



Office *of the* Inspector General

SOCIAL SECURITY ADMINISTRATION

*Audit Report*

Cost Savings Planned and Achieved  
Through the Social Security  
Administration's Information  
Technology Development Initiatives

*A-14-13-13042 | October 2013*

**MEMORANDUM**

**Date:** October 1, 2013

**Refer To:**

**To:** The Commissioner

**From:** Inspector General

**Subject:** Cost Savings Planned and Achieved Through the Social Security Administration's Information Technology Development Initiatives (A-14-13-13042)

The attached final report presents the results of our audit. Our objective was to determine whether the Social Security Administration had achieved the planned cost savings for its information technology initiatives.

If you wish to discuss the final report, please call me or have your staff contact Steven L. Schaeffer, Assistant Inspector General for Audit, at (410) 965-9700.



Patrick P. O'Carroll, Jr.

Attachment

# Cost Savings Planned and Achieved Through the Social Security Administration's Information Technology Development Initiatives

## A-14-13-13042



October 2013

Office of Audit Report Summary

### Objective

To determine whether the Social Security Administration (SSA) had achieved the planned cost savings for its information technology (IT) initiatives.

### Background

In an April 2009 report, we noted that SSA's 7-year projected savings for new and continued IT projects in FYs 2007 through 2009 were \$10 to \$20 billion. In our report, we expressed concern that these estimates were not realistic and did not reconcile to the Agency's annual productivity statistics.

The *Clinger Cohen Act* requires that agencies implement a capital planning and investment control process to maximize the value of IT acquisitions. Further, the Office of Management and Budget mandated that Federal agencies perform post-implementation reviews (PIR). We noted in a 2010 report that SSA's proposed PIR process, as described in its PIR Framework, needed enhancements to meet Federal and SSA requirements, including validating anticipated benefits, such as cost savings.

### Our Findings

We could not determine whether SSA had realized the planned cost savings for its IT initiatives because SSA had not calculated actual savings after project implementation. Additionally, SSA did not have a process to assess the overall effectiveness of its IT capital planning and investment control process. As a result, SSA did not know whether the IT investments achieved the planned full-time equivalent (FTE) savings or any productivity improvements.

We acknowledge that challenges exist in measuring cost savings attributable to specific IT initiatives. However, we believe that without a PIR process, there is no means to assess the reliability of cost-benefit analyses prepared to justify the selection of IT initiatives each year and the allocation of scarce resources. For example, cost-benefit analyses prepared for FY 2007 and 2008 IT initiatives projected that, over 7 years, SSA would save, or avoid using, over 73,200 FTEs as a direct result of these projects. We used available Agency data to evaluate this estimate. However, we could not demonstrate that SSA achieved the planned cost savings and avoidances for its IT initiatives because we could not isolate IT-related savings from other factors, such as process efficiencies and increases in staff knowledge, skills, and abilities. To its credit, SSA stated it planned to establish its PIR process in the next few months.

### Our Recommendation

To help SSA determine the actual benefits and costs of its IT investments and enhance its IT planning process, we recommend that the Agency continue implementing a cost-effective PIR process to verify whether its IT investments are meeting planned savings, including FTEs.

SSA agreed with our recommendation.

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## ABBREVIATIONS

CBA	Cost-Benefit Analysis
FTE	Full-Time Equivalent
FY	Fiscal Year
IT	Information Technology
OIG	Office of the Inspector General
OMB	Office of Management and Budget
PIR	Post-Implementation Review
RSI	Retirement Survivors Insurance
SSA	Social Security Administration

## OBJECTIVE

Our objective was to determine whether the Social Security Administration (SSA) had achieved the planned cost savings<sup>1</sup> for its information technology (IT) initiatives.

