



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

Audit Report

Contractor Labor Qualifications and Government Furnished Equipment

152411 September 2025



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: September 30, 2025

Refer to: 152411

To: Frank Bisignano
Commissioner

From: Michelle L. Anderson *Michelle L. Anderson*
Acting Inspector General

Subject: Contractor Labor Qualifications and Government Furnished Equipment

The attached final report presents the results of the Office of Audit's review. The objectives were to determine whether—for two information technology support services awards—the Social Security Administration (1) ensured contractor employees met the award labor qualifications requirements, (2) managed Government Furnished Equipment provided to contractors according to the Federal Acquisition Regulation, and (3) ensured invoices were consistent with award rates and amounts.

If you wish to discuss the final report, please contact Jeffrey Brown, Deputy Assistant Inspector General for Audit.

Attachment

Contractor Labor Qualifications and Government Furnished Equipment 152411



September 2025

Office of Audit Report Summary

Objective

To determine whether—for two information technology (IT) support services awards—the Social Security Administration (SSA) (1) ensured contractor employees met the award's labor qualification requirements, (2) managed Government Furnished Equipment (GFE) provided to contractors according to the Federal Acquisition Regulation (FAR), and (3) ensured invoices were consistent with award rates and amounts.

Background

To fulfill its responsibilities to the public, SSA relies on a variety of products and services, which SSA procures from contractors.

The Agency's Office of Acquisition and Grants develops Agency-specific contracting policies and procedures, appoints contracting officers, and awards contracts. SSA's contracting practices are subject to the government-wide requirements in the FAR.

We audited two IT support services awards. To accomplish our objectives, we reviewed award documentation and interviewed Agency personnel involved in the issuance and administration of the awards.

Results

For the two awards we reviewed, SSA did not (1) ensure contractor employees met labor qualification requirements, (2) properly track and manage GFE provided to contractors, and (3) ensure contractor invoices were consistent with award terms.

- The contracting officer's representative (COR) for one award did not always verify contractor employees met the Agency's professional certification requirements as stated in the award or retain resumes in accordance with Federal regulations.
- SSA did not have a centralized property management system to track contractor GFE and did not review contractors' property management systems, as required by Federal regulations.
- The COR for one award allowed changes that were prohibited by Federal regulations.
- SSA paid some contractor invoices that were not consistent with the award terms.

Conclusion

The COR did not identify performance or service problems for the awards we reviewed. Still, SSA should improve its processes and controls for contract management to address the issues we identified to ensure compliance with the FAR and reduce the risk that contractors do not provide the services SSA requires.

Recommendations

We made eight recommendations for SSA to strengthen its contract oversight controls to ensure contractor employees possess the required qualifications, improve SSA's GFE tracking, and verify that invoiced amounts are consistent with award terms.

Agency Comments

SSA agreed to implement our recommendations.

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ABBREVIATIONS

C.F.R.	Code of Federal Regulations
CO	Contracting Officer
COR	Contracting Officer's Representative
DCMA	Defense Contract Management Agency
FAR	Federal Acquisition Regulation
GFE	Government Furnished Equipment
IT	Information Technology
OIG	Office of the Inspector General
SSA	Social Security Administration
SOW	Statement of Work

OBJECTIVES

Our objectives were to determine whether—for two information technology (IT) support services awards—the Social Security Administration (SSA) (1) ensured contractor employees met the award labor qualifications requirements, (2) managed Government Furnished Equipment (GFE) provided to contractors according to the Federal Acquisition Regulation (FAR), and (3) ensured invoices were consistent with award rates and amounts.

BACKGROUND

To fulfill its responsibilities to the public, SSA relies on a variety of products and services, which SSA procures from contractors. The Agency's Office of Acquisition and Grants develops Agency-specific contracting policies and procedures, appoints contracting officers (CO), and awards contracts. SSA's contracting practices are subject to the government-wide requirements of the FAR.¹

Labor Qualifications

Awards can require that key and non-key personnel meet minimum education, certification, and work experience requirements. Key personnel positions can vary by award and may include positions such as project or program manager and subject-matter expert.

When SSA includes key personnel requirements in the statement of work (SOW), the contractor must submit a proposal that identifies key personnel and their qualifications to meet the education and experience requirements.² The contracting officer's representative (COR) or CO reviews the qualifications and accepts or rejects the proposed key personnel.³ The CO must approve any subsequent key personnel substitutions in writing and document them in the award file as a contract modification. Non-key personnel are necessary to complete the contract requirements but may be replaced without CO or COR approval.

