



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

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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

- *FY18 Financial Report of the U.S. Government*, **GAO-19-294R** (March 28, 2019)
 - GAO Independent Auditor's Report
- *Understanding the Financial Report of the U.S. Government*, **GAO-18-239SP** (Feb 2018)



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
- Updated Treasury Financial Manual, Volume I, 2-4700 requirements to support FY19 Financial Report

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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