



Financial Report and The General Fund: Audit Remediation Progress

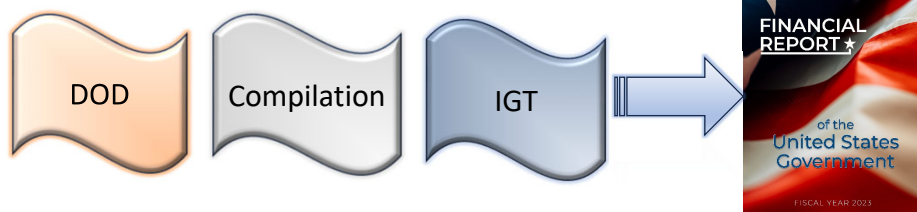
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Audit Status: A Disclaimer of Opinion

Since 1997, the Bureau of the Fiscal Service has compiled agency financial data to prepare the consolidated Financial Report of the U.S. Government (FR) and has consecutively received a disclaimer from the Government Accountability Office (GAO).

Three Primary Impediments



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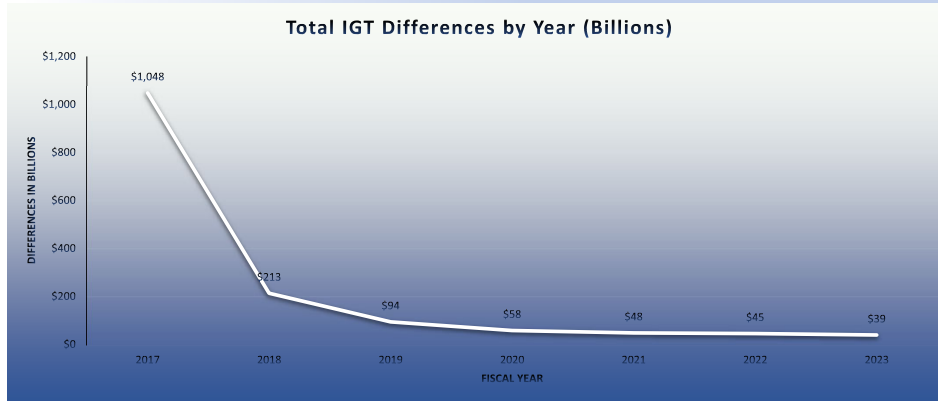
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IGT Impediment and Achievements

Impediment – Inability to adequately account for intragovernmental activity and balances between federal.

Achievement:

- Total Intra-governmental Transaction (IGT) Elimination Differences have steadily decreased because of processes and controls implemented by Fiscal Service and Federal Agencies



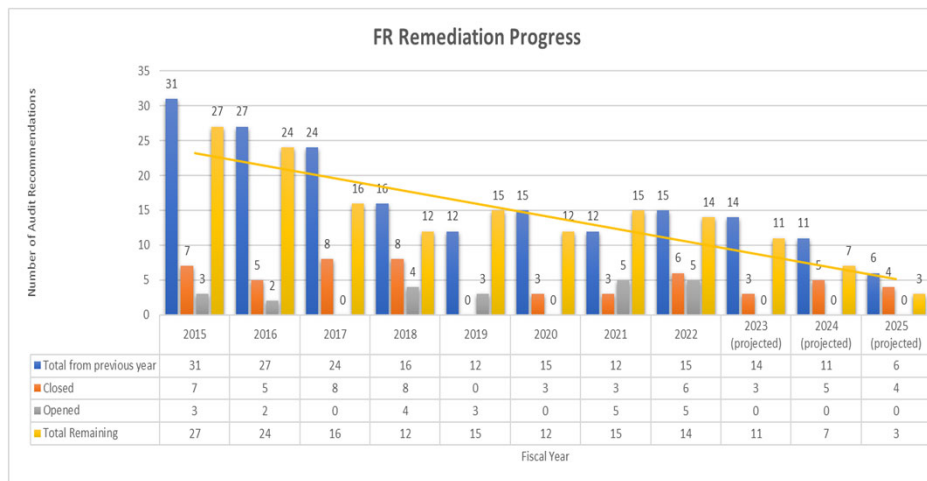
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Audit Status: 10-year Progress



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Fiscal Service Initiatives to help DoD Audit Posture

Impediment – DoD has serious financial management problems that prevent them from achieving a clean audit opinion

Achievements:

- **GTAS reporting**
 - Reduction in FBWT issues
- **General Fund Reporting**
 - Helped to reduce Statement of Differences
 - Helped get both entities closer to auditability
- **G – Invoicing**
 - Helped to reduce Buy/Sell differences and improve communication amongst trading partners
- **DoD Summits**
 - Presented best practices for Financial Reporting
 - Informed key personnel of upcoming reporting and guidance changes to help DoD better adapt
- **Support Fund Balance With Treasury Legislation in the National Defense Authorization Act**



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The road ahead...

