
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**THE SOCIAL SECURITY ADMINISTRATION'S
VOICE OVER INTERNET PROTOCOL CONTRACT**

December 2010

A-14-09-19045

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: December 28, 2010

Refer To:

To: The Commissioner

From: Inspector General

Subject: The Social Security Administration's Voice over Internet Protocol Contract
(A-14-09-19045)

OBJECTIVE

Our objectives were to determine whether (1) Nortel Government Solutions, Incorporated, (Nortel)¹ adhered to the negotiated contract terms; (2) Social Security Administration (SSA) personnel properly administered and managed the contract; and (3) SSA implemented appropriate security measures in the Agency's Enterprise-Voice over Internet Protocol (VoIP) system to ensure protection from external threats.

BACKGROUND

VoIP is the delivery of voice communications over certain networks, such as the Internet. According to SSA, VoIP will allow the Agency to fully integrate its telephone systems and computer network to provide a consolidated communications platform. VoIP has the same security issues associated with any Internet application. The same aspects that make the VoIP software model so powerful—its flexibility, openness, and distributed design—are also what make it vulnerable.

The SSA VoIP contract number SS00-07-60066 provides support for the implementation of SSA's Telephone Systems Replacement Project (TSRP). On July 30, 2007, SSA awarded a contract to Nortel² to provide hardware, software, equipment installation, maintenance, and professional services necessary to install, integrate, and manage the VoIP Solution agencywide.³ This includes 4 Service Delivery

¹ During our review, Avaya Government Solutions, Incorporated, acquired Nortel. Avaya is the Agency's current vendor for the TSRP.

² The initial contract award was protested. Nortel prevailed and funds were obligated on March 5, 2008.

³ The 'VoIP Solution' will be implemented agencywide with the exception of Headquarters and the Commissioner's Office in Washington, D.C.

Points (SDP),⁴ 10 regional offices, 6 processing centers, an Automated Test Facility (ATF), a Voice Network Operations Center (VNOC), and 1,565 field offices.

The contract period of performance is 1 base year and 9 option years. The contract was awarded based on a “best value”⁵ to the Government analysis and is valued up to \$300 million. Goods and services needed for deliverables under the VoIP contract are obtained by an SSA task order. Each task order is an indefinite delivery, indefinite quantity contract.⁶ As of June 30, 2009,⁷ 479 task orders had been issued; more than \$69 million had been obligated; 58 invoices, totaling about \$31 million, had been paid; and approximately 200 VoIP installations had been completed.^{8, 9}

We examined the contract and associated invoices. We interviewed staff in SSA’s Offices of Budget, Finance and Management, and Telecommunications and Systems Operations. We also contacted Headquarters and field office staff regarding the work performed onsite by contractor personnel.

During our review, we obtained information that indicated SSA paid more than \$1 million for equipment and software for which we could not substantiate actual installation. In addition, Nortel installed more than \$500,000 in equipment and software for which we could not obtain documentation that the items had actually been ordered. We issued a memorandum¹⁰ to the Agency that discussed these issues. The Agency has taken action on our memorandum suggestions. See Appendix B for additional background information. See Appendix C for more information on our scope and methodology.

⁴ An SDP is a facility where VoIP calls are processed.

⁵ “Best value” to the Government is the expected outcome of an acquisition that, in the Government’s estimation, provides the greatest overall benefit in response to the requirement. Federal Acquisition Regulation (FAR) § 2.101, 48 C.F.R. 2.101.

⁶ An indefinite delivery, indefinite quantity contract is an acquisition tool that is used to acquire goods and services when the exact times and exact quantities of future deliveries are not known at the time of contract award. This type of contract is also known as a delivery order or “task order” contract. *Id.*

⁷ As of June 30, 2009, the contract had 58 invoices paid and included 1 year of contract invoices.

⁸ Completed installations included 3 SDPs, the ATF, the VNOC, the Birmingham, Alabama, Southeastern Program Service Center (SEPSC), and 192 field offices.

⁹ As of May 2010, 530 task orders had been issued, nearly \$127 million had been obligated, 193 invoices totaling almost \$58 million had been paid, and 619 VoIP installations had been completed.

¹⁰ SSA OIG, *The Social Security Administration’s Voice over Internet Protocol Contract*, March 12, 2010.

RESULTS OF REVIEW

We found Nortel generally adhered to the negotiated contract terms, except for instances in which:

- Nortel received payment for VoIP equipment and software that was not installed.
- Nortel installed VoIP equipment and software that was not ordered.

SSA provided administrative oversight and accountability on the VoIP contract, except for instances in which:

- SSA did not properly account for equipment and software acquired under the contract in a property inventory management system.
- SSA errors resulted in overstated task order costs, causing invoice overpayments.
- SSA received VoIP functionality; however, some customer service issues remained.

The Agency documented and implemented appropriate security measures for the VoIP equipment at the SDPs to ensure protection from external threats.

