
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**CONTRACT WITH MATHEMATICA
POLICY RESEARCH, INC.,
FOR SERVICES TO EVALUATE
YOUTH TRANSITION
DEMONSTRATION PROJECTS**

December 2009

A-06-09-19061

AUDIT REPORT



Mission

By conducting independent and objective audits, evaluations and investigations, we inspire public confidence in the integrity and security of SSA's programs and operations and protect them against fraud, waste and abuse. We provide timely, useful and reliable information and advice to Administration officials, Congress and the public.

Authority

The Inspector General Act created independent audit and investigative units, called the Office of Inspector General (OIG). The mission of the OIG, as spelled out in the Act, is to:

- Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.
- Promote economy, effectiveness, and efficiency within the agency.
- Prevent and detect fraud, waste, and abuse in agency programs and operations.
- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.
- Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.

To ensure objectivity, the IG Act empowers the IG with:

- Independence to determine what reviews to perform.
- Access to all information necessary for the reviews.
- Authority to publish findings and recommendations based on the reviews.

Vision

We strive for continual improvement in SSA's programs, operations and management by proactively seeking new ways to prevent and deter fraud, waste and abuse. We commit to integrity and excellence by supporting an environment that provides a valuable public service while encouraging employee development and retention and fostering diversity and innovation.



SOCIAL SECURITY

MEMORANDUM

Date: December 29, 2009

Refer To:

To: The Commissioner

From: Inspector General

Subject: Contract with Mathematica Policy Research, Inc., for Services to Evaluate Youth Transition Demonstration Projects (A-06-09-19061)

OBJECTIVE

The objectives of our audit were to (1) ensure the Social Security Administration (SSA) received the goods and services for which it contracted and (2) review the services provided by Mathematica Policy Research, Inc., (Mathematica) and the related costs charged to SSA for adherence to the negotiated contract terms and applicable regulations.

BACKGROUND

SSA contracted with Mathematica to support the development, implementation, and evaluation of the Youth Transition Demonstration (YTD) interventions designed to help youth with disabilities maximize their economic self-sufficiency as they transition from school to work.¹ To better understand how to support individuals with disabilities in reaching their full economic potential, SSA initiated a multi-faceted research agenda to test strategies to best identify how individuals with disabilities can become self-sufficient and less reliant on Social Security benefits. The contract for this project stated SSA will test the effectiveness of altering certain Supplemental Security Income² (SSI) rules as an incentive to encourage recipients with disabilities or blindness to initiate work or increase their work activity and earnings. The contract period of performance was September 30, 2005 to September 29, 2014. As of September 2008, there were nine modifications to this contract (see Appendix D), and SSA had expended approximately \$17.1 million of the \$46.8 million contract award.

¹ This project is being conducted under the authority of section 1110(b) of the *Social Security Act*, 42 U.S.C. § 1310(b). See Appendix C for a description of the services in the YTD demonstration projects.

² Under the SSI program, Social Security can provide benefits to children who are disabled and whose families have little income or resources.

The Office of Budget, Finance and Management (OBFM) provides leadership and oversight of key SSA programs and initiatives. In OBFM, Contracting Officers in the Office of Acquisition and Grants are responsible for SSA's procurement and contracting functions, and the Office of Finance directs SSA's central accounting activities and issues payments for this contract. An Agency-authorized representative is appointed as the Government Contracting Officer Technical Representative (COTR) to monitor the contract's technical requirements, including overseeing the contractor's progress and reviewing invoices. The COTR for the Mathematica contract was located in the Office of Program Development and Research (OPDR) in SSA's Office of Retirement and Disability Policy.

Our review focused on services provided by Mathematica and the related costs charged to SSA for the first 3 years (September 30, 2005 through September 30, 2008) of the 9-year contract period. The contract stipulates that work performed be coordinated with other SSA-sponsored studies and build on background research, conceptual frameworks, measurement strategies, and evaluation findings from ongoing and previous SSA evaluation projects. The contract specifically identifies three previous YTD-related projects associated with this contract. Review of available documentation indicated that since 1999, SSA spent approximately \$25.3 million on these previous projects. See Appendix B for the scope and methodology of our review and Appendix C for additional background.

RESULTS OF REVIEW

For the first 3 years of the 9-year contract period, SSA received the goods and services for which it contracted. However, a lack of tangible results achieved to date through this and previous YTD projects funded by SSA raises concerns as to whether additional expenditures on YTD projects will yield significant benefit to SSA. Also, services provided and costs charged to SSA did not always adhere to contract terms and applicable regulations. Noncompliance with internal controls over project funding, contract payments, and use of subcontractors allowed these instances to occur without timely detection. The control weaknesses resulted in an overpayment of fixed fees and travel costs, disbursements to unauthorized subcontractors, and use of employees who did not receive a suitability determination under this contract.

RETURN ON YTD INVESTMENT

Work performed under this contract was intended to build on background research, conceptual frameworks, measurement strategies, and evaluation findings from ongoing and previous SSA evaluation projects conducted since 1999. To date, SSA has received little tangible benefit from approximately \$42.4 million spent on YTD-related projects since 1999. In addition to \$17.1 million expended under this contract through September 2008, SSA spent approximately \$25.3 million on three previous YTD-related initiatives.

Youth Continuing Disability Review Project

In October 1999, SSA funded the Youth Continuing Disability Review Project to test the impact of providing enhanced employability services to youth aged 15 and 16 with disabilities. This project operated for 3 years at a cost of approximately \$3.7 million. Although this project provided insight into the characteristics and program transitions of child SSI recipients, it did not include information on the recipients' participation in special education or other activities. According to SSA, the study suffered from a weak evaluation design and had no control group for comparison.

YTD Cooperative Agreements

In September 2003, SSA awarded seven 5-year cooperative agreements, totaling approximately \$21.2 million, to six State agencies and universities to begin the YTD project. The goal of these project sites was to develop service delivery systems intended to demonstrate how communities integrate services and resources to achieve positive transition results that include both post-secondary education and employment. The original project design's inability to withstand scientific scrutiny and inform policymakers about the options for transition-age youth led SSA to fund additional research by the Disability Research Institute on the feasibility of strengthening the YTD project by converting to a random-assignment design. SSA ultimately terminated two of the seven cooperative agreements before their expiration dates because of a lack of progress in meeting established goals. SSA determined the designs of two additional projects would not support a rigorous random-assignment strategy. However, project funding continued because SSA believed the projects offered strong interventions—though SSA discontinued research at the sites when the cooperative agreements expired.

Disability Research Institute Project

In September 2003, SSA funded the Improving Employment Outcomes for Youth with Disabilities: Learning from the Youth Transition Demonstration Innovations project as part of a 5-year, \$18 million³ grant with the Disability Research Institute. The goal of this project was to provide SSA and the participating YTD project sites with guidance to develop a rigorous research design and evaluation plan.

