



## SOCIAL SECURITY

### MEMORANDUM

Date: December 18, 2008

Refer To:

To: The Commissioner

From: Inspector General

Subject: Quick Response Evaluation: Federal Protective Service Basic Security Fee  
(A-15-08-28125)

The attached final Quick Response Evaluation presents the results of our review. Our objectives were to (1) review the statutory authority of the Department of Homeland Security, Federal Protective Service, to charge the Social Security Administration a basic user fee and (2) determine whether current charges are correct and appropriate.

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.

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

Patrick P. O'Carroll, Jr.

Attachment

# ***QUICK RESPONSE EVALUATION***

## ***Federal Protective Service Basic Security Fee***

**A-15-08-28125**



December 2008

## 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.

# Background

## OBJECTIVE

Our objectives were to (1) review the statutory authority of the Department of Homeland Security (DHS), Federal Protective Service (FPS), to charge the Social Security Administration (SSA) a basic user fee and (2) determine whether charges were correct and appropriate.

## BACKGROUND

Effective March 1, 2003 and pursuant to the *Homeland Security Act of 2002*,<sup>1</sup> FPS was transferred from the General Services Administration's (GSA) Public Building Services to DHS. Under DHS, FPS became part of U.S. Immigration and Customs Enforcement. FPS is the law enforcement program responsible for the security of GSA-owned or leased Federal buildings and grounds and the persons occupying them. FPS is 100 percent reimbursable and must collect the costs of providing law enforcement and security services from the Federal agencies receiving this support. FPS collects fees for its (1) basic security services, (2) building-specific security services, and (3) reimbursable collections.

### Basic Security Services

The basic security services include (1) law enforcement patrol and response, (2) alarm monitoring, (3) building security assessments and pre-lease security surveys, (4) security consultations, (5) contractor background suitability determinations, (6) building security committee participation and (7) security assistance. FPS bills the basic security charge to all tenants in GSA-controlled space. The FPS annual basic security services fee increased from \$0.35 per square foot (SF) in Fiscal Year (FY) 2005 to \$0.62 per SF in FY 2008, as follows.

Table 1 – Basic Security Services Fees	
FY	Rate Per SF
2005	\$0.35
2006	\$0.35
2007	\$0.39
2008	\$0.62 <sup>2</sup>

<sup>1</sup> Public Law Number (Pub. L. No.) 107–296, Section 403.

<sup>2</sup> On October 1, 2007, the FPS basic security services fee was \$0.57 per SF. However, in March 2008, FPS increased the basic security services fee by \$0.05 to \$0.62 per SF. Therefore, the FY 2008 FPS basic security services fee was \$0.62 per SF. The increase was retroactively applied to the beginning of FY 2008.

### Building-Specific Security Services

The building-specific security services include contract guards and security equipment. FPS bills these services based on the program costs of FPS for each building or complex. The program costs for building-specific security services comprise the operating expenses and amortized capital costs. The charges are prorated to each tenant based on the total amount of space they occupy in the buildings or complex. In addition to the program costs, FPS collects an administrative fee for the building-specific security services that is also allocated to the customers based on the percentage of SF occupied in the building. This administrative fee was reduced from 15 percent in FY 2007 to 8 percent in FY 2008.

### Reimbursable Collections

FPS also provides services specific to the agency's need. These additional services are known as reimbursable collections, tenant-specific security services, or agency-specific charges. Because these charges call for specialized services (guard and security services), which are above the building-specific services, Security Work Authorizations (SWA) are used to authorize these guard and security services. This administrative fee was reduced from 15 percent in FY 2007 to 8 percent in FY 2008.

### Consolidated Appropriations Act, 2008

On December 26, 2007, the *Consolidated Appropriations Act, 2008*, was signed into law requiring that FPS maintain, by July 31, 2008, not fewer than 1,200 full-time equivalent staff and 900 full-time equivalent Police Officers, Inspectors, Area Commanders, and Special Agents who, while working, are directly engaged in protecting and enforcing laws at Federal buildings.<sup>3</sup>

To comply with the *Consolidated Appropriations Act, 2008*, FPS increased its FY 2008 annual basic security services charge by \$0.05 from \$0.57 to \$0.62 per SF. In a March 12, 2008 memorandum, FPS informed SSA of the new Public Law and the resulting increase in basic security services. Enclosed with the memorandum sent to SSA was an invoice from FPS for the retroactive application of the basic security charge increase since the beginning of FY 2008. The invoice amount for the 7-month period (October 1, 2007 to April 30, 2008) was \$804,519. The building-specific and reimbursable collections charges did not increase.

