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Highlights

Highlights of [GAO-04-429](#), a report to the President of the Senate and the Speaker of the House of Representatives

Why GAO Did This Study

GAO is required to annually audit the financial statements of the Bank Insurance Fund (BIF), Savings Association Insurance Fund (SAIF), and FSLIC Resolution Fund (FRF), which are administered by the Federal Deposit Insurance Corporation (FDIC). GAO is responsible for obtaining reasonable assurance about whether FDIC's financial statements for BIF, SAIF, and FRF, are presented fairly in all material respects, in conformity with U.S. generally accepted accounting principles, whether it maintains effective internal controls, and whether FDIC has complied with selected laws and regulations.

Created in 1933 to insure bank deposits and promote sound banking practices, FDIC plays an important role in maintaining public confidence in the nation's financial system. In 1989, legislation to reform the federal deposit insurance system created three funds to be administered by FDIC: BIF and SAIF, which protect bank and savings deposits, and FRF, which was created to close out the business of the former Federal Savings and Loan Insurance Corporation.

What GAO Recommends

Because of the sensitive nature of the weaknesses in control over information systems, GAO will separately report the details, along with recommendations for corrective actions to FDIC management.

www.gao.gov/cgi-bin/getrpt?GAO-04-429.

To view the full report, including the scope and methodology, click on the link above. For more information, contact Jeanette M. Franzel at (202) 512-9406 or franzelj@gao.gov.

FINANCIAL AUDIT

Federal Deposit Insurance Corporation Funds' 2003 and 2002 Financial Statements

What GAO Found

In GAO's opinion, FDIC fairly presented the 2003 and 2002 financial statements for the three funds it administers—the Bank Insurance Fund, the Savings Association Insurance Fund, and the FSLIC Resolution Fund. GAO also found that, although certain controls should be improved, FDIC had effective control over financial reporting and compliance. GAO did not find reportable instances of noncompliance with the laws and regulations it tested.

Although FDIC made substantial progress during the past year it has not yet fully implemented a comprehensive corporatewide security management program. FDIC only recently established a program to test and evaluate its computer control environment and the program did not adequately address all key areas. GAO continued to identify information system control weaknesses that increased the risk of unauthorized disclosure of critical FDIC financial and sensitive personnel and bank information, disruption of critical operations, and loss of assets. A mature comprehensive ongoing program of tests and evaluations of controls would enable FDIC to better identify and correct security problems, such as those found in our review.



Source: GAO.

As of September 30, 2003, FDIC insured deposits totaling over \$3.4 trillion.