
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**THE SOCIAL SECURITY ADMINISTRATION'S
CONTRACT WITH BANKERS BUSINESS
MANAGEMENT SERVICES, INC.,
CONTRACT NUMBER SS00-08-60085**

March 2010

A-15-09-19148

AUDIT REPORT



Mission

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

Authority

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

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

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

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

Vision

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



SOCIAL SECURITY

MEMORANDUM

Date: March 18, 2010

Refer To:

To: The Commissioner

From: Inspector General

Subject: The Social Security Administration's Contract with Bankers Business Management Services, Inc., Contract Number SS00-08-60085 (A-15-09-19148)

OBJECTIVE

Our objectives were to determine whether (1) the contractor was complying with the contract terms and applicable regulations and (2) Social Security Administration (SSA) personnel were properly monitoring the contract.

BACKGROUND

On May 9, 2008, SSA awarded a fixed-price contract to Bankers Business Management Services, Inc., (BBMS) for mail services. The BBMS contract was awarded to provide all necessary personnel and supervision (unless otherwise furnished by the Government) to collect, process, and deliver mail at SSA Headquarters, which includes buildings in SSA's central complex and approximately 10 outlying buildings (for a list of the buildings, see Appendix C). SSA's Office of Publications and Logistics Management, Center for Mail, Braille, and Duplicating Operations, is responsible for managing and monitoring the BBMS contract.

We reviewed this contract in support of the Office of the Inspector General Office of Audit's work related to the security and accuracy of SSA's mail. Our related work includes an April 2007 report, *The Social Security Administration's Oversight of the PSI Group, Inc., Presort Mail Contract -- Contract #GS-25F-0010M (A-15-07-17032)*, and a January 2008 report, *The Social Security Administration's Ability to Reach Individuals Using the Social Security Statement (A-15-07-17095)*. While those audits reviewed mail sent from SSA, this audit reviewed the mail being received, processed, and distributed within SSA.

The contract period includes 1 Base Year and 6 Option Years. The contract is now in Option Year 1. The total performance period of the contract is June 11, 2008 through June 10, 2015. The total cost to the Government for full performance of this contract would be about \$9.6 million, as follows.

BBMS Mail Service Contract SS00-08-60085		
Contract Years	Period of Performance	Total Amount
Base Year	June 11, 2008 – June 10, 2009	\$1,351,569.96
Option Year 1*	June 11, 2009 – June 10, 2010	\$1,443,810.82
Option Year 2	June 11, 2010 – June 10, 2011	\$1,355,809.92
Option Year 3	June 11, 2011 – June 10, 2012	\$1,358,025.84
Option Year 4	June 11, 2012 – June 10, 2013	\$1,360,308.12
Option Year 5	June 11, 2013 – June 10, 2014	\$1,362,658.92
Option Year 6	June 11, 2014 – June 10, 2015	\$1,365,080.40
Total		\$9,597,263.98

*A modification took place to adjust for prevailing labor rates provided by the Secretary of Labor.

RESULTS OF REVIEW

We determined that BBMS was performing all tasks required by the contract and complying with the contract terms and applicable regulations. We also determined that SSA personnel were properly monitoring the contract. We observed the timeliness of mail delivery and collection and tested for the accuracy of mail delivery. We found the mail was delivered and collected timely and accurately with some instances of misdirected and undelivered mail.

Oversight by SSA Personnel

We found the Contracting Officer's Technical Representative (COTR) had extensive knowledge of SSA mail operations. The COTR appropriately monitored BBMS' performance and reviewed and approved the invoices for payment.

Misdirected Mail

In each mail station, there is a container for submitting misdirected mail. While observing mail delivery and collection, we attempted to determine the cause of the misdirection. For most of the misdirected mail we found, the causes were not related to mailroom staff error. We found mail was usually misdirected because SSA staff did not notify the mail center when individuals either left the Agency or relocated.¹ In some cases, outside vendors were submitting unsolicited mail to a former employee's address. We observed mail delivery and collection at 18 different sites at SSA's main complex and outlying buildings over a 2-week period. We found only one instance

¹ SSA Mail Services Guide - Page 8 - CHANGE OF ADDRESS - Notify the Headquarters mail center promptly when you or your component moves. According to the Mail and Postage Policy Team when staff departs SSA service, the component should also notify the mail center.

where the mail carrier misread the P.O. Box number and placed the mail in the wrong box. SSA organizations are responsible for alerting the mailroom of changes in employee locations or status, such as when an employee retires.

