



A MESSAGE FROM THE CHIEF FINANCIAL OFFICER



I am pleased to join Commissioner Saul in issuing our fiscal year (FY) 2020 *Agency Financial Report* (AFR). Each year, we encounter new and unique challenges as an agency, and FY 2020 was no exception. Despite the challenges we face due to the coronavirus (COVID-19) pandemic, we remain focused on delivering quality Social Security services to support the economic security of the American public while continuing to be responsible stewards of taxpayer dollars.

I am proud to report that for the 27th consecutive year, we received an unmodified audit opinion on our financial statements from our independent auditors. Our unmodified audit opinion confirms that our statements present fairly the financial position of our agency and are free of material misstatement. Our independent auditors also issued an unmodified opinion on the effectiveness of our internal control over financial reporting. They determined that we had no material weaknesses, but cited three significant deficiencies identified in prior years. The significant deficiencies concern internal control over certain financial information systems controls, information systems risk management, and internal control over accounts receivable with the public (benefit overpayments). The auditors identified a new significant deficiency concerning internal control over disability program monitoring. This new significant deficiency involved internal control risks created by our decision to defer certain workloads and the resulting overpayment debt collections to protect beneficiaries' income and healthcare coverage during a critical time in the COVID-19 pandemic.

The agency handles audit findings with the utmost importance. We are committed to resolving the deficiencies through risk-based corrective action plans to mitigate risks and strengthen our control environment. We are increasing cross component collaboration by involving subject matter experts and leaders across the agency. We will create greater awareness of overarching issues and related risk mitigation activities and establish more accountability for completing milestones. We provide additional information on the auditors' findings and our corrective actions in the *Systems, Controls, and Legal Compliance and Report of Independent Certified Public Accountants* sections of this report.

In addition to our unmodified audit opinion, and in recognition of our commitment to excellence in transparency and accountability, the Association of Government Accountants awarded us the Certificate of Excellence in Accountability Reporting (CEAR) for our FY 2019 AFR. We have received this prestigious award for 22 consecutive years, which is an unprecedented accomplishment. In addition, we received a CEAR Best-in-Class award for the presentation of performance results in our FY 2019 AFR. These achievements reflect our outstanding financial management and reporting.

Throughout the year, our talented and dedicated employees remained focused on fulfilling our fiscal responsibilities, while helping to advance the agency's mission of delivering quality Social Security services to the public. For additional information on how the Office of the Chief Financial Officer contributed to accomplishing the agency's mission, please refer to the *Financial Management Initiatives Advancing Our Mission* section beginning on the following page. We will continue to build upon our sustained commitment to financial management excellence to ensure optimal stewardship of the resources entrusted to us for the American people.

Respectfully,

Michelle A. King

Baltimore, Maryland
November 10, 2020