NORTEL RECEIVED PAYMENT FOR VOIP EQUIPMENT AND SOFTWARE THAT WAS NOT INSTALLED

When Nortel deviated from task order terms, management controls did not prevent the payment of invoices. In 6¹¹ of 23 task orders reviewed, Nortel did not have SSA's approval when it installed lesser or greater quantities of equipment and software ordered. Nortel personnel explained that the difference between the items ordered and the items installed resulted from changes in VoIP technology that had taken place while the contract was under protest.¹² Nortel did not communicate the changes in individual task order line item quantities installed to the Contract Officer (CO) or the TSRP Program Management Office (PMO).¹³ As a result, required contract modifications were not made to ratify deviations from task order quantities; SSA paid for equipment that we could not substantiate as being installed; and Nortel installed equipment where SSA could not provide documentation that it approved these changes. The TSRP PMO functions as the day-to-day technical liaison between the contractor and the CO. The TSRP PMO responsibilities include monitoring contractor compliance, ensuring all services and materials have been received in accordance with contract terms, and notifying the CO of any changes in contractor performance. Although the TSRP PMO was required to monitor contractor compliance with the contract terms, the TSRP PMO

¹¹ The six task orders are numbered 2, 3, 4, 5, 7, and 9.

¹² A protest was lodged against the initial contract awarded in July 2007. The protest period extended through March 2008 when Nortel prevailed.

¹³ The VoIP contract TSRP PMO is the Division of Integrated Telecommunications Management.

did not sufficiently monitor contractor performance to ensure that task order quantities ordered for non-field office installations¹⁴ were actually installed.

Moreover, the VoIP contract stipulates that invoice payment is contingent upon acceptance¹⁵ by SSA. When a site installation has achieved a successful acceptance test result, the contractor submits an Installation Completion Notice (Notice) to the TSRP PMO. The Notice represents an assertion by the contractor that the installation was completed according to the terms and conditions of the contract and task order(s). The TSRP PMO uses the Notice to attest to the receipt and completion of all services and materials for a particular task order and as the basis for approving payment of the task order invoice when submitted.

TSRP PMO contract monitoring was ineffective because it did not ensure that the contractor adhered to the terms of the contract. SSA paid more than \$1 million for equipment and software for which we could not substantiate actual installation. For example, on task order number 4 for the Richmond SDP, SSA ordered and paid for 33 Contract Line Item Number (CLIN) 215130 items and their installation. According to Nortel inventory records provided for this site, only 14 items were installed. The net effect for this item at this location is that SSA overpaid the contractor \$97,904.¹⁶

To address overpayments made, SSA should determine the actual variance between quantities ordered and paid for versus installed quantities and seek recovery for any payments made for equipment and software not installed.

NORTEL INSTALLED VOIP EQUIPMENT AND SOFTWARE THAT WAS NOT ORDERED

Further, we could not resolve whether SSA actually ordered more than \$500,000 in equipment and software installed by Nortel. . For example, on task order number 2, SSA ordered and paid for 65 CLIN 200010 items and their installation. According to Nortel inventory records provided for the Baltimore SDP, 85 of these items were installed. The net effect for this item at this location is that 20 items, valued at \$41,558,¹⁷ were installed in excess of what was ordered. In addition, on task order number 5, SSA ordered and paid for 18 CLIN 200300 items and their installation. According to Nortel inventory records provided for the Kansas City SDP, 24 CLIN

¹⁴ Non-field office installations during our audit period included the three SDPs, the ATF, the VNOC, and the SEPSC.

¹⁵ Acceptance is deemed to have been achieved when a site's system has operated continuously without failure for a period of 30 consecutive days.

¹⁶ The contract unit cost for CLIN 215130 is \$3,267.07. The installation cost for this unit is \$1,885.80. The total cost was calculated as (19 x \$3,267.07= \$62,074.33) plus (19 x \$1,885.80= \$35,830.20) = \$97,904.53.

¹⁷ The contract unit cost for CLIN 200010 is \$1,134.40. The installation cost for this unit is \$943.49. The total cost was calculated as (20 x \$1,134.40= \$22,688) plus (20 x \$943.49= \$18,870) = \$41,558.

200300 items were installed. The net effect for this item at this location is that six items, valued at \$41,890,¹⁸ were installed in excess of what was ordered. Further, on task order number 4, SSA ordered and paid for one CLIN 714350 item. According to Nortel inventory records provided for the Richmond SDP, 12 of these items were installed. The net effect for this item at this location is that 11 items, valued at \$35,255,¹⁹ were installed in excess of what was ordered. The total net effect for these three items is more than \$110,000.

As of the date of our review, the CO had not approved these contract deviations in the form of task order modifications. To strengthen controls to ensure that the contractor adheres to the contract terms, we recommend SSA reconcile task orders and installation quantities as an additional acceptance requirement before paying future VoIP invoices. Further, before the contractor's non-performance or performance of work outside a task order, a contract modification must be prepared and ratified.

SSA DID NOT PROPERLY ACCOUNT FOR VOIP EQUIPMENT AND SOFTWARE IN A PROPERTY INVENTORY MANAGEMENT SYSTEM

Nearly \$18 million in equipment and software purchased under SSA contract SS00-07-60066 had not been accounted for in an SSA property management inventory system. According to SSA's Administrative Instructions Manual System (AIMS), Materiel Resource Manual (MRM) section 04.01, equipment and software can be classified in one of three property categories.

- Property with an aggregate acquisition cost of \$100,000 or more is defined as capitalized property.²⁰
- Accountable property²¹ is defined as the end item²² of personal property with an aggregate acquisition value of \$3,000²³ to \$99,999.

¹⁸ The contract unit cost for CLIN 200300 is \$3,811.58. The installation cost for this unit is \$3,170.12. The total cost was calculated as (6 x \$3,811.58= \$22,869) plus (6 x \$3,170.12= \$19,021) = \$41,890.

¹⁹ The contract unit cost for CLIN 714350 is \$3,205.03. There was no installation cost involved with this acquisition. The total cost was calculated as 11 x \$3,205.03= \$35,255.

