



GAO

Accountability * Integrity * Reliability

United States Government Accountability Office
Washington, DC 20548

November 4, 2010

The Honorable Calvin L. Scovel III
Inspector General
U.S. Department of Transportation

Subject: *Applying Agreed-Upon Procedures: Fiscal Year 2010 Highway Trust
Fund Excise Taxes*

Dear Mr. Scovel:

We have performed the procedures described in the enclosure to this letter, which we agreed to perform and with which you concurred, solely to assist your office in ascertaining whether the net excise tax revenue distributed to the Highway Trust Fund (HTF) for the fiscal year ended September 30, 2010, is supported by the underlying records. As agreed with your office, we evaluated fiscal year 2010 activity affecting excise tax distributions to the HTF.

We conducted the engagement in accordance with U.S. generally accepted government auditing standards, which incorporate certain financial audit and attestation standards established by the American Institute of Certified Public Accountants.

You are responsible for the adequacy of these agreed-upon procedures to meet your objectives, and we make no representation in that respect. The procedures we agreed to perform were related to (1) transactions that represent the underlying basis of amounts distributed from the general fund to the HTF during fiscal year 2010, (2) the Internal Revenue Service's (IRS) quarterly HTF excise tax receipt certifications prepared during fiscal year 2010, (3) the U.S. Department of the Treasury's Financial Management Service adjustments to HTF excise tax distributions during fiscal year 2010, (4) the U.S. Department of the Treasury's Office of Tax Analysis's (OTA) estimates of excise tax amounts to be distributed to the HTF for the fourth quarter of fiscal year 2010, (5) adjustments to the HTF for tax on kerosene used in aviation during fiscal year 2010, and (6) the amount of net excise taxes distributed to the HTF during fiscal year 2010. The enclosure provides more detail on the agreed-upon procedures and our results.

We were not engaged to perform, and did not perform, an examination, the objective of which would have been to express an opinion on the amount of net excise taxes distributed to the HTF during fiscal year 2010. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come

to our attention that we would have reported to you. We completed the agreed-upon procedures on October 27, 2010.

We provided a draft of this letter, along with the enclosure, to IRS and OTA officials for review and comment. IRS agreed with the results and findings presented in the enclosure. OTA agreed with the results and findings presented in the enclosure relating to its responsibilities, that is, the procedures performed in the estimation process for the quarter ended September 30, 2010.

This report is intended solely for the use of the Office of Inspector General of the U.S. Department of Transportation and should not be used by those who have not agreed to the procedures or have not taken responsibility for the sufficiency of the procedures for their purposes. However, the report is a matter of public record, and its distribution is not limited. The report is available at no charge on the GAO Web site at <http://www.gao.gov>.

If you have any questions concerning this report, please contact me at (202) 512-3406 or sebastians@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Steven J. Sebastian". The signature is fluid and cursive, with a large initial "S" and a long, sweeping underline.

Steven J. Sebastian
Director
Financial Management and Assurance

Enclosure

Highway Trust Fund Excise Tax Procedures and Results

I. Procedures on Transactions That Represent the Underlying Basis of Amounts Distributed to the Highway Trust Fund (HTF) in Fiscal Year 2010

- A. Nonstatistical selection of tax returns from the quarters ended June 30, 2009,¹ and September 30, 2009²
1. For each of the quarters ending June 30, 2009, and September 30, 2009, select the 30 largest excise tax returns containing excise taxes related primarily to the HTF and the Airport and Airway Trust Fund (AATF) on the basis of total tax liability amount³ from the Internal Revenue Service's (IRS) master file.⁴

Description of Findings and Results

We selected the 30 largest excise tax returns related primarily to the HTF and the AATF from each of the two quarters for testing. The selection was based on the total tax liability amount and type of taxes owed for each return from IRS's master file.

The total tax liability amount related to the 30 returns from the quarter ended June 30, 2009, was approximately \$9.1 billion or 72 percent of the total recorded tax liability amount of \$12.7 billion for all excise tax returns for the quarter. Of these 30 returns, 21 contained primarily HTF-related tax liabilities and 9 contained primarily AATF-related tax liabilities.