## BACKGROUND

SSA relies on IT to deliver many services to the public. With over 60 years of computing experience, the Agency considers itself a pioneer organization for extremely large, centralized, and cost-effective IT service delivery. In Fiscal Year (FY) 2012, SSA spent approximately \$1.5 billion on IT investments. SSA has stated its IT investments have been critical to increasing its average annual employee productivity.<sup>2</sup> For example, the Agency indicated that IT investments in online services and the disability process have allowed it to keep pace with recent workload increases.<sup>3</sup>

Each year, the Agency assesses proposed IT investments to select initiatives that will improve the organization's overall performance. Consistent with Federal guidance,<sup>4</sup> SSA policy requires that IT initiatives “. . . deliver a measurable net benefit worth the investment.”<sup>5</sup> Specifically, the Agency requires a cost-benefit analysis (CBA) for every IT project proposal.<sup>6</sup> While SSA considers additional factors when prioritizing IT projects,<sup>7</sup> the selection process includes consideration of projected costs and savings, including cost avoidance.<sup>8</sup>

In an April 2009 report,<sup>9</sup> we noted that SSA's 7-year projected savings for new and continued IT projects in FYs 2007 through 2009 were \$10 to \$20 billion. In our report, we expressed concern

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<sup>1</sup> Throughout our report, the term “cost savings” includes cost avoidances, which are actions taken to reduce future costs.

<sup>2</sup> SSA, *Full Justification of Estimates for Appropriations Committees, Feb. 2012*, [www.ssa.gov/budget/](http://www.ssa.gov/budget/), p. 19.

<sup>3</sup> *Id.*

<sup>4</sup> Office of Management and Budget (OMB), Circular No. A-130 Revised, *Management of Federal Information Resources*, November 28, 2000, establishes policy for the management of Federal information resources. This Circular provides that as part of the selection component of the capital planning process, agencies must “. . . demonstrate a projected return on the investment that is clearly equal to or better than alternative uses of available public resources.” *Id.* at § 8.b.(1)(b)(v).

<sup>5</sup> SSA, *Capital Planning & Investment Control*, May 2012, p. 18.

<sup>6</sup> *Id.* at p. 15. CBAs are required for all new and revisited IT proposals, and amended CBAs for carryover proposals with a scope change.

<sup>7</sup> Other factors include risk, schedules, and alignment with Agency goals and performance objectives.

<sup>8</sup> SSA, *Capital Planning & Investment Control*, May 2012, p. 14.

<sup>9</sup> SSA OIG, Congressional Response Report: *Opportunities and Challenges for the Social Security Administration* (A-08-09-29152), April 2009, pp. 18-19.

that these estimates were not realistic and did not reconcile to the Agency's annual productivity statistics.<sup>10</sup>

The *Clinger Cohen Act* requires that agencies design and implement a capital planning and investment control process to maximize the value and assess and manage the risks of IT acquisitions.<sup>11</sup> This process is required to provide for the evaluation of the results of IT investments.<sup>12</sup> OMB provided detailed guidance on the evaluation component of the capital planning process, which requires that Federal agencies perform post-implementation reviews (PIR) of information systems and information resource management processes to validate estimated benefits and costs and document effective management practices for broader use.<sup>13</sup> The guidance also requires, among other things, that the Agency evaluate systems to ensure positive return on investment and decide whether continuation, modification, or termination of the systems is necessary to meet agency mission requirements.<sup>14</sup> Finally, the *Paperwork Reduction Act of 1995* establishes "a broad mandate for agencies to perform their information resources management activities in an efficient, effective, and economical manner."<sup>15</sup>

In a 2007 review,<sup>16</sup> we determined that although SSA had established a PIR policy, it had not established a process to determine whether its IT projects actually achieved their planned cost savings. In addition, we noted in a 2010 report<sup>17</sup> that SSA's proposed PIR process, as described in its PIR Framework, needed enhancements to meet Federal and SSA requirements, including validating anticipated benefits, such as cost savings.

