellon Software Engineering Institute's CMMI® for Development, Version 1.2, *Improving Processes for Better Products* and Information Systems Audit and Control Association's *Business Application Change Control* as the basis for evaluating the effectiveness of program management and application change controls.

We conducted interviews with Veterans Benefit Administration program officials, VETSNET Project Management Office staff and contractors, and Office of Information and Technology personnel to gather additional information about the progress and challenges of the VETSNET program. Specifically, we reviewed:

- System development life cycle documents, quality assurance reports, project performance metrics, post-implementation reports, and project milestone reviews to learn about software development progress.
- Functional requirements and test plans, scripts, and procedures to learn about quality control of VETSNET software releases and data conversion activities.
- Help Desk complaints and reports to identify issues regarding the functionality of VETSNET applications.



- Software testing procedures, test results, and release plans to identify change control issues and their impact on VETSNET development and production.
- The network architecture and integrated master schedule to identify system dependencies and interconnections with VETSNET.
- Corrective action plans and supporting documentation to identify improvements since previous evaluations of the VETSNET program.
- Office of Management and Budget Exhibit 300 submissions, vendor contracts, and financial reports to learn about costs and budgets associated with the VETSNET program.

We conducted our work at the following locations:

- VETSNET Project Management Office – St. Petersburg, FL
- St. Petersburg, FL Regional Office
- Hines, IL Information Technology Center
- Chicago, IL Regional Office
- Waco, TX Regional Office
- St. Paul, MN Regional Office
- Austin, TX Information Technology Center

***Data Limitation***

For findings 1 and 2, we significantly relied on the information reported in SEI's 2005 draft report and GAO's 2007 audit report. We did not verify the accuracy of the data in these reports. We were not able to obtain documentation supporting the cumulative historical and projected program costs for VETSNET. The cumulative VETSNET program cost we cited is based on VA briefings to a Congressional subcommittee.

***Reliability of Computer-Processed Data***

We used computer-processed data such as data conversion reports and software development internal documents provided by the VETSNET Program Management Office to accomplish our audit objective. We tested the reliability of data by evaluating it for unusual items or inaccuracies. Because we obtained this data from source software development systems, we considered it sufficiently reliable to meet our audit objective.

***Compliance with Government Audit Standards***

We conducted our audit work from November 2009 through October 2010. Our assessment of internal controls focused on those controls relating to our audit objectives. We conducted this performance audit in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.



## Appendix C VETSNET Oversight, Development, and Implementation

### VETSNET Governance

The VETSNET quality management program is composed of stakeholders responsible for the processes, procedures, and reviews for developing a suite of applications to meet end user requirements. The VETSNET stakeholder groups are:

**VETSNET Executive Board**—Provides strategic management and decision making for the VETSNET program. The Board is responsible for corporate commitment, including the appropriate level of management support to ensure the success of the program. The Board, chaired by the Deputy Under Secretary for Benefits, consists of:

- Associate Deputy Under Secretary, Policy and Planning – Veterans Benefits Administration
- Associate Deputy Under Secretary, Office of Field Operations – Veterans Benefits Administration
- Deputy Chief Information Officer, Enterprise Development – Office of Information and Technology
- Director, Benefits Program Executive Office – Veterans Benefits Administration
- Chief Financial Officer, Office of Resource Management – Veterans Benefits Administration
- Director, Compensation and Pension Service – Veterans Benefits Administration
- Director, Office of Program Analysis and Integrity – Veterans Benefits Administration

**VETSNET Executive Team**—Oversees and approves development and implementation of the remaining applications in the VETSNET program. Led by senior executives who are considered subject matter experts in compensation and pension processes, Executive Team members include:

- Special Assistant for VETSNET
- VETSNET Portfolio Manager – Office of Information and Technology
- VETSNET Technical Architect – Office of Information and Technology
- VETSNET Business Architect – Veterans Benefits Administration
- Office of Business Process Integration – Veterans Benefits Administration

**VETSNET Integrated Project Team**—Oversees the day-to-day activities necessary to develop and implement applications supporting the program. The Team meets regularly to monitor and control the progress of the VETSNET program. Program offices represented on the Team are:

- Office of Enterprise Development – Office of Information and Technology
- Office of Resource Management – Veterans Benefits Administration
- Office of Field Operations – Veterans Benefits Administration
- Office of Business Process Integration – Veterans Benefits Administration
- Performance Analysis and Integrity – Veterans Benefits Administration
- Enterprise Infrastructure Engineering – Office of Information and Technology

**Release  
Management  
Teams**

As part of the VETSNET software development process, a number of “Release Teams” are dedicated to the design, development, testing, and implementation of major and supplemental releases for the VETSNET suite of applications. The Release Teams, consisting of various contractors and employees located in the St. Petersburg Regional Office and the Austin, TX and Hines, IL Information Technology Centers, are described below.

