Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: November 13, 2026 **Refer To:** 152602

To: Frank Bisignano
Commissioner

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

Subject: Fiscal Year 2026 Audit of the Social Security Administration's Financial Statements and Internal Control Over Financial Reporting

The Office of the Inspector General (OIG) contracted with the independent certified public accounting firm Ernst & Young LLP to audit the financial statements of the Social Security Administration (SSA), which comprise the consolidated balance sheets as of September 30, 2026 and 2025, the related consolidated statements of net cost and changes in net position and combined statement of budgetary resources for the years then ended, the statements of social insurance as of January 1, 2026, 2025, 2024 and 2023, the related statements of changes in social insurance amounts for the periods January 1, 2025 to January 1, 2026 and January 1, 2024 to January 1, 2025, and the related notes (collectively referred to as the "financial statements"). We also contracted with Ernst & Young to provide an opinion on internal control over financial reporting and report on compliance and other matters.

The contract requires that the audit be conducted in accordance with auditing standards generally accepted in the United States; *Government Auditing Standards* issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*. Additionally, the contract requires that Ernst & Young plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement, issue an opinion on the operating effectiveness of SSA's internal control over financial reporting, and a report on compliance and other matters.

This memorandum transmits Ernst & Young's three reports as follows.

- **Report on the Audit of the Financial Statements.** In Ernst & Young's opinion, SSA's financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Ernst & Young also included an Emphasis of Matter paragraph regarding the sustainability financial statements and related disclosures. For more information, refer to Ernst & Young's Report on the Audit of the Financial Statements.

- **Report on Internal Control Over Financial Reporting.** In Ernst & Young's opinion, SSA maintained, in all material respects, effective internal control over financial reporting as of September 30, 2026, based on criteria established under the *Federal Managers' Financial Integrity Act of 1982*; as implemented by OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*; and in *Standards for Internal Control in the Federal Government* (Green Book), issued by the United States Government Accountability Office.

  However, Ernst & Young identified one significant deficiency in internal control over financial reporting related to Internal Control over Accounts Receivable with the Public (Benefit Overpayments).

  For more information, refer to Ernst & Young's Report on Internal Control Over Financial Reporting.

- **Report on Compliance and Other Matters.** Ernst & Young identified no instances of noncompliance or other matters required to be reported under *Government Auditing Standards* and the provisions of OMB Bulletin No. 24-02 and disclosed no instances in which the Agency's financial management systems did not substantially comply with Section 803(a) requirements of the *Federal Financial Management Improvement Act*. For more information, refer to Ernst & Young's Report on Compliance and Other Matters.

While the statements of social insurance as of January 1, 2026, 2025, 2024 and 2023, and related notes, were audited by Ernst & Young, the statement of social insurance as of January 1, 2022 was audited by Grant Thornton LLP. Grant Thornton LLP's Report of Independent Certified Public Accountants, dated November 10, 2022, stated that the statement of social insurance as of January 1, 2022 was presented fairly, in all material respects in accordance with accounting principles generally accepted in the United States of America. The report also included an Emphasis of Matter paragraph regarding the sustainability financial statements. For more information, refer to Grant Thornton LLP's Report in SSA's FY 2022 Agency Financial Report.

OFFICE OF THE INSPECTOR GENERAL EVALUATION OF ERNST & YOUNG'S AUDIT PERFORMANCE

To fulfill our responsibilities for ensuring the quality of the audit work performed under the *Chief Financial Officers Act of 1990* and related legislation, we monitored Ernst & Young's audit of SSA's financial statements by:

- evaluating the auditors' and specialists' independence, objectivity, and qualifications;
- reviewing Ernst & Young's audit approach and planning;
- monitoring the audit's progress at key points;
- examining Ernst & Young's documentation related to planning the audit, assessing SSA's internal control, and substantive testing;
- reviewing Ernst & Young's audit reports to ensure compliance with *Government Auditing Standards* and OMB Bulletin No. 24-02;
- coordinating the issuance of the audit reports; and

- performing other procedures we deemed necessary.

Ernst & Young is responsible for the attached auditor's reports, dated November 13, 2026, and the opinions and conclusions expressed therein. The OIG is responsible for technical and administrative oversight regarding Ernst & Young's performance under the contract terms. Our review, as differentiated from an audit in accordance with applicable auditing standards, was not intended to enable us to express—and, accordingly, we do not express—an opinion on SSA's financial statements, internal control over financial reporting, or conclusions on whether SSA's financial management systems complied substantially with the *Federal Financial Management Improvement Act* or with provisions of certain laws, regulations, contracts, and grant agreements. However, our monitoring review, as qualified above, disclosed no instances where Ernst & Young did not comply, in all material respects, with applicable auditing standards.

