

FINANCIAL MANAGEMENT AND ASSURANCE

Financial Management and Assurance helps to transform the federal government's role and how it does business to meet 21st century challenges by working to improve the financial management infrastructure, strengthen the accountability for assets and operations, and assess the reliability of financial information. We cover areas critical to managing and financing government operations efficiently, effectively, and economically. We help ensure the effective implementation of the 1990 Chief Financial Officers Act, the 1994 Government Management Reform Act, the 1996 Federal Financial Management Improvement Act, and other financial management legislation of a crosscutting nature. These statutes establish the expectation for federal agencies and the government as a whole to have timely, accurate, and useful financial information for making decisions, monitoring performance day to day, and maintaining accountability and stewardship. This requires agencies to have modern financial management systems, strong internal control, and effective financial management organizations.

Our Work

We help Congress ensure the full and effective implementation of legislative financial management reform requirements. A key aspect of this work involves a legislative requirement for GAO to audit the U.S. government's annual financial statements, which the Department of the Treasury is required to prepare. Our work in the areas of financial analyses, systems and reporting, and internal control provides a solid underpinning for addressing broader issues of congressional interest and overarching themes that are at the center of GAO's mission.

Our work also focuses on strengthening the government's financial management infrastructure and accountability for assets and operations by

- assessing internal control and recommending improvements to ensure cost-effective controls are in place and operating as intended;
- analyzing and interpreting financial information reported for government agencies and activities;
- assessing financial management systems;
- identifying and promoting ways to link budget, financial, and program results information;
- assessing governmentwide, crosscutting financial management issues, such as cost accounting, debt collection, and improper payments;
- identifying financial management best practices and recommending needed financial management infrastructure improvements; and
- participating in the development of federal government accounting, auditing, and financial management standards.

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Accomplishments and Key Projects

Examples of our recent accomplishments include

- auditing the consolidated financial statements of the U.S. government, which included helping to advance the Internal Revenue Service's ability to produce reliable financial statements covering virtually all of the government's \$2.1 trillion in revenue;
- helping to assure Congress of the reliability of the reported \$5.7 trillion in federal debt and the more than \$360 billion in interest on that debt managed by the Bureau of Public Debt;
- conducting forensic audits to assess the purchase card use by the more than 230,000 civilian and military cardholders who made about 10.7 million transactions at a cost of over \$6.1 billion in fiscal year 2001;
- analyzing the billions of dollars in losses to major airlines resulting from the September 11 attacks, and the financial viability of the Postal Service, which faced a \$1.5 billion deficit in fiscal year 2002; working with Congress to develop and pass sweeping legislation on corporate responsibility and governance; and
- issuing *Government Auditing Standards, Amendment No. 3, Independence*, which substantially changed the previous standard to better serve the public interest and to maintain a high degree of integrity, objectivity, and independence for audits of government entities.

Currently, we are also working to

- provide independent evaluation of federal agencies' investments in financial management systems;
- evaluate internal control and financial management practices in areas contributing to performance and accountability;
- identify and suggest solutions to new and emerging high-risk financial management operations;
- conduct forensic audits to identify internal control weaknesses resulting in fraud and loss of funds or other assets;
- identify ways to strengthen intergovernmental relations to achieve the common goal of transforming government financial management at all levels—state, local, and federal;
- promote the adoption of sound cost accounting practices;
- evaluate cost accounting systems and link cost and performance information; and
- update and interpret *Government Auditing Standards*.