



441 G St. N.W.
Washington, DC 20548

Accessible Version

March 13, 2025

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

General Fund: Improvements Needed in Controls over Retention of Key System Security and Cash Activity Documentation

Dear Mr. Gribben:

On March 13, 2025, we issued our report on the results of our audits of the fiscal year 2024 Schedules of the General Fund and 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, 2024.¹ We reported that certain limitations affected the scope of our work, which prevented us from expressing an opinion on the Schedules of the General Fund as of and for the fiscal year ended September 30, 2024, and an opinion on the Fiscal Service’s internal control over financial reporting relevant to the Schedules of the General Fund as of September 30, 2024.

The General Fund of the U.S. government (General Fund), an entity that the Department of the Treasury’s Fiscal Service manages, is responsible for the accounting and reporting on the cash activity fundamental to funding the federal government.² The General Fund consists of assets and liabilities used to finance the daily and long-term operations of the U.S. government.

The preparation of and audit assurance over the Schedules of the General Fund is necessary to account for and eliminate General Fund intragovernmental activity and balances with other reporting entities in the consolidated financial statements of the U.S. government. In connection with our audit of the fiscal year 2024 consolidated financial statements,³ 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.⁴

¹GAO, *Financial Audit: Bureau of the Fiscal Service’s FY 2024 Schedules of the General Fund*, [GAO-25-106679](#) (Washington, D.C.: Mar. 13, 2025).

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

³GAO, *Financial Audit: FY 2024 and FY 2023 Consolidated Financial Statements of the U.S. Government*, [GAO-25-107421](#) (Washington, D.C.: Jan. 16, 2025).

⁴A 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

In addition to the ongoing control deficiencies we included in the fiscal year 2024 auditor's report on the Schedules of the General Fund, we identified two new deficiencies in internal control over financial reporting. These deficiencies were inadequate information system security documentation and insufficient support for certain cash-related transactions.⁵

This report is intended for Fiscal Service management's use and provides (1) detailed information on the control deficiencies identified in our fiscal year 2024 audits along with related recommendations and (2) the status of corrective actions Fiscal Service has taken to address the 11 recommendations that we detailed in previous reports and remained open as of the completion of our fiscal year 2022 audits.⁶

Scope and Methodology

As part of our fiscal year 2024 audits, we evaluated Fiscal Service's internal control over financial reporting relevant to the Schedules of the General Fund by reviewing Fiscal Service policies and procedures; interviewing Fiscal Service management and staff; observing controls in operation; and testing certain controls to determine whether they were designed, implemented, and operating effectively.⁷ During our work, we communicated our findings to management. A full discussion of our scope and methodology is included in our auditor's report on the fiscal year 2024 Schedules of the General Fund.⁸

We performed our fiscal year 2024 audits in accordance with U.S. generally accepted government auditing standards. We believe that our audits provide a reasonable basis for our findings and recommendations in this report.

New Internal Control Deficiencies Identified During our Audits of the Fiscal Year 2024 Schedules of the General Fund

During our audits of the fiscal year 2024 Schedules of the General Fund, we identified two new internal control deficiencies, which we did not consider to be material weaknesses or significant deficiencies but nonetheless warrant Fiscal Service management's attention. These deficiencies related to inadequate information system security documentation and insufficient support for certain cash transactions.

Inadequate Information System Security Documentation

Fiscal Service is responsible for maintaining system security plans (SSP) for each of its information systems relevant to the Schedules of the General Fund. These systems process trillions of dollars in payments each year. According to National Institute of Standards and Technology (NIST) guidance and Fiscal Service policy, SSPs should (1) describe the controls in

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.

⁵[GAO-25-106679](#).

⁶GAO, *Financial Audit: Bureau of the Fiscal Service's FY 2022 Schedules of the General Fund*, [GAO-23-104786](#) (Washington, D.C: Mar. 30, 2023). We did not audit the financial information for the General Fund for fiscal year 2023 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 2022 audits.

⁷Scope limitations prevented us from fully testing the design, implementation, and operating effectiveness of internal control over financial reporting. See [GAO-25-106679](#).

⁸[GAO-25-106679](#).

place or planned for meeting security requirements and (2) document all connections to external systems, including authorizations of the interconnection.

