



United States Government Accountability Office

Report to the Fiscal Assistant Secretary,
Department of the Treasury

March 2023

FINANCIAL AUDIT

Bureau of the Fiscal Service's FY 2022 Schedules of the General Fund

Accessible Version

Why GAO Did This Study

The General Fund of the U.S. government is the reporting entity responsible for accounting for the cash activity of the U.S. government. The Secretary of the Treasury has delegated management of the General Fund to Fiscal Service. In fiscal year 2022, the General Fund reported \$23.2 trillion of cash inflows, including debt issuances and tax collections, and \$22.8 trillion of cash outflows, including debt repayments. It also reported a budget deficit of \$1.4 trillion, which includes both cash and noncash activity.

GAO audits the consolidated financial statements of the U.S. government. Because of the significance of the General Fund to the government-wide financial statements, GAO audited the fiscal year 2022 Schedules of the General Fund to determine whether, in all material respects, (1) the Schedules of the General Fund 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 applicable laws, regulations, contracts, and grant agreements related to the Schedules of the General Fund.

What GAO Recommends

GAO is making six 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 and stated that it will factor corrective actions into the audit remediation plan.

View [GAO-23-104786](#). For more information, contact Anne Sit-Williams at (202) 512-7795 or sitwilliamsa@gao.gov.

FINANCIAL AUDIT

Bureau of the Fiscal Service's FY 2022 Schedules of the General Fund

What GAO Found

Certain deficiencies in internal control over financial reporting resulted in scope limitations that

1. prevented GAO from expressing an opinion on the Schedules of the General Fund as of and for the fiscal year ended September 30, 2022;
2. 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 internal control over financial reporting relevant to the Schedules of the General Fund as of September 30, 2022; and
3. limited tests of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements for fiscal year 2022.

The scope limitations and underlying control deficiencies related to Fiscal Service's inability 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, which GAO determined to be a significant deficiency, and (2) provide sufficient appropriate audit evidence to support the account attributes assigned to active Treasury Account Symbols that determine how transactions are reported in the line items of 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.

In addition to the deficiencies that contributed to GAO's disclaimer of opinion on the Schedules of the General Fund, GAO found two other significant deficiencies in internal control related to (1) information systems controls (which includes information system control deficiencies that were reported in connection with the audits of the Department of the Treasury's consolidated financial statements and the Schedules of Federal Debt) and (2) management's monitoring of internal control over financial reporting.

GAO is making six new recommendations to improve Fiscal Service's internal control over financial reporting related to the Schedules of the General Fund. During fiscal year 2022, based on Fiscal Service's actions taken, GAO closed 14 of the 19 recommendations that remained open from GAO's previous audits and continued to make progress on remediating the remaining five recommendations that remain open as of September 30, 2022. Fiscal Service continued to express its commitment to remediating these deficiencies.

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Abbreviations

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| ALC | agency location code |
| ASAP | Automated Standard Application for Payments |
| BETC | Business Event Type Code |
| CARS | Central Accounting Reporting System |
| CFS | consolidated financial statements of the U.S. government |
| CIHO | cash and other investments held outside of Treasury |
| CTA | Classification Transactions and Accountability |
| DSSV | Digital Signature Storage and Verification |
| FAA | Financial Agency Agreement |
| FMFIA | Federal Managers' Financial Integrity Act of 1982 |
| FRB | Federal Reserve Bank |
| General Fund | General Fund of the U.S. government |
| GTAS | Governmentwide Treasury Account Symbol Adjusted Trial Balance System |
| IPAC | Intra-Governmental Payment and Collection |
| OMB | Office of Management and Budget |
| PIR | Payments Information Repository |
| PIVOT | Payment Information View of Transactions |
| SAR | Security Assessment Report |
| SOC-1® | System and Organization Control |
| SPS | Secure Payment System |
| STEM | Secure Trust Enrollment Module |
| TAS | Treasury Account Symbol |
| TDO | Treasury Disbursing Office |
| USSGL | <i>U.S. Standard General Ledger</i> |

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March 30, 2023

Mr. David Lebryk
Fiscal Assistant Secretary
Department of the Treasury

Dear Mr. Lebryk:

The accompanying independent auditor's report presents the results of our audits of the fiscal year 2022 Schedules of the General Fund. This is the third nonconsecutive year we performed an integrated audit on the Schedules of the General Fund. In summary, we found that certain deficiencies¹ in internal control over financial reporting resulted in scope limitations that

- prevented us from expressing an opinion on the Schedules of the General Fund as of and for the fiscal year ended September 30, 2022;
- prevented us from obtaining sufficient appropriate audit evidence to provide a basis for an opinion on the effectiveness of the Bureau of the Fiscal Service's internal control over financial reporting relevant to the Schedules of the General Fund as of September 30, 2022;² and
- limited our tests of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements for fiscal year 2022.

The General Fund of the U.S. government, an entity that the Department of the Treasury's Fiscal Service manages, is responsible for reporting on the central activities fundamental to funding the federal government. The General Fund consists of assets and liabilities used to finance the daily and long-term operations of the U.S. government. More specifically, the

¹A 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 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. 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.

²The Secretary of the Treasury has delegated management of the General Fund of the U.S. government to the Department of the Treasury's Bureau of the Fiscal Service.

General Fund is the reporting entity responsible for accounting for the cash activity of the U.S. government.

The fiscal year 2022 Schedules of the General Fund consist of two schedules: the Schedule of the Operations of the General Fund of the U.S. Government and the Schedule of Changes in Cash Balance from Budget and Other Activities.

Schedule of the Operations of the General Fund

The Schedule of the Operations of the General Fund presents the (1) cash balance and related cash activity, (2) General Fund assets and liabilities that Treasury holds and manages, (3) other intragovernmental assets and liabilities, and (4) net equity of the General Fund.

The Cash held by Treasury for government-wide operations section of this schedule reflects the cash balance and related cash activity of the U.S. government. The largest inflows of cash are collections from debt issuances and taxes, while the largest outflows are debt repayments and Social Security and health care benefit payments. For fiscal year 2022, the Schedule of the Operations of the General Fund reported \$23.2 trillion of cash inflows and \$22.8 trillion of cash outflows. These amounts include cash activity related to debt issuances and repayments reported in the fiscal year 2022 Schedules of Federal Debt and tax collections reported in the Internal Revenue Service's fiscal year 2022 financial statements, both of which GAO audited.

Specifically, for fiscal year 2022, the Schedules of Federal Debt reported borrowings from the public totaling \$17.8 trillion and repayments of debt held by the public totaling \$15.7 trillion.³ Internal Revenue Service tax collections during fiscal year 2022 totaled \$5.0 trillion.⁴ In addition to the cash activity, the Schedules of the General Fund include other significant line items, which are discussed below.

General Fund assets and liabilities consists of the intragovernmental assets and liabilities that Treasury holds and manages and other amounts

³GAO, *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).

⁴GAO, *Financial Audit: IRS's FY 2022 and FY 2021 Financial Statements*, [GAO-23-105564](#) (Washington, D.C.: Nov. 10, 2022).

that entities owe to the General Fund and that the General Fund owes to entities, respectively. The General Fund's largest asset is its loans and interest receivable, which Treasury holds and manages, that is related to the Federal Borrowings Program (\$1.6 trillion as of September 30, 2022).⁵ This program facilitates loans to federal entities that have the legal authority to borrow funds from the U.S. Treasury. Its largest liability is the outstanding federal debt and interest payable that Treasury holds and manages (\$31.1 trillion as of September 30, 2022).

Schedule of Changes in Cash Balance from Budget and Other Activities

The Schedule of Changes in Cash Balance from Budget and Other Activities reports how the annual budget deficit relates to the change in the cash held by Treasury for government-wide operations. This schedule reconciles the \$1.4 trillion budget deficit to the net activity for the Cash held by Treasury for government-wide operations line item reported on the Schedule of the Operations of the General Fund of \$419 billion, including information on the federal government's investing and financing activities. This schedule presents three categories of reconciling items: (1) adjustments for noncash outlays included in the budget, (2) cash flow from activities not included in the budget, and (3) other General Fund activity. For fiscal year 2022, subsidy expense related to the costs of direct and guaranteed loan financing activity resulted in the largest adjustment for noncash activity to the budget deficit (\$543 billion). Further, net cash flow from financing federal debt securities resulted in the largest adjustment for cash activity not included in the budget (\$1.5 trillion).

General Fund Impact on the *Financial Report of the U.S. Government*

Treasury has delegated to a separate Fiscal Service group responsibility for preparing the *Financial Report of the U.S. Government*, also known as the consolidated financial statements of the U.S. government (CFS). Fiscal Service anticipates that the preparation and audit of the General Fund's Schedule of the Operations of the General Fund will help account

⁵The Federal Borrowings Program, administered by Fiscal Service's Federal Investments and Borrowings Branch, facilitates loans to authorized federal entities on behalf of the Department of the Treasury. Federal entities that have the appropriate statutory authority may borrow funds from the U.S. Treasury. The proceeds from these borrowings are used to support programs such as education, housing, flood relief, agriculture, and small businesses.

for and eliminate General Fund intragovernmental activity and balances with other reporting entities in the CFS. In connection with our fiscal year 2022 audit of the CFS, we reported that the federal government's inability to adequately account for intragovernmental activity and balances between federal entities represented a material weakness in internal control over financial reporting.⁶

Also, Fiscal Service anticipates that the preparation and audit of the General Fund's Schedule of Changes in Cash Balance from Budget and Other Activities will significantly contribute to resolving a separate material weakness we reported in connection with our fiscal year 2022 CFS audit. Specifically, Fiscal Service expects these efforts to help reasonably assure that the information used to prepare the Statements of Changes in Cash Balance from Budget and Other Activities in the *Financial Report of the U.S. Government* is complete and consistent with the underlying information in the audited entities' financial statements and other financial data.

Fiscal Service's Progress toward Auditability of the Schedules of the General Fund

Two previously identified scope limitations contributed to our disclaimer of opinion on the fiscal year 2022 Schedules of the General Fund. The first scope limitation, identified during our fiscal year 2018 audit, relates to Fiscal Service's inability to identify and trace transactions in the General Fund general ledgers. Fiscal Service made progress in addressing the significant deficiency contributing to this scope limitation. For example, it developed and implemented a process to readily identify and trace electronic and check payment vouchers to payment schedules. As such, we no longer consider this a contributing factor. However, Fiscal Service anticipates remediation to occur over several years in part to allow time for Fiscal Service to (1) complete multiple information system modernization efforts needed to address transaction traceability issues and (2) design and implement new reporting requirements to improve transaction traceability, and to allow time for federal entities to implement the new requirements.

The second scope limitation, identified during our fiscal year 2020 audit, relates to Fiscal Service's inability to provide documentation supporting account attributes of active Treasury Account Symbols (TAS), which

⁶GAO, *Financial Audit: FY 2022 and FY 2021 Consolidated Financial Statements of the U.S. Government*, [GAO-23-105837](#) (Washington, D.C.: Feb. 16, 2023).

determine how transactions are reported in line items on the Schedules of the General Fund. Fiscal Service is addressing this deficiency by reviewing the population of active TASs and compiling a standard support package for attributes assigned to each, with final remediation anticipated to occur in several years.

We also continued to identify significant deficiencies related to information systems controls and management's monitoring of internal control over financial reporting that will require continued and consistent commitment from Fiscal Service management to address. The information system modernization efforts related to the mainframe should aid in remediating the information systems significant deficiency.

Furthermore, based on Fiscal Service's actions taken, we closed 14 of the 19 recommendations that remained open from our previous audits and continued to make progress on remediating the remaining five recommendations that remain open as of September 30, 2022 (see app. III and app. IV). Fiscal Service continued to express its commitment to remediating these deficiencies, which is essential to achieving auditability of the Schedules of the General Fund and, ultimately, auditability of the CFS.

We are making six new recommendations to improve Fiscal Service's internal control over financial reporting related to the Schedules of the General Fund (see app. II). We also provide the status of the nine recommendations from our fiscal year 2020 report (see app. III). In addition, we are providing the status of prior information systems related recommendations from our fiscal year 2020 report⁷ (see app. IV) and information system control deficiencies relevant to the Schedules of the General Fund reported as part of the audit of Treasury's consolidated financial statements (see app. V).⁸

We are sending copies of this report to interested congressional committees, the Commissioner of the Bureau of the Fiscal Service, the Inspector General of the Department of the Treasury, the Director of the

⁷GAO, *Management Report: Improvements Needed in the Bureau of the Fiscal Service's Information System Controls Related to the Schedules of the General Fund*, GAO-21-363RSU (Washington, D.C.: Apr. 15, 2021).

⁸Department of the Treasury, Office of Inspector General, *Financial Management: Management Report for the Audit of the Department of the Treasury's Consolidated Financial Statements for Fiscal Years 2022 and 2021*, OIG-23-019 (Washington, D.C.: Dec. 21, 2022).

Office of Management and Budget, and other interested parties. 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 concerning this report, please contact me at (202) 512-2623 or Anne Sit-Williams, Director, at (202) 512-7795. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report.

Sincerely yours,

A handwritten signature in cursive script that reads "Beryl H. Davis".

Beryl H. Davis
Managing Director
Financial Management and Assurance

Independent Auditor's Report

To the Commissioner of the Bureau of the Fiscal Service

In our audits of the fiscal year 2022 Schedules of the General Fund, we found that certain deficiencies¹ in internal control over financial reporting resulted in scope limitations that

- prevented us from expressing an opinion on the Schedules of the General Fund as of and for the fiscal year ended September 30, 2022;
- prevented us from obtaining sufficient appropriate audit evidence to provide a basis for an opinion on the effectiveness of the Bureau of the Fiscal Service's internal control over financial reporting relevant to the Schedules of the General Fund as of September 30, 2022;² and
- limited our tests of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements for fiscal year 2022.

The following sections discuss in more detail (1) our report on the Schedules of the General Fund and on internal control over financial reporting, which includes an emphasis-of-matter paragraph related to federal entities' classification of transactions; (2) our report on compliance with laws, regulations, contracts, and grant agreements; and (3) agency comments.

¹A 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 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. 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.

²The Secretary of the Treasury has delegated management of the General Fund of the U.S. government to the Department of the Treasury's Bureau of the Fiscal Service.

Report on the Schedules of the General Fund and on Internal Control over Financial Reporting

Disclaimer of Opinion on the Schedules of the General Fund

In connection with fulfilling our requirement to audit the consolidated financial statements of the U.S. government, and consistent with our authority to audit statements and schedules prepared by executive entities,³ we conducted an audit of the Schedules of the General Fund as of and for the year ended September 30, 2022⁴ because of the significance of the General Fund of the U.S. government (General Fund) to the consolidated financial statements of the U.S. government.⁵ The Schedules of the General Fund comprise the

- Schedule of the Operations of the General Fund of the U.S. Government, which presents the assets and liabilities of the General Fund, including cash activity;
- Schedule of Changes in Cash Balance from Budget and Other Activities, which presents a reconciliation of the budget deficit to the change in Cash held by Treasury for government-wide operations; and
- related notes.

Because of the significance of the matters described in the Basis for Disclaimer of Opinion section below, we were unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the

³31 U.S.C. §§ 331(e)(2), 3521(g), (i). Because Fiscal Service is a bureau within the Department of the Treasury, the General Fund of the U.S. government that it manages is also significant to Treasury's financial statements. See 31 U.S.C. § 3515(b).

⁴GAO, *Financial Audit: Bureau of the Fiscal Service's FY 2020 Schedules of the General Fund*, [GAO-21-362](#) (Washington, D.C.: Apr. 15, 2021). The General Fund received a disclaimer of opinion on the fiscal year 2020 Schedules of the General Fund. The financial information for the General Fund was not audited for fiscal year 2021 to allow Fiscal Service sufficient time to develop and begin to implement a remediation plan to address the issues we identified as part of the fiscal year 2020 audit.

⁵GAO, *Financial Audit: FY 2022 and FY 2021 Consolidated Financial Statements of the U.S. Government*, [GAO-23-105837](#) (Washington, D.C.: Feb. 16, 2023).

Schedules of the General Fund. Accordingly, we do not express an opinion on the accompanying Schedules of the General Fund.

We considered the limitations on the scope of our work regarding the Schedules of the General Fund in forming our conclusions. We performed sufficient audit work to provide this report on the Schedules of the General Fund. We performed our work in accordance with U.S. generally accepted government auditing standards.

Disclaimer of Opinion on Internal Control over Financial Reporting

We were engaged to audit Fiscal Service's internal control over financial reporting relevant to the Schedules of the General Fund 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 of 1982 (FMFIA).⁶

Because of the significance of the matters described in the Basis for Disclaimer of Opinion on Internal Control over Financial Reporting section below, we were unable to obtain sufficient appropriate audit evidence to provide a basis for an opinion on internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Fiscal Service's internal control over financial reporting relevant to the Schedules of the General Fund.

Basis for Disclaimer of Opinion on the Schedules of the General Fund

Fiscal Service was not able to demonstrate the reliability of significant portions of the accompanying Schedules of the General Fund as of and for the fiscal year ended September 30, 2022, principally because of limitations that affect the scope of our work. These scope limitations relate to (1) identifying and tracing transactions in the Schedules of the General Fund general ledgers and (2) supporting account attributes of active Treasury Account Symbols (TAS), which are discussed below and in more detail in appendix I.

⁶31 U.S.C. § 3512 (c), (d). This act requires executive agency heads to evaluate and report annually to the President and Congress on the adequacy of their internal control and accounting systems and on actions to correct significant problems.

Because of these scope limitations, we caution that amounts reported in the Schedules of the General Fund and related notes may not be reliable.

