



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

Audit Report

The Social Security Administration's Administration of the Next Generation Telephony Project Contract

022324 April 2025



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: April 23, 2025

Refer to: 022324

To: Lee Dudek
Acting Commissioner

From: Michelle L. Anderson *Michelle L. Anderson*
Assistant Inspector General for Audit

Subject: The Social Security Administration's Administration of the Next Generation Telephony Project Contract

The attached final report presents the results of the Office of Audit's review. The objective was to determine whether the Social Security Administration's contract administration practices ensured it received Next Generation Telephony Project contract deliverables within contracted terms.

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

Attachment

The Social Security Administration's Administration of the Next Generation Telephony Project Contract 022324



April 2025

Office of Audit Report Summary

Objective

To determine whether the Social Security Administration's (SSA) contract administration practices ensured it received Next Generation Telephony Project (NGTP) contract deliverables within contracted terms.

Background

SSA's telephone services are an essential way for the public to obtain assistance with benefits, Social Security numbers, and other vital services. According to SSA, trends indicate the public that uses its services is becoming more familiar with information technology, and SSA envisions the need to provide the public with multiple innovative options for communicating with SSA. SSA established the NGTP to replace and modernize its legacy telephone systems.

In February 2020, SSA signed an Indefinite Delivery Indefinite Quantity contract with Verizon Business Network Services, Inc., (Verizon) to support NGTP. Verizon's responsibilities were to design, implement, test, transition, train, operate, and maintain the NGTP solution. Verizon was also to acquire all necessary hardware, software, and services. On November 9, 2023, Verizon completed transitioning the National 800-Number Network to the NGTP platform.

Results

SSA's contract administration practices ensured it received some of the agreed-upon contract deliverables from Verizon. However, the contract lacked sufficient performance-based quality standards and associated incentives to enable SSA to hold Verizon accountable for resolving system-performance issues identified during the contract's design and implementation phases. Although Verizon submitted, and SSA used, the NGTP system, SSA and Verizon continued to dispute whether the use of NGTP constituted formal acceptance and whether the product met system requirements under the contract's terms. According to SSA, the unmet system requirements hindered its ability to serve the public, resulting in increased call wait times and disconnected or unanswered calls.

SSA did not have robust quality performance standards or incentives tied to performance, particularly for the contract's design and implementation phases. Without adequate performance standards tied to incentives and disincentives, SSA lacked the ability to enforce contract requirements and hold Verizon accountable for performance deficiencies.

SSA insisted it did not formally accept the solution, and, because of continued issues, on August 22, 2024 (10 months after it began using NGTP), SSA transitioned the National 800-Number Network from NGTP to a different platform. As of March 2025, SSA had paid over \$160 million to Verizon for NGTP platform deliverables, operations and maintenance, help desk, and other costs. The final contract option year concluded on March 8, 2025, and SSA will not exercise additional option years.

Recommendations

We recommend SSA (1) establish performance bases for future contracts in accordance with Federal regulations and Agency acquisition policy and (2) develop comprehensive performance-based payment schedules that include key performance indicators, an objective method for measuring and assessing contractor performance, and acceptable quality and critical performance standards tied to performance incentives and disincentives to ensure deliverables meet contractual requirements. SSA agreed with the recommendations.

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ABBREVIATIONS

ATP	Authority to Proceed
FAR	Federal Acquisition Regulation
N8NN	National 800-Number Network
NGTP	Next Generation Telephony Project
OIG	Office of the Inspector General
SSA	Social Security Administration
TSRP	Telephone System Replacement Project
U.S.C.	United States Code
Verizon	Verizon Business Network Services, Inc.

OBJECTIVE

Our objective was to determine whether the Social Security Administration's (SSA) contract administration practices ensured it received Next Generation Telephony Project (NGTP) contract deliverables within contracted terms.

BACKGROUND

SSA's telephone services are an essential way for the public to obtain information and assistance with benefits, Social Security numbers, and other vital services. SSA's telephone services comprise a national 800-number and a network of approximately 1,200 field offices. SSA's teleservice centers answer calls to the National 800-Number Network (N8NN).

Trends indicate the individuals who use SSA services are becoming more familiar with modern information technology, and SSA envisioned the need to provide the public with multiple innovative options for communicating with the Agency. To do this, SSA established NGTP to replace and modernize the following legacy telephone systems that support offices across the Agency.

1. The N8NN supports employees at SSA's teleservice centers.
2. The Headquarters Telephone System supports employees at SSA Headquarters (Woodlawn, Maryland), the Wabash Avenue Building (Baltimore, Maryland), and the National Support Center (Urbana, Maryland).
3. The Telephone System Replacement Project (TSRP) supports employees in field and regional offices, the Office of Hearing Operations, the National Hearing Center, program service centers, national case assistance centers, permanent remote sites, satellite offices, and other local SSA offices.

SSA established NGTP to be a unified communications enterprise solution delivering telephony, video presence, instant messaging, web-based applications, and contact center services.¹ SSA expected NGTP to increase communication capabilities and productivity, meet growing customer demands, reduce costs, and enable mobility.

In February 2020, SSA signed an Indefinite Delivery Indefinite Quantity contract with Verizon Business Network Services, Inc., (Verizon) to support NGTP. According to the contract's Statement of Work, Verizon's responsibilities included

- designing, implementing, testing, transitioning, training, operating, and maintaining the NGTP solution and
- acquiring all hardware, software, and services necessary to implement NGTP.

¹ NGTP was to include interactive voice response to answer and route calls without a live agent, an automated notification system to remind customers of upcoming appointments, transfer of voice data collection to capture common data elements provided by callers to populate applications, scheduled voice callbacks, real-time management information and reporting to monitor system performance and support business decisions, user training, enhanced 911 system and support, and fax over internet protocol.

