

# Fiscal Year 2013 Financial Statement Audit Oversight

## A-15-13-13085



December 2013

Office of Audit Report Summary

### 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 2013 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, LLP an independent certified public accounting firm, audited SSA's Fiscal Year 2013 financial statements.

### Findings

Grant Thornton, LLP found the following.

- SSA's consolidated balance sheets as of September 30, 2013 and 2012, the related consolidated statements of net cost and changes in net position, the combined statements of budgetary resources for the years then ended, the statements of social insurance as of January 1, 2013 and January 1, 2012 and statement of changes in social insurance amounts for the periods January 1, 2012 to January 1, 2013 and January 1, 2011 to January 1, 2012 are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States.
- Management fairly stated that SSA's internal control over financial reporting was operating effectively as of September 30, 2013.
- There were no reportable instances of noncompliance with laws, regulations, or other matters tested.

In addition, Grant Thornton, LLP identified two significant deficiencies in internal controls.

- **Information Systems Control** - Grant Thornton, LLP identified four deficiencies that, when aggregated, are considered to be a significant deficiency in the areas of Information Systems Control.
- **Calculating, Recording, and Preventing Overpayments** - Grant Thornton, LLP identified three deficiencies in internal control that, when aggregated, are considered to be a significant deficiency related to weaknesses in internal controls related to Calculation, Recording, and Prevention of Overpayments.

### Recommendations

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