Based on NIST guidance, Fiscal Service developed a set of baseline security controls as a starting point from which it then tailors for each system. Fiscal Service documents its implementation of the controls within a spreadsheet or web-based tool in accordance with policies and procedures. In addition, Fiscal Service requires documented interconnection agreements when information is directly exchanged with external systems that are to be renewed every 3 years.

Condition. During our audits, we found that Fiscal Service did not fully implement processes to reasonably assure that its SSPs contained complete and accurate information. Specifically, for 15 General Fund systems, we reviewed SSPs and the associated documentation for security controls and interconnections implementation.

We found that Fiscal Service did not fully document the implementation of each system's security controls within the respective SSP or associated documentation. Each of the 15 SSPs provided multiple controls (ranging from five to more than 300 per the baseline) that Fiscal Service did not address or whose implementation it did not otherwise adequately document. For example, some of the controls Fiscal Service did not select or marked as not applicable did not include a corresponding rationale.

We also found that Fiscal Service did not fully implement processes to reasonably assure that it clearly documented and adequately maintained its external interconnection agreements. For example, nine systems had inconsistencies between their SSPs and interconnection agreements, four SSPs did not include existing agreements, and four SSPs referenced external interconnections that lacked a corresponding agreement. Additionally, seven systems had outdated interconnection agreements (i.e., more than 3 years old).

Criteria. As previously stated, Fiscal Service is responsible for implementing processes to reasonably assure that it maintains complete and accurate SSPs. In particular, the Federal Information Security Modernization Act of 2014 requires each agency to develop, document, and implement an information security program that includes subordinate plans for providing adequate information security for networks, facilities, and systems or a group of information systems, as appropriate.⁹

Additionally, NIST Special Publication (SP) 800-53 (published September 2020) and SP 800-18 guidance states that organizations should develop SSPs that document (1) the controls in place or planned for meeting security requirements and (2) interconnection security agreements or memorandums of understanding required for connections to external systems.¹⁰

In addition, Fiscal Service's *Planning Policy and Information System Continuous Monitoring Handbook* requires documented implementation language for each required NIST control, which includes describing rationale for each control not selected or considered not applicable. It also

⁹The Federal Information Security Modernization Act of 2014 (FISMA 2014), Pub. L. No. 113-283, 128 Stat. 3073, largely superseded the Federal Information Security Management Act of 2002 (FISMA 2002), which was enacted as Title III, E-Government Act of 2002, Pub. L. No. 107-347, 116 Stat. 2899, 2946. As we use it in this report, FISMA refers both to FISMA 2014 and to those provisions of FISMA 2002 that were either incorporated into FISMA 2014 or were unchanged and continue in full force and effect.

¹⁰National Institute of Standards and Technology, *Security and Privacy Controls for Information Systems and Organizations*, Special Publication 800-53, revision 5 (Gaithersburg, Md.: Sept. 2020). National Institute of Standards and Technology, *Guide for Developing Security Plans for Federal Information Systems*, Special Publication 800-18, revision 1 (Gaithersburg, Md.: Feb. 2006).

states that an Information System Security Officer is responsible for reasonably assuring that all IT security documentation is properly maintained, approved, updated, and compliant with Fiscal Service security requirements. Further, Fiscal Service's *Establishing and Maintaining Interconnection Security Agreements and Memorandums of Agreement* requires a documented agreement for all direct external system connections.

Cause. Fiscal Service's Information System Security Officers did not fully implement Fiscal Service's policies designed to reasonably assure information system security documentation is properly maintained as part of their system oversight. Fiscal Service officials explained that the transition to updated NIST guidance (published September 2020) resulted in prioritizing certain controls (e.g., those selected for assessment), which contributed to them not fully implementing the agency's processes.

Effect. Until Fiscal Service enacts processes that reasonably assure complete and accurate information system security documentation, including SSPs and interconnection agreements, the agency increases the risk that (1) controls are not implemented effectively and security requirements have not been met and (2) connected systems and the data they store, process, or transmit, as well as other networks connected to those systems, can be compromised.

