GAO U.S. GOVERNMENT ACCOUNTABILITY OFFICE

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Comptroller General
of the United States

February 15, 2024

The President
The President of the Senate
The Speaker of the House of Representatives

To operate as effectively and efficiently as possible, Congress, the administration, and federal managers must have ready access to reliable and complete financial and performance information—both for individual federal entities and for the federal government as a whole. Our report on the U.S. government's consolidated financial statements for fiscal years 2023 and 2022 discusses progress that has been made but also underscores that much work remains to improve federal financial management and that the federal government continues to face an unsustainable long-term fiscal path.[1]

Our audit report on the U.S. government's consolidated financial statements is enclosed. In summary, we found the following:

- Certain material weaknesses[2] in internal control over financial reporting and other limitations resulted in conditions that prevented us from expressing an opinion on the accrual-based consolidated financial statements as of and for the fiscal years ended September 30, 2023, and 2022.[3] About 48 percent of the federal government's reported total assets as of September 30, 2023, and approximately 15 percent of the federal government's reported net cost for fiscal year 2023 relate to significant federal entities that received a disclaimer of opinion[4] or qualified opinion[5]

[1]As discussed later in this report, an unsustainable long-term fiscal path is a situation where federal debt held by the public grows faster than gross domestic product (GDP) over the long term.

[2]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 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.

[3]The accrual-based consolidated financial statements comprise the (1) Statements of Net Cost, Statements of Operations and Changes in Net Position, Reconciliations of Net Operating Cost and Budget Deficit, and Statements of Changes in Cash Balance from Budget and Other Activities, for the fiscal years ended September 30, 2023, and 2022; (2) Balance Sheets as of September 30, 2023, and 2022; and (3) related notes to these financial statements. Most revenues are recorded on a modified cash basis.

[4]A disclaimer of opinion arises when the auditor is unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion, and the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be both material and pervasive and accordingly does not express an opinion on the financial statements.

[5]A qualified opinion arises when the auditor is able to express an opinion on the financial statements except for specific areas where the auditor was unable to obtain sufficient appropriate evidence, and the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be material but not pervasive.

on their fiscal year 2023 financial statements or whose fiscal year 2023 financial information was unaudited.[6]

- Significant uncertainties (discussed in Note 25, *Social Insurance*, to the consolidated financial statements), primarily related to the achievement of projected reductions in Medicare cost growth, prevented us from expressing an opinion on the sustainability financial statements, which consist of the 2023 and 2022 Statements of Long-Term Fiscal Projections;[7] the 2023, 2022, 2021, 2020, and 2019 Statements of Social Insurance;[8] and the 2023 and 2022 Statements of Changes in Social Insurance Amounts. About $53.1 trillion, or 68 percent, of the reported total present value of future expenditures in excess of future revenue presented in the 2023 Statement of Social Insurance relates to the Medicare program reported in the Department of Health and Human Services' (HHS) 2023 Statement of Social Insurance, which received a disclaimer of opinion. A material weakness in internal control also prevented us from expressing an opinion on the 2023 and 2022 Statements of Long-Term Fiscal Projections.

- Material weaknesses resulted in ineffective internal control over financial reporting for fiscal year 2023.

- Material weaknesses and other scope limitations, discussed above, limited tests of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements for fiscal year 2023.

Progress in Federal Financial Management

Overall, the federal government has made significant strides in improving financial management since key federal financial management reforms were enacted in the 1990s. Nineteen of the 24 Chief Financial Officers Act of 1990 (CFO Act) agencies received clean opinions on their fiscal year 2023

[6]These entities include the following: (1) The Department of Defense received a disclaimer of opinion on its fiscal years 2023 and 2022 financial statements. (2) The Small Business Administration received a disclaimer of opinion on its fiscal years 2023 and 2022 balance sheets, and its remaining statements were unaudited. (3) The Department of Education received a disclaimer of opinion on its fiscal year 2023 balance sheet and its remaining statements were unaudited. The department received a disclaimer of opinion on its fiscal year 2022 financial statements. (4) The Department of Labor received a qualified opinion on its fiscal years 2023 and 2022 financial statements. (5) The Department of Agriculture received a qualified opinion on its fiscal year 2023 financial statements but received an unmodified opinion on its fiscal year 2022 financial statements. (6) The Security Assistance Accounts received a disclaimer of opinion on its fiscal years 2023 and 2022 financial statements. (7) The fiscal year 2023 Schedules of the General Fund were not audited to allow the Department of the Treasury time to continue to implement a remediation plan to address the issues we reported as part of our disclaimer of opinion on the fiscal year 2022 Schedules of the General Fund. (8) The Railroad Retirement Board received a disclaimer of opinion on its fiscal years 2023 and 2022 financial statements.