To ascertain the cost-effectiveness of these expenditures, we asked senior SSA officials⁴ to describe the impact that \$42.4 million spent over the past 10 years had on SSA's programs. We requested the officials provide examples of specific policies the Agency implemented as a result of knowledge obtained through YTD projects and provide us quantifiable results (for example, the number of project site participants that became employed) and a summary of quantifiable program savings generated as a result of various YTD projects completed to date. The officials strongly disagreed with

³ SSA provided documentation indicating the YTD-related project work performed under this grant cost \$392,947 funded through an amendment processed during the grant's 4th year. However, documentation provided by SSA indicated the grant also funded other YTD-related "Core Research Projects." We could not accurately determine how much of the \$18 million grant was spent on YTD-related work because SSA did not break down the grant costs to the specific projects or tasks associated with grant funding.

⁴ We obtained input from the Deputy Commissioner, Retirement and Disability Policy and the Associate Commissioner, OPDR.

our conclusion that SSA received little in return for the \$42.4 million spent on these projects. According to SSA, 503 (25 percent) of 2,028 YTD participants were employed full- or part-time from October through December 2008 while continuing to receive SSA disability benefits. However, SSA officials could not provide us the number of YTD participants who had been removed from SSA's disability rolls since the inception of the YTD project sites. In addition, SSA officials could not point to any policy changes implemented or any quantifiable savings SSA experienced as a result of YTD project expenditures.

A senior Agency official stated SSA's decision to fund this research was made with the understanding there were no guarantees that the proposed youth transition interventions would be cost-effective. The purpose of demonstration research is to answer a specific question. In this case, whether offering youth specific employment-driven interventions and altering certain SSI rules will provide more effective incentives for youth with disabilities or blindness to initiate work or increase their work activity. The desired outcome was that these interventions and waivers would allow youth to increase their earnings and become increasingly self-sufficient and less reliant on Social Security benefits. This area of research was supported by SSA as well as outside groups, such as disability advocates, and other Federal agencies, such as the Department of Education. SSA will determine whether the interventions are cost-effective only after the final evaluation is complete.

Recognizing that no research can guarantee benefits or cost-effective outcomes, we question whether long-term commitments of substantial sums are prudent investments without measurable interim impacts documenting progress and justifying further investment. Before authorizing \$42.4 million to answer the questions posed above, SSA officials should have incorporated into the research design milestones that would allow for periodic assessments of the project's current and potential impact on SSA's programs—including cost-effectiveness—that could inform periodic decisions to commit additional research funds. By deferring any assessments of demonstrated benefits or return on investment until after all available funds are expended, it is difficult to understand how decisionmakers are able to determine whether to spend \$1,000 or \$100 million to answer the questions under consideration.

MEASURING YTD RESULTS

SSA did not establish specific milestones or key performance goals that could be objectively measured and used to make informed decisions regarding the efficacy of future project expenditures. SSA has not provided examples of specific policies implemented as a result of knowledge obtained through YTD projects or a summary of any quantifiable program savings generated as a result of more than \$42 million expended on various YTD projects over the past 10 years. A senior Agency official indicated that predecessor YTD-related projects conducted over the past 10 years encountered significant problems that diminished their effectiveness. While these setbacks could reasonably have resulted in reconsideration of continued project funding, SSA instead increased funding and expanded the projects. Given the history

of setbacks and the substantial costs expended, SSA should have established clear expectations, including cost-effectiveness, with measurable results and interim assessments to inform decisions on continued funding. Instead, Agency officials plan to perform a cost-benefit analysis only *after* the contract is completed.

SSA strongly disagreed with our conclusion and stated the outcome of this contract is not policy changes or monetary savings to the Agency but rather a report that answers whether the interventions successfully help youth transition into adulthood, which informs SSA about the costs or savings to the Agency should such a program be implemented. SSA stated the contract contains a deliverables schedule that provides de facto milestones as to whether the Agency can expect to receive the product for which it contracted. These include deliverables that enable staff in OPDR to confirm whether the contractor is on track to deliver an answer to the research questions, such as an evaluation plan, impact analyses, and a cost-benefit analysis. There are also other outcomes that OPDR considers in the interim to ensure that Mathematica is providing the services required, such as weekly, monthly, quarterly, and annual phone calls, conferences, and reports. Project sites also have goals with regard to the number of youth that should be enrolled by month and overall. These milestones are used to give OPDR assurance that Mathematica will provide an answer to the research questions.

A senior agency official stated that only after the final evaluation would a determination be made as to whether the interventions were cost-effective. This, in turn, will allow SSA to make specific policy recommendations that will help the Agency wisely choose if and how to change the program. This official also stated that the Government Accountability Office (GAO) believes this contract will provide answers to the questions posed. He stated that in a 2008 report,⁵ GAO declared that the YTD demonstration's ability to provide answers to the questions asked was "very strong."

We note that the GAO report cited by the senior agency official also commented on SSA's management of demonstration project research. In the first sentence under the caption ***What GAO Found***, the report states, "Over the last decade, SSA has initiated 14 demonstration projects under its authority to test possible DI and SSI policy and program changes; however, these projects have yielded limited information for influencing program and policy decisions." The report continues by stating SSA spent \$155 million on these projects and planned to spend another \$220 million in coming years, "Yet, these projects have yielded limited information on the impacts of the program and policy changes they were testing." On pages 25 and 26 of its report, the GAO comments further on SSA's management of demonstration research and states:

In addition to not fully addressing our prior recommendations, SSA does not have written policies and procedures governing how it should review and operate its demonstration program. Accordingly, SSA does not have a written policy requiring SSA management to review its project officer's

⁵ *Social Security Disability: Management Controls Needed To Strengthen Demonstration Projects* (GAO-08-1053), September 2008. <http://www.gao.gov/new.items/d081053.pdf>

demonstration projects on a regular basis. Standards for internal controls in the federal government state that managers should compare a program's actual performance against expected targets and analyze significant differences. Although the new program management team reviewed each of the demonstration projects at the time of their appointment, SSA does not have a written policy requiring such a review process periodically throughout the design, implementation, and evaluation phases of each project.

Based on the lack of results achieved from the \$42.4 million in YTD expenditures made from Fiscal Years (FY) 1999 through 2008, we believe a substantial risk exists that spending the \$29.7 million remaining on this contract will provide little or no actual benefit to SSA.

MEMORANDUM OF UNDERSTANDING

SSA funded YTD demonstration project sites in a method contrary to guidance provided in the *Social Security Act* (Act). The Act⁶ specifies three methods for funding demonstration projects: grants, contracts, or cooperative agreements with States and public and other organizations and agencies. Under the most recently completed YTD project and initially under this contract, SSA funded YTD project site costs using cooperative agreements SSA negotiated with the project sites. However, during the course of this contract, SSA transitioned the funding of project site costs from these cooperative agreements to Memorandums of Understanding (MOU) negotiated between Mathematica and the project sites.

