



# A MESSAGE FROM THE CHIEF FINANCIAL OFFICER



I am proud to report that for the 25<sup>th</sup> 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) 2018 *Agency Financial Report*. This report highlights our achievements 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 three significant deficiencies identified in prior years. The significant deficiencies concern internal control over certain financial information systems controls, the reliability of information used in certain control activities, and accounts receivable with the public (benefit overpayments). 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 remain committed to resolve the deficiencies through risk-based corrective action plans to strengthen our control environment and mitigate risks. We provide additional information on the auditors' findings and our correct actions in the *Systems, Controls, and Legal Compliance* and *Report of Independent Certified Public Accountants* sections of this report.

In FY 2018, we began a multi-year initiative to develop a modernized enterprise Debt Management System to help us better collect, store, monitor, and report our program debt activity. The primary goals of this initiative are to use modern technology to create an enterprise authoritative source of debt management data, increase collection opportunities, more efficiently address our overpayment workloads, and resolve compliance and audit issues. To provide the public with additional opportunities to repay their overpayments, we plan to implement in FY 2019 a public-facing, online bill payment option that uses the Department of the Treasury's Pay.gov portal.

During FY 2018, we also updated the agency's Enterprise Risk Management (ERM) risk profile. In FY 2019, we will continue to enhance our ERM program and further integrate ERM practices into our business processes.

In recognition of our commitment to transparency and accountability reporting, the Association of Government Accountants awarded us the prestigious Certificate of Excellence in Accountability Reporting (CEAR) for our FY 2017 *Agency Financial Report*. We have now been awarded the CEAR for 20 consecutive years, which is an unprecedented accomplishment reflecting the agency's outstanding accountability reporting.

Finally, the success of our financial stewardship is due to the diligent efforts of our employees who practice sound fiscal policies supporting our mission, programs, and systems. I want to thank our employees for the utmost commitment to our mission and compassionate service to those we serve each day.

Respectfully,

Michelle A. King

Baltimore, Maryland  
November 9, 2018