To meet our objective, we analyzed Federal criteria and SSA policies and procedures regarding IT capital planning. We interviewed staff from SSA's Office of Systems and analyzed Agency data on its processed workload volumes and work years. Finally, we reviewed Agency data on the costs and projected savings and cost avoidances of IT projects included in its FY 2007-2008

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<sup>10</sup> *Id.* at p. 19. For FY 2007, SSA reported a productivity increase of about 2 percent using a 5-year rolling average. On p. 1 of SSA's *FY 2012 Performance and Accountability Report*, the Agency reported average productivity increase of over 4.7 percent a year from FYs 2008 through 2012.

<sup>11</sup> *Clinger-Cohen Act*, Pub. L. No. 104-106, § 5122(a), 110 STAT. 186, 683.

<sup>12</sup> *Id.* at § 5122 (b)(1).

<sup>13</sup> OMB, Circular No. A-130 supra at § 8.b.(1)(d)(i).

<sup>14</sup> OMB, Circular No. A-130 supra at § 8.b.(1)(d)(ii). Similarly, other OMB guidance states that each PIR should assess, among other things, how well an IT investment achieved the planned functionality and anticipated benefits. See OMB, *Capital Programming Guide V 3.0, Supplement to Office of Management and Budget Circular A-11: Planning, Budgeting, and Acquisition of Capital Assets*, July 2012, § III.3.3.

<sup>15</sup> OMB, Circular No. A-130 supra at § 5. *Paperwork Reduction Act of 1995*, §§ 3501(5) and 3506(a)(1)(A), 44 U.S.C. §§ 3501(5) and 3506(a)(1)(A).

<sup>16</sup> SSA OIG, *Social Security Administration's Management of Information Technology Projects* (A-14-07-17099), July 26, 2007.

<sup>17</sup> SSA OIG, *The Social Security Administration's Post-Implementation Review Process* (A-14-10-30105), June 22, 2010.

Agency IT Systems Plan. We selected projects from this Plan to ensure sufficient time had elapsed for project completion and analysis. Our review focused on full-time equivalent (FTE)<sup>18</sup> savings and cost avoidances created by IT projects. We would expect such savings and cost avoidances to correlate to an increase in SSA employee productivity statistics. For additional scope and methodology, see Appendix A.

## RESULTS OF REVIEW

We could not determine whether SSA had realized the planned cost savings for its IT initiatives because SSA had not calculated actual savings after project implementation. Additionally, SSA did not have a process to assess the overall effectiveness of its IT capital planning and investment control process. As a result, SSA did not know whether the IT investments achieved the planned FTE savings or any productivity improvements.

We acknowledge that challenges exist in measuring cost savings attributable to specific IT initiatives. However, we believe that without a PIR process, there is no means of assessing the reliability of CBAs prepared to justify the selection of IT initiatives each year and the allocation of scarce resources. For example, CBAs prepared for FY 2007 and 2008 IT initiatives projected that, over a 7-year period, SSA would save or avoid using over 73,200 FTEs as a direct result of these projects.<sup>19</sup> We used available Agency data to evaluate this estimate. However, we could not demonstrate that SSA achieved the planned cost savings and avoidances for its IT initiatives because we could not isolate IT-related savings from other factors, such as process efficiencies and increases in staff knowledge, skills, and abilities. To its credit, SSA indicated it planned to establish its PIR process in the next few months.

### SSA Did Not Determine Actual Cost Savings and Avoidances from its IT Projects

SSA did not verify whether its IT projects achieved the cost savings and avoidances projected during its IT planning process. We acknowledge the Agency faces many obstacles in validating cost savings and avoidances after project implementation. However, without these data, SSA did not know whether IT investments achieved the anticipated cost savings and avoidances. Additionally, absent this information, we could not accomplish our audit objective to determine whether SSA's IT projects achieved the planned cost savings or avoidances. As shown in Table 1, the approximate 7-year FTE cost savings and avoidances for projects in SSA's

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<sup>18</sup> One FTE is equivalent to one employee working full-time.

<sup>19</sup> We calculated the projected FTE cost savings and avoidances by adding individual project data from SSA's FY 2007-2008 Agency IT Systems Plan. For various reasons, the expected costs, savings and avoidances may be higher or lower than these calculations. For example, SSA may not move forward with all of the planned projects, and some projects may overlap one another. We also noted that the plan did not include FTE cost savings and avoidances for all projects.