Recommendation for Executive Action. The Commissioner of Fiscal Service should reasonably assure that agency policy related to information system security documentation, including SSPs and interconnection agreements, is fully implemented for the systems relevant to the Schedules of the General Fund. (Recommendation 1)

Insufficient Support for Certain Cash Transactions

Treasury has statutory authority to designate the Federal Reserve Banks (FRB) as its fiscal agents under 12 U.S.C. § 391. In this capacity, the FRB initiates and processes transactions for federal entities for certain business lines or programs. For these FRB-initiated transactions, the FRB submits a manual voucher in the Direct Voucher Submission (DVS) system, entering a DVS account key associated with the FRB-initiated transaction. The DVS system then automatically generates the assigned Treasury Account Symbol (TAS) and Business Event Type Code (BETC) for that DVS account key based on the Treasury routing transit number. The voucher, along with the TAS and BETC attributes, indicates how transactions are recognized within the line items of the Schedules of the General Fund.

A DVS account key is established or modified through a routing transit number form that Fiscal Service approves. After the routing transit number establishment or modification, the FRB signs and retains the form. In addition, Fiscal Service receives a copy of the form from the FRB and retains it as part of its oversight responsibilities of Treasury routing transit numbers.

Condition. During our audits, we found that Fiscal Service did not maintain sufficient documentation to support FRB-initiated transactions. Of the 21 DVS account keys for Treasury routing transit numbers, the FRBs and Fiscal Service did not have supporting documentation for 16.

Criteria. Internal control standards state that management should design control activities to achieve objectives and respond to risks.¹¹ For financial reporting, such objectives include the proper classification of reported amounts.

Cause. Neither the FRBs, as Fiscal Service's fiscal agents, nor Fiscal Service designed procedures to maintain documentation to support the TAS and BETC attributes for FRB-initiated

¹¹GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: Sept. 2014).

transactions. Fiscal Service, in coordination with FRB of Cleveland officials, explained that the FRB transitioned from a decommissioned FRB system managed by the FRB of Richmond to DVS in 2016, when the FRB of Cleveland managed the newly implemented DVS system and the existing account keys. However, the FRB of Richmond did not transfer, and the FRB of Cleveland did not retain, documentation to support the establishment and authorization of the account keys.

Effect. Without procedures to reasonably assure that TAS and BETC attributes for FRB-initiated transactions are appropriately established and maintained, there is an increased risk of misstating the line items of the Schedules of the General Fund.

Recommendation for Executive Action. The Commissioner of Fiscal Service, in coordination with the FRBs, should design and implement procedures to be executed by the FRBs to maintain and periodically review documentation to support TAS and BETC attributes for FRB-initiated transactions to reasonably assure that FRB-initiated transactions are properly recognized in the Schedules of the General Fund. (Recommendation 2)

Status of Prior Recommendations as of the Completion of Our Fiscal Year 2024 Audits

Our fiscal year 2024 audits included following up on the status of Fiscal Service's corrective actions to address 11 recommendations, all of which were considered priority recommendations, identified in our prior reports that were open as of the completion of our fiscal year 2022 audits.¹² Table 1 summarizes the corrective actions taken on these 11 recommendations as of the completion of our fiscal year 2024 audits. We found that Fiscal Service took action to close two recommendations and nine remained open as of the completion of our fiscal year 2024 audits.

¹²GAO, *Priority Open Recommendations: Department of the Treasury*, [GAO-24-107324](#) (Washington, D.C.: June 5, 2024). Priority recommendations are those that we believe warrant priority attention from heads of key departments or agencies. They are highlighted because, upon implementation, they may significantly improve government operations.

