



A MESSAGE FROM THE CHIEF FINANCIAL OFFICER



The fiscal year (FY) 2010 audit resulted in the 17th consecutive unqualified opinion on our financial statements. We are proud of this sustained achievement as it demonstrates our ongoing successful efforts for excellence in financial reporting. The unqualified opinion attests to the fair presentation of our financial statements and demonstrates our commitment to accountability and fiscal discipline in our stewardship of the funds entrusted to us by the American people.

Our independent auditors also issued an unqualified opinion on our assertion that SSA's internal control over financial reporting for FY 2010 operated effectively. The auditors determined that we had no material weaknesses but did cite an ongoing significant deficiency in internal control. The significant deficiency from FY 2009 relating to strengthening controls to protect our information is not fully resolved, as the correction is a multi-year effort. In addition, the auditors identified new elements under the existing deficiency that will require us to further improve the controls over protecting our information. We are taking all steps necessary to correct the identified deficiency so that we minimize risks and eliminate potential problems. Additional discussion of the significant deficiency may be found in the Systems and Controls and the Auditor's Reports sections of this report.

We continued our tradition of implementing, developing, and using information technology advancements that will provide relevant, reliable, and timely accounting and management information. In FY 2010, we upgraded our accounting system to the highest standard for our commercial off-the-shelf software. This upgrade represents a significant step toward incorporating the Common Governmentwide Accounting Classification structure, which establishes a standard method for classifying financial effects of government business activities. We also continued planning the implementation of an improved cost accounting system, which will better manage and account for resources and enhance decision-making.

With our strategic emphasis on the identification and recovery of improper payments, we launched an aggressive initiative to reduce improper payments and maintain high payment accuracy rates. In addition, we developed a new website (www.socialsecurity.gov/improperpayments/) to report our goals and performance. We also continue to maintain effective internal controls over the funds provided to us under the *American Recovery and Reinvestment Act of 2009* (ARRA). As the Senior Accountable Official, it is my responsibility to monitor the use of these funds (see our plan at www.socialsecurity.gov/recovery/) and to ensure that we make progress toward achieving our ARRA goals. In support of the Office of Management and Budget's Open Government directive, we report spending data, including grant, contract, and Federal Assistance payments on www.USAspending.gov to improve the quality of information available to the public.

In recognition of our commitment to the President's twin goals of transparency and accountability, we received the Certificate of Excellence in Accountability Reporting (CEAR) from the Association of Government Accountants for our FY 2009 Performance and Accountability Report. SSA has received the CEAR award for 12 consecutive years.

The success of our financial stewardship is due to the efforts of our employees who practice sound fiscal policies supporting SSA's mission, programs, and systems. We are responsible stewards of the Social Security funds.

Michael G. Gallagher
Chief Financial Officer
November 8, 2010