[7]The 2023 and 2022 Statements of Long-Term Fiscal Projections present, for all the activities of the federal government, the present value of projected receipts and noninterest spending under current policy without change, the relationship of these amounts to projected gross domestic product (GDP), and changes in the present value of projected receipts and noninterest spending from the prior year. These statements also present the fiscal gap, which is the combination of receipt increases and noninterest spending reductions necessary to hold debt held by the public as a share of GDP at the end of the 75-year projection period to its value at the beginning of the period. The valuation date for the Statements of Long-Term Fiscal Projections is September 30.

[8]The Statements of Social Insurance present the present value of revenue and expenditures for social benefit programs, primarily Social Security and Medicare. These statements are presented for the current year and each of the 4 preceding years as required by U.S. generally accepted accounting principles. For the Statements of Social Insurance, the valuation date is January 1 for the Social Security and Medicare programs, October 1 for the Railroad Retirement program, and September 30 for the Black Lung program.

financial statements, up from six CFO Act agencies that received clean audit opinions for fiscal year 1996.[9]

Accounting and financial reporting standards have continued to evolve to provide greater transparency and accountability over the federal government's operations and financial condition, including long-term sustainability. We have reported areas where financial management can be improved, including standardizing and clarifying the responsibilities of chief financial officers, preparing government-wide and agency-level financial management plans, better linking performance and cost information for decision-making, and strengthening improper payment and fraud risk management reporting.[10]

While the U.S. government's consolidated financial statements provide a high-level summary of the financial position, operating results, and financial condition for the federal government as a whole, substantial benefits have been achieved as a result of agencies' preparation and audit of financial statements, including

- useful and necessary insight into government operations, including the agencies' financial conditions;
- increased federal agency accountability to Congress and citizens, including independent assurance about the reliability of reported financial information;
- greater confidence to stakeholders (e.g., governance officials, taxpayers, consumers, and regulated entities) that federal funds are being properly accounted for and assets are properly safeguarded;
- an assessment of the reliability and effectiveness of systems and related internal controls, including identifying control deficiencies that could lead to fraud, waste, or abuse;
- a focus on information security;
- early warnings of financial management issues; and
- identification of noncompliance with laws and regulations, which can present challenges to agency operations.

The preparation and audit of individual federal entities' financial statements have also identified numerous deficiencies, leading to corrective actions to strengthen federal entities' internal controls, processes, and systems. For instance, in fiscal year 2023 the Department of Housing and Urban Development's auditor reported a significant deficiency in internal control over financial reporting, which was an improvement from the prior year's reported material weakness.[11]

Financial Management Challenges

Since the federal government began preparing consolidated financial statements, for fiscal year 1997, three major impediments have continued to prevent us from rendering an opinion on the federal government's accrual-based consolidated financial statements: (1) serious financial management problems at the Department of Defense (DOD), (2) the federal government's inability to adequately account for intragovernmental activity and balances between federal entities, and (3) weaknesses in the federal government's process for preparing the consolidated financial statements.

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[9]The 19 agencies include the Department of Health and Human Services, which received an unmodified ("clean") opinion on all statements except the Statements of Social Insurance and the Statements of Changes in Social Insurance Amounts.

[10]GAO, *Federal Financial Management: Substantial Progress Made since Enactment of the 1990 CFO Act; Refinements Would Yield Added Benefits*, GAO-20-566 (Washington, D.C.: Aug. 6, 2020), and *Emergency Relief Funds: Significant Improvements Are Needed to Ensure Transparency and Accountability for COVID-19 and Beyond*, GAO-22-105715 (Washington, D.C.: Mar. 17, 2022).

[11]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.

DOD continues to take positive steps to improve its financial management but faces long-standing issues. After many years of working toward financial statement audit readiness, DOD underwent full financial statement audits for fiscal years 2018 through 2023. These audits resulted in disclaimers of opinion, material weaknesses in internal control over financial reporting (28 in both fiscal years 2023 and 2022), and thousands of audit findings.

