

GAO Highlights

Highlights of [GAO-23-105586](#), a report to the Secretary of the Treasury

Why GAO Did This Study

GAO audits the consolidated financial statements of the U.S. government. Because of the significance of the federal debt to the government-wide financial statements, GAO audits Fiscal Service's Schedules of Federal Debt annually to determine whether, in all material respects, (1) the schedules are fairly presented and (2) Fiscal Service management maintained effective internal control over financial reporting relevant to the Schedule of Federal Debt. Further, GAO tests compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements related to the Schedule of Federal Debt.

Federal debt managed by Fiscal Service consists of debt held by the public and intragovernmental debt holdings. Debt held by the public primarily represents the amount the federal government has borrowed to finance cumulative cash deficits and is held by investors outside of the federal government. Intragovernmental debt holdings represent federal debt owed by Treasury to federal government accounts that typically have an obligation to invest their excess annual receipts (and interest earnings) over disbursements in federal securities.

What GAO Recommends

GAO has previously recommended that Congress consider establishing a plan to place the government on a sustainable long-term fiscal path and that the plan include considering alternative approaches to the debt limit.

In commenting on a draft of this report, Fiscal Service concurred with GAO's conclusions.

View [GAO-23-105586](#). For more information, contact Cheryl E. Clark at (202) 512-3406 or clarkce@gao.gov.

November 2022

FINANCIAL AUDIT

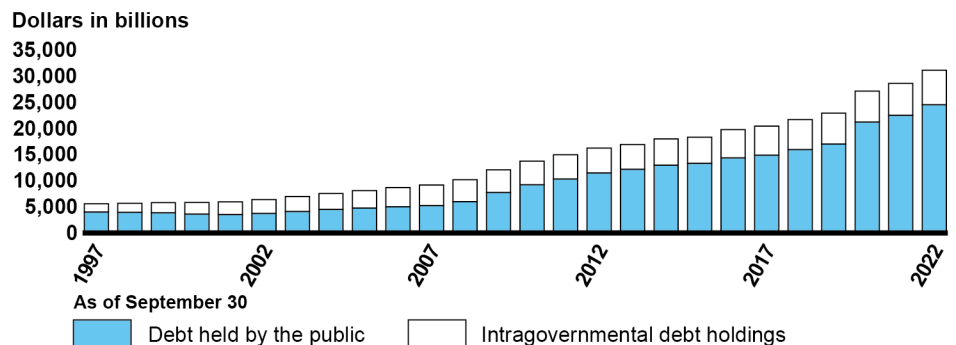
Bureau of the Fiscal Service's FY 2022 and FY 2021 Schedules of Federal Debt

What GAO Found

GAO found (1) the Bureau of the Fiscal Service's Schedules of Federal Debt for fiscal years 2022 and 2021 are fairly presented in all material respects, and (2) Fiscal Service maintained, in all material respects, effective internal control over financial reporting relevant to the Schedule of Federal Debt as of September 30, 2022. GAO's tests of selected provisions of applicable laws, regulations, contracts, and grant agreements related to the Schedule of Federal Debt disclosed no instances of reportable noncompliance for fiscal year 2022. Fiscal Service made progress in addressing internal control deficiencies that GAO reported in fiscal year 2021. Specifically, Fiscal Service sufficiently addressed the information system deficiencies in security management, access controls, and configuration management. GAO no longer considers the remaining control deficiencies in this area, individually or collectively, to represent a significant deficiency as of September 30, 2022.

From fiscal year 1997, GAO's first year auditing the schedules, through September 30, 2022, total federal debt managed by Fiscal Service has increased from \$5.4 trillion to \$30.9 trillion, and the debt limit has been raised 22 times.

Total Federal Debt Outstanding, September 30, 1997, through September 30, 2022



Source: GAO analysis of Bureau of the Fiscal Service information. | GAO-23-105586

Note: A small amount of total federal debt is not subject to the debt limit.

During fiscal year 2022, total federal debt increased by about \$2.5 trillion, with about \$2.0 trillion of the increase in debt held by the public. Additionally, interest on debt held by the public increased to \$497 billion in fiscal year 2022—up from \$392 billion in fiscal year 2021. The primary reason for the increase in debt held by the public was the federal deficit, which was \$1.4 trillion for fiscal year 2022.

Due to delays in raising the debt limit that began in fiscal year 2021 and continued through December 15, 2021, the Department of the Treasury took extraordinary actions—consistent with relevant laws—to avoid exceeding the debt limit. Delays in raising the debt limit have created disruptions in the Treasury market and increased borrowing costs. In the longer term, federal spending is projected to increase more rapidly than revenue. Absent action to address the growing imbalance between spending and revenue, the federal government faces unsustainable growth in its debt.