²⁰ AIMS, § 04.01.03 defines capitalized property as "...personal property that has an acquisition value of \$100,000 or more and is recorded in the SSA General Ledger Accounts."

²¹ AIMS, § 04.01.03 defines accountable property as "The end item of personal property with an aggregate acquisition value of \$3,000 to \$99,999 including property owned, leased or otherwise under Government control." "All personal property within the accountable dollar threshold must be recorded in a system to be maintained by the Property Accountable Officer."

²² AIMS § 04.01.03 defines end item as "...an item of equipment that is not part of a larger item."

²³ At the time of our audit, the lower dollar threshold for accountable property was \$1,000. However, on April 10, 2010, the lower dollar threshold in AIMS section 04.01.03 was increased to \$3,000.

- Property costing less than \$3,000 that is not subject to an annual inventory and is not considered sensitive property must be controlled through the acquiring component's custodial property records.

A common factor shared by all three property categories is that property must be accounted for and recorded in a property management inventory system.

We reviewed SSA's Sunflower System²⁴ property management records for the 14 sites associated with our sample of 15 paid invoices. We found that the Sunflower system property management records had not been updated to include VoIP equipment installed at any of the 14 locations.

We also contacted 10 field office sites to determine whether component custodial property records had been updated to account for VoIP acquisitions costing less than \$3,000. One of 10 field offices responded that changes were made to its custodial property records for VoIP equipment that was installed at that site.

Since SSA did not comply with its inventory policies and procedures, the Agency's inventory systems did not provide sufficient records of VoIP equipment. We recommend that the Agency adhere to its own policies and procedures to account for equipment and software acquired under the VoIP contract in a property management system.

SSA ERRORS RESULTED IN INVOICE OVERPAYMENTS

Our review of 15 sample Nortel invoices paid during the review period identified invoice overpayments of approximately \$46,000. The invoice overpayments resulted from errors made in calculating several individual task order amounts. For example, modification number 1 to task order number 5 was overstated by \$25,839.²⁵ Nortel billed SSA the total amount indicated on each task order. Nortel invoices did not always comply with contract invoice requirements²⁶ that the invoices contain specific information as to what was billed (for example, amounts billed line item by line item).

²⁴ The Sunflower System is a database the Agency uses to account for equipment considered sensitive and equipment with an acquisition cost that falls within the range of \$3,000 to \$99,999. See generally, SSA, AIMS - MRM, 4.04 (April 12, 2010).

²⁵ Contract modification number 1 for task order number 5 for CLINs 759660 and 759670 were priced at \$7,995 and \$1,995, respectively. According to the contract pricing tables, the correct unit prices are \$5,478 and \$1,361, respectively. The effect of using the incorrect unit prices for this modification is that the modification was overstated by \$25,839. The total cost was calculated as (\$7,995-\$5,478= \$2,517 x 8= \$20,136) plus (\$1,995-\$1,361.28= \$633.72 x 9= \$5,703) = \$25,839.

²⁶ According to Section G.1 (i) of the VoIP contract, "All contractor submitted invoices must include the Contractor's TIN, DUNS number; Contract Number; specific Task/Delivery Order Number; CLINs being invoiced for; site code of the Agency site having received delivery of the respective CLIN(s); and the date of Government acceptance for the respective CLIN(s)."

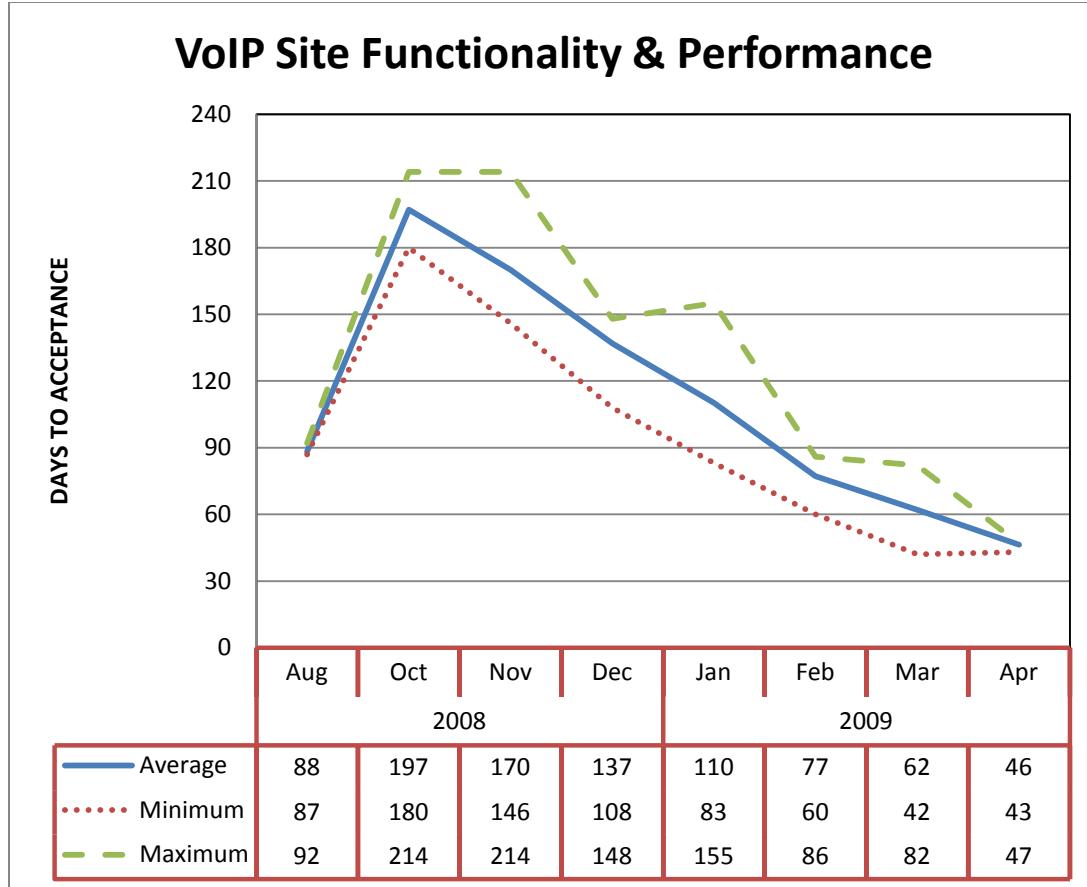
We reviewed other task orders to determine whether similar errors were made. We identified an additional error on task order number 7 that was not paid within the audit period that resulted in an additional overpayment of more than \$13,000. We recommend that contract modifications be executed to account for the task order errors that resulted in invoice overpayments and that SSA seek recovery from Nortel of about \$60,000.

