OIG

Office *of the* Inspector General

SOCIAL SECURITY ADMINISTRATION

Congressional Response Report

The Social Security Administration's Disability Case Processing System

A-14-15-15016 | November 2014

November 13, 2014

The Honorable Sam Johnson
Chairman, Subcommittee on
  Social Security
Committee on Ways and Means
House of Representatives
Washington, D.C. 20515

Dear Mr. Johnson:

In your July 25, 2014 letter, you asked that we review issues relating to the Social Security Administration's (SSA) Disability Case Processing System (DCPS). On September 5, 2014, we provided your office with an interim report that addressed many of your questions. In the enclosed evaluation report, we provide additional information about (1) SSA's actions in response to the independent consultant's findings and recommendations, and (2) the entities involved in the DCPS project, their roles and compensation.

The report highlights various facts pertaining to the issues raised in your letter. To ensure SSA is aware of the information provided to your office, we are forwarding a copy of this report to the Agency.

Thank you for bringing your concerns to my attention. If you have any questions concerning this matter, please call me or have your staff contact Kristin Klima, Congressional and Intragovernmental Liaison at (202) 358-6319.

Sincerely,

Patrick P. O'Carroll, Jr.
Inspector General

Enclosure

cc:
Carolyn W. Colvin

The Social Security Administration's Disability Case Processing System
A-14-15-15016

Objective

To evaluate the Social Security Administration's (SSA) plans to complete the Disability Case Processing System (DCPS) project.

Background

SSA partners with State disability determination services (DDS) to evaluate disability claims and make disability determinations. SSA intends for DCPS to simplify DDS system support and maintenance by transitioning to a case processing system that provides common functionality and consistent support to each DDS. According to the Agency, DCPS will also improve the speed and quality of the disability process and reduce the overall growth rate of infrastructure costs.

In March 2014, SSA contracted with a consultant to conduct an independent analysis of the DCPS project. The consultant delivered its report in June 2014. The report indicated that SSA invested $288 million in DCPS over 6 years, but the project delivered limited functionality and faced schedule delays as well as increasing stakeholder concerns.

On July 25, 2014, we received a letter from Representative Sam Johnson, Chairman, Subcommittee on Social Security, House Committee on Ways and Means, requesting that we review DCPS.

Our Findings

SSA has taken steps to get DCPS on track. For example, SSA

- designated a single accountable executive for the project and reorganized DCPS staff into a new Chief Program Office;
- established teams to ensure DDS staff is more involved in developing and testing DCPS; and
- prioritized known functional limitations with the software and shifted resources to focus on resolving existing problems.

In the near-term, SSA plans to

- evaluate its contracting options to ensure project risks are shared with vendors;
- perform a new, comprehensive cost-benefit analysis for the project; and
- release a new version of DCPS that will address nearly 200 outstanding issues.

SSA is determining whether off-the-shelf software or a modernized version of existing SSA-owned software can be integrated into DCPS and, if so, what the associated implementation costs would be. However, while those evaluations are underway, the Agency is developing its custom-built solution.

Conclusions

SSA has taken steps to help get the project on track and ensure its successful completion. However, we believe SSA should suspend the development of certain custom-built components of DCPS until it has completed its evaluations and determined whether off-the-shelf or modernized SSA-owned software are viable alternatives.

The successful delivery of DCPS will require diligent oversight by Agency management and unified strategic decisions. SSA must ensure it has a process to monitor progress, identify issues timely, and take corrective action. In addition, the Agency should keep key stakeholders—including congressional committees and the Inspector General—informed of the project's status. We plan to continue monitoring SSA's progress as the DCPS project moves forward.

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ABBREVIATIONS

CBA	Cost-Benefit Analysis
DCPS	Disability Case Processing System
DDS	Disability Determination Services
DUIT	DCPS User Integration Team
MIDAS	Modernized Integrated Disability Adjudicative System
OIG	Office of the Inspector General
SSA	Social Security Administration

OBJECTIVE

Our objective was to evaluate the Social Security Administration's (SSA) plans to complete the Disability Case Processing System (DCPS) project.

BACKGROUND

SSA partners with State disability determination services (DDS) to evaluate disability claims and make disability determinations.[1] The 54 DDSs use various customized systems to process disability claims and other non-SSA workloads. Supporting and maintaining these systems requires significant resources.

DCPS is a nationwide SSA initiative to bring greater consistency to DDSs and the disability determination process. SSA conceived of DCPS as a common case processing system to be used by all DDSs, which would simplify system support and maintenance, improve the speed and quality of the disability process, and reduce the overall growth rate of infrastructure costs. Developing a common case processing system is a complex initiative for SSA, as it must satisfy Federal requirements, the inherent nuances of the 54 unique DDS organizations, and individual State-mandated requirements (for example, DCPS must support various State-mandated payment rates for medical evidence).

