

# A MESSAGE FROM THE ACTING COMMISSIONER



It has been my honor to be Acting Commissioner of the Social Security Administration. I have dedicated my career to the mission of Social Security, having started my public service career over 40 years ago in a Social Security field office. I have seen firsthand the impact our programs have on the lives of individuals. Our programs affect nearly every person at some point: when they retire, after the onset of a disability, or following the death of a loved one. During my tenure, my emphasis has been, *mission focus*, *mission driven* and finding ways to best serve the public. To that end, I refocused our resources to our core mission and challenges.

I am pleased to present the Social Security Administration's fiscal year (FY) 2018 *Agency Financial Report*. This report describes how we managed our resources and administered our programs, and demonstrates our commitment to responsible stewardship. Our focus continues to be on achieving our Strategic Goals:

- Deliver Services Effectively;
- Improve the Way We Do Business; and
- Ensure Stewardship.

Information technology (IT) modernization is integral to all we do. During my time, we developed and have begun to deliver on our five-year *IT Modernization Plan*. We will replace our old legacy systems, modernize our business processes and develop a whole customer review to better serve the public. These changes are essential to reducing our backlogs in the processing centers (PC) and hearings operations as well as preventing improper payments.

We have plans in place to address these challenges, and have made substantial progress over the last year. We surpassed our goal to reduce the number of people waiting for a hearing decision to approximately 858,000 and we expect to eliminate our hearings backlog by the end of FY 2021, a year earlier than expected. We continued to address our PC backlogs to ensure we are making proper and timely payments to address the benefit changes that occur after individuals start receiving benefits. Finally, we continue to enhance our efforts to protect our program and systems, and efficiently manage our agency and improve service to the public.

For the 25<sup>th</sup> consecutive year, we received an unmodified opinion on our financial statements. Based on the results of our internal evaluations, I can provide reasonable assurance that the financial and performance information contained in this report is complete, reliable, and accurate. I am also pleased to announce that we have no material weaknesses in our internal controls.

For more than 80 years, we have been a steward of the public's investment by providing rigorous oversight over our programs and we will continue to deliver timely, quality service to the millions of people who depend on us.

Respectfully,

A handwritten signature in blue ink, which appears to read "Nancy Berryhill". The signature is fluid and cursive.

Nancy A. Berryhill

Baltimore, Maryland  
November 9, 2018

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To access this report online, please visit our [Fiscal Year 2018 Agency Financial Report webpage \(www.socialsecurity.gov/finance\)](http://www.socialsecurity.gov/finance).

# INTRODUCTION

Our *Agency Financial Report* (AFR) provides financial management and high-level performance information that enables the President, Congress, and the public to assess how well we accomplished our mission, achieved our goals, and managed the financial resources entrusted to us. We organize our AFR into the following major sections:

**Management’s Discussion and Analysis:** The *Management’s Discussion and Analysis* section provides an overview of our mission, organization, Strategic Goals and Objectives, Priority Goals, and key fiscal year (FY) 2018 performance measures. We highlight the FY 2018 results of our key performance measures and discuss our accomplishments and plans to achieve our mission. We provide a summary of the financial information contained in subsequent sections of the AFR. We also include a synopsis of our systems, controls, and legal compliance.

**Financial Section:** The *Financial Section* contains the Chief Financial Officer’s Message, 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 *Report of Independent Certified Public Accountants* section.

**Other Information:** The *Other Information* section includes the *Fiscal Year 2018 Inspector General’s Statement on the Social Security Administration’s Major Management and Performance Challenges*, as well as our Summary of Financial Statement Audit and Management Assurances tables. We also provide information on our entitlement reviews and Office of the Inspector General anti-fraud activities, agency fraud reduction efforts, civil monetary penalties, biennial review of user fee charges, actions to comply with the Reduce the Footprint initiative, grants oversight, and debt collection and management activities. The *Payment Integrity* report concludes this section.

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

*For the 20<sup>th</sup> year in a row, we received the Association of Government Accountants’ Certificate of Excellence in Accountability Reporting (CEAR) award. Receiving the CEAR for our FY 2017 Agency Financial Report is a significant accomplishment for a Federal agency.*