Undelivered Mail is Sensitive Waste

During our observations of the work activity in the Annex Building mail center, we noted that a hamper was loaded with undelivered mail from one distinct P.O. Box, 17717, for the Office of Income Security Programs (OISP). According to an email received from OISP, the undelivered mail was not to be returned to OISP but was to be disposed of by the mailroom contractor staff. The OISP mail was a letter to beneficiaries providing information on Medicare assistance. The information was generic and contained no specific wage or benefits information; however, the beneficiary's name and address was printed at the top of the first page of the letter. We found the BBMS contract makes no mention of how BBMS should dispose of undelivered mail. We observed the disposal of undelivered mail and found that the mailroom staff took the hamper to the dock where the mail was put in lockable blue bins to be picked up by the SSA contractor that destroys sensitive waste. We recommend SSA consider modifying the BBMS contract to include instructions for disposal of undelivered mail.

Safety and Security in the Central Mailroom

Fire Extinguisher. We reviewed the safety and security of the mailroom work area in the Annex building and found there was no sign to clearly indicate where the fire extinguisher was located.² The fire extinguisher was obscured by work cubicles, which made it difficult to locate. Additionally, we spoke with the contract manager who supervised the staff in the mailroom and found that none of the BBMS staff had training on how to use the fire extinguisher.³ The COTR informed us he was trained to use the fire extinguisher; however, his normal work space was not in the mailroom. We believe a large, raised sign should be placed on the wall above the fire extinguisher to clearly indicate its location. Additionally, select BBMS staff should be trained on how to use the fire extinguisher in the event of an emergency.

² Administrative Instructions Manual System (AIMS), General Administration Manual (GAM) Chapter 13 Health & Safety Management – Attachment B Fire Extinguishers, G – Appropriate marking shall be given to indicate extinguisher location when it may be obstructed or obscured from view (for example, red band, decal, sign, etc).

³ AIMS/GAM Chapter 13 Health & Safety Management – Attachment B Fire Extinguishers, B – Designated personnel shall be given basic training in the use of fire extinguishers.

Primary Service Door Malfunctioned and Did Not Lock. SSA rules restrict access to the mailroom and require that doors remain locked when not in use.⁴ We observed that the side door used for mail staff to enter and exit the work area for deliveries and collections malfunctioned, would not lock automatically, and remained open. We found this was an ongoing problem. According to the COTR and the BBMS mail manager, the door was repaired several times for a similar problem but continued to malfunction. When the door is left open, mail is vulnerable to theft or destruction. In addition to mail activity, the mailroom is used to store case folders awaiting pickup. We recommend SSA determine whether a repair order can be initiated to fix the door or a new door would be a better solution.

OIG Mail Service Questionnaire

We submitted a questionnaire on mail service to 13 SSA executive officers who worked in the SSA main complex or outlying buildings (see Appendix D). We received responses from all. Their responses are summarized below.

Question 1: 10 of the 13 who received our questionnaire answered the mail was “always” picked-up on time on a daily basis, and 3 responders indicated “almost always.”

Question 2: 10 of the 13 who received our questionnaire answered the mail was “always” delivered timely on a daily basis, and 3 responders indicated “almost always.”

Question 3: 1 responder indicated “yes” that they had concerns of whether mail sent from their component would arrive at the intended destination, while the remaining 12 indicated “no.” The responder who indicated “yes” stated they had a small number of staff in an outlying building where there had been instances of mail delivered as long as 10 days after the postmark. Our review of the mailroom revealed that date-stamped mail was delivered the same day; however, there were instances where mail was returned and had to be delivered to a different location. This can happen when mail is not addressed properly. Since this component has more than one unit in the Woodlawn complex, the mail went to one location when it should have gone to another.

Question 4: 10 respondents indicated “no” when asked about receiving mail not addressed to the component. For the three who responded “yes,” the responses indicated that mail was sometimes misdirected. A responder stated that sometimes SSA staff has retired or moved to another unit and their old location continues to receive mail addressed to them. BBMS staff told us changing an address in their automated mail address system⁵ can be completed quickly; however, the SSA units

⁴ AIMS, Materiel Resources Manual, Chapter 2, instruction 8, Management Policies for Security of Incoming and Outgoing Mail, 02.08.06 Restricted Access. Access to SSA mail centers and field/hearing office mail areas must be strictly limited to mail center staff or those employees designated by management as having mail handling responsibilities.

⁵ Office of Publications and Logistics Management Automated Distribution Management System.

must inform BBMS of staff who move or retire. If they are not informed of a staff change, BBMS, in many instances, does not have that information, and the mail will go to the last known address.

Question 5: Concerning the question whether any issues or areas require improvement regarding mail delivery and collection service, one response suggested employee listings should be improved but indicated this is more of an SSA issue, since the Agency should provide the latest employee location listing to BBMS.