Based on the negotiations between the YTD project sites and Mathematica, the sites submitted invoices to Mathematica, who in turn, forwarded the invoices to SSA. SSA then reimbursed Mathematica for the invoiced costs plus 7.71 percent in administrative fees.⁷ We found no formal, written approval for Mathematica to obligate Federal funds, and we observed that none of the nine contract modifications authorized MOUs between Mathematica and the project sites.

According to OPDR staff, SSA officials were involved in the MOU process and informally authorized the agreements between Mathematica and the project sites. However, SSA did not provide any documentation to support approval of these agreements by SSA, and we observed that none of the six MOUs negotiated by Mathematica were signed by SSA officials. OPDR staff stated that funding the YTD sites through MOUs negotiated by Mathematica simplified the acquisition process compared with using grants, cooperative agreements, or contracts between SSA and the sites. OPDR staff further stated that this arrangement was approved per an email from an attorney in SSA's Office of General Counsel. However, we do not believe this

⁶ The Act § 1110(a)(1), 42 U.S.C. § 1310(a)(1).

⁷ These fees were comprised of subcontract administrative, general and administrative, and fixed fees that Mathematica added to the amounts billed by project sites.

email relieved SSA of its duty to adhere to the Federal Acquisition Regulation (FAR) requirement⁸ that contracts be entered into and signed on behalf of the Government only by contracting officers. Moreover, because the MOUs were not negotiated by Government contracting personnel, there was no assurance that prices and other terms negotiated by Mathematica were fair and reasonable or that MOU terms could be enforced by SSA.

As of September 2008, SSA had paid Mathematica approximately \$334,474 in administrative fees in addition to approximately \$4.3 million in project site cost reimbursements billed to SSA. Further, we estimate that over the remaining term of this contract, SSA will pay Mathematica an additional \$1 million⁹ in administrative and fixed fees to process invoices from the six project sites.

EXCESS FIXED FEES AND TRAVEL COSTS

SSA applied incorrect fixed fees to nine invoices, resulting in \$28,487 in excessive payments to the contractor. Per the contract, Mathematica was allowed to charge a 4 percent fixed fee on YTD site payment amounts, but a higher 8.5-percent fixed fee on most other billed amounts. On 8 of 21 invoices that included YTD site payments,¹⁰ SSA incorrectly applied the 8.5-percent fixed fee to YTD site payment amounts, instead of the 4 percent fixed fee required by the contract. As a result, SSA overpaid \$31,729. Additionally, we found that on one invoice, SSA incorrectly applied the lower YTD fixed-fee percent to a subcontractor billing instead of the higher 8.5-percent fixed fee allowed by the contract. This error resulted in a \$3,242 underpayment. Mathematica incorrectly computed these fees and incorporated the errors into invoices submitted to SSA.

SSA also reimbursed the contractor for subcontractor travel expenditures in excess of the amount allowed by Federal travel regulations. According to the contract, the rates at which the contractor is reimbursed for travel (per diem, personal vehicle mileage, etc.) shall be no greater than those allowed by Federal travel regulations. We identified 21 invoices submitted during FYs 2007 and 2008 that included subcontractor travel costs and determined SSA reimbursed the contractor for lodging, meal, and incidental expenses that were approximately \$1,918 in excess of allowable rates. In addition, SSA reimbursed the contractor for \$530 in rental car insurance (charges prohibited by Federal travel regulations), and reimbursed another \$3,268 without obtaining required supporting documentation/receipts. Neither the contracting officer nor the COTR detected these errors before payment certification.

⁸ 48 C.F.R. § 1.602-1(a).

⁹ \$13.56 million in FYs 2009 to 2012 YTD project site costs obligated under the MOUs Mathematica negotiated with the project sites, multiplied by fees Mathematica charges to administer project site costs.

¹⁰ Of the 41 invoices submitted for service periods from October 2005 through September 2008, 21 included YTD site payments, which resulted in fixed-fee payments to Mathematica totaling \$868,535. We verified the fixed-fee computations on all 21 invoices.

UNAUTHORIZED SUBCONTRACTORS

Mathematica did not obtain written consent from the Contracting Officer authorizing it to contract with three subcontractors. SSA reimbursed Mathematica \$125,522¹¹ for fees billed by the unauthorized subcontractors.

Subcontractor	FY 2006	FY 2007	FY 2008	Total
Romeo Consulting LLC	\$ 0	\$ 4,375	\$ 659	\$ 5,034
SRI International	7,470	0	689	8,159
Social Solutions	0	0	112,329	112,329
Total	\$7,470	\$4,375	\$113,677	\$125,522

The FAR allows the Contracting Officer to require consent to subcontract on a case-by-case basis to adequately protect the Government's interests.¹² Moreover, SSA incorporated this requirement into the contract through a provision that states, "If the Contractor has an approved purchasing system, the Contractor nevertheless shall obtain the Contracting Officer's written consent before placing the following subcontracts: all subcontracts over \$2,500." According to SSA contract personnel, it was difficult to monitor all invoices to ensure subcontractors were authorized. The Contracting Officer certified invoices for payment without detecting the invoices included billings from these subcontractors.

SUITABILITY DETERMINATIONS

SSA allowed 43 contractor and subcontractor employees to perform work under this contract without having SSA's Center for Personnel Security and Project Management (CPSPM) complete required suitability determinations.¹³ According to the terms of the contract, Mathematica must submit a completed suitability form for each employee and replacement employee (including each subcontractor employee) who performs under the contract.¹⁴ SSA's protective and personnel security suitability program officers are required to make a final suitability determination for each contractor employee.

CPSPM personnel provided a list of 311 individuals for whom it had made a suitability determination under this contract. The listing showed 310 individuals were approved and 1 was denied approval to work on this contract. A comparison of the individuals'

¹¹ This amount includes additional indirect costs and fixed fees charged by Mathematica.

¹² FAR, 48 C.F.R. § 44.201-1(a).

¹³ Title 5, CFR § 731.104(a) states that to establish a person's suitability for employment, appointments to positions in the competitive service require the person undergo an investigation by the Office of Personnel Management or by an agency with delegated authority from the Office of Personnel Management to conduct investigations. At SSA, contract employees are investigated at the same risk level as Federal employees who would be performing the same type of work. Refer to Appendix E for a list of contract suitability factors.

¹⁴ Performing under the contract is defined as either working on-site at an SSA facility (including visiting the SSA site for any reason) or having access to Agency programmatic or sensitive information.

names on invoices paid in FY 2008 to the CPSPM list identified 43 individuals whose names did not appear on the suitability list for this contract. Further analysis of the 43 individuals revealed that suitability determinations were not performed for 20 of the individuals.

The contract stated, "The Government will not permit contractor personnel to perform under the contract until the pre-screening process is complete." An OPDR employee told us she believed suitability determinations were not required for individuals who did not have access to sensitive information. This statement is inconsistent with the contract terms, which state that SSA's protective and personnel security suitability program officers will make the final suitability determination for each contractor employee who does not require access to program or sensitive systems information.

