



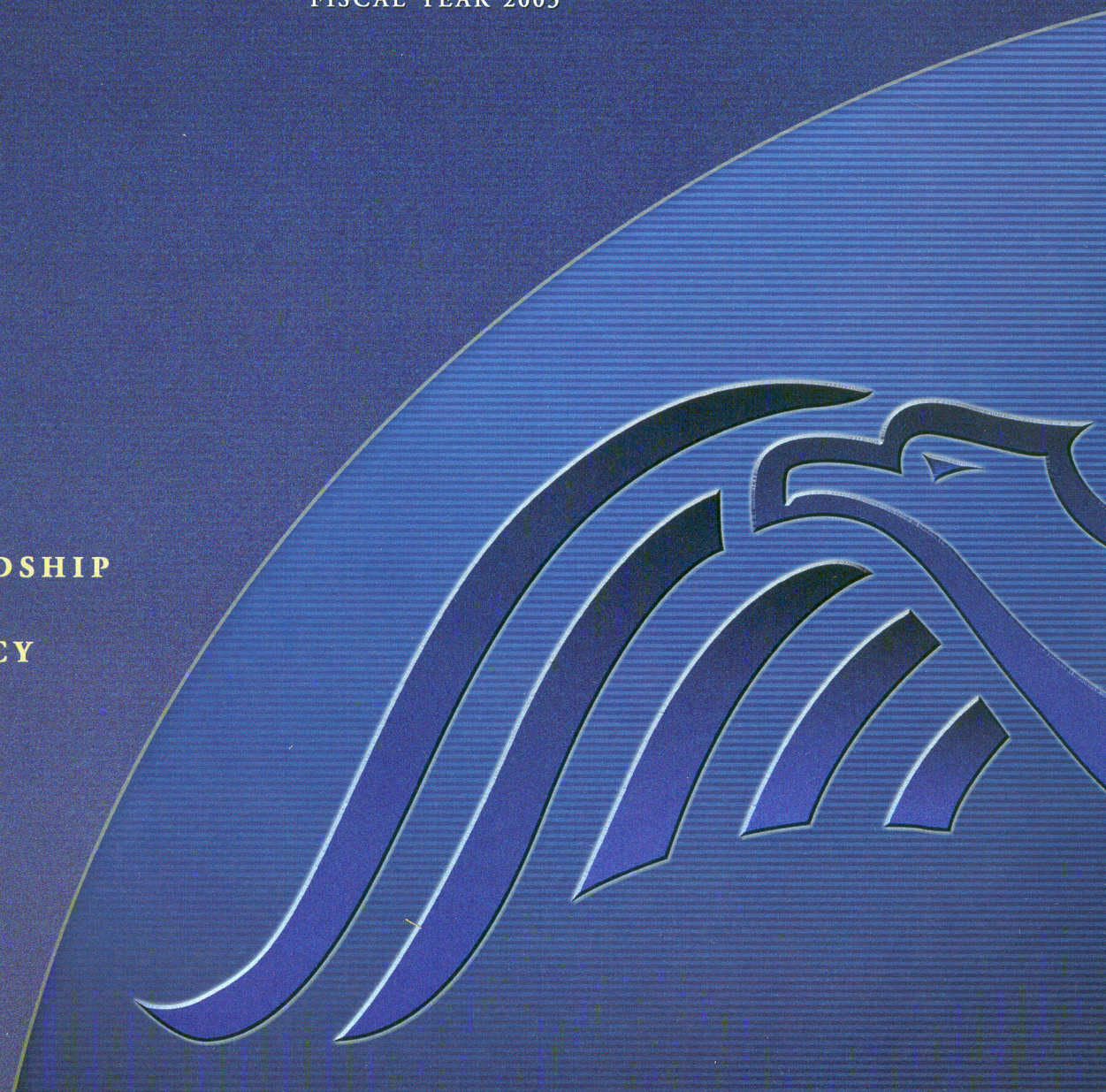
SOCIAL SECURITY
ADMINISTRATION
PERFORMANCE AND ACCOUNTABILITY REPORT
FISCAL YEAR 2003

SERVICE

STEWARDSHIP

SOLVENCY

STAFF



A Message from the Commissioner

I am pleased to present the Social Security Administration's (SSA) Performance and Accountability Report (PAR) for Fiscal Year (FY) 2003. The report shows how SSA performed in administering our programs during the past year and demonstrates our commitment to providing the kind of service the American people deserve.



SSA made great strides during FY 2003 in meeting the challenges we face: Giving the American people the service they deserve; improving program integrity through sound financial stewardship; ensuring the program's financial solvency for future generations; and maintaining the quality staff SSA needs to provide service and stewardship. Financial management was the cornerstone of our efforts and among our most noteworthy accomplishments during FY 2003 in this area are:

- Upgrading to "green" status for the President's Management Agenda (PMA) Improved Financial Performance category. SSA was also rated "green" in all five PMA "progress" categories;
- Removing the Supplemental Security Income (SSI) program from the General Accounting Office's (GAO) "High Risk" list;
- Receiving the Certificate of Excellence in Accountability Reporting for the fifth consecutive year. SSA is the only Federal agency to receive this prestigious award each year it has been awarded; and
- Obtaining an unqualified audit opinion on our consolidated financial statements for the tenth consecutive year.

We are committed to providing data that is complete and reliable to those who use it for decision-making. We believe the performance and financial data presented in this report are complete and reliable as outlined by the guidance available from the Office of Management and Budget (OMB). We have identified no material inadequacies and this report describes our continuing efforts to provide timely and useful performance information to SSA managers, OMB and Congress.

