

Report Summary

Social Security Administration Office of the Inspector General

September 2010



Objective

To determine whether (1) the products, services, and related costs Hewlett Packard (HP) charged the Social Security Administration (SSA) under Contract Number SS00-05-40015 adhered to the negotiated contract terms and applicable regulations and (2) Agency personnel properly monitored the contract.

Background

As part of its workstation replacement project, in September 2005, SSA entered into a Blanket Purchase Agreement (BPA) with HP to purchase computers, monitors, peripheral equipment, accessories, and maintenance services. SSA ordered about 86,000 computers and 109,000 monitors. As of August 2009, SSA had paid HP about \$95.2 million under the BPA.

To view the full report, visit
<http://www.ssa.gov/oig/ADO/BEPDF/A-04-10-11012.pdf>

Contract Audit of Hewlett Packard (A-04-10-11012)

Our Findings

We were unable to determine whether the products, services, and total costs HP charged adhered to the negotiated contract terms and applicable regulations. Specifically, SSA did not reconcile the total quantity of equipment it *ordered* with the quantity of equipment HP's records indicated it *delivered*. Our attempts to reconcile these records were unsuccessful. Additionally, other variances existed between HP's inventory records, the project officer's records, and HP's invoices. Given these wide variances, we were unable to rely on the equipment totals and could not perform certain audit tests.

To SSA's credit, the type of equipment and unit prices HP charged to SSA agreed with the contract terms. Additionally, HP submitted invoices to SSA promptly and SSA made timely payments.

Our Recommendations

We recommend that SSA:

1. For future and ongoing contracts involving large computer purchases, develop a comprehensive process for reconciling equipment orders, delivery receipts, quantities invoiced, and asset inventory lists.
2. Implement a system or process in which components can electronically certify the receipt of specific types and quantities of computer equipment received and billed.

The Agency agreed with our recommendations.