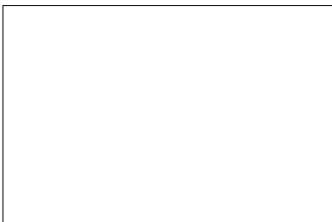


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**REPORT OF AUDIT**  
**(U) The Agency's Fund Balance With Treasury**

**Central Intelligence Agency**  
**Office of Inspector General**  
**Audit Staff**



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## Report of Audit

### (U) The Agency's Fund Balance With Treasury

#### EXECUTIVE SUMMARY

##### (U) Objectives

(U) The objectives of this audit were to determine whether:

- The fiscal year 2000 financial statements of the Agency fairly present the Fund Balance with Treasury (FBWT) in accordance with generally accepted accounting principles.
- The internal controls related to the FBWT are adequate to detect or prevent errors or misstatements that have a material effect on the financial statements.
- The Agency complied with laws and regulations that have an effect on the financial statement presentation of the FBWT.

##### (U) Background

(U) With the enactment of the Chief Financial Officers' Act in 1990, Congress called for the production of financial statements that fully disclose a Federal entity's financial position and results of operations. One of the requirements of the Act is that designated Federal organizations annually submit audited financial statements to the Director of the Office of Management and Budget. As an executive agency, the CIA must follow Federal financial accounting standards. The Agency is not currently required to adhere to the requirements of the Act; therefore, it is not required to annually submit audited financial statements. The Agency's Chief Financial Officer (CFO) has indicated her intention to move towards full compliance with Federal financial accounting standards and the preparation of auditable financial statements.

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(U) The FBWT is an asset on the balance sheet that represents funds on deposit with the Department of Treasury. Federal agencies are required to reconcile their FBWT accounts on a regular basis to ensure the integrity and accuracy of their internal financial data. Specifically, agencies are required to submit to Treasury, on a monthly basis, a Statement of Transactions that details their disbursement and collection activity with Treasury. Treasury identifies differences by comparing the disbursement and collection activity reported on the Statement of Transactions to data in its records and reports differences to each agency on a Statement of Differences.

(U) Agencies are responsible for performing detailed reconciliations of any differences in a timely manner; the Treasury Financial Manual (TFM) requires differences to be reconciled monthly. Treasury notifies the responsible CFO and Inspector General when differences are not resolved.

**(U) Results in Brief**

(C) The [redacted] presented on the 30 September 2000 financial statements as the total FBWT cannot be relied upon as a fair presentation of the Agency's cash on deposit with Treasury. As of the end of the fiscal year, the balance recorded in Agency general ledger accounts and Treasury records differed by

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[redacted] However, this net difference does not accurately reflect the total amount of unresolved transactions outstanding at year-end. In fact, transactions totaling [redacted] (absolute value) were recorded in Agency ledger accounts that could not be identified in or matched to Treasury records, and conversely, transactions totaling [redacted] (absolute value) were recorded in Treasury records that could not be identified in Agency general ledger accounts.

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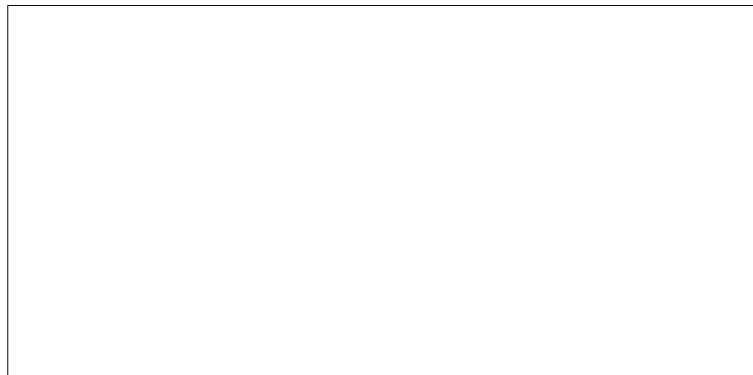
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If we were asked to provide an opinion on the financial statements, the existence of such material unresolved differences at year-end would preclude the issuance of an unqualified audit opinion.

(U//AIUO) Unresolved differences between Agency and Treasury records have resulted from ineffective internal controls related to FBWT. Agency officials are not properly preparing the Statement of Transactions sent to Treasury, which is used to identify differences between the records of the Agency and Treasury. The Agency has been preparing its Statement of Transactions using the collection and disbursement activity reported by Treasury Regional Finance Centers (RFC) and the Online Payment and Collection (OPAC) system instead of reporting the activity actually recorded in its general ledger accounts; therefore, differences between Agency and Treasury records are not acknowledged in the Statement of Differences prepared by Treasury. Although the Agency has been separately tracking these differences using its own internal process, the differences have not been resolved in a timely manner, which has resulted in long-standing discrepancies between the Agency and Treasury records.

(U//AIUO) In addition, the FBWT and related footnote disclosures were not properly presented on the financial statements and contained numerous inaccuracies.