We found that the remaining 23 individuals had suitability determinations completed under other contracts with SSA. OPDR personnel told us it was their understanding that once a suitability determination was approved, a contract employee was cleared to work on multiple contracts. However, CPSPM personnel stated that if a contract employee works on more than one contract, the employee must be cleared for each contract. CPSPM personnel stated suitability determinations were not performed because they were not notified these 23 individuals worked on this contract. CPSPM should be notified so SSA can determine whether the appropriate level of investigation was conducted and its database records adjusted to reflect that the individual is working on another contract.

In situations where contracts have similar suitability requirements, such a practice may not create a significant risk. However, when the contracts have different suitability requirements, there is a risk that individuals assigned to one contract may not have the proper suitability determination to work under another contract. In addition, events could occur or information could become known after the original suitability determination that precludes an individual from working under a new contract. SSA reimbursed Mathematica approximately \$268,000 for work performed under this contract by 40 employees without suitability determinations to work on this contract.¹⁵

CONCLUSION AND RECOMMENDATIONS

For the first 3 years of the 9-year contract period, SSA received the goods and services for which it contracted. However, based on a lack of demonstrated, tangible results achieved through these as well as previous YTD projects, we question whether spending the \$29.7 million remaining on this contract will yield substantial benefit to SSA. The Agency did not establish specific YTD performance goals that could be objectively measured to ensure that benefits received through YTD projects exceeded or were likely to exceed amounts expended, and allow for informed go/no-go project funding decisions. Also, services provided and costs charged to SSA did not always

¹⁵ Wages for the remaining three employees were not shown. The invoice only reported the number of hours worked.

adhere to contract terms and applicable regulations. Specifically, we identified control weaknesses in several areas, including contract payments and use of subcontractors. If SSA continues this contract, the Agency needs to strengthen controls to ensure compliance with contract terms and applicable regulations.

We recommend that SSA:

1. Establish performance goals for the program benefits and/or administrative savings expected to result from continued project expenditures.
2. Establish key milestones tied to performance metrics that objectively measure the progress in achieving the benefits of this project to permit go/no-go decisions informed by quantifiable results.
3. Continue YTD project funding only if performance metrics demonstrate that program results or administrative savings are worth the continued project costs.
4. Fund any continued YTD project site costs using methods specified in the Act (grants, cooperative agreements, or contracts) that are negotiated and executed by SSA in a manner that serves the best interests of the Agency, can be appropriately enforced, and avoids payment of unnecessary administrative fees.
5. Recover the \$28,487 in excess fees related to YTD site payments and the \$5,716 in unallowed and questioned travel costs.
6. Verify the accuracy of fixed fees claimed on future invoices before payment approval.
7. Ensure subcontractors listed on invoices have been approved as authorized subcontractors before certifying an invoice for payment.
8. Ensure contractor personnel (including subcontractors) assigned to the contract receive a favorable suitability determination before allowing the individual to work on the project.

AGENCY COMMENTS

SSA disagreed with Recommendations 1 through 4 and agreed with Recommendations 5 through 8.

With regard to Recommendations 1 through 3, SSA responded that inserting performance goals with respect to administrative savings or program benefits during the demonstration project is inappropriate. The YTD project's success cannot be reliably predicted or measured before the research is completed. SSA stated it expects the YTD project to answer whether interventions successfully help youth transition into

adulthood and discussed its process for approving research projects. SSA referred to a prior GAO report as support for the current design of the YTD project.

With regard to Recommendation 4, SSA stated its practice of allowing the contractor to negotiate MOUs on the Government's behalf fully complied with the Act and FAR. SSA stated that any suggestion otherwise was unsubstantiated. SSA further stated that this practice was reasonable, effective, and saved Government funds. The full text of SSA's comments is included in Appendix F.

OIG RESPONSE

We appreciate SSA's comments but continue to believe strongly that SSA should establish criteria to periodically determine whether spending tens of millions of dollars on SSA program-related research is justified. We also believe strongly that establishment of key performance milestones and measurement of progress toward achieving those milestones would allow for more informed project funding decisions and ensure taxpayer funds are well spent.

Regarding SSA's disagreement with Recommendations 1 through 3, we reiterate that SSA officials were unable to point to any tangible benefit SSA received as a result of approximately \$42 million spent on YTD research from 1999 through 2008. Instead, SSA intends to spend approximately \$29 million more over the next several years before analyzing the cost-effectiveness of the project. SSA cited a 2008 GAO report to support its opposition to establishing financial performance goals and project milestones that can be used to objectively measure research progress. We discussed SSA's comments with GAO officials and believe our findings and recommendations are consistent with information presented in the 2008 GAO report. To illustrate, GAO found that SSA spent \$155 million on 14 demonstration projects that yielded limited information on the programs tested. GAO also found SSA did not have written policies requiring management to regularly review demonstration projects and stated managers should compare a program's actual performance against expected targets and analyze differences.¹⁶

Regarding SSA's disagreement with Recommendation 4, while SSA stated our conclusion was unsubstantiated, it then acknowledged it amended the contract to allow the contractor to negotiate MOUs on behalf of the Government. Our point is that instead of paying project site costs directly to the sites under cooperative agreements, SSA now funds project site costs through an intermediary (Mathematica), which charges a 7.71-percent administrative fee to process the site payments. Had SSA continued to fund project sites directly under cooperative agreements instead of transitioning this function to Mathematica, it could have avoided approximately \$300,000 in administrative fees. We believe our position is in line with recent guidance from OMB regarding the use of contractors. In a July 29, 2009 memorandum, OMB stated that, while contractors provide vital expertise to the Government, agencies must

¹⁶ See Footnote 5.

be alert to situations in which excessive reliance on contractors undermines the Government's ability to accomplish its missions. OMB further states that overreliance on contractors can lead to the erosion of the in-house capacity that is essential to effective Government performance.

A handwritten signature in black ink, appearing to read "Patrick P. O'Carroll, Jr.", with a stylized flourish at the end.

Patrick P. O'Carroll, Jr.