¹ FAR is the primary regulation for use by all executive agencies to acquire supplies and services with appropriated funds. The Department of Defense (on September 5, 2025, the Department of Defense was renamed the Department of War), General Services Administration, and the National Aeronautics and Space Administration jointly issue the FAR. The FAR is codified in C.F.R. Title 48.

² The SOW describes the work or services a contractor is to perform to achieve an end result without detailing the methods unless critical for successful performance. Additionally, the SOW specifies all performance requirements for contractor efforts in clear and understandable terms.

³ The CO has the authority to enter into, administer, and/or terminate contracts and make related determinations and findings. The CO designates and authorizes the COR in writing to perform specific technical or administrative functions.

Government Furnished Equipment

Federal regulations define GFE as all property owned or leased by the Government.⁴ This includes both Government-furnished and contractor-acquired property, such as material, equipment, special tooling, special test equipment, and real property.⁵ Regulations require that contractors “. . . have a system to manage ([that is], control, use, preserve, protect, repair and maintain) government property” in its possession and initiate and maintain processes, systems, procedures, records, and methodologies necessary to control the government property.⁶

Contractor Invoices

Federal regulations require that SSA review contractor invoices to determine whether the items and amounts claimed are consistent with the award terms before it issues payment.⁷ In addition, Federal regulations prohibit price modifications to firm-fixed-price awards based on the contractor's cost experience in performing the contract.⁸

SCOPE AND METHODOLOGY

We audited two information technology (IT) support services awards.⁹ At the time of our review, Contractor 1 and Contractor 2 had approximately 1,000 and 100 employees, respectively. To accomplish our objectives, we reviewed award documentation and interviewed Agency personnel involved in the issuance and administration of the awards. We also sampled 125 contractor employee resumes and 160 contractor invoices. See Appendix A for details.

RESULTS OF REVIEW

For the two awards we reviewed, SSA did not (1) ensure contractor employees met labor qualification requirements, (2) properly track and manage GFE provided to contractors, and (3) ensure contractor invoices were consistent with award terms.

- The COR for one award did not always verify contractor employees met the Agency's professional certification requirements as stated in the award or retain resumes in accordance with Federal regulations.

⁴ 48 C.F.R. § 45.101.

⁵ Government-furnished property is in the possession of, or directly acquired by, the Government and subsequently furnished to the contractor for performance of a contract. Contractor-acquired property is acquired, fabricated, or otherwise provided by the contractor for performing a contract and to which the Government has title. 48 C.F.R. § 45.101.

⁶ 48 C.F.R. § 52.245-1(b)(1), Property Management.

⁷ 48 C.F.R. § 532.905.

⁸ 48 C.F.R. § 16.202-1.

⁹ Throughout the report, we refer to the contractors as “Contractor 1” and “Contractor 2”.

- SSA did not have a centralized property management system to track contractor GFE and did not review contractors' property management systems as required by Federal regulations.
- The COR for one award allowed changes that were prohibited by Federal regulations.
- SSA paid some contractor invoices that were not consistent with the award terms.

Contract Labor Qualifications

The COR for Contractor 2 did not always verify contractor employees met the Agency's professional certification requirements as stated in the award or retain resumes in accordance with Federal regulations. Further, the COR did not document they reviewed and approved key contractor personnel, as required.

Required Minimum Qualifications

Satisfying personnel requirements is considered a material aspect of a contractor's compliance with the contract or agreement. The SOW outlines specific experience and certifications contractor employees must have, and the COR is responsible for ensuring personnel meet these requirements. SOWs for Contractors 1 and 2 contained specific requirements for key and non-key personnel and specified the relevant skills and experience necessary for contractor personnel to satisfy the requirements for a qualified workforce. SOW personnel requirements generally

- describe the minimum experience, education, and qualifications individuals must meet to qualify for a specific job category and
- require that contractors submit the names and resumes of proposed personnel so agencies can verify the individuals proposed meet the minimum requirements at the date of award.

The SOW for Contractor 1 required a combination of work experience and college education. The SOW for Contractor 2, required a combination of work experience and certain professional project management or IT certifications, depending on the job category.

Of the 125 contractor employees we reviewed, 11 (9 percent) were missing required professional certifications. We reviewed 69 Contractor 1 employees' (4 key and 65 non-key personnel) resumes and found no exceptions. However, we reviewed 56 Contractor 2 employees' resumes and found the following.

