

A MESSAGE FROM THE COMMISSIONER

I am pleased to present the Social Security Administration's *Performance and Accountability Report* (PAR) for fiscal year (FY) 2012. It is the first PAR under our new Strategic Plan, which outlines our goals to deliver quality disability decisions and services; provide quality service to the public; preserve the public's trust in our programs; and strengthen our workforce and infrastructure. In the PAR, we discuss our important programs, our hard-earned accomplishments, and the challenges we face in achieving our mission of delivering Social Security services that meet the changing needs of the public.



Surging workloads and damaging budget cuts continue to test the agency's fortitude. In addition to significant increases in our core work, few people realize that a rapidly increasing percentage of our work results from the verification work we do for other Federal, State, and local entities. For example, the number of people who come to our offices to get information for a third party entitlement or service increased by 46 percent since 2007.

Our employees continue to find innovative ways to serve the public. Even with a nearly 30 percent increase in initial disability applications since 2007, we lowered the average wait for an initial decision and significantly cut the level of pending cases. At the same time, we have maintained the quality of these decisions. We fast-tracked nearly 6 percent of initial applications with our compassionate allowance and quick disability determination processes. Severely disabled applicants who often waited years for a decision now get one in 10-14 days. We have also made progress in the area of disability policy. We are updating medical rules that had been out of date for decades, and we are making progress in working with the Department of Labor to overhaul our main vocational tool, the Dictionary of Occupational Titles.

We continue to expand our highly-rated online services. Since May 2012, people have been able to access their Social Security Statement online via our new authentication process, which will also allow us to expand our personalized online services. Over 2.2 million people have accessed their Statements online. We have the three highest rated online services in the Federal Government, and we are one of the first Federal agencies to offer interactive online services in Spanish. For the first time ever, we have a backup for our National Computer Center that will allow us to quickly recover from an incident affecting our information technology systems. In April, we broke ground for the state-of-the-art replacement for this important facility. None of these accomplishments would be possible without our employees, who have achieved an average productivity increase of over 4.7 percent a year for the past 5 years, a remarkable achievement that very few organizations—public or private—can match.

For the 19th consecutive year, we received an unqualified opinion on our financial statements. The financial and performance data in this report are reliable and complete in accordance with the Office of Management and Budget's guidance, and I have provided an unqualified statement of assurance regarding the agency's internal controls, as required by the *Federal Managers' Financial Integrity Act*. Our independent auditor reported a material weakness in our internal control over financial reporting, which we discuss in the *Management's Discussion and Analysis* section and in our response to the auditor's report in the *Financial Section*.

Not all of the news is good. Despite our achievements, untimely and deficient budgets place us on the verge of declining service. In fiscal years 2011 and 2012, the difference between the President's Budget and our appropriation was greater than in any other year of the previous two decades. As a result, we are losing momentum. For example, our progress in addressing our hearings backlog is not happening as quickly as the public deserves.

I know firsthand how hard our employees work to serve the public with grace and compassion. We know that the American people depend on our programs, and we remain hopeful that Congress will give us the support we need.

A handwritten signature in black ink, appearing to read 'Michael J. Astrue', written in a cursive style.

Michael J. Astrue
Commissioner
November 8, 2012

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To access this report online, please visit our [Fiscal Year 2012 Performance and Accountability Report webpage \(www.socialsecurity.gov/finance\)](http://www.socialsecurity.gov/finance).

INTRODUCTION

Our *Performance and Accountability Report* (PAR) for fiscal year (FY) 2012 provides financial and performance information that enables the President, Congress, and the public to assess how we performed in accomplishing our mission and achieving our goals. We organize our report into the following major sections:

MANAGEMENT'S DISCUSSION AND ANALYSIS: *Management's Discussion and Analysis* gives an overview of our mission, organization, Strategic Goals and Objectives, Priority Goals, and our FY 2012 performance measures. We highlight the FY 2012 results of our key performance measures and discuss our accomplishments and plans to achieve our mission. We provide a summary of the financial and performance information contained in subsequent sections of the PAR. We also include a synopsis of our systems, controls, and legal compliance.

PERFORMANCE SECTION: The *Performance Section* discusses the results for each of our FY 2012 performance measures according to the Strategic Goal and Objective. We compare the targets we set for each performance measure to our actual performance during the year. In addition, we include trend data and discuss our performance. We also summarize program evaluations we conducted and their outcomes.

FINANCIAL SECTION: The *Financial Section* contains the message from our Chief Financial Officer, our audited financial statements, the accompanying notes to those statements, and required supplementary information, including the Schedule of Budgetary Resources and information on Social Insurance. This section concludes with the auditor's reports.

OTHER ACCOMPANYING INFORMATION: The *Other Accompanying Information* section includes the *Inspector General Statement on SSA's Major Management and Performance Challenges*, as well as our *Summary of Financial Statement Audit and Management Assurances* table. We also provide a discussion of our entitlement reviews, information from the Office of the Inspector General concerning their anti-fraud activities, and information on our debt management activities. The *Improper Payments Information Detailed Report* concludes this section.

APPENDIX: The *Appendix* includes a glossary of acronyms, a list of the agency's top management officials, the members of the Board of Trustees, and the members of the Social Security Advisory Board.

For the 14th year in a row, we received the Association of Government Accountants' Certificate of Excellence in Accountability Reporting award for our FY 2011 Performance and Accountability Report. Receiving the Certificate of Excellence in Accountability Reporting is a significant accomplishment for a Federal agency, and it is the highest form of recognition in Federal financial reporting.