Table 1: Status of Prior Recommendations Related to the Schedules of the General Fund as of the Completion of Our Fiscal Year 2024 Audits

GAO source report and recommendation number	Recommendation and analysis of corrective actions taken	Status
GAO-19-185 #18-01: Identifying and tracing transactions in the Schedules of the General Fund general ledgers	<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 implementing a long-term strategy to address this recommendation that primarily includes new reporting mechanisms for federal entities to report transactions and reclassifications at the appropriate level of detail for traceability. In fiscal year 2023, Fiscal Service implemented a new process for federal entities to report transfers and noncash transactions, which improves the traceability for these types of transactions. While Fiscal Service conducted entity outreach during fiscal year 2024 to encourage implementation of this new process, implementation remains limited to one federal entity. Fiscal Service’s ability to address this issue depends on converting remaining entities to full-CARS reporters, which depends on the entities’ cooperation. Fiscal Service anticipates resolving this recommendation in fiscal year 2027.</p>	Open
GAO-19-185 #18-03: Identifying and tracing transactions in the Schedules of the General Fund general ledgers	<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 and disbursement types to reflect the effect of these transactions in the Schedules of the General Fund. It also fully implemented automated edit checks for fiscal year 2025 reporting to help reasonably assure that federal entities use the loan BETCs appropriately. Fiscal Service officials told us it is also researching ways to reasonably assure successful implementation of disbursement BETCs. Fiscal Service is in the process of identifying and tracing transactions that make up the federal debt securities line items to potentially avoid establishing new BETCs. Fiscal Service will need to improve its reclassification process to be able to identify all journal entries related to a specific transaction and enhance its methodology to sufficiently support its classification of cash activity before it can complete its assessment of other General Fund activity. Fiscal Service anticipates resolving this recommendation in fiscal year 2027.</p>	Open

GAO source report and recommendation number	Recommendation and analysis of corrective actions taken	Status
GAO-19-185 #18-05: Management's monitoring of internal control over financial reporting	<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 continued to improve its procedures to evaluate risk and monitor internal controls over financial reporting relevant to the Schedules of the General Fund, including updating its monitoring test plans to more accurately and completely describe the procedures performed. However, we continued to find deficiencies in this area, such as Fiscal Service not testing all relevant controls over material financial statement line items. Further, even though Fiscal Service began to document its oversight of internal controls applicable to service organizations, we found an instance in fiscal year 2024 where Fiscal Service did not timely communicate to all internal stakeholders a significant change in one of its service providers. Fiscal Service anticipates resolving this recommendation in fiscal year 2026.</p>	Open
GAO-21-362 #20-01: Supporting account attributes of active TASs	<p>The Commissioner of Fiscal Service should design and implement procedures to periodically review and 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 developed and is implementing procedures to review account attributes assigned to each active TAS for appropriateness and compile a standard support package to document its decisions on attributes assigned to them. In addition, Fiscal Service plans to develop criteria and procedures for assigning and maintaining BETCs available to active TASs. Fiscal Service anticipates resolving this recommendation by fiscal year 2027.</p>	Open
GAO-21-362 #20-03: Restricting access to TASs	<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: During fiscal years 2023 and 2024, Fiscal Service completed a monthly process to validate TAS and agency location code relationships through federal entity outreach. This outreach was used to compile a list of approved TAS and agency location code relationships that Fiscal Service plans to use to prevent or detect inappropriate TAS usage. Fiscal Service anticipates resolving this recommendation in fiscal year 2027.</p>	Open
GAO-23-104786 #22-01: Reporting of other assets	<p>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.</p> <p>Actions taken: During fiscal year 2024, Fiscal Service completed its analysis of all activity comprising CIHO and FHOT. Fiscal Service concluded that CIHO and FHOT represented the same type of transaction activity. Further, it concluded that CIHO reported in the Schedules of the General Fund resulted from entities not following the relevant <i>Treasury Financial Manual</i> guidance for reporting FHOT activity, which resulted in CIHO being incorrectly reported in a different line item than FHOT activity. As a result, Fiscal Service reemphasized the <i>Treasury Financial Manual</i> guidance to federal entities that were reporting CIHO on the Schedules of the General Fund. Fiscal Service's actions were sufficient to close this recommendation.</p>	Closed

