

A MESSAGE FROM THE CHIEF FINANCIAL OFFICER



I am pleased to report that for the 24th consecutive year, we received an unmodified audit opinion on our financial statements from our independent auditors, and I am honored to join Acting Commissioner Berryhill in issuing our fiscal year (FY) 2017 *Agency Financial Report*. This report highlights our accomplishments in delivering Social Security services to promote the economic security of the public, and demonstrates our responsible stewardship of taxpayer dollars.

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 continued to cite two significant deficiencies identified in prior years. The first significant deficiency concerns certain financial information systems controls, and the second relates to our accounts receivable/overpayments. We remain committed to strengthening our control environment by resolving these deficiencies as quickly as possible through our risk-based corrective action plans.

The auditors also identified a new significant deficiency concerning our controls over the reliability of information used in certain control activities. While we are confident in the controls over our information, we have enhanced our processes to provide additional assurance, and we will continue to do so in the future, including for the process areas cited in the finding. We provide additional information on the auditors' findings and our corrective actions in the *Systems and Controls* and *Auditors' Report* sections of this report.

In FY 2017, we successfully implemented the *Digital Accountability and Transparency Act of 2014* (DATA Act) and complied with its mandate to report our spending data in a standardized format by May 2017. Implementation of the DATA Act will further enhance our reporting, by increasing transparency and consistency in the data we provide.

We also expanded our Social Security Electronic Remittance System to collect programmatic debt in our field offices, in addition to payments for fees for services including wage reports and itemized earnings statements. This enhancement allows us to more efficiently collect and apply remittances for overpayments of our current and former beneficiaries.

Exemplifying our commitment to quality financial reporting, for the 19th consecutive year, the Association of Government Accountants awarded us the Certificate of Excellence in Accountability Reporting for our FY 2016 *Agency Financial Report*.

Our achievements over the last year are a direct result of our dedicated and hard-working employees. We look forward to building upon our sustained commitment to financial management excellence, while supporting the agency's mission and vision for the future.

Respectfully,

A handwritten signature in black ink that reads "Michelle A. King". The signature is written in a cursive, flowing style.

Michelle A. King

Baltimore, Maryland
November 9, 2017