



A MESSAGE FROM THE CHIEF FINANCIAL OFFICER



It is an honor to join Acting Commissioner Kijakazi in presenting our fiscal year (FY) 2023 *Agency Financial Report (AFR)*. Many of our FY 2023 accomplishments are highlighted in the report, which illustrates our dedication to fiscal accountability and transparency and demonstrates our commitment to ensuring equity and accessibility in delivering Social Security services by improving the customer experience and addressing systemic barriers to participation in our programs.

For the 30th consecutive year, we received an unmodified audit opinion on our financial statements from our independent auditors. An unmodified audit opinion confirms that our statements present our financial position fairly and are free of material misstatement. Our independent auditors also issued an unmodified opinion on the effectiveness of our internal control over financial reporting. The auditors determined that we had no material weaknesses and cited two significant deficiencies identified in prior years. The significant deficiencies concern internal controls over certain financial information systems and internal control over accounts receivable with the public (i.e., benefit overpayments).

We resolve the deficiencies identified by audits through risk-based corrective action plans to mitigate risks and strengthen our control environment. We focus on increasing cross-component collaboration by involving subject matter experts and leaders across the agency. Our independent auditors noted areas of progress we made in remediating elements of these significant deficiencies. However, we continue to face challenges, such as the ever-changing cybersecurity landscape in which we operate and the allocation of limited resources. Many elements of our remediation plans will take time to implement. Nonetheless, we are committed to continuous improvement. We provide additional information on the auditors' findings and our corrective actions in the *Analysis of Systems, Controls, and Legal Compliance* and *Independent Auditor's Report* sections of this report.

For the 25th consecutive year, the Association of Government Accountants awarded us the Certificate of Excellence in Accountability Reporting. This streak is an unprecedented accomplishment in the Federal Government and confirms our commitment to financial reporting excellence in our FY 2022 AFR.

We look for ways to improve our business processes by modernizing our legacy systems and leveraging automation. We are focused on addressing the root causes of improper payments, improving payment accuracy, bolstering full and open competition in the acquisition and grants process, and applying sound management principles to our everyday work. These efforts – if supported with sustained, sufficient funding – will put us on the path to significantly improve our service the public in the coming years.



We are a customer-facing agency administering complex programs, which requires sufficient staff to keep up with the demand for our services. After years of tight budgets, in FY 2022 we hit our lowest staffing level in 25 years. We simply did not have enough staff to complete our growing workloads and serve all the customers who need our help. Our budget directly drives the level of customer service the public receives from us, and new hires are necessary to begin to reduce growing backlogs and improve service. In FY 2023, we received a funding increase and began rebuilding our workforce. Our accomplishments are not possible without our dedicated and hardworking employees who are doing their part to restore and improve service while working within our current funding levels. They are essential to providing outstanding service to the public and the continued success of our financial management program. We will look for ways to increase efficiency, while supporting our valued and highly trained team. For additional information on how the Office of the Chief Financial Officer contributed to accomplishing our mission, please refer to the *Financial Management Initiatives Advancing Our Mission* section beginning on the following page.

Respectfully,

Chad Poist

Baltimore, Maryland
November 14, 2023