- One of 11 key contractor employees (9 percent) did not possess the required professional management certification. The contractor employee provided a copy of their certification; however, it was issued in February 2025, and the employee had been working under the award since May 2021.
- Ten of 45 non-key contractor employees (22 percent) did not possess, or timely possess, the required IT certifications for their job category. In addition, when we requested additional support for these employees' qualifications, neither the COR nor the contractor could provide documentation to demonstrate that the employees met the qualifications.

The COR agreed these employees did not possess the necessary certifications. While the COR did not document any performance or service problems for the awards we reviewed, using unqualified contractor employees conflicts with SOW requirements, could lead to service issues, and could reduce efficiency and quality of work. SSA should enhance its award oversight controls to ensure contractor personnel meet the labor qualifications outlined in the SOW at the date of award.

Resume Retention

SSA requires that contractors provide resumes for proposed contractor employees to support contractor employee qualifications. Federal regulations require that agencies retain contracts and related records and documents, including contractor employee resumes, for 6 years after the agency makes the final payment for contractor's services.¹⁰ Although the COR should have retained the requested contract documentation, they could not provide copies of the resumes for all 118 Contractor 2 employees. The COR had to request the resumes from the contractor in response to our request.

SSA should ensure it retains resumes in accordance with Federal record-retention requirements. Not retaining resumes undermines SSA's ability to ensure contractors were qualified to work on the contract. In addition, SSA requesting resumes from the contractor after contractor employees have performed work increases the risk of the contractor revising employee resumes to show unqualified contractor employees as being qualified.

Key Personnel Substitution

Federal guidance suggests that SSA

- document the review and approval of all key personnel in the contracting file to show it approved the contractors and
- periodically re-validate key personnel qualifications on IT service awards, such as verifying training and certification expirations, to ensure the contractor employees have the required skills and abilities.¹¹

Although the awards to Contractors 1 and 2 required that the CO or COR approve key personnel, SSA's contract personnel did not document their review and approval in the award files. The CO and COR only had emails to show they approved the contractor employees. As a result, after the original COR and CO left SSA, the new COR and CO could not justify why the prior COR and CO approved key personnel without the necessary qualifications because the previous CO and COR did not document their approval in the award files.

¹⁰ 48 C.F.R. § 4.805(a).

¹¹ 48 C.F.R. §§ 4.803 (a)(2), (a)(26) (iii), (a)(39), and (a)(40)), and Office of Management and Budget Circular No. A-123, *Management's Responsibility for Internal Control*, December 21, 2004.

Because of the importance of key personnel, it is imperative for the CO and COR to document that key personnel meet qualification requirements and document key personnel changes. Documenting key personnel reviews in the contract file demonstrates the CO or COR performed the required reviews and supports the approvals when there is turnover in contracting office personnel.

In addition, after the COR initially reviewed and approved key personnel, the COR did not review the employee's qualifications for the remainder of the award. Without periodically ensuring contractor employees have the required skills and abilities, SSA risks service issues, reduced efficiency, and reduced quality of work. SSA should periodically re-validate key personnel qualifications on IT service awards, such as verifying training and certifications, to ensure the contractor employees have the required skills and abilities throughout the duration of the contract.

Government Furnished Equipment

The COR did not properly track and manage GFE provided to contractors. Specifically, SSA did not have a centralized property management system to track contractor GFE and did not review contractors' property management systems as required by Federal regulations.¹²

The Agency's Property Management System

SSA's *Personal Property Management Handbook* states the Agency must maintain adequate inventory controls and accountability systems for property and custodial officers must maintain an inventory of capitalized, accountable, and sensitive equipment.¹³ In addition, the Government Accountability Office's *Standard for Internal Control in the Federal Government* states that management should perform ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations.¹⁴

For Contractor 1, the COR could not provide a complete and accurate laptop inventory listing. The COR had to request the complete list from the contractor. According to Contractor 1 records, it had 649 laptops that SSA had not accounted for in its records (see Table 1).

Table 1: GFE Provided to Contractors

Laptop Record	Contractor 1 Laptops	Contractor 2 Laptops
Contractor GFE Records	989	125
SSA Accountable Property Records	340	125
Difference	649	0

¹² 48 C.F.R. § 45.105.

¹³ SSA's *Personal Property Management Handbook* prescribes the Agency's policies and procedures for controlling, tracking, managing, and disposing of accountable property. *Personal Property Management Handbook*, Chapter 1, secs. 1.4 and 1.7.

¹⁴ GAO-25-107721, *Standards for Internal Control in the Federal Government*, p. 92, sec. 16.05 (May 2025).

