

Highlights of [GAO-13-114](#), a report to the Secretary of the Treasury

### Why GAO Did This Study

GAO is required to audit the consolidated financial statements of the U.S. government. Because of the significance of the federal debt held by the public to the government-wide financial statements, GAO audits BPD's Schedules of Federal Debt annually to determine whether, in all material respects, (1) the schedules are reliable and (2) BPD management maintained effective internal control over financial reporting relevant to the Schedule of Federal Debt. Further, GAO tests compliance with selected provisions of laws related to the Schedule of Federal Debt.

Federal debt managed by BPD consists of Treasury securities held by the public and by certain federal government accounts, referred to as intragovernmental debt holdings. Debt held by the public essentially represents the amount the federal government has borrowed to finance cumulative cash deficits. Intragovernmental debt holdings represent balances of Treasury securities held by federal government accounts—primarily federal trust funds such as Social Security and Medicare—that typically have an obligation to invest their excess annual receipts (including interest earnings) over disbursements in federal securities.

In commenting on a draft of this report, BPD's Commissioner concurred with GAO's conclusions.

View [GAO-13-114](#). For more information, contact Gary T. Engel at (202) 512-3406 or [engelg@gao.gov](mailto:engelg@gao.gov).

## FINANCIAL AUDIT

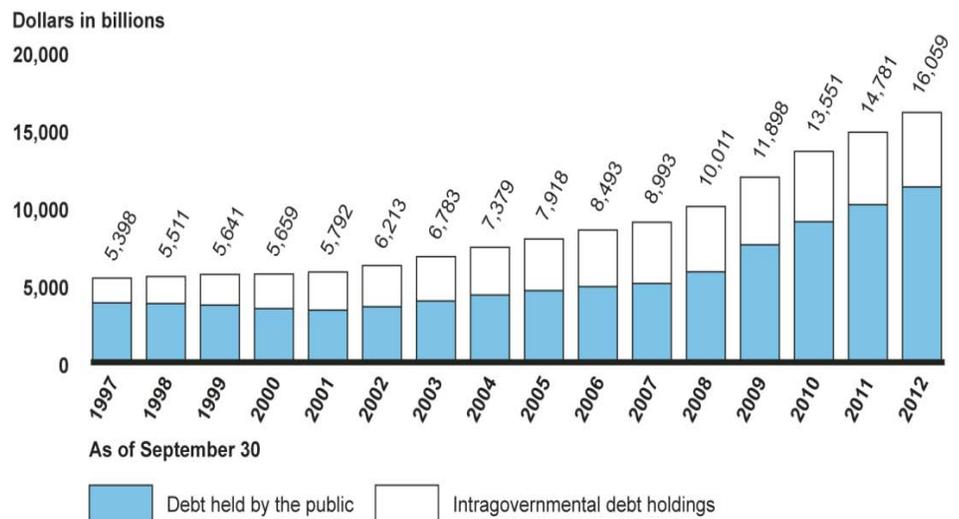
### Bureau of the Public Debt's Fiscal Years 2012 and 2011 Schedules of Federal Debt

### What GAO Found

In GAO's opinion, the Bureau of the Public Debt's (BPD) Schedules of Federal Debt for fiscal years 2012 and 2011 were fairly presented in all material respects, and BPD maintained effective internal control over financial reporting relevant to the Schedule of Federal Debt as of September 30, 2012. GAO's tests of BPD's compliance in fiscal year 2012 with selected provisions of laws related to the Schedule of Federal Debt disclosed no instances of noncompliance.

As of September 30, 2012 and 2011, federal debt managed by BPD totaled \$16,059 billion and \$14,781 billion, respectively. GAO has audited the Schedule of Federal Debt since fiscal year 1997. Over this period, total federal debt has increased by 197 percent. Also during this period, the statutory debt limit was raised 13 times, from \$5,950 billion to its current level of \$16,394 billion.

**Total Federal Debt Outstanding, September 30, 1997, through September 30, 2012**



Source: BPD.

During fiscal year 2012, delays in raising the statutory debt limit occurred prior to the January 2012 increase in the limit, with the Department of the Treasury (Treasury) deviating from its normal debt management operations and taking certain extraordinary actions within its legal authorities to avoid exceeding the debt limit. As part of the process established by the Budget Control Act of 2011, the statutory debt limit was increased by \$1,200 billion effective after close of business on January 27, 2012. In July 2012, GAO reported on extraordinary actions Treasury took during 2011 and January 2012 to manage federal debt when delays in raising the debt limit occurred and the effect of delayed increases on Treasury borrowing costs. As with its February 2011 report, GAO also noted in its July 2012 report that Congress should consider ways to better link decisions about the debt limit with decisions about spending and revenue to avoid potential disruptions to the Treasury market and to help inform the fiscal policy debate in a timely way.