The total tax liability amount related to the 30 returns from the quarter ended September 30, 2009, was approximately \$9.2 billion or 71 percent of the total recorded tax liability amount of \$12.9 billion for all excise tax returns for the quarter. Of these 30 returns, 21 contained primarily HTF-related tax liabilities and 9 contained primarily AATF-related tax liabilities.

¹In October 2009, the Internal Revenue Service (IRS) completed its certification of excise tax distributions to the HTF for the quarter ended June 30, 2009, and the U.S. Department of the Treasury's Financial Management Service (FMS) recorded the corresponding adjustment to transfer funds between the general fund and the trust fund. HTF administrators recorded the adjustment amount on the HTF financial statements for fiscal year 2009.

²The IRS certification of excise tax distributions and corresponding FMS adjustment for the quarter ended September 30, 2009, were completed in February 2010, and thus affected distributions to the HTF during fiscal year 2010.

³Although the certifications are based on amounts collected, we used the tax liability amounts to identify the taxpayers paying the largest amounts of excise taxes. These taxpayers generally pay their excise taxes in full each quarter.

⁴The master file is a detailed database containing taxpayer information.

Enclosure

Of the 60 returns selected from these two quarters, 42 contained primarily HTF-related tax liabilities, and 18 contained primarily AATF-related tax liabilities.

2. For each of the returns related primarily to the HTF, perform the following procedures:
 - (a) Compare the assessment amounts for diesel fuel tax and gasoline tax, abstracts⁵ 60 and 62 respectively, from the tax return to IRS's master file for agreement.

Description of Findings and Results

The assessment amounts for diesel fuel tax and gasoline tax, abstracts 60 and 62 respectively on the tax return, agreed with the master file for all 42 returns containing primarily HTF-related tax liabilities.

- (b) Calculate the assessment amounts on the tax return for the selected abstracts to determine whether they are mathematically correct.

Description of Findings and Results

The assessment amounts for the selected abstracts were mathematically correct on all 42 returns containing primarily HTF-related tax liabilities.

- (c) Calculate the prorated collection amount⁶ for the selected abstracts based on information from the master file and compare this amount to

⁵The abstract numbers identify the tax type (e.g., gasoline and ticket tax) and are used as the basis for determining the distribution of the excise taxes to the various trust funds. Abstract numbers are preprinted on Form 720, *Quarterly Federal Excise Tax Return*, and are used by the taxpayer to report excise tax assessments. If the return was related to the HTF, we selected (1) diesel fuel tax (abstract 60), and (2) gasoline tax (abstract 62). If the return was related to the AATF, we selected (1) tax on transportation of persons by air (abstract 26), (2) tax on the use of international air travel facilities (abstract 27), and (3) tax on transportation of property by air (abstract 28). The tax amounts related to the selected abstracts for each trust fund are the largest tax amounts reported on the taxpayer's excise tax return and made up over 87 percent of the total amount certified to the HTF and over 92 percent of the total amount certified to the AATF for each of the quarters ended June 30, 2009, and September 30, 2009, respectively.

⁶These procedures encompassed approximately \$13.8 billion in prorated collections affecting distributions to the HTF. IRS certifies to trust funds the amount of excise taxes collected. Because taxpayers have sometimes not fully paid their tax liability, IRS must allocate the amount of payments actually received among the different excise taxes reported on the taxpayers' returns. IRS's Collection Certification System prorates a taxpayer's payments proportionately among all taxes reported as owed on the tax return. For example, if a corporation reports that it owes \$4 million for gasoline tax, \$2 million for diesel fuel tax, and \$1 million for kerosene tax on its Form 720, *Quarterly Federal Excise Tax Return*, but has paid IRS only \$3.5 million at the time IRS performs its certification, the program prorates the \$3.5 million in the following manner: \$2 million to gasoline tax, \$1 million to diesel fuel tax, and \$500,000 to kerosene tax.

the amount in the Collection Certification System audit files⁷ for agreement.