The COR did not have a process to reconcile SSA's accountable property to the contractor's GFE records, and SSA did not maintain a centralized property management system to track GFE inventory provided to contractors. Instead, SSA used two different property management systems for the two awards we reviewed. One of the two systems was incomplete because it did not contain inventory provided to the contractor before the system was created in 2020.

As a result, SSA could not fully account for the GFE it issued to Contractor 1, which increased the risk SSA could not detect lost or stolen GFE. SSA should use a centralized property management system to track contractor GFE and reconcile its GFE records to the contractors' property management systems.

Contractors' Property Management Systems

Contractors are responsible for the GFE in their possession and for maintaining adequate systems to inventory, control, protect, and maintain it. Federal regulation also states the ". . . agency responsible for contract administration *shall* conduct an analysis of the contractor's *property* management policies, procedures, practices, and systems."¹⁵

For the two awards we reviewed, the Defense Contract Management Agency (DCMA) was responsible for analyzing the contractor's property management system. DCMA approved both contractors' property management systems. However, we noted neither the CO nor the COR reviewed the contractors' property management systems or obtained a copy of DCMA's reviews of the contractors' property management systems. While the FAR does not explicitly require that the CO or COR review the contractor's property management system, the CO and COR are responsible for ensuring contractor compliance with property management requirements and determining whether the contractor's system is acceptable.

If SSA does not verify the contractor's property management systems are acceptable or otherwise approved by the cognizant agency, its risk of loss or theft of GFE increases. SSA should review the contractor's property management system prior to providing the contractor with GFE.

Contractor Invoices

Federal regulations require that SSA review contractor invoices before issuing payment to determine whether the items and amounts claimed are consistent with the contract terms.¹⁶ In addition, Federal regulations also prohibit price modifications to firm-fixed-price awards based on the contractor's cost experience in performing the contract.¹⁷

¹⁵ 48 C.F.R. § 45.105.

¹⁶ 48 C.F.R. § 532.905.

¹⁷ 48 C.F.R. § 16.202-1.

We reviewed detailed invoices for Fiscal Years 2023 and 2024. Contractor 1 invoiced amounts were consistent with the award terms. However, Contractor 2 invoiced amounts were not always consistent with the award terms. For 14 (28 percent) of 50 Contractor 2 invoices we reviewed, totaling \$5.3 million, the contractor-invoiced amounts were less than the fixed monthly amount because it did not provide the required technical expert as specified in the award. In these instances, the previous COR allowed Contractor 2 to modify the award's pricing terms and deliverables and not charge SSA for the missing technical expert's hours. Because the award was firm-fixed-price, this change did not comply with Federal regulations. In addition, the previous COR did not document the reason for the lower invoice amounts. Therefore, SSA could not explain the invoice inconsistency and had to request an explanation from Contractor 2.

Without improvements in its award oversight and invoice certification controls to verify it received all services and invoices were consistent with the award terms before it issues payment, SSA risks paying contractors improperly.

CONCLUSION

The COR did not identify performance or service problems for the awards we reviewed. Still, SSA should improve its processes and controls for contract management to address the issues we identified to ensure compliance with the FAR and applicable Federal guidance to reduce the risk that contractors do not provide the services SSA requires.

RECOMMENDATIONS

We recommend SSA:

1. Enhance its award oversight controls to require that SSA employees confirm contractor personnel meet the labor qualifications outlined in the SOW at the date of award.
2. Ensure CORs and COs retain contractor resumes in accordance with Federal record retention policies as specified in the FAR.
3. Maintain contract file documentation of the review and approval of initial and replacement contractor employees.
4. Re-validate key personnel periodically to ensure contractors meet labor qualifications.
5. Use a centralized property management system to track all government furnished IT equipment issued to contractors.
6. Reconcile its GFE records to the contractors' property management systems.
7. Review contractor's property management system prior to issuing GFE.
8. Improve award oversight and certification controls to ensure invoices align with the award terms.

AGENCY COMMENTS

SSA agreed to implement our recommendations. See the full text of SSA's comments in Appendix B.