DOD leadership identified a number of financial management-related benefits from these department-wide audits, as well as operational improvements. Specifically, DOD reported that the annual financial statement audits (1) are vital to the department's data transformation and business reform efforts, and (2) provide objective, independent assessments of the department's internal controls, financial reporting practices, and reliability of financial information. DOD also reported that auditor findings help DOD leadership prioritize improvements, drive efficiencies, identify issues with systems, and measure progress in modernizing the department's financial management capabilities. Further, DOD reported that the audits have been a catalyst for business process and business system reform across DOD, resulting in greater financial integrity, increased transparency, and a better supported warfighter. Examples of recent financial management-related benefits DOD identified include:

- **Obligations**. Better management of budget obligations, resulting in the availability of budget funds that could be used for more immediate mission-support and mission-critical needs. For example, for fiscal year 2023, DOD reported that it identified and deobligated $330 million, which allowed the department to reprogram the funds for other needs.

- **Real property**. Better real property management, resulting in improved real property records and redeployment of maintenance costs.

- **Inventory**. Identification of several billion dollars related to (1) usable inventory that was not tracked in the inventory system but was available for use in addressing unmet needs, (2) unneeded inventory that resulted in freeing up storage space, and (3) inventory that was unavailable or unusable to meet mission needs. For example, initiatives to locate untracked or excess material identified more than $4.4 billion of material that was made available for redeployment.

- **Systems**. Improved accuracy of the systems inventory, consolidation and retirement of systems, and reduction of maintenance costs for legacy systems. For example, in fiscal year 2023, DOD retired 10 financial reporting systems.

DOD has acknowledged that achieving a clean audit opinion will take time. DOD management prioritized certain critical areas for improvement (i.e., for fiscal year 2023, its priorities were to improve fund balance with Treasury (FBWT), establish user access controls, and create a universe of transactions).[12] DOD reported that it uses the number of audit findings closed and material weaknesses downgraded or resolved from year to year to measure progress toward achieving a clean audit opinion. For example, while FBWT remains a material weakness at the DOD-wide level, certain components reported progress in addressing deficiencies in this area in fiscal year 2023. Specifically, the Department of the Army Working Capital Fund and the Department of the Navy General Fund reduced their FBWT material weaknesses to significant deficiencies, and the Department of the Air Force General Fund remediated its FBWT material weakness.

[12]Fund balance with Treasury (FBWT) is the amount in an entity's accounts with Treasury that is available for making expenditures and paying liabilities. Universe of transactions relates to transaction-level populations supporting material financial statement line items.

Various efforts are also under way to address the other two major impediments to rendering an opinion on the accrual-based consolidated financial statements. In addition to Treasury's and the Office of Management and Budget's (OMB) continued leadership, federal entities' strong and sustained commitment is critical to fully addressing these impediments.

The Department of the Treasury made progress addressing the material weakness related to the government's inability to adequately account for intragovernmental activity and balances between federal entities. For example, in fiscal year 2023, Treasury was able to work with component entities to reduce intragovernmental differences to amounts Treasury determined were immaterial to the consolidated financial statements, although it is uncertain if this outcome can be sustained in the future due to underlying deficiencies at component entities. Treasury also (1) continued to provide information and assistance to significant component entities to aid in resolving their intragovernmental differences and (2) issued additional guidance to federal entities related to accounting for intragovernmental transactions.

Treasury has also made progress addressing the material weaknesses related to the federal government's process for preparing the consolidated financial statements. In recent years, Treasury's corrective actions have included implementing new processes for preparing the consolidated financial statements, enhancing guidance for federal entity financial reporting, and implementing procedures to address certain previously issued internal control deficiencies.[13]

In addition to the three major impediments, certain federal entities have experienced financial management challenges in recent years.

- The Small Business Administration (SBA), which had substantial activity related to COVID-19 relief programs, such as the Paycheck Protection Program and the COVID-19 Economic Injury Disaster Loan program, was unable to obtain an opinion on its fiscal years 2020 through 2023 financial statements, after years of receiving clean opinions. SBA's auditor reported that the urgent need for SBA to implement COVID-19-related programs led to deficiencies in internal control processes.[14] SBA's auditor reported several material weaknesses in internal control in fiscal years 2020 through 2023 related to these programs. These weaknesses limit the reliability of SBA's financial reporting and increase the risk of fraud and improper payments. Due to the continuing material weaknesses in controls associated with the two programs that led to loans going to potentially ineligible borrowers, we have designated Emergency Loans for Small Businesses as a high-risk area since 2021.[15]

- The Department of Education, after years of receiving clean opinions, was unable to obtain an opinion on its fiscal years 2022 and 2023 financial statements. Education's auditor continued to report a material weakness related to the department's controls over the data used for estimating

[13]GAO, *U.S. Consolidated Financial Statements: Improvements Needed in Internal Controls over Treasury and OMB Preparation Processes*, GAO-23-106707 (Washington, D.C.: Aug. 15, 2023).