**(U) Summary of Recommendations**



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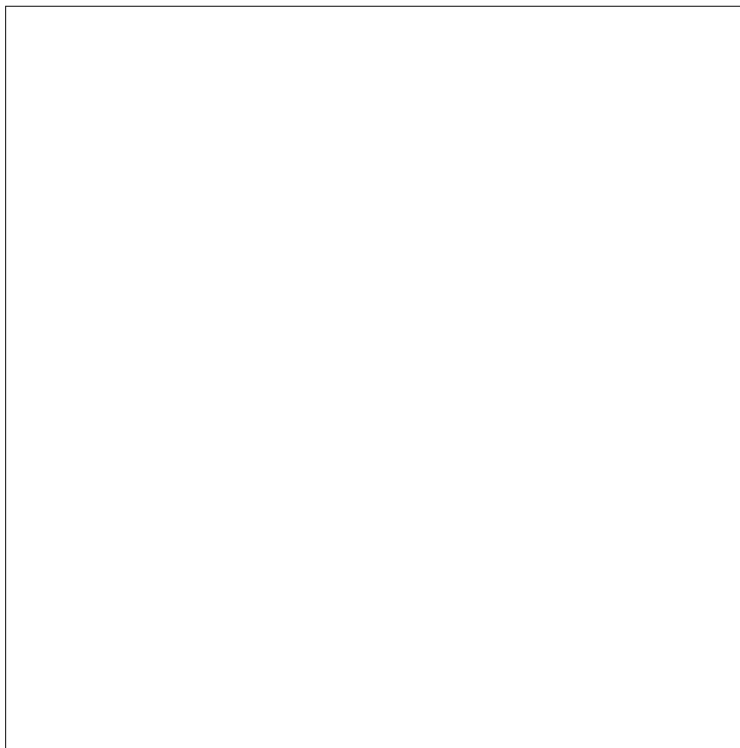
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(U) All of the recommendations in this report are considered significant and will be included in the Inspector General's next semiannual report to the Director of Central Intelligence.

**(U) Management  
Comments and Our  
Evaluation**



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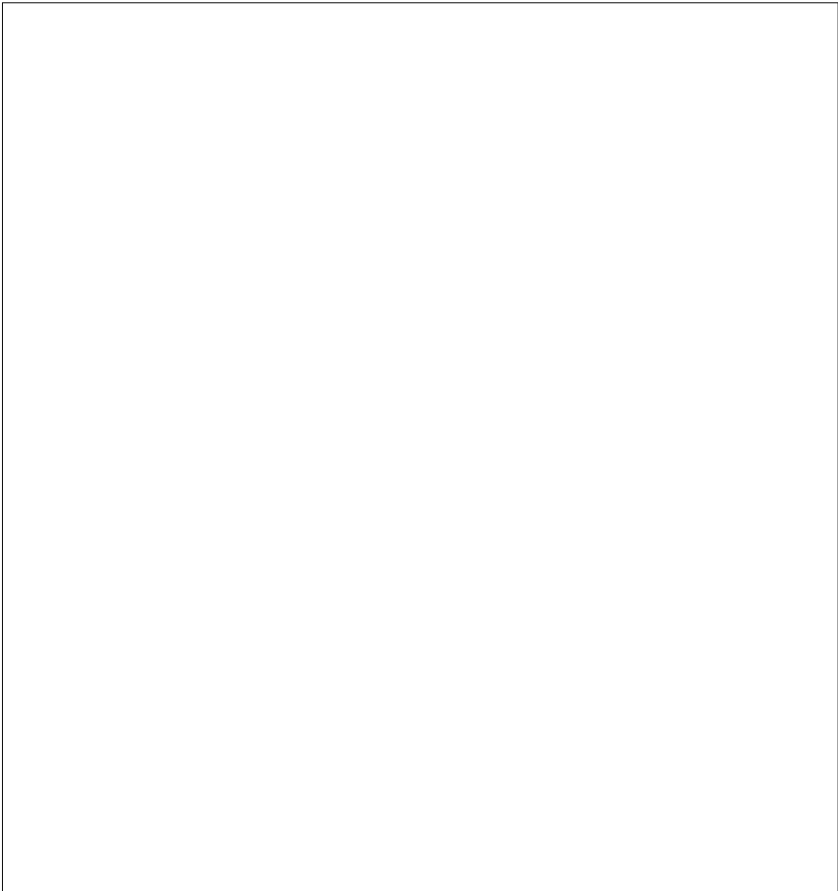


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(U) We acknowledge that the TFM could provide more details in describing the FBWT reconciliation process. However, the TFM states in specific terms that each reporting office will prepare the Statement of Transactions from its accounts promptly at the close of each accounting month. Our most recent discussions with knowledgeable Treasury officials confirm that agencies should use their general ledger account activity to prepare the Statement of Transactions. Also, GAO guidance for auditing FBWT accounts recommends that auditors should determine whether agencies adequately prepare the Statement of Transactions by using the same records that are used to prepare the agencies' financial statements. In this regard, we continue to believe that Accounting Operations needs to change its reconciliation procedures to conform with guidance set forth in the TFM.



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**(U) OBJECTIVES, SCOPE, AND METHODOLOGY**

(U) The objectives of this audit were to determine whether:

- The fiscal year 2000 financial statements of the Agency fairly present the Fund Balance with Treasury (FBWT) in accordance with generally accepted accounting principles.
- The internal controls related to FBWT are adequate to detect or prevent errors or misstatements that have a material effect on the financial statements.
- The Agency complied with laws and regulations that have an effect on the financial statement presentation of FBWT.

(U) We reviewed the presentation of the FBWT line item on the fiscal year 2000 balance sheet and related footnote disclosures (Exhibit A). We also reviewed the supplemental information accompanying the financial statements, including Management Discussion and Analysis. We examined documentation prepared by Finance to support the amounts presented in the balance sheet and footnote disclosures.

(U//AIUO) We reviewed the Agency's process for reconciling FBWT to Department of Treasury records. We analyzed the September 2000 Statement of Transactions prepared by Finance officials for  agency location codes<sup>1</sup> and related supporting documentation including deposit tickets and debit vouchers. We analyzed the October 2000 Statement of Transactions for two agency location codes to determine whether errors on the September statements were corrected in October. We examined records generated by the Online Payment and Collection (OPAC) system, which is an application used by agencies to make interagency billings and payments for supplies and services, and from Regional Finance Centers (RFCs), which are financial centers that issue payments and process cancellations on behalf of Federal agencies that do not have their own disbursing authority. We also reviewed reports generated by Treasury that are used in the reconciliation of Agency FBWT, such as the Statement of Differences.

