

## A MESSAGE FROM THE CHIEF FINANCIAL OFFICER



In fiscal year (FY) 2014, we upheld our strong commitment to excellence in financial reporting and accountability and received our 21<sup>st</sup> consecutive unmodified audit opinion on our financial statements. The unmodified opinion confirms that our financial statements fairly present the financial position of our agency and that they are free of material misstatement. We are dedicated to being responsible stewards of the Old-Age and Survivors Insurance and Disability Insurance Trust Funds, and general taxpayer dollars, as we remain focused on achieving our mission.

We also received an unmodified opinion from our independent auditor on our assertion that our internal control over financial reporting was operating effectively during FY 2014. The independent auditor determined that we had no material weaknesses, but did continue to identify two significant deficiencies. The first concerns our information systems controls and the second relates to our calculation, recording, and prevention of overpayments. We are committed to resolving these deficiencies as quickly as possible. We will continue implementing our risk-based corrective action plans to strengthen our control environment and mitigate risks. Additional information on the auditors' findings and our corrective actions is available in both the *Systems and Controls* and *Auditor's Reports* sections of this report.

In FY 2014, we continued to pursue information technology advancements to ensure relevant, reliable, and timely accounting and management information. We enhanced our accounting system by adding functionality to collect standard fees for the non-programmatic services we provide. This enhancement allows beneficiaries and members of the public to pay for these services by check or credit card. We converted the interface for our nationwide administrative payment system from legacy technology to Web Service technologies. We are nearing completion of the replacement of our financial reporting system by migrating to the latest software. This migration will provide improved security, faster access to data, and simplified report queries for system users.

As a demonstration of our commitment to combatting fraud, waste, and abuse in our programs, we reestablished the National Anti-Fraud Committee (NAFC), for which I am a co-chair along with the Inspector General. The NAFC supports our agency's stewardship accountabilities and our policy of zero-tolerance for fraud. Through the NAFC, we emphasize superior financial performance and integrity in all payments, records, and processes. We are also making significant progress in support of the Administration's Freeze the Footprint initiative. We were able to reduce our real property footprint and consolidate staff from many leased locations into existing agency-owned space. While we continue to evaluate potential consolidations and pursue them where it makes good business sense, we remain committed to providing face-to-face service to members of the public who need or prefer such service.

In recognition of our commitment to transparency and accountability, the Association of Government Accountants awarded us the Certificate of Excellence in Accountability Reporting for our *FY 2013 Agency Financial Report*. We have received this prestigious award for 16 consecutive years.

Our talented employees remain dedicated to setting a high standard in financial management by practicing sound fiscal policies. We will continue to implement and support the agency's strategic direction, programs, and systems, while maintaining strong stewardship of the funds entrusted to us by the American people.



Peter D. Spencer  
Chief Financial Officer  
November 10, 2014