In March 2020, the Government implemented lockdowns because of the COVID-19 pandemic. When SSA directed its employees to work remotely, it lacked sufficient equipment for all employees to perform their duties from telework locations. As a temporary workaround, SSA routed N8NN calls through the TSRP system, which allowed employees to answer calls remotely without additional equipment. However, SSA acknowledged this workaround had significant limitations and was not sustainable for long-term use.

To address these challenges, Verizon proposed, and SSA accepted, an interim solution, known as Unification, which became fully operational in January 2022. The Unification platform was designed to be a temporary solution to move N8NN employees to a single telephone platform and be the first step toward NGTP. On November 9, 2023, Verizon transitioned the N8NN to the NGTP platform. In February 2024, SSA sent a formal notice to Verizon indicating its intent not to transition the Headquarters Telephone System or TSRP to NGTP.

RESULTS OF REVIEW

SSA's contract administration practices ensured it received some of the agreed-upon contract deliverables from Verizon, but the contract lacked sufficient performance-based quality standards and associated incentives to enable SSA to hold Verizon accountable for resolving system-performance issues identified during the contract's design and implementation phases. Although Verizon submitted and SSA used the NGTP system, SSA and Verizon continue to dispute whether the use of NGTP constituted formal acceptance and whether the product met system requirements under the contract's terms. According to SSA, the unmet system requirements hindered its ability to serve the public, which resulted in increased call wait times and disconnected or unanswered calls. As a result, SSA considered the contractor's performance to be unacceptable and issued multiple letters of concern and cure notices to remediate the poor performance.² In addition, SSA withheld more than \$15 million against specific invoice line items it believed did not meet contractual requirements.

SSA did not have robust quality performance standards or incentives tied to performance, particularly for the contract's design and implementation phases. Without adequate performance standards tied to incentives and disincentives, SSA could not enforce contract requirements and hold Verizon accountable for performance deficiencies. Though SSA expressed concerns that NGTP would not meet requirements numerous times throughout the project, it did not ensure Verizon corrected these issues before NGTP was implemented. By agreeing to begin using the system, SSA lost leverage to hold Verizon accountable to correct the problems later.

² Cure notices are a form of delinquency notice the Government can send a contractor when the contractor fails to perform and, unless the condition is cured within a designated reasonable amount of time, the Government may terminate the contract for default.

SSA insisted it did not formally accept the solution, and, because of continued issues, on August 22, 2024 (10 months after it began using NGTP), SSA transitioned the N8NN from NGTP to a different platform. As of March 2025, SSA had paid Verizon over \$160 million for NGTP's platform deliverables, operations and maintenance, help desk, and other costs.³ The contract option year concluded on March 8, 2025, and SSA will not exercise additional option years.

Unmet System Requirements and Contract Terms

According to SSA, NGTP did not meet system requirements or contract terms and conditions, which resulted in performance issues that led to increased call wait times, disconnected calls, customer dissatisfaction, and delayed implementation. SSA stated the performance issues hindered its ability to provide quality customer service and led SSA to abandon NGTP in favor of another system.

System Design and Performance Issues Hindered Service Delivery

SSA identified the system design for queuing callers as one of NGTP's major issues. Specifically, the contract required one unified enterprise solution, but, according to SSA, the NGTP system operated as six independent queues.⁴ Based on the design, SSA asserted NGTP did not meet requirements because calls could only be routed within each queue and could not be automatically routed to a different queue. This resulted in varied wait times, calls not answered in the order they were received, and disconnected calls.⁵

Wait Times and Disconnected Calls

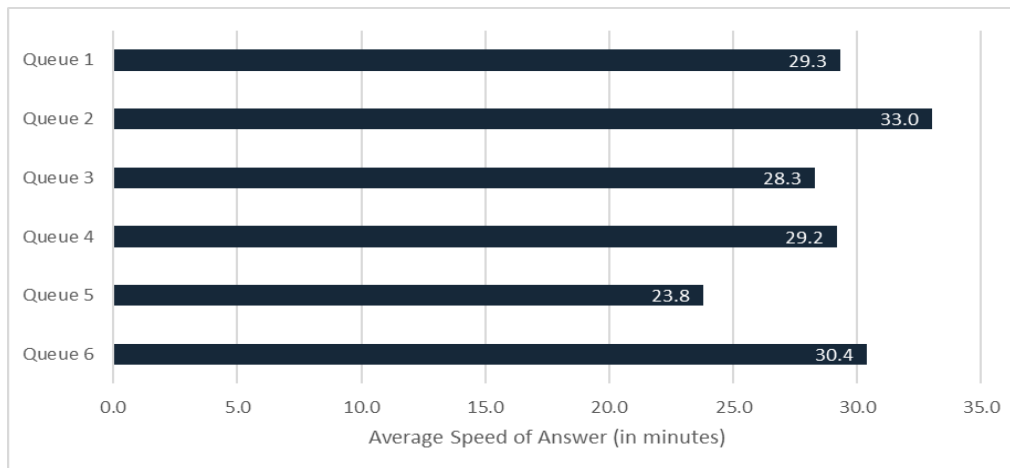
Estimated wait times varied between the six queues, as calls could only be routed within the same queue, rather than being transferred to another queue with an available agent or shorter wait time. This resulted in increased wait times and unanswered calls. As shown in Figure 1, wait times differed among the six queues, and the average speed of answer ranged from approximately 24 to 33 minutes.

³SSA paid an additional \$58.6 million for Unification's implementation, operations and maintenance, help desk, and other costs. Thus, the total paid to Verizon under the entire contract was \$219.4 million.

⁴ One of the contract system requirements is, "The NGTP system shall not utilize multiple systems/databases networked together to obtain the required capacity." SSA, *Attachment B: NGTP System Requirements*, sec. 2, p. 8 (2020). However, according to SSA, Verizon stitched together six separate contact centers, or Communication Managers, to act as a single enterprise solution to meet the capacity requirements. We use the term queues throughout the report in place of Communication Managers.