[14]Small Business Administration, *Agency Financial Report for Fiscal Year 2023* (Washington, D.C.: Nov. 15, 2023).

[15]For more information on GAO's high-risk area with regards to Emergency Loans for Small Businesses, see GAO, *High-Risk Area: Emergency Loans for Small Businesses*, accessed on February 7, 2024, https://www.gao.gov/highrisk/emergency-loans-small-businesses.

the costs of its loan programs.[16] For example, for fiscal year 2023, errors existed in the underlying data used for estimating the costs for the department's student loan program. This weakness limits the reliability of Education's financial reporting.

- The Department of Labor received a qualified opinion on its fiscal years 2021 through 2023 financial statements. Labor was unable to adequately support assumptions used for estimating remaining obligations and benefit overpayments related to the unemployment insurance program.[17]

- The Department of Agriculture received a qualified opinion on its fiscal year 2023 financial statements related to the recognition of certain budget obligations for Supplemental Nutrition Assistance Program benefits.[18]

The material weaknesses underlying the financial management challenges discussed above (1) hamper the federal government's ability to reliably report a significant portion of its assets, liabilities, costs, and other related information; (2) affect the federal government's ability to reliably measure the full cost, as well as the financial and nonfinancial performance, of certain programs and activities; (3) impair the federal government's ability to adequately safeguard significant assets and properly record various transactions; and (4) hinder the federal government from having reliable, useful, and timely financial information to operate effectively and efficiently. We have made a number of recommendations to OMB, Treasury, DOD, and SBA to address these issues.[19] These entities have taken or plan to take actions to address these recommendations.

In addition to the material weaknesses referred to above, we identified two other continuing material weaknesses. These are the federal government's inability to (1) determine the full extent to which improper payments occur and reasonably assure that appropriate actions are taken to reduce them and (2) identify and resolve information system control deficiencies and manage information security risks on an ongoing basis. The fiscal year 2023 government-wide total of reported improper payment estimates was $236 billion. However, this amount does not include improper payment estimates for certain programs. For example, improper payment estimates were not reported for HHS's Temporary Assistance for Needy Families program. As it relates to information system controls, 13 of the 24 agencies covered by the Chief Financial Officers Act of 1990 reported material weaknesses or significant deficiencies in information system controls.

Our audit report presents additional details concerning these material weaknesses and their effect on the accrual-based consolidated financial statements, sustainability financial statements, and managing federal government operations. Until the problems outlined in our audit report are adequately addressed, they will continue to have adverse implications for the federal government and the American people.

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[16]Department of Education, *Agency Financial Report for Fiscal Year 2023* (Washington, D.C.: Nov. 16, 2023).

[17]Department of Labor, *Agency Financial Report for Fiscal Year 2023* (Washington, D.C.: Nov. 14, 2023).

[18]Department of Agriculture, *Agency Financial Report for Fiscal Year 2023* (Washington, D.C.: Jan. 16, 2024).

[19]See GAO, *High Risk Area: DOD Financial Management*, accessed February 7, 2024, https://www.gao.gov/highrisk/dod_financial_management; GAO-23-106707; and *High Risk Area: Emergency Loans for Small Businesses*. Further, other auditors have made recommendations to DOD and SBA for improving their financial management.

Unsustainable Long-Term Fiscal Path

The 2023 Statement of Long-Term Fiscal Projections and related information in Note 24, *Long-Term Fiscal Projections*, to the consolidated financial statements and in the unaudited Required Supplementary Information section of the *2023 Financial Report of the United States Government* (*2023 Financial Report*) show that, based on current revenue and spending policies, the federal government continues to face an unsustainable long-term fiscal path. GAO and the Congressional Budget Office (CBO) prepare long-term federal fiscal simulations, which also continue to show federal debt held by the public rising as a share of gross domestic product (GDP) in the long term.[20] This situation—in which debt held by the public grows faster than GDP—means the federal government's long-term fiscal path is unsustainable.

