



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: September 29, 2026

Refer To: 152506

To: Frank Bisignano
Commissioner

From: Michelle L. Anderson *Michelle L. Anderson*
Assistant Inspector General for Audit
as First Assistant

Subject: Non-payroll-related Operating Expenses for Fiscal Years 2023 Through 2025

The attached final report presents the Office of Audit's results for the subject engagement. The objectives were to (1) obtain reasonable assurance that the Social Security Administration (SSA) accurately reported its operating expenses in the *Contractual Services & Supplies* and *All Other Expenses* categories for Fiscal Years 2023 through 2025 and (2) determine whether SSA's procedures and controls promoted the efficient use of financial resources and effective financial management.

Please provide within 60 days a corrective action plan that addresses the recommendation. If you wish to discuss the final report, please call me or have your staff contact Jeffrey Brown, Deputy Assistant Inspector General for Audit.

Attachment

AUDIT REPORT

OBJECTIVES

Our objectives were to (1) obtain reasonable assurance that the Social Security Administration (SSA) accurately reported its operating expenses in the *Contractual Services & Supplies* and *All Other Expenses* categories for Fiscal Years (FY) 2023 through 2025 and (2) determine whether SSA's procedures and controls promoted the efficient use of financial resources and effective financial management.

BACKGROUND

The *Social Security Act* requires that the Commissioner of Social Security ensure costs incurred during the FY are allocated to the appropriate fund.¹ SSA classifies expenses incurred as either a program cost or an administrative expense. Program costs are charged directly to a Social Security program, such as Old-Age and Survivors Insurance. Administrative expenses are accumulated as *Limitation on Administrative Expenses* and allocated to the various Trust or General Fund programs. The *Limitation on Administrative Expenses* account funds SSA's operating expenses to administer the *Social Security Act*.² Table 1 shows SSA's reported operating expenses for FYs 2023 through 2025. For additional details about SSA's expenses, see Appendix B.

Table 1: SSA's Operating Expenses—FYs 2023 Through 2025³

Category	FY 2023		FY 2024		FY 2025	
Personnel Services & Benefits	\$7,917,233,676	50%	\$8,270,545,401	50%	\$8,126,999,844	49%
Contractual Services & Supplies	\$5,995,105,578	38%	\$6,322,552,737	38%	\$5,955,140,142	36%
Acquisition of Capital Assets	\$128,262,111	1%	\$151,479,753	1%	\$179,899,304	1%
Grants and Fixed Charges	\$117,526,693	1%	\$169,271,412	1%	\$138,018,318	1%
All Other Expenses	\$1,714,621,455	11%	\$1,805,649,338	11%	\$2,148,418,875	13%
Total	\$15,872,749,513	100%	\$16,719,498,641	100%	\$16,548,476,482	100%

NOTE: Totals do not necessarily equal the sum of rounded components.

¹ *Social Security Act* § 201(g).

² SSA, *Agency Financial Report Fiscal Year 2025*, p. 55 (January 2026).

³ SSA's Office of Finance and Management provided expenditure details for subcategories of SSA's total operating expenses, which it reports in its *Agency Financial Reports*.

SCOPE AND METHODOLOGY

We designed our audit to obtain reasonable assurance that SSA accurately reported its operating expenses in the *Contractual Services & Supplies* and *All Other Expenses* categories for FYs 2023 through 2025.

We included in the scope of our review the *Contractual Services & Supplies* and *All Other Expenses* categories, which together accounted for 49 percent of SSA's operating expenses in FYs 2023, 2024, and 2025. We did not include *Personnel Services & Benefits* in the scope of our review because we reviewed that expense category and issued a report on *Controls over Employees' Premium Pay* in September 2024. In addition, in August 2025, we issued a series of memorandums to SSA regarding other payroll-related reviews we performed. We did not include *Acquisition of Capital Assets* or *Grants & Fixed Charges* in our scope because those categories accounted for less than 2 percent of total operating expenses.