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(U) To identify the Federal requirements for financial statement presentation and internal controls related to FBWT, we reviewed the Chief Financial Officers' Act (CFO Act); Office of Management and Budget (OMB) Bulletin No. 97-01 and technical amendments to OMB Bulletin No. 97-01, *Form and Content of Agency Financial Statements*; the Statements of Federal Financial Accounting Standards (SFFASs); and the Treasury Financial Manual (TFM).<sup>2</sup> We also reviewed relevant reports issued by the Agency's Inspector General, the General Accounting Office (GAO), and other Federal agencies.

(U) We had discussions with personnel from Finance, Accounting Operations, and the Office of the CFO to obtain information on the process for monitoring FBWT and ensuring that accurate balances are recorded in Agency general ledger accounts and reconciled with Treasury records. We also spoke with personnel from Treasury and GAO to obtain clarification of the proper FBWT reconciliation policies and procedures.

(U) Our audit work was conducted from February to May 2001 in accordance with generally accepted government auditing standards. Comments on a draft of this report were received from the Director of Finance who responded for the CFO and were considered in the preparation of this report.

## **(U) BACKGROUND**

### **(U) Financial Statement Reporting and Accounting Standards**

(U) With the enactment of the CFO Act in 1990, Congress called for the production of financial statements that fully disclose a Federal entity's financial position and results of operations, and provide information not only for the effective allocation of resources, but also with which Congress, agency managers, and the public can assess management performance and stewardship. One of the requirements of the Act is that designated Federal organizations annually submit audited financial statements to the Director of OMB.

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<sup>2</sup> (U) OMB Bulletin No. 01-09, *Form and Content of Agency Financial Statements*, dated 25 September 2001, replaced OMB Bulletin No. 97-01.

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(U) The Federal Accounting Standards Advisory Board recommends accounting principles, standards, or concepts for the Federal Government. When recommended statements of accounting principles or standards are agreed to by the Director of OMB, the Secretary of the Treasury, and the Comptroller General, the Director of OMB issues SSFASs which are considered generally accepted accounting principles for Federal agencies. OMB Circular No. A-134, *Financial Accounting Principles and Standards*, requires that all executive agencies apply the SFFASs when preparing financial statements and that auditors consider the SFFASs as authoritative references when auditing financial statements. OMB Bulletin No. 97-01 defines the form and content of financial statements that are submitted to the Director of OMB pursuant to the requirements of the CFO Act.

(U//AIUO) As an executive agency, the CIA must follow Federal financial accounting and reporting standards as promulgated by the Financial Accounting Standards Advisory Board. The Agency is not currently required to adhere to the requirements of the CFO Act; therefore, it is not required to annually submit audited financial statements. The CFO has indicated her intention to move towards full compliance with Federal financial accounting standards and the preparation of auditable financial statements. This audit was the second in a series of audits designed to assist the Agency in its efforts to comply with Federal financial accounting and reporting standards and prepare auditable financial statements.

**(U) Fund Balance With Treasury and  
Department of Treasury Requirements**

(U) OMB Circular No. A-127, *Financial Management Systems*, requires Federal agencies to use a financial information classification structure that is consistent with the US Government standard general ledger. The standard general ledger supports the financial system management function by providing a chart of accounts and account definitions. Fund Balance with Treasury is defined in the chart of accounts as all funds on deposit with Treasury, excluding seized cash, reported on the Statement of Transactions. The Treasury Financial Manual adds to this definition, stating that FBWT accounts are asset accounts representing the future economic benefit of monies that can be spent for authorized transactions.

(U) The Secretary of the Treasury requires Federal agencies to reconcile their FBWT accounts on a regular basis to assure the integrity and accuracy of their internal financial data. The TFM requires Federal agencies to submit to Treasury, on a monthly basis, a summary of disbursement and collection activity for each of their Treasury accounts. Disbursement

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transactions include, for example, payments for agency supplies and services, while collections include the receipt of appropriated funds. Disbursement and collection activity is summarized on the Statement of Transactions, which is submitted electronically to Treasury. The TFM indicates that the Statement of Transactions should be prepared directly from an agency's general ledger accounts.

(U) Treasury compares the disbursement and collection activity reported on the Statement of Transactions to the data in its records, which include transaction activity reported by the RFCs and from the OPAC application. Any differences are reported back to each agency on a Statement of Differences. Agencies are responsible for performing detailed reconciliations of any differences in a timely manner; the TFM requires differences to be reconciled monthly. Treasury notifies the responsible CFO and Inspector General when differences are not resolved.

(C) In fiscal year 2000, Agency officials used 10 general ledger accounts to record FBWT activity. Exhibit B provides a listing of the Agency's FBWT general ledger accounts and a description of the activity that was recorded in each account. The Agency reported a FBWT of [redacted] on its 30 September 2000 financial statements.

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**(U) DETAILED COMMENTS**

(C) The amount presented as FBWT on the 30 September 2000 financial statements is not reliable. As of the end of the fiscal year, the balance recorded in Agency general ledger accounts and Treasury records differed by [redacted]. However, this net difference does not accurately reflect the total amount of unresolved transactions outstanding at year-end. In fact, transactions totaling [redacted] (absolute value) were recorded in Agency general ledger accounts that could not be identified in or matched to Treasury records, and conversely, transactions totaling [redacted] (absolute value) were recorded in Treasury records that could not be identified in Agency general ledger accounts.<sup>3</sup> If we were asked to provide an opinion on the financial statements, the existence of such material unresolved differences at year-end would preclude the issuance of an unqualified audit opinion.

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<sup>3</sup> (U) Due to the high risk associated with cash, the GAO recommends that agencies report unresolved differences at absolute value, rather than netting the positive and negative amounts.

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(U//AIUO) The unresolved differences have resulted from ineffective internal controls related to FBWT. Agency officials are not properly preparing the monthly reports sent to Treasury, which are used to identify differences between amounts recorded in Agency general ledger accounts and records maintained by Treasury. Although the Agency tracks these differences using a separate process, the differences have not been resolved in a timely manner, which has resulted in long-standing discrepancies between Agency and Treasury records. In addition, the FBWT and related footnote disclosures were not properly presented on the financial statements and contained numerous inaccuracies.

