



441 G St. N.W.  
Washington, DC 20548

January 20, 2026

The Honorable Scott Bessent  
Secretary of the Treasury

**Financial Audit: IRS's FY 2025 Financial Statements [Accessible Version]**

Dear Mr. Secretary:

This report transmits the GAO auditor's report on the results of our audits of the fiscal year 2025 financial statements of the Internal Revenue Service (IRS), which is incorporated in the enclosed *IRS Fiscal Year 2025 Agency Financial Report*.

As discussed more fully in the auditor's report that begins on page 32 of the enclosed financial report, we found

- IRS's financial statements as of and for the fiscal year ended September 30, 2025, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;
- although internal controls could be improved, IRS maintained, in all material respects, effective internal control over financial reporting as of September 30, 2025; and
- no reportable noncompliance for fiscal year 2025 with provisions of applicable laws, regulations, contracts, and grant agreements we tested.

During our audit, we continued to identify a significant deficiency in internal control over financial reporting concerning IRS's unpaid assessments. This significant deficiency merits attention by those charged with governance of IRS.<sup>1</sup>

Under current law, executive agencies, including the Department of the Treasury of which IRS is a component, must annually prepare audited organization-wide financial statements.<sup>2</sup> The law also requires audited financial statements of components of executive agencies as designated by the Director of the Office of Management and Budget (OMB). IRS is one of these designated components. In connection with fulfilling our requirement to audit the consolidated financial statements of the U.S. government, and consistent with our authority to audit statements and

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<sup>1</sup>A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

<sup>2</sup>See 31 U.S.C. § 3515.

schedules prepared by executive agency components, we have audited IRS's financial statements because of the significance of IRS's tax collections to the consolidated financial statements of the U.S. government.<sup>3</sup>

We are sending copies of this report to the appropriate congressional committees, the Chief Executive Officer of the Internal Revenue Service, the Director of the Office of Management and Budget, and other interested parties. In addition, the report is available at no charge on the GAO website at <https://www.gao.gov>.

If you or your staff have any questions concerning this report, please contact me at [simpsondb@gao.gov](mailto:simpsondb@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed on the third to last page of this report.

Sincerely yours,

**//SIGNED//**

Dawn B. Simpson  
Director, Financial Management and Assurance

Enclosure

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<sup>3</sup>See 31 U.S.C. §§ 331(e)(2), 3515, 3521(g), (i).

# GAO Contact and Staff Acknowledgments

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## GAO Contact

Dawn B. Simpson, (202) 512-3406 or [simpsondb@gao.gov](mailto:simpsondb@gao.gov)

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## Staff Acknowledgments

In addition to the contact named above, the following staff made key contributions to this report.

### **Financial Management and Assurance (FMA)**

Jessica Boucher (Assistant Director), Nicole McGuire Burkart (Assistant Director), Richard (Ryan) Guthrie (Assistant Director), William (Lee) Evans (Assistant Director), James Skornicki (Analyst in Charge), Crystal Alfred, Mercedes Amans, Chantel Bradley, Dylan Carr, Victoria Cline, Kevin Cotter, Nabor Cuevas Jr., Bruce David, Angelica Figueroa, John Ford, Glenn Gambardella, Arkeyvia Hang, Allison Harris, Daniel Harris, Robert Hildebrandt, Michael Kany, Deanna Kitchens, Olivia Kleiner, Grace Koong, Richard Larsen, Jenny Lee, Andrew Long, Bryce McPherson, Rebecca Perkins, David Rozeboom, John A. Schaefer, Monasha Thompson, Lien To, Mikaela Tompkins, Randy Voorhees, Ross Wentworth, Landon Western, Vanessa Willis, and J. Mark Yoder.

### **Applied Research and Methods (ARM)**

Sara Daleski (Assistant Director) and Joyce Harvey.

### **Information Technology and Cybersecurity (ITC)**

Vijay D'Souza (Director), Edward Alexander Jr. (Assistant Director), Larry Crosland (Assistant Director), Daniel Swartz (Assistant Director), Luis Alicea, Anastasia Barron, Leland Buggie, Alexander Engel, Andrew Erickson, Linda Erickson, Sailaja Ledalla, and Kevin Metcalfe.

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