Description of Findings and Results

The independently calculated prorated collection amounts for the selected abstracts agreed with amounts in the Collection Certification System audit files for all 42 returns containing primarily HTF-related tax liabilities.

B. Statistical selection of attribute and monetary unit samples (MUS) from the quarters ended December 31, 2009, and March 31, 2010

1. Sampling and other procedures

- (a) Compare excise tax collections from IRS's master file with excise tax collections from IRS's Collection Certification System audit files for the first two quarters of fiscal year 2010 to determine if they materially agree.⁸

Description of Findings and Results

Excise tax collections from IRS's master file materially agreed with IRS's Collection Certification System for the first two quarters of fiscal year 2010.

- (b) Compare excise tax collections from IRS's master file with excise tax collections from IRS's general ledger for the first 9 months of fiscal year 2010 to determine if they materially agree.⁹

Description of Findings and Results

Excise tax collections from IRS's master file materially agreed with IRS's general ledger for the first 9 months of fiscal year 2010.

⁷The Collection Certification System produces what IRS refers to as audit files. These audit files contain the individual prorated collections by abstract and taxpayer identification number. The certified amounts to the trust funds are calculated by subtracting credits from prorated collections and then multiplying the difference by the applicable trust fund distribution rates.

⁸For the purpose of this procedure, "material" is defined as 1 percent of the excise tax collections for the quarters ended December 31, 2009, and March 31, 2010.

⁹This is a reconciliation of all excise tax collections that posted to the master file and general ledger during the first 9 months of fiscal year 2010 and is not limited to the first two quarters. For the purpose of this procedure, "material" is defined as 1 percent of the excise tax collections for the first 9 months of fiscal year 2010.

- (c) Select a random attribute sample of 78 excise tax returns from IRS's master file.¹⁰ Compare assessment and receipt information for each return from IRS's master file to IRS's Collection Certification System for agreement.

Description of Findings and Results

For all 78 returns, assessment and receipt information from IRS's master file agreed with the information in IRS's Collection Certification System.

- (d) Sum the prorated collections for selected abstracts¹¹ from IRS's Collection Certification System audit files and compare these amounts to amounts in the *Report of Excise Tax Collection*¹² to determine if the Collection Certification System properly summarized the prorated collections.

Description of Findings and Results

The Collection Certification System properly summarized the prorated collections for all of the selected abstracts. Prorated collections from the audit files for the selected abstracts agreed with the corresponding amounts in the *Report of Excise Tax Collection*.

- (e) Separate the total population of prorated collections from IRS's Collection Certification System audit files into the following distinct populations: (1) HTF, (2) AATF, and (3) other excise tax abstracts. Use MUS to select a sample of prorated excise tax collections from the HTF population using a confidence level of 80 percent, a tolerable misstatement of \$349 million, and an expected aggregate error amount of \$105 million.¹³

¹⁰For this sample, if one or no errors were found in our comparison of the 78 items, we would be 90 percent confident that the error rate in the population would not exceed 5 percent.

¹¹The selected abstracts are (1) diesel fuel tax (abstract 60), (2) gasoline tax (abstract 62), (3) tax on transportation of persons by air (abstract 26), (4) tax on the use of international air travel facilities (abstract 27), (5) tax on transportation of property by air (abstract 28), and (6) tax on kerosene for use in commercial aviation (abstract 77). The tax amounts for the two HTF-related abstracts made up over 92 percent of the total amount certified to the HTF, and the tax amounts for the four AATF-related abstracts made up over 97 percent of the total amount certified to the AATF for the quarters ended December 31, 2009, and March 31, 2010.

¹²The *Report of Excise Tax Collection* contains prorated collections, classified by abstracts, which serve as the basis for IRS's quarterly trust fund certifications.

¹³The \$349 million tolerable misstatement represents approximately 1 percent of the net excise tax revenue distributed to the HTF in fiscal year 2009. The expected aggregate error amount of \$105 million represents approximately 30 percent of the tolerable misstatement amount.