The *Contractual Services & Supplies* and *All Other Expenses* categories comprised approximately 3.6 million transactions from FYs 2023 to 2025. We reviewed a random sample of 100 transactions: 50 transactions from each category. For each sample transaction, we determined its propriety, whether it was appropriately supported with required documentation, and whether SSA reported it in the appropriate operating expense category and FY. For more information about our scope and methodology, see Appendix A.

RESULTS OF REVIEW

Based on our review, SSA accurately reported its operating expenses in the *Contractual Services & Supplies* and *All Other Expenses* categories for FYs 2023 through 2025. In addition, the Agency's procedures and controls promoted the efficient use of financial resources and effective financial management.

Maintaining Documentation for Purchase Card Transactions

Federal regulations require that SSA retain all purchase card documentation for 6 years after it makes the final payment for each purchase.⁴ To comply with this requirement, SSA's micro-purchase policy requires that its employee cardholders maintain supporting documentation, such as invoices or receipts, for their card purchases on a shared drive if an office is not using an electronic purchase request system/process to store its purchase card file documentation.

Of the 100 transactions we tested, 93 were proper, adequately supported, and reported in the appropriate operating expense category and FY. However, the 50 *Contractual Services & Supplies* transactions we reviewed included 10 purchase card transactions. SSA could not provide supporting documentation for seven of those transactions, totaling \$4,210. Therefore, we could not determine whether those purchases were proper and appropriately categorized.

⁴ 48 C.F.R. § 4.805(a).

According to subject-matter experts, when the cardholders who made these purchases separated from the Agency or were reassigned to other positions, SSA lost access to their purchase records because cardholders did not follow micro-purchase policies to maintain supporting documentation on a shared drive or an electronic purchase request system/process to which SSA management had access.

CONCLUSION

Our sample of *Contractual Services & Supplies* transactions included 10 purchase card transactions, of which 7 were not supported with required documentation. However, our findings illustrate a significant control failure, and, based on our analysis, this condition could exist throughout the population of purchase card transactions. During our audit period, SSA made nearly 201,000 such transactions. Thus, we believe it is important that SSA has properly designed and effective controls in place to ensure all purchases are supported by required documentation.⁵

We do not imply or assert—and the reader should not infer—that the absence of supporting documentation indicates that the transactions were improper, misclassified, or otherwise inappropriate. The absence of documentation limits our ability to verify the transactions; therefore, we can draw no conclusion regarding their propriety.

Although supporting documentation was unavailable for certain transactions, we found no evidence suggesting that these exceptions materially affected the accuracy of the Agency's reported operating expenses. Based on the audit procedures performed, the results support our conclusion that the Agency properly reported its operating expenses. The documentation gaps noted constitute an audit limitation; however, in our professional judgment, they do not undermine the overall reliability of SSA's expense reporting.

RECOMMENDATION

We recommend SSA improve its controls to ensure the Agency retains purchase card documentation in accordance with Federal record retention requirements.

AGENCY COMMENTS

SSA agreed to implement our recommendation; see Appendix C. SSA also provided technical comments in response to our draft report, which we incorporated into our final report, as appropriate.

⁵ For additional information about our sampling, see Appendix A.

APPENDIX A — SCOPE & METHODOLOGY

To accomplish our objectives, we did the following.

- Interviewed Social Security Administration (SSA) personnel responsible for operating expense reporting.
- Obtained operating expense data for Fiscal Years (FY) 2023 through 2025.
- Identified a population of transactions categorized as follows.
 - *Contractual Services & Supplies*: 2,678,875 transactions; 200,948 (7.5 percent) of which were purchase card transactions.
 - *All Other Expenses*: 964,754 transactions.
- Tested a random sample of 50 transactions each from the *Contractual Services & Supplies* and *All Other Expenses* categories.

For each transaction in our sample, we determined (1) its propriety in promoting SSA's mission, (2) whether SSA maintained necessary documentation to support the transaction, and (3) whether SSA reported it in the appropriate expense category and FY. We used our testing results to evaluate the efficiency of SSA's use of Government resources and the effectiveness of its financial management.