**(U) The Amount Reported as the Fund  
Balance With Treasury Is Not Reliable**

(C) The amount reported on the Agency's 30 September 2000 balance sheet for FBWT cannot be relied upon as a fair presentation of the Agency's cash on deposit with Treasury. As of the end of the fiscal year, the balance recorded in Agency general ledger accounts and Treasury records differed by approximately

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**(S) Agency and Treasury Ending Balances Recorded in FBWT  
Accounts as of 30 September 2000**

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<b>FBWT General Ledger (GL) Accounts (See Exhibit B)</b>	<b>Balance per General Ledger as of 9/30/00</b>	<b>Balance per Treasury as of 9/30/00</b>	<b>Net Difference as of 9/30/00</b>
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(C) The [redacted] difference displayed in the previous chart represents the net difference between Agency and Treasury records as of 30 September 2000, but it does not accurately reflect the total amount of unresolved transactions outstanding at year-end. In fact, transactions totaling [redacted] (absolute value) were recorded in Agency general ledger accounts that could not be identified in or matched to Treasury records, and conversely, transactions totaling [redacted] (absolute value) were recorded in Treasury records that could not be identified in Agency general ledger accounts. Several of these transactions date back to fiscal year 1992. The unresolved transactions (absolute value) outstanding at year-end are summarized below:

**(S) Treasury and Agency Unresolved Transactions Recorded in FBWT Accounts as of 30 September 2000**

General Ledger (GL) FBWT Accounts (See Exhibit B)	Transactions Recorded in Treasury Records, but Not Identified in GL as of 09/30/00	Transactions Recorded in GL, but Not Identified in Treasury Records as of 09/30/00
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[Redacted Content]		
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(U//AIUO) Officials within Accounting Operations believe that many of the unresolved differences are unmatched transactions rather than actual accounting errors. Unmatched transactions occurred because of differences in recording OPAC and Agency activity. For example, one OPAC transaction posted in Treasury records could represent several transactions in Agency general ledger accounts. If the transactions are not coded adequately, it is difficult to immediately identify the Agency transactions that make up one OPAC transaction. These transactions are not errors or timing differences, rather they represent transactions that need to be researched, matched up, and removed from the reconciliation records.

(C) The unresolved differences that existed between Agency general ledger accounts and Treasury records at 30 September 2000 were material amounts in relation to Agency financial statements.

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As a result, if we were asked to provide an opinion on the financial statements, the existence of these material discrepancies at year-end would preclude the issuance of an unqualified audit opinion.

**(U) Disbursement and Collection Data  
Submitted to Treasury Was Not From  
Agency General Ledger Accounts**

(U//AIUO) Internal control procedures designed to ensure the accuracy of FBWT records have not been effectively implemented in the Agency. In particular, monthly reports sent to Treasury, which are used to identify differences between the records of the Agency and Treasury, have not been properly prepared. Treasury requires each Federal agency to prepare and submit a monthly Statement of Transactions from its records.

(U//AIUO) The Statement of Transactions should show all transactions recorded in an agency's accounts that affected the FBWT that month. Treasury compares the Statement of Transactions received from each agency to transaction activity from the RFCs and the OPAC application and prepares a Statement of Differences, which is returned to the agency for resolution. When preparing the Statement of Transactions, Agency Accounting Operations officials use disbursement and collection activity data from the RFCs and the OPAC application instead of using the transactions recorded in Agency general ledger accounts. Consequently, when Treasury reconciles the activity submitted on the Agency's Statement of Transactions to its own records, it is in essence reconciling Treasury data to Treasury data. As a

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result, Treasury is not aware of the actual differences between Agency general ledger accounts and Treasury records.

(U//AIUO) Officials within Accounting Operations who are responsible for performing the FBWT reconciliations stated that they relied upon the instructions received during formal training to prepare the Statement of Transactions. It was their understanding that OPAC and RFC data should be reported on the Statement of Transactions, and they did not refer to the Treasury Financial Manual for further guidance on preparing the Statement of Transactions. In addition, Accounting Operations has internal policies and procedures addressing the FBWT reconciliation process; however, the procedures do not document the correct reconciliation process as required by the TFM.

**(U) Differences Between Agency  
General Ledger Accounts and  
Treasury Records Have Been  
Identified but Not Resolved**

(U//AIUO) Accounting Operations officials identify differences between Agency general ledger accounts and Treasury records on a monthly basis (outside of the official reporting process on the Statement of Transactions), but they have not resolved the differences in a timely manner. The TFM requires that agencies reconcile the FBWT accounts monthly, but Agency records indicate that unresolved differences date back to fiscal year 1992.

(C) The untimely reconciliation of differences contributed to a significant number of unresolved transactions as 30 September 2000. For example, 1,280 transactions were recorded in Treasury records but could not be specifically identified in the general ledger for account [redacted] [redacted] *except Foreign Broadcast Information System*. A majority of the unresolved differences, 1,223 transactions (95.6 percent), were more than 30 days old. Many differences were several years old, which makes researching and resolving the differences difficult, if not impossible. Accounting Operations officials stated that unfamiliarity with the Agency Financial Management System (the current accounting system) when it became operational on 1 October 1993 created many recording errors in the FBWT general ledger accounts.

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(C) During fiscal year 2001, Accounting Operations increased its efforts to resolve differences between Agency general ledger accounts and Treasury records. The difference was reported to be [redacted] as of 31 March 2001, which is [redacted] less than the difference as of 30 September 2000. In addition, Agency records indicated that unresolved differences between Agency general ledger accounts and Treasury records was [redacted] (absolute value) at 31 March 2001, a decrease of [redacted] from the [redacted] existing six months prior. We did not audit these amounts or assess the sufficiency of the research performed to identify and clear the discrepancies in the records. Exhibit C presents the unaudited data provided by Accounting Operations.