Appendices

APPENDIX A – Acronyms

APPENDIX B – Scope and Methodology

APPENDIX C – Background on the Services to Evaluate Youth Transition
Demonstration Projects

APPENDIX D – Contract Modifications for Services to Evaluate Youth Transition
Demonstration Projects

APPENDIX E – Suitability Factors

APPENDIX F – Agency Comments

APPENDIX G – OIG Contacts and Staff Acknowledgments

Acronyms

Act	<i>Social Security Act</i>
CDB	Childhood Disability Benefits
C.F.R.	Code of Federal Regulations
COTR	Contracting Officer Technical Representative
CPSPM	Center for Personnel Security and Project Management
FAR	Federal Acquisition Regulation
FY	Fiscal Year
GAO	Government Accountability Office
Mathematica	Mathematica Policy Research, Inc.
MOU	Memorandum of Understanding
OBFM	Office of Budget, Finance and Management
OPDR	Office of Program and Development Research
SSA	Social Security Administration
SSI	Supplemental Security Income
U.S.C	United States Code
YCDR	Youth Continuing Disability Review
YTD	Youth Transition Demonstration

Scope and Methodology

To accomplish our objectives, we:

- Reviewed the contract between the Social Security Administration (SSA) and Mathematica Policy Research, Inc., (Mathematica) (Contract Number SS00-05-60084) to assess the contractor's responsibility.
- Reviewed the applicable sections of the Federal Acquisition Regulation, Administrative Instructions Manual System, SSA Acquisition Regulations, and Department of Health and Human Services' Project Officers' Contracting Handbook.
- Interviewed Contracting Officers in the Office of Acquisition and Grants, the Contracting Officer Technical Representative (COTR) in the Office of Program Development and Research (OPDR), and staff in the Office of Finance to discuss invoice payments.
- Reviewed the records used to monitor the contractor's performance and assessed whether SSA and Mathematica performed in accordance with the contract.
- Obtained a list from the Office of Finance identifying all 41 invoices totaling \$17,128,821, paid under this contract for services received through September 2008. We reviewed these invoices to ensure (1) SSA paid amounts approved in the contract; (2) invoices were approved by both the Contracting Officer and COTR before payment of invoices; (3) SSA paid invoices timely in accordance with the terms of the contract; and (4) invoice amounts were recorded correctly.

We determined that the data used for this audit were sufficiently reliable to meet our audit objectives. We performed our audit between August 2008 and September 2009 in Dallas, Texas. The principal entities audited were the Offices of Acquisition and Grants and Finance under the Deputy Commissioner for Budget, Finance and Management; and OPDR under the Deputy Commissioner for Retirement and Disability Policy. We conducted this performance audit in accordance with generally accepted government auditing standards. Those 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 objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background on the Services to Evaluate Youth Transition Demonstration Projects

EVALUATION OF YOUTH TRANSITION DEMONSTRATION PROJECT SITES

On September 30, 2005, SSA awarded Mathematica Policy Research, Inc., a 9-year contract to develop and evaluate Youth Transition Demonstration (YTD) project strategies, determine overall costs to the Government for implementing these strategies, and test the effectiveness of altering Supplemental Security Income (SSI) program rules. The contract is valued at \$46.8 million.¹ In addition, the contract included funding for the creation of three additional project sites. Evaluations will be conducted at these sites as well as the five remaining sites funded through cooperative agreements.

Purpose of the Contract

The purpose of this contract is to support the development, implementation, and evaluation of the YTD interventions designed to help youth with disabilities maximize their economic self-sufficiency as they transition from school to work.

The transition process for a child receiving SSI or Childhood Disability Benefits² (CDB) as they reach age 18 can present many challenges. All child SSI recipients' eligibility is redetermined under the adult SSI requirements at age 18. Furthermore, many SSI youth are also preparing for life beyond school. The choices made during this time are critical for their future employment, earnings, and self-sufficiency.

To better understand how to support individuals with disabilities in reaching their full economic potential, SSA has initiated a multi-faceted research agenda to test strategies to best identify how individuals with disabilities can become self-sufficient and less reliant on SSI/CDB benefits. Through this contract, SSA invested resources in developing and evaluating strategies that maximize the economic self-sufficiency of youth with disabilities as they transition from school to work. This research was to generate empirical evidence, based on both process and random-assignment evaluations, on the impacts of SSI waivers and enhanced coordination of services for youth with disabilities. Under this project, SSA would test the effectiveness of altering

¹ Contract Number SS00-05-60084. The contract value listed is as of September 18, 2008.

² The *Social Security Act* § 202(d); 42 U.S.C. § 402(d), authorizes childhood disability benefits. Moreover, 20 C.F.R § 404.350 indicates that an adult child of a retired, disabled, or deceased worker is entitled to CDB based on the worker's earnings if the individual is 18 years or older and had a disability that began before he or she reached the age 22.

certain SSI rules as an incentive to encourage recipients with disabilities or blindness to initiate work or increase their work activity to increase their earnings. This project is being conducted under the authority of section 1110(b) of the *Social Security Act*.

SSA awarded cooperative agreements to seven project sites in six States to begin this work. These projects worked with youth aged 14 through 25 who receive SSI or CDB and those at-risk of receiving such benefits, including those who have a progressive disability, a prognosis for decreased functioning, or an existing disabling condition before age 18 that would make them eligible for benefits. The evaluation design of YTD strategies was to include a process evaluation of all existing and additional project sites involved and yield important information in understanding how to assist youth in the transition process. In addition, sites interested in random assignment could participate in an impact analysis to assess the impact results of the selected interventions. In terms of project site development, the contractor worked with seven existing YTD project sites as well as identifying and developing three additional project sites willing to participate, with the requirement that they adhere to a random assignment evaluation design. In total, six project sites would be involved with the random-assignment portion of the evaluation.

Evaluation Design

The evaluation was to measure the impact of SSI waivers and enhanced coordination services intended to promote the economic self-sufficiency of youth with disabilities and test overall strategies to improving the employment, educational, and income outcomes of youth with disabilities as they transition from school to work. The three components of this evaluation included a process, impact, and cost-benefit analysis.

Process Evaluation

To develop an effective strategy for best assisting youth with disabilities based on the information generated by this demonstration project, SSA envisions a process evaluation that will collect information on the following.

- The implementation of the SSI waivers and increased services to youth, including how the SSI waivers affected the design of the intervention.
- Uptake issues (identifies the scope of the service population).
- The kinds of services and/or supports delivered to participants and controls.
- How services are delivered.
- How the participants viewed the delivery of such services.

The process evaluation should also include full documentation of the implementation plan, including timelines for major milestones and a comparison of the plans with a detailed accounting of actual results. The contractor was to collect this information from demonstration project participants, SSA staff, contractor staff, and other sources. SSA

envisioned using the process evaluation results to explain the impact results and identify features of the experiment that were carried out as intended, problems encountered and modifications that were made, and those features that were not carried out successfully. The process evaluation was to document the timeline of the implementation and critical events that occurred along the way. In addition, the process study was to capture not only the extent that experimental factors were involved in the interventions but also document how their experience was different from the services and sequence of services received by the control population. The results of the process evaluation were to form the basis of management strategies should youth waivers become part of the SSI program.

Impact Evaluation

The impact analysis was to focus on the net effects of the treatment on participants relative to the control group. The impacts of the programs would be based on information gathered through administrative and other program records and follow-up survey data. The contractor was to take into consideration the differences in program models, policy contexts, target populations, and local economies and labor markets in interpreting project site impacts and differences across project sites. The contractor was to propose analytic methods that take into account the evaluation design and method of sample selection in each project site. Appropriate methods to estimate impacts for various subgroups were also to be proposed. SSA was interested in measuring impacts across a range of outcomes. While it is important to assess the effects of the programs on employment, educational, and SSI outcomes, it is also critically important to understand program effects in other areas such as ameliorating or alleviating barriers targeted by the different program models, changes in participants' perceptions about challenges that influence working, and overall sense of well-being. SSA was to seek Contractor guidance on the range of outcomes that should be considered generally and in the context of specific program objectives. The analysis was to take into consideration the extent to which specific program, policy, and management characteristics appeared to be linked to impacts across project sites.