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<sup>3</sup> Pub. L. No. 110-161, Division E, Title II.

# Results of Review

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Our review determined that (1) FPS was within its rights to charge SSA a basic user fee and (2) basic security services charges were appropriate and correct.

## FPS STATUTORY AUTHORITY

FPS has the responsibility to protect Government facilities as well as the authority to charge/increase its basic security service fee based on U.S. regulations. "The Committee on Appropriations understand[s] the requested revenue projection for fiscal year 2008 may be insufficient to support the staffing levels required by law, and further require the Secretary and the Director to adjust security fees charged to agencies in fiscal year 2008, if necessary."<sup>4</sup> Since the March 2008 bill SSA received was for October 1, 2007 through April 30, 2008, totaling \$804,519, it falls within FY 2008 and is therefore subject to the cost adjustments authorized by the *Consolidated Appropriations Act, 2008*.

## BASIC SECURITY SERVICES

We reviewed 50 invoices (totaling \$21,801 representing 458,972 billable SF) submitted to SSA for basic security services in June 2008. Based on our review of these invoices, we believe the FPS basic security services fee was correctly calculated in 42 of the 50 instances. For the remaining eight instances, FPS included 1,113 more billable SF than SSA had recorded in its system. Therefore, SSA overpaid FPS \$52.87<sup>5</sup> for the basic security services fees in June 2008. The overpayment amount represents less than 1 percent of the total June 2008 invoice amount for the sample population. Although SSA overpaid FPS based on incorrect billable SF, we determined the overpayment amount to be immaterial.<sup>6</sup>

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<sup>4</sup> *Consolidated Appropriations Act, 2008*, Committee Print of the Committee on Appropriations U.S. House of Representatives (H.R.) on H.R. 2764; Public Law 110-161; Book 1, Division E; Title II-Security, Enforcement, and Investigations, Page 1044.

<sup>5</sup> The \$52.87 overpayment was calculated by multiplying the number of SF (1,113 SF) by \$0.475 (\$0.57 per SF per year/12 months).

<sup>6</sup> FPS used the \$0.57 rate in the monthly security invoices sent to SSA. In accordance with the March 2008 memorandum, SSA received a separate monthly charge for the \$0.05-increase. Therefore, the new FY 2008 basic security rate of \$0.62 was not used for the sample recalculations.

## IMPACT OF FPS BASIC SECURITY FEE INCREASE ON SERVICES PROVIDED

In addition to our objectives, the Agency requested we determine whether (1) the new charge reflected payment for services provided to SSA or the increased fee supported FPS activities unrelated to SSA and (2) any increase in fee was reasonable in comparison to services rendered.

During an interview with an FPS representative, we confirmed that all FPS' customer agencies were affected by the \$0.05-cent rate increase. This across-the-board rate increase was for the basic security services FPS provided to each agency including SSA. As such, the FPS representative stated that the hiring of additional FPS personnel did not directly benefit one particular agency but was assigned based on FPS' regional needs.

Also, in June 2008, the Government Accountability Office (GAO) report, *The Federal Protective Service Faces Several Challenges That Hamper Its Ability to Protect Federal Facilities*, stated the FPS basic security fee was charged to Federal agencies "...regardless of the level of service FPS provides or the cost of providing the service." More specifically, the GAO report stated

Although FPS categorizes buildings according to security levels based on its assessment of the building's risk and size, it does not affect the security fee charged by FPS. For example, level I facilities typically face less risk because they are generally small storefront-type operations with low level of public contact, such as a small post office or Social Security Administration office. However, these facilities are charged the same basic security fee of 62 cents per square foot as a level IV facility that has a high volume of public contact and may contain high-risk law enforcement and intelligence agencies and highly sensitive government records.

Additionally, GAO referred to a 2007 Booz Allen Hamilton report of FPS' operational costs that stated "...FPS's failure to consider the costs of protecting buildings at varying risk levels could result in some tenants being overcharged."<sup>7</sup> Consequently, the most recent basic security fee increase was applied to all FPS customer agencies, and there was no correlation to an increase in services for specific agencies.

