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Accountability * Integrity * Reliability

Comptroller General
of the United States

United States General Accounting Office
Washington, DC 20548

March 30, 2001

The President
The President of the Senate
The Speaker of the House of Representatives

Our report on the U.S. government's consolidated financial statements for fiscal year 2000 is enclosed. This is the fourth consecutive year for which we were unable to express an opinion on the consolidated financial statements. Certain material weaknesses in internal control and accounting and reporting issues resulted in conditions that prevented us from being able to provide the Congress and the American citizens an opinion as to whether the consolidated financial statements are fairly stated in accordance with U.S. generally accepted accounting principles.

Until the problems discussed in our report are adequately addressed, they will continue to (1) hamper the government's ability to accurately report a significant portion of its assets, liabilities, and costs, (2) affect the government's ability to accurately measure the full cost and financial performance of certain programs and effectively manage related operations, and (3) significantly impair the government's ability to adequately safeguard certain significant assets and properly record various transactions.

Some progress continues to be made in addressing the underlying causes of these problems--significant financial management systems weaknesses, problems with fundamental recordkeeping and financial reporting, incomplete documentation, and weak internal controls. However, many of the pervasive and generally long-standing material weaknesses we have reported for the past 3 years remain to be fully resolved.

Across government, we are seeing financial management improvement initiatives that could ultimately lead to an unqualified opinion on the consolidated financial statements. The number of the 24 agencies covered by the Chief Financial Officers (CFO) Act that were able to attain an unqualified audit opinion on their financial statements has increased. For fiscal year 2000, 18 of the 24 CFO Act agencies received unqualified opinions from their auditors, up from 6 agencies 4 years ago. Also, the Office of Management and Budget (OMB) reported that, for the first time, all 24 CFO Act agencies met the March 1 reporting deadline. However, reports of Inspectors General and their contract auditors indicated that only 3 of the 24 CFO Act agencies had neither a material control weakness nor an issue involving compliance with applicable laws and regulations.

The largest impediment to an opinion on the consolidated financial statements is the Department of Defense's (DOD) serious financial management problems, which we have designated as high-risk since 1995. DOD has made progress in a number of areas, but is far from solving a range of financial management problems that are also inextricably linked to addressing DOD's other high-risk management challenges–inventory management, contract management, acquisition, information technology, information security, and human capital strategies. The Secretary of Defense has indicated that he intends to include financial management reform among his top priorities. Another major impediment that must be overcome is the government's inability to properly prepare the consolidated financial statements and account for billions of dollars of transactions between federal government entities.

Many agencies have been able to obtain unqualified audit opinions only through "heroic efforts," which include expending significant resources to use extensive ad hoc procedures and making billions of dollars in adjustments to derive financial statements months after the end of a fiscal year. Also, irrespective of the unqualified opinions on their financial statements, many agencies do not have timely, accurate, and useful financial information and sound controls with which to make informed decisions and to ensure accountability on an ongoing basis. Auditors for 15 of the 24 CFO Act agencies reported at least one material control weakness. In addition, reports of Inspectors General and their contract auditors indicated that only 5 of the 24 CFO Act agencies' financial management systems were in substantial compliance with the three federal financial management systems requirements of the Federal Financial Management Improvement Act of 1996. Ultimately, to fully meet the goals of financial management reform legislation, agencies will need to be able to generate timely, accurate, and useful financial and management information, including reporting performance results, to make decisions and monitor government performance every day. Agencies will also need to have effective internal controls in place and must ensure compliance with applicable laws and regulations.

Meeting legislative financial management reforms and modernizing financial management systems will be especially important to provide the Congress and other policymakers timely, accurate, and useful information in deliberations involving the long-range fiscal policy challenges facing the Congress and our nation. As I recently testified before the Senate Committee on the Budget, the government today is moving from balancing the budget to balancing fiscal risk.[1] The Congress and the President face a very different set of budget choices than did their predecessors. For over 15 years, fiscal policy has been seen in the context of the need to reduce the deficit. The policies and

[1] *Long-term Budget Issues: Moving From Balancing the Budget to Balancing Fiscal Risk* (GAO-01-385T, February 6, 2001).

procedures put in place to achieve a balanced budget do not provide guidance for fiscal policy in a time of surplus.