⁵ For additional NGTP system design and performance issues, see Appendix B.

Figure 1: N8NN Average Speed of Answer, by Queue, October 13, 2023 Through August 21, 2024



Because each queue operated independently and the queues had varying wait times, SSA could not ensure it answered calls in the order they were received. For example, if an individual was placed in Queue 6, with a 30-minute wait time, and a later caller was placed in Queue 5, with a 24-minute wait time, SSA might answer the later caller first, which would lead to disparate customer service experiences.

While SSA directed Verizon to address the multiple-queue issue after NGTP implementation, in response to a June 3, 2024 cure notice from SSA, Verizon indicated it did not consider the issue significant, stating, “While Verizon appreciates that this is a point of frustration for SSA, it is not material to the operation of the system or a possible source of constituent dissatisfaction. No caller knows where they are in the queue or how long they are waiting relative to others.”⁶

The multiple-queue design also led to unanswered or disconnected calls because the design required that SSA assign employees to a dedicated queue. However, since calls could not be rerouted, or employees reassigned, from one queue to another, calls could be routed to a queue where all agents had logged off for the day. These calls would then be unanswered or disconnected, even though SSA had available agents on the other queues who could have taken them.

Collectively, these issues led to an increase in average wait times under NGTP and a decline in overall customer service and satisfaction. In Fiscal Year 2019, SSA’s N8NN average speed of answer was approximately 20 minutes; however, in Fiscal Year 2024, when SSA began using NGTP, average wait time increased to longer than 30 minutes.

⁶ Verizon, “Re: SSA/NGTP Contract 28321320D00060007 & Associated Task Orders SSA June 3, 2024 Cure Notice”, p. 10, June 14, 2024.

Callback Assist

SSA believed NGTP did not meet the contract requirements for the callback-assist feature. According to the contract's system requirements, callers ". . . shall have the option to either remain on the phone in queue or receive a callback when an agent becomes available... [T]he callback system shall place the accepted user callback into queue for no more than an average of 5 seconds before connecting to an agent."⁷

However, when customers selected the scheduled callback option, they did not receive a call from an SSA employee. Instead, they were put back into the queue rather than connected to a representative. This negated the benefit of selecting a scheduled callback and further frustrated customers.

NGTP's design and performance issues hindered customers' ability to access SSA services, as reflected in customers' complaints.

- "Maybe if your online services functioned properly it would not be an hour to two hours holding to connect with an overworked agent? Perhaps if your request a call back function worked properly I would at least have my time respected as opposed to sitting on hold for an hour+."
- "Been on the phone for over 1 ½ hours got disconnected twice after being on hold for so long never spoke with anyone, called back a 3rd time and still on hold... absolutely a terrible experience."
- "Was on hold twice for over 25 minutes each then was cut off. Tried again 2 times and twice on hold for over an hour and was cut off after an hour. Never talked to anyone – very frustrating."
- "Very Very long wait time. Even after you request call back and they call you back, there is STILL a wait time. Disappointing!"

Delayed and Incomplete Implementation

In addition to the design and performance issues, NGTP implementation was delayed by nearly 1 year, even after SSA agreed to adjust the original timeline. According to the Statement of Work, Verizon was originally required to implement NGTP by August 17, 2021.⁸ However, SSA revised this to November 23, 2022 to account for the additional time Verizon required to develop the interim Unification system. Despite the additional time, Verizon did not meet the revised implementation date, as it did not implement NGTP until November 9, 2023.

⁷ SSA, *Attachment B: NGTP System Requirements*, Section 5.10, pp.74 through 76 (2020).

⁸ The Statement of Work required that NGTP be implemented 13 months after the first task order was signed on July 17, 2020.

NGTP had a different design, architecture, configuration, capabilities, and features than Unification. Most of the issues that affected Unification were unique to that system and did not directly relate to NGTP. However, Verizon confirmed it used resources intended to be dedicated to NGTP to assist in supporting the Unification project, stating,

While there are distinct teams, there are times when a resource from one team or the other has supported both projects by necessity. For example, because Unification was only to be for a four-month duration, we understand that [the subcontractor] did not plan for a dedicated staff for Unification. With the extension of Unification, [the subcontractor] dedicated staffing from the NGTP build team to sustain Unification operations.⁹

Because Verizon dedicated resources to supporting the Unification system, it postponed NGTP's development. Verizon did not begin building NGTP until April 1, 2022, and it did not make the system available to SSA for user testing until May 2023.

SSA's user testing confirmed Verizon had not resolved issues SSA identified early in the design phase. SSA reiterated its concern that the system did not meet requirements. However, the delay in building and implementing NGTP had forced SSA to continue relying on the unstable Unification platform, which resulted in more service disruptions that negatively affected SSA's service delivery and customer satisfaction. Therefore, SSA elected to begin using NGTP, despite its concerns about the system's design issues, rather than continue using the Unification system.

Quality Performance Standards and Contract Enforcement

SSA did not have robust quality standards for NGTP's design, build, and implementation, which contributed to Verizon providing a product SSA did not believe met contract requirements.¹⁰ The Federal Acquisition Regulation (FAR) states performance-based acquisition is the preferred method for acquiring services and should be used to the maximum extent practicable.¹¹ The FAR also states performance-based acquisition shall include measurable performance standards, the method of assessing contract performance against standards, and performance incentives that correspond to the performance standards set forth in the contract.¹² Effective performance-based contracts provide benefits such as reduced performance risk, enhanced contractor performance, and increased likelihood of meeting contract requirements.

A well-designed contract includes robust performance standards tied to incentives and disincentives, fostering accountability. Specifically, the FAR states performance incentives,

⁹ Verizon, "Re: SSA/NGTP Contract 28321320D00060007 October 21, 2022 Letter of Concern", p. 3, October 28, 2022.