DCPS has several components: a case management component, correspondence management, a National Vendor File, fiscal integrations, and management information components. In September 2007, SSA established the DCPS Steering Committee, which included DDS administrators and Agency executives, to assist with planning and implementing the project. The OIG is not a member of this Committee.

SSA offered potential vendors the opportunity to bid on DCPS with an off-the-shelf product, a custom-built solution, or a combination of the two. SSA determined that Lockheed Martin's proposal best met the Agency's requirements and, in Fiscal Year 2011, SSA awarded the contract. DCPS was to be developed as a combination of custom-built software and off-the-shelf products. For example, DCPS would use the off-the-shelf products Thunderhead for correspondence and MicroStrategy for management information. SSA initially estimated the project would cost $381 million.

SSA has used an iterative approach to implementing DCPS, starting at one test site and expanding to other test sites as functionality evolved.[2] Presently, three DDSs are using DCPS and, through October 8, 2014, these sites processed a total of 721 cases to completion through the system.

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[1] *Social Security Act* § 221 and §1633, 42 U.S.C. §421 and §1383b.

[2] SSA selected the test sites considering the type of system they use, volume of cases they process, and number of office locations in the State.

Table 1: DCPS Release Dates and Test Site Implementation

Implementation Date	DCPS Test Version	Test Site(s)
September 2012	1.0	Idaho
November 2012	1.1	Idaho
February 2013	1.2	Idaho
May 2013	2.0	Idaho
June 2013	2.0	Illinois
June 2013	2.0.2	Illinois
July 2013	2.0.4	Idaho, Illinois
December 2013	3.0	Idaho, Illinois, Missouri
February 2014	3.1	Idaho, Illinois, Missouri
June 2014	4.0	Idaho, Illinois, Missouri

In March 2014, SSA contracted with a consultant to independently analyze the DCPS project. The consultant delivered its report in June 2014. The report indicated that SSA invested $288 million in DCPS over 6 years, but the project delivered limited functionality and faced schedule delays as well as increasing stakeholder concerns. However, the report also indicated that DCPS had the potential to provide significant value to the Agency. According to the report, SSA leadership had decided to "reset" the program to increase the likelihood of successful delivery.

Based on the consultant's recommendation, SSA again contracted with the consultant to determine whether the Agency could integrate off-the-shelf software solutions into DCPS' workload and case management functionality. This second report, issued in August 2014, stated that an off-the-shelf solution could be a strong alternative to SSA's current custom-build path.

On September 29, 2014, SSA awarded a 3-year Blanket Purchase Agreement, under which the consultant will independently evaluate SSA's implementation plans and processes, including identifying risks and potential impediments to the desired outcome. The consultant will provide guidance with the tactical and strategic implementation of its recommendations and will perform a "check-in" program assessment and quarterly targeted working sessions.

On July 25, 2014, we received a letter from Representative Sam Johnson, Chairman, Subcommittee on Social Security, House Committee on Ways and Means, requesting that we review DCPS (see Appendix A). On September 5, 2014, we issued an interim report that provided responses to many of the questions posed in the Chairman's letter.[3] In this report, we provide additional information about (1) SSA's actions in response to the independent

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[3] Our Office of Investigations is continuing to address some outstanding issues.

consultant's findings and recommendations and (2) the entities involved in the DCPS project and their roles.

Scope and Methodology

We reviewed the consultant's independent analysis report of DCPS and its further investigation into off-the-shelf alternatives. We also attended Agency meetings related to DCPS, reviewed additional project documentation, and interviewed key Agency and DDS employees involved in the DCPS project. See Appendix B for additional information about our scope and methodology.

RESULTS OF REVIEW

The Agency has taken a number of steps to correct the course of the DCPS project. For example, SSA is

- conducting proof-of-concepts to evaluate off-the-shelf software and a modernized version of existing SSA-owned software;

- reorganizing DCPS Staff;

- increasing user involvement;

- performing a new cost-benefit analysis (CBA);

- strengthening vendor management; and

- refocusing system development.

Conducting Proof-of-Concepts

SSA has initiated two proof-of-concepts to explore the feasibility of using off-the-shelf software and/or a modernized version of existing SSA-owned software in DCPS.

Investigating Off-the-Shelf Software

In 2009, SSA decided to custom-build DCPS rather than buy a commercial, off-the-shelf product. However, the market has changed and technology has evolved, and the consultant recommended that SSA determine whether off-the-shelf software could improve the current approach to DCPS. In June 2014, SSA engaged the consultant to further investigate alternatives to SSA's custom-build approach.

The consultant concluded that the Agency may be able to leverage off-the-shelf software to support the case management functionality of DCPS. Specifically, the consultant estimated that an off-the-shelf product could support roughly 85 percent of high-level DCPS features without customizing software code. In addition, an off-the-shelf alternative offered the potential for lower costs and an accelerated schedule.