FY 2007-2008 Agency IT Systems Plan was 73,200.<sup>20</sup> Table 1 also presents approximate dollar savings, avoidances, and project costs for these initiatives.

**Table 1: Cost Savings and Avoidances and Project Costs Estimated in SSA’s FY 2007-2008 Agency IT Systems Plan (Projects with FTE Cost Savings and Avoidances over 100)**

FTE Cost Savings and Avoidances over 7-Year Span	Net Cost Savings and Avoidances over 7-Year Span (Millions)	Project Costs <sup>21</sup> (Millions)
73,200	\$8,200	\$1,700

Agency staff stated it was difficult to isolate the benefits of a single project because of the constant changes to its environment. For example, one workload may be impacted by multiple IT projects, and one IT project may influence multiple workloads. In addition, an IT development project may have multiple releases, while other projects are ongoing to support the Agency’s IT infrastructure. Further, SSA staff stated that policy and legislation changes included in some projects may not create extra benefits. While the Agency may be able to identify an overall change in productivity for a workload, it could be difficult to determine how specific IT projects impacted this change.

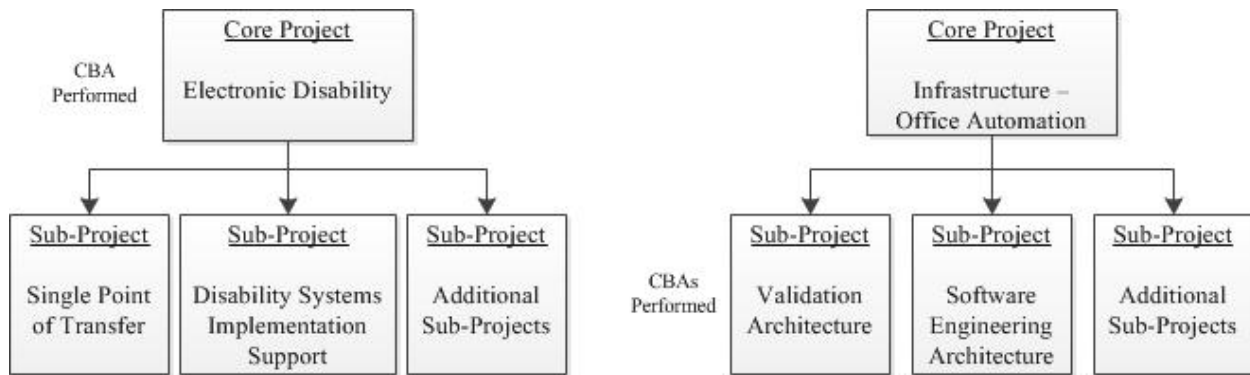
We identified another area that affects SSA’s ability to validate actual cost savings. SSA tracks the status and cost of its IT projects at a sub-project<sup>22</sup> level. However, Agency staff performs CBAs at either the sub-project level or a higher, “core” project level. For example, the left chart of Figure 1 illustrates that SSA’s expected cost savings and avoidances from sub-projects would be included in the CBA for the core project. The right chart in Figure 1 illustrates that a core project could link to multiple sub-projects, each of which had an individual CBA.

<sup>20</sup> See Footnote 19.

<sup>21</sup> We calculated project costs by subtracting net savings from total savings.

<sup>22</sup> We use the term “sub-project” to refer to the various releases or smaller projects that fall under a larger, “core” project.

**Figure 1: CBAs Performed at Different Project Levels**



We requested SSA’s actual cost savings that resulted from the implementation of IT projects. As of the date of this review, the Agency could not provide this information. The Agency provided cost data at the sub-project level, but we were unable to map the sub-projects to the CBA-level projects or core project level. Consequently, we were unable to compare estimated costs from CBAs to actual project costs.