¹⁰ SSA did have adequate performance standards for system performance and operations and maintenance of NGTP after implementation, including requirements for 99.999-percent service availability, a 90-percent user-satisfaction rate, and 100 percent of security incidents reported within 5 minutes of discovery.

¹¹ FAR 37.102. This contract allowed for firm-fixed-price, time and materials, and labor hours task orders under the Indefinite Delivery Indefinite Quantity vehicle; however, incentives in the contract could have tied the amount of profit or fee payment under the contract to the contractor's performance, as stated in FAR 16.4.

¹² FAR 37.6 and 46.4. The contractor can propose performance standards, and the Agency would determine whether the standards meet its needs. Whether the Agency or the contractor develops the standards, the Agency has the responsibility to perform contract quality assurance and to accept or reject the deliverables accordingly.

“ . . . should be designed to relate profit or fee to results achieved by the contractor, compared with specified targets.”¹³ The FAR further states, “ . . . positive and negative performance incentives shall be considered in connection with service contracts for performance of objectively measurable tasks when quality of performance is critical and incentives are likely to motivate the contractor.”¹⁴ SSA’s Acquisition Handbook also provides guidance on establishing a performance-based payment schedule tied to contract milestones and deliverables, with the Agency policy to reserve at least 20 percent of payment for final inspection and acceptance.

Lack of Performance Standards Limited the Agency’s Ability to Enforce Contract Requirements

The NGTP contract lacked a true performance-based work statement and payment schedule as detailed in the FAR and SSA’s Acquisition Handbook, and it did not have specific measurable performance standards tied to associated incentives or disincentives. SSA did withhold payment on invoice line items for deliverables it believed fell short of standards, and it will not exercise additional option years. It also tried to address the contractor’s poor performance multiple times by issuing letters of concern and cure notices and attempted to impose additional penalties. However, Verizon dismissed these, stating it does “ . . . not believe it is fair to impose them when the remaining schedule depends on the actions and cooperation of both parties.”¹⁵ Despite these repeated attempts to address what SSA considered to be unmet contractual requirements and poor performance, SSA did not achieve the desired results, because the contract lacked sufficient detailed standards with clear incentives or a performance-based payment schedule. Thus, SSA could not compel Verizon to take action to sufficiently address SSA’s concerns.

For instance, when SSA’s engineers reviewed Verizon’s initial system design document, they expressed concerns that NGTP would not operate as one queue but as six independent queues that did not communicate with each other. However, SSA stated it could not substantiate its concerns until Verizon provided NGTP to SSA for user-acceptance testing. Instead, SSA relied on Verizon’s assurances, citing Verizon’s expertise in telecommunications as justification to continue the project. Before and during user-acceptance testing, Verizon assured SSA the issues were anomalies, and system requirements would be met upon full-scale production.

¹³ FAR 16.402-2(a).

¹⁴ FAR 16.402-2(b).

¹⁵ Verizon, “Re: SSA/NGTP Contract 28321320D00060007 December 15, 2022 Agency Response to Verizon November 18, 2022 Letter”, p. 3, January 6, 2023.

After user testing confirmed SSA's concerns, it formally notified Verizon that NGTP's performance was unacceptable and did not comply with the contract's terms and conditions. In the cure notice, SSA informed Verizon it did not have the authority to proceed with the contract because of failed testing and unmet requirements. SSA requested a performance improvement plan to address the concerns. In a response letter, Verizon stated, "The current NGTP system design does not allow for the re-routing of calls that are already in [one queue to a different queue]. This functionality should not be necessary, as the system is designed to avoid the need to move calls. SSA has been aware of the limitation for a long time."¹⁶

Despite these concerns, on September 8, 2023, SSA conditionally granted Verizon the authority to proceed with NGTP implementation, as the interim Unification platform was experiencing catastrophic failures. SSA's authority-to-proceed letter included the condition that, "... Verizon is directed to continue to address noted compliance deficiencies address in [Verizon's submitted] Performance Improvement Plan. . . ." ¹⁷ After NGTP was implemented, SSA sent Verizon another letter stating it "... will not accept products/services until [SSA has] determined [Verizon met] the requirements of the contract and related task orders. . . ." ¹⁸ However, months after NGTP was implemented, SSA and Verizon continued disputing whether the use of NGTP constituted acceptance and whether the system met contractual requirements.

While NGTP operated without catastrophic outages and was more reliable than Unification, SSA lost critical leverage to require that Verizon fix the system-design issues by authorizing NGTP implementation despite having determined the system failed to meet key requirements.¹⁹ This hampered SSA's ability to hold Verizon accountable for resolving the problems later. SSA could have addressed its concerns earlier had it included more specific and robust performance standards in the contract and tied them to specific incentives or disincentives, instead of relying on Verizon's assurances.

Another instance in which SSA had limited ability to enforce the contract was when Verizon violated the Service Level Agreement, which stated it was contractually obligated to maintain a 95-percent retention rate for nine key positions.²⁰ From March 2023 through May 2024, Verizon did not maintain the required retention rate, including during October and November 2023, when four of the positions were unoccupied. Several key positions were vacant for multiple months, including one that was vacant for 10 months.²¹

¹⁶ Verizon, "Re: SSA/NGTP Contract 28321320D00060007 & Associated Task Orders SSA Letter of August 25, 2023 re: NGTP Site Roll-Out", pp. 2 and 3, September 5, 2023.

¹⁷ SSA, "RE: Contract Number 28321320D00060007, Authority to Proceed (ATP) with NGTP site cutover activities/ Receipt of Verizon letter dated September 5, 2023", p. 2, September 8, 2023.

¹⁸ SSA, "RE: Contract Number 28321320D00060007/ Task Order Number 28321323FDS030214: Performance and Technical Acceptance Criteria", p. 1, November 27, 2023.

¹⁹ While there were no catastrophic outages under NGTP, there were incidents that caused telephone service disruptions. See Appendix C.