Description of Findings and Results

Use of MUS with a confidence level of 80 percent, a tolerable misstatement of \$349 million, and an expected aggregate error amount of \$105 million resulted in a sample of 94¹⁴ prorated collections for the HTF for the first two quarters of fiscal year 2010.

- (f) Select samples of prorated excise tax collections from the two non-HTF populations. Use MUS to select a sample of prorated excise tax collections from the AATF population using a confidence level of 80 percent, a tolerable misstatement of \$106 million, and an expected aggregate error amount of \$32 million.¹⁵ Select a random attribute sample of 45 items from the population of prorated tax collections related to all excise taxes other than the HTF and the AATF.¹⁶

Description of Findings and Results

Use of MUS with a confidence level of 80 percent, a tolerable misstatement of \$106 million, and an expected aggregate error amount of \$32 million resulted in a sample of 66¹⁷ prorated collections for the AATF for the first two quarters of fiscal year 2010.

A random attribute sample of 45 items was selected from the population of prorated tax collections related to all excise taxes other than the HTF and the AATF.

2. Procedures on transactions

- (a) For each prorated excise tax collection sampled from the HTF population:

¹⁴The planned sample size using MUS was 142 items. MUS selects dollars versus specific transaction items by dividing the population of prorated excise tax collections by dollar intervals. The dollar interval for the HTF was \$127 million. Accordingly, any item with a dollar value equal to or exceeding the interval would be selected, whereas items less than the interval might not be selected. For example, an item of \$254 million would cover two dollar intervals, but represent one sample item. Because large-dollar items cover more than one interval, the 94 unique sampled transactions selected represented 142 dollar intervals.

¹⁵The \$106 million tolerable misstatement represents approximately 1 percent of the net excise tax revenue distributed to the AATF in fiscal year 2009. The expected aggregate error amount of \$32 million represents approximately 30 percent of the tolerable misstatement amount.

¹⁶For this sample, if no errors were found in performing procedures on the 45 items, we would be 90 percent confident that the error rate in the population would not exceed 5 percent.

¹⁷The planned sample size using MUS was 133 items. As explained in footnote 14, MUS selects dollars instead of specific transaction items by dividing the population of prorated excise tax collection by dollar intervals. The dollar interval for AATF was \$38 million. Because large-dollar items cover more than one interval, the 66 unique sampled transactions selected represented 133 dollar intervals.

- Compare the assessment amount for the sampled item from the tax return to IRS's master file for agreement.

Description of Findings and Results

The assessment amount on the tax return agreed with the assessment amount recorded in IRS's master file for each of the 94 sampled items.

- Calculate the assessment amount on the tax return for the sampled item to determine whether it is mathematically correct.

Description of Findings and Results

The assessment amount on the tax return was mathematically correct for each of the 94 sampled items.

- Calculate the prorated collection amount for the sampled item based on information from IRS's master file and compare this amount to the amount in IRS's Collection Certification System audit files for agreement.

Description of Findings and Results

The independently calculated prorated collection amount agreed with the amount in IRS's Collection Certification System audit files for each of the 94 sampled items.

- (b) Inspect the tax returns and master file information for the two samples of prorated collections from the non-HTF populations to determine if they contain any HTF excise tax collections.

Description of Findings and Results

The two samples of prorated collections from the non-HTF populations did not contain any HTF excise tax collections.

- (c) Evaluate the results of conducting steps (a) and (b).

Description of Findings and Results

For the first two quarters of fiscal year 2010, the net most likely error was \$0 with an upper error limit of \$202 million at the 80 percent confidence level.

II. Procedures on IRS's Quarterly HTF Excise Tax Receipt Certifications

Perform the following procedures on IRS's HTF excise tax receipt certifications for the quarters ended September 30, 2009, December 31, 2009, March 31, 2010, and June 30, 2010:

- A. Inspect the certification letters¹⁸ for authorizing signatures.