Significant deficiency related to identifying and tracing transactions within the Schedules of the General Fund general ledgers. Fiscal Service was unable to readily 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. As a result, we were unable to complete audit procedures designed to substantiate the information reported in the affected line items on the Schedules of the General Fund. The three areas related to identifying and tracing transactions follow:

- **Identifying journal entries.** Fiscal Service established mapping rules to generate the journal entries recorded to the General Fund general ledgers for the transaction data transmitted daily from the Central Accounting Reporting System (CARS).⁷ Given the complexities involved in how journal entries post, Fiscal Service is unable to readily identify all journal entries related to a specific transaction, and is similarly unable to identify the transaction that is the source of a given journal entry.⁸ Identifying journal entries is further complicated after initial journal entries are posted, as federal entities can make adjustments that, under the current mapping rules, cannot be traced to the original transaction.
- **Identifying transactions in certain line items.** Amounts recorded in certain line items on the Schedules of the General Fund lack sufficient details for tracing them to specific transactions. Specifically, Fiscal Service did not design sufficient transaction codes that federal entities could use to provide it with information, at a transaction level, to support certain line items (e.g., the budget deficit) on the Schedules of the General Fund.
- **Tracing postpayment vouchers to cancellation schedules.** Fiscal Service processes the majority of federal payments using entity certified and submitted payment schedules. The Federal Reserve Bank then groups payment schedules into vouchers to route funds

⁷The majority of the federal government's financial transactions are recorded in CARS, which the Federal Reserve System operates.

⁸Fiscal Service has designed certain controls related to the journal entry posting process to help mitigate this deficiency. For example, each month Fiscal Service reconciles the federal entities' account balances in CARS with the Liability for Fund Balance with Treasury amounts recorded in the General Fund general ledger to ensure that the amounts agree.

through the banking system. When there are returns or cancellations of payments previously issued, a Federal Reserve Bank or Fiscal Service payment system generates postpayment vouchers that are recorded in the General Fund general ledgers. Fiscal Service's payment systems also generate cancellation schedules to credit the federal entities for the returned or canceled payments. However, the postpayment voucher amounts recorded in the general ledgers cannot be readily traced to the cancellation schedules.

Internal control deficiency related to supporting account attributes of active TASs. Fiscal Service was unable to readily provide sufficient support for certain TAS attributes and Business Event Type Code (BETC) assignments. A TAS is a unique identification code that the Department of the Treasury, in collaboration with the Office of Management and Budget (OMB), assigns to a federal entity's individual appropriation, receipt, or other fund account. The attributes assigned to a TAS, such as an agency identification code, main account code, and available BETCs, determine how Fiscal Service reports transactions within the line items on the Schedules of the General Fund.

Fiscal Service's progress to address these previously identified scope limitations is discussed in more detail in appendix I. We also include a new recommendation related to tracing postpayment vouchers to cancellation schedules in appendix II.

Basis for Disclaimer of Opinion on Internal Control over Financial Reporting

The scope limitations described in the Basis for Disclaimer of Opinion on the Schedules of the General Fund section above prevented us from obtaining sufficient appropriate audit evidence about whether Fiscal Service management maintained effective internal control over financial reporting.

Significant and Other Internal Control Deficiencies

In addition to the significant deficiency and internal control deficiency that contributed to our disclaimer of opinion on the Schedules of the General Fund, we found two other significant deficiencies in internal control related to

- information systems controls and

- management's monitoring of internal control over financial reporting.

We discuss these two additional significant deficiencies in more detail in appendix I. We also discuss two previously reported deficiencies, which we do not consider to be significant deficiencies or material weaknesses, in more detail in appendix I. Furthermore, we discuss six internal control deficiencies identified during fiscal year 2022 in appendix II.

Emphasis of Matter

The following key item deserves emphasis in order to put the information contained in the Schedules of the General Fund into context. However, our disclaimer of opinion is not modified with respect to this matter.

Classification of Federal Entities' Transactions

As described in note 1 of the Schedules of General Fund, federal entities are responsible for properly classifying transactions associated with the use of their appropriated funds as well as the collection of funds. Federal entities initiate these transactions outside of the General Fund. Fiscal Service implemented CARS to capture the relevant data for these transactions. Federal entities assign certain classifications, such as TAS and BETC, to transactions in CARS. This information determines how Fiscal Service reports the activity on the Schedules of the General Fund based on mapping rules that generate journal entries posted to the General Fund general ledgers. Fiscal Service provides guidance to federal entities in the *Treasury Financial Manual* as well as separately on its website regarding the appropriate classifications for different types of business transactions. Federal entities are responsible for classifying transactions appropriately. As such, federal entities maintain the detailed information supporting the transactions and are responsible for the related internal controls.

Responsibilities of Management for the Schedules of the General Fund and Internal Control over Financial Reporting

Fiscal Service management is responsible for (1) the preparation and fair presentation of the Schedules of the General Fund in accordance with U.S. generally accepted accounting principles; (2) designing, implementing, and maintaining effective internal control over financial reporting relevant to the preparation and fair presentation of the

Schedules of the General Fund that are free from material misstatement, whether due to fraud or error; and (3) assessing the effectiveness of internal control over financial reporting based on the criteria established under FMFIA.

Auditor's Responsibilities for the Audits of the Schedules of the General Fund and Internal Control over Financial Reporting

Our responsibility is to conduct an audit of the Schedules of the General Fund, and of Fiscal Service's internal control over financial reporting relevant to the Schedules of the General Fund, in accordance with U.S. generally accepted government auditing standards and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion on the Schedules of the General Fund and Basis for Disclaimer of Opinion on Internal Control Over Financial Reporting sections of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the Schedules of the General Fund or on Fiscal Service's internal control over financial reporting relevant to the Schedules of the General Fund.

We are required to be independent of the Fiscal Service and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of the Schedules of the General Fund in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and (2) transactions are executed in accordance with provisions of applicable laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the Schedules of the General Fund.

Because of inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

In connection with our audits of the Schedules of the General Fund, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditor's responsibilities discussed below.

Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements were limited by the scope limitations described in the Basis for Disclaimer of Opinion on the Schedules of the General Fund section above. The objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to Fiscal Service related to the Schedules of the General Fund. Accordingly, we do not express such an opinion. U.S. generally accepted government auditing standards and OMB guidance require auditors to report on entities' compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements.

Basis for Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

We performed our tests of compliance in accordance with U.S. generally accepted government auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for Tests of Compliance section below.

Responsibilities of Management for Compliance with Laws, Regulations, Contracts, and Grant Agreements

Fiscal Service management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to Fiscal Service related to the Schedules of the General Fund.

Auditor's Responsibilities for Tests of Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our responsibility is to test compliance with selected provisions of laws, regulations, contracts, and grant agreements applicable to Fiscal Service that have a direct effect on the determination of material amounts and disclosures in the Schedules of the General Fund, and perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to Fiscal Service related to the Schedules of the General Fund. We caution that noncompliance may occur and not be detected by these tests.

Intended Purpose of Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

The purpose of this report is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering compliance. Accordingly, this report on compliance with laws, regulations, contracts, and grant agreements is not suitable for any other purpose.

Agency Comments

In commenting on a draft of this report, Fiscal Service concurred with the results of our audit. Fiscal Service stated that it will develop corrective actions for the six new audit recommendations. It also said that it looks forward to continuing to implement corrective actions to overcome the barriers to the auditability of the Schedules of the General Fund. In addition, it noted that it maintains controls to confirm the integrity of the

government's cash flow. The complete text of Fiscal Service's response is reproduced in appendix VI.

A handwritten signature in black ink that reads "Anne Y. Sit-Williams". The signature is written in a cursive, flowing style.

Anne Y. Sit-Williams
Director
Financial Management and Assurance
March 6, 2023

Schedules of the General Fund of the U. S. Government

Schedules of the General Fund of the U. S. Government

| Schedule of the Operations of the General Fund of the U.S. Government | |
|--|-----------------------|
| As of and For the Year Ended September 30, 2022 | |
| <i>(In millions of dollars)</i> | |
| | 2022 |
| Assets of the General Fund | |
| Cash held by Treasury for government-wide operations (Note 3) | |
| Beginning balance | 198,565.5 |
| Federal program entity | |
| Cash in | 23,212,336.4 |
| Cash out | (22,793,643.0) |
| Net activity | 418,693.4 |
| Ending cash held by Treasury for government-wide operations | 617,258.9 |
| Assets for entity's custodial and non-entity transactions | |
| Due from Treasury (Note 4) | |
| Loans and interest receivable | 1,626,095.5 |
| Government-sponsored enterprises | 223,720.0 |
| Advances to trust funds | 47,298.2 |
| Gold without certificates and silver held by the U.S. Mint | 25.0 |
| Taxes receivable, net | 236,000.0 |
| Accrual amounts | 15,651.1 |
| Total due from Treasury | 2,148,789.8 |
| Due from entities | |
| General Fund receipt accounts (Note 5) | |
| Balance | 25,657,587.7 |
| Balance remitted to the General Fund | (25,657,587.7) |
| Accrual amounts (Note 12) | 74,864.3 |
| Other debt (Note 6) | 16,097.1 |
| Other assets (Note 7) | 1,572.1 |
| Total due from entities | 92,533.5 |
| Total assets for entity's custodial and non-entity transactions | 2,241,323.3 |
| Total assets of the General Fund | 2,858,582.2 |
| Liabilities of the General Fund | |
| Liabilities without related budgetary obligations (Note 8) | |
| Due to Treasury - federal debt and accrued interest payable | 31,057,616.2 |
| Due to Treasury - refunds payable | 6,961.5 |
| Total liabilities without related budgetary obligations | 31,064,577.7 |
| Liability for fund balance with Treasury (Note 9) | |
| Beginning balance | 4,010,215.1 |
| Activity | |
| Federal program entity | (135,671.8) |
| Non-federal funds (Note 10) | (461.8) |
| Total activity | (136,133.6) |
| Ending liability for fund balance with Treasury | 3,874,081.5 |
| Other liabilities (Note 13) | 524.3 |
| Total liabilities of the General Fund | 34,939,183.5 |
| Net equity (Note 2) | (32,080,601.3) |
| Total liabilities and net equity | 2,858,582.2 |

The accompanying notes are an integral part of these financial statements.

Schedules of the General Fund of the U. S. Government

The General Fund of the U.S. Government
Schedule of Changes in Cash Balance from Budget and Other Activities
As of and For the Year Ended September 30, 2022

| (In millions of dollars) | 2022 |
|---|----------------------|
| Cash flow from budget activities: | |
| Total budget receipts..... | 4,896,119.4 |
| Total budget outlays..... | (6,271,654.4) |
| Budget deficit..... | (1,375,535.0) |
| Adjustments for non-cash outlays included in the budget | |
| Non-cash flow amounts in the budget related to federal debt: | |
| Accrued interest..... | 311,280.1 |
| Net amortization..... | 31,934.9 |
| Other..... | 259,972.6 |
| <i>Subtotal - adjustments for non-cash flow amounts in the budget related to federal debt.....</i> | <i>603,187.6</i> |
| Non-cash flow amounts in the budget related to guaranteed and direct loan financing activity: | |
| Interest revenue on uninvested funds..... | 12,684.8 |
| Interest expense on entity borrowings..... | (45,537.6) |
| Entities' downward reestimates/negative subsidy payments..... | (55,893.3) |
| Entities' subsidy expense/upward reestimates..... | 542,623.4 |
| <i>Subtotal - adjustments for Non-cash flow amounts in the budget related to guaranteed and direct loan financing activity.....</i> | <i>453,877.3</i> |
| Total Adjustments for non-cash outlays included in the budget..... | 1,057,064.9 |
| Cash flow from activities not included in the budget | |
| Cash flow from non-budget activities related to federal debt: | |
| Interest Paid..... | (299,245.0) |
| <i>Subtotal - cash flow from non-budget activities related to federal debt.....</i> | <i>(299,245.0)</i> |
| Cash flow from non-budget activities related to guaranteed and direct loan financing activity: | |
| Loan Disbursements/Default Payments..... | (522,630.7) |
| Fees..... | 25,382.5 |
| Principal & Interest Repayments..... | 87,496.9 |
| Other Collections on delinquent loans receivable and sale of foreclosed property..... | 2,210.6 |
| Special purpose vehicle disbursements..... | (4,519.9) |
| Repayments of special purpose vehicle investments..... | 9,079.9 |
| <i>Subtotal - cash flow from non-budget activities related to guaranteed and direct loan financing activity.....</i> | <i>(402,980.7)</i> |
| Cash flow from financing federal debt: | |
| Borrowings..... | 17,457,504.8 |
| Repayments..... | (15,701,185.2) |
| Discount/Premium..... | (78,684.1) |
| Effect of Uninvested principal from the Thrift Savings Plan (TSP) G Fund..... | (156,696.0) |
| <i>Subtotal - cash flow from financing federal debt.....</i> | <i>1,520,939.5</i> |
| Total cash flow from activities not included in the budget..... | 818,713.8 |
| Other-General Fund Activity | |
| Allocations of Special Drawings Rights..... | (14,816.0) |
| Miscellaneous Liability Accounts..... | (922.5) |
| Loans to the International Monetary Fund..... | 12.1 |
| Other cash and monetary assets..... | (2,250.0) |
| Non-federal securities of the National Railroad Retirement Investment Trust..... | 4,163.4 |
| Miscellaneous asset accounts..... | (3,757.5) |
| Transactions not applied to current year's surplus or deficit..... | 423.0 |
| Deposit fund liability balances..... | (79,718.3) |
| Intragovernmental Holdings..... | (1,965.1) |
| Entity Securities..... | 2,237.4 |
| Decrease in reserve position in the DMF..... | 1,408.9 |
| Increase(decrease) in special drawing rights..... | 10,699.0 |
| Increase(decrease) in ESF Foreign Currency..... | 2,853.6 |
| Prior Year Receipts and Outlays Activity..... | (3,352.0) |
| Prior Year's - Deposit Funds Activity..... | 48.7 |
| Prior Year's - Guaranteed Loans Financing Account Activity..... | 3,308.1 |
| Prior Year's - Direct Loans Financing Account Activity..... | 76.9 |
| Total Other..... | (81,550.3) |
| Change in Cash Held by Treasury for Governmentwide Operations..... | 418,693.4 |
| Beginning Cash Held by Treasury for Governmentwide Operations..... | 198,565.5 |
| Ending Cash Held by Treasury for Governmentwide Operations..... | 617,258.9 |

The accompanying notes are an integral part of these financial statements.

Schedules of the General Fund of the U. S. Government

Notes to the Schedules of the General Fund of the U.S. Government (Schedules) As of and For the Year Ended September 30, 2022

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

31 United States Code (U.S.C.) §302 establishes the Treasury of the United States (U.S.) Government to reside in the Department of the Treasury (Treasury) and 31 U.S.C. §3513 prescribes that the Secretary of the Treasury (Secretary) shall prepare reports that will inform the President, Congress, and the public on the financial operations of the U.S. government. The Secretary may reorganize the accounting functions, procedures, and financial reports of the Treasury to develop an effective and coordinated system of accounting and financial reporting in the Treasury. The *Schedules* are comprised of two separate financial schedules: the *Schedule of the Operations of the General Fund of the U.S. Government (Operations Schedule)* and the *Schedule of Changes in Cash Balance from Budget and Other Activities (Cash Schedule)*. Managed by the Bureau of the Fiscal Service (Fiscal Service), the *Schedules* have been prepared to report the financial position as of September 30, 2022 and activity for the period then ended associated with operations of the U.S. government. The presentation of the *Operations Schedule* is similar to a balance sheet and was prepared to display the General Fund of the U.S. Government (General Fund) assets and liabilities used to finance the daily and long-term operations of the U.S. government as a whole. The *Operations Schedule* is divided into the following two main sections: Assets of the General Fund and Liabilities of the General Fund.

Treasury holds and manages the General Fund assets such as cash, loans and interest receivable, and investments in the government-sponsored enterprises (GSEs) on behalf of the U.S. government. These non-entity assets are reported separately by the General Fund on the *Operations Schedule* with a corresponding amount reported as due from Treasury. As a result of the “due to” and “due from” relationship between Treasury and the General Fund, the *Operations Schedule* displays assets due from Treasury separately and in more detail than the amounts for other entities (referred to as “entities” in this document). The balances are also reconciled to their respective amounts within Treasury’s consolidated financial statements Note 4. Due from the General Fund and Due to the General Fund.

The due from entities section includes primarily year to date activity for General Fund receipt account (GFRA) collections. Entities deposit money from the public for GFRA collections into the Treasury General Account (TGA), which increases cash held by Treasury for government-wide operations and net equity on the *Operations Schedule*. In addition, the entities should record fund balance with Treasury (FBWT) and a custodial liability with the General Fund throughout the fiscal year. The due from entities – GFRAs balance on the face displays the balance due to the General Fund. At fiscal year-end, the balance is remitted to the General Fund which results in a total due of zero.

Treasury also manages and reports the General Fund liabilities, primarily federal debt and accrued interest payable, on their Consolidated Balance Sheet, with a corresponding amount reported as due from the General Fund. The General Fund due to Treasury balances are on the *Operations Schedule* and broken out between federal debt and accrued interest payable and refunds payable.

The General Fund records the issuance and activity associated with appropriation authority legislatively granted to entities. These authority balances and activity are reflected in liability for fund balance with Treasury (LFBWT) of the *Operations Schedule*.

The General Fund’s net equity line item represents balances such as the financing provided to every entity in the form of an appropriation or other means directed by Congress, net of custodial revenue remitted, and appropriations expended by those entities. The composition of net equity is displayed and explained in Note 2 – Net Equity.

The *Cash Schedule* has been prepared to report the annual budget deficit’s relationship to the change in the government’s cash held by Treasury for government-wide operations, as well as debt held by the public. The budget deficit is the result of outlays (expenditures) exceeding receipts (revenue) during a fiscal year. The budget deficit is primarily financed through borrowing from the public and other transactions, such as collections of interest on Treasury securities held by the public, which require cash disbursements not affecting the deficit. For most security

Schedules of the General Fund of the U. S. Government

types, Treasury records outlays for the interest on the federal debt as the interest accrues for future payments, not when it disburses the cash interest payment.

