

Highlights of [GAO-12-164](#), a report to the Secretary of the Treasury

Why GAO Did This Study

In connection with GAO's requirement to audit the consolidated financial statements of the U.S. government, GAO audits the Schedules of Federal Debt managed by the Department of the Treasury's (Treasury) Bureau of the Public Debt (BPD) annually to determine whether, in all material respects, (1) the schedules are reliable and (2) BPD maintained effective internal control over financial reporting relevant to the Schedule of Federal Debt. Further, GAO tests compliance with selected provisions of laws related to the Schedule of Federal Debt.

Federal debt managed by BPD consists of Treasury securities held by the public and by certain federal government accounts, referred to as intragovernmental debt holdings. Debt held by the public primarily represents the amount the federal government has borrowed from the public to finance cumulative cash deficits. Intragovernmental debt holdings represent federal debt owed by Treasury to federal government accounts—primarily federal trust funds such as Social Security and Medicare—that typically have an obligation to invest their excess annual receipts (including interest earnings) over disbursements in federal securities.

What GAO Recommends

GAO is not making recommendations in this report, but will be reporting separately on matters identified during its audit, along with recommendations for strengthening internal controls relevant to the Schedule of Federal Debt. In commenting on a draft of this report, BPD's Commissioner concurred with our conclusions.

View [GAO-12-164](#). For more information, contact Gary T. Engel at (202) 512-3406 or engelg@gao.gov.

FINANCIAL AUDIT

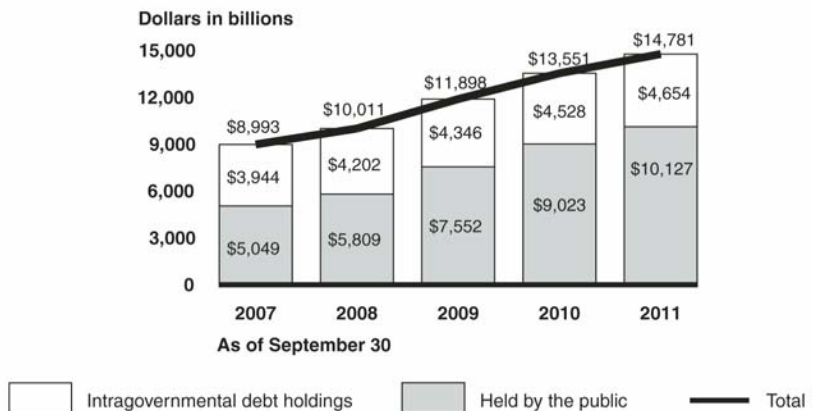
Bureau of the Public Debt's Fiscal Years 2011 and 2010 Schedules of Federal Debt

What GAO Found

In GAO's opinion, BPD's Schedules of Federal Debt for fiscal years 2011 and 2010 were fairly presented in all material respects, and BPD maintained effective internal control over financial reporting relevant to the Schedule of Federal Debt as of September 30, 2011. GAO's tests of BPD's compliance in fiscal year 2011 with selected provisions of laws disclosed no instances of noncompliance.

As of September 30, 2011 and 2010, federal debt managed by BPD totaled about \$14,781 billion and \$13,551 billion, respectively.

Figure 1 – Total Federal Debt Outstanding (Fiscal Years Ended September 30, 2007–2011)



Source: BPD.

During the last 4 fiscal years, total federal debt has increased by \$5,788 billion, or 64 percent, from \$8,993 billion as of September 30, 2007, to \$14,781 billion as of September 30, 2011. The rapid growth in federal debt during this period presented debt management challenges for Treasury. The increases to total federal debt over the past 4 fiscal years represent the largest dollar increases over a 4-year period in history. Notably, the statutory debt limit was raised on seven different occasions during the last 4 fiscal years, increasing by about 55 percent, from \$9,815 billion to its current level of \$15,194 billion. During fiscal year 2011, Treasury faced an additional challenge of managing federal debt close to the statutory debt limit. A debt issuance suspension period was declared by Treasury from May 16, 2011, through August 2, 2011. Treasury utilized a number of extraordinary actions within its legal authorities to avoid exceeding the debt limit. On August 2, 2011, the Budget Control Act of 2011 was enacted by Congress and signed into law by the President, which resulted in increases to the statutory debt limit of \$400 billion on August 2, 2011, and \$500 billion on September 22, 2011.