Description of Findings and Results

The certification letters for all four quarters had authorizing signatures.

- B. Inspect the certification letters and supporting worksheets to determine if evidence exists that they were reviewed by the supervisor or another analyst.

Description of Findings and Results

There was evidence that the supervisor or another analyst reviewed the certification letters and supporting worksheets for all four quarters.

- C. Calculate the totals on the certification letters to determine if they are mathematically correct.

Description of Findings and Results

The totals on the certification letters for all four quarters were mathematically correct.

- D. Trace the certified amounts for diesel fuel tax (abstract 60) and gasoline tax (abstract 62)¹⁹ from the certification letters back to the *Report of Excise Tax Collection*²⁰ and the *Treasury 90 Report*²¹ for agreement.

¹⁸IRS prepares two certification letters for the HTF each quarter: one for the Highway Account and the other for the Mass Transit Account.

¹⁹The certified amounts for diesel fuel tax (abstract 60) and gasoline tax (abstract 62), along with the heavy vehicle use tax (traced separately), made up over 93 percent of the total amount of excise tax receipts certified by IRS to the HTF for each quarter in fiscal year 2010.

²⁰The *Report of Excise Tax Collection* is produced by the Collection Certification System. Collections are classified by abstract on the report when the related Form 720 tax return has been posted to IRS's master file during the processing interval covered by the report. IRS uses data from three of these reports, covering sequential processing intervals, for each quarterly certification. The three reports used may contain collections related to prior quarters that IRS certifies as part of the current quarter's collections because the related return was not posted to the master file until the processing intervals covered by these reports.

²¹The *Treasury 90 Report* summarizes excise tax credit information and is produced quarterly by IRS service center campus systems. IRS has six service center campuses that receive and process tax returns and payments.

Description of Findings and Results

The certified amounts for diesel fuel tax (abstract 60) and gasoline tax (abstract 62) from the certification letters agreed with the related *Report of Excise Tax Collection* and the *Treasury 90 Report* for all four quarters.

- E. Compare the distribution rates used by IRS for diesel fuel tax (abstract 60) and gasoline tax (abstract 62) for agreement with the applicable laws.

Description of Findings and Results

The distribution rates used by IRS for diesel fuel tax (abstract 60) and gasoline tax (abstract 62) agreed with the applicable laws in effect during all four quarters.

- F. Inspect the *Report of Excise Tax Collection* used in the certification to determine if it contains significant²² collections from prior quarters.

Description of Findings and Results

The *Report of Excise Tax Collection* used in the certification for all four quarters did not contain significant collections from prior quarters.

- G. Trace heavy vehicle use tax amounts from the Highway Account certification letters to the master file and *Treasury 90 Report*.²³

Description of Findings and Results

The heavy vehicle use tax amounts from the Highway Account certification letters agreed with the master file and *Treasury 90 Report* for all four quarters.

- H. For the quarter ended June 30, 2010, only, inquire with IRS whether any excise tax returns from its list of the largest excise taxpayers were omitted from its certification.²⁴ For any such returns that were omitted but were subsequently received by IRS, report the total amount of HTF-related tax collections from these tax returns. For any such returns that were omitted

²²For this procedure, “significant” is defined as \$185 million, which represents approximately 2 percent of the total amount of excise tax receipts IRS certified to the HTF for each quarter of fiscal year 2010.

²³These taxes, which go to the HTF, are reported on Form 2290 and are not included in the Collection Certification System.

²⁴IRS maintains a list of approximately 150 taxpayers that comprise its largest excise taxpayers. To help ensure that tax return data for the largest excise taxpayers are included in each quarterly excise tax certification, IRS tracks the receipt of these returns and contacts these taxpayers when necessary.

and where IRS has not yet received these, report the average amount of HTF-related tax collections from the taxpayer(s) based on the previous four quarters.

Description of Findings and Results

According to IRS, no tax returns from its list of the largest excise taxpayers were omitted from its certification for the quarter ended June 30, 2010.

