

# The Social Security Administration's Information Technology Costs of the National Support Center A-04-16-50138



May 2017

Office of Audit Report Summary

## Objectives

To determine whether the (1) National Support Center's (NSC) information technology (IT) costs for Fiscal Years 2009 through 2015 agreed with the Social Security Administration's (SSA) reported costs, and (2) IT equipment and services purchased agreed with the contract terms.

## Background

In 2016, SSA replaced its more than 30-year-old National Computer Center with the NSC. The NSC, along with a Second Support Center, maintains SSA's demographic, wage, and benefit information on U.S. citizens.

SSA purchased IT equipment for both data centers. Services purchased included moving and installing the IT equipment and software support.

SSA's financial system captures contractors' invoices, which reflect the items purchased or work completed according to the agreement, and certifies acceptance of the delivered items. SSA's receiving staff physically accepts the purchases at the loading dock, assigns barcodes, records the serial number, and associates each item with the contract. However, SSA does not link this asset information to the invoice.

## Findings

We determined the NSC's IT costs for Fiscal Years 2009 through 2015 generally agreed with SSA's reported costs. The equipment and unit prices vendors charged SSA generally agreed with the contracts, and SSA generally made accurate and timely payments. However, despite our previous recommendations to improve its asset management, SSA had not enhanced its inventory receipt and recordkeeping processes. Specifically, it had not used its asset management system to track assets from purchase to delivery and installation. The NSC is operational and houses large amounts of IT equipment. However, because SSA did not reconcile assets received to the invoices, we could not ensure vendors complied with the contract terms.

Accounting for IT equipment has been an ongoing issue for SSA. However, SSA has been improving its inventory management.

According to SSA's IT Asset Management and Support Services Branch, it recognizes the need to reconcile assets to the invoices and purchase documents, and is collaborating with the Office of Acquisition and Grants to change the processes and automation between the procurement system and the inventory system. This requires an overall project plan, new process documents, and retraining of acquisition teams. We believe these improvements to the asset management system would provide a more effective inventory reconciliation.

## Recommendation

We recommend that SSA develop a comprehensive process for reconciling equipment orders, delivery receipts, quantities invoiced, and asset inventory lists. SSA agreed with our recommendation.