SSA ACHIEVED VOIP PERFORMANCE AND FUNCTIONALITY, BUT SOME CUSTOMER SERVICE ISSUES REMAIN

For the VoIP sites reviewed, SSA received planned VoIP performance and functionality. As indicated in the chart below, as more installations were completed, the average number of days to achieve site performance and functionality decreased (from 197 days to 46 days). VoIP performance and functionality was based on the total number of days required for each site to achieve 30 consecutive days without failure.²⁷ SSA did not pay an invoice until VoIP functionality was achieved through the acceptance process.²⁸

²⁷ The installations that occurred in August 2008 involved three SDP locations, the ATF, the SEPSC, and a VNOC. No installations were completed in September 2008. The installations during the October 2008 to April 2009 period involved 120 of 192 field office locations where VoIP was installed. Discussions with Agency officials disclosed that the date of acceptance on individual installation completion notices may not reflect the actual date of acceptance. However, we were unable to verify this information.

²⁸ According to Section G.1 (b) of the VoIP contract, payment shall be made when acceptance, as described in contract Section E - *Inspection and Acceptance* is achieved. Final formal acceptance is deemed to have been achieved after 30 consecutive days of successful uninterrupted performance of a site's VoIP system.



Although SSA achieved VoIP functionality and performance, when we attempted to contact sampled field offices where VoIP had been installed, we encountered long wait times, disconnected or dropped calls, poor sound quality, and difficulty when navigating the telephone menu tree. We inquired whether the offices had received customer comments about the new telephone system. Four of the five offices replied that they had received negative comments. In addition, office staff had been experiencing some technical issues. If field office feedback and our experiences are representative of VoIP functionality, this raises concerns about the level of customer service provided to individuals calling SSA field offices.

Subsequent to our review, the Agency provided additional information on the impact of VoIP on field office customer service. Based on our examination of this information, we will not perform an additional review of field office customer service at this time.²⁹

²⁹ We reviewed the Fiscal Year 2006 and 2010 *Field Office Telephone Service Replacement Project Survey(s)* as well as Office of Quality Performance surveys of SSA's telephone system.

SSA IMPLEMENTED VOIP SECURITY AT THE SDPS

The Agency documented and implemented appropriate security measures for the VoIP equipment at its SDPs to ensure protection from external threats. SSA implemented systems and communication protections. This included denial of service protection, transmission confidentiality, and malicious code protection. In addition, the Agency implemented access control features to prevent unsuccessful login attempts.

SSA's VoIP application at the SDPs was configured to provide only essential capabilities as required. Audit and accountability features were implemented and the content of the audit logs met federal standards.³⁰ The alternate storage site, alternate processing site, and alternate telecommunications services for VoIP met NIST requirements.³¹ The Agency should continue to implement cost beneficial security controls as needed.

CONCLUSION AND RECOMMENDATIONS

During our review, we met with Agency representatives to discuss the issues identified in the OIG memorandum issued in March 2010. Subsequently, the Agency initiated action to address those issues. SSA

- conducted physical inventories of VoIP equipment and software at non-field office locations;
- met with Nortel to negotiate inventory differences;
- notified the Office of Acquisition and Grants of the need to process task order modifications for acceptable differences; and
- sought recovery for items paid for that were not installed.

According to SSA, telephone media is the preferred method used by its customers to conduct business. To ensure that the Agency receives the services it has paid for, it is imperative that SSA effectively and efficiently manage the VoIP contract. We recommend SSA:

1. Continue to conduct VoIP physical inventories and reconcile the inventory results with quantities ordered on task orders. If variances exist, execute task order modifications for acceptable differences and seek recovery for overpayments.
2. Continue to perform reconciliation between ordered and installed quantities as an additional contract acceptance condition prior to the payment of future VoIP invoices.

³⁰ National Institute of Standards and Technology (NIST) Special Publication 800-58, *Security Considerations for VoIP Systems*, January 2005.

³¹ Ibid.

3. Appropriately account for equipment and software acquired under the VoIP contract in a property management inventory system.
4. Execute contract modifications to account for the task order errors that resulted in invoice overpayments and seek recovery from Nortel of approximately \$60,000.
5. Continue to work with Nortel to address customer service issues.
6. Continue to implement cost beneficial security controls, as needed.