We found the majority of the offices that responded to our questionnaire believed there was no problem with BBMS' timeliness or accuracy of mail delivery and collection. Most of the components' concerns were focused on the delivery of mail to the intended destination. The questionnaire results are consistent with what we observed during our audit work, in that we found very few errors.

Our observations indicated most problems were envelope labels with inaccurate addresses, which BBMS cannot control. We found one instance of an inaccurate delivery made by BBMS staff. When mail is returned because of an incorrect address, the BBMS employees refer the mail to their mail examining unit, which has computer access to SSA employee locations. In some instances, BBMS staff are permitted to open the mail to ascertain the proper delivery location of the mail document. If a problem persists in their attempt to identify an employee's location, the BBMS staff will contact the employee's work area to ascertain the correct location.

CONCLUSION AND RECOMMENDATIONS

We determined that BBMS was complying with the contract terms and applicable regulations. We also determined that SSA personnel were properly monitoring the contract. We did identify areas where improvements can be made.

We recommend SSA:

1. Modify the contract to include procedures for the disposal of undeliverable mail.
2. Install a large, elevated sign to clearly identify the fire extinguisher's location. Additionally, train select BBMS staff on how to use the fire extinguisher.
3. Repair the malfunctioning door lock or determine whether a new door would be a better solution.

AGENCY COMMENTS

SSA agreed with our recommendations (see Appendix E).



Patrick P. O'Carroll, Jr.

Appendices

APPENDIX A – Acronyms

APPENDIX B – Scope and Methodology

APPENDIX C – Social Security Administration Occupied Buildings: Main Complex and Outlying Areas

APPENDIX D – Questionnaire Submitted to Executive Officers at the Woodlawn Location

APPENDIX E – Agency Comments

APPENDIX F – OIG Contacts and Staff Acknowledgments

Acronyms

AIMS	Administrative Instructions Manual System
BBMS	Bankers Business Management Services, Inc.
CO	Contracting Officer
COTR	Contracting Officer's Technical Representative
GAM	General Administration Manual
OAG	Office of Acquisition and Grants
OISP	Office of Income Security Programs
SSA	Social Security Administration

Scope and Methodology

To accomplish our objectives, we:

- Reviewed the Bankers Business Management Services, Inc., (BBMS) contract SS00-08-60085, which covers the Base Year and Option Year 1 (Base Year June 11, 2008 through June 10, 2009, and Option Year 1 June 11, 2009 through June 10, 2010).
- Prepared a questionnaire requesting information on the Social Security Administration's (SSA) satisfaction with BBMS' mail services. The questionnaire was distributed to each executive officer for those components that relied on the mail services in the Headquarters complex and local outlying buildings.
- Reviewed the applicable Federal Acquisition Regulations, as stated in the contract, SSA's Acquisitions Regulations, SSA's Administrative Instructions Manual System, and the Code of Federal Regulations.
- Reviewed the process of the Office of Acquisition and Grants (OAG) contracting officer (CO); Office of Publications, and Logistics Management, Center for Mail, Braille, and Duplicating Operations; Contracting Officer's Technical Representative (COTR); BBMS mailroom and complex and outlying buildings mail services; and the SSA finance office staffs. We tested the processes to determine whether they were relevant, operating, and effective.
- Reviewed the listing of SSA-occupied buildings: SSA main complex and outlying areas, including delivery schedules.
- Reviewed the BBMS contract employee roster and verified the staff and identification badges.
- Reviewed the BBMS contract employees' suitability letters and ascertained they were acceptable.
- Observed, during a 2-week period, the delivery and collection of mail within the SSA main complex buildings and the outlying buildings. Checked the timeliness and accuracy of delivery and collection.
- Observed mailroom work activity. Determined whether work was in-process and assessed staffing levels.

- Observed management's use of a quality assurance process and determined that it was operating to ensure mail was timely collected, processed, and delivered, as required by the contract.
- Observed whether contract workers received training, including learning what actions to take in an emergency, and the protection of private information.
- Interviewed BBMS and SSA staff.
- Evaluated COTR and CO oversight of BBMS work to ensure the contractor's compliance with the contract, which included the COTR examining and approving of BBMS' invoices.
- Reviewed supporting documentation of the COTR's review and approval of the contractor's invoices and the payments made by SSA's finance office. Tested for compliance with the *Prompt Payment Act*.¹
- Obtained and reviewed the responses from the questionnaire distributed to components that use BBMS mail services in the Headquarters complex and local outlying buildings.

We performed our audit at SSA Headquarters in Baltimore, Maryland, from May through September 2009. We found the data used for this audit were sufficiently reliable to meet our objectives. The entities audited were OAG and the Office of Publications and Logistics Management under the Deputy Commissioner for Budget, Finance and Management.