**VETSNET Executive Team**—Responsible for overseeing and approving development and implementation of the remaining applications and the VETSNET program.

**Business Subject Matter Experts**—Responsible for identifying and specifying business requirements consistent with the release scope approved by the Executive Team.

**Requirements Analysts**—Responsible for working with subject matter experts to define business requirements and functional specifications documents for business approval.

**Development Teams**—Responsible for the detailed design and development of functional components of a release, these teams are composed of both Government and contractor support staff.

**Testing Teams**—Responsible for identifying test requirements, mapping specifications, and developing technical test plans. Testing teams collaborate closely with subject matter experts to ensure that timelines and both technical and business testing requirements are met.

## Appendix D Development Phases and Gate Review Process

VA implemented a VETSNET gate review process as a quality control mechanism to improve the likelihood that major software releases will meet end user requirements. The process provides the VETSNET Executive Team with opportunities to review progress at pre-defined points within a software release's development life cycle. Table 4 below provides a description of each gate review stage, along with expected outcomes for related system development activities. The software development group utilizes an "incremental" development approach for designing, developing, testing, and implementing major VETSNET releases.

**Table 4**

**VETSNET Gate Review Process**

Gate Reviews	System Development Life Cycle Development Phases	Expected Outcomes
<b>Project Initiation Review and Authorization</b> —Ensures that release scope is defined, teams are established, and criteria are tailored to meet any specific need. Upon approval, the release is ready for requirements development.	<div>Requirements</div> <div>Functional Specifications</div>	Requirements and functional specifications are documented, reviewed, and approved. This stage includes developing the release scope and identifying risks and mitigation strategies.
<b>Preliminary Design Review</b> —Ensures that requirements and functional specifications are documented and approved. The release is then ready for detailed design.	<div>Design</div> <div>Test Management &amp; Planning</div> <div>Test Requirements</div>	Software design is developed, reviewed, and approved. Business requirements and functional specifications are frozen.
<b>Critical Design Review</b> —Ensures that the design is complete, meets requirements, and is approved. Test plan development begins and the release is ready for coding.	<div>Development</div> <div>Assemble, Test, &amp; Build</div> <div>Test Management &amp; Planning (continues)</div> <div>Test Development</div>	The software release is developed and built. Unit and integration testing is performed to determine whether functionality and business requirements are met.

Gate Reviews	System Development Life Cycle Development Phases	Expected Outcomes
<b>Test Readiness Review</b> —Ensures coding and unit testing is complete and that the code is ready for full functional and integration testing.	<div>Initial Cycle Defect Repairs</div> <div>Bug Fix Defect Repairs</div> <div>Initial Cycle Test Execution</div> <div>Bug Fix Test Execution</div> <div>Patch</div>	Priority software defects are resolved and baselines are established for formal software testing.
<b>Pre-Production Readiness Review</b> —Ensures test results showing that the release is ready for migration to the pre-production environment for packaging into a production release.	<div>Pre-Production</div>	The final software build is prepared and released to the System Implementation Office. Regression and performance testing is performed to ensure functionality and business requirements are met.
<b>Operational Readiness Review</b> —Ensures the release is suitable for migration to the production environment. Test cases are developed and preliminary test plans are prepared and reviewed. The final test plan is submitted.	<div>Production</div>	Beta release and testing are performed and feedback is collected from field sites. Minor defects are corrected. A Go/No Go decision is made for full installation. The software build is installed onto production systems for user testing.
<b>Post-Implementation Review</b> —Occurs after the release is in production for a period of time. The intent is to review any issues identified during production usage and identify any lessons learned from the release.		The application is released nationwide. The System Implementation Office documents and releases post-implementation issues to the development and performance group.

## Appendix E Assistant Secretary for Information and Technology Comments

### Department of Veterans Affairs

### Memorandum

**Date:** January 24, 2011

**From:** Assistant Secretary for Information and Technology (005)

**Subj:** Draft OIG Report - Veterans Benefits Administration: Audit of the Veterans Service Network; Project #2009-03850-0184

**To:** Assistant Inspector General for Audits and Evaluations (52)

Thank you for the opportunity to review the Office of Inspector General (OIG) draft report, “***Veterans Benefits Administration: Audit of the Veterans Service Network.***” The Office of Information and Technology concurs with OIG’s findings and submits the attached written comments for each of the recommendations.

If you have questions, please contact me at 202-461-6910, or have a member of your staff contact Steven G. Schliesman, Director, Secretary Initiatives Project Management Division, Product Development (005Q), at 732-982-7067.