- **Budget Accrual Working Group**
- **IGT – Assessment of Internal Controls**
 - G-Invoicing implementation
 - Do agencies eliminate properly?
 - Proper procedures
 - Communication
 - Dispute resolution process
- **Automation of manual processes**
 - Summary of Uncorrected Misstatements compilation (current and prior year)
 - Restatement Analysis



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The road ahead...(cont'd)

- **Business Event Type Code (BETC) to USSGL Crosswalk**
 - Facilitates potential full “Bank to Book” reconciliation
 - Aids General Fund Transaction traceability
 - Reference guide for agencies to determine when and how to use BETC or USSGLs.

- **Continuation of Standardized Financial Statements between A-136 and TFM 2-4700**
 - Utilize new GTAS data elements to transform the Statement of Net Cost into a more traditional and recognizable format that is very close to what agencies produce today.
 - Reduction of Agency burden

- **Standardized SUM preparation**
 - Widespread use of a standardized SUM preparation would result in increased understanding across the board of uncorrected Misstatements and their application to the Financial Report
 - Varying and sometimes confusing presentations are used currently resulting in potential misapplication or misclassification of SUM entries at the Government Wide Level.

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The General Fund of the U.S. Government

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The General Fund of the U.S. Government

The General Fund is the entity responsible for recording and reporting the assets and liabilities associated with financing government operations. The accounting and reporting for this entity is required to complete the government’s accounting model and provide balanced governmentwide financial statements for law makers and taxpayers.



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The General Fund of the U.S. Government

Congress & the President
Authorize appropriations for federal entities



General Fund
Records the issuance of authorized appropriations to federal entities



Federal Entities
Collect funds on behalf of the Federal Government, incur costs, and arrange payments



Interaction with federal entities

- Cash processing
- Liability for Fund Balance with Treasury
- Other Accrued Assets and Liabilities
- Transaction sources
 - Central Accounting and Reporting System (CARS)
 - Federal Entity Submission Forms

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The Schedules of the General Fund of the U.S. Government (*Schedules*)

The *Schedules* report

- Cash balance and related cash activity
- General Fund assets and liabilities that Treasury holds and manages
- Other intra-governmental assets and liabilities
- Net equity of the General Fund



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The *Schedules* and the *Financial Report*



DISCLAIMER

The audit of the General Fund is a vital step towards achieving an opinion/auditability on the *Financial Report*

- The *Schedules* include the Budget Surplus/Deficit and has other key relationships to the *Financial Report*
- GAO also audits the *Financial Report* and the *Schedules*

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GAO FY 2022 Audit of the *Schedules*

Resulted in:

- Disclaimer of opinion on the *Schedules* and on internal control over financial reporting
- Closure of three (3) FY 2018 audit recommendations + one (1) FY 2020 audit recommendation = Five (5) prior recommendations remaining
- Six (6) new recommendations



Reasons for Disclaimer:

- Identifying and tracing transactions in the *Schedules* general ledgers (underlying significant deficiency)
- Supporting account attributes of active Treasury Account Symbols (TAS) (other control deficiency)

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Upcoming Remediation Initiatives – We Need You

Contributor: Identify transactions in certain line items

- Entities should implement existing and newly established BETC Guidance: <https://www.fiscal.treasury.gov/cars/faqs.html#betc>
- Entities should maintain detailed information to support assignment of TAS' and BETCs to Fund Balance with Treasury transactions

Contributor: Inconsistency in reporting

- Entities should transition to using the Transfers and non-Cash (TaNC) module in CARS
 - Allows for traceability of TAS/BETC classification information to the original transaction
- Entities should prepare for requirements to provide additional detail when reclassifying transactions



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