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

October 2013 **Office of Audit Report Summary**

Objective

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

Background

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

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

Our Findings

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

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

Our Recommendation

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

SSA agreed with our recommendation.