Cost-Benefit Analysis

A cost-benefit analysis was to be completed to understand the overall costs to the Government for implementing these youth strategies. The contractor was to analyze the costs and benefits, both financial and non-financial, of the programs, and provide this analysis to SSA by June 2012. Costs include, but are not limited to, program operating costs, waiver costs, administrative costs, averaged costs per participant, and increased work-related costs, such as transportation, job coaches, or other work supports. Benefits include, but are not limited to, increased economic output produced by the recipients while in the program and post-program, increased tax payments, reduced SSI payments, reduced dependence on other social service programs, and other similar benefits. The analysis should detail all assumptions and calculations in determining costs and benefits, including those pertaining to decay rates, and include a sensitivity analysis of the major assumptions.

Contract Modifications for Services to Evaluate Youth Transition Demonstration Projects

Modification	Effective Date	Purpose of Modification	Award
1	2/21/2006	Authorization to subcontract with TransCen, Inc. (\$172,945)	0
2	9/30/2006	Provide incremental funding for Contract Year 2.	\$5,687,471
3	9/15/2006	Increase year 1 funding. Change designated Government Contract Specialist.	\$815,870
4	9/21/2006	Incorporate additional work under Tasks 5, 9, 10, 11, 12, and 13. Change the Schedule of Deliverables.	\$1,222,580
5	9/26/2006	Correct the accounting and appropriation data from Modification 2.	0
6	9/30/2007	Incorporate incremental funding for Contract Year 3 for refinements to the evaluation design. Provide program technical assistance to the existing and new Youth Transition Demonstration projects in Fiscal Years 2007-2011. Incorporate evaluation design report under Task 8.	\$8,145,099
7	11/9/2007	Change designated Government Contract Specialist and approve key personnel substitution.	0
8	3/5/2008	Add Task 21, System Security Plan Development and Implementation. Modify Schedule of Deliverables to include Task 21. Add Section H-12 Contractor Responsibilities Regarding Personally Identifiable Identity. Add funding for contract years 3-9 for the System Security Plan Development implementation.	\$717,016
9	9/18/2008	Modify Schedule of Deliverables to add deliverable 7.6. Update Memorandum of Understanding agreements for three sites. Add incremental funding to the contract for previously negotiated year 4 costs and newly negotiated costs for revisions in Task 7. Identify new Contracting Officer Technical Representative (COTR), alternate COTR and new Government Contract Specialist.	\$9,889,277

Suitability Factors

Section H-8 of the contract provides the procedures for obtaining suitability determinations for contractor personnel performing under the contract. Specifically, the contract states that suitability factors include the following.

- Delinquency or misconduct in prior employment.
- Criminal, dishonest, infamous, or notoriously disgraceful conduct.
- The nature and seriousness of the conduct.
- When the conduct occurred.
- The applicant's or employee's age at the time of the conduct.
- The circumstances surrounding the conduct.
- Intentional false statement, deception, or fraud on application forms.
- Habitual use of intoxicating beverages to excess.
- Abuse of narcotics, drugs, or other controlled substances.
- Reasonable doubt as to the loyalty of the individual to the Government of the United States.
- The kind of position for which the person is applying or in which the person is employed.
- Contributing social and environmental conditions.
- The absence or presence of rehabilitation or efforts towards rehabilitation.

Agency Comments



SOCIAL SECURITY

MEMORANDUM

Date: December 12, 2009 **Refer To:** S1J-3

To: Patrick P. O'Carroll, Jr.
Inspector General

From: Margaret J. Tittel //s//
Acting Chief of Staff

Subject: Office of the Inspector General (OIG) Draft Report, "Contract with Mathematica Policy Research, Inc., for Services to Evaluate Youth Transition Demonstration Projects"
(A-06-09-19061)--INFORMATION

Thank you for the opportunity to review and comment on the draft report. We appreciate OIG's efforts in conducting this review. We have attached our response to the report findings and recommendations.

Please let me know if we can be of further assistance. You may direct staff inquiries to Candace Skurnik, Director, Audit Management and Liaison Staff, at (410) 965-4636.

Attachment

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, "CONTRACT WITH MATHEMATICA POLICY RESEARCH, INC., FOR SERVICES TO EVALUATE YOUTH TRANSITION DEMONSTRATION PROJECTS" (A-06-09-19061)

We are pleased that we received the goods and services for which we contracted. We also appreciate that the Office of the Inspector General (OIG) pointed out areas where we can improve oversight of the Mathematica Policy Research, Inc. (MPR) contract. However, we disagree with the recommendations pertaining to research outcomes and decisions.

We cannot agree to these recommendations as they would require that we do analysis when we know the data are incomplete. The resulting analysis would be flawed. In addition, we are concerned with inaccuracies in this report, the failure to consider relevant information, and the apparent lack of quantifiable support for various findings and recommendations. We discuss these items under the individual recommendations.

Our comments and responses to the specific recommendations are as follows.

Recommendation 1

Establish performance goals for the program benefits and/or administrative savings expected to result from continued project expenditures.

Comment

We disagree. Inserting performance goals with respect to administrative savings or program benefits during the demonstration is inappropriate. We would be required to use insufficient data to decide if we should continue the demonstration project. The cost-benefit analysis performed once the demonstration is complete will clearly show any administrative savings or program benefits. In the interim, the Youth Transition Demonstration (YTD) project should continue as currently planned.

Section 1110 of the Social Security Act (Act) grants us the authority to conduct research to inform policy makers on the prevention and reduction of dependency on the Supplemental Security Income (SSI) program. Research we conduct under Section 1110 may evaluate whether it is feasible for us to enact policies or whether a change in policy will have the desired effect. Reasonable costs for designing, implementing, and evaluating the experiment are allowable and appropriate.

The YTD project tests whether a specific set of interventions will help youth who receive (or are at risk of receiving) benefits successfully transition to work and eventually leave (or remain off) the benefit rolls. Reports from the Social Security Advisory Board and the research and disability communities strongly suggest that interventions focused on youth have the potential for long lasting benefits due to the length of time we can expect them to be on the rolls.

Approximately 175,000 children with disabilities under the age of 18 become eligible for SSI each year. Many more become eligible at age 18, when the deeming of parental income and assets no longer applies.* There are approximately 1.9 million SSI recipients under age 30. The benefit outlays at stake are significant.

The YTD project will provide our policy makers with information that will enable us to decide if similar policy changes should be made at the national level. While we hope the interventions we are testing will produce administrative savings and program benefits, we cannot reliably predict or measure YTD's success before completing the research.