²⁰ The specified positions were Program Manager, Chief Engineer, Implementation Manager for N8NN and Headquarters, Implementation Manager for Field Locations, Project/Systems Manager, Operations Manager, Customer Services Manager, Training Manager, and Quality Assurance Manager.

²¹ The Program Manager position was vacant for 10 months, the Project/Systems Manager position was vacant for 9 months, the Operations Manager position was vacant for 7.5 months, and the Chief Engineer position was vacant for 2.5 months.

SSA stated the lack of key personnel negatively affected the overall project performance. However, SSA could not take meaningful action when Verizon violated the Service Level Agreement for the key personnel retention rate. While SSA raised concerns about key personnel vacancies with Verizon, SSA had no recourse to impose penalties to enforce the violation. Had SSA included robust quality performance standards tied to incentives or disincentives, it could have more rigorously enforced contract noncompliance, including unmet systems requirements, delayed implementation, and Service Level Agreement violations, with penalties.

CONCLUSIONS

SSA paid over \$160 million for NGTP, but it asserts the system failed to meet contract requirements in several significant areas. SSA stated NGTP had significant performance issues that negatively affected customer service, which lead to longer wait times, disconnected and unanswered calls, and customer dissatisfaction. SSA is working to reach an agreement with Verizon on final payments, but, had SSA included more robust quality performance standards within the contract, it could have better enforced compliance. Because the contract lacked stringent performance standards, SSA risks having to pay the full cost for a product that it determined did not meet its needs and that it is no longer using.

RECOMMENDATIONS

We recommend SSA:

1. Establish performance bases for future contracts in accordance with Federal regulations and Agency acquisition policy.
2. Develop comprehensive performance-based payment schedules that include key performance indicators, an objective method for measuring and assessing contractor performance, and acceptable quality and critical performance standards tied to performance incentives and disincentives to ensure deliverables meet contractual requirements.

AGENCY COMMENTS

SSA agreed with our recommendations. See Appendix D for the full text of the Agency's response.

APPENDICES

Appendix A – SCOPE AND METHODOLOGY

To achieve our objective, we:

- Reviewed the Social Security Administration's (SSA) contract (number 28321320D0006007) with Verizon Business Network Services.
- Interviewed contract personnel to define the contract administration practices implemented by the contract's Contracting Officer, Contract Officer Representative, and other relevant staff.
- Identified a sample of deliverables acquired under the contract and determined whether SSA received the deliverables in accordance with contract terms. This included obtaining and reviewing the contract's quality assurance requirements (including any quality assurance surveillance plans) to ensure SSA appropriately inspected and/or conducted contract quality assurance before acceptance.¹
- Reviewed contractors' performance reports, SSA's contract oversight reports, and any other relevant supporting documentation SSA used to monitor and administer the contract and determined whether SSA had effective contract administration practices.
- Obtained a list of invoices paid under the contract for goods and services received to date. Reviewed invoices to ensure (1) SSA paid amounts approved in the contract; (2) invoices were reviewed and approved by the Contract Officer Representative before payment; (3) SSA paid invoices timely in accordance with the terms of the contract; and (4) invoice amounts were accurately recorded.
- Determined whether the contract deliverables met contract terms.

We assessed the significance of internal controls necessary to satisfy the audit objective. This included an assessment of the five internal control components: control environment, risk assessment, control activities, information and communication, and monitoring. In addition, we reviewed the principles of internal controls associated with the audit objective. We identified the following components and principles as significant to the audit objective.

- Component 1: Control Environment
 - Principle 2: Exercise Oversight Responsibility
 - Principle 3: Establish Structure, Responsibility, and Authority
 - Principle 5: Enforce Accountability

¹ The scope of this audit was the contract administration phase of the acquisition process. We did not evaluate other phases of this contract that include planning, solicitation, source selection, and award.

- Component 2: Risk Assessment
 - Principle 9: Identify, Analyze, and Respond to Change
- Component 3: Control Activities
 - Principle 12: Implement Control Activities
- Component 4: Information and Communication
 - Principle 15: Communicate Externally
- 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 objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix B – DESIGN AND PERFORMANCE ISSUES

The contract's statement of work and system requirements document provides detailed guidance for the Next Generation Telephony Project (NGTP) system architecture, performance expectations, features, capabilities, and more. During user-acceptance testing, the Social Security Administration (SSA) identified design and performance issues with NGTP. Below are some of the issues SSA identified as not meeting contract requirements that continued to be unmet following National 800-Number Network transition onto NGTP in November 2023.¹

Single Enterprise Contact Center and Call Queuing

According to SSA, the implemented NGTP solution did not perform as a single enterprise contact center because of the configuration of six separate contact centers Verizon created to act as a single enterprise. Therefore, the system operates as six separate and independent queues where calls can only be routed within each queue and cannot be automatically routed to a different queue. This configuration created problems for callers and staff trying to manage and administer six separate contact centers rather than one enterprise solution. SSA identified the following issues with the solution.

- Calls could not be rerouted between queues.
- Agents could only be assigned to, and answer calls on, one queue.
- Calls could not be answered in the order they were received.
- Calls were disconnected when all agents logged out of a queue even though agents were available to answer the calls on other queues.
- Overall wait times increased.
- Wait times varied between queues causing inconsistent caller experiences.

Callback Assist

The scheduled voice callback feature did not operate as efficiently as it could have because callers who select the scheduled callback option did not receive a call from an SSA employee. Instead, they were placed back into the queue to wait to speak to a representative. Reconnected customers would still wait in a queue longer than expected even though they were given priority over callers in the live queue.