The *Cash Schedule* also reflects the adjustments for non-cash outlays included in the *Budget of the United States (Budget)* and components affecting cash balance not included in the *Budget* to explain the change in cash held by Treasury for government-wide operations. Consequently, it explains why the budget deficit normally does not result in an equivalent change in the government's cash held by Treasury for government-wide operations. See Note 11 – Schedule of Changes in Cash Balance from Budget and Other Activities for a breakout between non-cash flow and cash flow amounts included and excluded in the budget deficit.

A. Reporting Entity

Statement of Federal Financial Accounting Standards (SFFAS) No. 47, *Reporting Entity*, requires entity financial statements to reflect the balances and activities of any reporting entities meeting the principles for inclusion outlined in the standard. The General Fund, in accordance with SFFAS No. 47, is a consolidation entity.

Fiscal Service is responsible for maintaining adequate accounting records and selecting and applying appropriate accounting policies related to the General Fund's operations. The General Fund is the reporting entity responsible for recording and reporting the assets and liabilities related to government operations and carrying out the central accounting function for the federal government.

The accounting and reporting for the General Fund are required to complete the government's accounting model and provide support for the budget surplus/deficit. The General Fund transacts with every entity that receives appropriation authority and maintains an intra-governmental relationship with these entities. This relationship begins when Treasury issues appropriation warrants to entities, and the General Fund establishes a liability for the associated FBWT. See Note 9 – LFBWT for detailed information.

As entities carry out their respective entity missions, and use appropriated funds to do so, the General Fund's role is to track the outstanding LFBWT and record the inflow of funds via collections made by the entities. Conversely, it is the responsibility of the entities to properly classify transactions associated with the use of their appropriated funds, as well as the collections made on behalf of the General Fund. Entities remain accountable for the proper transaction classification, funds control, and compliance with laws and regulations such as the Payment Integrity Information Act of 2019 and the Antideficiency Act.

B. Basis of Accounting

The *Schedules* are the financial reports summarizing the balances and transactions of the General Fund and associated impacts to cash from budget and other activities. Unlike entity financial statements, the *Schedules* are a special purpose financial report (as defined by the Federal Accounting Standards Advisory Board (FASAB) standards regarding the purpose and users of the financial statements) whose primary purpose is to provide support for the *Financial Report of the U.S. Government (Financial Report)*.

The *Schedules* were prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP). Accounting principles generally accepted for entities are the standards prescribed by FASAB, which is the official body for setting accounting standards for the federal government. The FASAB issued SFFAS No. 34, *The Hierarchy of Generally Accepted Accounting Principles*. SFFAS No. 34 identified the sources of accounting principles and the framework for selecting the principles used in the preparation of general-purpose financial reports of federal reporting entities that are presented in accordance with U.S. GAAP.

The *Operations Schedule* is reported on an accrual basis and the *Cash Schedule* is generally reported on a cash basis with certain accrual based lines (e.g. accrued interest). The intent and design of the *Schedules* is to ensure that entity information is properly eliminated in preparation of the *Financial Report*. As a result, the General Fund reports proprietary activity and balances without a budgetary impact, as the entities are responsible for their use of budget authority and record this usage in their individual entity financial reporting. The activities of the General Fund are primarily intra-governmental in nature and, with the exception of fiduciary activities reported by entities and offset by the General Fund (reported in Note 10 – Liability for Non-Federal Funds), should eliminate when consolidated into the *Financial Report*.

Schedules of the General Fund of the U. S. Government

Fiscal Service is responsible for the preparation and fair presentation of the *Schedules* in accordance with U.S. GAAP and maintaining effective internal controls over financial reporting relevant to the *Schedules*. This includes assertions that the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of the *Schedules* being free from material misstatement, whether due to fraud or error.

C. Changes in Cash Balance from Budget and Other Activities

The budget deficit is primarily financed through borrowings from the public. When outlays exceed receipts, the difference is a deficit. The *Budget* treats borrowing and debt repayment as a means of financing, not as receipts and outlays. The *Budget* records outlays for the interest on the public issues of Treasury debt securities as the interest accrues, not when the cash is paid.

Non-cash flow amounts in the *Budget* related to loan financing account activity also reflect intra-governmental transactions such as interest expense paid or interest revenue received from Treasury, entity year-end credit reform subsidy reestimates, and the receipt of subsidy expense from program accounts. Cash flow from activities not included in the *Budget* related to loan financing account activity includes all cash flows to and from the public, including direct loan disbursements/default payments to lenders, fees collected, principal and interest repayments, collections on defaulted guarantee loans, and sale proceeds of foreclosed property. The *Budget* totals exclude the transactions of the financing accounts because they are not a cost to the government. However, since loan financing accounts record all credit cash flows to and from the public, they affect the means of financing a budget deficit. For more information, see Note 11 – Schedule of Changes in Cash Balance from Budget and Other Activities.

D. Disclosure Entity

Under SFFAS No. 47, *Reporting Entity*, the Federal Reserve System (FR System) is a disclosure entity. The FR System includes the Federal Reserve Board of Governors, Federal Reserve Banks (FRBs), and the Federal Open Market Committee. The FR System is responsible for providing nationwide payments systems, providing certain financial services to entities and fiscal principals, and serving as the U.S. government's bank, among other functions. The FR System serves as a fiscal agent and depository, executing banking and other financial transactions on the behalf of the Fiscal Service. These transactions impact the balances reported in the *Schedules*. Fiscal Service reimburses the FR System for these activities.

E. Classified Activity

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information. Accordingly, modifications may have been made to certain presentations and disclosures.

Schedules of the General Fund of the U. S. Government

Note 2. Net Equity

The General Fund's net equity line item represents balances such as the financing of every entity in the form of an appropriation or other means directed by Congress, net of custodial revenue remitted, and appropriations expended by those entities.

As of and for the year ended September 30, 2022, the General Fund's net equity balance and activity consisted of the following:

| Footnote 2: Net Equity | |
|--|--------------------------|
| As of and For the Year Ended September 30, 2022 | |
| <i>(In millions of dollars)</i> | |
| Net Equity | 2022 |
| Beginning balance | (30,023,307.3) |
| Cumulative results of operations | |
| Appropriations - expended | (5,693,989.0) |
| Transfer in of entity unavailable custodial and non-entity collections | 5,373,756.0 |
| Accrual of entity amounts to be collected | (131,402.2) |
| Other General Fund financing sources | (44,399.6) |
| Cancellations of revenue and other financing sources | 1,319.6 |
| Trust fund warrants, net | (1,506,932.7) |
| Appropriations outstanding | |
| Warrants issued | (6,137,211.5) |
| Adjustments | 387,576.4 |
| Used | 5,693,989.0 |
| Net change | \$ (2,057,294.0) |
| Net equity | \$ (32,080,601.3) |

Cumulative Results of Operations

Expended appropriations are a result of the entities use of appropriated amounts during the fiscal year for goods and services received or benefits provided.

Transfers in of entity unavailable custodial and non-entity collections represent the amount of custodial revenue collected by an entity on behalf of the General Fund which increases net equity. Examples include collections for taxes such as income, excise, and Social Security. Internal Revenue Service (IRS) tax collections make up 92 percent (\$4.9 trillion) of total custodial collections. These taxes represent non-exchange federal tax revenues collected, and disposition of refunds and outlays disbursed. These taxes include individual and corporate income, Federal Insurance Contributions Act (FICA), Self-Employed Contribution Act (SECA), Excise, Estate, Gift, Railroad Retirement, and Federal Unemployment Taxes. For more information on the IRS custodial collections, refer to the IRS financial statements.

Entity accruals for amounts to be collected typically result in a decrease to the General Fund's net equity. When an entity accrues amounts to be collected, this results in an increase to the total due from entities line item on the *Operations Schedule* and accrual of entity amounts to be collected in Note 2. Once these accruals are collected, the accrual of entity amounts to be collected line item decreases and the transfer in of entity unavailable custodial and

**Schedules of the General Fund of the U. S.
Government**

non-entity collections line-item increases, which does not impact net equity. In Fiscal Year (FY) 2022, entity accruals increased net equity due to the reversal of prior accruals. The Federal Communications Commission (FCC) makes up 62 percent (\$81.1 billion) of the total accruals. This represents the reversal of the accrual from the collection of spectrum auction revenue that was previously accrued in the prior fiscal year.

Other General Fund financing sources represent the reciprocated amounts of accruals and amortization related to federal debt not yet outlaid, as well as other entity amounts authorized by law for financing by the General Fund.

The cancellations of revenue and other financing sources represent the amount of canceled authority derived from revenue and other financing sources returned to the General Fund by an entity. Examples include spending authority from offsetting collections and special or trust fund receipts administratively withdrawn. These increase the General Fund net equity balance.

Trust fund warrants (issued net of adjustments) are amounts appropriated to the various available trust fund receipt accounts via a warrant journal voucher. The warrant journal voucher moves the FBWT from the GFRA to the available trust fund receipt account, thus decreasing net equity.

Appropriations Outstanding

Warrants issued are a result of one or more appropriation acts being passed by Congress and signed into law by the President. These appropriations and subsequent warrants issued provide budget authority to entities to incur obligations and expend funds from the General Fund. There are three types of warrants included in this line item: appropriation, surplus, and continuing resolutions (if the continuing resolution were to continue through the end of the fiscal year). Appropriation adjustments contain sequestration and rescissions that reduce budget authority previously provided by Congress. These adjustments are recognized as entities record negative warrants. Surplus warrants are used to withdraw or cancel unobligated balances of appropriations.

Appropriations used are a result of the entities' use of appropriated amounts during the fiscal year for goods and services received or benefits provided.

**Schedules of the General Fund of the U. S.
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Note 3. Cash Held by Treasury for Government-wide Operations

This balance is principally comprised of the operating cash of the U.S. government held in the FRB of New York's (FRB NY) TGA, net of outstanding checks. FRB NY is custodian of the account for operating cash of the U.S. government, known as the TGA or Federal Reserve Account. The TGA is the U.S. government's checking account used for payments and collections. Also included is a small amount of foreign currency and cash held outside of the TGA maintained by various U.S. disbursing offices. U.S. disbursing offices are offices that are designated by U.S. code to disburse funds.

Cash in is largely comprised of federal debt issuances of Treasury securities and accrued interest collected, and tax receipts (e.g., individual income tax, corporate income tax, etc.) and to a lesser extent national park entrance fees, passport fees, student loan repayments, and customs duties. These transactions vary by entity and are received through a variety of channels including over-the-counter, mail/lockbox, phone, electronically through internet and bank networks, and collection of payments directly through financial agent channels (commercial banks).

Social Security benefits, healthcare benefits, federal debt redemptions, and interest paid are among the largest sources of cash out. Other examples include Supplemental Security Income, federal pension benefits, veterans' compensation, pension and education benefits, Railroad Retirement pensions, federal income tax refunds, vendor payments, employee salaries, and others.

The *Cash Schedule* reconciles the budget deficit to the cash held by Treasury for government-wide operations' ending cash balance. See Note 11 – Schedules of Changes in Cash Balance from Budget and Other Activities for additional information.

Schedules of the General Fund of the U. S. Government

Note 4. Due from Treasury

The General Fund's assets held and managed by Treasury constitute resources available to meet the operating needs of the U.S. government. Treasury reports these managed assets separately on its Consolidated Balance Sheets with a corresponding liability due to the General Fund. The General Fund records an asset within the due from Treasury of the *Operations Schedule* to reciprocate this liability. These amounts are comprised of loans and interest receivable; GSEs; advances to trust funds; gold without certificates and silver held by the U.S. Mint; taxes receivable, net; and accrual amounts all of which are reported by Treasury and the corresponding offsets are recorded as reciprocals by the General Fund. A description of each asset due from Treasury is below.

Loans and Interest Receivable

The General Fund's non-entity intra-governmental loans and interest receivable from other entities represent the principal borrowings from and repayments to the General Fund as well as related interest due to the General Fund on loans issued through Treasury. The General Fund acts as an intermediary issuing these loans because the receiving entities lend these funds to third parties to carry out various programs of the U.S. government. The General Fund does accrue interest on non-entity intra-governmental loans when earned. The accrued interest is also recorded in the accrual of entity amounts to be collected line item in Note 2 – Net Equity. The loans and interest receivable balance due from Treasury includes intra-departmental balances (between the General Fund reporting entities) which the General Fund eliminates for financial statement presentation purposes. For more detailed information on loans and interest receivable, refer to the Non-Entity Intra-Governmental section of Treasury's Agency Financial Report (AFR) Note 3. Loans and Interest Receivable – Intra-Governmental.

GSE

GSEs are financial service corporations established by statute to support mortgage lending. Treasury holds investments (senior preferred stock and warrants for the purchase of common stock) on behalf of the General Fund in two GSEs, the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac). The change in value of GSEs are also recorded in transfer in of entity unavailable custodial and non-entity collections in Note 2 – Net Equity. For more detailed information on GSEs and the related valuation methodology, refer to Treasury's AFR Note 11. Investments in Government-Sponsored Enterprises.

Advances to Trust Funds

The General Fund issues advances to the Department of Labor (DOL) Unemployment Trust Fund (UTF) for states to pay unemployment benefits. Treasury accounts for the advances issued on behalf of the General Fund. Consistent with 42 USC 1323 – *Repayable Advances to Federal Unemployment Account*, these advances bear an interest rate that is computed as the average interest rate as of the end of the calendar month preceding the issuance date of the advance for all interest-bearing obligations of the U.S. that form the public debt, to the nearest lower 1/8 of 1.0 percent. Interest on advances is due on September 30 of each year. DOL repays advances when the Secretary of the Treasury, in consultation with the Secretary of DOL, determines that the activity in the UTF is adequate to allow repayment. Interest is also recorded in the accrual of entity amounts to be collected line item in Note 2 – Net Equity, and adjustments to the principal are also recorded in the other General Fund financing sources line item in Note 2 – Net Equity.

The General Fund issues advances to the Department of Health and Human Services' (HHS) Federal Supplementary Medical Insurance Trust Fund (FSMITF) to temporarily replace the reduction in Medicare Part B participants' premiums. Treasury accounts for the advances issued on behalf of the General Fund. Consistent with the prohibition against federal interference imposed by 42 USC 1395 – *Prohibition Against Any Federal Interference*, these advances do not bear any interest. HHS repays advances over time from amounts collected from certain participants' increase in premiums until the balance due reaches zero. FSMITF activity is also recorded in the other General Fund financing sources line item in Note 2 – Net Equity.

For more detailed information on advances to trust funds, refer to Treasury's AFR Note 4. Due from the General Fund and Due to the General Fund.

**Schedules of the General Fund of the U. S.
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Gold without Certificates and Silver Held by the U.S. Mint

The General Fund reports gold without certificates and silver held by the U.S. Mint. The U.S. Mint, a bureau of Treasury, holds 100,000 fine troy ounces (FTO) of custodial gold reserves without certificates (100,000 FTO x \$42.2222 statutory carrying value = \$4 million) and 16,000,000 FTO of custodial silver (16,000,000 FTO x \$1.2929 statutory carrying value = \$21 million). For more detailed information on gold and silver, refer to Treasury's AFR Note 6. Gold and Silver Reserves, and Gold Certificates Issued to the Federal Reserve Banks.

Taxes Receivable, Net

The General Fund reports federal taxes receivable consisting of delinquent tax assessments, penalties, and interest not paid or abated, and agreed to by either the taxpayer and IRS, or the courts. The receivable is net of an allowance for doubtful accounts, an estimate for uncollectible amounts. The General Fund records an increase to assets for entity's custodial and non-entity liabilities when the IRS records federal taxes receivable due from taxpayers. Taxes receivable is also recorded in the accrual of entity amounts to be collected line item in Note 2 – Net Equity. For more detailed information on the calculation of the estimated taxes receivable, refer to Treasury's AFR Note 8. Taxes, Interest, and Other Receivables, Net.

Accrual Amounts

Fund balance reported in this amount represents the non-entity funds Treasury holds on behalf of the General Fund. The funds are used to administer programs such as the Presidential Election Campaign and payments for Legal Services Corporation and are not available for Treasury's general use. The remaining balance is comprised of the following non-entity assets: intra-governmental accounts receivable; credit reform downward subsidy reestimates; loans and interest receivable; and other non-entity receivables due to the General Fund. These accrual amounts are also recorded in the accrual of entity amounts to be collected line item in Note 2 – Net Equity. For more detailed information on these balances, refer to Treasury's AFR Note 4. Due from the General Fund and Due to the General Fund.

**Schedules of the General Fund of the U. S.
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Note 5. Due from Entities – General Fund Receipt Accounts

The Treasury Financial Manual (TFM), Volume I, Part 2, Chapter 1500, Section 1530.10, defines a GFRA as a receipt account credited with all funds from collections that are not identified by law for another account for a specific purpose. These include taxes, customs duties, and miscellaneous collections. Entities report activity to Treasury in GFRA. These accounts are held and managed by the Treasury on behalf of the General Fund.