GAO, CBO, and the *2023 Financial Report*, although using somewhat different assumptions, all project that debt held by the public as a share of GDP (debt-to-GDP) will surpass its historical high (106 percent in 1946) in 2028. Health care and Social Security remain key drivers of federal noninterest spending in the long-term projections. In addition, GAO, CBO and the *2023 Financial Report* project that growing debt held by the public and increases in interest rates from recent historic lows will lead to higher spending on net interest (primarily interest on debt held by the public).

The *2023 Financial Report* provides an estimate of the magnitude of policy changes needed to achieve a target debt-to-GDP ratio of 97 percent (the 2023 level) in 2098 (the fiscal gap).[21] Policymakers could close the fiscal gap, achieving the target ratio, through a combination of revenue increases and noninterest spending reductions. To illustrate the magnitude of policy changes needed, if policymakers choose to close the fiscal gap solely through increased revenues, they would need to make policy changes over a 75-year period (fiscal years 2024 to 2098) that increase each year's projected revenues by 23.8 percent. If policymakers choose to close the fiscal gap solely through reductions in noninterest spending, they would need to make policy changes over a 75-year period (fiscal years 2024 to 2098) that reduce each year's projected noninterest spending by 19.8 percent. The projections show that the longer policy changes are delayed, the more significant the magnitude of policy changes will need to be to achieve the debt-to-GDP target.

Since 2017, we have stated that Congress should develop a fiscal plan to place the federal government on a sustainable fiscal path and ensure that the United States remains in a strong economic position to meet its social and security needs, as well as to preserve flexibility to address unforeseen events, such as an economic downturn or large-scale disaster. In developing a fiscal plan, policymakers will need to consider the entire range of federal activities, both revenue (including tax expenditures) and spending (entitlement programs, other mandatory spending, and discretionary spending) that affect the debt.[22]

In September 2020, we suggested that a long-term fiscal plan include fiscal rules and targets, such as a debt-to-GDP target, and identified key considerations for the design, implementation, and enforcement

[20]For more information on GAO's simulations, see GAO, *The Nation's Fiscal Health: Road Map Needed to Address Projected Unsustainable Debt Levels*, GAO-24-106987 (Washington, D.C.: Feb. 15, 2024). For more information on CBO's simulations, see Congressional Budget Office, *The Budget and Economic Outlook: 2024 to 2034* (Washington, D.C.: Feb. 7, 2024).

[21]Fiscal gap can also be calculated using different time horizons and different target debt-to-GDP ratios. GAO projects a fiscal gap for a 30-year period. For more information, see GAO, "Interactive Graphic: Exploring the Tough Choices for a Sustainable Fiscal Path," accessed February 7, 2024, https://files.gao.gov/multimedia/gao-23-106201/interactive.

[22]Tax expenditures, as defined by law, are provisions of the federal tax code that reduce taxpayers' tax liability and therefore the amount of tax revenue paid to the federal government. Examples include tax credits, deductions, exclusions, exemptions, deferrals, and preferential tax rates. 2 U.S.C. § 622(3).

of fiscal rules and targets.[23] For example, the design should provide flexibility to address emerging issues, such as an economic downturn or large-scale disaster. Well-designed fiscal rules and targets can help manage debt by controlling factors like spending and revenue. GAO issues an annual report on the fiscal health of the federal government, which provides more information on the federal government's unsustainable long-term fiscal path.[24]

We have also previously suggested that Congress consider alternative approaches to the current debt limit as part of any long-term fiscal plan.[25] The debt limit is a legal limit on the total amount of federal debt that can be outstanding at one time.[26] However, it does not restrict Congress's ability to pass spending and revenue legislation that affects the level of debt in the future, nor does it otherwise constrain fiscal policy. Delays in raising the debt limit could force Treasury to delay payments on maturing securities and interest until sufficient funds are available, compromising the safety of Treasury securities. This risk disrupts financial markets, and investors may require higher interest rates to hedge against the increased risks.