¹ Verizon agreed that some of these issues are contractually required and agreed to remediate them at no additional cost to SSA; however, SSA contends the proposed remediations are workarounds and are not sufficient to meet contractual system requirements. For the issues on which SSA and Verizon disagree, Verizon stated, "SSA has breached its duty of good faith and cooperation, is equitably estopped from asserting the alleged deficiencies, and has waived the alleged deficiencies." Verizon, "Re: SSA/NGTP Contract 28321320D00060007 & Associated Task Orders SSA June 3, 2024 Cure Notice", p. 6, June 14, 2024.

Section 508

Section 508 of the *Rehabilitation Act of 1973* requires that agencies provide individuals with disabilities equal access to electronic information and data comparable to those who do not have disabilities, unless doing so would impose an undue burden on the Agency.² The section 508 standards are the technical requirements used to measure conformance within this law. NGTP did not fully comply with section 508 standards. Employees who are blind or visually impaired rely on assistive technologies, such as screen readers, that convert on-screen text into speech or braille. However, some NGTP applications lacked the proper coding for accessibility. For instance, certain data tables were missing accessible names or descriptions. Without this information, screen readers could not accurately interpret the tables' structure or purpose, leaving blind users unable to navigate or understand the content. Since blind and visually impaired employees struggled to effectively interact with the NGTP system, SSA had to make other arrangements for these employees.

Enhanced 911

By providing precise location information, Enhanced 911 helps dispatchers send emergency services to the correct location more quickly, which reduces response times and potentially saves lives. SSA employees working at alternative duty stations were unable to utilize Enhanced 911 from their workplace. Therefore, 911 dispatchers were unable to automatically identify a caller's location in situations where a call became disconnected or in situations when a caller became incapacitated or unable to speak.

Emergency Alert Function

The Emergency Alert or "Malicious Call Trace" did not conform to all SSA system requirements, which are critical for caller and employee safety and support. SSA employees use this function to notify pre-determined Agency personnel, such as security staff, supervisor, or a nurse station when the distress button is activated; however, it did not perform as required. For example, SSA employees were unable to immediately notify a supervisor that they pressed the malicious call trace button. These emergency alerts could only be sent after the call ended and could not be sent to a specific site, supervisor, or business unit. Instead, the alerts were captured in a general voice mailbox assigned to the specific queue. SSA employees had to use other manual means to notify supervisors of emergency situations and communicate the need for assistance. This created dangerous situations where employees required training to act in a manner outside normal operating procedures and outside of the NGTP solution.

Announcements and Music

The announcement and music feature did not meet the system requirements for NGTP as the system could not play Spanish hold messages for Spanish-speaking callers who selected the option of Spanish as their primary language. This resulted in poor caller experiences as Spanish-speaking customers heard English hold messages and may not have understood messages including the estimated wait time or that they had the option to select a scheduled call back.

² 29 U.S.C. § 794(d).

Agent Desktop Interface

According to the system requirements, “. . . the NGTP system shall provide a thin client Agent Contact Center Desktop.”³ A thin client is a computer program that has been optimized to establish a remote connection with a server-based computing environment. The delivered agent desktop interface was not a thin client and required the application to be installed on every SSA employee’s desktop. The absence of an agent desktop interface created a burden for SSA in testing, deploying, and managing new versions of the desktop application. This also significantly lengthened the time it took to deploy new versions of the software and was more disruptive to SSA users because it was not a thin client, as required. The interface also lacked some other basic capabilities required in the contract proposal.

Quality Management and Management Information Reports

Quality management and management information did not meet the system requirements of real-time recordings and performance reports. SSA uses recordings of customer interactions to ensure agents adhere to processes and for workforce management reporting. However, the NGTP solution only submitted adherence events once every 5 to 7 seconds. The delay could make it appear an agent handled one call when in fact they may have handled multiple calls. The delay was too long to qualify as real-time and affected SSA’s ability to monitor and track agent performance and adherence requirements. In addition, the latency issues led to incomplete data, lost data, and other data inconsistencies.

³ SSA, *Attachment B: NGTP System Requirements*, Section 5.7.1, pp. 60 and 61 (2020).

Appendix C – TELEPHONE SERVICE DISRUPTIONS

Table C–1: The Social Security Administration’s National 800-Number Network Telephone Service Disruptions Under the Next Generation Telephony Project

Count	Date/Duration	Issue and Cause	Resolution	Actions taken to Address/Prevent Reoccurrence
1	November 13 and 14, 2023 (1 hour and 30 minutes)	Some agents faced difficulty answering calls as they could not toggle their active state because of system issues.	Problem appeared to clear with no intervention. There was no definitive determination as to whether this was a network issue, server issue, or some combination of the two.	None. There have not been any recurrences with end users, nor have engineers been able to reproduce the issue.
2	December 15, 2023 (3 hours and 16 minutes)	Approximately 45 agents faced difficulty answering calls as they could not change their state after logging into Session Manager and could not take calls.	Agents affected registered and logged into an alternate Session Manager.	Session Manager software to be updated to include multiple stability fixes.
3	December 16, 2023 (1 hour and 47 minutes)	Calls were not terminating on the Interactive Voice Response after an upgrade.	Servers rebooted.	Set up to run health checks.
4	December 18, 2023 (1 hour and 58 minutes)	Calls were not distributing between the six queues and were defaulting to only one queue, which caused long wait times due to improper sync.	Synced databases and rebooted data centers.	Testing and verification after reboots.
5	December 18, 2023 (2 hours and 45 minutes)	Self Service ticket application unavailable due to port interference.	Changed port from 8005 to 8006.	Change to port 8006 prevented future issues.
6	December 27, 2023 (5 hours)	Callback Assist was unable to call out to reconnect callers as the vendor configured the outbound automatic number identification that was on the do not originate list.	Vendor changed the outbound automatic number identified to one that is not on the do not originate list.	Not applicable.