Table 2: Independent Consultant's Comparison of a Custom-Built Case Management Solution and Use of an Off-the-Shelf Product

	Custom-Built Solution	Off-the-Shelf Product
Remaining Investment[4]	$250-$500 Million	$100-$250 Million
Annual Operating and Maintenance Costs	$50-$80 Million	$20-$50 Million
Remaining Schedule	3-7 Years	2-3 Years

The consultant estimated that, if SSA opted to use an off-the-shelf product, up to $120 million already spent on DCPS could be reusable. Table 3 identifies aspects of the DCPS project that the consultant reported may be fully, partially, or not reusable.

Table 3: Examples of Potentially Reusable DCPS Assets if SSA Pursues an Off-the-Shelf Solution

Fully Reusable	Partially Reusable	Not Reusable
• Correspondence, National Vendor File, Fiscal Integrations, and Management Information Components • High-Level Specifications • Hardware • Software Licenses • Service Level Agreements	• Software Code • Testing Environments • Detailed Requirements • Cost Benefit Analysis	• Workload Case Management • Training • Hardware and Software Configuration • Program Management • Engineering Support • Performance Testing

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[4] These amounts exclude the costs of fiscal integrations.

However, the consultant noted that risks exist whether SSA continues with a custom-built system or a system that uses an off-the-shelf solution.

Table 4: Risks

Risks of Current Custom-Build Path	Risks of a Using an Off-the-Shelf Solution
The costs and project duration could be greater than expected if SSA does not successfully implement the independent assessment recommendations.	A major strategic shift could negatively impact SSA and disability determination services staff morale.
Higher relative costs may result in a funding shortage.	Configuration requirements could be more extensive and expensive than originally anticipated.
Users may not engage with the system if SSA does not resolve usability issues.	An off-the-shelf solution may not provide the flexibility required by disability determination services.
SSA bears the full cost of system improvements and will not benefit from commercial best practices.	The procurement process could significantly delay the project schedule.
Custom software bears a higher risk of unforeseen issues.	SSA remains partially reliant on the off-the-shelf vendor for the software platform.

The consultant identified potential paths forward depending on SSA's confidence in an off-the-shelf product. Specifically, the Agency could move forward exclusively with the custom-build or off-the-shelf product. Alternatively, SSA could develop a proof-of-concept for an off-the-shelf product while either pausing or continuing to develop the custom-built system. The consultant offered considerations for each path but did not recommend a particular path.

On September 24, 2014, SSA awarded a task order to a vendor to determine whether an off-the-shelf case management product could be integrated into DCPS and, if so, what the associated implementation costs would be.

SSA tasked a vendor with evaluating the capabilities of a specific off-the-shelf product, identifying functionality that the product cannot support or implement, and determining the level of effort required to meet the Agency's functional requirements. At the conclusion of the proof-of-concept, the vendor will provide, by January 15, 2015, a high-level estimate for resources, implementation costs, and time to implement.

Modernizing Existing Software

The Modernized Integrated Disability Adjudicative System (MIDAS) is an SSA-owned, COBOL-based system that was originally developed in the early 1990s. The Agency continues to maintain the code for MIDAS, which is currently used by several DDSs and other disability processing units at SSA.[5]

According to SSA, it would not be practical to implement MIDAS as the Agency's common disability case processing system because it does not use the modern technology that a custom-built or off-the-shelf product would employ. However, the Agency is conducting a proof-of-concept to determine whether SSA could cost effectively develop an in-house solution that leverages modern technology as well as existing MIDAS case processing business rules, requirements, and development resources to aid in the successful delivery of DCPS.

OIG Concerns

SSA plans to complete the off-the-shelf proof-of-concept around January 2015 and the MIDAS proof-of-concept shortly thereafter. The Agency decided not to suspend the development of DCPS while the proof-of-concepts are underway. Instead, the Agency continued developing DCPS version 4.1, which was released into production on October 21, 2014 and was expected to resolve nearly 200 issues with the prior version. In addition, SSA is developing DCPS version 5.0, which is tentatively planned for release in spring 2015.

SSA officials do not believe suspending the development of the custom-build is a viable option. According to the Agency, releasing the resources required for development (for example, the contracts and personnel needed to produce DCPS) will adversely affect the project's budget and timeline. For example, SSA believes that, if key personnel are reassigned or contractual resources released while the proof-of-concepts are underway, the time and expense of retraining new software developers to replace them will exceed the costs of continuing development during that same time.

The Agency believes its approach "maintains operational momentum" while exploring potential alternatives. According to SSA, "This course of action allows us the opportunity to compare multiple alternatives against identical criteria so that we can make an informed decision on the future of the effort." After the proof-of-concepts are complete, the Agency plans to compare the current custom-build path to the alternatives and identify the path that best improves the delivery of DCPS.

