

GAO@100 Highlights

Highlights of [GAO-21-362](#), a report to the Acting Fiscal Assistant Secretary, Department of the Treasury

Why GAO Did This Study

Because GAO audits the consolidated financial statements of the U.S. government and the significance of the General Fund of the United States (General Fund) to the government-wide financial statements, GAO audited the fiscal year 2020 Schedules of the General Fund 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 laws, regulations, contracts, and grant agreements related to the Schedules of the General Fund.

As the reporting entity responsible for accounting for the cash activity of the U.S. government, in fiscal year 2020, the General Fund reported over \$23 trillion of cash inflows and nearly \$22 trillion of cash outflows. It also reported a budget deficit of \$3.1 trillion, the largest recorded federal deficit in history. The CARES Act, enacted in March 2020, and other COVID-19 pandemic relief laws, contained a number of funding provisions that resulted in a significant increase in the cash activity and budget deficit reported by the General Fund during fiscal year 2020.

What GAO Recommends

GAO is making three 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-21-362](#). For more information, contact J. Lawrence Malenich at (202) 512-3406 or malenichj@gao.gov.

April 2021

FINANCIAL AUDIT

Bureau of the Fiscal Service's FY 2020 Schedules of the General Fund

What GAO Found

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, 2020. 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, 2020. In addition, such scope limitations limited tests of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements for fiscal year 2020.

Fiscal Service was unable to readily provide sufficient appropriate evidence to support certain information reported in the accompanying Schedules of the General Fund. Specifically, Fiscal Service was unable to readily (1) 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 and (2) provide documentation to support the account attributes assigned to Treasury Account Symbols that determine how transactions are reported in the Schedules of the General Fund. The resulting scope limitations, the first of which GAO reported in its fiscal year 2018 audit, are the basis for GAO's disclaimer of opinion on the Schedules of the General Fund. As a result of these limitations, GAO cautions that amounts Fiscal Service reported in the Schedules of the General Fund and related notes may not be reliable.

Three significant deficiencies in Fiscal Service's internal control over financial reporting relevant to the Schedules of the General Fund, which GAO reported in its fiscal year 2018 audit, continue to exist. One of the continuing significant deficiencies contributed to the first scope limitation discussed above. In addition, GAO identified four other control deficiencies, three newly identified and one reported in its fiscal year 2018 audit, which GAO does not consider to be material weaknesses or significant deficiencies.

Fiscal Service worked extensively, both internally and with other federal agencies, to address two scope limitations from GAO's fiscal year 2018 audit, such that GAO no longer considers these to be scope limitations for fiscal year 2020. Fiscal Service also (1) took action to close six of the 12 recommendations that GAO issued as a result of its fiscal year 2018 audit, (2) is implementing plans for remediating the remaining six recommendations over the next few years, and (3) plans to develop corrective actions for the three new recommendations issued in this report. Fiscal Service expressed its commitment to remediating the scope limitations and significant deficiencies reported for fiscal year 2020, acknowledging that it expects to take several years to resolve them, given the nature and complexity of certain identified issues.

In addition, GAO is issuing a separate LIMITED OFFICIAL USE ONLY report on information systems controls.