While considerable uncertainty surrounds both short- and long-term budget projections, we know two things for certain: the population is aging and the baby boom generation is approaching retirement age. Although the 10-year horizon looks better in the Congressional Budget Office's (CBO) January 31, 2001, projections than it did in July 2000, the long-term fiscal outlook looks worse. In the longer term—beyond the 10-year budget window of CBO's projections—the share of the population over 65 will begin to climb, and the federal budget will increasingly be driven by demographic trends and rising health care costs.

On March 19, 2001, the Trustees of the Social Security and Medicare trust funds reported on the current and projected status of these programs over the next 75 years. The near-term financial condition of both Social Security and Medicare has improved since last year's report. However, the Medicare program's long-term financial condition has deteriorated significantly and the long-term trends point to serious sustainability challenges relating to both the Social Security and Medicare programs. The Trustees reported that the most significant implication of these findings is that both Social Security and Medicare need to be reformed and strengthened at the earliest opportunity.

While current budget surpluses offer an opportunity to address today's needs and the many pent-up demands held in abeyance during years of fighting deficits, they do not eliminate our obligation to prepare for the future. Today's choices must be seen not only in terms of how they respond to today's needs, but also how they affect the future capacity of the nation and its ability to meet the very real and significant fiscal challenges associated with the approaching demographic tidal wave. Without a change in entitlement programs, demographics will overwhelm the surplus and drive us back into escalating deficits and debt. In this regard, for entitlement programs, the key question is not trust fund solvency but overall program sustainability.

The question before this Congress is how to balance today's wants and needs against our nation's long-term challenges. Surpluses challenge our nation to move beyond a focus on reducing annual deficits to a broader agenda. They offer us an opportunity to look more closely at what government does and how government does business. The budget surpluses before us offer policymakers the opportunity to strike a balance between addressing today's needs and the obligation to hand a strong economy and sustainable fiscal policies on to our children, our grandchildren, and future generations.

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We appreciate the cooperation and assistance of Department of the Treasury and OMB officials, as well as the Chief Financial Officers and Inspectors General in carrying out our responsibility to report on the U.S. government's consolidated financial statements.

We look forward to continuing to work with these officials and the Congress to achieve the goals and objectives of financial management reform.

Our report was prepared under the direction of Jeffrey C. Steinhoff, Managing Director, and Gary T. Engel, Director, Financial Management and Assurance. If you have any questions, please contact me on (202) 512-5500 or them on (202) 512-2600.

David M. Walker
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The Secretary of the Treasury, in coordination with the Director of the Office of Management and Budget (OMB), is required annually to submit financial statements for the U.S. government to the President and the Congress.[1] GAO is required to audit these statements. This is our report on the accompanying U.S. government's consolidated financial statements for fiscal year 2000.[2]

The government is responsible for (1) preparing annual consolidated financial statements in conformity with U.S. generally accepted accounting principles, (2) establishing, maintaining, and assessing internal control to provide reasonable assurance that the control objectives of the Federal Managers' Financial Integrity Act are met,[3] and (3) complying with applicable laws and regulations. Also, the 24 Chief Financial Officers (CFO) Act agencies are responsible for complying with the Federal Financial Management Improvement Act's (FFMIA) requirements. Our objective was to audit the fiscal year 2000 consolidated financial statements. Appendix I discusses the scope and methodology of our work.

As was the case for fiscal years 1997 through 1999,[4] various material weaknesses[5] related to financial systems, fundamental recordkeeping and financial reporting, and incomplete documentation continued to (1) hamper the government's ability to accurately report a

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[1]The Government Management Reform Act of 1994 requires such reporting beginning with financial statements prepared for fiscal year 1997.
[2]The fiscal year 2000 consolidated financial statements consist of the Statement of Operations and Changes in Net Position, the Statement of Net Cost, and Balance Sheet, including the related notes to these financial statements and unaudited Stewardship Information.
[3]31 U. S. C. 3512 (c), (d). This Act requires agency heads to evaluate and report annually to the President on the adequacy of their internal controls and accounting systems and on actions to correct any problems.
[4]See, for example, *Financial Audit: 1999 Financial Report of the United States Government* (GAO/AIMD-00-131, March 31, 2000).
[5]A material weakness is a condition that precludes the entity's internal control from providing reasonable assurance that misstatements, losses, or noncompliance material in relation to the financial statements or to stewardship information would be prevented or detected on a timely basis.

significant portion of its assets, liabilities, and costs, (2) affect the government's ability to accurately measure the full cost and financial performance of certain programs and effectively manage related operations, and (3) significantly impair the government's ability to adequately safeguard certain significant assets and properly record various transactions. Certain of these material weaknesses (referred to hereafter as material deficiencies) resulted in conditions that continued to prevent us from expressing an opinion on the accompanying consolidated financial statements. They also may cause additional problems that have not been identified. Also included are our report on internal control, in which we conclude that internal control was ineffective, and our report on compliance with applicable laws and regulations.