GAO source report and recommendation number	Recommendation and analysis of corrective actions taken	Status
GAO-23-104786 #22-02: TAS legal authority	<p>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.</p> <p>Actions taken: During fiscal year 2024, Fiscal Service identified and analyzed active rollover TASs without activity since establishment that did not subsequently have corresponding appropriations supporting the period of availability. Fiscal Service developed and implemented a process to validate legal authority for these rollover TASs based on federal entity outreach. Based on the results of this confirmation process, Fiscal Service suspended rollover TASs without legal authority and will require federal entity justification prior to use. Fiscal Service plans to administratively close the suspended TASs in CARS before the next annual fiscal year rollover process. Fiscal Service's actions were sufficient to close this recommendation.</p>	Closed
GAO-23-104786 #22-03: Tracing postpayment vouchers to cancellation schedules	<p>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.</p> <p>Actions taken: Fiscal Service is analyzing postpayment processes in place for fiscal year 2024 to plan for a manual or systematic process to trace (1) postpayment vouchers to the cancellation schedules and (2) the returned or canceled payments in the cancellation schedule to the TASs and adjustment BETCs of the original payment. Fiscal Service is using fiscal year 2024 postpayment data from its Treasury Disbursing Office payment system, CARS, and the General Fund general ledgers to manually trace postpayment vouchers to the cancellation schedules for certain postpayment transaction types. Fiscal Service is currently documenting procedures for this process and is considering ways to automate the reconciliation. Fiscal Service anticipates resolving this recommendation in fiscal year 2025.</p>	Open
GAO-23-104786 #22-04: Line item classification of cash activity	<p>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.</p> <p>Actions taken: Fiscal Service analyzed and evaluated its current cash classification process to identify possible enhancements to its methodology for proper reporting of the cash line items on the Schedules of the General Fund. Fiscal Service also began to document its rationale for manually classifying some cash transaction types to the Cash In or Cash Out line items. Additionally, Fiscal Service is considering a new presentation of its cash note disclosure to identify the cash transaction types that make up the Cash In and Cash Out line items. Fiscal Service anticipates resolving this recommendation in fiscal year 2026.</p>	Open
GAO-23-104786 #22-05: Fiscal Service oversight of financial agents	<p>The Commissioner of Fiscal Service should enhance the design and implementation of the oversight policy and the Financial Agency Agreements to effectively monitor the financial agents.</p> <p>Actions taken: Fiscal Service updated its policy and executed new or amended Financial Agency Agreements for all 11 collection reporting programs with updated requirements for assessing internal control over financial reporting. Of the 11 collection reporting programs, seven provided Fiscal Service with System and Organization Control (also referred to as SOC-1®) reports and bridge letters for fiscal year 2024, and the remaining four will provide these documents starting with fiscal year 2025. Fiscal Service anticipates resolving this recommendation in fiscal year 2026.</p>	Open

GAO source report and recommendation number	Recommendation and analysis of corrective actions taken	Status
GAO-23-104786 #22-06: Fiscal Service oversight of fiscal agents	The Commissioner of Fiscal Service should design and implement policies and procedures to effectively monitor the fiscal agents. Actions taken: During fiscal year 2023, Fiscal Service began to develop a remediation plan to address the deficiencies with its fiscal agent oversight policies and procedures. However, during fiscal year 2024, Fiscal Service reevaluated whether the corrective actions it previously developed would adequately address the deficiencies, and it halted progress, citing resource constraints. Fiscal Service had initially anticipated resolving this recommendation in fiscal year 2027; however, it is revising the remediation plan and has not determined whether a revised planned completion date is needed.	Open

Legend:

- BETC = Business Event Type Code
- CARS = Central Accounting Reporting System
- CIHO = Cash and Other Investments Held Outside of Treasury
- FHOT = Funds Held Outside of Treasury
- Fiscal Service = Bureau of the Fiscal Service
- General Fund = General Fund of the U.S. government
- TAS = Treasury Account Symbol

Source: Fiscal Service and GAO. | GAO-25-107819

Note: Recommendations from GAO, *Financial Audit: Bureau of the Fiscal Service's FY 2022 Schedules of the General Fund*, GAO-23-104786 (Washington, D.C.: Mar. 30, 2023).

Concurrently with our fiscal year 2024 audits, Treasury's Office of Inspector General contracted with an independent public accounting firm to audit Treasury's fiscal years 2024 and 2023 consolidated financial statements. See table 2 for the status of control deficiencies reported as part of the audit of Treasury's consolidated financial statements that are relevant to the Schedules of the General Fund.