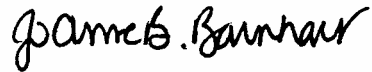
In addition, SSA has evaluated its management controls and financial management systems as required by the Federal Managers' Financial Integrity Act of 1982. On the basis of our comprehensive management control program, I am pleased to certify, with reasonable assurance, that SSA is in compliance with the provisions of this Act.

In accordance with the requirements of the Improper Payments Act of 2002, this year's PAR includes a new section reporting on our performance in this area. The report details the amount of improper payment made by the Agency, the causes behind those mispayments, and the actions underway to reduce them. On this subject, we were very gratified earlier this year when, in recognition of our efforts to improve the management of the SSI program, GAO removed the SSI program from its "High Risk list." In some respects, the most important step in that plan was the identification of the accountable party for every initiative included. That accountability starts with me.

I also have an excellent team pursuing this issue, under the leadership of the SSA Deputy Commissioner who meets regularly with the accountable executives. I am unwavering in my commitment to the President's initiative in this area and to the congressional support reflected in the new law. That commitment goes beyond the SSI program to all of the programs that we administer. Our responsibility as stewards of the public trust demands no less. Evidence of that commitment is reflected in my designation of "Stewardship" as one of the Agency's top four strategic goals.

For nearly 70 years, SSA has remained steadfast in our mission to advance the economic security of the nation's people through compassionate and vigilant leadership in shaping and managing America's Social Security programs. As we look to the future, today's results are the foundation for tomorrow's achievements.

I am proud to head an Agency with so many talented and innovative employees. It is through their dedicated efforts on a daily basis that SSA is able to provide quality service to the American people.

A handwritten signature in black ink that reads "Jo Anne B. Barnhart". The signature is written in a cursive, flowing style.

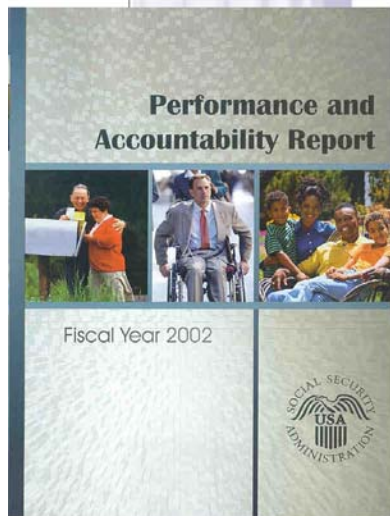
Jo Anne B. Barnhart
November 10, 2003



CERTIFICATE OF EXCELLENCE IN ACCOUNTABILITY REPORTING®

Presented to the

Social Security Administration



In recognition of your outstanding efforts in preparing SSA's Performance and Accountability Report for the fiscal year ended **September 30, 2002.**

A Certificate of Excellence in Accountability Reporting is presented by the Association of Government Accountants to federal government agencies whose annual Performance and Accountability Reports achieve the highest standards in presenting their programs and financial affairs.



John Hummel
John H. Hummel, CGFM
Chair, Certificate of Excellence
in Accountability Reporting Board

Julian Renthrope
Julian Renthrope, CGFM
2003-2004 National President

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SSA's FY 2003 Performance and Accountability Report is available
on the Internet at: www.socialsecurity.gov/finance

The Management's Discussion and Analysis (MD&A) is Required Supplementary Information to the financial statements and is designed to provide a high level overview of the Agency. It provides a description of who we are, what we do and how well we meet the goals we have set. The Message from the Commissioner is part of the MD&A.

The Overview of SSA section highlights SSA's mission as set forth in the Agency's Strategic Plan (ASP). This section also discusses the major programs we administer: the Old Age and Survivors Insurance and the Disability Insurance programs (commonly known as Social Security) as well as the Supplemental Security Income program and provides a discussion of the Agency organization.

Following the Overview of SSA section is a discussion of the challenges that SSA will be facing in the future. Our Performance and Accountability Report (PAR) would not be complete without providing a summary of the issues we face now and over the next five years, as well as the activities and strategies we have in place to deal with them. These challenges are based on the strategic objectives we outlined in our new ASP and include improving service to the American people, ensuring Social Security programs meet the needs of current and future generations, strengthening the integrity of the Social Security number (SSN), and improving Agency management among others. We have developed a strategy to address these challenges.

Next, the MD&A discusses SSA's ability to achieve the four strategic goals contained in our current ASP. In May 2003, we provided Congress with our FY 2004 Annual Performance Plan (APP) and Revised Final FY 2003 APP, which brought our strategic goals, objectives and performance measures in line with our new ASP. The Performance Goals and Results section provides a discussion of SSA's Government Performance and Results Act (GPRA) strategy and includes a summary of FY 2003 performance. It also includes selected key indicators from the APP, targeted performance for FY 2003 and actual performance achieved. The key indicators were selected because they represent a high level overview of our performance and cut across our strategic goals. The remaining FY 2003 GPRA performance indicators and their targeted performance and results may be found in the Performance Section of the report under GPRA Performance Results.

In addition to discussing program performance, the MD&A also addresses our financial performance. The major sources and uses of SSA's funds, as well as the use of these resources in terms of both program and function, are explained. A summary of our progress in reducing improper payments is also included.

Finally, the Systems and Controls section of the MD&A provides a discussion of the actions SSA has taken to address our management control responsibilities and of the determination of the Agency's compliance with the Federal Financial Management Improvement Act and the Federal Information Security Management Act.