GAO Highlights

U.S. CONSOLIDATED FINANCIAL STATEMENTS

Improvements Needed in Controls over Treasury Preparation Processes

GAO-26-109081 September 2026

A report to the Secretary of the Treasury

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What GAO Found

GAO's audit of the fiscal year 2025 consolidated financial statements of the U.S. government (CFS) identified control deficiencies in the processes the Department of the Treasury used to prepare the CFS. These control deficiencies contributed to material weaknesses in internal control that involve the federal government's inability to

- adequately account for intragovernmental activity and balances between federal entities;
- reasonably assure that the consolidated financial statements are (1) consistent with the underlying audited entities' financial statements, (2) properly balanced, and (3) in accordance with U.S. generally accepted accounting principles (U.S. GAAP); and
- reasonably assure that the information in the (1) Reconciliations of Net Operating Cost and Budget Deficit and (2) Statements of Changes in Cash Balance from Budget and Other Activities is complete, properly supported, and consistent with the underlying information in the audited entities' financial statements and other financial data.

GAO identified three new control deficiencies in the processes Treasury used to prepare the fiscal year 2025 CFS.

1. Treasury did not properly report legal contingencies in the draft CFS note disclosure.
2. Treasury did not consistently prepare accurate and complete note disclosures in the draft CFS.
3. The reports used to annually recertify access to Planning Analytics, a system used to prepare the CFS, were not adequate to determine whether the access granted was appropriate.

As of the completion of GAO's fiscal year 2024 audit, nine recommendations were open from prior reports related to control deficiencies in the processes used to prepare the CFS. During the fiscal year 2025 CFS audit, GAO found that Treasury implemented corrective actions that resolved three recommendations from prior reports, and GAO closed these recommendations.

These new and continuing deficiencies increase the risk that material amounts and disclosures may not be presented in the CFS in accordance with U.S. GAAP. GAO will continue to monitor the status of Treasury's corrective actions to address the nine open recommendations—six remaining from prior reports and three new recommendations GAO is making in this report—as part of the fiscal year 2026 CFS audit.

Why GAO Did This Study

The Secretary of the Treasury, in coordination with the Director of the Office of Management and Budget, prepares the *Financial Report of the United States Government*, which includes the CFS. Since GAO's first audit of the CFS, for fiscal year 1997, certain material weaknesses in internal control over financial reporting and other limitations on the scope of its work have prevented GAO from expressing an opinion on the federal government's accrual-based consolidated financial statements. As part of the fiscal year 2025 CFS audit, GAO identified continuing material weaknesses and other control deficiencies in the processes used to prepare the CFS.

The objective of this report is to provide (1) detailed information on new control deficiencies GAO identified related to the processes Treasury used to prepare the CFS, along with related recommendations, and (2) the status of Treasury's corrective actions to address recommendations from GAO's prior reports related to the processes used to prepare the CFS that remained open as of the completion of GAO's audit of the fiscal year 2024 CFS.

What GAO Recommends

GAO is making three new recommendations to Treasury to address the control deficiencies identified during the fiscal year 2025 CFS audit. In commenting on GAO's draft report, Treasury concurred with the three new recommendations and stated its ongoing commitment to improving federal financial reporting.