We have concerns with SSA's approach. The Agency is continuing to develop custom-built components of DCPS (for example, the case management component) while, at the same time,

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[5] MIDAS is used by the DDSs in Alaska, California, Delaware, Missouri, Guam and the Virgin Islands. It is also used by the Western, Kansas City, Great Lakes, Mid-Atlantic, Southeast, and Northeast Disability Processing Branches; the Dallas Disability Processing Unit; the Office of Central Operations; and the Office of International Operations.

investigating alternatives—including off-the-shelf software and existing Agency-owned software—that may replace them. We believe SSA should not commit additional resources to build these DCPS components until the Agency has completed its evaluations and determined whether off-the-shelf software, or modernized MIDAS software, can be used.

Reorganizing DCPS Staff

The consultant identified fragmented responsibilities and shared decision rights across the project. For example, three Agency components, SSA regional staff, DDSs, and vendors shared responsibility for the actual performance of DCPS-related work.

The consultant recommended that SSA establish an operating committee with executive leadership. As part of the reorganization, the Agency adopted that recommendation and created the SSA Operating Committee, consisting of six executives.

According to the consultant, the absence of a centralized project authority limited progress and efficient issue resolution and hindered the Agency from addressing significant program risks. Therefore, the consultant recommended that SSA appoint a single accountable executive for DCPS and establish a centralized, Integrated Program Team.

Immediately after the consultant issued its first report, the Acting Commissioner for Social Security appointed a Chief Program Officer for DCPS. The Chief Program Officer is accountable for delivering DCPS and building an Integrated Program Team. Although most of the Integrated Program Team officially reported to the Chief Program Officer on October 1, 2014, many on the team had already begun to functionally report to the Chief Program Officer before that date.

Figure 1: DCPS Integrated Program Team Structure
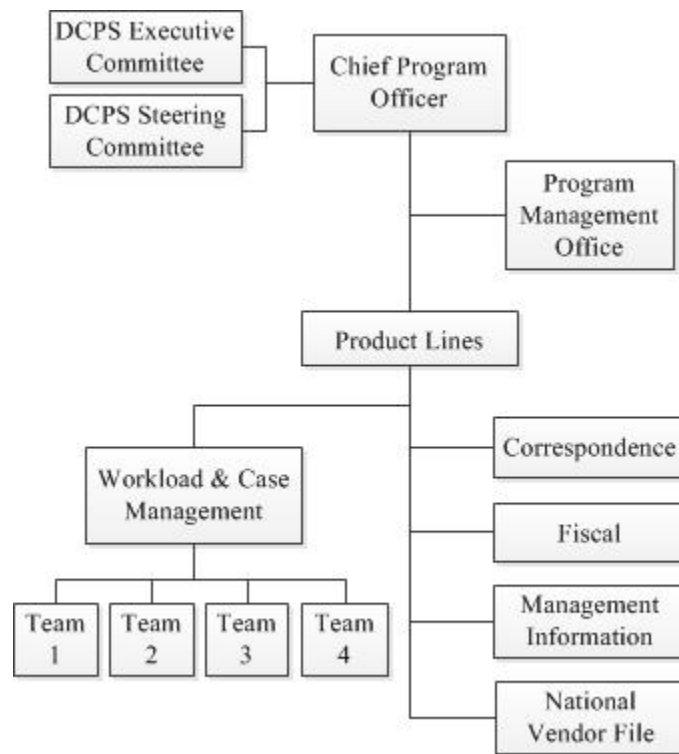
As shown in Figure 1, the Integrated Program Team includes a Program Management Office that will oversee DCPS capital planning activities, schedule management, and system implementation. In addition, there will be a product line structure for the following five areas.

1. **Workload and Case Management** – Handles all aspects of case processing, including evidence requests, scheduling, and determination.[6]

2. **Correspondence** - Provides policy-compliant national templates designed to meet State-specific requirements for processing disability claims.

3. **Fiscal** – Supports the Federal and State payment processes, including reimbursement to medical evidence providers.

4. **Management Information** – Provides the means by which the disability determination community will track metrics, access a unified set of reports, and initiate necessary state-specific reports requirements.

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[6] SSA divided this area into four teams. Each team will address various aspects of the workload and case management function of DCPS, such as case intake, determinations, supervisory review, and system interfaces.

5. **National Vendor File** – A consolidated data repository of medical and service vendors and providers. Many Agency applications, including DCPS, will use these data to support requests for medical evidence and examinations, assistance requests, and the fiscal payment processes.

Each product line team will include business and technical leads as well as a Steering Committee advisor, a subject matter expert, and a staff member from Lockheed Martin.

