The development is a major setback for the F.B.I. in a decade-long struggle to escape a paper-driven culture and replace antiquated computer systems that have hobbled counterterrorism and criminal investigations. Robert S. Mueller III, the bureau's director, along with members of the Sept. 11 commission and other national security experts, have said the success of that effort is critical to domestic security.

"It's immensely disappointing to learn of this type of failure," Lee H. Hamilton, the vice chairman of the Sept. 11 commission, said in an interview. "The F.B.I. cannot share information and manage their cases effectively without a top-flight computer system, and we on the commission got assurances again and again from the F.B.I. that they were getting on top of this problem. It's very, very disappointing to see that they're not."

While other intelligence agencies like the C.I.A. and the National Security Agency developed sophisticated and secure computer systems long ago, the bureau has been much maligned for years for its failure to develop a modern system. Members of Congress have joked that their grandchildren could send e-mail messages and search databases more easily than F.B.I. investigators could.

Among other problems, officials blame technical and financial missteps, a rapid turnover among the bureau's information-technology personnel, difficulties in developing a system that is both secure and acces-

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sible to investigators, and, perhaps most critically, a resistance among some veteran agents who favor pens and pads over computers.

"I am frustrated by the delays," Mr. Mueller said Thursday in Birmingham, Ala., according to The Associated Press. "I am frustrated that we do not have on every agent's desk the capability of a modern case-management system."

The bureau said that it had made some significant inroads in the last few years in overhauling its computer capabilities, with the installation of 30,000 new desktop computers and the development of a secure, high-speed network.

But the F.B.I.'s "virtual case file" system, the last in a three-part computer upgrade totaling more than half a billion dollars, has proved the most difficult. The system was designed to give the bureau's nearly 12,000 agents around the country instant access to F.B.I. databases, allowing speedier investigations and better integration of information both within the bureau and with other intelligence agencies that must coordinate national security matters.

But the project is over budget and behind schedule, and F.B.I. officials acknowledged on Thursday that they were uncertain whether it would ever be completed. Only about 10 percent of the project, delivered by the Science Applications International Corporation of San Diego, is now in use, officials said.

A draft report from the Justice Department's inspector general, first reported last month by the industry publication Government Computer News and again on Thursday by The Los Angeles Times, concluded that the case file system as now designed and conceived would not work and could not be put into use.

A senior F.B.I. official, who gave reporters a formal briefing on the issue on Thursday on the condition of not being named, was not willing to go that far but acknowledged "a number of deficiencies" and frustrations in the project and said, "The application, the way it's built now, is under evaluation."

Overhauling the bureau's outdated computer systems, the official said, is like "changing the wheels on a car that is driving 70 miles an hour." With so many investigations running at once, "we don't have any down time," the official said.

Problems with the "virtual" case file project have been well-documented for many months, but the acknowledgement Thursday from the F.B.I. offered the clearest indication yet that the system may be headed for extinction.

As it stands now, the bureau's counterterrorism files are largely online, but investigators often may not have immediate access to data from other parts of the bureau. So, for instance, an agent may not be immediately aware of information from an investigation into credit-card fraud that could be relevant to a terrorism case. In addition, the bulk of the internal reports and documents produced at the bureau must still be printed, signed and scanned by hand into computer format each day, officials said.

"I did not get what I envisioned" from the project, the senior official acknowledged. But he said the F.B.I. today had a better understanding of its computer needs and limitations as a result of the effort. "The lesson we have learned from this $170 million is invaluable," he said.

The bureau is awaiting results from an outside review of the program being conducted by the Aerospace Corporation, a California research firm, and the agency will likely have to seek bids on a new contract for a revamped automated file system and go back to Congress for more money, the senior official said.

But after a series of failed computer projects at the F.B.I. dating back to the mid-1990's, many members of Congress say they are hesitant to give the bureau more money without clearer assurances of success.

"I hope we haven't just been pouring money down a rat hole at taxpayers' expense," Senator Charles E. Grassley, the Iowa Republican who has been a harsh critic of the bureau's computer efforts, said on Thursday.

Lawmakers have asked the Government Accountability Office, the investigative arm of Congress, to conduct an inquiry into failings in the bureau's computer systems.

Senator Patrick J. Leahy of Vermont, the ranking Democrat on the judiciary committee, who has also pressed the F.B.I. over its computer problems, said on Thursday that the case file system was "a train wreck in slow motion."

Mr. Leahy said lawmakers had pushed the bureau for "realistic assessments" of the Virtual Case File's performance, amid increasingly glum reports in the news media and in government about its chances for success.

"As recently as last May, the F.B.I. was still claiming that V.C.F. would be completed by the end of 2004, and that it would at last give the F.B.I. the 'cutting-edge technology' it needs," the senator said.

He said: "The F.B.I. needs to stop hiding its problems and begin confronting them early on. Bringing the F.B.I.'s information technology into the 21st century should not be rocket science."