

A MESSAGE FROM THE ACTING CHIEF FINANCIAL OFFICER



At Social Security, we strive to deliver services that meet the changing needs of the public, when and where they need us. Although we face many challenges, including resource constraints and the need to modernize our information technology systems, we are dedicated to achieving our mission as efficiently and effectively as possible. I am pleased to report that our funding in fiscal year (FY) 2014 and FY 2015 allowed us to restore services in critical areas. With sustained, adequate funding, we can continue to improve our service and achieve our *Vision 2025*.

At every step, it is our dedicated financial management staff, and our steadfast dedication to financial reporting excellence, transparency, and accountability, that ensures our success as responsible stewards of the funds the American people entrust to us. This year, we received our 22nd consecutive unmodified audit opinion, and therefore, I am honored to join Acting Commissioner Colvin in presenting our FY 2015 *Agency Financial Report*.

The unmodified audit opinion we received on our financial statements confirms that our financial statements fairly present the financial position of our agency and are free of material misstatement. 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 2015. The independent auditor determined that we had no material weaknesses, but continued to cite two significant deficiencies identified in prior years. The first significant deficiency concerns our information systems controls and the second relates to our calculation, recording, and prevention of overpayments. The auditors also identified a new significant deficiency regarding our redeterminations process. We are committed to resolving these deficiencies as quickly as possible. We will continue to make significant strides to strengthen our control environment and mitigate risks by implementing our risk-based corrective action plans. We provide additional information on the auditor's findings and our corrective actions in the *Systems and Controls* and *Auditor's Reports* sections of this report.

In FY 2015, we improved the technology we use to ensure relevant, reliable, and timely accounting and management information. We completed the implementation of our field office administrative fee collection system by adding functionality to track, record, and report on fees collected for non-programmatic services we provide to individuals and third parties. We accept payment for these services by check or credit card. For our financial reporting system, we replaced outdated and unsupported software with new software. The new software provides faster access to the homepage for a new user, standardized functionalities for improved user productivity, and easy system maintenance. Finally, we acquired new hardware to replace our aging financial system infrastructure. These state-of-the-art servers will consolidate software programs, improve system performance of applications and databases, and consume less energy. Implementation of the new hardware is ongoing.

We have a zero tolerance for fraud, and we are committed to deterring, detecting, and mitigating it. Supported by SSA's National Anti-Fraud Committee, which I co-chair with the Inspector General, we established the Office of Anti-Fraud Programs (OAFP), to lead the agency's nationwide anti-fraud initiatives. OAFP develops the policy, analytical capability, and operational capacity to enhance the agency's ability to prevent fraud attempts, stop those who would abuse our programs, and develop cases for administrative action or investigation by the Office of the Inspector General.

As part of our commitment to serve the public when and where they need us, we are proud of our nationwide network of field and hearing offices offering in-person service. However, we also take seriously our responsibility

to make the most efficient use of our resources. I am proud that we made further progress to freeze and reduce our real property footprint. We were able to capitalize on opportunities to scale back our footprint by consolidating staff from many leased locations into existing agency-owned space. We continue to evaluate our facility needs and pursue consolidation opportunities where it makes sound business sense, while ensuring that we have appropriate levels of in-person service options available to the public.

Finally, for our outstanding reporting efforts in our FY 2014 *Agency Financial Report*, the Association of Government Accountants awarded us the Certificate of Excellence in Accountability Reporting. We have received this esteemed award for 17 consecutive years.

The accomplishments in this report are a reflection of our employees' dedication to setting a high standard in financial management. We look forward to implementing even stronger fiscal policies and practices to provide the American taxpayer the maximum value for the resources entrusted to us.



M. Elizabeth Reich
Acting Chief Financial Officer
November 9, 2015