Lastly, we could not determine the relationship of the fee increase to the services rendered. Information from the GAO report suggests that other agencies have expressed similar concerns. Specifically, FPS has been cited for its problems with tracking expenditures. The GAO report states that "... without accurate cost information, it is difficult for agencies to determine if fees need to be increased or decreased, accurately measure performance, and improve efficiency." As a result, there is no clear connection between the reasonableness of fee increases and services rendered.

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<sup>7</sup> U.S. GAO, *Homeland Security: The Federal Protective Service Faces Several Challenges That Hamper Its Ability to Protect Federal Facilities* (GAO-08-683: June 2008).

## *Matters for Consideration*

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GAO provided FPS six recommendations to help address its operational and funding challenges and ensure it has useful performance measures and reliable information to assess the effectiveness of efforts to protect GSA facilities (see Appendix C). DHS concurred with the GAO findings and recommendations. As such, SSA should consider providing FPS constructive feedback aligned with the GAO recommendations to enhance FPS' service to SSA.

Based on regional concerns (see Other Matters) and findings from the GAO report, SSA should consider developing a Memorandum of Understanding between FPS and SSA that addresses both the regional concerns and the Agency's concerns about receiving full value for the fees paid.



## Other Matters

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In speaking with staff at six SSA regional offices, we found SSA had many of the same complaints identified in the 2008 GAO report.<sup>8</sup>

- Three regions stated that FPS had an inefficient accounting system that did not track the costs charged to a specific SWA.
- Three regions reported long delays in the procurement of security equipment, such as Intrusion Detection Systems and Closed Circuit Television System upgrades. One region reported these delays were a result of a critical shortage of contracting officers in FPS.
- Five regions stated there was no uniform policy among the regions regarding security design services and the billing for these services. In some regions, these services were included in the basic security fees. However, in other regions, these design fees were included in SWA projects.
- Two regions expressed their concern on FPS staffing cutbacks.

For a complete list of SSA regional staff concerns, refer to Appendix D.

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<sup>8</sup> See Footnote 7 on p. 4.

# Appendices

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[APPENDIX A](#) – Acronyms

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[APPENDIX C](#) – Government Accountability Office Recommendations

[APPENDIX D](#) – Social Security Administration Regional Office Concerns

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## Acronyms

CBR	Client Billing Records
DHS	Department of Homeland Security
FPS	Federal Protective Service
FY	Fiscal Year
GAO	Government Accountability Office
GSA	General Services Administration
IDS	Intrusion Detection System
OIG	Office of the Inspector General
Pub. L. No.	Public Law Number
SSA	Social Security Administration
SF	Square Foot
SWA	Security Work Authorization

# Scope and Methodology

On June 9, 2008, the Social Security Administration's (SSA) Deputy Commissioner for Budget, Finance and Management requested that we (1) review the statutory authority of the Department of Homeland Security's (DHS) Federal Protective Service (FPS) to charge SSA a basic user fee and (2) determine whether charges were correct and appropriate. To accomplish our objective, we:

- Reviewed applicable Federal laws and regulations as well as SSA's accounting manual.
- Reviewed the General Services Administration's website for applicable regulations, policies, and procedures pertaining to FPS.
- Reviewed the Department of Homeland Security's website for applicable regulations, policies, and procedures pertaining to FPS.
- Interviewed financial staff from FPS and SSA.
- Sampled and reviewed the basic security services fee of 50 FPS client billing records (CBR) that were part of the June 2008 invoice. For each sampled CBR, we performed two tasks.
  - Reviewed the billable square footage documented on the FPS invoice. Compared the reported FPS billable square footage to the SSA reported billable square footage.
  - Recalculated the basic security charge totals using both the billable square feet provided by FPS and the billable square feet provided by SSA.
- Requested an opinion from the Office of Counsel to the Inspector General regarding the statutory authority of FPS to charge the basic user fee.

We determined the data used in this report were sufficiently reliable given the evaluation objective and their intended use.

We performed our review from July through September 2008 in Baltimore, Maryland. The entity reviewed was the Office of the Deputy Commissioner for Budget, Finance and Management. We conducted our review in accordance with the President's Council on Integrity and Efficiency's Quality Standards for Inspections.

## Government Accountability Office Recommendations

The following recommendations are based on the Government Accountability Office's (GAO) June 2008 report on *The Federal Protective Service Faces Several Challenges that Hamper its Ability to Protect Federal Facilities*.

