

A MESSAGE FROM THE CHIEF FINANCIAL OFFICER



In fiscal year (FY) 2011, we upheld our strong commitment to accountability and fiscal discipline, as we received our 18th consecutive unqualified audit opinion on our financial statements. The unqualified opinion confirms that our financial statements present fairly, in all material respects, the financial position of the Social Security Administration (SSA). Our dedication to excellence in financial reporting demonstrates our commitment to be responsible stewards of the funds the American people entrust to us.

We also received an unqualified opinion from our auditors on our assertion that our internal control over financial reporting operated effectively in FY 2011. The auditors found no material weaknesses; however, they continued to cite an ongoing significant deficiency related to internal controls over information security. Since the auditors first noted this deficiency, we have worked diligently to correct all known issues to further strengthen our control environment and mitigate risks. Our corrective actions will span multiple years as we are making comprehensive changes to strengthen our security platform. Additional information about our progress in addressing the significant deficiency is available in the *Systems and Controls* and the *Auditor's Reports* sections of this report.

During this past year, we continued to pursue information technology advancements that ensure relevant, reliable, and timely accounting and management information. We upgraded our accounting system by implementing new software tools that improve application controls, prevent potential security violations, and strengthen user access policies and internal controls. We also piloted the Internet Payment Platform, which provides a paperless workflow for accounting information and documents. Finally, we continued work on modernizing the cost analysis system, which will better manage and account for resources and enhance decision-making.

Given current budget constraints, we found new ways to reduce our costs so that we could maintain our most critical services. To support the President's Accountable Government Initiative, we scrutinized our real estate infrastructure and made cost-effective choices to consolidate offices where it made good business sense and encourage people to use our highly rated electronic services. We also focused our efforts on achieving savings in our acquisition process. We will continue to pursue initiatives to reduce costs, improve our efficiency, and operate effectively.

In acknowledgment of our commitment to transparency and accountability for our *Performance and Accountability Report* for FY 2010, we received the Certificate of Excellence in Accountability Reporting from the Association of Government Accountants. We have received this honor for 13 consecutive years.

Our achievements are directly attributable to our employees who are committed to our mission and to serving the public. We are dedicated to strong stewardship of the Social Security Trust Funds.

A handwritten signature in black ink that reads "Michael G. Gallagher". The signature is fluid and cursive.

Michael G. Gallagher
Chief Financial Officer
November 7, 2011