

## MESSAGE FROM THE CHIEF FINANCIAL OFFICER



In fiscal year (FY) 2013, we continued to demonstrate our commitment to excellence in financial reporting and accountability and received our 20<sup>th</sup> consecutive unmodified audit opinion on our financial statements. The unmodified opinion confirms our financial statements fairly present the financial position of the agency, and they are free from material misstatement. We continue to set a high standard in financial management while we remain focused on being responsible stewards of the Old-Age and Survivors Insurance and Disability Insurance Trust Funds.

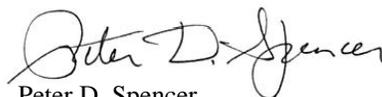
During FY 2013, our auditors found that we made substantial progress in addressing the material weakness in our information systems controls cited during last year's financial statement audit. In this year's audit, they reduced the severity of the finding to a significant deficiency. The auditors also cited a significant deficiency related to our calculation, recording, and prevention of overpayments. We are committed to resolving these deficiencies as quickly as possible. We will continue to build on the rapid and sustained progress we have made by pursuing a risk-based corrective action plan. Additional information on the auditors' findings and our corrective actions is available in the *Systems and Controls* and the *Auditor's Reports* sections of this report.

To ensure relevant, reliable, and timely accounting and management information, we continued to pursue information technology advancements in FY 2013. We upgraded our accounting system by expanding our Web Services technology to allow for real-time handling of miscellaneous receipts and established a common gateway architecture to ensure consistency, security, and improved productivity. We enhanced our accounts payable processing by modernizing our workflow and approval process to take better advantage of Government-wide shared processes, and we integrated several obligation and payment systems in real-time, eliminating both major workloads and the inherent delays in recording spending. We also began replacing the technology used in our financial reporting system with new software that features improved security, faster access to data, and simplified report queries for system users. Finally, we redesigned our cost accounting system to better manage and account for resources and provide enhanced management information to inform decision-making.

Executive Order 13589, *Promoting Efficient Spending*, requires agencies to reduce costs across several administrative categories. Prior to the issuance of the Executive Order, we examined our administrative areas and identified ways to cut costs where possible and eliminate antiquated and unnecessary practices. We continue to do everything we can to reduce costs, and we work diligently to identify opportunities to promote efficient, effective spending and perform mission-critical functions cost effectively.

In recognition of our outstanding reporting efforts, the Association of Government Accountants awarded us the Certificate of Excellence in Accountability Reporting for our *Performance and Accountability Report* for FY 2012. We have received this prestigious award for 15 consecutive years.

The success of our financial stewardship is due to the efforts of our employees who practice sound fiscal policies supporting our mission, programs, and systems. We strive to uphold the highest standards of integrity in discharging our fiduciary responsibilities to the American people.



Peter D. Spencer  
Chief Financial Officer  
December 9, 2013