APPENDICES

Appendix A – SCOPE AND METHODOLOGY

To accomplish our objectives, we:

- Reviewed applicable laws, regulations, and Social Security Administration (SSA) policies and procedures related to labor qualifications, Government Furnished Equipment (GFE), and invoices, including
 - various sections of Title 48 of the Code of Federal Regulations,
 - SSA's *Social Security Acquisition Handbook*,
 - SSA's Administrative Instructions Manual System, and
 - SSA's Personal Property Management Handbook.
- Reviewed award documentation.
- Used a simple random sample statistical approach to select resume and invoice samples for the two awards. This is a methodological approach ideal for selecting a sample from a population completely at random. As a result, each sample item had an equal chance of being selected throughout the sampling process, and the selection of one item had no impact on the selection of other items. Employing such a strategy increased our likelihood of selecting a representative sample that was free of human bias and statistically sound. We sampled the following.
 - 4 Resume Populations - We sampled key and non-key personnel employee resumes for each contractor to determine whether the employees had the required education, experience, and applicable certifications for the proposed labor categories in the statements of work.
 - Contractor 1 – 1,069 active contractors (4 key and 1,065 non-key personnel) as of October 2024. We tested 69 contractors (4 key and 65 non-key personnel).

Table A–1: Contractor 1 Labor Sample Size

Description	Population	Sample Size
Labor – Key Personnel (Sample 1)	4	4
Labor – Non-Key Personnel (Sample 2)	1,065	65
Total	1,069	69

- Contractor 2 – 118 active contractors (11 key and 107 non-key personnel) as of November 2024. We tested 56 contractors (11 key and 45 non-key personnel).

Table A–2: Contractor 2 Labor Sample Size

Description	Population	Sample Size
Labor - Key Personnel (Sample 3)	11	11
Labor - Non-Key Personnel (Sample 4)	107	45
Total	118	56

- 3 Invoice Populations – We obtained a selection of invoices paid under the awards in Fiscal Years 2023 and 2024. We determined whether the contractors billed SSA accurately, according to labor rates approved in the awards, and SSA issued payment in accordance with the terms of the awards.

- Contractor 1 – 146 total invoices (83 time and material and 63 fixed price). We tested 110 invoices (47 time and material and 63 fixed price).

Table A–3: Contractor 1 Invoice Sample Size

Description	Population	Sample Size
Invoices – Time and Material (Sample 5)	83	47
Invoices – Fixed Price (Sample 6)	63	63
Total	146	110

- Contractor 2– 147 total fixed-price invoices. We tested 50 invoices.

Table A–4: Contractor 2 Invoice Sample Size

Description	Population	Sample Size
Invoices – Fixed Price (Sample 7)	147	50
Total	147	50

- Interviewed Agency personnel involved in issuing and administering the awards to determine whether SSA (1) monitored the experience and qualifications of contractors, (2) tracked GFE provided to the contractors, and (3) confirmed invoices did not exceed award rates and amounts.

We conducted our review from October 2024 to June 2025. We assessed the reliability of the list of contractor employees and invoices by comparing the data to other SSA systems (such as, Credential Enrollment System and Social Security Online Accounting and Reporting System). Based on our data reliability assessment, we determined the data used in the report is sufficiently reliable given the audit objectives and intended use of the data.

In addition, we assessed the reliability of the GFE data and determined they were not sufficiently reliable given the audit objective and intended use of the data. We compared SSA and the contractors' lists of GFE which resulted in significant differences in the list of GFE; therefore, we were unable to obtain a reliable population of GFE inventory. Please see the

Government Furnished Equipment section of this report for further discussion and recommendations regarding the reliability of the data.

The principal entities audited were the Offices of Acquisition and Grants and the Chief Information Officer. We assessed the significance of internal controls necessary to satisfy the audit objectives. This included an assessment of the five internal control components, control environment, risk assessment, control activities, information and communication, and monitoring. We also reviewed the principles of internal controls associated with the audit objectives. We identified the following components and principles as significant to the audit objectives.

- Component 1: Control Environment
 - Principle 2: Exercise oversight responsibility.
- Component 3: Control Activities
 - Principle 10: Design control activities.
 - Principle 11: Design activities for the information system.
- Component 5: Monitoring
 - Principle 16: Perform monitoring activities.

We conducted this performance 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 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.

Appendix B – AGENCY COMMENTS



SOCIAL SECURITY Office of the Commissioner

MEMORANDUM

Date: September 30, 2025

Refer To: TQA-1

To: Michelle L. Anderson
Acting Inspector General

From: Chad Poist
Chief of Staff

Subject: Office of the Inspector General Draft Report, "Contractor Labor Qualifications and Government Furnished Equipment" (152411) - INFORMATION

Thank you for the opportunity to review the draft report. We agree with the recommendations.

Please let me know if I can be of further assistance. You may direct staff inquiries to Amy Gao, Director of the Audit Liaison Staff, at (410) 966-1711.

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