The DCPS Steering Committee will continue providing strategic oversight. However, the Agency also established an executive committee that includes Deputy Commissioners, a Senior Advisor, and the Chief of Staff. If necessary, the Chief Program Officer can request input from the executive committee to assist in determining the direction of DCPS.[7]

Increasing User Involvement

SSA indicated that DDS staff played a role in documenting the current business processes used at the DDSs and worked to help develop DCPS system requirements. Ultimately, however, the consultant found that the Agency did not adequately define requirements, which led to rework, suboptimal system design, and missed opportunities to transform business operations. In addition, the Agency did not adequately engage users throughout entire process, which resulted in substantial quality and usability issues.

SSA has taken steps to increase user engagement. For example, the product line teams include a subject matter expert, and SSA has established working sessions between subject matter experts and contractor development staff. In addition, in April 2014, the Agency created the DCPS User Integrated Team (DUIT), which is composed of DDS staff. DUIT activities include system validation testing and requirements gathering for future DCPS releases. DUIT members also attended a demonstration to help assess the viability of off-the-shelf software for DCPS. DUIT members believe they have significant input into the future of DCPS and that SSA and the DDSs will realize the full benefit of the team's involvement when the Agency releases DCPS test version 5.0.

Performing a New CBA

A CBA is a systematic approach to evaluating the costs and benefits of a project. Although SSA had previously developed a CBA for the DCPS project, the consultant found that the existing CBA lacked a robust estimation of development costs. While SSA believes that DCPS will ultimately provide cost savings, the development costs will impact how long it takes for the Agency to realize any savings. Further, the consultant found that the existing CBA lacked the detail necessary to demonstrate how SSA would achieve benefits estimated for labor efficiencies and reduced training. For example, the CBA did not quantify specific benefits from reduced

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[7] SSA stated that it successfully used this approach during the development of a prior disability system.

processing time, increased productivity, or improved quality. The consultant also believed that SSA overestimated the potential benefits from reduced system outages.

In response, SSA is developing a new CBA with the involvement of the Integrated Program Team, the DCPS Steering Committee, and DDS staff. In preparation of the new CBA, staff will analyze 25 areas for return-on-investment, and SSA plans to include operational benefits in the new CBA that were not previously included.[8] On September 26, 2014, the Agency awarded a contract to a vendor to advise and assist SSA in identifying the full range of costs and benefits of DCPS.

SSA expects that the detailed analysis of the expected benefits of DCPS will also assist the Agency in realigning stakeholders around the system's key values. The consultant's report found that stakeholders had different opinions about the primary benefits of DCPS, including

● a common system among DDSs;

● code ownership;

● better management information; and

● increased productivity.

The consultant believes that aligning stakeholders on key DCPS values will assist the Agency to make strategic decisions as it moves forward with the project.

Strengthening Vendor Management

SSA has obligated nearly $253 million to vendors for DCPS.[9] This includes about $188 million to the primary vendor, Lockheed Martin. SSA used 45 other vendors for DCPS. Table 5 summarizes the costs for the various services.[10] For detailed information about these vendors, see Appendix C.

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[8] We plan to evaluate the new CBA when it is complete.

[9] Given the short timeframe for our evaluation, we performed limited testing of the figures SSA provided. We plan to conduct further analysis to ensure the reported figures are complete, accurate and reliable.

[10] We continue to analyze the vendor information to verify that it is accurate and reliable.

Table 5: DCPS Vendor Services and Obligated Amounts

Services	Obligated Amount
Primary Vendor: Lockheed Martin	
Consulting Services	$188,275,063
Other DCPS Vendors	
Consulting Services (16 vendors)	$27,460,816
Software (15 vendors)	$31,300,533
Hardware (11 vendors)	$6,084,934
Other Services (3 vendors)	$28,228
Total (46 vendors)	$253,149,574

The consultant found that SSA did not adequately share risks with the primary vendor. For example, the contract SSA established with the primary vendor called for the Agency to pay for time and material expenditures the vendor incurred in developing DCPS. This contract did not include incentives for the vendor to manage complexity. As a result, the burden was on SSA to vigorously oversee the vendor's work and control costs. Conversely, had SSA established a firm, fixed price for the development tasks in the DCPS project, the vendor would carefully manage the costs it incurred to maximize profit on the contract.

On June 10, 2014, the Chief Program Officer laid out a blueprint for moving forward in fully evaluating and implementing the recommendations, including reviewing current contracts to determine how best to strengthen current vendor management.[11] The Agency is identifying new procurement options. For example, all future change orders will go through SSA's Information Technology Support Services Contract, which offers labor rates that are 30 percent lower than the rates in the DCPS contract. In addition, SSA will also consider including penalties in future contracts.

SSA believes the Agency will also realize additional savings by assuming the Systems Integrator role, which includes a portion of the responsibilities previously managed by the vendor (for example, validation, development, requirements, implementation, configuration management, and risk management). According to SSA, the reduction in the number of contractor staff will reduce the number of overhead hours spent on the project.