AGENCY COMMENTS AND OIG RESPONSE

SSA agreed with all six recommendations. See Appendix E for the full text of SSA's comments.

OTHER MATTERS

During our review, we noted that several contractor employees were allowed to work under the contract without proper clearance. Two Nortel employees had access to SSA's network but did not have the appropriate security clearance to work under the VoIP contract. In addition, another contractor employee had administrative access³² to the Baltimore SDP VoIP communication server who did not have appropriate clearance. Federal standards recommend agencies manage information systems accounts by having appropriate clearance before granting access to its information systems.³³

Although these employees did not have appropriate clearance, we did not find that the integrity or availability of the VoIP system had been compromised. This issue will be addressed in a future review.



Patrick P. O'Carroll, Jr.

³² Administrative access can be defined as the entity or individuals responsible for overseeing access to corporate information technology resources.

³³ NIST Special Publication 800-53, *Recommended Security Controls for Federal Information Systems*, page F-3, December 2007.

Appendices

[**APPENDIX A**](#) – Acronyms

[**APPENDIX B**](#) – Additional Background Information

[**APPENDIX C**](#) – Scope and Methodology

[**APPENDIX D**](#) – Sampling Methodology

[**APPENDIX E**](#) – Agency Comments

[**APPENDIX F**](#) – OIG Contacts and Staff Acknowledgments

Appendix A

Acronyms

AIMS	Administrative Instructions Manual System
ATF	Automated Test Facility
CLIN	Contract Line Item Number
CO	Contract Officer
IP	Internet Protocol
MRM	Materiel Resources Manual
NIST	National Institute of Standards and Technology
Nortel	Nortel Government Solutions, Incorporated
Notice	Installation Completion Notice
PBX	Private Branch Exchange
PMO	Program Management Office
ROCC	Remote Operation Control Center
SDP	Service Delivery Point
SSA	Social Security Administration
TSRP	Telephone Systems Replacement Project
VNOC	Voice Network Operations Center
VoIP	Voice over Internet Protocol

Additional Background Information

The Agency's Previous Telephone System

CALL FLOW

Incoming calls from the public were routed through public telephones to lines leased to the Social Security Administration (SSA) on a monthly basis from a telephone carrier. The field office system answers the call with a recorded greeting, plays a menu of connection options to the caller, and then routes the call appropriately within the field office. See Figure B-1.

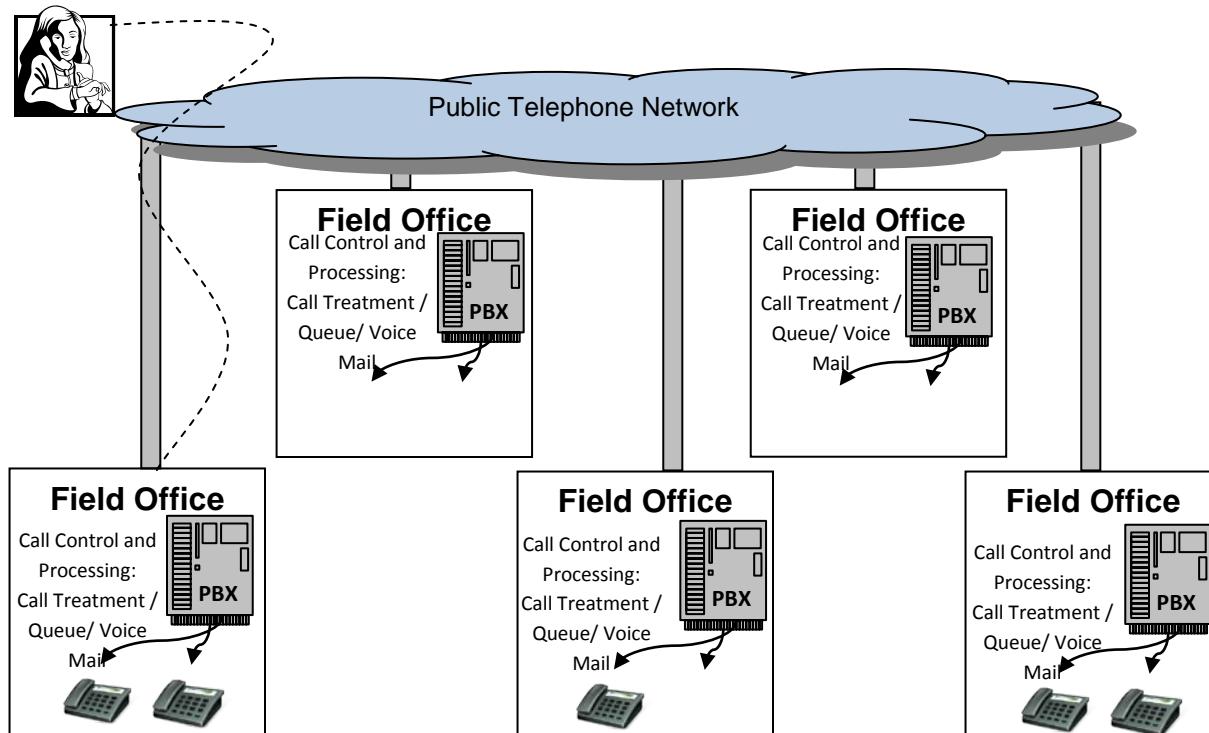


Figure B-1 – Agency's Previous Telephone Configuration

HARDWARE

Each of the Agency's sites was equipped with a stand-alone Private Branch Exchange (PBX).¹ The PBX systems were of different manufacturers with on-site technicians providing maintenance support. The PBX systems were connected to the local Public Telephone Network or operating on a General Services Administration telephone switching system.