DISCLAIMER OF OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

Because we were unable to determine the reliability of significant portions of the accompanying U.S. government's consolidated financial statements for fiscal year 2000, we are unable to, and we do not, express an opinion on such consolidated financial statements.

As a result of material deficiencies in the government's systems, recordkeeping, documentation, and financial reporting, readers are cautioned that amounts reported in the consolidated financial statements and related notes may not be a reliable source of information. These material deficiencies also affect the reliability of certain information contained in the accompanying Management's Discussion and Analysis and any other financial management information--including information used to manage the government day to day and budget information reported by agencies--which is taken from the same data sources as the consolidated financial statements.

While we have not audited and do not express an opinion on the Stewardship Information and Supplemental or Other Information included in the accompanying Fiscal Year 2000 Financial Report of the United States Government, we noted certain material omissions related to the presentation of national defense assets and issues related to the reconciliation of operating results to budget results, which are discussed below.

Material Deficiencies

The following material deficiencies contributed to our disclaimer of opinion and also constitute material weaknesses in internal control. Appendix II highlights the primary effects of these material deficiencies on the accompanying consolidated financial statements and on the management of government operations.

Property, Plant, and Equipment and Inventories and Related Property Because the government lacked complete and reliable information to support these asset holdings, reported at $484 billion, it could not satisfactorily determine that all assets were included in the financial statements, verify that certain reported assets actually exist, or substantiate the amounts at which they were valued. A majority of the property, plant, and equipment and inventories and related property, which is primarily the responsibility of the Department of Defense (DOD), was not adequately supported by financial and/or logistical records. Further, national defense asset unit information reported as Stewardship Information was incomplete because (1) it did not include billions of dollars of major national defense support real property and equipment, such as missile silos and communications equipment and (2) amounts were reported in units, rather than in dollars, as required by generally accepted accounting principles.

Loans Receivable and Loan Guarantee Liabilities As of the end of fiscal year 2000, the government reported $208 billion of loans receivable and $37 billion of liabilities for estimated losses related to estimated future defaults of guaranteed loans. Certain federal credit agencies responsible for significant portions of the government's lending programs, most notably the Department of Agriculture (USDA), were unable to properly estimate the cost of these programs, or estimate the net loan amounts expected to be collected, in accordance with generally accepted accounting principles and budgeting requirements.

Liabilities The government did not maintain adequate systems or have sufficient information necessary to (1) develop an accurate estimate of key components of DOD's environmental and disposal liabilities, which were reported at $63 billion, such as liabilities related to unexploded ordnance and residual contaminants from training ranges, (2) accurately estimate the reported $192 billion military postretirement health benefits liability included in federal employee and veteran benefits payable because, for example, some of the underlying cost, demographic, and workload data used to develop the estimate were not reliable, (3) ensure that accurate and complete data were used to estimate a reported $91 billion of accounts payable and $175 billion of other liabilities, and (4) determine whether commitments and contingencies were complete and properly reported.

Cost of Government Operations The previously discussed material deficiencies in reporting assets and liabilities and the lack of effective disbursement reconciliations and material deficiencies in financial statement preparation, as discussed below, affect reported net costs. Further, the government was unable to support whether the amounts reported in the individual net cost categories on the Statement of Net Cost were properly classified. As a result, the government was unable to support significant portions of the more than $1.9 trillion reported as the total net cost of government operations, most notably related to DOD's and USDA's net costs.

Disbursement Activity Several major agencies did not effectively reconcile disbursements, which is intended to be a key control to detect and correct errors and other misstatements in financial records in a timely manner—similar in concept to individuals reconciling their checkbooks with their bank statements each month. Specifically, there were billions of dollars of unreconciled differences between agencies' and the Department of the Treasury's (Treasury) records of disbursements as of September 30, 2000.