Despite these limitations, we attempted to determine whether SSA achieved the FTE cost savings and avoidances expected from the IT initiatives in its FY 2007-2008 Agency IT Systems Plan but could not demonstrate that SSA achieved the planned cost savings and avoidances. We could not isolate the cost savings and avoidances realized from the IT initiatives from cost savings and avoidances attributed to other factors, such as process efficiencies and increases in staff knowledge, skills, and abilities.

## Estimated FTE Cost Savings and Avoidances from SSA IT Initiatives

To assess the estimated FTE cost savings and avoidances documented in SSA’s FY 2007-2008 IT Systems Plan, we analyzed data for SSA work years and workload volume. As shown in Table 2, if the Agency’s productivity level had not increased since 2007, SSA would have needed an additional 46,279 FTEs to complete the same volume of work, or an average of 9,256 FTEs per year. See Appendix B for a selection of SSA’s processed workload volume and work years.

**Table 2: Office of the Inspector General (OIG)-calculated FTE Cost Savings and Avoidances from Agency Productivity Improvements by FY<sup>23</sup>**

	2007	2008	2009	2010	2011	2012	Total
Work Years Used to Process Actual Workloads	54,681	55,425	58,002	60,934	60,630	58,421	348,093
Work Years SSA Would Have Required to Process Actual Workloads at the 2007 Production Rate <sup>24</sup>	54,681	58,706	63,969	68,793	71,988	76,234	394,372
OIG-Calculated FTE Cost Savings and Avoidances	Base Year	3,281	5,967	7,859	11,358	17,813	46,279

During this period, SSA had a net loss of just over 1,000 permanent staff but increased productivity for some workloads. For example, in FY 2007, SSA processed 3.9 million Retirement Survivors Insurance (RSI) claims. That number increased to 5 million in FY 2012.

Next, we compared the realized FTE cost savings and avoidances as calculated above to our calculation of SSA’s estimated 73,200 FTE cost savings and avoidances over a 7-year period from its FY 2007-2008 IT Systems Plan. We allocated the 73,200 over the 7 years assuming the estimated FTE cost savings and avoidances would increase by the same amount (2,614) each year.<sup>25</sup> Table 3 shows the results of our calculations and comparisons.

<sup>23</sup> This Table was derived from data in SSA’s *Workload Trend Reports*. The Table extends through FY 2012 since that was the last full FY for which data were available. The Table excludes “Staff and Measurable Support functions,” such as program policy and financial management. The Table also excludes workloads with no associated volume.

<sup>24</sup> For example, in FY 2007, SSA used 6,673 work years to process 3,863,813 RSI Claims, or 579 RSI claims per work year. We applied the same 2007 productivity rate to actual workload volumes for FYs 2008 to 2012.

<sup>25</sup> For our analysis, we assumed the Agency would realize new cost savings and avoidances at a constant rate and that upon implementation, an IT project would deliver the same amount of cost savings and avoidances annually. As illustrated in the second row of Table 3, annual increases of 2,614 FTEs total 73,200 FTEs over 7 years.

**Table 3: Comparison of OIG-calculated and SSA-estimated FTE Cost Savings and Avoidances by FY**

	2007	2008	2009	2010	2011	2012	Total Through 2012	2013	2014	Total Through 2014
OIG-Calculated FTE Cost Savings and Avoidances (Table 2)	Base Year	3,281	5,967	7,859	11,358	17,813	<b>46,279</b>	Yet to Occur		
Pro-Rata FTE Cost Savings and Avoidances Estimated Based on SSA's FY 2007-2008 IT Systems Plan	Base Year	2,614	5,229	7,843	10,457	13,071	<b>39,214</b>	15,686	18,300	<b>73,200</b>

Although Table 3 indicates productivity improvements greater than the estimated pro-rata FTE cost savings and avoidances, this analysis was limited by the following factors.