¹ A PBX makes connections among the internal telephones of an organization and connects them to a public telephone network for both incoming and outgoing calls. Large sites had their own PBX, while smaller sites shared a PBX.

The PBX systems handled a variety of operations beyond connection to the public telephone system.² Not all these features were available on every PBX; some features were purchased through add-on modules (such as overhead paging systems). Features that were not implemented agencywide included automatic call distribution, integrated voice messaging, conferencing multiple outside calls, detailed real-time system monitoring, and management information.

SSA's New Telephone System

WHY THE AGENCY SELECTED VOICE OVER INTERNET PROTOCOL

Based on SSA's Telephone Systems Replacement Project (TSRP) statement of work, the Agency developed strategic plans for the future of its core network systems. A common theme in all the strategic plans was the use of Internet Protocol (IP) as the underlying technology. The existing PBX systems were at the end of their life-cycle and would need to be replaced since existing support for them was diminishing. Since there were many different manufacturers, the PBXs did not provide consistent functionality across the Agency.

TSRP replaced the Agency's end-of-life telephony systems with a flexible infrastructure. Using Voice over Internet Protocol (VoIP) provided an opportunity to converge SSA's two independent networks (data/voice), providing a consolidated communications platform for consistency throughout the Agency. It also decreased telephone infrastructure maintenance and operations; and provided greater availability, flexibility, and functionality.

CALL FLOW

Incoming calls from the public are routed to a pre-defined Service Delivery Point (SDP)³ using a Federal Technology Service Toll-Free service. At the SDP, the incoming calls are converted to a VoIP call and the call processing and treatment functions are performed. The call is then routed to the appropriate representative at the field office over the Agency's network (see Figure B-2).

² Some of the main functions were to answer calls with a custom business greeting; offer a menu of options for directing the call; provide a directory of employee extensions; evenly distribute calls among available employees through the automatic call distribution; place callers on hold and play music or custom messages; voice messaging; transferring calls between extensions; detailed call records and real-time system management; and internal in-phone or overhead paging.

³ SDPs are located at the National Computer Center; Second Support Center; the Remote Operations Control Center (ROCC) in Richmond, California; and the ROCC in Kansas City, Missouri.