*(Original signed)*

Roger W. Baker

Attachment

Attachment- 005 Comments

## **OIG DRAFT REPORT**

### **Veterans Benefits Administration: Audit of the Veterans Service Network**

**(Project No. 2009-03850-0184)**

#### **OIG Recommendations**

***1. We recommend the Assistant Secretary, Office of Information and Technology, update the Integrated Master Schedule to reflect project interdependencies and incorporate work breakdown structures of VA's other Information Technology Initiatives that will rely on Veterans Service Network resources.***

**CONCUR.** OI&T will update the Integrated Master Schedule to reflect project interdependencies. The following are currently identified as interdependencies and would be considered critical work items for this activity:

- A. Fix payment and accounting irregularities noted in the Financial and Accounting System (FAS).
- B. VETSNET client (excluding FAS) replaced by VBMS web front end.
- C. Conversion of Compensation and Pension (C&P) data off the Benefits Delivery Network (BDN).
- D. FAS becomes payment engine for Chapter 33 through iterative delivery.
- E. Enterprise Identity Management Solution replaces VETSNET Common Security System (CSS).
- F. Conversion of Chapter 33 data off BDN.
- G. VETSNET Corporate Data support for VBMS Correspondence Solution.
- H. Conversion of non-Chapter 33 Education data off BDN.
- I. FAS becomes payment engine for non-Chapter 33 Education benefits.
- J. Veterans Relationship Management (VRM) and Virtual Lifetime Electronic Record (VLER) anticipated needs through iterative delivery.

**TARGET COMPLETION DATE:** Critical items will be incorporated into the Integrated Master Schedule by April 1, 2011.

***2. We recommend the Assistant Secretary, Office of Information and Technology, update the capital planning, budgeting, and program management documents to clearly communicate the current disposition and future plans for the Benefits Delivery Network legacy system.***

**CONCUR.** Contained in OI&T's response to recommendation 1 are elements that would be used as the base planning information for the future plans of decommissioning the BDN. The capital planning, budgeting and program management documentation to achieve this would have to be formulated.

**TARGET COMPLETION DATE:** Submission date for 2013 E300s.

**3. We recommend the Assistant Secretary, Office of Information and Technology, define the level of effort and apply the resources required to complete data migration for all entitlement programs and decommission the Benefits Delivery Network legacy system.**

**CONCUR.** We understand the recommendation to include both the development costs necessary for data conversion, as well as data conversion costs. Such cost estimates have not yet been completed and would necessarily be components of the program planning for the BDN decommissioning, as addressed in our response to recommendation 2.

**TARGET COMPLETION DATE:** Submission date for 2013 E300s.

**4. We recommend the Assistant Secretary, Office of Information and Technology, address longstanding accounting functionality defects to ensure that benefit payments are accurately recorded within the Veterans Service Network.**

**CONCUR.** Some progress has already been made in resolving these issues including:

- Activation of the automated interface between VETSNET and FMS, which eliminated most manual posting of transactions by Hines Finance.
- Software updates installed to eliminate address formatting errors.
- Software updates installed to resolve error messages preventing award authorization. We do prevent award authorizations from occurring for brief periods during the creation of monthly pay files in order to prevent improper pay calculations.
- Software updates installed to prevent duplicate display of award decisions to end users.
- Increasing the control field size to resolve document sequence number issues.
- Software updates installed to prevent negative balances caused by continuing to offset benefit payments after overpayment balances were recouped.

We are working with VBA business sponsors to identify, prioritize and resolve other remaining defects and needed enhancements.

**TARGET COMPLETION DATE:** All existing defects will be resolved by the planned date of BDN's decommissioning, October 2013.

**5. We recommend the Assistant Secretary, Office of Information and Technology, prioritize resources to put the Veterans Service Network on track toward meeting the established completion schedule and program goals within anticipated cost parameters.**

**CONCUR.** With the final conversion of C&P off of BDN, the original completion schedule would be met.

**TARGET COMPLETION DATE:** Complete

**6. We recommend the Assistant Secretary, Office of Information and Technology, implement controls to stabilize the functionality requirements process and enforce software "code freeze" during the Veterans Service Network software development process.**

**CONCUR.** VA concurs that process controls (to enforce release gate reviews for requirements finalization, design acceptance and development code freeze) need to be more stringently enforced. The release process itself is robust, but the reluctance to extend/change the release schedules when gate deadlines are missed can result in the acceptance of too many exceptions.

New functional requirements changes can occur during the design, development and testing process, resulting in the arrival of new functionality beyond the release's first testing iteration. This reduces the testing available for this functionality and can affect other portions of the release in an unintended way.