- The OIG-calculated FTE cost savings and avoidances represent all SSA productivity improvements, including those unrelated to IT investments. For example, in addition to IT-related productivity improvements, SSA attributed productivity improvements to streamlined and simplified business processes, policies, and procedures.<sup>26</sup> The Agency also reported that staff development, such as training initiatives<sup>27</sup> and increased experience,<sup>28</sup> resulted in productivity improvements. However, we were unable to isolate the cost savings and avoidances realized from the implementation of IT initiatives and those attributed to other factors, such as process efficiencies and increases in staff knowledge, skills, and abilities, to complete Agency workloads.
- The estimated FTE cost savings and avoidances from projects in the FY 2007-2008 Agency IT Systems Plan may be higher or lower than our calculation of 73,200 FTEs. For example, SSA staff stated that some projects in the Plan may overlap, overstating the estimated cost savings and avoidances in our calculation. Conversely, the Plan did not identify the FTE cost savings and avoidances for all projects, understating our calculation. For example, the Plan did not break out planned FTE cost savings and avoidances for SSA's Electronic Disability project, a major initiative that moves the Agency away from a paperbound disability process.

<sup>26</sup> SSA, *SSA's FY 2009 Performance and Accountability Report*, p. 78.

<sup>27</sup> SSA, *SSA's FY 2011 Performance and Accountability Report*, p. 20.

<sup>28</sup> SSA, *SSA's FY 2012 Performance and Accountability Report*, p. 1.

- We also noted some data reasonability and reliability issues with SSA's data.
  - Almost 75 percent of the FTE cost savings and avoidances indicated in SSA's FY 2007-2008 IT Systems Plan related to infrastructure projects rather than projects that link directly to specific program workloads. One might expect that projects linked to a specific program workload would produce a higher percentage of FTE cost savings and avoidances since they directly impact a business process.
  - One of our prior reviews found SSA's critical workload measurement data were unreliable.<sup>29</sup>

In addition, estimation errors of cost savings and avoidances at the individual IT project level may not be apparent by analyzing productivity improvements at the Agency level. For example, certain IT projects may not achieve the anticipated cost savings and avoidances, while others may exceed expectations. Without conducting PIRs, SSA does not know whether it has made proper investment decisions and cannot use that information to help improve its decisionmaking process.

SSA stated that its IT investments had been critical to increasing its average annual employee productivity.<sup>30</sup> However, SSA did not know how much Agency productivity had increased because of its IT investments. SSA did not know because it did not determine to what extent its IT investments impact its productivity.

To meet Federal requirements and help the Agency determine the actual cost savings and avoidances of an IT project,<sup>31</sup> SSA needed to complete development and implementation of a PIR process. A PIR is an important diagnostic tool to evaluate the overall effectiveness of an agency's capital planning and acquisition process. PIRs can identify how accurately a capital investment project meets the objectives, expected benefits, and the strategic goals of an agency. Further, a PIR can ensure continual improvement of an agency's capital programming process based on lessons learned and help minimize the risk of repeating past mistakes.

When designing a PIR process, SSA should consider the nature of its IT capital planning and investment control processes and the structure of its IT Systems to identify a proper project boundary for the PIR. In addition, SSA needs to determine the appropriate time to conduct a PIR especially for IT projects that have high dollar planned cost savings, avoidances, and project costs.

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<sup>29</sup> OIG, *The Social Security Administration Cost Allocation Methodology* (A-15-10-20152), June 18, 2012, p. 7.

<sup>30</sup> SSA, *Full Justification of Estimates for Appropriations Committees*, Feb. 2012, [www.ssa.gov/budget/](http://www.ssa.gov/budget/), p. 19.

<sup>31</sup> See Background section for a discussion of Federal requirements.

In July 2013, the Agency stated that it completed a customized PIR framework, which it used to evaluate its Telephone System Replacement Project.<sup>32</sup> SSA planned to use lessons learned from this evaluation to finalize its PIR procedures. Therefore, we recommend SSA continue implementing a cost-effective PIR process to verify whether its IT investments are meeting planned savings, including FTEs. Further, by conducting PIRs, SSA can use the results to enhance its IT planning process.