Count	Date/Duration	Issue and Cause	Resolution	Actions taken to Address/Prevent Reoccurrence
7	January 23, 2024 (31 minutes)	Baltimore Teleservice Center network outage due to a carrier fiber cut.	Network connectivity restored.	Not a platform issue.
8	February 8, 2024 (4 hours)	Approximately 40 agents could not answer calls as they could not log into Workplace.	Fix applied to individual users and Session Manager was rebooted.	None.
9	February 15, 2024 (15 hours and 35 minutes)	Management information adherence data was unavailable and unrecoverable because the web service could not recover from the integration server.	Manual change applied and integration server restarted.	New configuration detects when the web service is down and will automatically restart.
10	April 18, 2024 (3 hours)	Some users could not authenticate into the main application due to issues with subcontractor's servers.	Subcontractor restarted their servers.	Subcontractor to monitor for reoccurrence.
11	April 26, 29, and 30, 2024 (Intermittent)	Some users could not log in to the main application due to an SSA server issue.	Servers rebooted.	Not a platform issue.
12	May 8, 2024 (2 hours and 22 minutes)	Too many calls were routed to Amazon Web Services and too few to Next Generation Telephony Project.	The service carrier provider resolved the issue at their data center.	Not a platform issue.
13	May 28, 2024 (approximately 3 hours)	Users could not log onto an application due to improper sync after servers were rebooted.	Servers were restarted in proper order and users were instructed to relaunch the application.	Implement an uptime report as a secondary precaution.

Appendix D – AGENCY COMMENTS



MEMORANDUM

Date: April 14, 2025

Refer To: TQA-1

To: Michelle L. Anderson
Assistant Inspector General



From: Chad Poist
Acting Deputy Chief of Staff

Subject: Office of the Inspector General Draft Memorandum "The Social Security Administration's Administration of the Next Generation Telephony Project Contract" (022324) - 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 ALS Director, Amy Gao at (410) 966-1711.



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Verizon Business Network Services, Inc. Statement

The statement on the following pages is in response to the audit, The Social Security Administration's Administration of the Next Generation Telephony Project Contract, 022324, that was submitted by Verizon Business Network Services, Inc. (Verizon) on May 23, 2025 pursuant to Pub. L. No. 117- 263, § 5274. The attached statement does not reflect the findings, conclusions, or opinions of the SSA OIG.



Sherelle Watkins
Sr. Contracts Manager

Verizon
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Ashburn, VA 20147
Phone: 703-859 4665

May 22, 2025

VIA EMAIL [Jason.Arrington@ssa.gov]

SSA OIG Office of Audit
1301 Young Street, Suite 440
Dallas, TX 75202

Subject: Response to SSA OIG Audit No. 022324

Dear OIG Representatives,

Please let this letter serve as Verizon's official response to the OIG Audit No. 022324 titled "The Social Security Administration's Administration of the Next Generation Telephony Project Contract" issued on April 23, 2025. Verizon appreciates the opportunity to address the findings and recommendations outlined in the report, in accordance with the James M. Inhofe National Defense Authorization Act for Fiscal Year 2023, Pub. L. No. 117-263, § 5274, because Verizon was not engaged or consulted prior to the issuance of the report.

We appreciate the OIG's oversight and guidance in this matter. Verizon has reviewed the report and provides additional details and corrects certain assertions and findings made in the report. First, Verizon highlights the objective performance of the NGTP National 800 Number (N8NN) System. Second, Verizon provides clarifications and corrections to certain assertions and findings.

Performance of the NGTP N8NN System

It is important to understand how well the NGTP National 800 Number system¹ operated by looking at objective metrics. By June 2024, the NGTP system had been in operation for nine months and it reached the following achievements without any significant incidents:

- Received over 45 million calls;
- Supported over 15 million agent interactions;
- Successfully implemented call deflection;
- Served 2,187,992 callers through self-service within the IVR; and
- Processed 2,227,430 callbacks.

These objective criteria significantly exceeded those of both the prior incumbent system and the temporary Unification system.²

Clarifications/Corrections to Certain Assertions

In responding to the report, Verizon provides additional detail and context to correct certain assertions and findings. Specifically, Verizon appreciates OIG's recognition that during the course of performance, SSA sought to enforce new, non-contractual criteria. Second, Verizon provides additional detail to explain why the finding that Verizon delayed the implementation of the NGTP N8NN system is not supported. Third, Verizon clarifies that customers' frustration with the Call Back Assistant function is not attributable to Verizon. Finally, Verizon corrects the implication that SSA only discovered the structure of the NGTP system during user acceptance testing.

First, Verizon agrees with the conclusion that, for the alleged deficiencies, "[t]he NGTP contract lacked a true performance-based work statement and payment schedule as detailed in the FAR and SSA's Acquisition Handbook, and it did not have specific measurable performance standards"³ This conclusion arises from the fact that the criteria underpinning SSA's deficiencies claim were never contractual requirements. Instead, SSA sought to impose the

¹ SSA drafted the NGTP contract to require the creation of a complex system that unified the N8NN system with the field offices. When SSA removed the field offices from the scope of work, the system fundamentally changed, but Verizon was provided no opportunity to accordingly simplify its system design.

² Importantly, although SSA expressed concerns with the system, it issued an ATP based on the system as designed, and it never terminated Verizon's NGTP contract. Instead, on January 7, 2025, SSA issued a notice of intent not to exercise the next option period so it could move to a simplified system that did not include the field offices.

³ It is important to note the contract did contain specific performance criteria tied to payment terms. This is shown in SSA's compliance tables created through the User Acceptance Testing that had deficiencies tied to specific contract terms. For these contractual terms, Verizon agreed with SSA's assessments and resolved the issues. However, for the alleged deficiencies subject to this audit report, these were not tied to contractual terms, but were attempts at adding new, post-award criteria.

criteria post-award, and for many of them, SSA sought to impose them long after the design had been approved.⁴

Some of the newly sought criteria contradicted contractual requirements. For example, SSA required a substantial increase to the wait queue. Accordingly, when SSA lacked sufficient agents to answer calls,⁵ the system would place them in a wait queue, instead of disconnecting them as the previous system did. As the dropped calls in the prior system did not count against wait time, the increased wait queue in the NGTP system necessitated a corresponding increase in the average wait time metric, even if superior customer service was provided.

