

Summary of the Social Security Administration's Financial Report for Fiscal Year 2012

A-15-12-11286



November 2012

Social Security Administration Office of the Inspector General

Objective

To fulfill our responsibilities under the *Chief Financial Officers (CFO) Act of 1990* (Public Law 101-576) and related legislation, we monitored Grant Thornton, LLP's audit of the Social Security Administration's (SSA) Fiscal Year 2012 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 (IG) or an independent external auditor, as determined by the IG, 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 Fiscal Year 2012 financial statements.

Our Findings

Grant Thornton, LLP found:

- The consolidated balance sheets of SSA as of September 30, 2012 and 2011, and the related consolidated statements of net cost and changes in net position, and the combined statements of budgetary resources for the years then ended, and the statements of social insurance as of January 1, 2012 and January 1, 2011 and statement of changes in social insurance amounts for the period January 1, 2011 to January 1, 2012 and January 1, 2010 to January 1, 2011 are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America;
- SSA did not maintain effective internal control over financial reporting as of September 30, 2012 because a material weakness and significant deficiency were noted; and
- No reportable instances of noncompliance with laws, regulations, or other matters tested.

Our Recommendations

For the deficiencies that were identified, Grant Thornton, LLP provided several recommendations to mitigate the risks noted in the material weakness over information technology and significant deficiency over SSA's benefit payment oversight.