## CONCLUSIONS

Although SSA's IT project selection process considered estimated cost savings, the Agency had not validated these estimates. Therefore, SSA did not know, and we could not determine, whether its IT investments achieved the anticipated cost savings.

In an environment of shrinking budgets, limited resources, and increasing workloads, it is imperative that SSA use its IT resources effectively and efficiently. PIRs are a mandatory and important diagnostic tool to evaluate the overall effectiveness of an agency's capital planning and acquisition process. An effective PIR process will allow the Agency to identify and promote effective management practices, while offering the opportunity to learn from and avoid repeating unfavorable practices.

SSA recognized the importance of PIRs in assessing its IT capital planning, and we commend the Agency for its efforts to develop a PIR process. However, the Agency cannot reap the benefits of these efforts until it fully implements its PIR process.

## RECOMMENDATION

To help SSA determine the actual benefits and costs of its IT investments and enhance its IT planning process, we recommend that the Agency continue implementing a cost-effective PIR process to verify whether its IT investments are meeting planned savings, including FTEs.

## AGENCY COMMENTS

SSA agreed with our recommendation. See Appendix C for the full text of the Agency's comments.

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<sup>32</sup> SSA implemented a multi-year replacement of its aged telephone systems with a centrally managed system to carry voice and data on the same network. SSA expects the project to save administrative costs and support future technological improvements.

# *APPENDICES*

## Appendix A – SCOPE AND METHODOLOGY

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To determine whether the Social Security Administration (SSA) achieved the planned cost savings for its information technology (IT) initiatives, we:

- Interviewed staff in SSA’s Office of Systems.
- Examined SSA’s Fiscal Year 2007-2008 Agency IT Systems Plan and Agency data on completed IT releases.
- Analyzed Agency data on its processed workload volumes and work years used.
- Reviewed SSA policies and procedures, including the following.
  - *Capital Planning & Investment Control*
  - *iCBA User’s Guide*
- Reviewed the following criteria.
  - *The Clinger-Cohen Act*, as amended
  - Office of Management and Budget (OMB) Circular No. A-130
  - OMB, *Capital Programming Guide, V 3.0, Supplement to Office of Management and Budget Circular A-11: Planning, Budgeting, and Acquisition of Capital Assets*
  - OMB, *Guidance on Exhibits 53 and 300 – Information Technology and E-Government, (2012)*

Our review focused on full-time equivalent (FTE)<sup>1</sup> cost savings and avoidances created by IT projects. We requested SSA’s actual cost savings and avoidances that resulted from the implementation of IT projects. However, the Agency could not provide this information. Therefore, we analyzed data for SSA work years and workload volume to assess the estimated FTE cost savings and avoidances documented in SSA’s FY 2007-2008 IT Systems Plan. We noted that one of our prior reviews found SSA’s critical workload measurement data were unreliable.<sup>2</sup> Further, we did not review SSA’s cost-benefit analyses (CBA) to assess the accuracy of the estimated FTE cost savings and avoidances documented in the FY 2007-2008 Agency IT Systems Plan. Although, we noted concerns about the reliability of the data used for this review, we attempted to meet our audit objectives using these data.

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<sup>1</sup> One FTE is equivalent to one employee working full-time.

<sup>2</sup> OIG, *The Social Security Administration Cost Allocation Methodology* (A-15-10-20152), June 18, 2012, p. 7.



In addition, we requested a list of completed IT projects at a CBA level to compare actual project costs with estimated costs. The Agency provided data at the sub-project level<sup>3</sup>; but we were unable to map the sub-projects to CBA-level, or core, projects. Consequently, we were unable to compare estimated costs from CBAs to actual project costs.

We conducted our audit in Baltimore, Maryland, from February through June 2013. The entity reviewed was the Office of Systems. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and conduct 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.

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<sup>3</sup> We use the term “sub-project” to refer to the various releases or smaller projects that fall under a larger, “core” project.