Preparation of Consolidated Financial Statements The government did not have adequate systems, controls, and procedures to properly prepare its consolidated financial statements. Such material deficiencies are described below. Also, certain financial information required by generally accepted accounting principles was omitted from the consolidated financial statements.

Intragovernmental Activity and Balances OMB requires the CFO Act agencies to reconcile selected intragovernmental activity and balances with their "trading partners."[6] However, numerous agencies did not fully perform such reconciliations for fiscal year 2000. Using the detail of certain intragovernmental accounts by trading partner that was gathered by the government, we estimated that the amounts reported for agency trading partners for these specific intragovernmental accounts were out-of-balance by more than $250 billion. In addition, solutions will be required to resolve significant differences reported in other intragovernmental accounts, primarily related to appropriations.

Reconciling Operating Results With Budget Results The government did not have an effective process to obtain information to reconcile fully the reported $46 billion excess of revenue over net cost and the reported unified budget surplus of $237 billion. Consequently, it could not identify all items needed to reconcile these amounts.

Consolidated Financial Statement Compilation The government could not fully ensure that the information in the consolidated financial statements was consistent with the underlying agency financial statements. These problems are compounded by the need for certain Standard General Ledger (SGL) accounts to be split between different financial statement line items due to limitations in the government's SGL account structure. In addition, to make the consolidated financial statements balance, Treasury recorded a net $7 billion item on the Statement of Operations and Changes in Net Position, which it labeled Unreconciled Transactions. An additional net $.2 billion of unreconciled transactions was improperly recorded in net cost. Treasury attributes these net out-of-balance amounts primarily to the government's inability to properly identify and eliminate transactions between governmental entities, as discussed above, to agency adjustments that affected net position, and to other errors. However, Treasury was unable to adequately identify and explain the gross components of such amounts. Unreconciled transactions also may exist because the government does not have effective controls over reconciling net position. The net

[6] "Trading partners" are U.S. government agencies, departments, or other components, included in the consolidated financial statements, that do business with each other.

position reported in the consolidated financial statements is derived by subtracting liabilities from assets, rather than through balanced accounting entries. Further, the process for compiling the financial statements involves significant adjustments and reclassifications and requires significant human and financial resources, which lessens the government's ability to perform effective financial analysis of the information.

ADVERSE OPINION ON INTERNAL CONTROL

In addition to the material weaknesses noted above, we found three other material weaknesses in internal control, which are described below. Because of the effects of the material weaknesses discussed in this report, the government did not maintain effective internal control to ensure that the following objectives are met: (1) transactions are properly recorded, processed, and summarized to permit the preparation of the financial statements and stewardship information in accordance with generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition and (2) transactions are executed in accordance with laws governing the use of budget authority and with other laws and regulations that could have a direct and material effect on the financial statements and stewardship information. Individual agency financial statement audit reports identify additional reportable conditions[7] in internal control, some of which were reported by agency auditors as being material weaknesses at the individual agency level. These matters do not represent material weaknesses at the governmentwide level. Also, due to the problems noted throughout this report, additional material weaknesses may exist that have not been reported.

Improper Payments Across government, improper payments occur in a variety of programs and activities, including those related to health care, contract management, federal financial assistance, and tax refunds, and include payments made for unauthorized purposes and for excessive amounts, such as overpayments to program recipients or contractors and vendors. The reasons for improper payments range from program design issues to inadvertent errors to fraud and abuse. Most agencies have not estimated the magnitude of improper payments in their programs and comprehensively addressed this issue in their annual performance plans under the Government Performance and Results Act.[8] While reported estimates of improper payments totaled approximately $20 billion for both fiscal years 2000 and 1999, the government did not estimate the full extent of improper payments.

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[7] Reportable conditions are matters coming to our attention that, in our judgment, should be communicated because they represent significant deficiencies in the design or operation of internal control that could adversely affect the government's ability to meet the internal control objectives described in this report.
[8] *Financial Management: Billions in Improper Payments Continue to Require Attention* (GAO-01-44, October 27, 2000).

Computer Security GAO has reported computer security as a governmentwide high-risk area since February 1997.[9] Computer security weaknesses are placing enormous amounts of government assets at risk of inadvertent or deliberate misuse, financial information at risk of unauthorized modification or destruction, sensitive information at risk of inappropriate disclosure, and critical operations at risk of disruption. The government is not in a position to estimate the full magnitude of actual damage and loss resulting from federal computer security weaknesses because it is likely that many such incidents are either not detected or not reported. Agencies have not yet established comprehensive security management programs, which would provide the government with a framework for resolving computer security problems and managing computer security risks on an ongoing basis. Government information security reform provisions in the National Defense Authorization Act for fiscal year 2001 are intended to strengthen information security practices throughout the government.

