

# The Social Security Administration's Financial Report for Fiscal Year 2018 A-15-18-50482



November 2018

Office of Audit Report Summary

## Objective

To fulfill our responsibilities under the *Chief Financial Officers Act of 1990* (CFO Act) (Pub. L. No. 101-576) and related legislation, we monitored Grant Thornton LLP's audit of the Social Security Administration's (SSA) Fiscal Year (FY) 2018 financial statements to ensure the quality of the audit work performed was adequate.

## Background

The CFO Act, as amended, requires that SSA's Inspector General or an independent external auditor, as determined by the Inspector General, audit SSA's financial statements in accordance with applicable standards. Under a contract monitored by the Office of the Inspector General, Grant Thornton, an independent certified public accounting firm, audited SSA's FY 2018 financial statements.

Grant Thornton's Report of Independent Certified Public Accountants for the audit of SSA's FY 2018 financial statements includes (1) opinions on the financial statements, including the opinions on the consolidated financial statements and sustainability financial statements; (2) an opinion on the effectiveness of SSA's internal controls over financial reporting; and (3) other reporting as required by *Government Auditing Standards*.

## Findings

Grant Thornton issued unmodified opinions on SSA's FY 2018 consolidated financial statements, the sustainability financial statement as of January 1, 2018, and the changes in its social insurance amounts for the period January 1, 2017 to January 1, 2018.

In addition, Grant Thornton issued an unmodified opinion that SSA maintained effective internal control over financial reporting as of September 30, 2018. However, Grant Thornton did identify three significant deficiencies in internal controls as of September 30, 2018:

- **Certain Financial Information System Controls** – Grant Thornton identified a number of systems control deficiencies that, when aggregated, are considered to be a significant deficiency in the area of Information Technology Systems Controls. The control deficiencies were mapped to four components. This significant deficiency is a repeat from prior years.
- **Controls over the Reliability of Information Used in Certain Control Activities** – Grant Thornton found deficiencies in the control design and operating effectiveness related to information produced by the entity, related to Accounts Receivable with the Public (Benefit Overpayments). This significant deficiency is a repeat from last year.
- **Accounts Receivable with the Public (Benefit Overpayments)** – Grant Thornton identified four deficiencies in internal control that, when aggregated, are considered to be a significant deficiency related to weaknesses in internal controls over Accounts Receivable with the Public. This significant deficiency is a repeat from prior years.

In addition, Grant Thornton identified no reportable instances of non-compliance with the laws, regulations, contracts, grant agreements, or other matters tested.

## Recommendations

Grant Thornton provided several recommendations to mitigate the risks noted in the significant deficiencies. The Agency agreed with the recommendations.