Further, there are other risks—such as natural disasters and climate change, global or regional military conflicts, housing finance, and public health crises—that could affect the federal government's financial condition in the future. These risks are not fully accounted for in the government's long-term fiscal projections. Some of the specific risks that could affect the federal government's financial condition include the following:

- Federal support of the housing finance market remains significant even though the market has largely recovered since the 2007 to 2009 financial crisis. In 2008, the federal government placed the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac) under conservatorship and entered into preferred stock purchase agreements with these government-sponsored enterprises (GSE) to help ensure their financial stability. These agreements could affect the federal government's financial condition. At the end of fiscal year 2023, the federal government reported about $240 billion of investments in these GSEs, which is net of about $70 billion in valuation losses. The reported maximum remaining contractual commitment to these GSEs, if needed, is about $254 billion.

  The ultimate role of these GSEs could affect the federal government's financial condition and the financial condition of certain federal entities, including the Federal Housing Administration (FHA), which in the past expanded its lending role in distressed housing and mortgage markets. Federal actions and strong housing market conditions have strengthened the financial condition of FHA and

[23]GAO, *The Nation's Fiscal Health: Effective Use of Fiscal Rules and Targets*, GAO-20-561 (Washington, D.C.: Sept. 23, 2020).

[24]GAO-24-106987.

[25]GAO, *Debt Limit: Market Response to Recent Impasses Underscores Need to Consider Alternative Approaches*, GAO-15-476 (Washington, D.C.: July 9, 2015).

[26]The debt limit is codified at 31 U.S.C. § 3101(b), as amended, and applies to federal debt issued pursuant to authority under 31 U.S.C. chapter 31. A very small amount of total federal debt is not subject to the debt limit. This amount primarily comprises unamortized discounts on Treasury bills and Zero Coupon Treasury bonds; debt securities issued by agencies other than Treasury, such as the Tennessee Valley Authority; and debt securities issued by the Federal Financing Bank.

these GSEs. However, risks remain that could affect their ability to absorb unexpected losses under severely adverse conditions.[27]

- Disaster costs are expected to increase as extreme weather events become more frequent and intense because of climate change, as the U.S. Global Change Research Program and the National Academies of Sciences, Engineering, and Medicine have observed and projected. Key sources of exposure include supplemental appropriations to provide disaster assistance, additional losses on federal insurance programs (e.g., crop and flood insurance), and damage to federal property that might be affected. For example, as currently structured, the National Flood Insurance Program's premiums and dedicated resources are not sufficient to cover expected costs without borrowing from Treasury.[28] As of September 30, 2023, the Federal Emergency Management Agency (FEMA), which administers the National Flood Insurance Program, owed about $21 billion to Treasury for money borrowed to pay claims and other expenses. We have reported that FEMA is unlikely to collect enough in premiums in the future to repay this debt.[29]

Our audit report on the U.S. government's consolidated financial statements 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 entities. We also appreciate the cooperation and assistance of Treasury and OMB officials as well as the federal entities' chief financial officers' flexibility, adaptability, and ability to issue their financial statements on a timely basis. We look forward to continuing to work with these individuals, the administration, and Congress to achieve the goals and objectives of federal financial management reform.

Our audit report begins on page 218. Our guide, *Understanding the Financial Report of the United States Government*, is intended to help those who seek to obtain a better understanding of the financial report and is available on GAO's website at https://www.gao.gov.[30]

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[27]GAO, *Housing Finance System: Future Reforms Should Consider Past Plans and Vulnerabilities Highlighted by Pandemic*, GAO-22-104284 (Washington, D.C.: Jan. 13, 2022).

[28]We have suggested an alternative way to record insurance commitments in the budget such that the federal government's commitment would be more fully recognized. See GAO, *Fiscal Exposures: Federal Insurance and Other Activities That Transfer Risk or Losses to the Government*, GAO-19-353 (Washington, D.C.: Mar. 27, 2019).

[29]GAO, *Flood Insurance: FEMA's New Rate-Setting Methodology Improves Actuarial Soundness but Highlights Need for Broader Program Reform*, GAO-23-105977 (Washington, D.C.: July 31, 2023).

[30]GAO, *Understanding the Financial Report of the United States Government*, GAO-18-239SP (Washington, D.C.: Feb. 2018).

If you have any questions about our audit report, please contact me on (202) 512-5500 or Robert F. Dacey, Chief Accountant, or Dawn B. Simpson, Director, Financial Management and Assurance, on (202) 512-3406.

Gene L. Dodaro
Comptroller General
of the United States

cc: The Majority Leader of the Senate
The Minority Leader of the Senate
The Majority Leader of the House of Representatives
The Minority Leader of the House of Representatives