As of September 30, 2022, entities' GFRA balances consisted of the following:

| Footnote 5: General Fund Receipt Accounts | |
|--|-----------------------|
| As of and For the Year Ended September 30, 2022 | |
| <i>(In millions of dollars)</i> | |
| General Fund receipt accounts by major class | 2022 |
| Debt Held by the Public Principal | \$ 21,799,874.4 |
| Taxes | 3,417,203.2 |
| Receipts from monetary power | 107,094.5 |
| Fees and other charges for services and special benefits | 88,096.9 |
| Customs duties | 72,511.8 |
| Negative subsidies and downward reestimates of subsidies | 57,813.9 |
| Interest | 48,452.3 |
| Realization upon loans and investments | 33,334.6 |
| Recoveries and refunds | 12,836.8 |
| Royalties | 7,023.1 |
| Rent, including bonuses | 3,823.9 |
| Sale of products | 3,563.6 |
| Fees for regulatory and judicial services | 3,086.8 |
| Fines, penalties, and forfeitures | 1,779.6 |
| Interest on Advances for Unemployment | 915.8 |
| Dividends and other earnings | 162.0 |
| Gifts and contributions | 14.0 |
| Sale of government property | 0.5 |
| | 25,657,587.7 |
| Balance Remitted to the General Fund | (25,657,587.7) |
| Total | \$ - |

Entities are responsible for classifying amounts to the appropriate GFRA, which are not classified as dedicated collections as defined by law for a specific purpose. Entities deposit money from the public for GFRA collections into the TGA as prescribed in legislation when funds are to be collected on behalf of the General Fund. In these instances, entities act as a custodian and have responsibility to ensure proper accounting and reporting for these inflows until they are remitted to the General Fund, which includes the proper classification of the collection activity based on the authorizing legislation. The impact to the *Operations Schedule* is an increase to cash held by Treasury for government-wide operations and net equity (transfer in of entity unavailable custodial and non-entity collections).

Schedules of the General Fund of the U. S. Government

The entities must record GFRA collections as FBWT and a custodial liability with the General Fund throughout the fiscal year. These transactions also increase LFBWT and due from entities – GFRA balance on the *Operations Schedule*.

At fiscal year-end, entities record the settlement of FBWT and the associated custodial liability with the General Fund. The General Fund reciprocates and records the closing of these accounts through year-end accounting transactions. This creates a decrease to the LFBWT and offsets the due from entities – GFRA balance with a negative amount for due from entities – balance remitted to the General Fund resulting in a total due of zero.

Some non-cash collections recorded in the GFRA are capital transfers and payments on loans and interest receivable from entities who borrowed funds through Treasury’s Federal Borrowings Program. These represent increases and decreases of FBWT, not actual cash reflected in net activity of cash held by Treasury for government-wide operations.

The largest component of the GFRA balances is the debt held by the public principal issued during the fiscal year. This amount represents the current year’s collections for securities issued by Fiscal Service which include, but are not limited to, Treasury Bills, Treasury Notes, Treasury Bonds, Treasury Inflation-Protected Securities, U.S. Savings Bonds, and State and Local Government Series securities less discounts on the original issues. As of September 30, 2022, these collections totaled \$21.8 trillion.

Government Account Series (GAS) Treasury overnight Certificates of Indebtedness (C of I) are securities issued with a stated rate of interest to be applied to their par amount. These securities mature on the business day immediately following their issue date, are redeemed at their par amount at maturity, and have interest payable at maturity. These issues are subtracted from the due from entities – GFRA lines of the *Operations Schedule* and related note. As of September 30, 2022, these securities totaled \$128.0 trillion. This treatment is consistent with the *Schedules of Federal Debt* which net the issues and redemptions in its presentation of the intra-governmental debt holdings, so as not to show the overnight activity and unfairly present this activity.

In addition, \$3.4 trillion of the GFRA collections were from taxes. These are collections from levies (other than duties on imports) under the taxing and regulatory powers of the U.S. Constitution, such as income, excise, and Social Security taxes.

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Note 6. Due from Entities – Other Debt

This line-item balance represents debt and other liabilities without related budgetary obligations owed by entities to the General Fund. Entities record these as a liability in their financial statements and the General Fund reports a corresponding asset. Since other debt activity is not reported by the entities through the Central Accounting and Reporting System (CARS), the General Fund must rely on trading partner correspondence to substantiate a significant portion of their accruals in order to reciprocate amounts. Balances are adjusted on a quarterly basis.

As of September 30, 2022, ending balances by trading partner for due from entities – other debt consisted of the following:

| Footnote 6: Due from Entities - Other Debt | |
|--|--------------------|
| As of and For the Year Ended September 30, 2022 | |
| <i>(In millions of dollars)</i> | |
| Federal Program Entity | 2022 |
| Department of Commerce | \$ 12,186.7 |
| Department of Energy | 3,890.9 |
| U.S. Postal Service | 19.5 |
| Total | \$ 16,097.1 |

As of September 30, 2022, the debt balance related to Department of Commerce (DOC) was \$12.2 billion. This balance is comprised of National Telecommunication and Information Administrations (NTIA) investment adjustments regarding the excess assets from the Public Safety Trust Fund. Excess assets are assets beyond priorities one through seven of Section 6413 of the Middle Class Tax Relief and Job Creation Act of 2012 (Act) which specifies that amounts in the Public Safety Trust Fund be invested in accordance with 31 U.S.C. Section 9702. Under this Act, the remaining amounts unspent after the end of FY 2022 are to be deposited to the General Fund.

As of September 30, 2022, the debt balance related to Department of Energy (DOE) was \$3.9 billion. This balance is primarily comprised of appropriated capital used to support DOE's power facilities. DOE has four Power Marketing Administrations (PMAs) that market electricity generated mostly by federal hydropower projects. The PMAs are primarily funded from the following sources: contract and borrowing authority; direct collections generated from the sale of power; and annual appropriations from the General Fund. Three of the four PMAs receive annual appropriations from the General Fund for construction, operation, and maintenance of their power facilities. This appropriated capital represents the balance of appropriations provided to the PMAs, which must be repaid to the General Fund. However, there is no specific annual repayment amount required.

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Note 7. Due from Entities - Other Assets

TFM Volume I, Part 2, Chapter 3400, Section 3430, defines cash and investments held outside of the Treasury (CIHO) as funds under the custodial responsibility of federal government entities and/or their employees, officers, or agents that are deposited in non-TGAs or held in an imprest fund. Entities must record CIHO to specific U.S. Standard General Ledger (USSGL) accounts which are reciprocated by the General Fund. This cash and foreign currency are in the possession of a non-CARS Reporter non-Treasury Disbursing Office (NTDO) outside of the TGA and are accounted for in LFBWT. NTDOs are accountable for tracking and reporting these funds, summarizing amounts that Treasury would look to recover from the NTDO if the NTDO ceased operations.

The General Fund's other assets is primarily CIHO that eventually will be deposited into the TGA.

As of September 30, 2022, other assets consisted of the following:

| Footnote 7: Due from Entities - Other Assets | |
|---|-------------------|
| As of and For the Year Ended September 30, 2022 | |
| <i>(In millions of dollars)</i> | |
| Federal Program Entities | 2022 |
| Department of Defense | \$ 976.0 |
| U.S. Postal Service | 523.1 |
| Department of the Treasury - Bureau of Engraving and Printing | 70.9 |
| Judiciary Branch | 1.8 |
| Congress | 0.3 |
| Total | \$ 1,572.1 |

As of September 30, 2022, the ending other assets balance of Department of Defense (DoD) was \$976.0 million. This balance is primarily cash and foreign currency held by disbursing officers to carry out their paying, collecting, and foreign currency accommodating exchange missions. This cash and foreign currency is not included in cash held by Treasury for governmentwide operations.

As of September 30, 2022, the ending other assets balance of U.S. Postal Service (USPS) was \$523.1 million. This balance represents funds awaiting deposit to the TGA.

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Note 8. Liabilities without Related Budgetary Obligations – Due to Treasury

This amount represents a liability, or future funds required of the General Fund to repay borrowings from the public and other entities. A description of each liability due to Treasury is below. The largest General Fund liability is federal debt and accrued interest payable, obligations of the U.S. government. Treasury is responsible for administering the federal debt on behalf of the U.S. government and the General Fund records these amounts as a liability, due to Treasury - federal debt and accrued interest payable on the *Operations Schedule*, which reciprocates Treasury's receivable.

Federal Debt and Accrued Interest Payable

The federal debt includes borrowings from the public as well as borrowings from entities. Debt held by the public primarily represents the amount the U.S. government has borrowed to finance the cumulative cash deficits. Debt held by other entities, primarily trust funds, represents balances of Treasury securities held by individual entities with either the authority or the requirement to invest excess receipts in Treasury securities, with the principal and interest guaranteed by the full faith and credit of the U.S. government. Federal debt held by other entities, also known as intra-governmental debt holdings, primarily consists of balances in the Social Security trust funds, Medicare trust funds, Military and Health Care Fund and Civil Service Retirement and Disability Fund (CSRDF).

Per the *Schedules of Federal Debt*, federal debt and accrued interest payable (the total of principal, accrued interest payable, and net unamortized premiums and discounts for both debt held by the public and intra-governmental debt holdings) is \$31.1 trillion as of September 30, 2022.

Please refer to the *Schedules of Federal Debt* at <https://fiscaldata.treasury.gov/datasets/schedules-federal-debt/schedules-of-federal-debt-by-month> for more information.

Refunds Payable

Refunds payable arise in the normal course of tax administration when it is determined that taxpayers have paid more than the actual taxes they owe. Only amounts concluded to be valid refunds owed to taxpayers are recorded.

The U.S. government collects money from individuals for income taxes. IRS refunds payable is a fully funded liability. The IRS calculates the taxes payable amount on a monthly basis and reports the amount to the General Fund to record. Refunds payable amounted to \$6.9 billion as of September 30, 2022.

The Tax and Trade Bureau (TTB) collects money for alcohol, tobacco, firearms, ammunition, and other special occupational taxes. National Revenue Center (NRC) calculates the amounts for refunds and interest on refunds on these taxes on a monthly basis and reports the amounts to the General Fund. The IRS and NRC record the appropriation amount in their USSGL accounts which the General Fund reciprocates. The amount attributable for FY 2022 was \$14.9 million.

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Note 9. Liability for Fund Balance with Treasury (LFBWT)

For entities, FBWT is an asset that reflects their available spending authority and a claim on General Fund assets. The General Fund, as the central reporting entity for the federal government, reciprocates this amount as a LFBWT. LFBWT includes both federal funds and non-federal fiduciary funds due to entities. LFBWT on the face of the *Operations Schedule* breaks down the fiscal year change in entity activity and non-federal funds. The entity activity is the change in resources available to support operations/programs. LFBWT for non-federal funds represents cash held in the U.S. Treasury and administered by an entity on behalf of fiduciary beneficiaries. The owner of this FBWT is a non-federal party. See Note 10 - Liability for Non-Federal Funds for a more detailed definition of fiduciary activities and information on which entities hold these funds.

An entity's FBWT and the General Fund's offsetting LFBWT changes throughout the fiscal year. Decreases occur due to entity disbursements made to pay liabilities or to purchase assets, goods, and services; investments in U.S. securities (securities issued by Treasury or other entities); cancellation of expired appropriations; transfers and reimbursements to other entities or the General Fund; sequestration or rescission of appropriations; repayments on borrowings from Treasury and other entities, etc. Increases can occur due to appropriations and amounts borrowed from Treasury.

Per the TFM, entities are required to reconcile their FBWT balances (by Treasury Account Fund Symbol) to CARS on a regular and recurring basis to assure the integrity and accuracy of the *Financial Report* data. When entity balances from payment and collection systems do not match the balances in CARS, it results in a Statement of Difference (SOD). The majority of the SOD consists of recent payments and collections that the entity has not yet classified in CARS appropriately; these amounts are usually resolved within 90 days after the discrepancy is identified, at which point they are no longer part of the SOD. The last row of the table below shows the total SOD amount for all entities as of September 30, 2022.

While other entities distinguish different categories of funds within their FBWT note disclosures, the General Fund's chosen presentation is designed to reflect the manner in which the General Fund derives these amounts. The table below describes the major categories that derive the General Fund's recorded liability and most closely aligns with the Monthly Treasury Statement (MTS) and account statement in CARS which is the primary source of the General Fund's general ledger.

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As of and for the year ended September 30, 2022, activity and balances for LFBWT consisted of the following:

| Footnote 9: Liability for Fund Balance with Treasury (LFBWT) | | | | | | | | | | |
|---|-------------------------|---------------------|-----------------|---------------------|-------------------------|-------------------------|-----------------------|-------------------------------------|-----------------------|-------------------------|
| As of and For the Year Ended September 30, 2022 | | | | | | | | | | |
| <i>(In millions of dollars)</i> | | | | | | | | | | |
| | 2022 | | | | | | | | | |
| Federal Program Entity | Beginning Balance | Appropriation | Transfers | Borrowings | Special and Trust Funds | Budget Receipts | Budget Net Outlays | Budget Neutral Receipts and Outlays | Other Adjustments | Ending Balance |
| Executive Agencies | (924,755.9) | (923,693.9) | (49.0) | 2.7 | (123.6) | (2,346.5) | 860,376.6 | 195,367.9 | - | (944,720.7) |
| Department of Health and Human Services | (710,558.2) | (1,261,249.4) | 5.0 | (40.0) | (346,865.7) | (330,832.1) | 1,631,431.2 | 385,456.8 | - | (652,672.4) |
| Department of the Treasury | (651,416.0) | 4,587,232.4 | (200.0) | 3,727.9 | 1,512,699.7 | (3,217,308.4) | 1,166,835.2 | (3,981,118.5) | - | (563,547.7) |
| Department of Education | (351,868.4) | (537,193.0) | (15.0) | 316,196.8 | - | - | 639,349.5 | (383,494.7) | - | (317,008.0) |
| Department of Agriculture | (237,610.3) | (257,011.1) | 183.3 | (63,644.7) | (206.1) | (32,173.5) | 245,209.8 | 7,089.3 | - | (280,883.3) |
| Department of Homeland Security | (163,043.8) | (5,805.8) | (192.4) | 84.9 | (281.3) | (72,654.6) | 80,743.8 | 2,555.6 | - | (158,593.6) |
| Department of Housing and Urban Development | (133,671.7) | (67,389.7) | - | (27,380.8) | - | - | 29,304.6 | 57,409.0 | - | (141,728.6) |
| Department of Transportation | (114,364.2) | (178,943.5) | (9.8) | (1,350.2) | (58,460.4) | (58,139.5) | 112,545.7 | 170,806.3 | - | (127,915.6) |
| Department of Commerce | (32,547.4) | (84,773.7) | (135.0) | 14.6 | - | (18.7) | 11,702.3 | (12,179.1) | - | (117,937.0) |
| Department of Energy | (48,844.9) | (94,339.7) | (19.9) | 918.1 | 107.3 | (9.8) | 22,422.4 | 2,101.5 | - | (117,665.0) |
| Department of Veterans Affairs | (60,887.3) | (269,278.7) | 4.1 | 3.8 | - | (0.2) | 273,825.2 | (3,584.7) | - | (89,717.8) |
| Department of the Interior | (67,172.7) | (26,194.2) | 38.5 | 2.3 | 98.9 | (1,468.7) | 2,072.5 | 14,232.7 | - | (88,390.7) |
| Environmental Protection Agency | (11,802.3) | (94,788.6) | (0.1) | (810.3) | (658.0) | (897.9) | 9,168.4 | 5,665.0 | - | (64,103.8) |
| Department of State | (60,933.8) | (37,348.6) | 83.6 | 1.1 | (59.5) | (241.9) | 33,965.0 | 697.7 | - | (63,856.4) |
| Small Business Administration | (316,852.3) | 35,129.8 | (10.0) | (100,146.6) | - | - | 23,199.1 | 302,454.2 | - | (56,225.8) |
| Security Assistance Accounts | (45,463.9) | (8,143.6) | 9.3 | 630.4 | - | - | 1,601.7 | (600.8) | - | (51,966.9) |
| Agency for International Development | (43,534.9) | (31,120.2) | 249.3 | - | - | - | 28,808.0 | 770.1 | - | (44,827.7) |
| Department of Justice | (33,918.5) | (37,968.9) | (6.9) | - | - | (2,662.7) | 40,175.9 | (457.9) | - | (34,839.0) |
| Executive Office of the President | (12,329.4) | (417.2) | (18.1) | - | - | - | (21,554.3) | (0.6) | - | (34,319.6) |
| Federal Communications Commission | (105,212.8) | 66,968.9 | - | - | - | (8,997.5) | (65,893.6) | 81,370.9 | - | (31,764.1) |
| All Other Entities | (168,626.7) | (207,690.0) | 83.1 | 772.2 | (1,106,251.1) | (1,148,364.2) | 1,345,845.4 | 1,360,156.3 | (217,188.2) | (141,263.2) |
| Statement of Difference | (999.7) | - | - | - | - | - | - | 865.1 | - | (134.6) |
| Total | \$ (4,010,215.1) | \$ 685,962.3 | \$ (0.8) | \$ 186,262.2 | \$ 0.2 | \$ (4,396,119.4) | \$ 6,271,664.4 | \$ (1,794,437.9) | \$ (217,188.2) | \$ (3,874,081.5) |

Schedules of the General Fund of the U. S. Government

Appropriation

An appropriation originating from the General Fund authorizes obligations and payments using general funds, special funds, or trust funds. Appropriation-related transactions include increases for new appropriations, reductions for the cancellation of appropriations, reductions for rescissions, and current-year appropriation transfers (increases and decreases).

GAS Treasury overnight C of I are securities issued with a stated rate of interest to be applied to their par amount. These securities mature on the business day immediately following their issue date, are redeemed at their par amount at maturity, and have interest payable at maturity. These issues are subtracted from the LFBWT of the *Operations Schedule* and related note. As of September 30, 2022, these securities totaled \$128.0 trillion. This treatment is consistent with the *Schedules of Federal Debt* which net the issues and redemptions in its presentation of the intra-governmental debt holdings to accurately present this activity.

The sweeping of miscellaneous General Fund unavailable receipt accounts is also included within the appropriation since entities record the settlement of FBWT and the associated custodial liability with the General Fund at fiscal year-end, which return these funds to the General Fund.

Transfers

Transfers reduce budgetary resources (budget authority and unobligated balances) in one account and increase them in another by the same amount. A transfer cannot be made unless a law authorizes it. The law may specify a particular transfer or provide general transfer authority within specified limits. Transfers represent the LFBWT fiscal year activity for inter- and intra-entity transfers.

