



441 G St. N.W.
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Accessible Version

March 16, 2023

Mr. Timothy E. Gribben
Commissioner
Bureau of the Fiscal Service
Department of the Treasury

Management Report: Continued Improvements Needed in the Bureau of the Fiscal Service’s Information System Controls Related to the Schedule of Federal Debt

Dear Mr. Gribben:

In connection with our audit of the consolidated financial statements of the U.S. government,¹ we audited and reported on the fiscal year 2022 and 2021 Schedules of Federal Debt managed by the Department of the Treasury’s Bureau of the Fiscal Service.² As part of our audit, we assessed key controls over Fiscal Service financial information systems that are relevant to the Schedules of Federal Debt.³

As we reported in connection with our audits of the fiscal year 2022 and 2021 Schedules of Federal Debt, Fiscal Service maintained, in all material respects, effective internal control over financial reporting relevant to the Schedule of Federal Debt as of September 30, 2022, based on criteria established under 31 U.S.C. § 3512(c), (d), commonly known as the Federal Managers’ Financial Integrity Act. Those controls provided reasonable assurance that Fiscal Service would prevent, or detect and correct, misstatements material to the Schedules of Federal Debt on a timely basis.

Because of Fiscal Service’s progress in addressing information system internal control deficiencies we reported as of September 30, 2021,⁴ we determined that Fiscal Service

¹31 U.S.C. § 331(e)(2). Consistent with our authority to audit statements and schedules prepared by executive agencies, 31 U.S.C. § 3521(g), (i), we audited and reported on the Schedules of Federal Debt because of the significance of the federal debt to the federal government’s consolidated financial statements. Because the Bureau of the Fiscal Service is a bureau within the Department of the Treasury, federal debt and related activity and balances that it manages are also significant to the department’s financial statements. See 31 U.S.C. § 3515(b).

²GAO, *Financial Audit: Bureau of the Fiscal Service’s FY 2022 and FY 2021 Schedules of Federal Debt*, [GAO-23-105586](#) (Washington, D.C.: Nov. 9, 2022).

³Information systems controls consist of those internal controls that depend on information systems processing, including general controls and application controls. General controls are the policies and procedures that apply to all or a large segment of an entity’s information systems and help ensure their proper operation. General controls are applied at the entity-wide, system, and business process application levels. The effectiveness of general controls is a significant factor in determining the effectiveness of application controls, which are applied at the business process application level.

⁴GAO, *Financial Audit: Bureau of the Fiscal Service’s FY 2021 and FY 2020 Schedules of Federal Debt*, [GAO-22-104592](#) (Washington, D.C.: Nov. 9, 2021).

sufficiently addressed control deficiencies in security management, access controls, and configuration management such that we no longer consider the remaining control deficiencies in information system controls, individually or collectively, to represent a significant deficiency as of September 30, 2022.⁵

Objectives, Scope, and Methodology

The objectives of this report are to provide (1) any information system control deficiencies identified during our fiscal year 2022 audit of the Schedule of Federal Debt and (2) the status of Fiscal Service's corrective actions to address recommendations related to information system control deficiencies identified in our prior reports that were open as of September 30, 2021.

We performed this work in connection with our audits of the Schedules of Federal Debt for the fiscal years ended September 30, 2022, and 2021, and of Fiscal Service's internal control over financial reporting relevant to the Schedule of Federal Debt as of September 30, 2022.

As part of our audits, we evaluated key information system controls over financial systems Fiscal Service maintained and operated that are relevant to the Schedule of Federal Debt. We also determined the status of corrective actions Fiscal Service had taken to address recommendations related to information system control deficiencies identified in our prior reports that remained open as of September 30, 2021. A full discussion of our scope and methodology is included in our November 2022 report on the audit of the fiscal year 2022 Schedule of Federal Debt.⁶ During the course of our work, we communicated our findings to Fiscal Service management.

