

GAO Highlights

Highlights of [GAO-19-185](#), a report to the Fiscal Assistant Secretary, Department of the Treasury

Why GAO Did This Study

GAO audits the consolidated financial statements of the U.S. government. Because of the significance of the General Fund of the United States (General Fund) to the government-wide financial statements, GAO audited the fiscal year 2018 Schedules of the General Fund, which are managed by Fiscal Service, to determine whether, in all material respects, (1) the schedules are fairly presented and (2) Fiscal Service management maintained effective internal control over financial reporting relevant to the Schedules of the General Fund. Further, GAO tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements related to the Schedules of the General Fund.

The General Fund is the reporting entity responsible for accounting for the cash activity of the U.S. government. In fiscal year 2018, the General Fund reported \$14.2 trillion of cash inflows, including debt issuances and taxes collected, and \$14.0 trillion of cash outflows, including debt repayments and Social Security and health care benefit payments. It also reported \$21.6 trillion of federal debt securities held and managed by the Department of the Treasury as of September 30, 2018.

What GAO Recommends

GAO is making 12 recommendations to improve Fiscal Service's internal control over financial reporting relevant to the Schedules of the General Fund.

In commenting on a draft of this report, Fiscal Service concurred with the results of GAO's audit.

View [GAO-19-185](#). For more information, contact J. Lawrence Malenich at (202) 512-3406 or malenichj@gao.gov.

May 2019

FINANCIAL AUDIT

Bureau of the Fiscal Service's Fiscal Year 2018 Schedules of the General Fund

What GAO Found

Certain significant deficiencies in internal control over financial reporting and other limitations on the scope of GAO's work resulted in conditions that prevented GAO from expressing an opinion on the Schedules of the General Fund as of and for the fiscal year ended September 30, 2018. Such scope limitations also prevented GAO from obtaining sufficient appropriate audit evidence to provide a basis for an opinion on the effectiveness of the Bureau of the Fiscal Service's (Fiscal Service) internal control over financial reporting relevant to the Schedules of the General Fund as of September 30, 2018. In addition, such scope limitations limited tests of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements for fiscal year 2018.

Fiscal Service was unable to timely provide sufficient appropriate evidence to support certain information reported in the accompanying Schedules of the General Fund. The underlying scope limitations are the basis for GAO's disclaimer of opinion on the Schedules of the General Fund. These limitations primarily related to (1) the inability to readily identify and trace General Fund transactions to determine whether they were complete and properly recorded in the correct general ledger accounts and line items within the Schedules of the General Fund, (2) inadequate Fiscal Service procedures to determine the effect of differences between General Fund's records and the amounts reported by certain federal agencies on the Schedules of the General Fund, and (3) Fiscal Service's inability to timely provide sufficient appropriate audit evidence to support the beginning balance of the Liability for Fund Balance with Treasury. GAO also identified two significant deficiencies contributing to the first two scope limitations discussed above. As a result of these limitations, readers are cautioned that amounts reported in the Schedules of the General Fund and related notes may not be reliable.

Further, GAO identified two additional significant deficiencies in Fiscal Service's internal control over financial reporting relevant to the Schedules of the General Fund related to deficiencies in (1) information systems controls and (2) Fiscal Service's risk assessment and monitoring controls. In addition, GAO identified three other control deficiencies, which it does not consider to be material weaknesses or significant deficiencies.

GAO recognizes that the fiscal year 2018 Schedules of the General Fund reflect the significant efforts of Fiscal Service over the past several years to develop the infrastructure to support the Schedules of the General Fund. Fiscal Service's actions have substantially improved its ability to report on the General Fund, including the government-wide cash inflows and outflows.