Borrowings

Entities that have legal authority granted by statute may borrow funds from Treasury. Borrowings represent the LFBWT fiscal year activity for the entities' borrowings. The balances related to the borrowing activities are included in the *Operations Schedule* under due from Treasury – loans and interest receivable.

For example, the Department of Education (Education) had outstanding loan balances due to Treasury. Additional amounts borrowed during the current fiscal year, net of any repayments, will equal the amount listed in the borrowings for Education.

Special and Trust Funds

Special and trust funds account for the collections and payments of monies by the government for carrying out specific purposes and programs in accordance with the terms of a statute that designates the fund as a trust fund or for carrying out the stipulations of a trust agreement where the nation is the beneficiary (such as any of several trust funds for gifts and donations for specific purposes). Special funds are established when the law requires the government to dedicate collections from a specified source to finance a particular program and the law neither authorizes the fund to conduct a cycle of business-type operations (making it a revolving fund) nor designates it as a trust fund.

Special and trust funds represent the LFBWT fiscal year activity for the entities' transfers of unavailable receipt accounts and GFRA to trust fund and special fund expenditure accounts.

Budget Receipts

Budget receipts are collections from the public that result from the government's exercise of its sovereign power to tax or otherwise compel payment. They consist mostly of individual and corporation income taxes and social insurance taxes, but also include excise taxes, compulsory user charges, regulatory fees, customs duties, court fines, certain license fees, and deposits of earnings by the FR System.

The budget receipts total ties to the total budget receipts line of the *Cash Schedule*.

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The General Fund's total budget net receipts tie to Table 4 of the published MTS with two exceptions. The first exception pertains to current year budget receipts recorded after the MTS publication date. In this situation, the MTS recognizes the activity in the next reporting period. The second exception pertains to budget receipts from a prior fiscal year that, if deemed immaterial for restatement, are recorded in the current fiscal year. While these transactions are recorded in the MTS in the prior fiscal year, the MTS is not re-published to reflect these adjustments. These transactions are approved jointly by Office of Management and Budget (OMB) and Fiscal Service, which are recorded in the current fiscal year MTS with an effective posting date of a prior fiscal year. These prior year budget receipts are recorded as current year activity in the *Schedules of the General Fund* whereas the published MTS only shows balances for the current fiscal year and prior fiscal year, therefore any transactions backdated further than the prior fiscal year are not reflected in the published MTS. This presentation is consistent with entities treatment that prior period transactions not material for restatement will be recorded in the current year.

There are cash collections not deemed budget receipts and therefore not included in the *Budget*. Fiscal Service establishes deposit fund accounts to record monies that do not belong to the federal government. Monies received by deposit funds are not budget receipts but rather considered a means of financing.

The deposit fund classification is proper for any account that meets one of the following three criteria: monies withheld from government payments for goods and services received; monies the government is holding awaiting distribution based on a legal determination or investigation; deposits received from outside sources for which the government is acting solely as a banker, fiscal agent, or custodian.

Budget Net Outlays

Budget net outlays are net of offsetting collections and offsetting receipts. Offsetting collections are from government accounts or the public that are of a business-type or market-oriented nature. When the collections are authorized by law to be credited to entity expenditure fund accounts and are generally available for expenditure without further legislation, they are deemed offsetting collections; otherwise, they are deposited in receipt accounts and called offsetting receipts. An example of a business-type collection from the public is proceeds from the sale of postage stamps.

Budget net outlays are generally accounted for based on checks issued, electronic funds transferred, or cash payments made; however, certain outlays do not require issuance of cash or checks. For example, federal debt is the largest legally and contractually binding obligation of the government and accrued interest on federal debt held by the public is a key metric for financial management decisions. Treasury records budget outlays for the interest on the debt held by the public as it accrues, not when it is paid. Treasury also records a non-cash budget outlay for amortized discount and premiums on debt held by the public over the life of the security.

There are also cash payments not included in budget outlays and therefore not included in the *Budget*. The government does not own deposit fund balances and monies paid by deposit funds are not budget outlays but rather a means of financing.

The budget net outlays total ties to the total budget outlays line of the *Cash Schedule*.

The General Fund's total budget net outlays ties to Table 5 of the published MTS with two exceptions. The first exception pertains to current year budget outlays recorded after the MTS publication date. In this situation, the MTS recognizes the activity in the next reporting period. The second exception pertains to budget outlays from a prior fiscal year that, if deemed not material for restatement, are recorded in the current fiscal year. While these transactions are recorded in the MTS in the prior fiscal year, the MTS is not re-published to reflect these adjustments. These transactions are approved jointly by OMB and Fiscal Service, which are recorded in the current fiscal year with an effective posting date of a prior fiscal year. These prior year budget outlays are recorded as current year activity in the *Schedules* whereas the published MTS only shows balances for the current fiscal year and prior fiscal year, so any transactions backdated further than the prior fiscal year are not reflected in the published MTS. The General Fund's position is consistent with the entities treatment of prior period transactions in that if deemed not material for restatement, this activity will be recorded in the current year.

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Budget Neutral Receipts and Outlays

Budget neutral receipts and outlays represent borrowings and other transactions involved in financing a deficit. This also includes debt repayment, the change in cash balances, and certain other transactions involved in using a surplus. The largest activity consists of financing activity and deposit fund activity.

Accrued interest on federal debt held by the public is recorded as a budget outlay as it accrues, not when it is paid. The cash payment to satisfy the liability for previously accrued interest is not included in the *Budget*. It is reflected in the budget neutral receipts and outlays of LFBWT.

From the budgetary perspective, monies received or paid by deposit funds are not government owned and considered a means of financing. They are not budget receipts or budget outlays and are included in the budget neutral receipts and outlays of LFBWT.

Other Adjustments

This balance is due to the reversal of the prior year adjustment for the principal of the Debt Issuance Suspension Period (DISP). A DISP is when Congress grants Treasury statutory authority to take certain actions in the event of a debt limit impasse. This is a period of time that the Treasury Secretary determines that the Treasury securities cannot be issued without exceeding the debt limit. Treasury records a liability with the Thrift Savings Plan (TSP) and Office of Personnel Management (OPM) for the debt principal owed with a corresponding asset due from the General Fund, which General Fund offsets in due to Treasury. This liability reflected the uninvested principal owed to the Government Securities Investment Fund (G Fund) within the TSP, the CSRDF, and the Postal Service Retiree Health Benefit Fund (PSHB) as a result of extraordinary measures taken during the period of delay in raising the statutory debt limit. The CSRDF and PSHB are managed by OPM. Accordingly, \$156.7 billion of the balance in other adjustments was comprised of General Fund removing LFBWT with the TSP and \$60.5 billion from OPM since the General Fund was already carrying a liability for the principal with Treasury.

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Note 10. Liability for Non-Federal Funds

FASAB's SFFAS No. 31, *Accounting for Fiduciary Activities*, defines fiduciary activity when an entity collects or receives and subsequently manages, protects, accounts for, invests, and/or disposes of cash or other assets in which non-federal individuals or entities have an ownership interest that the federal government must uphold. The fiduciary relationship must be based on statutory or other legal authority and the fiduciary activity must be in furtherance of that relationship. Non-federal parties must have an ownership interest in cash or other assets held by the entity under provision of law, regulation, or other fiduciary arrangement and must have judicial remedies available for any breach of the federal government's fiduciary obligation.

For the year ended September 30, 2022, fiduciary LFBWT net activity consisted of the following:

| Footnote 10: Liability for Non-Federal Funds | |
|--|------------------------------|
| As of and For the Year Ended September 30, 2022 | |
| <i>(In millions of dollars)</i> | |
| Federal Program Entity | Net Activity 2022 |
| Department of Defense | \$ (267.6) |
| Department of Labor | (18.5) |
| Bureau of Consumer Financial Protection | (7.4) |
| Department of the Interior | (6.9) |
| Library of Congress | (1.4) |
| Department of Transportation | (0.3) |
| National Labor Relations Board | 12.6 |
| The Judiciary | 19.8 |
| Department of State | 132.9 |
| Department of the Treasury | 328.3 |
| Federal Retirement Thrift Investment Board | 341.0 |
| Other | (70.7) |
| Total | \$ 461.8 |

Fiduciary cash and other assets are not assets of the government and are not recognized on the *Financial Report's* Balance Sheet. Examples of the government's fiduciary activities include the TSP administered by the Federal Retirement Thrift Investment Board, Navy's Foreign Cooperative Project, DoD's Public Savings Deposit Program, and the Indian Tribal and individual Indian Trust Funds administered by the Department of the Interior (DOI).

Federal Retirement Thrift Investment Board activity includes \$156.7 billion due to the reversal of the prior year adjustment for the principal of the DISP. See Note 9 – LFBWT for a more detailed discussion of the DISP adjustment. A DISP is when Congress grants Treasury statutory authority to take certain actions in the event of a debt limit impasse. This was a period of time that the Treasury Secretary determines that the Treasury securities cannot be issued without exceeding the debt limit. \$156.7 billion was comprised of General Fund removing LFBWT with the TSP since the General Fund was already carrying a liability for the principal with Treasury. Treasury records a liability with TSP for the debt principal owed with a corresponding asset due from the General Fund, which General Fund offsets in due to Treasury. This liability reflected the uninvested principal owed to the G Fund within the TSP.

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Note 11. Schedule of Changes in Cash Balance from Budget and Other Activities

The *Cash Schedule* reflects the adjustments for non-cash outlays included in the *Budget* and items affecting the cash balance not included in the *Budget* to explain the change in cash held by Treasury for government-wide operations. These adjustments are listed below.

Adjustments for Non-Cash Outlays included in the Budget

Non-cash flow amounts in the budget related to federal debt

Accrued interest, net amortization, and other

Debt is the largest legally and contractually binding obligation of the government and is backed by the full faith and credit of the U.S. government. Accrued interest on federal debt is a key metric for financial management decisions. Recording outlays in the *Budget* related to interest payments depends on the security type. For most security types, Treasury records outlays for the interest on the federal debt as the interest accrues for future payments, not when it disburses the cash interest payment. Treasury records outlays for the amortization on the federal debt as the original issue discount or premium is amortized over the life of the security, not when the security is issued or redeemed. The accrued interest line will not match the *Schedules of Federal Debt* in its entirety. GAS securities are recorded in the *Budget* differently than on the *Schedules of Federal Debt*. The *Budget* records GAS securities on a cash basis regardless if they are held by entities or by the public.

Non-cash flow amounts in the budget related to guaranteed and direct loan financing activity

Interest revenue on uninvested funds and interest expense on entity borrowings

Uninvested funds in the financing account consist of FBWT from borrowings and/or offsetting collections that have not been disbursed. Because entities earn and pay interest on the fund balance at the same interest rate, there is zero net effect for borrowing early and on an estimated basis. Entities must not net the interest earned on uninvested funds against interest expense at year-end. Entities must report the interest revenue and expense separately.

Entities year-end credit reform subsidy reestimates and subsidy expense (income)

The Federal Credit Reform Act of 1990 (FCRA) requires entities to estimate the cost to the government of extending or guaranteeing credit. This cost, referred to as subsidy cost, equals the net present value of estimated cash flows from the government (e.g., loan disbursements and claim payments to lenders) minus estimated cash flows to the government (e.g., loan repayments, interest payments, fees, and recoveries on defaulted loans) over the life of the loan, excluding administrative costs. Discount rates that reflect the federal government's cost of financing are used to determine the net present value of estimated cash flows. Entities generally update—or reestimate—subsidy costs annually to reflect both actual loan performance and changes in expected future loan performance.

Cash Flow from activities not included in the budget

Cash flow from non-budget activities related to federal debt

Interest Paid

Treasury typically records outlays for the interest on the federal debt as the interest accrues, not when it disburses cash. This line item represents the cash payments made to satisfy the liability for the interest on Treasury securities held by the public that was previously accrued. The ending cash balance has changed because of the interest payment, but the activity is not included in the *Budget*. As a result, the cash payment for the interest paid is part of cash flow from activities not included in the *Budget*.

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Cash flow from non-budget activities related to guaranteed and direct loan financing activity

Loan disbursements/default payments, fees, principal and interest repayments, and other collections on defaulted loans receivable and sale of foreclosed property

Some government programs provide assistance through direct loans or loan guarantees. A direct loan is a disbursement of funds by the government to a non-federal borrower under a contract that requires repayment of such funds with or without interest and includes economically equivalent transactions, such as the sale of federal assets on credit terms. A loan guarantee is any guarantee, insurance, or other pledge with respect to the payment of all or a part of the principal or interest on any debt obligation of a non-federal borrower to a non-federal lender. Under FCRA, the actual cash flows to and from the public associated with direct loans and loan guarantees (e.g., loan disbursements, collection of principal, interest and fees, and default payments on guarantees) are recorded in the credit programs' non-budgetary financing accounts. Credit financing accounts are excluded from the *Budget* because they are not allocations of resources by the government. The ending cash balance has changed because of these transactions, but the activity is not included in the *Budget*. As a result, these transactions are part of the cash flow from non-budget activities related to guaranteed and direct loan financing activity.

Special purpose vehicle disbursements and repayments of special purpose vehicle investments

The government invested in special purpose vehicles established by the Federal Reserve Board through the FRBNY and FRB of Boston for the purpose of enhancing the liquidity of the U.S. financial system. Despite being categorized as a credit financing account, special purpose vehicle investments are accounted for as equity investments at fair value, rather than as direct loans, as these instruments do not meet the criteria of SFFAS No. 2, *Accounting for Direct Loans and Loan Guarantees*. They are also excluded from the *Budget* because they are not allocations of resources by the government. The ending cash balance has changed because of these transactions, but the activity is not included in the *Budget*. As a result, these transactions are part of the cash flow from non-budget activities related to guaranteed and direct loan financing activity.

Cash flow from financing federal debt

Borrowings, Repayments, and Discount/Premium and Effect of uninvested principal from the Thrift Savings Plan G Fund

The *Budget* treats borrowings and debt repayments as a means of financing, not as receipts and outlays. This rule applies both to borrowing in the form of federal debt issued by Treasury and other entities. The borrowings and debt repayments par amounts are adjusted by the original issue discount and premium. The original issue discount and premium affects the ending cash balance. A delay in raising the statutory debt limit continued to exist as of September 30, 2021 and crossed fiscal years to December 16, 2022. Many extraordinary actions taken by Treasury during this period resulted in federal debt securities not being issued to certain federal government accounts. Consequently, the resulting uninvested principal from the Thrift Savings Plan G Fund was not reported on the Schedule of Federal Debt. The reversal to the federal debt securities not issued and uninvested principal from the Thrift Saving Plan has been reported in FY2022.

Other

Items such as allocations of special drawings rights, miscellaneous liability accounts, loans to the International Monetary Fund, other cash and monetary assets, non-federal securities of the National Railroad Retirement Investment Trust, miscellaneous asset accounts, transactions not applied to current year's surplus or deficit, other deposit fund liability balances, intra-governmental holdings related to deposit funds, and entity securities are included in the other line. These items are additional ways in which the deficit is financed and can also be found in the MTS – Table 6, Means of Financing the Deficit or Disposition of Surplus by the U.S. Government.

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Note 12. Due from Entities – Accrual Amounts

Accrual amounts are collections that the General Fund anticipates receiving from entities. Entities report the amounts to the General Fund throughout the fiscal year. The majority of these accruals are reported in GFRAs that will be remitted to the General Fund once collected. Entities record these as a liability to the General Fund, and General Fund records a corresponding asset. Since accruals are not reported by entities through CARS, the General Fund must rely on trading partner correspondence to substantiate a significant portion of their accruals in order to reciprocate amounts. The General Fund is not in a position to assess collectability of these accruals. Balances are adjusted on a quarterly basis.

**Footnote 12: Due from Entities - Accrual Amounts
As of and For the Year Ended September 30, 2022**

(In millions of dollars)

| General Fund receipt accounts by major class | 2022 |
|--|--------------------|
| Negative subsidies and downward reestimates of subsidies | \$ 40,966.5 |
| Realization upon loans and investments | 9,209.2 |
| Customs duties | 7,791.7 |
| Supplemental security income program, SSA | 3,985.6 |
| Fees and other charges for services and special benefits | 3,100.4 |
| Fines, penalties, and forfeitures | 2,765.8 |
| Recoveries and refunds | 2,254.4 |
| Dividends and other earnings | 724.8 |
| Trust Fund Receipts Accounts | 373.2 |
| Interest | 247.6 |
| Taxes | 244.5 |
| Special Fund Receipt Accounts | 148.0 |
| Fees for regulatory and judicial services | 7.3 |
| Royalties | 5.6 |
| Sale of products | 4.6 |
| Other | 3,035.1 |
| Total | \$ 74,864.3 |

Negative Subsidies and Downward Reestimates of Subsidies

In accordance with the FCRA of 1990, the subsidy costs for each cohort of loans within federal credit programs are reestimated annually. The reestimate amount reflects a current year change to the prior year lifetime cost estimate for a cohort of loans. An upward reestimate for a cohort of loans indicates an increase in the expected lifetime estimate and a downward reestimate indicates a decrease in the expected lifetime cost. Entities upward reestimates are funded in the following year by permanent indefinite budget authority, while downward reestimates are returned by entities to a Treasury general fund.

As of September 30, 2022, \$41.0 billion of the total accrual balance is due to negative subsidies and downward reestimates, largely with Education. This balance consists of reestimates of the Direct Loan program as well as reestimates for the Federal Family Education Loan (FFEL).

Education's downward reestimates for the Direct Loan program are primarily a result of model changes to the Income Driven Repayment (IDR) for payments of student loans, the Public Service Loan Forgiveness (PSLF)

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waiver, as well as broad-based debt relief to student loan borrowers. Education had a net upward reestimate in the FFEL program also due primarily to updates of the IDR model changes in the Loan Purchase Commitment and Loan Participation Purchase program.