We performed our audit in accordance with U.S. generally accepted government auditing standards. We believe that our audit provides a reasonable basis for our findings and recommendations in our separately issued LIMITED OFFICIAL USE ONLY report.

This report is a public version of a LIMITED OFFICIAL USE ONLY report that we issued concurrently.⁷ Fiscal Service deemed much of the information in our concurrently issued report to be sensitive information, which must be protected from public disclosure. Therefore, this report omits sensitive information about the information system control deficiencies we identified. Although the information provided in this report is more limited, the report addresses the same objectives as the LIMITED OFFICIAL USE ONLY report and uses the same methodology.

⁵A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

⁶[GAO-23-105586](#).

⁷GAO, *Management Report: Continued Improvements Needed in the Bureau of the Fiscal Service's Information System Controls Related to the Schedule of Federal Debt*, GAO-23-106391SU (Washington, D.C.: Mar. 16, 2023).

Deficiencies Identified in Fiscal Service’s Information System Controls Related to the Schedule of Federal Debt

During our fiscal year 2022 audit of the Schedule of Federal Debt, we identified recurring conditions associated with the remaining information system control deficiencies. However, we did not identify any new reportable financial information system control deficiencies relevant to the Schedule of Federal Debt. Therefore, we are not making any new recommendations.

Status of Corrective Actions Taken on Recommendations from Prior Reports

During our audit of the fiscal year 2022 Schedule of Federal Debt, we assessed Fiscal Service’s corrective actions to address 23 recommendations related to control deficiencies identified in our prior reports that were open as of September 30, 2021. We determined that corrective actions were complete for eight recommendations and in process for the remaining 15 open recommendations. Specifically, additional actions are needed to resolve six recommendations related to security management, one recommendation related to access controls, and eight recommendations related to configuration management. In the LIMITED OFFICIAL USE ONLY report, we communicated detailed information regarding actions Fiscal Service took to address recommendations that were open as of September 30, 2021.

Fiscal Service continues to make progress in remediating internal control deficiencies underlying open recommendations. However, these remaining information system control deficiencies increase the risk of unauthorized access to, modification of, or disclosure of sensitive data and programs and disruption of critical operations. Fiscal Service mitigated the potential effect of these deficiencies on financial reporting for fiscal year 2022 with compensating management and reconciliation controls designed to detect potential misstatements on the Schedule of Federal Debt. It will be important for Fiscal Service management to continue focusing efforts on timely addressing the remaining recommendations, some of which have been open for several years, related to these information system control deficiencies.

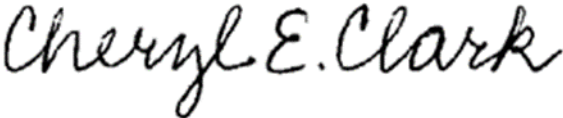
Agency Comments

Fiscal Service provided comments on the separately issued LIMITED OFFICIAL USE ONLY report. In those comments, Fiscal Service stated that it is committed to having effective internal controls for its information technology systems. Fiscal Service further stated that it understands the need for consistent management commitment to ensure that the open prior year findings are addressed. Additionally, Fiscal Service cited planned corrective actions to address the remaining open information systems control deficiencies and stated that it will continue to execute these actions to ensure the effectiveness of information security controls. We plan to follow up to determine the status of actions taken to address these deficiencies during our audit of the fiscal year 2023 Schedule of Federal Debt.

We are sending copies of this report to the appropriate congressional committees, the Secretary of the Treasury, the Inspector General of the Department of the Treasury, and the Director of the Office of Management and Budget. In addition, this report is available at no charge on the GAO website at <https://www.gao.gov>.

If you or your staff have any questions regarding this report, please contact me at (202) 512-3406 or clarkce@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff members who made major contributions to this report include Paul Foderaro (Assistant Director), Randy Voorhees, and Ivy Wu.

Sincerely yours,

A handwritten signature in black ink that reads "Cheryl E. Clark". The signature is written in a cursive, flowing style.

Cheryl E. Clark
Director
Financial Management and Assurance