Recommendation 2

Establish key milestones tied to performance metrics that objectively measure the progress in achieving the benefits of this project to permit go/no-go decisions informed by quantifiable results.

Comment

We disagree. OIG seems to have ignored the steps we took before proceeding with youth-related research projects. Prior to entering into an agreement with MPR, we contracted with MDRC (a research organization) to conduct an analysis and to provide a recommendation about whether we should proceed with the project. This step was an extremely important decision point that demonstrates that we decided to move forward with the project only after conducting a detailed, thoughtful analysis. Your report did not acknowledge the above effort.

We use a four-step process to make go/no-go decisions for research projects.

1. The first go/no-go decision involves whether we should pursue a research project. We conduct background research and design the research project. During the review of the MPR contract, we considered what information the agency and/or public wanted to research. In a Federal Register Notice (Vol. 66, No. 249), we solicited suggestions from the public on ways to support youth with disabilities in their transition to adulthood. We received 146 responses from parents of youths with disabilities, advocates, and representatives of organizations that serve youths. From these responses, we found that the public was interested in knowing if helping these disabled youths transition to adulthood would ultimately reduce program costs and improve their self-sufficiency.

We considered previous research reported in academic and policy literature. We determined that, theoretically, transition support could be successful. We developed a logic model that we can use to design specific projects to assist in answering this question.

* It has been conservatively estimated that the average period of SSI eligibility for youth is 27 years.

2. The second go/no-go decision involves how to answer the research questions approved in Step 1.

Part of the YTD decision included reviewing the previous results from prior demonstration projects, including the Youth Continuing Disability Review (YCDR) and the Disability Research Institute (DRI) projects. The YCDR project provided insight on how to run a demonstration project. The DRI project helped us determine how to transform the YTD project into a meaningful study. Based on the information we gathered, we approved moving forward with the YTD project, understanding we would incur significant up-front costs and may not see benefits until much later.

Contrary to the findings in the report, the YCDR project is unrelated to the MPR contract. Also, by including the costs of the YCDR and DRI projects in your report (page 3), it appears that you are suggesting that we justify these prior contracts and related expenditures. We believe these projects are beyond the scope of this audit and should not be referenced.

As a result, OIG attributed about \$20 million (roughly half the funds on which the report's recommendations are based) to completely separate projects that have no direct connection to the YTD project.

Considering these prior projects in the report is beyond the stated scope of the audit of the MPR contract. We provided information to OIG about the earlier projects only as supplementary material. OIG's inclusion of these costs will require us to justify the prior contract and prior project expenditures. Those contracts and expenditures are, in our opinion, beyond the scope of this audit.

3. The third go/no-go decision involves whether we will continue with the project once it is underway. The criteria we use is not program or administrative savings, but rather if the project is on track to answer the research question.

Several deliverables allow us to determine if the project is on track. These deliverables include process evaluations to determine if the interventions are implemented according to design, and impact evaluations to determine if there are either increases in youth leaving the rolls or increases in earnings. All of these evaluations require sufficient time to pass before an accurate assessment can be made. Conducting an audit early in the process will not yield accurate results.

The YTD project has several key milestones which allow us to measure progress in answering the research question. These milestones include whether the random assignment was implemented timely and properly, if the program waivers are being used, how many youth are receiving benefits, and how many youth are working. We conduct

monthly meetings with each of the sites and the contractors to ensure the project is progressing appropriately.

We believe your report should acknowledge that we consistently maintained the integrity of the YTD project. For example, we terminated two non-random assignment sites as soon as we realized that we would not be able to get adequate information to assess their progress.

GAO determined that our research design was appropriate and that we are likely to develop the desired data based on the YTD research design. OIG's citation of the GAO report confuses general observations about the history of demonstration projects in SSA with the way we currently run such projects. If OIG disagrees with GAO's assessment, the report should discuss why GAO's conclusions are incorrect. OIG's report should also have provided a listing of design changes they deem necessary for our project to be successful.

4. The final go/no-go decision involves determining if we should expand the intervention or policy change to the national level. We consider administrative savings and program benefits at this stage of the project.

If the research data support expansion, we provide the results to policy makers to formulate national policy. Ending the project early would result in incomplete and incorrect information. This is especially true for the YTD project. We provide transition-age services in the hope we will see positive outcomes later.

We have already learned many things from this project and have informed policy makers about specific issues. Contrary to the report's assertion that "SSA officials could not point to any policy changes implemented... as a result of YTD project expenditures." (page 4), we did provide our policy changes to OIG. One change we specifically mentioned to OIG was a change in section 301 (of P.L. 96-265) policy to continue cash benefits while youth participated in certain programs (which YTD first demonstrated). In June 2005, we completed the regulatory changes necessary to implement this practice nationally. Due to this change, we can continue to provide SSI cash benefits to youth between the ages of 18 and 21 to support them while they complete their individualized education plan.

We agree with the report's conclusion that we should not fund further youth transition-related research until we have received the results from the current YTD project and we complete the cost-benefit analysis.

Recommendation 3

Continue YTD project funding only if performance metrics demonstrate that program results or administrative savings are worth the continued project costs.

Comment

We disagree. We expect the YTD project to answer whether interventions successfully help youth transition into adulthood. Terminating the project early would be unwise and inappropriate. Information derived from an incomplete project would not yield reliable results. This could potentially lead to misinformed policy that could actually harm youth. If we terminate funding and later restart this initiative under a new project, we would duplicate our efforts and double our costs.

The contract with MPR is for implementation of a research model designed to provide answers to specific research questions. The YTD contract with MPR is for the minimum amount of time necessary to receive the basic information that will allow us to make informed policy decisions.

Determining, through rigorous research, whether or not a proposed policy change will work accomplishes this and does not yield a zero return on investment

Agency funded research should help us meet our strategic goals. One of our strategic objectives has been, and continues to be, to increase employment for people with disabilities by expanding opportunities. The YTD project addresses this objective by determining whether a proposed policy change is appropriate. The Government Accountability Office (GAO) agreed that the current design of the YTD project would very likely answer our research questions.

Recommendation 4

Fund any continued YTD project site costs using methods specified in the Act (grants, cooperative agreements, or contracts) that are negotiated and executed by SSA in a manner that serves the best interests of the agency, can be appropriately enforced, and avoids payment of unnecessary administrative fees.

Comment

We agree that all funding should follow the specifications of the Act, but we disagree with OIG's conclusion that these specifications were not followed here. We are in full compliance with the Act and the Federal Acquisition Regulation (FAR). Any suggestion that we are not in full compliance is unsubstantiated and is the result of OIG's overly restrictive interpretation of the Act's requirements.