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(U) The General Accounting Office has addressed the impact of internal control weaknesses over FBWT on Federal agencies' financial statements in several reports. The GAO reported that significant unexplained or unreconciled differences in an agency's fund balance information with Treasury could result in misstatements of certain data in the financial statements, such as obligations and outlays provided by the agency for inclusion in the President's Budget.<sup>4</sup> In addition, the GAO consistently reports material deficiencies related to reconciliations of FBWT accounts as significant problems that contribute to the inability of GAO to render an opinion on the US Government consolidated financial statements.

(U//AIUO) Agency internal controls related to FBWT were inadequate to detect or prevent errors or misstatements that have a material effect on the financial statements. Reconciling FBWT accounts is a key internal control process. The failure to implement timely and effective reconciliations increases the risk of fraud, waste, and mismanagement of funds. In addition, unresolved differences at year-end compromise the reliability of FBWT accounts and other general ledger accounts associated with the FBWT. The CFO should revise Accounting Operations policies and procedures to ensure that reconciliations are performed in accordance with the Treasury Finance Manual. The CFO should develop an action plan that sets milestones and addresses the level of resources and training needed to bring Agency FBWT records in agreement with Treasury records.

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<sup>4</sup> (U) *Federal Accounting and Reporting, Framework for Assessing the Reliability of Budget Execution Data Is Not Yet Fully Implemented*, GAO-01-43.

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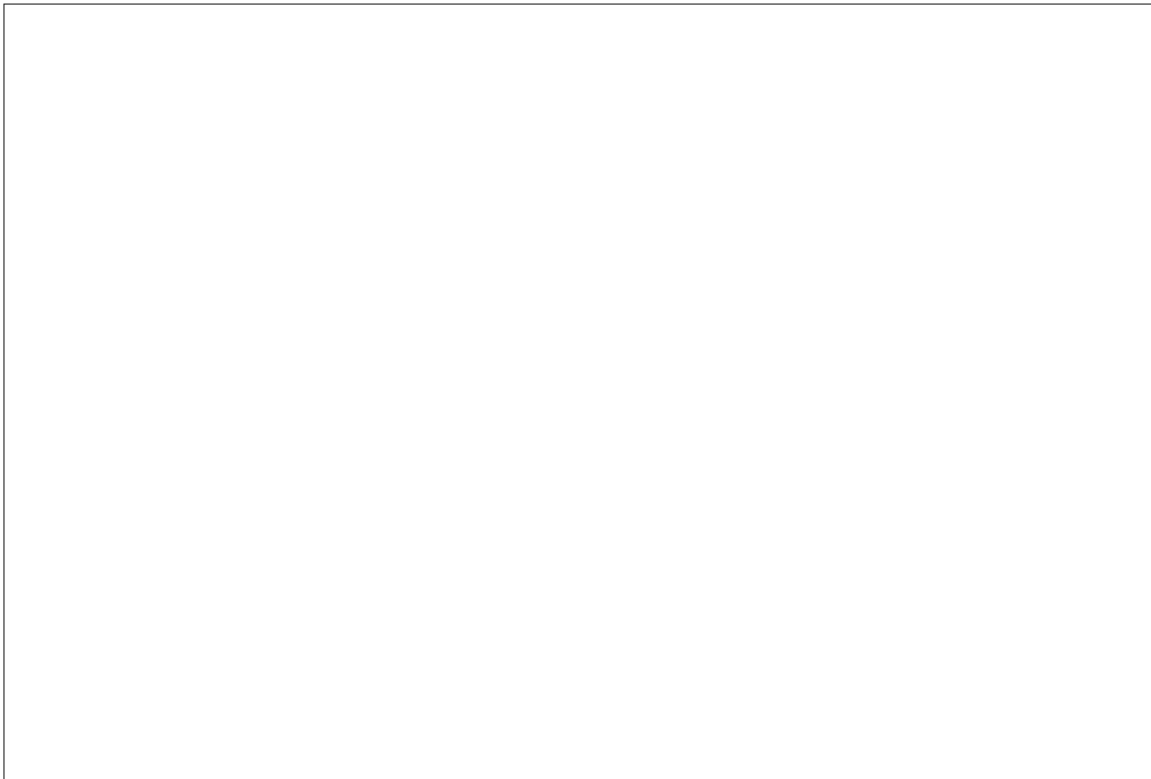
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**(U) Fund Balance With Treasury and  
Related Footnote Disclosures Were  
Not Properly Presented on Agency  
Financial Statements**

(U//AIUO) The Agency did not comply with the Federal financial reporting requirements regarding financial statement presentation of the FBWT. Accounting Operations officials did not properly classify *entity* and *non-entity* funds on the balance sheet, disclose obligated and unobligated balances, or disclose and explain material unresolved differences outstanding between Agency general ledger accounts and Treasury records. In addition, footnote disclosures related to FBWT were not properly presented and contained inaccuracies. Financial statement users could be misled as a result of the improper and inaccurate presentation of the Agency's FBWT, both on the balance sheet and in the footnote disclosures.

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**(U) Fund Balance With Treasury Was Inaccurately Classified on the Balance Sheet**

(C) The Agency inaccurately classified the total amount reported for FBWT as an *entity* asset on the balance sheet. *Entity* assets are defined in OMB Bulletin No. 97-01 as assets that the reporting entity has authority to use in its operations; *non-entity* assets are those that are held by the reporting entity, but not available to the entity. All Agency assets are classified as *entity* assets on the balance sheet, however the amount reported for FBWT included *non-entity* funds

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We estimate that approximately [Redacted] reported for total FBWT should be classified as *non-entity* assets.<sup>6</sup>

(U//AIUO) In fiscal year 2000, agencies had the option to present *entity* and *non-entity* assets on the balance sheet in one of two ways: either separately, or combined as presented below:<sup>7</sup>

Format for Separate Presentation	Format for Combined Presentation
ASSETS Entity: Intragovernmental Fund Balance with Treasury (Note 2)  Non-Entity: Intragovernmental Fund Balance with Treasury (Note 2)	ASSETS (Note 17) Intragovernmental Fund Balance with Treasury (Note 2)

[Redacted]

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<sup>7</sup> (U) The technical amendment to OMB Bulletin No. 97-01 dated 7 January 2000, provided agencies with the option of simplifying the presentation of the fiscal years 1999 and 2000 balance sheets by combining *entity* and *non-entity* assets on the balance sheet. Although optional in fiscal years 1999 and 2000, agencies will be required to combine *entity* and *non-entity* assets on the balance sheet for fiscal years 2001 and forward.