This has been recognized by the VA VETSNET Integrated Product Team (VIPT), and more of these exceptions are being turned back and scheduled for subsequent releases. More progress is needed, and, unless dictated by legislative changes, all exceptions should be refused and moved to subsequent releases going forward.

**TARGET COMPLETION DATE:** March 31, 2011

**7. We recommend the Under Secretary for Benefits implement controls to stabilize the functionality requirements process and enforce software "code freeze" during the Veterans Service Network software development process.**

Please refer to VBA's memo dated January 11, 2011.

**8. We recommend the Assistant Secretary, Office of Information and Technology, implement full testing of all supplemental software releases and emergency software changes to identify and remediate functionality defects before Veterans Service Network applications are installed for production.**

**CONCUR.** Process controls to enforce release gate reviews for requirements finalization, design acceptance and development code freeze are expected to reduce the frequency of supplemental and emergency releases. Future supplemental and emergency releases will be fully tested prior to installation into the production environments. In extraordinary situations where complete testing is not possible, the development manager will request a waiver with approval from the appropriate stakeholders.

We have independent test coverage for up to four supplemental releases for in-scope software components (each six-month period). For production mission critical issues, our objective is to remedy the software problem being experienced in a timely fashion. Each supplemental release is assessed based on its content (arch, client, svcs, dB mods) to determine the testing required.

**TARGET COMPLETION DATE:** March 31, 2011

**9. We recommend the Assistant Secretary, Office of Information and Technology, implement controls to ensure that software transmittal processes provide accurate and up-to-date system documentation and software installation packages for pre-production testing.**



**CONCUR.** Substantial progress has been made in this area over the last nine months. Meetings were held with the Systems Integration Office (SIO) to identify problem areas, and peer reviews of application turnover documents were instituted prior to submission.

**TARGET COMPLETION DATE:** March 31, 2011

## Appendix F Acting Under Secretary for Benefits Comments

### Department of Veterans Affairs

### Memorandum

**Date:** January 11, 2011

**From:** Acting Under Secretary for Benefits (20)

**Subj:** OIG Draft Report—Veterans Benefits Administration: Audit of the Veterans Service Network [Project No. 2009-03850-R1-0184]—VAIQ 7064618

**To:** Assistant Inspector General for Audits and Evaluations (52)

1. Attached is VBA's response to the OIG's Draft Report: Veterans Benefits Administration: Audit of the Veterans Service Network.
2. Questions may be referred to Catherine Milano, Program Analyst, at 461-9216.

*(Original signed)*

Michael Walcoff

Attachment

**Veterans Benefits Administration  
Comments on OIG Draft Report  
Veterans Benefits Administration: Audit of the Veterans Service Network**

The Veterans Benefits Administration (VBA) concurs with the findings in OIG's draft report and provides the following comments in response to the recommendation:

Recommendation 7: We recommend the Under Secretary for Benefits implement controls to stabilize the functionality requirements process and enforce software "code freeze" during the Veterans Service Network software development process.

VBA Response: Concur. VBA agrees that controls to enforce gate reviews for requirements finalization, design acceptance, and development code-freeze need to be more stringently enforced. The release process itself is robust, but the practice to extend/change the release schedules when gate deadlines are missed can result in higher risk for the project.

VBA will enforce the gate review process via the VETSNET Integrated Project Team (VIPT). The VIPT will refuse all exceptions, unless dictated by legislative changes, and move those exceptions to a subsequent release.

On January 7, 2011, VBA began enforcing the gate reviews for requirements, acceptance, and development with VETSNET Release 10 that is scheduled for deployment in February 2011. VBA requests closure of this recommendation.

## Appendix G Projected Monetary Benefits in Accordance with IG Act Amendments

Recommendation	Explanation of Benefits	Better Use of Funds
# 3	Estimated \$7 million annually could be used more efficiently by migrating all entitlement programs from the legacy mainframe system and decommissioning BDN. Over a 5-year period, this amounts to \$35 million.	\$35,000,000
Total		\$35,000,000

## Appendix H    **OIG Contact and Staff Acknowledgments**

OIG Contact	Michael W. Bowman
Acknowledgments	Carol Buzolich Elijah Chapman Katherine Gers Frederick Livingstone Richard Purifoy Gordon Snyder Felita Traynham

## **Appendix I     Report Distribution**

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Senate Committee on Homeland Security and Governmental Affairs  
National Veterans Service Organizations  
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Office of Management and Budget

This report will be available in the near future on the OIG's Web site at <http://www.va.gov/oig/publications/reports-list.asp>. This report will remain on the OIG Web site for at least 2 fiscal years.