Consistent with our responsibility under the *Inspector General Act*, we are providing copies of the reports to congressional committees with oversight and appropriation responsibilities over SSA. In addition, we will post a copy of the reports on our public website.

Attachments

Ernst & Young LLP
1775 Tysons Blvd
Tysons, VA 22102

Tel: +1 703 747 1000
Fax: +1 703 747 0100
ey.com

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Report of Independent Auditors

Frank Bisignano, Commissioner
Social Security Administration

Michelle L. Anderson, Assistant Inspector General for Audit as First Assistant
Social Security Administration

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Social Security Administration (the Agency), which comprise the consolidated balance sheets as of September 30, 2026 and 2025, the related consolidated statements of net cost and changes in net position and combined statements of budgetary resources for the years then ended, the statements of social insurance as of January 1, 2026, 2025, 2024 and 2023, and the related statements of changes in social insurance amounts for the periods January 1, 2025 to January 1, 2026 and January 1, 2024 to January 1, 2025, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Agency at September 30, 2026 and 2025, the results of its net cost of operations, its changes in net position and its budgetary resources for the years then ended, the Agency's social insurance information as of January 1, 2026, 2025, 2024 and 2023 and its changes in social insurance amounts from January 1, 2025 to January 1, 2026 and January 1, 2024 to January 1, 2025, in accordance with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with auditing standards generally accepted in the United States of America (GAAS), the Agency's internal control over financial reporting as of September 30, 2026, based on criteria established under 31 U.S.C. § 3512(c) and (d), commonly known as the Federal Managers' Financial Integrity Act of 1982 (FMFIA) as implemented by Office of Management and Budget (OMB) Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control* and in *Standards for Internal Control in the Federal Government*, issued by the United States Government Accountability Office (the Green Book) and our report dated November 13, 2026 expressed an unmodified opinion thereon.

Basis for Opinion

We conducted our audits in accordance with GAAS, in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), and in accordance with the provisions of OMB Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*. Our

responsibilities under those standards and the provisions of OMB Bulletin No. 24-02 are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Social Insurance Disclosures

As discussed in Note 17 to the financial statements, the statements of social insurance and the statements of changes in social insurance amounts (collectively referred to as the "sustainability financial statements") are based on management's assumptions. These sustainability financial statements present the actuarial present value of the Agency's estimated future income to be received and future expenditures to be paid using a projection period sufficient to illustrate long-term sustainability. The sustainability financial statements are intended to aid users in assessing whether future resources will likely be sufficient to sustain public services and to meet obligations as they come due. The statements of social insurance and changes in social insurance amounts are based on income and benefit formulas in current law and assume that scheduled benefits will continue after any related trust fund reserves become depleted. The sustainability financial statements are not forecasts or predictions. The sustainability financial statements are not intended to imply that current policy or law is sustainable. In preparing the sustainability financial statements, management considers and selects assumptions and data that it believes provide a reasonable basis to illustrate whether current policy or law is sustainable. Assumptions underlying such sustainability information do not consider changes in policy or all potential future events that could affect future income, future expenditures, and sustainability, for example, implementation of policy changes to avoid trust fund reserve depletion. Because of the large number of factors that affect the sustainability financial statements and the fact that future events and circumstances cannot be estimated with certainty, even if current policy is continued, there will be differences between the estimates in the sustainability financial statements and the actual results, and those differences may be material. Our opinion is not modified with respect to this matter.

Report of Other Auditors on the Agency's Statements of Social Insurance

The statement of social insurance as of January 1, 2022 was audited by Grant Thornton LLP who expressed an unmodified opinion on the statement of social insurance on November 10, 2022, including an Emphasis of Matter paragraph regarding the sustainability financial statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and

fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 GAAS and *Government Auditing Standards* and the provisions of OMB Bulletin No. 24-02 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 financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards* and the provisions of OMB Bulletin No. 24-02, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information in Management's Discussion and Analysis from pages 7 to 42 and the combining schedule of budgetary resources and the required supplementary social insurance information from pages 105 to 121 be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Federal Accounting Standards Advisory Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the Agency Financial Report. The other information comprises the following sections: Table of Contents; Executive Overview (pages 1-6); A Message from the Chief Financial Officer (pages 44-47); Audited Financial Statements and Additional Information (pages 49-50); and Other Information (pages 141-209). Other information does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 13, 2026 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance, the results of that testing, and provide an opinion on the effectiveness of the Agency's internal control over financial reporting as described in the Opinion section, but not to provide an opinion on compliance. Those reports are