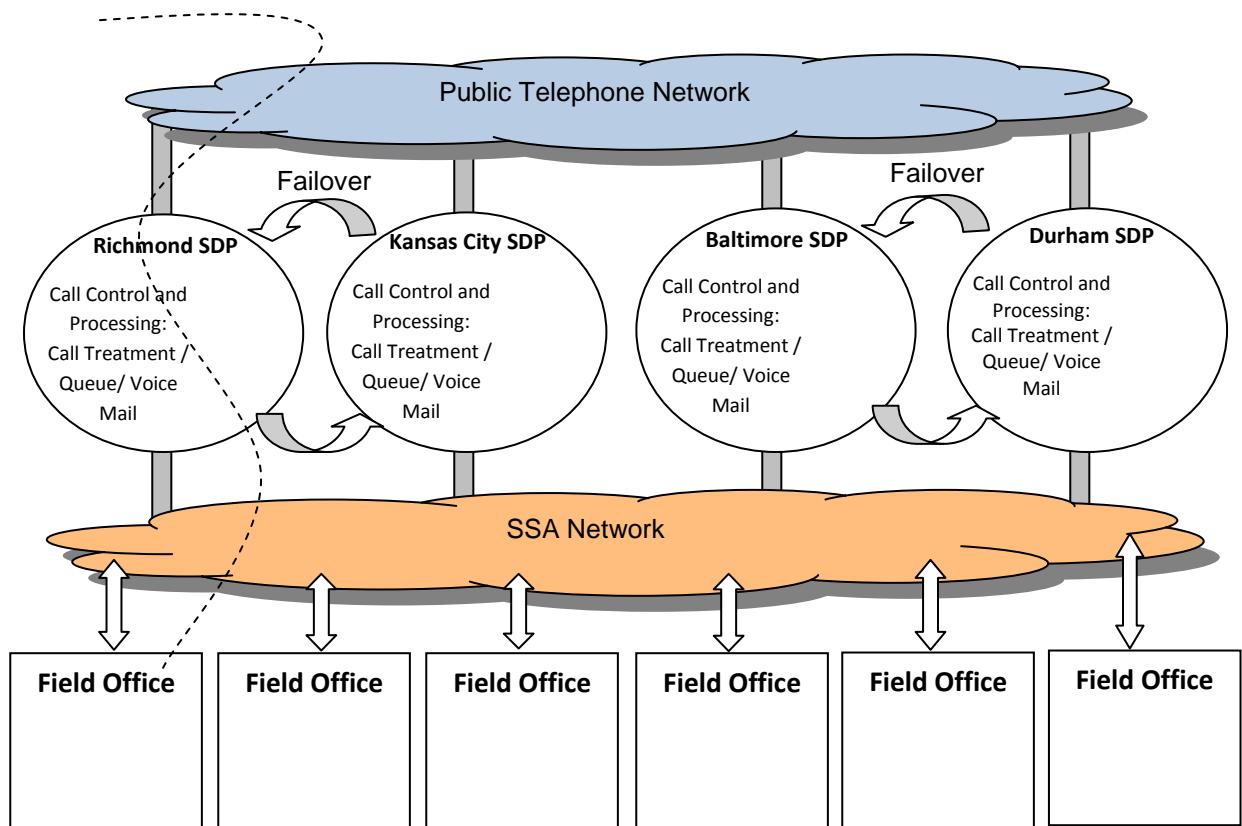


Figure B-2- TSRP Solution Configuration

HARDWARE

With TSRP, the Agency uses centralized call processing equipment and software at the SDPs and uses SSA's existing local area network and wide area network. With this design, all sites are interconnected by two, independent networks from two different carriers. This network carries all data, video, and voice traffic. Hardware at the field offices is composed of IP phones and network equipment for inbound and outbound connectivity if the network connection to the SDPs is lost.

AVAILABILITY

The SDPs perform the call processing, voice mail, Interactive Voice Response, and automatic call distribution. Each SDP is a designated backup for all VoIP functions, with full failover if there is a failure at the primary SDP. Telephone calls from or to a field office could be blocked and then rerouted if the bandwidth at the location is exceeded or is not operational.

At the SDPs, the TSRP solution is capable of transferring incoming calls to the Agency's National 800 Number Network facility (where it converts to the Network's analog lines) in the event a field office is not operational. This feature can be used to provide continuation of services for all general inquiry calls to a field office via the Agency's National 800 Number Network. The TSRP solution is configured so that field offices have access to Emergency 911 and 411 calls using the traditional analog lines in case of a failure that disables the field office's ability to receive services from the SDPs (for example, network outage).

Scope and Methodology

To accomplish our objectives, we

- reviewed applicable Federal laws and regulations and applicable Social Security Administration (SSA) policies and procedures;
- reviewed the SSA/Nortel Contract Number SS00-07-60066;
- interviewed Agency staff;
- reviewed and observed Agency contract management processes;
- examined all sample invoice task orders and associated modifications;
- selected and tested 15 of 58 invoices paid as of June 30, 2009;
- obtained, documented, and examined additional information relevant to our review;
- contacted SSA personnel at locations where Voice over Internet Protocol installations occurred;
- reviewed documentation for security related to denial of service protection, malicious code protection, access control, audit and accountability, transmission confidentiality, and contingency planning; and
- examined server configuration settings, audit logs, and user access controls.

We performed audit work at field office locations,¹ service delivery points,² the National Computer Center,³ and SSA Headquarters⁴ between May 2009 and April 2010. The principal entities audited were SSA's Offices of Acquisition and Grants, and Telecommunications and Systems Operations.

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 audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

¹ The field offices contacted were New Britain, Connecticut; Owings Mills, Maryland; El Paso, Texas; Philadelphia, Pennsylvania; Dallas, Texas; Jericho, New York; Los Angeles, California; Hampton, Virginia; Greenwood, South Carolina; and the Southeastern Program Service Center in Birmingham, Alabama.

² The service delivery point sites are in Baltimore, Maryland; Richmond, California; Durham, North Carolina; and Kansas City, Missouri.

³ The National Computer Center in Woodlawn, Maryland, contains the equipment for the Baltimore Service Delivery Point and the Baltimore Voice Network Operations Center.

⁴ The SSA Headquarters complex is located in Woodlawn, Maryland.

Sampling Methodology

We selected 15 of 58 paid contractor invoices. The invoices selected represented about \$19 million of approximately \$31 million in expenses that were incurred and paid under the Social Security Administration contract SS00-07-60066 as of June 30, 2009. Five invoices were selected from the lowest, middle, and highest invoice cost range.

To accomplish our audit objectives, we determined whether

- contractor invoices matched or did not exceed in total the amount of the individual task order(s);
- associated task orders were mathematically correct;
- task order unit prices adhered to contract pricing tables;
- contract pricing tables accurately reflected individual vendor discounts;
- contract modifications to the base contract and individual task orders were accurately processed; and
- installation costs were only incurred for ordered equipment.

We also reviewed invoices to determine that they were:

- certified by the Contract Officer Technical Representative before payment;
- not paid before the receipt of goods and services; and
- paid in accordance with the *Prompt Payment Act*.¹

The 15 paid sample invoices were also used to select a sample of items of equipment and software that were acquired under the Voice over Internet Protocol (VoIP) contract. There were 14 locations² associated with the 15 invoices where VoIP installations occurred. The objective of our test sample was to confirm that the equipment and software ordered was actually installed. For each of the nine field offices, we selected the five highest unit cost items acquired as our sample items. For the other 5 installations, we selected the highest 25 unit cost items, but limited the selection to 5 for any 1 item selected. For example, if nine of the same items were the highest unit cost items at a site, we only selected five of those items for our sample. Our test of equipment and software acquisitions also allowed us to confirm equipment installation and site implementation fee costs. In all, we sampled and tested approximately \$6 million of the \$31 million paid during the audit period.

¹ The *Prompt Payment Act of 1982*, Pub. L. 97-177, 96 Stat. 85 (codified in scattered sections of 31 U.S.C.).

² The field offices contacted were New Britain, Connecticut; Owings Mills, Maryland; El Paso, Texas; Philadelphia, Pennsylvania; Dallas, Texas; Jericho, New York; Los Angeles, California; Hampton, Virginia; Greenwood, South Carolina; and the Southeastern Program Service Center in Birmingham, Alabama. The service delivery point sites are located in: Baltimore, Maryland; Richmond, California; and Kansas City, Missouri. The Voice Network Operations Center is located in Baltimore, Maryland.