We conducted our review from February through August 2026. We assessed the reliability of the data provided by conducting electronic testing, comparing the data to prior audit data extracts, tracing random samples of data to source documents, and reviewing existing information. We determined the data were sufficiently reliable for the purposes of this report.

The principal entity we reviewed was the Office of Finance and Management. We assessed the significance of internal controls necessary to satisfy the audit objective. This included an assessment of the five internal control components: control environment, risk assessment, control activities, information and communication, and monitoring. In addition, we reviewed the principles of internal controls associated with the audit objective. We identified the following components and principles as significant to the audit objective.

- Component 1: Control Environment
 - Principle 3: Establish structure, responsibility, and authority
- Component 3: Control Activities
 - Principle 10: Design control activities
- Component 4: Information and Communication
 - Principle 13: Use quality information
 - Principle 14: Communicate internally

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and conduct the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusion based on our audit objective.

Our objective was to obtain reasonable assurance that SSA accurately reported its operating expenses in the *Contractual Services & Supplies* and *All Other Expenses* categories for FYs 2023 through 2025—that is, the expense categories are free of material misstatement, whether due to fraud or error. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the reported expenses.

Sampling Methodology

We reviewed a random sample of 50 *Contractual Services & Supplies*; 10 (20 percent) of which were purchase card transactions. Of these 10, 7 were not supported with required documentation. Given the small sample size, we cannot project these findings to the entire population of purchase card transactions. However, our findings illustrate a significant control failure, and it is possible this condition exists throughout the population of 200,948 purchase card transactions processed during our audit period.

APPENDIX B – OPERATING EXPENSES FOR FISCAL YEARS 2023 THROUGH 2025

**Table B-1: The Social Security Administration's Reported Operating Expenses for
Fiscal Years (FY) 2023 through 2025**

	FY 2023	FY 2024	FY 2025
Personnel Services and Benefits	\$7,917,233,676	\$8,270,545,401	\$8,126,999,844
Benefits for Former Personnel	\$ 1,712,103	\$ 2,194,749	\$ 55,702,563
Employee Benefits	2,184,179,751	2,296,253,108	2,273,707,921
Full-Time Permanent	5,312,422,125	5,585,521,297	5,497,976,797
Other Personnel Compensation	339,114,413	292,453,099	220,051,968
Other than Full-Time Permanent	77,876,365	92,446,035	78,444,490
Special Personnel Service Payments	1,928,918	1,677,113	1,116,104
Contractual Services & Supplies	\$5,995,105,578	\$6,322,552,737	\$5,955,140,142
Administrative Supplies	22,251,440	21,807,817	18,603,827
ADP and Telecommunication Supplies	3,254,904	2,758,902	2,231,934
Advisory and Assistance Services	116,267,860	161,848,201	138,165,882
Communications, Utilities and Miscellaneous Charges	395,058,631	414,845,640	465,847,413
Foreign Travel	59,668	27,816	6,835
Informational Meeting	1,582,642	3,431,940	730,523
Maintenance Supplies	1,931,235	1,656,122	1,845,665
Management & Professional Support Services	-	-	37
Operation and Maintenance of Equipment	839,273,884	966,589,617	895,660,692
Operation and Maintenance of Facilities	79,512,779	87,925,140	76,956,033
Other Services	3,183,524,209	3,292,047,744	3,044,598,723
Other Transportation of Things	2,303,772	935,451	637,445
Other Travel	305,700	346,569	343,641
Paper Supplies	4,906,460	4,532,636	4,682,899
Printing and Reproduction	37,663,980	39,291,783	48,265,840
Purchase of Goods/Services from Government Accounts	540,674,625	574,535,915	516,926,693
Relocation	78,762	100,796	(29,440)
Rental Payments to GSA	732,313,378	716,018,993	716,626,244
Rental Payments to Others	274,496	275,392	172,002
Research and Development Contracts	20,992,909	19,120,468	13,385,892
Site Visit	7,033,841	6,039,705	4,963,815
Special Mission and Witness Travel	877,941	696,672	1,299,093
Speech or Presentation	172,319	352,456	51,254
Supplies and Materials	393,499	(419,889)	181,829
Telecommunications	-	-	3,509
Training Attendance	2,677,476	4,585,286	453,482
Transportation of Household Goods	71,611	37,510	2,781,295
Transportation of Mail	1,647,556	3,164,055	(252,916)