Refocusing System Development

The consultant found that, while SSA's software release plan and testing model were conceptually sound, the software put into production was not fully functional. As a result, the consultant made recommendations in several areas related to DCPS software development.

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[11] See Appendix C for more information on vendor management strategies.

Prioritize Changes to Include in Future Releases

The consultant's report noted that previous DCPS releases did not deliver full functionality. We spoke with the administrators for the DDSs that are testing DCPS, and they identified system limitations and the need for numerous workarounds. One administrator decided not to allow her staff to process any new cases in DCPS because of the ongoing functional limitations. The administrators believed SSA should focus on improving existing DCPS functionality rather than developing new functionality.

According to SSA personnel, the Agency has shifted its focus from developing new functionality to addressing the outstanding problems in previous test releases. To better address existing problems, the Agency has centralized its DCPS problem log and prioritized the issues.[12] However, SSA's focus on the resolution of existing issues may delay DCPS implementation at the next test site, which the Agency previously scheduled for February 2015.

Adopt Selected Agile Best Practices

Agile is an approach to software development that involves building software incrementally and in close collaboration between the programmer team and business experts. Because insufficient user involvement appears to have contributed to the challenges with DCPS, SSA is implementing certain Agile best practices to improve communication between users and technical staff. For example, in addition to establishing the DUIT and the Integrated Program Team structure, SSA is creating a model DDS at Headquarters to improve collaboration between the vendor and subject matter experts in gathering requirements and validating the software.

The Agency also plans to deliver smaller, but more frequent, releases of DCPS. SSA plans to improve user confidence and the quality of these releases by increasing user testing before releasing the software to the test sites. The model DDS will support this testing by allowing developers and analysts to observe issues firsthand.

Finally, SSA is working on an inter-agency agreement with the General Services Administration to acquire services from 18F, a group of Presidential Innovation Fellows that focuses on helping government agencies develop digital and web services. 18F will provide organizational training and assistance for contract activities associated with Agile project management methodologies.

CONCLUSIONS

DCPS has the potential to enhance and strengthen the disability process, improve service, and reduce costs. However, the project faces many challenges, including functionality gaps and significant cost overruns.

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[12] The problem log identified 330 open issues as of August 15, 2014. SSA considered 26 of these issues to be critical.

SSA has taken steps to help get the project on track and ensure its successful completion. For example, SSA is evaluating whether off-the-shelf software or a modernized version of existing SSA-owned software are viable alternatives for the case management component of DCPS and, if so, what the associated costs would be.

We believe SSA should suspend the development of the custom-built case management component of DCPS until these evaluations are complete, to ensure the Agency does not spend additional resources on custom-building software that could be replaced by other products.

Although we are encouraged by SSA's efforts, the path forward will continue to involve risks. The successful delivery of DCPS will require diligent oversight by Agency management and unified strategic decisions. SSA must ensure it has a process to carefully monitor progress, identify issues timely, and take corrective action. In addition, the Agency should keep key stakeholders—including congressional oversight committees and the Inspector General—informed of the project's status.

We plan to continue monitoring SSA's progress as the DCPS project moves forward.

APPENDICES

SAM JOHNSON, TEXAS
    SUBCOMMITTEE CHAIRMAN

PAT TIBERI, OHIO
TIM GRIFFIN, ARKANSAS
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Congress of the United States
House of Representatives
COMMITTEE ON WAYS AND MEANS
WASHINGTON, DC 20515

SUBCOMMITTEE ON SOCIAL SECURITY

July 25, 2014

The Honorable Mr. Patrick P. O'Carroll, Jr.
Inspector General
Social Security Administration
Office of the Inspector General
Altmeyer Building, Suite 300
6401 Security Boulevard
Baltimore, Maryland 21235

Dear Mr. O'Carroll:

This letter is to request that your office conduct a full and immediate investigation into the Social Security Administration's (SSA) mismanagement and failed implementation of the Disability Case Processing System (DCPS), costing taxpayers close to $300 million to date.

At a February 26, 2014 Subcommittee hearing, the Deputy Commissioner for Systems and Chief Information Officer highlighted the DCPS as an effort that has improved quality and will be based on "state-of-the-art technology." At no time during the hearing or since then did the agency inform the Subcommittee of their concerns about the implementation of DCPS, or the fact that they had commissioned an independent contractor to perform an assessment of the system.

That assessment found that "the program has invested $288 million over 6 years, delivered limited functionality, and faced schedule delays as well as increasing stakeholder concerns."

Please have your investigation address the following:

- What did the Acting Commissioner know about the delays or deficiencies in the development or implementation of DCPS, and when did she know about them?
- Why wasn't the Office of Inspector General or the Congress notified about DCPS implementation challenges and is there any evidence that individuals in the agency willfully withheld information from the Congress and the American people?
- What information or evidence was the basis for Social Security seeking an independent consultant?