Tax Collection Activities Material internal control weaknesses and systems deficiencies continue to affect the government's ability to effectively manage its tax collection activities.[10] Due to errors and delays in recording activity in taxpayer accounts (1) taxpayers were not always being credited for payments made on their tax liabilities and (2) the government lost opportunities to retain or offset overpayments made by a taxpayer for one period to collect on outstanding amounts owed for another period. In addition, the government did not always follow up on potential unreported or underreported taxes and did not always pursue collection efforts against taxpayers owing taxes to the federal government.

COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS AND FFMIA REQUIREMENTS

Our work to determine compliance with selected provisions of applicable laws and regulations related to financial reporting was limited by the material weaknesses discussed above. Instances of noncompliance, some of which the auditors reported were material to individual agency financial statements, are included in individual agency audit reports. However, none of these instances were material to the accompanying consolidated financial statements.

Additionally, for most CFO Act agencies, the auditors reported that financial management systems did not substantially comply with certain FFMIA requirements. FFMIA requires auditors, as part of CFO Act agency financial statement audits, to report whether agencies' financial management systems substantially comply with federal accounting standards, federal financial management systems requirements, and the government's standard general ledger at the transaction level. Noncompliance with FFMIA is indicative of the overall continuing poor condition of many financial

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[9] See, for example, *High-Risk Series: An Update* (GAO-01-263, January 2001).
[10] *Financial Audit: IRS' Fiscal Year 2000 Financial Statements* (GAO-01-394, March 1, 2001).

management systems across government. As also required by FFMIA, GAO will report to the Congress by October 1, 2001, on agencies' FFMIA implementation for fiscal year 2000.

We caution that other noncompliance may have occurred and not been detected. Further, the results of our limited procedures may not be sufficient for other purposes. Our objective was not to, and we do not, express an opinion on compliance with applicable laws and regulations.

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We provided a draft of this report to Department of the Treasury and Office of Management and Budget officials, who expressed their commitment to address the problems this report outlines.

David M. Walker
Comptroller General
of the United States

March 20, 2001

APPENDIX I

SCOPE AND METHODOLOGY

The Government Management Reform Act of 1994 expanded the requirements of the CFO Act by making the Inspectors General of 24 major federal agencies responsible for annual audits of agencywide financial statements prepared by these agencies and GAO responsible for the audit of the U.S. government's consolidated financial statements.[11] Our work was performed in coordination and cooperation with the Inspectors General to achieve our joint audit objectives. This work included separate GAO audits of certain material agency components, as discussed below. Our audit approach focused primarily on determining the current status of the material deficiencies and the other material weaknesses affecting internal control that we had previously reported in our report on the consolidated financial statements for fiscal year 1999. We performed sufficient audit work to provide our report on the consolidated financial statements, internal control, and the results of our assessment of compliance with applicable laws and regulations.

We separately audited the following material agency components.

- We audited and expressed an unqualified opinion on IRS' fiscal year 2000 financial statements, which included nearly $2.1 trillion of tax revenue, $194 billion of tax refunds, and $22 billion of net federal taxes receivable.[12] We continued to report numerous material internal control weaknesses, other reportable conditions, and several instances of noncompliance with applicable laws and regulations, especially with regard to the compliance of IRS' systems with FFMIA.

- We audited and expressed an unqualified opinion on the Schedule of Federal Debt Managed by Treasury's Bureau of the Public Debt for the fiscal year ended September 30, 2000.[13] This schedule reported (1) over $3.4 trillion of federal debt held by the public comprising individuals, corporations, state and local governments, the Federal Reserve Banks, and foreign governments and central banks, (2) about $2.2 trillion of intragovernmental holdings, which represents debt issued by Treasury and held by certain federal government accounts such as the Social Security and Medicare trust funds, and (3) nearly $225 billion of interest on federal debt held by the public.

- We performed audit procedures on cash balances maintained and internal control over the cash receipts and disbursements processed by Treasury on behalf of the federal government. We provided the results of our work to the Treasury Office of Inspector

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[11]The 1994 Act authorized OMB to designate agency components that also would receive a financial statement audit.