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Note 13. Other Liabilities

This amount represents a liability, or future funds required of the General Fund, for lost revenue associated with the services that will be provided in a given year for free and reduced mail rate services to the USPS related to revenue forgone and free and reduced rate mail for the blind and overseas balloting. The Revenue Forgone Reform Act of 1993 eliminated appropriations to support reduced rates for non-profits and required annual appropriations of \$29 million (includes principal and interest) from fiscal years 1994 through 2035, totaling \$1.2 billion for revenue forgone. Per USPS financial disclosures: Congress agreed to reimburse the USPS \$1.2 billion in 42 annual "installments" of \$29 million through the year 2035 for certain services the Postal Service performed during years 1991 through 1998. USPS recorded the net present value and imputes interest on the amount, additionally \$279 million of the balance is past due.

Out of the \$524.3 million in other liabilities, \$509.6 million represents the beginning balance plus \$17.7 million due to imputed interest accruing throughout the fiscal year minus \$3 million due to free and reduced mail rate. USPS records these as an asset in their financial statements, and the General Fund reports a corresponding liability. Since other liabilities is not recorded by the entities through CARS, the General Fund must rely on trading partner correspondence to substantiate a significant portion of their accrued asset in order to reciprocate the accrued liability. Balances are adjusted on a quarterly basis.

This ongoing appropriation is awarded to the USPS. The revenue is estimated on an annual basis and forwarded to Congress with a funding request. The estimate made at the beginning of the year is reconciled at the end of the year with the actual value of services provided during the year. If the actual services provided differ from the underlying funding amount, the USPS requests additional funding or returns any of the excess funding through a reduction to the next revenue forgone funding request. General Fund records the offset to this liability in the other General Fund financing sources line item in Note 2.

Appendix I: Previously Reported Internal Control Deficiencies

This appendix includes a description of each deficiency, the Bureau of the Fiscal Service's progress in addressing the deficiencies, and their potential effect on the Schedules of the General Fund. The first section includes the three significant deficiencies related to (1) identifying and tracing transactions in the Schedules of the General Fund general ledgers, (2) information system controls, and (3) management's monitoring of internal control over financial reporting. The second section includes the two control deficiencies related to (1) supporting account attributes of active Treasury Account Symbols (TAS) and (2) restricting access to TASs. Additionally, see appendixes III and IV for the status of our prior recommendations as of September 30, 2022.

Significant Deficiency That Contributed to Our Disclaimer of Opinion on the Schedules of the General Fund

The significant deficiency related to identifying and tracing transactions in the Schedules of the General Fund general ledgers, discussed below, contributed to our disclaimer of opinion on the Schedules of the General Fund.

During our fiscal year 2022 audit, we continued to report a significant deficiency that we initially identified in fiscal year 2018 related to identifying and tracing transactions in the Schedules of the General Fund general ledgers involving activities related to the following two areas: (1) identifying journal entries and (2) identifying transactions in certain line items. Below is an update on Fiscal Service's progress to date.

Identifying journal entries. Fiscal Service established mapping rules to generate the journal entries recorded to the General Fund of the U.S. government general ledgers for the transaction data transmitted daily from the Central Accounting Reporting System (CARS). Given the complexities involved in how journal entries post, Fiscal Service is unable to readily identify all journal entries related to a specific transaction, and is similarly unable to identify the transaction that is the source of a given

journal entry. Contributing to this complexity is how transaction data from a variety of source systems are reported to CARS daily. Identifying journal entries is further complicated after initial journal entries are posted, as federal entities can make adjustments that, under the current mapping rules, cannot be traced to the original transaction.

Most of the transaction data that source systems report to CARS include the TAS and Business Event Type Code (BETC) classification information necessary to report transactions to the proper line items of the Schedules of the General Fund. Specifically, a TAS is a unique identifier associated with a federal entity's individual appropriation, receipt, or other fund account that the Department of the Treasury assigns in collaboration with the Office of Management and Budget (OMB). Fiscal Service assigns attributes to each TAS, such as an agency identification code, main account code, and available BETCs, and inputs this information into CARS. These attributes determine how transactions recorded to each TAS are reported within the line items on the Schedules of the General Fund.

However, certain entities report TAS and BETC classification information to CARS for their transaction data separate from the information reported from the source systems. In addition, entities may submit reclassifications to transaction data previously reported to CARS. During our fiscal year 2018 audit, we found that Fiscal Service could not readily identify and trace transactions to determine whether they were complete and properly recorded in the correct general ledger accounts and line items on the Schedules of the General Fund.

In fiscal year 2020, Fiscal Service developed a remediation plan to address its inability to readily trace the final TAS and BETC classification information that entities report for their transaction data. Specifically, Fiscal Service identified the need to link journal entries that report (1) TAS and BETC classification information to CARS separately from the transaction data reported through the source systems and (2) entities' reclassification of TAS and BETC information to transactions previously recorded in CARS. In both instances, the entity transaction data are currently recorded at a summarized level, which prevents Fiscal Service from tracing the data to the original transaction data that the source systems reported.

Fiscal Service determined that the best use of its resources for resolving the first key area would be focusing on converting federal entities to full-CARS reporters, rather than redesigning the reporting process to obtain

the level of detail required for traceability from non-CARS reporters.¹ While Fiscal Service made progress in converting federal entities to full-CARS reporters, it does not anticipate full conversion until approximately fiscal year 2028.² Fiscal Service acknowledges that this plan depends significantly on federal entity cooperation.

In order to address the second key area—related to identifying and tracing reclassifications to the original journal entries reported to CARS—Fiscal Service began by analyzing the population of reclassifications and meeting with entities to discuss the reasons for reporting reclassifications. It found that entities were using the reclassification submission process to report transactions other than reclassifications, such as transfers of funding and noncash transactions.³ As a result, Fiscal Service issued guidance to entities on the appropriate reporting of reclassifications, transfers, and noncash transactions as well as on reconciling CARS activity.

In addition, Fiscal Service developed a new process for reporting transfers and noncash transactions in CARS, which became available for certain entities to use beginning in fiscal year 2023. Fiscal Service also plans to improve the reclassification submission process within CARS to enable federal entities to report reclassification data at an appropriately detailed level by approximately fiscal year 2027. Until entities report reclassification data at the appropriately detailed level, we cannot determine whether transactions are completely and accurately recorded and reported in the appropriate general ledger accounts and line items on the Schedules of the General Fund. (Refer to app. III, recommendation 18-01.)

Identifying transactions in certain line items. The majority of the federal government's financial transactions are reported to CARS on a

¹Full-CARS reporters submit classification information for a transaction through the source system in which the transaction occurs. Non-CARS reporters summarize the classification information for transactions on a monthly basis and report it separately from the source system in which the transactions occur.

²Due to the extended remediation timeline, Fiscal Service is determining if it can use information from sources other than CARS to quantify the effect of activity from non-CARS reporters, such as the Department of Defense, on each affected line item on the Schedules of the General Fund.

³A transfer or noncash transaction is activity not related to a payment or collection reported by a source system but that is still required to be reported to CARS for government-wide reporting purposes.

daily basis. Fiscal Service established mapping rules to generate the journal entries recorded in the General Fund general ledgers for the transaction data transmitted daily from CARS. Federal entities that have fully implemented CARS can classify payments, collections, and intragovernmental transactions upon initiation, including assigning the TAS and BETC. The TAS and BETC classifications determine how transactions are recorded in the General Fund general ledgers based on the mapping rules and subsequently determine how transactions are reported on the Schedules of the General Fund. However, Fiscal Service must manually record or adjust some transactions for the data not reported in CARS. These transactions are not recorded directly into the General Fund general ledgers using the established mapping rules to be properly reported on the Schedules of the General Fund.

During our fiscal year 2018 audit, we found that amounts recorded in certain line items on the Schedules of the General Fund, such as direct and guaranteed loan financing activity, lacked sufficient details for tracing the amounts to specific transactions. Specifically, Fiscal Service did not design sufficient transaction codes that federal entities could use to provide it with information, at the transaction level, to support certain line items (e.g., the budget deficit) on the Schedules of the General Fund. In response to this finding, Fiscal Service developed several new BETCs and the corresponding mapping rules for (1) recording direct and guaranteed loan financing activity and (2) distinguishing between disbursement types that would enable it to trace transactions from the general ledgers to the respective line items and improve the reporting of General Fund transactions and balances. Fiscal Service also annually publishes guidance on its website and developed automated data checks within the Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS) to help federal entities understand how to properly use the new BETCs.⁴

However, based on the GTAS edit checks that Fiscal Service developed, most federal entities had not used the new BETCs accurately or consistently during fiscal year 2022. In addition, Fiscal Service had not yet completed its review of line items related to federal debt securities and other General Fund activity or determined the reporting requirements needed to capture the effect of this activity on the Schedules of the General Fund. Therefore, Fiscal Service continues to use sources

⁴GTAS is an application used to compile all federal entity data submissions of fiscal year-end adjusted trial balances and additional details from audited financial statements for Treasury to use to prepare the consolidated financial statements of the U.S. government.

external to the General Fund to obtain the information used to allocate this activity to the appropriate line items. Until all transactions are reported at the appropriate level of detail in the general ledgers, we cannot determine whether certain line items are properly supported. (Refer to app. III, recommendation 18-03.)

Resolution of a previously identified component of the significant deficiency contributing to the disclaimer of opinion. As reported in our prior audits of the Schedules of the General Fund, we found that payment vouchers recorded in the general ledgers, most of which are included in the Cash Out line item of the Schedules of the General Fund, could not be readily traced to payment schedules that the federal entities certified for Treasury disbursement. Our previous reports focused on the original payment transactions and did not include postpayment activity, which is reported as part of the significant deficiency contributing to our disclaimer of opinion discussed in this report.

Since our fiscal year 2018 audit, Fiscal Service developed a systematic reconciliation to trace payment schedules to payment vouchers for original electronic and check payments. Specifically, this reconciliation uses the payment schedule information from a payment accounting system for upload into the General Fund general ledger to generate various reports with the information necessary to identify and trace payment schedules to payment vouchers. During fiscal year 2021, Fiscal Service generated monthly reconciliation reports to trace payment schedules to payment vouchers for original electronic and check payments recorded in fiscal year 2020. As such, Fiscal Service sufficiently addressed the internal control issues related to this area such that we no longer consider this to be a contributing factor to the significant deficiency in internal control over financial reporting contributing to our disclaimer of opinion.

Other Significant Deficiencies

In addition to the significant deficiency discussed above that contributed to our disclaimer of opinion on the Schedules of the General Fund, we continued to find two other significant deficiencies in internal control: one related to information system controls and one related to management's monitoring of internal control over financial reporting.

Information System Controls

During our audit, we determined that information system control deficiencies continue to collectively represent a significant deficiency in Fiscal Service's internal control over financial reporting. There were 17 information system general and application controls deficiencies affecting the Schedules of the General Fund. These deficiencies related to access controls, configuration management, and security management. Of these 17 deficiencies, seven continuing deficiencies were reported in connection with the audit of Treasury's fiscal year 2022 consolidated financial statements and directly affect the Cash Out line item of the Schedules of the General Fund.⁵ Additionally, in connection with our audit of the fiscal year 2022 Schedules of Federal Debt, we reported 10 continuing deficiencies related to Fiscal Service systems that affect the Cash Out and Federal Debt and Accrued Interest Payable line items of the Schedules of the General Fund.⁶

Certain control deficiencies identified affect Fiscal Service's mainframe, which operates as the general support system for key systems that process cash outflows. Control deficiencies with the general support system affect the reliability of application-level controls that depend on that general support system. During fiscal year 2022, the General Fund reported nearly \$22.8 trillion in cash outflows. Debt repayments and tax refunds collectively represent most of the cash outflows. Debt repayments and tax refunds are reported in the fiscal year 2022 Schedules of Federal Debt and the Internal Revenue Service's fiscal year 2022 financial statements, respectively, which we audited and reported on separately.⁷

Federal entities' ability to access their cash activity and to verify whether the General Fund's cash outflow amounts match their own records mitigated the potential effect of these deficiencies on the Schedules of the General Fund. This lessens the likelihood of a material misstatement of

⁵Department of the Treasury, Office of Inspector General, *Financial Management: Audit of the Department of the Treasury's Consolidated Financial Statements for Fiscal Years 2022 and 2021*, OIG-23-007 (Washington, D.C.: Nov. 15, 2022), and *Financial Management: Management Report for the Audit of the Department of the Treasury's Consolidated Financial Statements for Fiscal Years 2022 and 2021*, OIG-23-019 (Washington, D.C.: Dec. 21, 2022).

⁶See GAO, *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).

⁷See [GAO-23-105586](#), and GAO, *Financial Audit: IRS's FY 2022 and FY 2021 Financial Statements*, [GAO-23-105564](#) (Washington, D.C.: Nov. 10, 2022).

cash outflows on the Schedules of the General Fund. Nevertheless, these information system-related control deficiencies increase the risk of unauthorized access to, modification of, or disclosure of sensitive data and programs; unauthorized configuration changes; and inadequate security controls.

While this significant deficiency in internal control over financial reporting continued to exist as of September 30, 2022, Fiscal Service made progress in addressing certain contributing information system control deficiencies since fiscal year 2020. Specifically, Fiscal Service implemented corrective actions to strengthen access controls and segregation of duties over various applications. For example, Fiscal Service improved (1) its ability to log and review auditable events by formalizing procedures for the review and investigation of abnormal events and (2) access controls and segregation of duties by documenting procedures and processes for managing user accounts. As a result, we have closed four of our prior recommendations. Continued and consistent management commitment (for those deficiencies under the purview of the Commissioner of the Fiscal Service) will be essential to remediating the remaining deficiencies, especially those related to Fiscal Service's mainframe.

Additionally, see appendix IV for the status of our prior recommendations related to this finding as of September 30, 2022, as well as appendix V for the status of control deficiencies previously reported as part of the audit of Treasury's consolidated financial statements that are relevant to the Schedules of the General Fund.

Management's Monitoring of Internal Control over Financial Reporting

The previously identified significant deficiency in Fiscal Service management's monitoring of internal control over financial reporting, initially identified in our fiscal year 2018 audit, remains as of September 30, 2022. While Fiscal Service made some improvements to its test plans, Fiscal Service did not adequately identify or test all relevant controls over material financial statement line items. For instance, we continued to find that Fiscal Service did not test all relevant controls over the assignment of TAS attributes as part of its OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, review for the Schedules of the General Fund. These controls over the assignment of TAS attributes relate to the second scope

limitation we identified above. Although we identified some of these untested controls during our fiscal year 2020 audit, and communicated them to management, the controls continued to be untested in fiscal year 2022.

Additionally, while Fiscal Service's A-123 review included tests of information system general controls, several information system application controls were omitted from testing. Furthermore, Fiscal Service did not effectively monitor the operation of controls at its service organizations, specifically for those related to collection transactions. Until Fiscal Service fully establishes proper monitoring activities for its internal control system, management's ability to identify deficiencies, if any, and evaluate and develop remediation plans to address those issues in a timely manner is impaired. (Refer to app. III, recommendation 18-05.)

Other Control Deficiencies

In addition to the significant deficiencies discussed above, we identified the following two continuing deficiencies in internal control, which we do not consider to be material weaknesses or significant deficiencies. The details are described below.

Supporting Account Attributes of Active TASs

Fiscal Service is responsible for establishing TASs in CARS and ensuring any changes requiring changes to TAS attributes are properly reflected. When establishing a TAS, Fiscal Service documents information such as the account name, responsible entity, legal authority, and OMB guidance used to support the establishment (as applicable). The information, which Fiscal Service compiles from various sources, including statutes and regulations, OMB, and the requesting federal entity, determines the attributes assigned to the account. During our fiscal year 2020 audit, we found that Fiscal Service could not readily provide sufficient support for certain TAS attributes and BETC assignments. A TAS is a unique identification code that Treasury, in collaboration with OMB, assigns to a federal entity's individual appropriation, receipt, or other fund account. The attributes assigned to a TAS, such as an agency identification code, main account code, and available BETCs, determine how Fiscal Service reports transactions within the line items on the Schedules of the General Fund.

In 2022, Fiscal Service developed a remediation plan to address its inability to sufficiently support account attributes and available BETCs for approximately 18,500 active TASs. As part of the remediation plan, in order to support the account attributes assigned to each active TAS, Fiscal Service plans to compile a standard set of documentation, or will leverage existing documentation, when possible. Fiscal Service anticipates completing the support packages for all active TASs by approximately fiscal year 2027. During our audit, we requested documentation packages from Fiscal Service to validate the attributes for a nonstatistical selection of 30 active TASs from the 985 active TASs that Fiscal Service identified as ready for testing. We found that Fiscal Service lacked sufficient appropriate documentation to support the account attributes assigned for six of the 30 TASs selected. Fiscal Service plans to update its documentation compilation process going forward to address the issues we found.

Further, Fiscal Service is in the process of analyzing BETCs available to active TASs and plans to develop criteria and implement procedures for assigning BETCs to newly established TASs and for periodically reviewing BETCs available to active TASs. Until Fiscal Service can demonstrate TAS attributes, including assigned BETCs, are appropriately assigned to active TASs, we cannot determine whether entity transactions are properly reported in the Schedules of the General Fund. (Refer to app. III, recommendation 20-01.)

Restricting Access to TASs

Fiscal Service assigns federal entities agency location codes (ALC) to use when reporting their transactions to CARS.⁸ Using their assigned ALCs, federal entities assign corresponding TASs to their transactions, which have certain attributes (for example, agency identification code and main account code) that determine how those transactions are reported within the line items on the Schedules of the General Fund. During our fiscal year 2020 audit, we identified a control deficiency related to federal entities' capability to report transactions to any TAS that is active within CARS regardless of whether an entity's ALCs are assigned to the TAS.

⁸An ALC is a unique numeric symbol used to identify an accounting office within a federal entity that reports payments and collections to CARS. A federal entity can have multiple ALCs assigned to it, and each ALC can be associated with multiple TASs.