III. Procedures on Financial Management Service Adjustments

Perform the following procedures on the Financial Management Service (FMS) adjustments to HTF excise tax distributions for the quarters ended September 30, 2009, December 31, 2009, March 31, 2010, and June 30, 2010:

- A. Calculate the FMS adjustment amounts based on the Office of Tax Analysis (OTA) transfer forms²⁵ and IRS certification letters to determine if they are mathematically correct.

Description of Findings and Results

The FMS adjustment amounts for all four quarters were mathematically correct. For the Highway Account, the adjustment amounts were²⁶

- \$55,491,000 for the quarter ended September 30, 2009;
- (\$317,784,000) for the quarter ended December 31, 2009;
- \$106,935,000 for the quarter ended March 31, 2010; and
- (\$319,804,000) for the quarter ended June 30, 2010.

For the Mass Transit Account, the adjustment amounts were

- \$51,094,000 for the quarter ended September 30, 2009;
- (\$35,978,000) for the quarter ended December 31, 2009;
- \$4,963,000 for the quarter ended March 31, 2010; and
- (\$75,849,000) for the quarter ended June 30, 2010.

²⁵The transfer forms denote the amounts estimated by OTA for transferring excise taxes to the trust funds.

²⁶A positive amount indicates that the FMS adjustment increased excise taxes distributed to the account. A negative amount, shown in parentheses, indicates that the FMS adjustment decreased excise taxes distributed to the account.

IV. Procedures on Excise Tax Distributions to the HTF for the Quarter Ended September 30, 2010

- A. Determine if OTA prepares a tax rate table to capture information concerning tax rates, tax basis, accounts, and deposit rules in effect during the quarter ended September 30, 2010, and whether OTA uses this rate table in its trust fund estimates²⁷ for the quarter.

Description of Findings and Results

OTA prepared a tax rate table to capture information concerning tax rates, tax basis, accounts, and deposit rules in effect during the quarter. OTA used the rate table in preparing the five semimonthly estimates that affect fiscal year 2010 distributions to the HTF.

- B. Inspect the transfer forms and supporting schedules to determine if there is evidence of review.

Description of Findings and Results

There was evidence that another OTA economist reviewed the transfer forms and supporting schedules affecting distributions from the general fund to the HTF for the quarter ended September 30, 2010.

- C. Calculate the totals on the transfer forms to determine if they are mathematically correct.

Description of Findings and Results

The totals on the transfer forms affecting distributions to the HTF for the quarter ended September 30, 2010, were mathematically correct.

- D. Trace the transfer amounts for diesel fuel tax (abstract 60), gasoline tax (abstract 62), and heavy vehicle use tax²⁸ from the transfer forms back to the related source documents²⁹ for agreement.

²⁷OTA makes semimonthly estimates of excise tax collections for transfer to trust funds. There are five semimonthly estimates for the quarter ended September 30, 2010, which affect fiscal year 2010 distributions to the HTF.

²⁸The OTA estimated transfer amounts for diesel fuel tax (abstract 60), gasoline tax (abstract 62), and heavy vehicle use tax made up over 95 percent of the total amount transferred to the HTF for the fourth quarter of fiscal year 2010.

²⁹The source documents include the IRS report of excise taxes used to derive the percentages applied to reported receipts, the Daily Treasury Statement, the Monthly Treasury Statement, and the excise tax rate table.

Description of Findings and Results

The transfer amounts for diesel fuel tax (abstract 60), gasoline tax (abstract 62), and heavy vehicle use tax from the transfer forms agreed with the related source documents for the quarter ended September 30, 2010.

V. Other Procedures

- A. Determine if IRS and OTA made adjustments to the HTF for tax on kerosene used in aviation during fiscal year 2010, and calculate the adjustment amounts to determine if they were mathematically correct.³⁰

Description of Findings and Results

Adjustments to the HTF for tax on kerosene used in aviation were made during fiscal year 2010 and were mathematically correct. For the Highway Account, the adjustment amounts were³¹

- (\$202,225,000) for the quarter ended September 30, 2009;
- (\$134,556,000) for the quarter ended December 31, 2009;
- (\$142,141,000) for the quarter ended March 31, 2010;
- (\$129,718,000) for the quarter ended June 30, 2010; and
- (\$177,974,000) for the quarter ended September 30, 2010.