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an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Ernst & Young LLP

November 13, 2026

Ernst & Young LLP
1775 Tysons Blvd
Tysons, VA 22102

Tel: +1 703 747 1000
Fax: +1 703 747 0100
ey.com

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Report of Independent Auditors

Frank Bisignano, Commissioner
Social Security Administration

Michelle L. Anderson, Assistant Inspector General for Audit as First Assistant
Social Security Administration

Report on Internal Control Over Financial Reporting

Opinion on Internal Control Over Financial Reporting

We have audited the Social Security Administration's (the Agency) internal control over financial reporting as of September 30, 2026, based on criteria established under 31 U.S.C. § 3512(c) and (d), commonly known as the Federal Managers' Financial Integrity Act of 1982 (FMFIA) as implemented by Office of Management and Budget (OMB) Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control* and in *Standards for Internal Control in the Federal Government*, issued by the United States Government Accountability Office (the Green Book). In our opinion, the Agency maintained, in all material respects, effective internal control over financial reporting at September 30, 2026, based on the criteria established under FMFIA, OMB Circular No. A-123 and the Green Book.

We also have audited, in accordance with auditing standards generally accepted in the United States of America (GAAS), in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), and in accordance with the provisions of OMB Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*, the financial statements of the Agency, which comprise the consolidated balance sheets as of September 30, 2026 and 2025, the related consolidated statements of net cost and changes in net position and combined statements of budgetary resources for the years then ended, the statements of social insurance as of January 1, 2026, 2025, 2024 and 2023, and the related statements of changes in social insurance amounts for the periods January 1, 2025 to January 1, 2026 and January 1, 2024 to January 1, 2025, and the related notes (collectively referred to as the "financial statements"), and our report dated November 13, 2026 expressed an unmodified opinion thereon.

Basis for Opinion

We conducted our audit in accordance with GAAS. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Internal Control Over Financial Reporting section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Responsibilities of Management for Internal Control Over Financial Reporting

Management is responsible for designing, implementing, and maintaining effective internal control over financial reporting, and for its assessment about the effectiveness of internal control over financial reporting included in the accompanying Commissioner's Assurance Statements.

Auditor's Responsibilities for the Audit of Internal Control Over Financial Reporting

Our objectives are to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects and to issue an auditor's report that includes our opinion on internal control over financial reporting. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of internal control over financial reporting conducted in accordance with GAAS will always detect a material weakness when it exists.

In performing an audit of internal control over financial reporting in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Obtain an understanding of internal control over financial reporting, assess the risks that a material weakness exists, and test and evaluate the design and operating effectiveness of internal control over financial reporting based on the assessed risk.

Definition and Inherent Limitations of Internal Control Over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction, of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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Reporting Significant Deficiencies in Internal Control Over Financial Reporting as Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we are required to report findings of significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance

We consider the deficiency in Accounts Receivable with the Public (Benefit Overpayments), described in Appendix A *Significant Deficiency in Internal Control Over Financial Reporting*, to be a significant deficiency.

The Agency's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Agency's response to the findings identified in our audit of the financial statements and audit of internal control and described in Appendix A *Significant Deficiencies in Internal Control Over Financial Reporting*. The Agency's response was not subjected to either the other auditing procedures applied in the audit of the financial statements or the audit procedures applied in the audit of internal control and accordingly, we express no opinion on the response.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 13, 2026 on our tests of the Agency's compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's compliance.

Ernst & Young LLP

November 13, 2026

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Appendix A– Significant Deficiency in Internal Control Over Financial Reporting

Significant Deficiency in Internal Control over Accounts Receivable with the Public (Benefit Overpayments)

Overview

A benefit overpayment exists when beneficiaries receive payments beyond their entitled amount. When SSA detects a benefit overpayment, it records an account receivable with the public to reflect the amount due SSA from the beneficiary. Because of the nature of the benefit-payment programs, SSA has extensive operations geographically dispersed nationwide. Overpayment detection, calculation, and documentation occur in various places throughout SSA, including approximately 1,200 field offices, 8 Processing Centers, and various functional areas within SSA's central office. Therefore, SSA has specific policies, procedures, and internal controls in place to detect, calculate, and document overpayments and the related accounts receivable balances. Since the benefit overpayment process can be complex for some cases and relies on manual input, lack of adherence to its internal controls could lead to inaccuracies in recording, documenting, and tracking overpayment balances. Management also relies on its IT infrastructure, interfaces, and controls to record and prevent erroneous payments.