**Appendix I: Previously Reported Internal
Control Deficiencies**

During our fiscal year 2022 audit, Fiscal Service developed a remediation plan to prevent federal entities from using a TAS not assigned to them or to detect when that occurs. In order to establish a set of criteria, Fiscal Service plans to analyze TAS and ALC relationships and validate these relationships with federal entities. Fiscal Service also plans to evaluate the feasibility of restricting TAS access in source systems and of developing a mechanism to identify inappropriate TAS use based on the approved TAS and ALC relationships. Until Fiscal Service restricts or detects TAS use for only assigned ALCs, we cannot determine whether entity transactions are valid and reported accurately in the Schedules of the General Fund. (Refer to app. III, recommendation 20-03.)

Appendix II: Internal Control Deficiencies Identified during the Fiscal Year 2022 Schedules of the General Fund Audit

This appendix describes six new deficiencies and related recommendations addressing (1) reporting of other assets, (2) Treasury Account Symbol (TAS) legal authority, (3) tracing postpayment vouchers to cancellation schedules, (4) line item classification of cash activity, (5) Bureau of the Fiscal Service oversight of financial agents, and (6) Fiscal Service oversight of fiscal agents.

Other Deficiencies

Reporting of Other Assets

The Other Assets line item of the Schedules of the General Fund includes cash and other investments held outside of Treasury (CIHO) that are owed to the General Fund. Entities with custodial responsibility hold these assets outside of the Department of the Treasury and are responsible for reporting amounts to the Central Accounting Reporting System (CARS). Entities may also report funds held outside of Treasury, which are included in line items other than Other Assets on the Schedules of the General Fund.

Condition. During our audit, we found that entities did not have guidance or criteria on how to define and report on (1) CIHO and (2) funds held outside of Treasury, in order for Fiscal Service to accurately and completely report these amounts on the Schedules of the General Fund. In addition, full-CARS reporters did not have a method for reporting their CIHO accurately and completely to CARS.¹

¹Full-CARS reporters refers to entities that submit classification information for a transaction through the source system in which the transaction occurs.

Criteria. Internal control standards state that management should design control activities to achieve objectives and respond to risks.² These control activities should reasonably assure that transactions are completely and accurately recorded.

Cause. Fiscal Service has not developed criteria to differentiate CIHO and funds held outside of Treasury or provided guidance to entities on how to report each of them. In addition, Fiscal Service has not developed a methodology for full-CARS reporters to report their CIHO to CARS.

Effect. By not developing reporting criteria for CIHO and funds held outside of Treasury as well as a methodology for certain entities to report CIHO in CARS, Fiscal Service is unable to obtain adequate information to substantiate that CIHO and funds held outside of Treasury are accurately and completely reported on the Schedules of the General Fund. Additionally, Fiscal Service is unable to determine where funds held outside of Treasury should be properly reported on the Schedules of the General Fund.

Recommendation for Executive Action. The Commissioner of Fiscal Service should develop (1) reporting criteria for CIHO and funds held outside of Treasury and (2) a methodology for full-CARS reporters to report CIHO to CARS. (Recommendation 1)

TAS Legal Authority

At the end of the fiscal year, Fiscal Service performs certain administrative procedures to create TASs for the next fiscal year. This includes coordinating with federal entities regarding TASs with expiring periods of availability for which entities expect a subsequent appropriation to be enacted with a new period of availability. Fiscal Service establishes such TASs with a new period of availability in CARS and refers to them as rollover accounts. Once established, rollover accounts may immediately receive funding via a transfer, which could then be available for entities to expend. Fiscal Service often establishes these TASs before the enactment of applicable appropriations, which provide the legal authority for these accounts. As a result, Fiscal Service is unable to

²GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: September 2014).

review the legal authority for these rollover accounts when establishing them.

Condition. During our audit, we found four active TASs, which Fiscal Service established during the account rollover process, that remained open despite not ultimately receiving legal authority.

Criteria. Internal control standards state that management should design control activities to achieve objectives and respond to risks.³ These control activities should reasonably assure that all accounts available for federal entity use have legal authority to support the period of availability.

Cause. Fiscal Service has not properly designed and implemented control activities to identify and close TASs established during the annual fiscal year rollover process that do not subsequently have corresponding appropriations to support the period of availability.

Effect. Without controls to identify and close TASs established during the annual fiscal year-end rollover process that are not eventually legally authorized, Fiscal Service increases the risk that federal entities inappropriately transfer funding to accounts without legal authority, which could result in the misuse of funding outside of the authorized period of availability.

Recommendation for Executive Action. The Commissioner of Fiscal Service should design and implement controls to identify and close TASs established during the annual fiscal year-end rollover process that do not subsequently have corresponding appropriations supporting the period of availability. (Recommendation 2)

Tracing Postpayment Vouchers to Cancellation Schedules

Fiscal Service's Treasury Disbursing Offices (TDO) process the majority of federal payments. They process payments using entity certified and submitted payment schedules. The Federal Reserve Bank or Fiscal Service groups the payment schedules into electronic payments or check vouchers that are recorded in the General Fund general ledgers. When payments are returned or canceled, they are referred to as postpayments and the following occurs:

³[GAO-14-704G](#).

- a Federal Reserve Bank or Fiscal Service payment system generates a voucher that is recorded in the General Fund general ledgers to cancel the electronic or check payments and
- Fiscal Service's payment systems generate cancellation schedules to credit the federal entities by assigning the return or cancellation with the same agency location codes (ALC), TAS, and adjustment Business Event Type Code (BETC) as the original payment or to a Fiscal Service ALC and TAS so that Fiscal Service can credit the funds to the federal entity.⁴

While the cancellation schedules provide detailed information on the postpayment transaction, the TDO postpayment vouchers recorded in the General Fund general ledgers are at a summary level, and each postpayment voucher consists of one or multiple cancellation schedules.⁵

Condition. During our audit, we found that electronic and check postpayment vouchers recorded in the general ledgers, which are included in the Cash In and Cash Out line items of the Schedules of the General Fund, could not be readily traced to the cancellation schedules that are credited to federal entities.⁶ Specifically, Fiscal Service does not have a process in place that would allow it to readily provide a direct link between the TDO postpayment voucher amounts recorded in the general ledgers and cancellation schedule(s). In addition, we found that the returned or canceled payments in the cancellation schedules could not be readily traced to federal entities' TASs and adjustment BETCs for the original payments. While Fiscal Service can identify and provide information for specified postpayment vouchers and cancellation schedules, this is a manual, time-consuming process, which requires extensive research into multiple payment systems.

Fiscal Service previously developed and implemented a systematic reconciliation that traces the original payment vouchers to payment

⁴Postpayments usually result in crediting the federal entities' Fund Balance with Treasury accounts through the assigned TAS and BETC as the entities were charged for the original payment when they certified and submitted the payment schedules.

⁵Postpayment vouchers in the general ledgers also include activity related to offset or invalid check payments that Fiscal Service's payment processing systems screened and canceled. Check payments are screened for offset payments related to delinquent debts, such as taxes or child support owed to federal entities or states. Check payments are also screened for invalid information, such as invalid payee name and address. The invalid and offset checks are included in cancellation schedule(s).

⁶Postpayments include the vouchers for offset and invalid check payments and the resulting cancellation schedule(s).

schedules (which we previously reported as, but no longer consider, a contributing factor to a scope limitation). However, Fiscal Service did not include electronic and check postpayment activity in its reconciliation due to system limitations in traceability. Rather, Fiscal Service planned to address this through a more comprehensive long-term modernization effort referred to as the Post Payment Modernization Initiative. According to Fiscal Service, the goals of the initiative include streamlining and enhancing the transaction tracing process, including the ability to trace TDO postpayment activity.

As part of this initiative, Fiscal Service plans to replace several of its legacy payment systems with a new system called Payment Information View of Transactions (PIVOT) by fiscal year 2025. Fiscal Service initially stated that PIVOT would have provided one source of data for payment records and would eliminate legacy systems' obsolete processes, software, and technology, while increasing scalability for future expansion. However, at the end of fiscal year 2022, management decided that PIVOT would no longer include system enhancements to address the traceability issues for TDO postpayments and that Fiscal Service will continue to explore alternatives to address the traceability issues.

Criteria. Internal control standards state that management should design control activities to achieve objectives and respond to risks.⁷ For financial reporting, such objectives include the existence, completeness, and accuracy of reported amounts.

Cause. Fiscal Service experienced difficulties in linking the electronic and check postpayment vouchers to cancellation schedules and to the original payment due to the multiple payment systems that process and report transactions in various levels of detail. The postpayment vouchers recorded in the general ledgers are at a summary level and do not contain key information, such as the cancellation schedule numbers, that could facilitate the tracing of postpayment vouchers to the returns or cancellations that are credited to the federal entity. In addition, Fiscal Service's payment systems cannot export postpayment data in a format usable for a systematic reconciliation, such as the one for electronic payments and check issuances.

Effect. Without maintaining direct links between the postpayment vouchers, cancellation schedules, and TAS and BETC classifications for

⁷[GAO-14-704G](#).

the returned or canceled payments, Fiscal Service cannot readily trace postpayment transactions to the canceled amounts that are credited to the federal entities.

Recommendation for Executive Action. The Commissioner of Fiscal Service should develop and implement a mechanism to reasonably assure that postpayment voucher transactions recorded in the Schedules of the General Fund general ledgers are readily traceable to the cancellation schedules and the returned or canceled payments that are credited to federal entities. (Recommendation 3)

Line Item Classification of Cash Activity

Cash activity for government-wide operations is presented in the Cash In and Cash Out line items on the Schedules of the General Fund. Cash transactions, which consist of collection, payment (including check issuances), and adjustment (such as corrections) vouchers, are recorded in three *U.S. Standard General Ledger* (USSGL) accounts.⁸ Since collections, payments, and adjustments are commingled within these three USSGL accounts, Fiscal Service manually classifies certain cash transaction types as Cash In and Cash Out as part of preparing the Schedules of the General Fund.

Condition. During our audit, we found that Fiscal Service's methodology did not include its rationale for manually classifying cash transaction types inconsistently. For example, adjustments to some collection transactions are offset within the same line item as the original transaction. However, adjustments to payment transactions are not consistently recorded within the same line item as the original transaction. Additionally, certain activity, such as payments related to federal entity taxes, is included in both the Cash In and Cash Out line items.⁹

Criteria. Internal control standards state that management should design control activities to achieve objectives and respond to risks. For financial

⁸USSGL is a uniform chart of accounts and guidance for standardizing U.S. federal accounting.

⁹Federal entity tax activity consists of entity tax payments to the Internal Revenue Service (e.g., withheld employee taxes, such as Social Security taxes) and Internal Revenue Service tax collections. While this activity does not result in cash movement and nets to zero at fiscal year-end, it increases both the Cash In and Cash Out line items.

reporting, such objectives include properly classifying transactions within the financial statements.¹⁰

Cause. Fiscal Service has not established an adequate methodology, including sufficient review procedures, to manually classify all cash transaction types to the Cash In and Cash Out line items on the Schedules of the General Fund.

Effect. By not establishing an adequate methodology to classify all cash transaction types to the Cash In and Cash Out line items, Fiscal Service risks inaccurately reporting the line items on the Schedules of the General Fund.

Recommendation for Executive Action. The Commissioner of Fiscal Service should enhance the methodology for classifying cash activity, sufficient to support accurate reporting of line items on the Schedules of the General Fund, to include all transaction types as well as adequate review procedures. (Recommendation 4)

Fiscal Service Oversight of Financial Agents

Treasury has statutory authority to designate financial institutions as its financial agents under 12 U.S.C. § 90 and 12 U.S.C. § 265.¹¹ Financial agents are responsible for operating various collection reporting programs to process, settle, and report collection transactions on behalf of the federal government.¹² Fiscal Service designates and specifies its relationship with each financial agent through a Financial Agency Agreement (FAA). FAAs include a requirement for each financial agent to provide Fiscal Service with an annual certification attesting its compliance with the FAA and certain provisions, including compliance with internal control requirements. In fiscal year 2022, Fiscal Service updated its policy for overseeing financial agents and verifying that internal controls over collection reporting programs are effective. For fiscal year 2022, there were 11 FAAs for collection reporting programs relevant to the Schedules of the General Fund.

¹⁰[GAO-14-704G](#).

¹¹Financial institutions include banks under national banking associations and insured banks.

¹²The majority of this cash activity is reported in the Cash In line item on the Schedules of the General Fund.

Condition. During our audit, we found deficiencies with both Fiscal Service’s policy and the FAAs related to Fiscal Service’s oversight of its financial agents. Specifically, Fiscal Service’s policy does not clearly document how it verifies that internal control over financial reporting at the collection reporting programs are designed, implemented, and operating effectively. Although the policy requires a System and Organization Control (SOC-1®) report for eight of 11 collection reporting programs, it requires a Security Assessment Report (SAR) for the remaining three.¹³ However, a SAR does not report on the effectiveness of internal control over financial reporting. Furthermore, Fiscal Service has not yet updated the respective FAAs for five of the eight collection reporting programs to include the new SOC-1® requirement.¹⁴

Additionally, Fiscal Service has not documented requirements related to (1) the SOC-1® report coverage period, (2) a bridge letter if necessary, and (3) report submission to Fiscal Service to permit timely review of the results.

Criteria. Internal control standards state that management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.¹⁵

Cause. Fiscal Service has not developed sufficient requirements to effectively monitor its financial agents and reasonably assure that internal control over financial reporting are operating effectively for the collection reporting programs.

Effect. Without sufficient requirements to monitor internal control over financial reporting for the collection reporting programs, Fiscal Service

¹³A SOC-1® report is an independent examination that relates to controls at a service organization (such as a financial agent) that are likely to be relevant to user entities’ internal control over financial reporting (such as Fiscal Service). A SAR documents the findings of the assessor and the recommendations for correcting any identified vulnerabilities in security controls.

¹⁴While these five FAAs each have a clause that states that additional independent audits may be required, the new requirement has not been clearly documented. Fiscal Service indicated that it intends to update these FAAs with an annual requirement for the SOC-1® report during the next renewal period; however, some of these FAAs have extension periods that run until 2028.

¹⁵[GAO-14-704G](#).

risks inaccurate and incomplete reporting of collection transactions on the Schedules of the General Fund.

Recommendation for Executive Action. The Commissioner of Fiscal Service should enhance the design and implementation of the oversight policy and the FAAs to effectively monitor the financial agents. (Recommendation 5)

Fiscal Service Oversight of Fiscal Agents

Treasury has statutory authority to designate the Federal Reserve Banks (FRB) as its fiscal agents under 12 U.S.C. § 391. Fiscal agents are responsible for operating various systems to process, settle, and report cash transactions on behalf of the federal government. In some instances, an FRB initiates the transactions on behalf of certain entities using written instructions from authorized entity officials.

Condition. During our audit, we found deficiencies with Fiscal Service's policies and procedures related to its oversight of its fiscal agents. Specifically, Fiscal Service has not established sufficient policies and procedures to reasonably assure transactions FRBs recorded are accurate and complete, such as tests to verify that (1) the amounts and other data were recorded accurately in the FRB-operated systems and (2) the transaction files from these systems that are reported to CARS are complete.

Criteria. Internal control standards state that management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.¹⁶

Cause. Fiscal Service has not developed sufficient requirements to effectively monitor its fiscal agents and reasonably assure internal control over financial reporting are operating effectively for the transactions recorded by the FRB.

Effect. Without sufficient requirements to monitor internal control over financial reporting for the transactions FRB records, Fiscal Service risks inaccurate and incomplete reporting of collection and payment transactions on the Schedules of the General Fund.

¹⁶[GAO-14-704G](#).

**Appendix II: Internal Control Deficiencies
Identified during the Fiscal Year 2022
Schedules of the General Fund Audit**

Recommendation for Executive Action. The Commissioner of Fiscal Service should design and implement policies and procedures to effectively monitor the fiscal agents. (Recommendation 6)

Appendix III: Status of GAO's Prior Recommendations

Table 1 shows the status of nine prior recommendations that remained open as of September 30, 2020, related to the Schedules of the General Fund. Fiscal Service took action to address four of these recommendations, and as of September 30, 2022, five of these prior recommendations remain open. The abbreviations used are defined in the legend at the end of the table.