Table 2: Information System Control Deficiencies Relevant to the Schedules of the General Fund Reported as Part of the Audit of Treasury's Consolidated Financial Statements as of September 30, 2024

Number	Deficiency description	Control category	Status
1	Baseline process over the UNIX Mid-Tier environment needs improvement.	Configuration management	Open - Ongoing
2	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 - Ongoing
3	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	Closed
4	Excessive privileged access that violates the principle of least privilege is allowed on the mainframe.	Access controls	Closed
5	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	Closed
6	Mainframe security control documentation needs improvement.	Configuration management	Closed
7	UNIX Mid-Tier information system component inventory was not complete and accurate.	Access controls	Open - Ongoing
8	Untimely Payment Automation Manager mainframe terminated user access removal.	Access controls	Open - New

Number	Deficiency description	Control category	Status
9	Splunk user access review for Common Approach to Identify and Assurance not implemented.	Access controls	Open – New
10	Payment Automation Manager mainframe privileged user access review control weakness.	Access controls	Open - New

Source: GAO summary of Department of the Treasury audit results. | GAO-25-107819

Notes: The UNIX Mid-Tier hosts the Payments Information Repository and the Secure Payment System applications. The mainframe mentioned hosts the Payment Automation Manager.

See Department of the Treasury, *Office of Inspector General, Financial Management: Management Letter for the Deficiencies in Internal Control over Cash Management Systems at the Bureau of the Fiscal Service Identified during the Audit of the Department of the Treasury's Consolidated Financial Statements for Fiscal Years 2024 and 2023*, OIG-25-013 (Washington, D.C.: Dec. 6, 2024), and *Financial Management: Management Letter for the Deficiencies in Internal Control over Cash Management Systems at the Bureau of the Fiscal Service Identified during the Audit of the Department of the Treasury's Consolidated Financial Statements for Fiscal Years 2023 and 2022*, OIG-24-009 (Washington, D.C.: Dec. 6, 2023).

Agency Comments

We provided a draft of this report to Fiscal Service for comment. In its comments, reproduced in the enclosure, Fiscal Service stated that it agreed with and will develop corrective actions for the two new recommendations in this report. It also expressed its commitment to addressing previous recommendations in order to overcome the barriers to the auditability of the Schedules of the General Fund. Fiscal Service also provided technical comments, which we incorporated as appropriate.

- - - - -

We are sending copies of this report to the appropriate congressional committees, the Deputy Inspector General of the Department of the Treasury, the Director of the 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 about this report, please contact me at (202) 512-7795 or sitwilliamsa@gao.gov.

Sincerely,

A handwritten signature in black ink that reads "Anne Sit-Williams". The signature is written in a cursive style with a large initial "A" and "S".

Anne Sit-Williams
Director, Financial Management and Assurance

Enclosure

Enclosure I: Comments from the Bureau of the Fiscal Service



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

March 4, 2025

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 Government Accountability Office's (GAO) management report related to the Fiscal Year (FY) 2024 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 management report, 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 management report identified two new audit recommendations related to improvements needed in the controls over system security and cash activity documentation. Fiscal Service concurs and will develop planned actions as part of the audit remediation plan to improve the control environment through new, enhanced, or fully implemented processes and/or procedures.

We are especially pleased with the closure of two other control deficiency recommendations from the FY 2022 audit report. We appreciate GAO's perspective and look forward to the opportunity to implement corrective actions to overcome the barriers to 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 next audit cycle.

Sincerely,

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

Timothy E. Gribben
Commissioner

Accessible Text for Enclosure I: Comments from the Bureau of the Fiscal Service

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

March 4, 2025

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 Government Accountability Office's (GAO) management report related to the Fiscal Year (FY) 2024 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 management report, 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 management report identified two new audit recommendations related to improvements needed in the controls over system security and cash activity documentation. Fiscal Service concurs and will develop planned actions as part of the audit remediation plan to improve the control environment through new, enhanced, or fully implemented processes and/or procedures.

We are especially pleased with the closure of two other control deficiency recommendations from the FY 2022 audit report. We appreciate GAO's perspective and look forward to the opportunity to implement corrective actions to overcome the barriers to 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 next audit cycle.

Sincerely,

Timothy E. Gribben

Commissioner