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Subcommittee on Social Security
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- When was the independent consultant first contacted?
- How much was the independent consultant paid to tell the SSA that the project was in trouble?
- How many entities were involved in the project, who are they, what was their role, and compensation?
- What has been the role of the SSA staff, the DDS staff, and the vendors in program development and implementation?
- Who is responsible for the failed implementation of the system and have they been held accountable?
- Does the SSA plan to recover the loss of the hundreds of millions of taxpayer dollars?
- What specific action has the Acting Commissioner taken in response to the independent consultant's findings/recommendations?

Please provide me with your report no later than September 5, 2014. Should you have further questions, please contact Kim Hildred, Subcommittee Staff Director at (202) 225-9263 or via email at Kim.Hildred@mail.house.gov.

Sincerely,

SAM JOHNSON
Chairman

Appendix B – SCOPE AND METHODOLOGY

Our objective was to evaluate the Social Security Administration's (SSA) plans to complete the Disability Case Processing System (DCPS) project.

To accomplish our objective, we:

- Reviewed the consultant's independent analysis report of DCPS and its further investigation into off-the-shelf alternatives.

- Reviewed additional project documentation, including

    o the DCPS implementation plan,

    o meeting notes,

    o talking points,

    o capital planning information,

    o contracts and requisitions, and

    o management information.

- Attended SSA meetings related to the Agency's plans to complete DCPS.

- Interviewed the contracting officers' representatives and disability determination services administrators from the three DCPS test sites.

We based our review of DCPS-related vendor information on material provided by SSA and documents in the Agency's acquisition system. Given the short timeframe of our evaluation, we performed limited testing to verify the accuracy of vendor roles and obligated amounts. We plan to conduct additional work to test the completeness, accuracy and reliability of the vendor information provided to us by SSA.

We conducted our work from August through October 2014 in Baltimore, Maryland. The principal entity reviewed was SSA's DCPS Chief Program Office. We conducted our review in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*.

Appendix C – Disability Case Processing System Vendors

The Social Security Administration (SSA) has obligated about $253 million for vendors' work on the Disability Case Processing System (DCPS). This includes about $188 million to the primary vendor, Lockheed Martin. SSA used 45 other vendors for DCPS. The vendors' roles and the amounts SSA obligated for their services are included in Table C–1.

Table C–1: DCPS Vendor Roles and Obligated Amounts

Vendor	Obligated Amount
Lockheed Martin Corp. *Consulting Services.* The primary vendor contracted to develop DCPS and provide information technology support services.	$188,275,063
IBM Corporation. *Software.* A main vendor during the planning stage (Fiscal Years 2008 through 2010) of the DCPS program. It described the vision and guiding principles to be used in the system's development. IBM developed the "As Is" and "To Be" business process models for the DCPS program, costing $6 million. Further, it provided architecture and requirement support, costing $5.6 million. IBM also provided hardware and software to support DCPS.	$20,487,654
Northrop Grumman Systems Corporation. *Consulting Services.* Performed DCPS fiscal analysis, developed fiscal requirements, and supported the interfacing of DCPS with other SSA applications. Northrup Grumman is also performing a proof-of-concept for an off-the-shelf product.	$5,934,177
Booz Allen & Hamilton. *Consulting Services.* Provided consulting services related to capital planning, strategic planning, project management and other IT support services. Performed the initial DCPS Cost Benefit Analysis and quarterly updates. Prepared the Earned Value Management[1] reports, risk management plans, and other strategic and budget planning documents for the DCPS program.	$5,670,328
Merlin Technical Solutions. *Software.* Provided commercial product (Thunderhead) licenses and software maintenance for the DCPS Correspondence solution.	$5,166,779
Computer Sciences Corporation. *Consulting Services.* Provided technical information and technology services support.	$3,150,740
EMC Corporation. *Hardware.* Provided data storage equipment, software, and services.	$2,810,979
Thundercat Technology LLC. *Consulting Services.* Provided software technical support, maintenance, and training for MicroStrategy software used for management information.	$2,378,055
Noblis. *Consulting Services.* Performed an independent evaluation of five DCPS architectural alternatives and provided support services for acquisitions and cost benefit analysis.	$2,038,378
Solutions Engineering Corp. *Software.* Provided servers in support of DCPS.	$1,971,983

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[1] The Office of Management and Budget (OMB) requires Agencies to use a performance-based acquisition management system or Earned Value Management System to obtain timely information regarding the progress of capital investments, as defined in the Federal Acquisition Regulations. The system must also measure progress towards useful components in an independently verifiable basis in terms of cost, capability of the investment to meet specified requirements, timeliness, and quality. OMB FY2016 IT Budget – Capital Planning Guidance, revised June 27, 2014.