## Appendix B – SELECTION OF AGENCY WORKLOADS AND WORK YEARS USED BY FISCAL YEAR

The following table identifies SSA’s workload volume processed and work years used for a selection of workloads. The table includes the first and last 2 fiscal years within our scope for comparability.

	Workload Volume Processed <sup>1</sup>			Work Years Used <sup>1</sup>		
	2007	2011	2012	2007	2011	2012
Retirement Survivors Insurance Claims	3,863,813	4,795,086	5,001,092	6,673	6,694	6,207
Disability Insurance Claims	2,649,004	3,569,976	3,406,955	7,637	7,739	6,933
Supplemental Security Income Aged Claims	289,019	272,857	257,330	304	300	284
SSI Blind & Disabled Claims	2,377,201	2,887,776	2,695,685	4,585	4,468	3,991
Part D Subsidy Claims	1,135,381	1,308,646	1,028,152	402	513	469
Retirement Survivors Insurance Hearings	2,516	2,658	1,886	421	431	659
Disability Insurance Hearings	402,163	563,837	583,910	6,386	7,651	7,990
Supplemental Security Income Hearings	356,311	548,083	565,778	3,544	4,819	4,805
Social Security Number Record Maintenance	17,644,840	16,975,774	16,722,682	3,414	3,157	2,921

<sup>1</sup> SSA Workload Trend Report, Fiscal Year 2010 Fourth Quarter Report and SSA Workload Trend Report, Fiscal Year 2012 Fourth Quarter Report.

## Appendix C – AGENCY COMMENTS

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### SOCIAL SECURITY

#### MEMORANDUM

**Date:** September 11, 2013 **Refer To:** SIJ-3

**To:** Patrick P. O’Carroll, Jr.  
Inspector General

**From:** Katherine Thornton /s/  
Deputy Chief of Staff

**Subject:** Office of the Inspector General Draft Report, “Cost Savings Planned and Achieved Through the Social Security Administration’s Information Technology Development Initiatives” (A-14-13-13042)--INFORMATION

Thank you for the opportunity to review the draft report. Please see our attached comments.

Please let me know if we can be of further assistance. You may direct staff inquiries to Gary S. Hatcher at (410) 965-0680.

Attachment

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL DRAFT REPORT,  
"COST SAVINGS PLANNED AND ACHIEVED THROUGH THE SOCIAL SECURITY  
ADMINISTRATION'S INFORMATION TECHNOLOGY DEVELOPMENT  
INITIATIVES" (A-14-13-13042)**

**Recommendation 1**

Continue implementing a cost-effective PIR process to verify whether its IT investments are meeting planned savings, including FTEs.

**Response**

We agree. We will continue to implement a cost-effective post-implementation review (PIR) process to verify that our information technology (IT) investments are meeting planned savings, including full-time equivalents. As noted in your report, in July 2013, we developed the framework for a PIR process to assess our IT project performance. We recently evaluated our Telephone System Replacement Project (TSRP) using our PIR process and will present the TSRP PIR results to all executive stakeholders on September 13, 2013. In addition, we are conducting a second PIR on the Access to Financial Institutions (AFI) project and anticipate a draft AFI PIR report by the end of September 2013.

As we proceed, we will continuously fine-tune our PIR procedures to improve our application of the PIR criteria to rate our IT investments. We plan to complete one PIR in each quarter of fiscal year 2014.

## Appendix D – MAJOR CONTRIBUTORS

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Brian Karpe, Director, Information Technology Audit Division

Grace Chi, Audit Manager

Mike Zimmerman, Senior Auditor

Asad Isfahani, Auditor

## MISSION

By conducting independent and objective audits, evaluations, and investigations, the Office of the Inspector General (OIG) inspires public confidence in the integrity and security of the Social Security Administration's (SSA) programs and operations and protects them against fraud, waste, and abuse. We provide timely, useful, and reliable information and advice to Administration officials, Congress, and the public.

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**Website:** <http://oig.ssa.gov/report-fraud-waste-or-abuse>

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Baltimore, Maryland 21235

**FAX:** 410-597-0118

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