



# Glimpse into the Future of Auditing Fund Balance with Treasury

May 23, 2023



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## Session Objectives

To gain an understanding of:

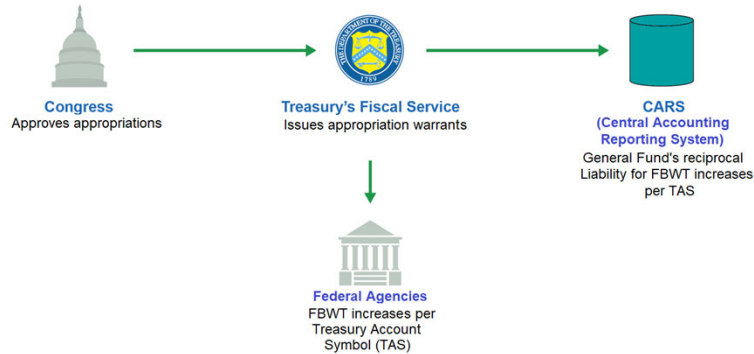
- How agency reported Fund Balance with Treasury information is used to prepare the Cash Statement of the Financial Report of the U.S. Government.
- A material weakness related to the Cash Statement that contributed GAO's disclaimer on the Financial Report of the U.S. Government.
- What are Treasury Account Symbols (TAS) and Business Event Type Codes (BETC).
- How TASs and BETCs impact the Financial Report of the U.S. Government.
- Potential new FBWT audit procedures.

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## What is Fund Balance with Treasury (FBWT)?

FBWT is an asset account that shows the available budget spending authority of federal agencies (FAM 921.01).

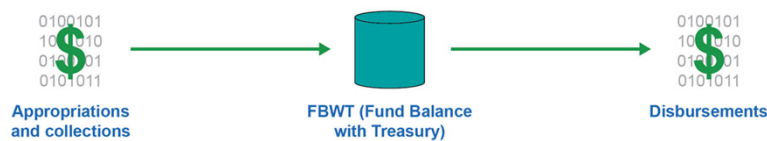


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## Collections and Disbursements

Funding obtained increases the FBWT account balance, and amounts disbursed decrease the account balance (FAM 921.02).



The Central Accounting Reporting System (CARS) captures collection and disbursement activity.

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## FBWT Activity Impacts the Statements of Changes in Cash Balance from Budget and Other Activities (Cash Statement)

Statement of Federal Financial Accounting Standards (SFFAS) 24, *Selected Standards for the Consolidated Financial Report of the United States Government*, requires the Cash Statement be presented.

FINANCIAL REPORT		
of the United States Government		
United States Government Statements of Changes in Cash Balance from Budget and Other Activities for the Years Ended September 30, 2022, and 2021		
(In billions of dollars)		
Cash flow from budget activities	2022	2021
Total budget receipts	4,896.1	4,046.0
Total budget outlays	(6,271.6)	(6,821.6)
Budget deficit	(1,375.5)	(2,775.6)

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## The Budget Deficit's Relationship to FBWT Activity

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)



**Cash flow activity excluded from the budget**

**Non-cash activity included in the budget**

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

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## Disclaimer on the Financial Report of the U.S. Government

Material weakness for the federal government's inability to reasonably assure that the information in the *Statements of Changes in Cash Balance from Budget and Other Activities* (Cash Statement) is complete, properly supported, and consistent with the underlying information in the audited entities' financial statements and other financial data.

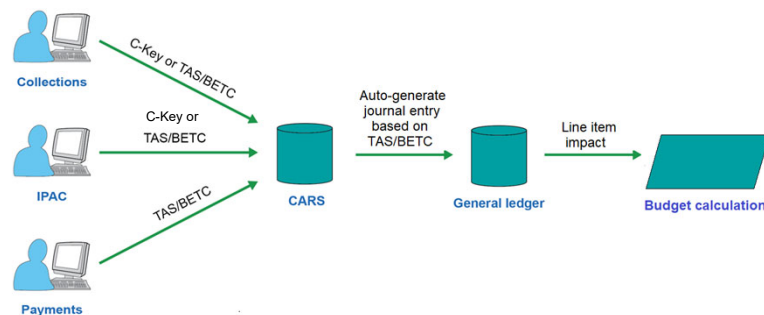
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## Cash Statement Preparation

**Treasury requires agencies to classify FBWT transactions using the TAS and the Business Event Type Code (BETC).**

Fiscal Service uses automated logic (a set of mapping rules) to assign transactions in CARS to a line item on the Cash Statement based on its TAS and BETC.