Vendor	Obligated Amount
Four LLC. *Software.* Provided IBM WebSphere licensing to support DCPS correspondence and Sun servers.	$1,919,028
McKinsey & Company Inc. *Consulting Services.* Provided an independent analysis of the DCPS program and an assessment of whether SSA could use a commercial product for DCPS. McKinsey will also monitor SSA's progress and implementation of its recommendations.	$1,851,002
Bowhead Systems Management Inc. *Consulting Services.* Provided information technology support for UniForms.[2]	$1,848,202
Accenture National Security Services LLC. *Consulting Services.* Provided technical support for a commercial product (Thunderhead) for DCPS' correspondence solution.	$1,482,956
Force 3 Inc. *Hardware.* Provided servers for DCPS core and correspondence solutions.	$1,397,446
Lockheed Martin Information Technology Commercial. *Consulting Services.* Provided service for eForm development.	$1,211,951
AFFIGENT LLC. *Software.* Provided Oracle Software for DCPS database servers.	$978,792
PCMG, Inc. *Hardware.* Provided tape storage equipment.	$792,401
Koniag Services Inc. *Consulting Services.* Provided National Network Service Center and National Support Center DCPS support.	$582,803
Iron Data Solutions, Inc. *Consulting Services.* Provided legacy system technical support and fiscal process analysis for DCPS.	$451,216
CDW Government LLC. *Software.* Provided equipment, license subscription, and professional support services.	$407,946
Alvarez & Associates, LLC. *Consulting Services.* Provided software subscription, support, training, and consulting services.	$335,765
MicroStrategy Services Corporation. *Software.* Provided software licenses and maintenance.	$307,412
Hewlett-Packard Company. *Hardware.* Provided workstations for DCPS contractor support.	$303,735
Koniag Technology Solutions, Inc. *Consulting Services.* Provided helpdesk support.	$279,594
clearAvenue, LLC. *Consulting Services.* Provided technical support to install, upgrade, configure, and maintain publishing server and associated components.	$139,600
Softchoice Corporation. *Software.* Provided software licenses and maintenance to support DCPS.	$133,822
Dell Marketing. *Hardware.* Provided 8 network servers and related items and 55 Dell Latitude Notebooks and related items.	$133,435
Entarco USA, Inc. *Software.* Provided data modeling and support for DCPS.	$99,600
Forrester Research, Inc. *Consulting Services.* Provided service units to support the DCPS Statement of Work.	$97,120
Communications Professionals, Inc. *Software.* Provided software and maintenance for DCPS.	$92,994
EDAC Systems. *Software.* Provided Argent Monitoring Software and Maintenance	$91,210
Phoenix Software International. *Hardware.* Provided additional million service units and maintenance to support mainframe upgrade. (Note: A million service unit is a measurement of hardware performance.)	$73,584

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[2] UniForms is an application that is a work in progress to replace the current eForms application. eForms is the existing application for the Agency, including field offices and disability determination services (DDS), and to retrieve processing and other administrative forms.

Vendor	Obligated Amount
Red River Computer Company. *Hardware.* Provided three Sun servers and related items.	$63,296
immixTechnology, Inc. *Hardware.* Provided two video conferencing centers for SSA's Office of Disability Systems.	$43,738
OpenTech Systems, Inc. *Hardware.* Upgraded two mainframe computers.	$38,363
Innovation Data Processing LLC. *Hardware.* Provided three upgraded mainframe systems.	$20,010
CounterTrade Products, Inc. *Software.* Provided 20 software licenses and maintenance.	$19,076
Tremont Hotel Limited Partnership. *Meeting Facilities.* Provided a meeting room and equipment for the November 3-6, 2009 DCPS Steering Committee Meeting with DDS Administrators.	$16,030
GovConnection Inc. *Software.* Provided 10 copies of medical enterprise software and related items.	$14,671
Barr Systems LLC. *Software.* Provided software licenses and 30 hours of service.	$9,550
Practical Management Envisioneering LLC. *Consulting Services.* Supported the two-day quarterly DCPS Steering Committee meetings.	$8,928
Sheraton Towson Conference Hotel. *Meeting Facilities.* Provided a meeting room for the October 27-28, 2009 DCPS Fiscal Subject Matter Expert Meeting.	$8,198
Convergence Technology Consulting LLC. *Software.* Provided software for one processor.	$7,744
MuTo Performance Corporation. *Training.* Provided information about planning and managing organizational changes associated with IT projects and how to address and mitigate obstacles to success.	$4,000
Syncsort Incorporated. *Software.* Provided two upgrades for two SSA mainframe systems.	$218
TOTAL[3]	**$253,149,574**

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[3] Total is off by $2 due to rounding.

Appendix D – MAJOR CONTRIBUTORS

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