For the Mass Transit Account, the adjustment amounts were

- (\$26,977,000) for the quarter ended September 30, 2009;
- (\$17,950,000) for the quarter ended December 31, 2009;
- (\$18,962,000) for the quarter ended March 31, 2010;
- (\$17,305,000) for the quarter ended June 30, 2010; and
- (\$23,743,000) for the quarter ended September 30, 2010.

³⁰Section 11161 of Pub. L. No. 109-59 (Aug. 10, 2005), Treatment of Kerosene for Use in Aviation, taxes all kerosene taxpayers at the standard kerosene rate, unless a taxpayer had removed the kerosene from a refinery or terminal directly into an aircraft's fuel tank and thus qualified for the lower aviation kerosene tax rate. Amounts received under the standard kerosene tax are initially deposited in the HTF. If a taxpayer subsequently used the kerosene in aviation, the taxpayer is eligible for the lower tax rate associated with aviation kerosene and can request a refund. The amount of the kerosene tax collected from the taxpayer, net of refunds, is transferred from the HTF to the AATF.

³¹The adjustments for the quarters ended September 30, 2009; December 31, 2009; March 31, 2010; and June 30, 2010, were included in the IRS receipt certifications, and the adjustment for the quarter ended September 30, 2010, was included in the OTA estimates. The adjustment amounts, shown in parentheses, represent excise taxes transferred from the HTF to the AATF and general fund.

Enclosure

- B. Using IRS's quarterly certifications, OTA's estimated distributions, and any adjustments, compile and report the amount of net excise taxes and penalties³² distributed to the HTF in fiscal year 2010.

Description of Findings and Results

Based on a compilation of IRS's quarterly certifications, OTA's estimations, and adjustments, the amount of net excise taxes that should have been distributed to the HTF in fiscal year 2010 was \$34,975,135,480.

(196214)

³²Section 868 of Pub. L. No. 108-357 (Oct. 22, 2004), Dedication of Revenues from Certain Penalties to the Highway Trust Fund, requires that certain fuel-related penalties, which are assessed and collected by IRS, be distributed to the HTF. IRS includes such amounts in its quarterly certification to the HTF.

This is a work of the U.S. government and is not subject to copyright protection in the United States. The published product may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.

GAO's Mission

The Government Accountability Office, the audit, evaluation, and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents at no cost is through GAO's Web site (www.gao.gov). Each weekday afternoon, GAO posts on its Web site newly released reports, testimony, and correspondence. To have GAO e-mail you a list of newly posted products, go to www.gao.gov and select "E-mail Updates."

Order by Phone

The price of each GAO publication reflects GAO's actual cost of production and distribution and depends on the number of pages in the publication and whether the publication is printed in color or black and white. Pricing and ordering information is posted on GAO's Web site, <http://www.gao.gov/ordering.htm>.

Place orders by calling (202) 512-6000, toll free (866) 801-7077, or TDD (202) 512-2537.

Orders may be paid for using American Express, Discover Card, MasterCard, Visa, check, or money order. Call for additional information.

To Report Fraud, Waste, and Abuse in Federal Programs

Contact:

Web site: www.gao.gov/fraudnet/fraudnet.htm

E-mail: fraudnet@gao.gov

Automated answering system: (800) 424-5454 or (202) 512-7470

Congressional Relations

Ralph Dawn, Managing Director, dawnr@gao.gov, (202) 512-4400
U.S. Government Accountability Office, 441 G Street NW, Room 7125
Washington, DC 20548

Public Affairs

Chuck Young, Managing Director, youngc1@gao.gov, (202) 512-4800
U.S. Government Accountability Office, 441 G Street NW, Room 7149
Washington, DC 20548