Consolidated Financial Statements of the U.S. Government
-Audit Update-

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May 7, 2019

2019 CIGIE/GAO Financial Statement Audit Conference
Topics

- Results of FY 2018 CFS Audit
- Looking ahead to FY 2019 CFS Audit
Results of FY18 CFS Audit

  - GAO Independent Auditor’s Report
Results of FY18 CFS Audit

Key significant component entity audit results:

• 35 entities with unmodified opinions
  • USDA single year presentation
  • HHS disclaimer on social insurance statements
• 3 entities with disclaimers
  • DOD
  • HUD
  • RRB
• Security Assistance Accounts unaudited
Results of FY18 CFS Audit

- Disclaimer of opinion on the accrual-based consolidated financial statements
  - material weaknesses in internal control
  - scope limitations
- Disclaimer of opinion on the sustainability financial statements
  - Significant uncertainties
- Ineffective internal control over financial reporting
- Tests of compliance limited by material weaknesses and scope limitations
Results of FY18 CFS Audit

Material weaknesses contributing to disclaimer:

- PP&E, Inventories and Related Property, and Accounts Receivable
- Liabilities and Commitments and Contingencies
- Cost of Government Operations and Disbursement Activity
- Intragovernmental Activity and Balances
- Preparation of Consolidated Financial Statements
- Reconciliations of Budget Deficit to Net Operating Cost and Changes in Cash Balance
Results of FY18 CFS Audit

Other material weaknesses:
• Improper Payments
• Information Security
• Loans Receivable and Loan Guarantee Liabilities

Significant deficiencies:
• Taxes Receivable
• Federal Grants Management
• Medicare Social Insurance Information
Results of FY18 CFS Audit

Focus areas:

- Intragovernmental activity and balances
- Treaties and other international agreements
- SFFAS No. 47 Reporting Entity
- Journal vouchers
- Legal representation letters
Looking ahead to FY 2019 CFS Audit

Key dates:

- Engagement letter and entrance, May
- Communication letter to components, June
- Planning PBCs from components, beginning July/Aug
- Year-end PBCs from components, November
- Audit report, February 2020
Looking ahead to FY 2019 CFS Audit

- New for FY19 – With no closing packages, CFS amounts and disclosures should be directly supported by information in audited PARs/AFRs
- New OMB Circular A-136 requirements for entity-level Financial Reporting
  - Note 44, reclassification of financial statements to FR format
  - Entity variance analyses
Looking ahead to FY 2019 CFS Audit

Focus areas:

• Implementation of new standards
  • SFFAS 49 – Public-Private Partnerships
  • SFFAS 51 – Insurance Programs
  • SFFAS 53 – Budget and Accrual Reconciliation (BAR)
• Audit strategy – key components
• Treaties and other international agreements (additional audit guidance to be provided)
• Intragovernmental activity and balances (FAM Volume 2, Sections 902 and 921)
Support of Federal Financial Community

Thank you!
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