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## Treasury Account Symbol (TAS)

TAS Component	Description
Agency Identifier Code	Identifies account owner.
Beginning Period of Availability	Identifies the first year of funds availability under law that an appropriation account may incur new obligations.
Ending Period of Availability	Identifies the last year of funds availability under law that an appropriation account may incur new obligations.
Availability Type Code	Identifies the account type. For example: X: No-year or F: Clearing/suspense
Main Account Code	Identifies the type and purpose of the fund.

Treasury's FAST Book provides a list of TASs. It can be found at <https://www.fiscal.treasury.gov/reference-guidance/fast-book/>

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## TAS Example: 036 20 0102

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PUBLIC LAW 116-94—DEC. 20, 2019

### TITLE II

**036** DEPARTMENT OF VETERANS AFFAIRS

VETERANS BENEFITS ADMINISTRATION

**0102** COMPENSATION AND PENSIONS

(INCLUDING TRANSFER OF FUNDS)

For the payment of compensation benefits to or on behalf of veterans and a pilot program for disability examinations as authorized by section 107 and chapters 11, 13, 18, 51, 53, 55, and 61 of title 38, United States Code; pension benefits to or on behalf of veterans as authorized by chapters 15, 51, 53, 55, and 61 of title 38, United States Code; and burial benefits, the Reinstated Entitlement Program for Survivors, emergency and other officers' retirement pay, adjusted-service credits and certificates, payment of premiums due on commercial life insurance policies guaranteed under the provisions of title IV of the Servicemembers Civil Relief Act (50 U.S.C. App. 541 et seq.) and for other benefits as authorized by sections 107, 1312, 1977, and 2106, and chapters 23, 51, 53, 55, and 61 of title 38, United States Code, \$1,439,931,000, which shall be in addition to funds previously appropriated under this heading that became available on October 1, 2019; and, \$118,246,975,000 shall become available on October 1, 2020; *Provided*, That not to exceed \$18,147,000 of the amount made available

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## GAO Business Event Type Code (BETC)

- A BETC is a code
- Used in Central Accounting Reporting System (CARS)
- Indicates the type of activity reported (such as payments, collections, investments, borrowings, repayments, and so forth)
- Over 275 BETCs
- Guidance on BETCs and a listing of BETCs can be found here: <https://www.fiscal.treasury.gov/cars/faqs.html#betc>

BETC	Description
COLL	Offsetting Collection
COLLSBSD	Offset to Subsidy Payment from Program to Financing Account, Credit Reform
DISGF	Gross disbursement of appropriation derived from General Fund of US
DISNGF	Gross disbursement of appropriations & other sources derived from other than the General Fund of US
DISBSBSD	Subsidy Payment From Program To Financing Account, Credit Reform
INVTSEC	Investment In US Treasury Securities, Debit

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## GAO Incorrect BETC Example

- An agency used the incorrect BETC when classifying a subsidy expense.
- Specifically, an agency classified a credit reform subsidy expense transaction using the generic "COLL" BETC when reporting subsidy expense.

If the **correct**  
COLLSBSD  
BETC is used

Interest revenue on uninvested funds.....  
Interest expense on entity borrowings.....  
Downward reestimates/negative subsidy payments.....  
Subsidy expense/upward reestimates.....  
*Subtotal - adjustments for non-cash flow amounts in the budget related to guaranteed and direct loan financing activity.*  
*Total of adjustments for non-cash outlays included in the budget.....*

### Cash flow from activities not included in the budget

Cash flow from non-budget activities related to federal debt securities

Interest paid .....

*Subtotal - cash flow from non-budget activities related to federal debt securities.....*

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

If the **incorrect**  
COLL BETC is  
used

Loan disbursements/default payments.....

Fees.....

Principal & interest repayments.....

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## Federal Entities and TAS/BETC Supporting Documentation

- Federal entities assign the TAS and BETC data elements to most FBWT transactions.
- Federal entities should maintain all of the detailed information supporting assignment of these data elements.



