GAO is required to annually audit the financial statements of the Deposit Insurance Fund (DIF) and FSLIC Resolution Fund (FRF), which are administered by the Federal Deposit Insurance Corporation (FDIC). GAO is responsible for obtaining reasonable assurance about whether FDIC’s financial statements for DIF and FRF are presented fairly in all material respects, in conformity with U.S. generally accepted accounting principles, and whether FDIC maintained effective internal control over financial reporting and compliance. Also, GAO is responsible for testing FDIC’s compliance with selected laws and regulations.

Created in 1933 to insure bank deposits and promote sound banking practices, FDIC plays an important role in maintaining public confidence in the nation’s financial system. In 1989, legislation to reform the federal deposit insurance system created three funds to be administered by FDIC: the Bank Insurance Fund (BIF) and the Savings Association Insurance Fund (SAIF), which protect bank and savings deposits, and FRF, which was created to close out the business of the former Federal Savings and Loan Insurance Corporation. In accordance with subsequent legislation passed in 2006, FDIC merged the BIF and SAIF into the newly established DIF on March 31, 2006.

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GAO noted other less significant matters involving FDIC’s internal controls, including information system controls, and will be reporting separately to FDIC management on these matters.