	FY 2023	FY 2024	FY 2025
Acquisition of Capital Assets	\$128,262,111	\$151,479,753	\$179,899,304
ADP and Telecommunications Equipment	144,815,775	145,676,279	176,935,259
Buildings, Fixed Equipment, Other Structures & Site Prep	(20,380,543)	-	-
Capitalized Equipment	-	(568)	-
Capitalized Sub-Object Class Codes	-	539	(242)
Non-ADP Equipment	3,826,880	5,803,503	2,964,287
Grants and Fixed Charges	\$117,526,693	\$169,271,412	\$138,018,318
Grants in Aid	29,476,925	30,842,080	31,703,874
Indemnities (Not Covered by Insurance)	63,050,475	90,464,548	54,601,137
Insurance Claims	(18,000)	(20,600)	(75,400)
Research and Demonstration	40,940,744	40,001,557	41,815,507
Subsidies and Gratuity Payments	(15,923,450)	7,983,828	9,973,200
All Other Expenses	\$ 1,714,621,455	\$ 1,805,649,338	\$ 2,148,418,875
Adjusting Entry Not Otherwise Classified	761,864,010	778,383,348	845,515,037
Costs Capitalized	(862,497,122)	(880,826,616)	(715,410,381)
Deferral of Costs, Credits & Allowance for Bad Debts	24,218,785	34,721,220	15,102,217
Depreciation of Equipment and Fixed Property	986,783,390	932,436,013	986,734,233
Federal Employees Group Life Insurance Expense	954,168	1,003,478	980,858
Federal Employees Health Benefits Act Expense	577,911,201	563,672,665	614,701,778
Imputed Costs	22,092,978	17,590,739	23,159,774
Interfund Transfers	-	807,489	-
Leave Accruals & Adjustments	4,250,494	18,338,203	(37,476,160)
Not Otherwise Classified	5,283,054	7,895,509	20,036,068
Pension Expense	193,773,914	331,574,037	395,079,695
Sales	(13,419)	53,254	(4,245)
Total Operating Expenses	\$15,872,749,513	\$16,719,498,641	\$16,548,476,482

NOTE: Totals do not necessarily equal the sum of rounded components.

APPENDIX C — AGENCY COMMENTS



SOCIAL SECURITY Office of the Commissioner

MEMORANDUM

Date: September 28, 2026

Refer To: TQA-1

To: Michelle L. Anderson
Assistant Inspector General for Audit as First Assistant

A handwritten signature in blue ink, appearing to read "Chad Poist", with a horizontal line extending to the right.

From: Chad Poist
Chief Risk Officer

Subject: Office of the Inspector General Draft Memorandum "The Social Security Administration's Non-Payroll Related Operating Expenses for Fiscal Years 2023 Through 2025" (152506) --
INFORMATION

Thank you for the opportunity to review the draft report. We agree with the recommendation. The agency already has a purchase card documentation retention policy in place, as outlined in both the SSA's "Micro-Purchasing in SSA" training course and Acquisition Alert 23-05. The training course instructs purchase card program participants to maintain purchase logs and all supporting documents electronically, ensuring they are accessible to approving officials and auditors. Acquisition Alert 23-05 further clarifies that if an office does not use an electronic purchase request system, cardholders can keep purchase logs in Excel or Word documents stored on a shared drive.

We will be working with internal stakeholders to manage and store information related to micro-purchase transactions to strengthen controls and update our policies, procedures, and communications to purchase cardholders as appropriate.

Please let me know if I can be of further assistance. You may direct staff inquiries to Amy Gao, Director of the Audit Liaison Staff.

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