Table 1: Status of Prior Recommendations Related to the Schedules of the General Fund as of September 30, 2022

| | Number | Recommendation and analysis of corrective actions taken | Status |
|---|--------|--|--------|
| Identifying and tracing transactions in the Schedules of the General Fund general ledgers | 18-01 | <p>The Commissioner of Fiscal Service should develop and implement a mechanism to reasonably assure that all the journal entries recorded in the Schedules of the General Fund general ledgers can be readily identified and traced, such as through a unique identifier, to determine the effect of a transaction on all applicable general ledger accounts and line items of the Schedules of the General Fund, including the budget deficit.</p> <p>Actions taken: Fiscal Service is developing a long-term strategy to address this recommendation that primarily includes developing new reporting mechanisms for federal entities to report transactions and reclassifications at the appropriate level of detail for traceability. Furthermore, Fiscal Service's ability to address this finding depends on converting any remaining entities to full-CARS reporters, which depends on entity cooperation. Fiscal Service anticipates resolving this recommendation in fiscal year 2027.</p> | Open |
| | 18-02 | <p>The Commissioner of Fiscal Service should develop and implement a mechanism to reasonably assure that payment transactions recorded in the Schedules of the General Fund general ledgers capture all of the key information needed, including payment schedules if applicable, to readily trace transactions to the information certified by the federal agency.</p> <p>Actions taken: In fiscal year 2021, Fiscal Service developed and implemented a monthly process to readily identify and trace the electronic and check payment voucher amounts recorded in the General Fund general ledgers to the payment schedules that the federal entities certified.</p> | Closed |

Appendix III: Status of GAO's Prior Recommendations

| Number | Recommendation and analysis of corrective actions taken | Status | |
|--|---|--|--------|
| 18-03 | <p>The Commissioner of Fiscal Service should develop and implement additional reporting requirements with related guidance for federal agencies that better align with the General Fund financial reporting objectives and enable Fiscal Service to capture the effect of a transaction on all applicable general ledger accounts and line items of the Schedules of the General Fund, including the budget deficit.</p> <p>Actions taken: Fiscal Service developed additional BETCs for reporting direct and guaranteed loan financing activity to reflect the effect of these transactions in the Schedules of the General Fund if federal entities implemented them appropriately. However, federal entity implementation remains low and Fiscal Service continues to educate the entities on proper usage. Fiscal Service also began reviewing line items related to federal debt securities and other General Fund activity to determine the reporting requirements needed to capture the effect of this activity on the Schedules of the General Fund. Fiscal Service anticipates resolving this recommendation in fiscal year 2025.</p> | Open | |
| Management's monitoring of internal control over financial reporting | 18-05 | <p>The Commissioner of Fiscal Service should design and implement procedures to evaluate risks and monitor internal controls over financial reporting relevant to the Schedules of the General Fund.</p> <p>Actions taken: Fiscal Service has taken certain actions regarding its procedures to evaluate risk and monitor internal controls over financial reporting relevant to the Schedules of the General Fund. It has stated its commitment to continue addressing the remaining control deficiencies in this area.</p> | Open |
| Agency-submitted information | 18-07 | <p>The Commissioner of Fiscal Service should develop and implement a mechanism for evaluating agencies' use of BETCs based on the enhanced guidance.</p> <p>Actions taken: Fiscal Service mapped USSGL accounts to the related BETCs. This allowed Fiscal Service to develop an automated edit check within GTAS to help ensure that federal entities are implementing BETCs in accordance with guidance.</p> | Closed |
| | 18-08 | <p>The Commissioner of Fiscal Service should design and implement procedures to (1) obtain and review supporting documentation for reported activity included on agency submission forms and (2) assess the overall completeness of federal agency activity reported on agency submission forms.</p> <p>Actions taken: Fiscal Service established procedures to obtain and review supporting documentation for reported activity included on entity submission forms. In addition, Fiscal Service implemented procedures to review federal entity audited financial statements and conduct a data call for unrecorded activity to ensure overall completeness of federal entity activity included in the General Fund's general ledger at year-end.</p> | Closed |

Appendix III: Status of GAO's Prior Recommendations

| | Number | Recommendation and analysis of corrective actions taken | Status |
|--|---------------|---|---------------|
| Supporting account attributes of active TASs | 20-01 | <p>The Commissioner of Fiscal Service should design and implement procedures to periodically review and to maintain documentation to support account attributes for all active TASs to reasonably assure that activity recorded to each account is properly recognized in the Schedules of the General Fund.</p> <p>Actions taken: Fiscal Service is developing and implementing a procedure to review active TASs and to compile a standard support package for attributes assigned to them. In addition, Fiscal Service is developing criteria and procedures for assigning and maintaining BETCs available to active TASs. Fiscal Service anticipates resolving this recommendation by approximately fiscal year 2027.</p> | Open |
| Account reconciliation requirements for federal entities | 20-02 | <p>The Commissioner of Fiscal Service should design and implement procedures to reasonably assure that federal agencies reconcile their account balances per their internal records to CARS at the appropriate detailed level to provide for accurate reporting of line items on the Schedules of the General Fund.</p> <p>Actions taken: Fiscal Service designed and implemented procedures to determine the impact of subsidiary-level account activity on the Schedules of the General Fund. Fiscal Service engaged with federal entities to obtain an understanding of the nature of the account activity and to reconcile the account balances at the subsidiary level in order to assess whether the account activity is accurately recorded on the Schedules of the General Fund.</p> | Closed |
| Restricting access to TASs | 20-03 | <p>The Commissioner of Fiscal Service should establish controls to restrict access to TASs to only those federal agencies to which the account belongs.</p> <p>Actions taken: Fiscal Service is developing a plan to analyze federal entities' TAS use and to validate the relationships. Fiscal Service also plans to develop a mechanism to restrict or detect inappropriate TAS use based on the approved TAS federal entity relationships. Fiscal Service anticipates resolving this recommendation in fiscal year 2027.</p> | Open |

Legend:

BETC = Business Event Type Code
 CARS = Central Accounting Reporting System
 Fiscal Service = Bureau of the Fiscal Service
 General Fund = General Fund of the U.S. government
 GTAS = Governmentwide Treasury Account Symbol Adjusted Trial Balance System
 TAS = Treasury Account Symbol
 USSGL = U.S. Standard General Ledger

Sources: Fiscal Service and GAO. | GAO-23-104786

Note: Recommendations from GAO, *Financial Audit: Bureau of the Fiscal Service's FY 2020 Schedules of the General Fund*, [GAO-21-362](#) (Washington, D.C.: Apr. 15, 2021).

Appendix IV: Status of GAO's Prior Information Systems-Related Recommendations

As of September 30, 2022, Fiscal Service has taken action to address the 10 recommendations specific to information systems that remained open from our audit of the fiscal year 2020 Schedules of the General Fund. Table 2 summarizes the actions taken to address each of these 10 recommendations. The abbreviations used are defined in the legend at the end of the table.

Table 2: Status of Prior Recommendations Related to Information Systems Relevant to the Schedules of the General Fund as of September 30, 2022

| | Number | Recommendation and analysis of corrective actions taken | Status |
|-----------------|---------|---|--------|
| Access controls | 2018-02 | We recommended that Fiscal Service should establish formal procedures to review audit logs and investigate abnormal events and activities for the ASAP application. Actions taken: Fiscal Service established formal procedures to review audit logs and investigate abnormal events and activities for the ASAP application. Specifically, it approved an ASAP procedure documenting auditable events logged by ASAP and routine reviews to investigate abnormal events and activities, such as a monthly review to identify role conflicts and a monthly review for extraordinary payments. | Closed |
| | 2018-04 | We recommended that Fiscal Service should develop and implement procedures to ensure that accounts of users with developer access and accounts of users with access to migrate changes to the DSSV production environment are reviewed in accordance with agency requirements. Actions taken: Fiscal Service decommissioned DSSV in July 2021 and deployed STEM in the SPS as its replacement. | Closed |
| | 2018-05 | We recommended that Fiscal Service should develop and implement a process to ensure that the recertification process for the DSSV application is being performed timely in accordance with agency requirements. Actions taken: Fiscal Service decommissioned DSSV in July 2021 and deployed STEM in the SPS as its replacement. | Closed |
| | 2018-06 | We recommended that Fiscal Service should develop and implement documented procedures for granting, reviewing and recertifying, or revoking user access for the ASAP application. Actions taken: Fiscal Service approved and implemented the ASAP Federal Reserve Bank and Fiscal Service User Access procedure, which documents the process for granting, revoking, and recertifying on a quarterly basis user access for the ASAP application. | Closed |

**Appendix IV: Status of GAO's Prior Information
Systems-Related Recommendations**

| Number | Recommendation and analysis of corrective actions taken | Status |
|--------------------------|--|---------------|
| 2018-09 | <p>We recommended that Fiscal Service should ensure that DSSV user accounts are deactivated in accordance with agency policy.</p> <p>Actions taken: Fiscal Service decommissioned DSSV in July 2021 and deployed STEM in the SPS as its replacement.</p> | Closed |
| 2019-03 | <p>We recommended that Fiscal Service should enhance access control procedures to reasonably assure that access is not granted prior to obtaining the required approval for DSSV.</p> <p>Actions taken: Fiscal Service decommissioned DSSV in July 2021 and deployed STEM in the SPS as its replacement.</p> | Closed |
| 2020-01 | <p>We recommended that Fiscal Service should enhance procedures for establishing and periodically reviewing user access privileges to reasonably assure that assigned privileges are commensurate to users' job responsibilities for the CARS CTA module.</p> <p>Actions taken: Fiscal Service performed multiple actions to reasonably assure that assigned privileges are commensurate to users' job responsibilities for the CARS CTA module. Specifically, Fiscal Service enhanced existing policies and procedures to include approval from the Cash Accounting Branch Manager for a CTA role that provides elevated access. Furthermore, Fiscal Service developed and implemented an annual process to ensure that this role is granted to users in accordance with their job functions and responsibilities.</p> | Closed |
| Configuration management | <p>2019-04</p> <p>We recommended that Fiscal Service should develop a process to reasonably assure that all change requests for DSSV are appropriately approved prior to implementation.</p> <p>Actions taken: Fiscal Service decommissioned DSSV in July 2021 and deployed STEM in the SPS as its replacement.</p> | Closed |
| Segregation of duties | <p>2019-05</p> <p>We recommended that Fiscal Service should enhance procedures to reasonably assure that incompatible activities are identified and documented for IPAC.</p> <p>Actions taken: Fiscal Service enhanced procedures to reasonably assure that incompatible activities are identified and documented for IPAC. Specifically, Fiscal Service completed identification of incompatible role combinations for application users in the IPAC Security Matrix. Additionally, it established a new quarterly review process over a role that provides elevated access. Furthermore, it developed procedures for the annual review and approval process of the IPAC Security Matrix.</p> | Closed |
| Contingency planning | <p>2018-13</p> <p>We recommended that Fiscal Service should develop and implement a process to ensure that all DSSV production servers are backed up in accordance with agency policies and procedures.</p> <p>Actions taken: Fiscal Service decommissioned DSSV in July 2021 and deployed STEM in the SPS as its replacement.</p> | Closed |

Legend:

ASAP = Automated Standard Application for Payments
 CARS = Central Accounting Reporting System
 CTA = Classification Transactions and Accountability
 DSSV = Digital Signature Storage and Verification
 Fiscal Service = Bureau of the Fiscal Service
 IPAC = Intra-Governmental Payment and Collection
 SPS = Secure Payment System
 STEM = Secure Trust Enrollment Module

**Appendix IV: Status of GAO's Prior Information
Systems-Related Recommendations**

Source: GAO. | GAO-23-104786

Note: Recommendations from GAO, *Management Report: Improvements Needed in the Bureau of the Fiscal Service's Information System Controls Related to the Schedules of the General Fund*, GAO-21-363RSU (Washington, D.C.: Apr. 15, 2021).

Appendix V: Status of Prior Information System Control Deficiencies Reported as Part of Treasury's Financial Statements Audit

Table 3 shows the status of 20 information system control deficiencies relevant to the Schedules of the General Fund previously reported as part of the audit of the Department of the Treasury's consolidated financial statements. Treasury took action to address 13 of these deficiencies and as of September 30, 2022, seven of the deficiencies remain open. The abbreviations used are defined in the legend at the end of the table.

Table 3: Status of Information System Control Deficiencies Related to the Schedules of the General Fund Previously Reported as Part of the Audit of the Department of the Treasury's Consolidated Financial Statements as of September 30, 2022

| Number | Deficiency description | Control category | Status |
|--------|---|--------------------------|--------|
| 1 | Improvements are needed in controls over management's semiannual review and recertification of PIR developers' access. | Access controls | Closed |
| 2 | SPS periodic user access review needs improvement. | Access controls | Closed |
| 3 | Treasury Web Application Infrastructure users' access recertification needs improvement. | Access controls | Closed |
| 4 | PIR user termination control needs improvement. | Access controls | Closed |
| 5 | UNIX Mid-Tier password control needs improvement. | Access controls | Closed |
| 6 | Lack of approval for PIR emergency changes. | Configuration management | Closed |
| 7 | Baseline process over the UNIX Mid-Tier environment needs improvement. | Configuration management | Open |
| 8 | Lack of audit log policies and procedures for payment system production database and production UNIX servers and lack of database security audit log reviews. | Access controls | Open |
| 9 | UNIX Mid-Tier periodic user access review is not consistently performed. | Access controls | Closed |
| 10 | Mainframe security software configuration baseline settings for the mainframe have not been established consistent with the Defense Information Systems Agency Security Technical Implementation Guide requirements to prevent unauthorized access. | Access controls | Open |

**Appendix V: Status of Prior Information
System Control Deficiencies Reported as Part
of Treasury's Financial Statements Audit**

| Number | Deficiency description | Control category | Status |
|---------------|---|--------------------------|---------------|
| 11 | Excessive privileged access that violates the principle of least privilege is allowed on the mainframe. | Access controls | Open |
| 12 | Logging and monitoring controls for the mainframe are not fully implemented to detect unauthorized activity. | Access controls | Closed |
| 13 | Controls over the mainframe operating system security configuration settings are not restrictive to prevent unauthorized access to the mainframe production data and resources. | Access controls | Open |
| 14 | Mainframe security control documentation needs improvement. | Configuration management | Open |
| 15 | UNIX Mid-Tier contingency plan needs improvement. | Contingency planning | Closed |
| 16 | UNIX Mid-Tier information system component inventory was not complete and accurate. | Access controls | Open |
| 17 | PIR periodic user review needs improvement. | Access controls | Closed |
| 18 | UNIX Mid-Tier vulnerability management needs improvement. | Security management | Closed |
| 19 | PIR and SPS activation and deactivation of user access needs improvement. | Access controls | Closed |
| 20 | PIR audit events review needs improvement. | Access controls | Closed |

Legend:

Fiscal Service = Bureau of the Fiscal Service

PIR = Payments Information Repository

SPS = Secure Payment System

Source: GAO analysis of Treasury audit results. | GAO-23-104786

Notes: The UNIX Mid-Tier hosts PIR and SPS applications.

The mainframe mentioned hosts the Payment Automation Manager and the Payments, Claims, and Enhanced Reconciliation applications.

The Treasury Web Application Infrastructure mentioned in number three hosts the Central Accounting Reporting System, Collections Information Repository, Treasury Check Information System, Automated Standard Application for Payments, Shared Accounting Module, Intra-Governmental Payment and Collection, and International Treasury Services applications.

See Department of the Treasury, Office of Inspector General, *Financial Management: Management Report for the Audit of the Department of the Treasury's Consolidated Financial Statements for Fiscal Years 2021 and 2020*, OIG-22-026 (Washington, D.C.: Dec. 22, 2021), and *Financial Management: Management Report for the Audit of the Department of the Treasury's Consolidated Financial Statements for Fiscal Years 2022 and 2021*, OIG-23-019 (Washington, D.C.: Dec. 21, 2022).

Appendix VI: Comments from the Bureau of the Fiscal Service



DEPARTMENT OF THE TREASURY
BUREAU OF THE FISCAL SERVICE
WASHINGTON, DC 20227

March 20, 2023

Ms. Anne Sit-Williams
Director, Financial Management and Assurance
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Ms. Sit-Williams:

Thank you for the opportunity to comment on the U.S. Government Accountability Office's (GAO) audit report on the Fiscal Year (FY) 2022 audit of the Schedules of the General Fund of the U.S. Government (Schedules), managed by the Bureau of the Fiscal Service (Fiscal Service).

While we concur with the results of the audit, it is important to note that Fiscal Service maintains controls to confirm the integrity of the government's cash flow. This is validated each day when the daily cash position is balanced via the Treasury Cash Integrated Reconciliation Process. Federal entities also have daily access to their payment activities and can verify whether the General Fund's payment amounts match their own records, another control over the government's cash flow.

The FY 2022 draft audit report identifies six other control deficiencies as new audit recommendations, one of which contributes to a limitation on the scope of your work issued in FY 2018. Fiscal Service agrees new and improved procedures and documentation will enhance these controls and will factor the corrective actions into the audit remediation plan.

Additionally, we are especially pleased with the closure of four audit recommendations for the Schedules as well as 10 audit recommendations specific to information systems relevant to the Schedules from the FY 2020 audit report. We appreciate GAO's perspective and look forward to the opportunity to implement corrective actions to overcome the barriers to the auditability of the Schedules. Fiscal Service has expended substantial effort since the last audit to improve controls, traceability, and documentation of the unique accounting scenarios and complex operational processes that comprise the Schedules.

GAO's dedication and effort throughout the audit of the Schedules is certainly appreciated. We look forward to sustaining a productive and successful relationship with your staff in the coming year, as we prepare for the FY 2024 audit.

Sincerely,

A handwritten signature in blue ink that reads "Tim Gribben".

Timothy Gribben
Commissioner
Bureau of the Fiscal Service

Text of Appendix VI: Comments from the Bureau of the Fiscal Service

COMMISSIONER
DEPARTMENT OF THE TREASURY
BUREAU OF THE FISCAL SERVICE
WASHINGTON, DC 20227

March 20, 2023

Ms. Anne Sit-Williams
Director, Financial Management and Assurance
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

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While we concur with the results of the audit, it is important to note that Fiscal Service maintains controls to confirm the integrity of the government's cash flow. This is validated each day when the daily cash position is balanced via the Treasury Cash Integrated Reconciliation Process. Federal entities also have daily access to their payment activities and can verify whether the General Fund's payment amounts match their own records, another control over the government's cash flow.

The FY 2022 draft audit report identifies six other control deficiencies as new audit recommendations, one of which contributes to a limitation on the scope of your work issued in FY 2018. Fiscal Service agrees new and improved procedures and documentation will enhance these controls and will factor the corrective actions into the audit remediation plan.

Additionally, we are especially pleased with the closure of four audit recommendations for the Schedules as well as 10 audit recommendations specific to information systems relevant to the Schedules from the FY 2020 audit report. We appreciate GAO's perspective and look forward to the opportunity to implement corrective actions to overcome the barriers to the auditability of the Schedules. Fiscal

Service has expended substantial effort since the last audit to improve controls, traceability, and documentation of the unique accounting scenarios and complex operational processes that comprise the Schedules.

GAO's dedication and effort throughout the audit of the Schedules is certainly appreciated. We look forward to sustaining a productive and successful relationship with your staff in the coming year, as we prepare for the FY 2024 audit.

Sincerely,

Timothy Gribben
Commissioner
Bureau of the Fiscal Service

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