[12]*Financial Audit: IRS' Fiscal Year 2000 Financial Statements* (GAO-01-394, March 1, 2001).

[13]*Financial Audit: Bureau of the Public Debt's Fiscal Years 2000 and 1999 Schedules of Federal Debt* (GAO-00-389, March 1, 2001).

APPENDIX I

General for consideration in its audit of Treasury's fiscal year 2000 departmentwide financial statements.

- We audited and expressed unqualified opinions on the December 31, 1999, financial statements of the funds administered by the Federal Deposit Insurance Corporation (FDIC), including the Bank Insurance Fund, the Savings Association Insurance Fund, and the FSLIC Resolution Fund.[14] In addition, we performed audit procedures and tests of internal control over cash, investments and earned interest, and other material balances of the funds administered by FDIC as of September 30, 2000.

We considered the CFO Act agencies' and certain other agencies' fiscal year 2000 financial statements, as well as the related auditors' reports prepared by the Inspectors General or their contractors. Financial statements and audit reports for these agencies provide additional information about the operations of each of these entities. We did not audit, and we do not express an opinion on, any of these individual agency financial statements.

We performed our work in accordance with U.S. generally accepted government auditing standards.

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[14] *Financial Audit: Federal Deposit Insurance Corporation's 1999 and 1998 Financial Statements* (GAO/AIMD-00-157, May 26, 2000).

APPENDIX II

Primary Effects Caused by the Material Weaknesses and FFMIA Noncompliance Described in This Report

Areas Involving Material Weaknesses and FFMIA Noncompliance	Primary Effects on the Fiscal Year 2000 Consolidated Financial Statements and the Management of Government Operations
Property, plant, and equipment and inventories and related property	Without accurate asset information, the government does not fully know the assets it owns and their location and condition and cannot effectively (1) safeguard assets from physical deterioration, theft, or loss, (2) account for acquisitions and disposals of such assets, (3) ensure the assets are available for utilization when needed (4) prevent unnecessary storage and maintenance costs or purchase of assets already on hand, and (5) determine the full costs of programs that use these assets.
Loans receivable and loan guarantee liabilities	Unreliable information about the cost of lending programs affects the government's ability to support annual budget requests for these programs, make future budgetary decisions, manage program costs, and measure the performance of lending activities.
Liabilities	Problems in accounting for liabilities affect the determination of the full cost of the government's current operations and the extent of its liabilities. Also, improperly stated environmental and disposal liabilities and weak internal control supporting the process for their estimation affects the government's ability to determine priorities for cleanup and disposal activities and to allow for appropriate consideration of future budgetary resources needed to carry out these activities.
Cost of government operations	Inaccurate cost information affects the government's ability to control and reduce costs, assess performance, evaluate programs, and set fees to recover costs where required.
Disbursement activity	Improperly recorded disbursements could result in misstatements in the financial statements and in certain data provided by agencies for inclusion in the President's budget concerning obligations and outlays.
Preparation of consolidated financial statements	Weaknesses related to the preparation of the consolidated financial statements impair the government's ability to (1) account for billions of dollars of transactions between governmental entities, (2) effectively reconcile the operating results reported in the consolidated financial statements with budget results, and (3) fully ensure that the consolidated financial statements were consistent with agency financial statements and were properly balanced.
Improper payments	Without a systematic measurement of the extent of improper payments, agency management cannot determine (1) if the problem is significant enough to require corrective action, (2) how much to invest in preventative internal control, (3) the success of efforts implemented to reduce improper payments, or (4) the magnitude or trends of improper payments, which limits the ability to pinpoint or target mitigation strategies.
Computer security weaknesses	Computer security weaknesses are placing enormous amounts of federal assets at risk of inadvertent or deliberate misuse, financial information at risk of unauthorized modification or destruction, sensitive information at risk of inappropriate disclosure, and critical operations at risk of disruption.
Tax collection activities	Weaknesses in tax collection activities affect the government's ability to efficiently and effectively account for and collect revenue and to make informed decisions about collection efforts. As a result, the government is vulnerable to loss of tax revenue and exposed to potentially billions of dollars in losses due to inappropriate refund disbursements.
FFMIA	When agency financial systems lack substantial compliance with FFMIA requirements, reliable financial information is not available for effective decision-making day to day.

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