GAO recommends that the Secretary of Homeland Security direct the Director of the Federal Protective Service (FPS) to take the following six actions to improve FPS' ability to address its operational and funding challenges and ensure it has useful performance measures and reliable information to assess the effectiveness of efforts to protect General Services Administration (GSA) facilities.

- Develop and implement a strategic approach to manage its staffing resources that, among other things, determines the optimum number of employees needed to accomplish its facility protection mission and allocates these resources based on risk management principles and the agency's goals and performance measures.
- Clarify roles and responsibilities of local law enforcement agencies regarding responding to incidents at GSA facilities.
- Improve FPS' use of the fee-based system by developing a method to accurately account for the cost of providing security services to tenant agencies and ensuring that its pricing structure takes into consideration the varying levels of risk and service provided at GSA facilities.
- Evaluate whether FPS' current use of fee-based system or an alternative funding mechanism is the most appropriate manner to fund its operations.
- Develop and implement specific guidelines and standards for measuring its performance, including outcome measures to assess its performance and improve the accountability of FPS.
- Improve how FPS categorizes, collects, and analyzes data to help it better manage and understand the results of its efforts to protect GSA facilities.

## **Social Security Administration Regional Office Concerns**

During our evaluation, we received concerns from six regional offices related to the Federal Protective Service (FPS) and its practices.

### **FPS' Accounting and Financial Oversight Problems**

Three regions stated that FPS had an inefficient accounting system that did not track the costs charged to a specific Security Work Authorization (SWA). There have been instances where SWAs were prepared, funds obligated and work completed. However, FPS did not make charges against the SWA. Therefore, the regional staff questioned how FPS was paid. Also, there have been incidents involving FPS technicians and contractors informing field office managers that installations and/or repairs could not be performed because the Social Security Administration (SSA) did not have funding available, while FPS financial personnel had SSA funding in place. This information was not shared among the appropriate FPS components and caused undue delays on several projects.

### **FPS Contracting Problems**

Three regions reported long delays in the procurement of security equipment, such as Intrusion Detection Systems (IDS) and Closed Circuit Television System upgrades. One region reported that these delays were a result of a critical shortage of contracting officers in FPS. For example, several offices in different regions did not receive their IDS in time for scheduled office moves. As a result, FPS was forced to pay for 24-hour guard service for lengthy periods of time until the IDSs were installed. Also, three regions reported that FPS was not providing security assessment services for new offices regarding the design and placement of motion detectors, glass break detectors and alarms.

Additionally, one region stated it had problems with the security guard contracts solicited and implemented by FPS. Specifically, the statements of work for the contracts were developed without SSA guidelines. This had a negative impact on SSA's ability to effectively manage physical security operations in some of these offices. Finally, one region reported non-service with some contract guard companies, particularly in small towns. For instance, one office did not have guard service on four different occasions over the last few months because the contract guard failed to report to the office.

## **Lack of a Uniform Definition of Security Services**

The regional staffs asked for clarification on the services included in the basic security fee provided by FPS. Five regions stated there was no uniform policy among the regions regarding security design services. In some regions, these services were included in the basic security fees. However, in other regions, these design fees were included in SWA projects. In addition, one region stated there was no clear guidance on the role of the local FPS point of contact responsible for assessing new leased space and making security determinations through floor plan reviews.

## **Inadequate Level of Service**

Two regions expressed their concern on FPS staffing cutbacks. One regional office stated that FPS planned to eliminate the police officer positions and use inspectors for multi-role duties because of insufficient funding and staffing resources. The regional office believes this may decrease FPS' ability to adequately protect Federal employees and facilities. Also, one regional office stated that FPS officers had been assigned areas that were too large to allow for efficient response time. In addition, the same regional office stated that FPS did not provide 24-hour service, which leaves some offices without service in the evenings and weekends unless there is a physical security emergency.

## **OIG Contacts and Staff Acknowledgments**

### ***OIG Contacts***

Victoria Vetter, Director, Financial Audit Division, 410-966-9081

Mark Meehan, Acting Audit Manager, Financial Audit Division, 410-966-7147

### ***Acknowledgments***

In addition to those named above:

Chasity Crawley, Program Analyst

Judith Kammer, Senior Auditor

For additional copies of this report, please visit our web site at [www.socialsecurity.gov/oig](http://www.socialsecurity.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-15-08-28125.



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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.

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