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Accounting Operations officials selected the format for the combined presentation (*entity* and *non-entity* assets combined on the balance sheet), but they incorrectly identified all assets, including all of FBWT, as *entity* assets on the balance sheet. OMB Bulletin No. 97-01 states that agencies using the format for combined presentation should separately disclose *non-entity* assets in the notes to the financial statements, however the notes to the Agency's financial statements do not include such a disclosure.

**(U) Footnote Disclosures Were  
Not Properly Presented and  
Contained Inaccuracies**

(U//AIUO) The information regarding FBWT that was reported in the notes to the financial statements was not prepared in accordance with Federal financial reporting requirements, including OMB Bulletin No. 97-01, Statements of Federal Financial Accounting Standards, and the Treasury Financial Manual, and contained numerous inaccuracies. OMB Bulletin No. 97-01 requires that note disclosures provide a breakdown by type of funds (appropriated, trust, revolving, other) on deposit with Treasury, indicating whether the funds are *entity* or *non-entity* funds.<sup>8</sup> SFFAS No. 1, *Accounting for Selected Assets and Liabilities*, requires that disclosures be made that distinguish between the obligated and the unobligated balances within FBWT. The standards further require that agencies explain differences between FBWT general ledger account balances and Treasury records and provide information on unused funds in expired accounts that are returned to Treasury each year.

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<sup>8</sup> (U) OMB Bulletin No. 01-09, which replaced OMB Bulletin No. 97-01 as of 25 September 2001, modified the FBWT footnote disclosure to include another breakout showing obligated and unobligated and available and unavailable amounts.

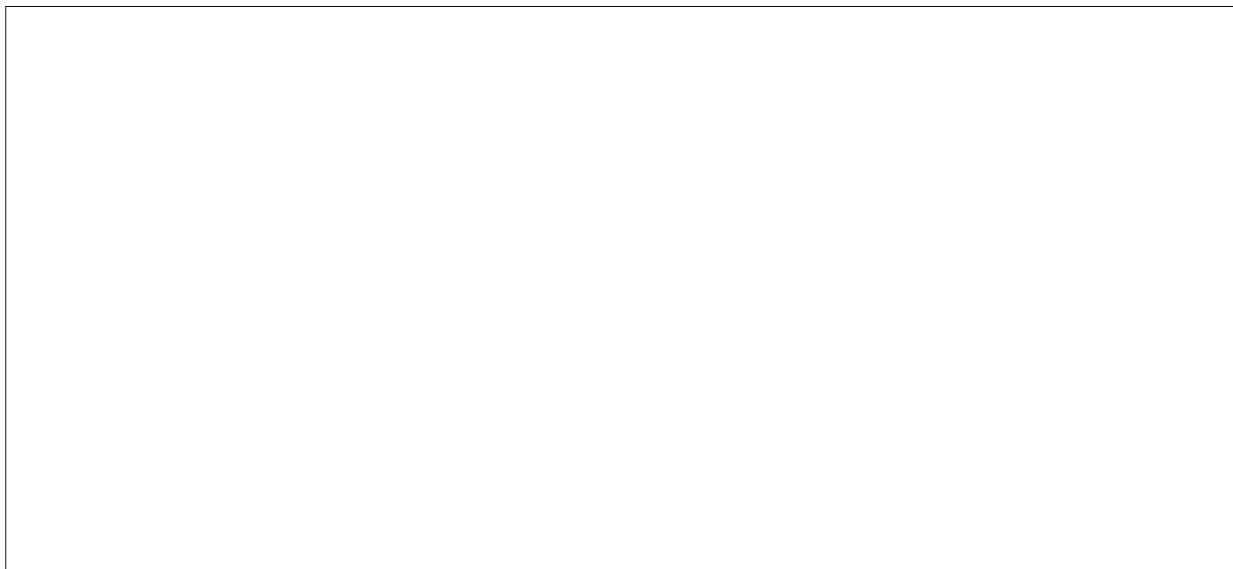
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(U//AIUO) The notes to the Agency's fiscal year 2000 financial statements contained the following disclosures:

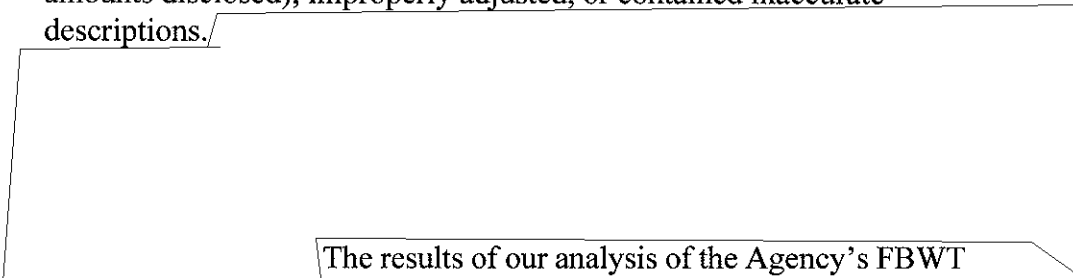
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**(C) Note 2. Fund Balance with the US Treasury**



(U//AIUO) The footnote contains more detail than required by OMB Bulletin No. 97-01 on the different types of funds that make up FBWT. As discussed previously, however, the note does not disclose *entity* and *non-entity* funds. In addition, obligated and unobligated balances are not disclosed for FBWT. Finally, the note does not disclose the material unresolved differences outstanding at year-end between Agency general ledger accounts and Treasury records, nor does it explain the causes for the differences.