Deficiencies in Benefit Overpayment Documentation and Calculations

During the FY23 audit as well as audits performed by the predecessor auditor, errors were identified affecting the accuracy of the overpayment amounts reported in the subsidiary ledger's records for Title II Recovery of Overpayments, Accounting, and Reporting (ROAR) System and Title XVI Modernized Overpayment and Underpayment Reporting System (MOURS). The identified errors in the Title II and Title XVI overpayment recalculations were due to (1) Actions being made to records in error, (2) Actions not being made by a technician to correct the underlying information within SSA's system, or (3) Discrepancies between the Master Beneficiary Record (MBR) and ROAR, for Title II, or Supplemental Security Record (SSR) and MOURS, for Title XVI.

During FY 2025, SSA began implementing a number of initiatives and IT systems enhancements to address the Title II and Title XVI Overpayment finding and implement recommendations from prior audits. We reviewed the status of these initiatives with management and determined that many were process improvements aimed at preventing and detecting future overpayments through enhanced wage reporting and data exchanges, computation tools, training, and policy enhancements; however, there were no initiatives that created controls suitably designed to detect and correct existing erroneous overpayment amounts. Those initiatives that did involve reviews of existing overpayments primarily focused on an inconsequential number of overpayment transactions detected in the current and prior year (SSA allows for all programmatic delinquent debt two years and older). As a result, we were unable to identify, test and rely on controls that mitigate the risk of errors in benefit overpayment documentation and calculation; however, given

management's assertion of improved overpayment accuracy, during the FY 2026 audit, we selected a statistical sample of outstanding Old-Age, Survivors, and Disability Insurance (OASDI) overpayment balances from the ROAR subledger to assess the accuracy of the recorded balances and determine whether overpayment errors continue to occur. We did not test a similar sample of Supplemental Security Income (SSI) overpayment balances due to the ongoing SSI Accounts Receivable ledger reconciliation deficiency described below.

Our statistical sample of the recorded OASDI Accounts Receivable with the Public resulted in an overpayment calculation error frequency rate of 15.3 percent (which is the percentage of the sampled items containing an identified misstatement). These errors and the underlying reasons are consistent with those noted in prior years and, although the statistically projected impact of these calculation errors was not material to the financial statements, these errors continue to evidence control weaknesses in the Title II Accounts Receivable with the Public processes, including inappropriate overpayment tracking which could lead to misstatements in the financial statements. In addition, in one sampled item an SSI overpayment was erroneously recorded in the OASDI Accounts Receivable subledger which increases the risk of errors in the program subledgers and misstated financial information in program reporting, such as the Accounts Receivable footnote.

Reconciliation of the Supplemental Security Income Accounts Receivable Ledger

OMB Circular A-123, Appendix D, Management of Financial Management Systems – Risk and Compliance (OMB Circular A-123), requires that the United States Government Standard General Ledger be applied at the transaction level. For its OASDI and SSI programs, SSA tracks individual debtor overpayment transactions and accounts receivable balances in subsidiary ledger systems and adjusts the general ledger according to the balances reported from the subsidiary ledgers.

During prior audits, Ernst & Young identified differences between the detailed records in MOURS to summary MOURS files used by SSA to adjust the general ledger. SSA relies on these summary-level reports to update the general ledger; therefore, the SSI Accounts Receivable program balances reported in the general ledger, and subsequently the financial statements, differ from the supporting detail-level beneficiary data in the SSI subsidiary ledger system. The unreconciled difference is immaterial to the financial statements and the Accounts Receivable with the Public balance.

Limitations in SSA IT systems, and the structure of the MOURS databases have resulted in the Agency's inability to implement certain controls over accounts receivable to substantiate the balances posted to the financial reporting system from summary reports and MOURS detailed records.

Deficiencies in Overpayment Records and Tracking of Long-term Installment Payments

As disclosed in Note 6 of the 2026 SSA financial statements, SSA identified a Title II system design limitation concerning long-term withholding agreements that extend past the year 2049 and

2073, where the ROAR system cannot capture and track debt scheduled for collection beyond the years 2049 and 2073. In FY 2024, SSA determined that the latest date to track the future collection of overpayments within the system needed to extend beyond 2049. Accordingly, the date within the system was changed to 2073. This date was determined by similar constraints within the system that dictated the 2049 date; it was the latest date to which the system could be set.

These system limitations have led to an understatement of the Accounts Receivable with the Public balance on the Agency's financial statements. The limitations have hindered SSA's ability to effectively track and collect these overpayments. The projected understatements are immaterial to the financial statements and the Accounts Receivable with the Public balance. While the Agency is enhancing system capabilities to properly account for these receivables and updating policies to avoid longer-term repayment programs, failure to resolve the system design process limitation will continue to result in an understated Accounts Receivable balance.

