

The Social Security Administration's Contract with Four, LLC A-04-13-13046



August 2013

Office of Audit Report Summary

Objectives

To (1) ensure the Social Security Administration (SSA) received the goods and/or services for which it contracted with Four, LLC and (2) review the services provided by Four, LLC and the related costs charged to SSA for adherence to the negotiated contract terms and applicable regulations.

Background

In December 2011, SSA entered into contract number GS-35F-0312U with Four, LLC an authorized International Business Machines (IBM) software reseller under the IBM Software Value Plus for Government Programs. Under the agreement, Four, LLC provides IBM-licensed software and IBM maintenance support and software for the Agency's mainframe computers and distributed computer system.

This is a 3-year fixed-price contract with 1 base year and two, 1-year option periods. The contract period is December 31, 2011 through December 30, 2014. The total contract cost is approximately \$168 million—approximately \$56 million per year. The contract has two parts based on the type of software SSA uses.

Our Findings

The software licenses, maintenance, and support services Four, LLC provided and costs it charged SSA adhered to the contract terms. Specifically, Four, LLC provided SSA (1) the IBM monthly license charge software the Agency needed to operate its mainframe computers and process workloads and (2) access to IBM's software maintenance and support program for the Agency-owned IBM software. Further, the unit prices charged to SSA agreed with the contract prices, and the quantity of services billed was accurate. Four, LLC submitted invoices at the beginning of the contract's base year, and SSA made timely and accurate payments. Finally, we determined SSA personnel properly monitored the contract.

Our Conclusions

The quantity and amounts paid for software use, maintenance, and support were in accordance with negotiated prices, and SSA received the services for which it paid. The costs for products and services were allowable, accurate, properly approved, and paid timely. Additionally, SSA personnel properly monitored the contract. Accordingly, we did not make any recommendations in this report.