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**Comptroller General
of the United States**

**United States Government Accountability Office
Washington, DC 20548**

PRESS RELEASE

**GAO: U.S. Government's 2008 Financial Report
Demonstrates Significant Problems**

***Some Major Agencies Fail to Garner 'Clean Opinions';
Problems Make it More Challenging for Informed Decisions***

WASHINGTON (December 15, 2008) - For the 12th year in a row, the U.S. Government Accountability Office (GAO) was prevented from expressing an opinion on the consolidated financial statements of the U.S. government—other than the Statement of Social Insurance—because of numerous material internal control weaknesses and other limitations.

“While significant progress has been made in improving financial management since the federal government began preparing consolidated financial statements 12 years ago, three major impediments have continued to prevent us from rendering an opinion on the accrual basis consolidated financial statements over this period of time,” said Gene L Dodaro, Acting Comptroller General of the United States and head of the GAO. “Those include serious financial management problems at the Department of Defense, the federal government’s inability to adequately account for and reconcile intragovernmental activity and balances between federal agencies, and the federal government’s ineffective process for preparing the consolidated financial statements.” Dodaro also noted three additional material weaknesses related to improper payments, information security, and tax collection activities. Dodaro added that at least three major agencies did not get clean opinions – the Department of Defense, the Department of Homeland Security, and the National Aeronautics and Space Administration (NASA).

“The need for reliable, high-quality financial information has never been greater,” Dodaro said, pointing out that much work remains to be done on improving the state of federal financial management. “Continued improvement needs to be a top priority of the new administration and Congress to help provide the financial accountability the public deserves and the information decision makers need to help evaluate government programs and manage the government in a cost-effective manner”.

Dodaro said policymakers are understandably focused on dealing with stabilizing financial markets and stimulating the economy. “However, once these issues are addressed, the nation’s new and returning leaders will need to turn their attention to the serious long-term challenges of addressing the federal government’s large and growing structural deficits that are driven primarily by rising health care costs and known demographic trends. As discussed in the Financial Report, the federal government is on an unsustainable long-term fiscal path.”

The fiscal year 2008 Financial Report of the United States Government, which includes financial information from the 24 major federal departments and agencies and GAO's audit report, is being released today by the Treasury Department. Dodaro noted that the report would not be possible without the commitment and professionalism of Inspectors General throughout the federal government who are responsible for annually auditing the financial statements of individual federal agencies. The report is also available on GAO's web site at www.gao.gov/financial/fy2008financialreport.html.

For more information, contact Chuck Young, Managing Director of GAO's Office of Public Affairs, at (202) 512-4800.

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