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## Updating FBWT Audit Guidance (FAM 921)



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## Potential New Procedures: Obtaining an Understanding

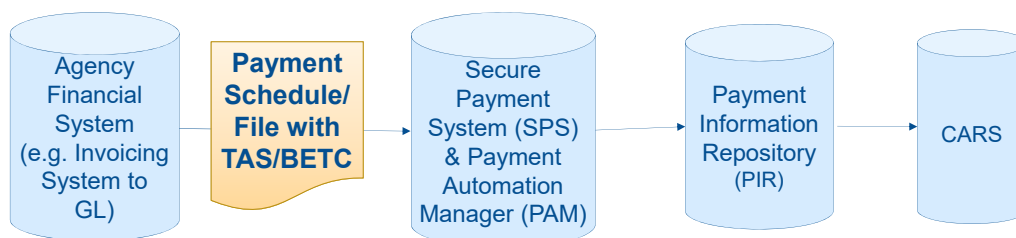
How does the entity assign TASs and BETCs to FBWT activity in CARS?

- Disbursements
- Collections
- Reclassifications

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## Disbursements



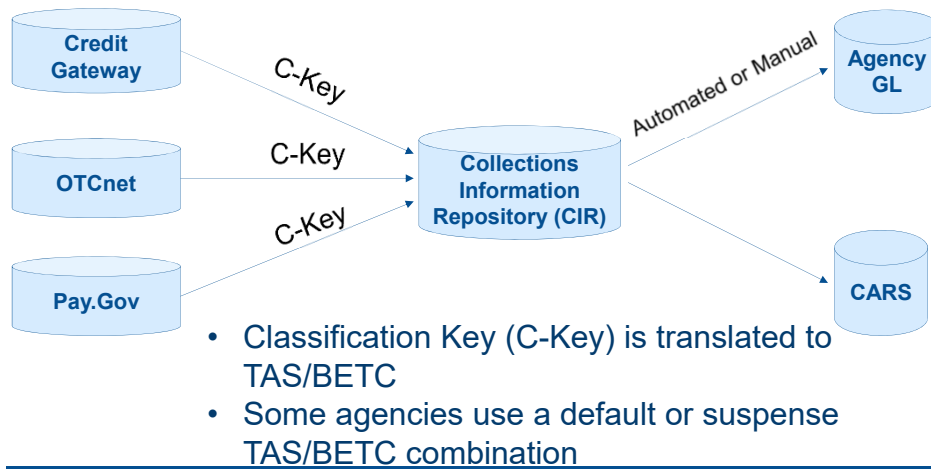
- TAS/BETC on payment file/schedule often based on invoice attributes such as fund code, line of accounting, organization code, program code, etc.

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## Collections



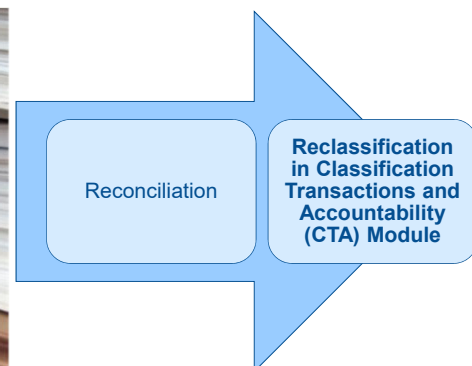
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## Default and Suspense TAS/BETC



Source: GAO. | www.gao.gov



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## Classified to Correct TAS/BETC



Source: GAO. | [www.gao.gov](http://www.gao.gov)

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## Potential New Procedures: Control Testing or Substantive Procedures

Procedures to determine that entities are:

- properly and timely assigning TASs and BETCs to FBWT transactions; and
- researching and resolving any differences between agency and Treasury records of TASs and BETCs assigned to FBWT transactions, and making the proper adjustments.

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## Key Takeaways

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- GAO is the group auditor of the Financial Report of the U.S. Government, which includes the Cash Statement.
- Treasury prepares the Cash Statement using TAS and BETC data elements assigned to FBWT transactions in CARS.
- Component entities maintain the processes and the detailed support for the assignment of most TASs and BETCs.
- To support the group audit, component auditors should perform audit procedures to determine whether entities are recording FBWT transactions to the accurate TAS and BETC.

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## Contact Information

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For questions about TAS and BETC, contact [GeneralFund@fiscal.treasury.gov](mailto:GeneralFund@fiscal.treasury.gov).

For questions about GAO's audit of the Cash Statement, contact Megan McGehrin at [McGehrinM@gao.gov](mailto:McGehrinM@gao.gov).

For questions about the updated FBWT procedures in the FAM, contact Rebecca Riklin at [RiklinR@gao.gov](mailto:RiklinR@gao.gov).

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Thank You

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Questions?