The finding that the criteria were not contractual is also consistent with SSA's own contemporaneous admissions. Prior to issuing the ATP to allow Verizon to operate the system, SSA recognized that the disputed criteria were non-contractual and sought to amend the contract to make them new contractual requirements prior to issuing the ATP.⁶ When Verizon rejected this demand, SSA moved forward with issuing the ATP without its new criteria being contractual requirements.⁷

Second, the complete, contemporaneous record does not support a finding that Verizon delayed the transition to the NGTP N8NN system. For the first delay resulting from the implementation of the temporary Unification system, it is important to note that the decision to build a Unification system was not at Verizon's initiative. SSA was not ready to move forward with the NGTP system due to conditions created by the pandemic. Once SSA was ready to move forward with the NGTP system, implementation was again pushed back due to SSA delays associated with making available their Data Center Virtual Infrastructure platform, which Verizon was required to use. SSA's responsibility for this second delay was memorialized in a confidential, written settlement agreement in which SSA provided Verizon additional time and funds due to government-caused delays.

Third, the audit report implied that Verizon was responsible for the NGTP system's

⁴ There is also no objective disagreement that SSA accepted the system. SSA issued written acceptance for the sites, and acknowledged in writing that the only contractual acceptance criteria were the successful operation of the system for 30 days, which was met.

⁵ Committee on Finance, United States Senate, Statement for the Record, SSA Commissioner Martin O'Malley (March 20, 2024) ("As a result of this historic underfunding and understaffing, Social Security faces a service delivery crisis. . . . So that is how we spend our weeks fighting to serve an all-time high number of customers with a 27-year low in staffing. . . . Years of underfunding have decimated our staffing levels and therefore also our ability to serve the public."), available at <https://www.finance.senate.gov/hearings/the-presidents-fiscal-year-2025-social-security-administration-budget>

⁶ In its August 25, 2023 letter, SSA acknowledged that the contract "currently provided" for acceptance "after only 30 days of use," and requested revised acceptance terms in the form of a bilateral modification that would be contingent upon completion of POAMs and settling SSA's design claims.

⁷ September 8, 2023 SSA Authority to Proceed (ATP) ("This letter serves as a formal notice of Authority to Proceed (ATP) with site cutovers of the SSA National 800 number call-center sites.")

Callback Assist (CBA) design that put customers “back into the queue rather than connected to a representative . . . negat[ing] the benefit of selecting a scheduled callback and further frustrat[ing] customers.” To the contrary, customers’ frustrations with CBA were the result of SSA’s design directions for the CBA system.

During discovery sessions, SSA rejected Verizon’s recommendation that SSA implement the agent-first CBA model that finds an available agent and then calls the customer, ensuring the agent is ready when the customer answers. Instead, SSA directed Verizon to implement a customer-first model that calls the customer directly, and then connects the customer to an available agent. The agent-first model recommended by Verizon would have delivered a better customer experience by avoiding customers having to wait in a queue.

Finally, Verizon disagrees with the finding that SSA only learned of the structure of the NGTP system during user-acceptance.⁸ As set forth in the correspondence between SSA and Verizon, Verizon was transparent about the structure of the NGTP N8NN system from the start of the contract.⁹ Verizon early on strongly pressed SSA to review and substantively engage on any concerns SSA had.¹⁰ SSA did not engage on this issue¹¹ or allow alterations to the design,¹² but instead issued an ATP and ordered Verizon to transition to the NGTP system.

Conclusion

In summary, Verizon appreciates the opportunity to address the findings and assertions in Audit No. 022324. The NGTP N8NN system achieved significant performance milestones, exceeding both the previous systems in key metrics. Furthermore, Verizon agrees with OIG’s conclusion that if SSA desires to enforce a performance metric, it must add that metric as a

⁸ See Report at B-1 (“During user-acceptance testing, the Social Security Administration (SSA) identified design and performance issues with NGTP”).

⁹ See, e.g., February 2022 System Design Document Diagrams (showing the structural flow that is the subject of SSA’s objections—illustrating routes to six Communication Managers and the consequences of that structure).

¹⁰ See, e.g., October 28, 2022 Verizon Letter to SSA (“With the goal of transparency and cooperation in completing the NGTP build, we request that Verizon, SSA, and Avaya discuss these technical issues and potential gaps. Immediately below is our list of five concerns to discuss with SSA.”); November 18, 2022 Verizon Response to SSA Letter of Concern (“It is for this reason that, while acknowledging our obligations, we respectfully request SSA’s help and cooperation in facilitating . . . discussions to ensure all parties are working toward SSA’s success and there is clarity on priorities.”); January 6, 2023 Verizon Letter to SSA (“We appreciate your willingness to meet with us individually to discuss any issues related to the contract. We would be happy to schedule this meeting at your earliest convenience.”); May 3, 2023 Verizon Letter to SSA (“We are particularly concerned about SSA personnel identifying non-contractual requirements during UAT and claiming that these changed terms are required to deliver an ‘acceptable’ system. This will not only siphon away vital resources, but it will also cause delays. To avoid this scenario, Verizon proposes that SSA and Verizon remain in frequent and high-level contact as testing progresses.”).

¹¹ See, e.g., November 11, 2022 SSA Letter to Verizon (declining the requested meeting to discuss technical issues and potential gaps).

¹² See, e.g., December 15, 2022 SSA Letter to Verizon (threatening to terminate the NGTP contract for cause if Verizon seeks to proceed with an alternative solution).

contractual requirement, instead of unilaterally asserting it post-award.

Sincerely,

Sherelle Watkins
Verizon Senior Contracts Manager