Recommendations

To mitigate the risks of the issues noted in the significant deficiency, management should consider the following:

Deficiencies in Benefit Overpayment Documentation and Calculations

1. Continue exploring opportunities to improve overpayment accuracy and document retention through engaging field office and Processing Center employees in trainings related to common weaknesses and more complex overpayment cases.
2. Enhance overpayment processing management information to consider risk-based factors such as current overpayment balances, manual intervention required, and age.
3. Complete the implementation of new overpayment documentation tools to ensure overpayments are documented completely, accurately, and timely by field offices or Processing Centers within the appropriate systems of record.
4. Continue performing Title II Processing Center in-line and end-of-line reviews as a secondary review of manually posted overpayments. Additionally, for any errors identified during the performance of the review, consider adding a review to verify appropriate corrective action was taken to correct the overpayment.
5. Evaluate the impact to the accounts receivable balance through an analysis of those transactions posted in 2025 and 2026 that have not been previously subject to review as part of the Agency's initiatives.
6. Implement a secondary review or other similar control over overpayment calculations for Title XVI cases that required manual intervention.
7. Document newly implemented controls within the applicable Business Process Narratives as part of the Agency's A-123 internal control program.

8. Design and implement additional controls to prevent overpayment transactions from being posted to the inappropriate subledger.
9. Perform an analysis over existing overpayments (within the past 2 years) to identify any overpayments that may be recorded in the incorrect subledger.
10. Review its policy to require staff manually calculating overpayments to consider relevant prior overpayment determinations and/or recoveries as well as any pending underpayments which may affect the amount of the new overpayment.

Reconciliation of the Supplemental Security Income Accounts Receivable Ledger

1. Continue implementing and executing SSI reconciliation internal controls between subsidiary ledgers at the detail level and the general ledger through summary reports. Investigate and document reconciling differences in a periodic and timely manner.
2. Investigate potential system reporting enhancements to reduce unreconciled differences between summary and detail level data produced by subsidiary ledgers.

Deficiencies in Overpayment Records and Tracking of Long-term Installment Payments

1. Continue working toward updated debt management systems without the technical limitations over the length of time repayment installments can be recorded.
2. Continue pursuing changes in repayment policy to minimize future extended repayment plans.
3. Continue analyzing and tracking the impact of the 2049 and 2073 system design process limitations on the financial statements.

Ernst & Young LLP
1775 Tysons Blvd
Tysons, VA 22102

Tel: +1 703 747 1000
Fax: +1 703 747 0100
ey.com

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Report of Independent Auditors on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Frank Bisignano, Commissioner
Social Security Administration

Michelle L. Anderson, Assistant Inspector General for Audit as First Assistant
Social Security Administration

We have audited, in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*) and with the provisions of Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*, the financial statements of the Social Security Administration (the Agency), which comprise the consolidated balance sheets as of September 30, 2026 and 2025, the related consolidated statements of net cost and changes in net position and combined statements of budgetary resources for the years then ended, the statements of social insurance as of January 1 2026, 2025, 2024 and 2023, and the related statements of changes in social insurance amounts for the periods January 1, 2025 to January 1, 2026 and January 1, 2024 to January 1, 2025, and the related notes (collectively referred to as the "financial statements"), and our report dated November 13, 2026 expressed an unmodified opinion thereon.

We also have audited, in accordance with GAAS, the Agency's internal control over financial reporting as of September 30, 2026, based on criteria established under 31 U.S.C. § 3512(c) and (d), commonly known as the Federal Managers' Financial Integrity Act of 1982 (FMFIA) as implemented by Office of Management and Budget (OMB) Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control* and in *Standards for Internal Control in the Federal Government*, issued by the United States Government Accountability Office (the Green Book) and our report dated November 13, 2026 expressed an unmodified opinion thereon.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements as well as the requirements referred to in the Federal Financial Management Improvement Act of 1996 (FFMIA), noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not

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express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and the provisions of OMB Bulletin No. 24-02 and disclosed no instances in which the Agency's financial management systems did not substantially comply with the Section 803(a) requirements of FFMIA.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on the entity's compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's compliance. Accordingly, this communication is not suitable for any other purpose.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2026 on our consideration of the Agency's internal control over financial reporting. The purpose of that report is to describe the scope of our testing of internal control over financial reporting, the results of that testing, and provide an opinion on the effectiveness of the Agency's internal control over financial reporting. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting.

Ernst & Young LLP

November 13, 2026