We conducted this audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our objectives.

¹ Public Law Number 97-177.

Social Security Administration Occupied Buildings: Main Complex and Outlying Areas

The Social Security Administration (SSA) Headquarters Complex is located at 6401 Security Boulevard, Baltimore, Maryland, 21235-6401 and includes the following buildings: Altmeyer, Annex, East High Rise, East Low Rise, Operations, West High Rise, and West Low Rise. The Complex also includes the following outlying buildings.

Boulevard Place Building	Dunleavy Building
Lord Baltimore Building I	Meadows East Building
National Computer Center	Oak Meadows Building
Rolling Road Commerce Center	Social Security Child Care Center
Supply Building	Windsor Park Building

Questionnaire Submitted to Executive Officers at the Woodlawn Location

Questionnaire Evaluation of Mail Delivery and Collection Services at SSA Headquarters Components

We are conducting a performance review of the Social Security Administration (SSA) contractor (Bankers Business Management Services, Inc. [BBMS]) who is responsible for mail delivery and collection within SSA's central complex (7 buildings) and approximately 10 outlying buildings.¹ The purpose of this questionnaire is to gather information to assess the service received by SSA components from BBMS.

Please review and respond to the questions below.

Please identify your component below:

Component _____

Please mark one box below for each set of characteristics.

- Is your mail being picked-up on time on a daily basis?

Always	Almost Always	Sometimes	Almost Never	Never

If you have selected *Sometimes*, *Almost Never*, or *Never*, please provide an explanation below of the conditions.

- Is mail delivered to you timely on a daily basis?

Always	Almost Always	Sometimes	Almost Never	Never

If you have selected *Sometimes*, *Almost Never*, or *Never*, please provide an explanation below of the conditions.

¹ For information on locations, see Appendix C of this report.

- Do you have any concerns of whether mail sent from your component will arrive at the intended destination?

Yes _____

No _____

If you answered Yes, please explain your concerns below.

- Do you have any concerns of receiving mail not addressed to your component?

Yes _____

No _____

If you answered Yes, please explain your concerns below

- Are there any issues or areas that you believe require improvement regarding your component's mail delivery and collection services?

Agency Comments



SOCIAL SECURITY

MEMORANDUM

Date: February 23, 2010 **Refer To:** S1J-3

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

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

Subject: Office of the Inspector General (OIG) Draft Report, "The Social Security Administration's Contract with Bankers Business Management Services, Inc., Contract Number SS00-08-60085" (A-15-09-19148)--INFORMATION

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

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

Attachment

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, “THE SOCIAL SECURITY ADMINISTRATION’S CONTRACT WITH BANKERS BUSINESS MANAGEMENT SERVICES, INC., CONTRACT NUMBER SS00-08-60085” (A-15-09-19148)

Our responses to the specific recommendations are below.

Recommendation 1

Modify the contract to include procedures for the disposal of undeliverable mail.

Comment

We agree. We will modify our contract with Bankers Business Management Services, Inc. to include current agency procedures for the disposal of undeliverable mail.

Recommendation 2

Install a large, elevated sign to clearly identify the fire extinguisher’s location. Additionally, train select Bankers Business Management Services, Inc. staff on how to use the fire extinguisher.

Comment

We agree. On January 29, 2010, we installed large and elevated signs to identify the location of the fire extinguisher. In addition, we are in the process of determining the proper procedure for obtaining fire extinguisher training for contract employees.

Recommendation 3

Repair the malfunctioning door lock or determine whether a new door would be a better solution.

Comment

We agree. By the end of February 2010, we will either repair the malfunctioning door lock or install a new door.

OIG Contacts and Staff Acknowledgments

OIG Contacts

Victoria Vetter, Director, Financial Audit Division

Deborah Kinsey, Audit Manager

Acknowledgments

In addition to those named above:

Sig Wisowaty, Senior Auditor

For additional copies of this report, please visit our web site at 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-15-09-19148.

DISTRIBUTION SCHEDULE

Commissioner of Social Security

Office of Management and Budget, Income Maintenance Branch

Chairman and Ranking Member, Committee on Ways and Means

Chief of Staff, Committee on Ways and Means

Chairman and Ranking Minority Member, Subcommittee on Social Security

Majority and Minority Staff Director, Subcommittee on Social Security

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

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

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

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

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

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

Chairman and Ranking Minority Member, Committee on Finance

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

Chairman and Ranking Minority Member, Senate Special Committee on Aging

Social Security Advisory Board

Overview of the Office of the Inspector General

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

Office of Audit

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

Office of Investigations

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

Office of the Counsel to the Inspector General

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

Office of External Relations

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

Office of Technology and Resource Management

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