Appendix E

Agency Comments



SOCIAL SECURITY

MEMORANDUM

Date: December 6, 2010 Refer To: S1J-3

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

From: Dean S. Landis /s/
Deputy Chief of Staff

Subject: Office of the Inspector General (OIG) Draft Report, "The Social Security Administration's Voice over Internet Protocol Contract" (A-14-09-19045)--INFORMATION

Thank you for the opportunity to review the draft report. Please see our attached comments.

Please let me know if we can be of further assistance. Please direct staff inquiries to
Rebecca Tohero, Acting Director, Audit Management and Liaison Staff, at (410) 966-6975.

Attachment

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, “THE SOCIAL SECURITY ADMINISTRATION’S VOICE OVER INTERNET PROTOCOL CONTRACT” (A-14-09-19045)

GENERAL COMMENT

We have no issue with most of your findings, and agree to all six of your recommendations. We must point out, however, that we face many complexities in managing the field office telephone service replacement project (TSRP). Primary among these is the ever-changing nature of technology itself.

We begin our task order processes by assessing each office’s individual needs; we then issue a task order to fulfill those needs. Several months may pass between the time we place the order and actual delivery of goods. During the interim, new technologies often become available from the same contractor – technologies that offer improved functionality over what we first ordered. In those cases, we may opt for the new equipment; the equipment we originally ordered may no longer be available; or a function that once required two pieces of equipment can now be handled by one.

We face these and other uncertainties as we roll-out TSRP to more than 1,300 field offices. We cannot predict exactly how technology will change, but we know it will, and deviations from the original task orders are inevitable. That notwithstanding, we recognize the importance of properly managing this project. Therefore, we are acting to further improve our controls over acceptance and payment for equipment and services.

One other comment: On page 2 you state, “Nortel may have installed more than \$500,000 in equipment and software that had not been ordered.” We note this same “may have” theme in other sections of the report – specifically pages 3 and 4. If your statements are not supported by facts, we believe you should remove them; especially those statements citing dollar amounts.

RESPONSES TO RECOMMENDATIONS

Recommendation 1

We recommend that SSA continue to conduct Voice over Internet Protocol (VoIP) physical inventories and reconcile the inventory results with quantities ordered on task orders. If variances exist, execute task order modifications for acceptable differences and seek recovery for overpayments.

Response

We agree. We have completed VoIP physical inventories and identified task order variances. We will determine where there are acceptable differences between the equipment we originally ordered versus what was delivered, and if necessary, we will execute task order modifications. Where we accept equipment of greater value than stipulated in task orders, we may be liable for

higher costs; in other situations, we may be entitled to refunds. Case by case, we will modify task orders as appropriate and either make additional payments or seek refunds.

Recommendation 2

We recommend that SSA continue to perform reconciliation between ordered and installed quantities as an additional contract acceptance condition prior to the payment of future VoIP invoices.

Response

We agree. As equipment is delivered and installed, we will reconcile quantities ordered with quantities received and accepted. After the period of acceptance testing, usually 30 days, we will certify final receipt where appropriate, and pay invoices.

Recommendation 3

We recommend that SSA appropriately account for equipment and software acquired under the VoIP contract in a property management inventory system.

Response

We agree. We are conducting an inventory of the VoIP equipment and software we have received to date under the Nortel contract and will update our Sunflower property management system. We will continue to maintain an accurate inventory of our accountable property in Sunflower once we certify final receipt and acceptance of equipment.

Recommendation 4

Execute contract modifications to account for the task order errors that resulted in invoice overpayments and seek recovery from Nortel of approximately \$60,000.

Response

We agree. We reconciled differences and received a credit for \$58,124.51.

Recommendation 5

We recommend that SSA continue to work with Nortel to address customer service issues.

Response

We agree and already work routinely with Nortel to address customer service issues. The problems you cite, however, are not indicative of our recent experience. We believe your examples are outdated, and some of your findings are anecdotal.

For example, the first sentence on page 8 of your draft report states: “we encountered long wait times, disconnected or dropped calls, poor sound quality, and difficulty when navigating the telephone menu tree.” First, “long wait times” are unrelated to VoIP functionality; and is not a Nortel customer service issue. Second, the other issues you describe are in sharp contrast to the results of our *Fiscal Year 2010 Field Office Telephone Service Replacement Project Survey*, released in August 2010. Our study showed an overall satisfaction rate of 73 percent among respondents: nearly three quarters of respondents rated service as either excellent, very good or good. Our survey also indicated that there were minimal disconnects, good sound quality, and users had little difficulty navigating the telephone menu tree. You can view the study at:

http://quality.ba.ad.ssa.gov/hq/reports/reportspdf/FY_2010_FO_TSRP_Survey_Report.pdf

Recommendation 6

We recommend that SSA continue to implement cost beneficial security controls, as needed.

Response:

We agree. As you state in the middle of page 3, “The Agency documented and implemented appropriate security measures for the VoIP equipment.” We will continue these practices.

Appendix F

OIG Contacts and Staff Acknowledgments

OIG Contacts

Brian Karpe, Director, Information Technology Audit Division

Mary Ellen Moyer, Audit Manager

Acknowledgments

In addition to those named above:

Harold Hunter, Auditor in Charge

Jan Kowalewski, Auditor

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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-14-09-19045.

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