(C) Although the note discloses more detailed information regarding FBWT than is required, many of the amounts or descriptions are inaccurate or cannot be substantiated. Of the nine line items disclosed in Note 2, seven line items had dollar amounts that were either not derived from FBWT accounts (Accounting Operations used data from other sources to support the amounts disclosed), improperly adjusted, or contained inaccurate descriptions.



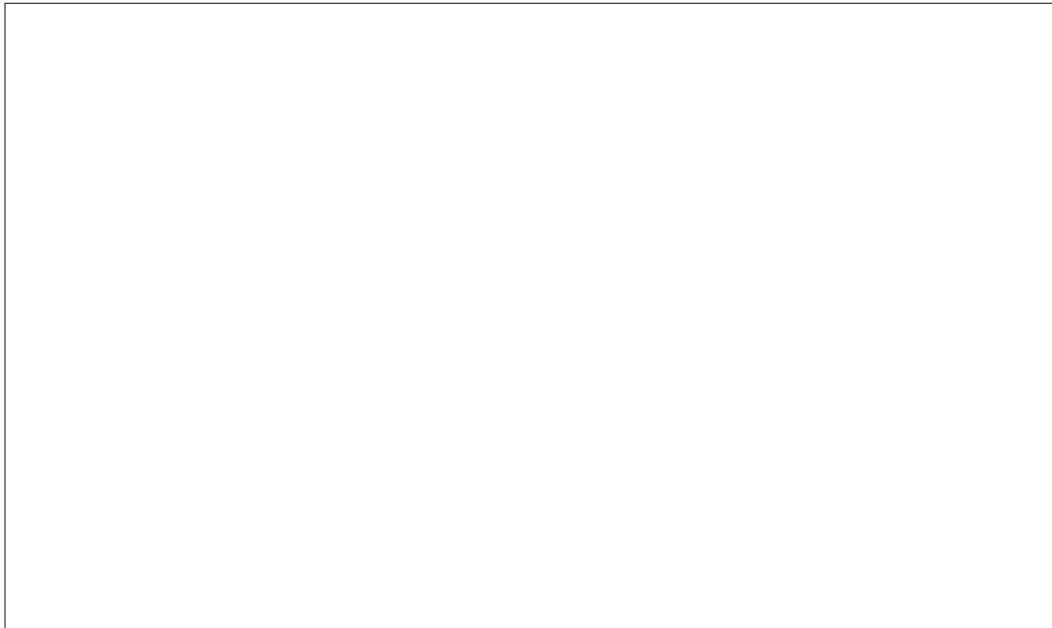
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The results of our analysis of the Agency's FBWT footnote disclosures are detailed at Exhibit D.

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(U) As stated previously, the amount of detail provided in the notes to the fiscal year 2000 financial statements exceeded the disclosure requirements. The Agency may choose to present more information than what is required, but whatever is presented must be meaningful and accurate. In order to ensure that the Agency's FBWT and related footnote disclosures are properly and accurately presented on the balance sheet in accordance with Federal financial reporting requirements, a presentation format should be designed and implemented by officials responsible for preparing the Agency's financial statements. The presentation format should incorporate current requirements set forth in OMB Bulletins, SFFASs, and the TFM.



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## **Exhibit A**

### **(U) Fiscal Year 2000 Balance Sheet and Note 2 to the Financial Statements**

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**Exhibit B**

(b)(1)  
(b)(3)

**(S) Agency's Fund Balance With Treasury  
General Ledger (GL) Accounts**

GL Account Number	Account Title	Account Usage
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**Exhibit C**

**(S) Unresolved Differences Between  
Agency General Ledger Accounts and Treasury Records  
as of 31 March 2001**

(b)(1)  
(b)(3)

**(As Reported by Accounting Operations; Unaudited)**

Agency and Treasury Ending Balances Recorded in FBWT Accounts as of 31 March 2001  FBWT General Ledger (GL) Accounts (See Exhibit B)	Balance per GL as of 03/31/01	Balance per Treasury as of 03/31/01	Net Difference as of 03/31/01
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(b)(1)  
(b)(3)

<b>Treasury and Agency Unresolved Transactions Recorded in FBWT Accounts as of 31 March 2001</b> <b>General Ledger (GL) FBWT Accounts (See Exhibit B)</b>	<b>Transactions Recorded in Treasury Records, but Not Identified in GL as of 03/31/01</b>	<b>Transactions Recorded in GL, but Not Identified in Treasury Records as of 03/31/01</b>
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**Exhibit D**

**(U) Analysis of the Agency's  
Fund Balance With Treasury Footnote Disclosures**

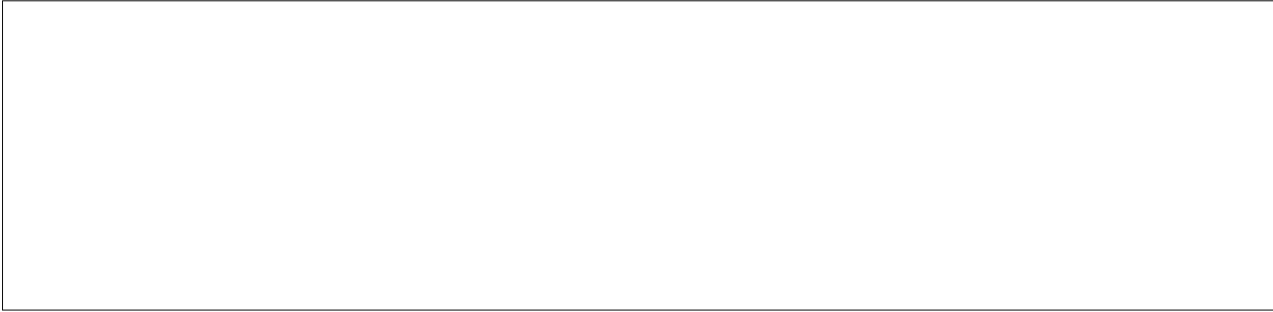
(b)(1)  
(b)(3)

(C) Note 2. Fund Balance with the US Treasury



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~~SECRET//X1~~



(b)(1)  
(b)(3)

\* This amount represents the items recorded in Treasury's records that cannot be specifically identified in Agency general ledger accounts as of 30 September 2000.