Initially, the YTD project included seven separate projects funded by cooperative agreements with the agency. As part of our oversight, we determined the initial arrangements would not allow us to adequately answer our research questions. We contracted with MPR to implement and evaluate the YTD project. Based on MPR's recommendation, we modified the YTD project to use a stronger random assignment methodology. This modification increased the costs, but ensured that we would be able to answer our research questions. MPR subsequently established a Memorandum of Understanding (MOU) for services at each project site.

The Act and the FAR allow us to enter into contracts with a primary contractor. OIG apparently believes the Act also prescribes how a contractor obtains services. We disagree with that interpretation of the statute. The primary contractor can acquire other services via subcontracts, MOUs, or other non-prohibited arrangements, as long as the terms of the contract are met. In this instance, there is no conflict with the Act since we did not enter into MOUs with the service providers and MPR appropriately obligated Federal funds.

We received a legal opinion from our Office of General Counsel on this matter which states: "The OIG correctly states that SSA can acquire services under section 1110 of the Act via a contract, grant, or cooperative agreement. However, section 1110 of the Act does not prescribe how a contractor acquires services they need. SSA correctly, in compliance with the Act, contracted with MPR to acquire services through a competitive acquisition. MPR then used MOUs to acquire the project site services. This does not, to our knowledge, violate the Act."

OIG questioned whether MPR negotiated fair and reasonable terms. However, OIG did not cite any findings related to unfair or unreasonable terms. OIG actually found that we obtained all the goods and services for which we contracted. MPR's use of MOUs to obtain services was both reasonable and effective.

Your report states there was "no documentation provided to support approval of these agreements by SSA." In fact, we provided several electronic versions of the MOUs to OIG staff, documenting the edits and changes we made to these documents. In addition, we provided OIG staff with electronic messages in which we approved final versions of the documents.

MPR's use of MOUs to arrange for project site services saved government funds. Under the terms of our agreement, we pay MPR an 8.5 percent administrative fee for subcontracted services, while we pay only a 4 percent fee for services obtained via a MOUs. The amounts mentioned on pages 6 and 7 of the report would have been much higher under a subcontracting arrangement.

Finally, we orally changed the reference to arranging for project services. We are now formalizing that change via a Contract Modification 12. The modification is currently with MPR for signature. We will ensure that changes in contractual language are made in a timelier manner in the future.

Recommendation 5

Recover the \$28,487 in excess fees related to YTD site payments and the \$5,716 in unallowed and questioned travel costs.

Comment

We agree. We have already recovered the \$28,487 in excess fees and the \$5,716 in unallowed and questioned travel costs from MPR. We deducted the amounts from a recent invoice submitted for payment (invoice #43-6209).

Recommendation 6

Verify the accuracy of fixed fees claimed on future invoices before payment approval.

Comment

We agree. We will make every effort to ensure we use the correct rate to calculate the fixed fees. If MPR receives an overpayment, we will recoup any overages during the final audit conducted at contract closeout.

Recommendation 7

Ensure subcontractors listed on invoices have been approved as authorized subcontractors before certifying an invoice for payment.

Comment

We agree. We will ensure subcontractors listed on invoices are approved as authorized subcontractors before certifying an invoice for payment.

Recommendation 8

Ensure contractor personnel (including subcontractors) assigned to the contract receive a favorable suitability determination before allowing the individual to work on the project.

Comment

We agree. We will ensure all contractor personnel (including subcontractors) receive a favorable suitability determination before they work on the project.

Our Center for Personnel Security and Project Management obtained favorable suitability determinations for all required contractor employees who worked on the YTD contract.

OIG Contacts and Staff Acknowledgments

OIG Contacts

Ron Gunia, Director, Dallas Audit Division

Jason Arrington, Audit Manager

Acknowledgments

In addition to those named above:

Lela Cartwright, Senior Auditor

For additional copies of this report, please visit our web site at www.ssa.gov/oig or contact the Office of the Inspector General's Public Affairs Staff Assistant at (410) 965-4518. Refer to Common Identification Number A-06-09-19061.

DISTRIBUTION SCHEDULE

Commissioner of Social Security

Office of Management and Budget, Income Maintenance Branch

Chairman and Ranking Member, Committee on Ways and Means

Chief of Staff, Committee on Ways and Means

Chairman and Ranking Minority Member, Subcommittee on Social Security

Majority and Minority Staff Director, Subcommittee on Social Security

Chairman and Ranking Minority Member, Committee on the Budget, House of Representatives

Chairman and Ranking Minority Member, Committee on Oversight and Government Reform

Chairman and Ranking Minority Member, Committee on Appropriations, House of Representatives

Chairman and Ranking Minority, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, House of Representatives

Chairman and Ranking Minority Member, Committee on Appropriations, U.S. Senate

Chairman and Ranking Minority Member, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, U.S. Senate

Chairman and Ranking Minority Member, Committee on Finance

Chairman and Ranking Minority Member, Subcommittee on Social Security Pensions and Family Policy

Chairman and Ranking Minority Member, Senate Special Committee on Aging

Social Security Advisory Board

Overview of the Office of the Inspector General

The Office of the Inspector General (OIG) is comprised of an Office of Audit (OA), Office of Investigations (OI), Office of the Counsel to the Inspector General (OCIG), Office of External Relations (OER), and Office of Technology and Resource Management (OTRM). To ensure compliance with policies and procedures, internal controls, and professional standards, the OIG also has a comprehensive Professional Responsibility and Quality Assurance program.

Office of Audit

OA conducts financial and performance audits of the Social Security Administration's (SSA) programs and operations and makes recommendations to ensure program objectives are achieved effectively and efficiently. Financial audits assess whether SSA's financial statements fairly present SSA's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management reviews and program evaluations on issues of concern to SSA, Congress, and the general public.

Office of Investigations

OI conducts investigations related to fraud, waste, abuse, and mismanagement in SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, third parties, or SSA employees performing their official duties. This office serves as liaison to the Department of Justice on all matters relating to the investigation of SSA programs and personnel. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

Office of the Counsel to the Inspector General

OCIG provides independent legal advice and counsel to the IG on various matters, including statutes, regulations, legislation, and policy directives. OCIG also advises the IG on investigative procedures and techniques, as well as on legal implications and conclusions to be drawn from audit and investigative material. Also, OCIG administers the Civil Monetary Penalty program.

Office of External Relations

OER manages OIG's external and public affairs programs, and serves as the principal advisor on news releases and in providing information to the various news reporting services. OER develops OIG's media and public information policies, directs OIG's external and public affairs programs, and serves as the primary contact for those seeking information about OIG. OER prepares OIG publications, speeches, and presentations to internal and external organizations, and responds to Congressional correspondence.

Office of Technology and Resource Management

OTRM supports OIG by providing information management and systems security. OTRM also coordinates OIG's budget, procurement, telecommunications, facilities, and human resources. In addition, OTRM is the focal point for OIG's strategic planning function, and the development and monitoring of performance measures. In addition, OTRM receives and assigns for action allegations of criminal and administrative violations of Social Security laws, identifies fugitives receiving benefit payments from SSA, and provides technological assistance to investigations.