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Acting Comptroller General
of the United States

June 25, 2026

The Honorable Kevin M. Warsh
Chair
Board of Governors of the Federal Reserve System
20th St. & Constitution Ave., NW
Washington, D.C. 20551

Priority Open Recommendations: Board of Governors of the Federal Reserve System

Dear Chair Warsh:

The purpose of this letter is to call your personal attention to three areas where open recommendations to the Board of Governors of the Federal Reserve System should be given high priority.

In January 2026, we reported that, on a government-wide basis, 77 percent of our recommendations made 5 years ago were implemented.¹ The Federal Reserve’s recommendation implementation rate was 100 percent. As of June 2026, the Federal Reserve had 16 open recommendations, including five priority recommendations.² Since our May 2025 letter, the Federal Reserve has not implemented any priority recommendations.³ Fully implementing these five priority open recommendations would directly support the Federal Reserve’s mission.

We are highlighting the following areas that warrant your timely and focused attention:

- **Strengthening bank supervision.** The 2023 bank failures raised questions about whether the federal banking regulators took sufficient action to ensure that financial institutions promptly addressed supervisory concerns, such as weak liquidity and risk management practices. In 2024, we found that the Federal Reserve had not [finalized a rule](#) under section 166 of the Dodd-Frank Wall Street Reform and Consumer Protection Act that would promote earlier remediation of issues at certain financial institutions. Finalizing this rule would help lessen the risk of insolvency at these institutions and protect financial stability.
- **Analyzing regulations.** Leading rulemaking practices call for assessing the potential and actual effects, such as costs and benefits, of proposed and final rules. However, in July 2024, we found that the Federal Reserve’s policies and procedures for conducting

¹GAO, *Performance and Accountability Report, Fiscal Year 2025*, [GAO-26-900644](#) (Washington, D.C.: Jan. 29, 2026).

²GAO considers a recommendation to be a priority if, when implemented, it may significantly improve government operations—for example, by realizing large dollar savings; eliminating mismanagement, fraud, and abuse; or making progress toward addressing a high-risk or duplication issue.

³GAO, *Priority Open Recommendations: Board of Governors of the Federal Reserve System*, [GAO-25-108047](#) (Washington, D.C.: May 16, 2025). In our 2025 letter, we identified five priority recommendations.

regulatory analysis had not been updated since 1994 and did not fully align with leading practices. Updating these policies, as we [recommended](#), could help ensure that the Federal Reserve's rules justify regulatory action and represent the most cost-beneficial option. In addition, in our July 2024 report, we recommended that the Federal Reserve adopt policies and procedures for systematically performing retrospective reviews of its rules, which could help it evaluate whether rules are achieving their intended effects and avoiding unintended economic consequences. Addressing these recommendations could also ensure that the Federal Reserve's future rulemaking aligns with Executive Order 13579.⁴

- **Addressing blockchain technology risks.** Blockchain-related financial products and services have grown substantially in recent years. However, in 2023, we found that financial regulators lacked an ongoing coordination mechanism for addressing blockchain risks. Establishing such a [mechanism](#), as we recommended, would help the Federal Reserve and the other regulators collectively identify risks and develop and implement a regulatory response in a timely manner.

Some of the priority open recommendations for the Federal Reserve also relate to GAO's [High Risk List](#) and work on [Duplication and Cost Savings](#). Specifically, the three areas above relate to the high risk area of [modernizing the U.S. financial regulatory system](#).⁵ Several other government-wide high risk areas also have direct implications for the Federal Reserve and its operations, including [ensuring the cybersecurity of the nation](#). In addition, we previously [reported](#) that the U.S. financial regulatory structure is fragmented among multiple regulators. Our recommendation to help address blockchain technology risks would help ensure that regulators take a collective approach to blockchain regulation. More information on our [Duplication and Cost Savings](#) work can be found on the GAO website.

A comprehensive list of open recommendations, including new priority recommendations, and information about their status can be found on the GAO website at [Recommendations Database | U.S. GAO](#). Copies of this letter are being sent to the appropriate congressional committees.⁶ This letter will also be available at [Priority Recommendations | U.S. GAO](#).

⁴Exec. Order No. 13579, *Regulation and Independent Regulatory Agencies*, 76 Fed. Reg. 41587 (July 14, 2011).

⁵The High Risk List identifies government operations with greater vulnerabilities to fraud, waste, abuse, and mismanagement. GAO, *High-Risk Series: Heightened Attention Could Save Billions More and Improve Government Efficiency and Effectiveness*, [GAO-25-107743](#) (Washington, D.C.: Feb. 25, 2025).

⁶We also help Congress identify congressional oversight actions that can help agencies implement priority recommendations, such as incorporating them into legislation. James M. Inhofe National Defense Authorization Act for Fiscal Year 2023, Pub. L. No. 117-263, § 7211(a)(2), 136 Stat. 2395, 3668 (2022) (codified at 31 U.S.C. § 719 note). Congress can also use its budget, appropriations, and oversight processes to incentivize the Federal Reserve to act on our recommendations and monitor its progress. For example, Congress can hold hearings focused on the Federal Reserve's progress in implementing priority recommendations or take other actions to provide incentives for the Federal Reserve to act.

We would welcome an opportunity to discuss how to address our open recommendations, as we pursue the shared goal of working to increase efficiency and effectiveness of government programs and spending. Please do not hesitate to contact me or Daniel Garcia-Diaz, Managing Director of the Financial Markets and Community Investment team, at GarciaDiazD@gao.gov. Contact points for our offices of Congressional Relations and Media Relations may be found on the last page of this letter. Thank you for your personal attention to these important issues.

Sincerely,

//SIGNED//

Orice Williams Brown
Acting Comptroller General
of the United States

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