(b)(3)

<sup>5</sup> (C) *Agency expired fund balances* was derived from the budgetary general ledger account [redacted]-*Expired Funds*. This account can be used to estimate expired funds, however it does not represent actual FBWT balances. Further, the description of *Agency expired fund balances: FYs 1995 thru 2000* is incorrect because fiscal year 2000 funds are unexpired (current appropriation), 1999 - 1995 funds are expired. In addition, although the description indicates that fiscal year 1995 funds were included in this line item, they were not. They were included in the line item for *Agency canceled fund balances: FYs 1994 thru 1995*.

(b)(3)



<sup>7</sup> (U//AIUO) *Agency Reserve for Contingencies* amount was not derived from the FBWT general ledger accounts. The amount is derived from the fiscal year 2000 Apportionment and Reapportionment Schedule. The Apportionment and Reapportionment Schedule shows the budgetary resources available to the Agency, however, it does not show the actual FBWT for the Agency reserve for contingencies. Because the Agency receives its appropriations in increments, it is not possible to determine actual cash collections for reserves.

<sup>8</sup> (C) *Agency canceled fund balances: FYs 1994 thru 1995* was not obtained from FBWT accounts. The amount was derived from activity in budgetary general ledger account [redacted]-*Cancelled Funds*. This account can be used to estimate canceled funds, however, it does not represent actual FBWT balances. Also, the description of this line item is inaccurate. Canceled funds would only include 1994 and prior year funds. Fiscal year 1995 funds were reported in this line item but should have been disclosed in the line item for *Agency expired fund balances: FYs 1995 thru 2000*.

(b)(3)

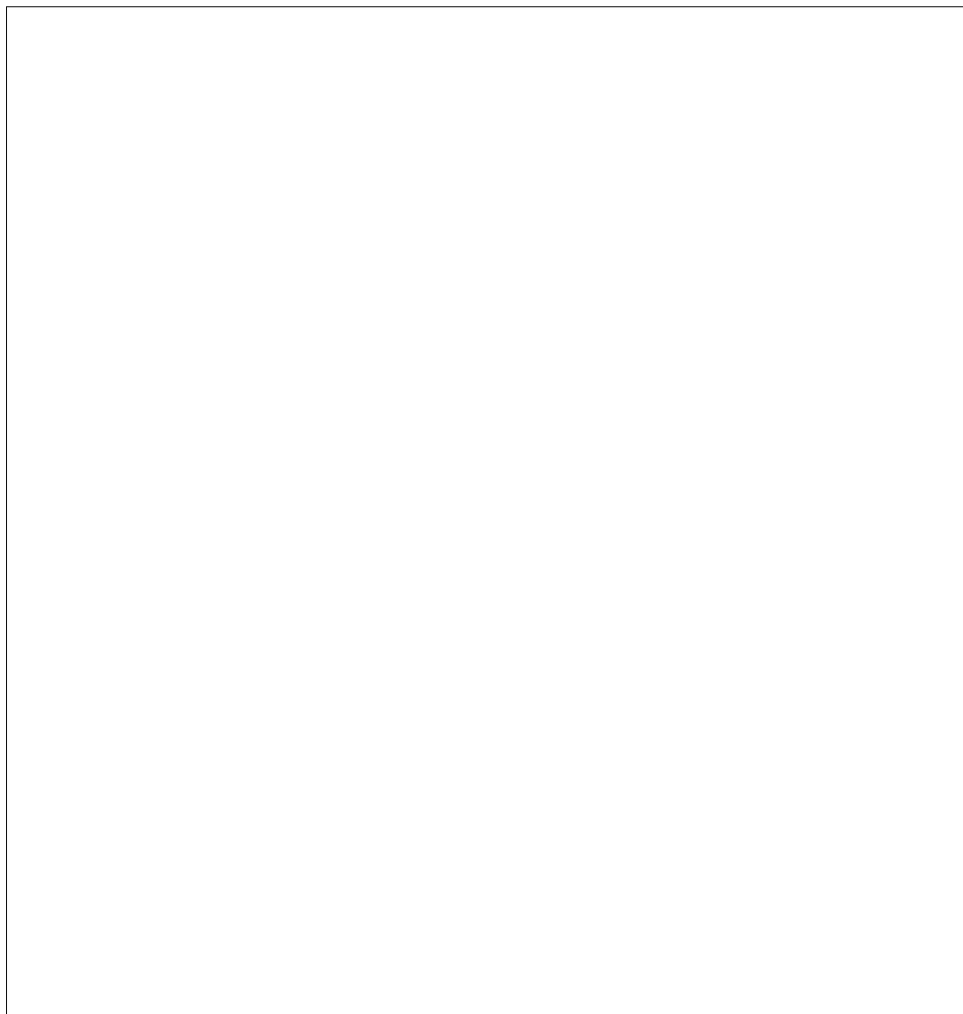
(b)(1)  
(b)(3)

2  
~~SECRET//X1~~

~~SECRET//X1~~

**Exhibit E**

**(U) List of Recommendations**



(b)(3)

~~SECRET//X1~~

~~SECRET//X1~~

## Exhibit F

### (U) Audit Team Members

(U) This audit report was prepared by the Financial Management Division, Audit Staff, Office of Inspector General.



(b)(3)

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