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A Detailed Record of Federal Audit Failures

As of March 2026

All data sourced from GAO audit reports, Treasury Financial Reports, Congressional Research Service, and agency financial statements.

Executive Summary: The Government Accountability Office has issued a disclaimer of opinion on the consolidated financial statements of the United States government for twenty-eight consecutive fiscal years (FY 1997–FY 2025). The same three impediments have been cited every year. The Department of Defense has never received a clean audit opinion in its history and has now failed eight consecutive full-scope audits. Cumulative reported improper payments since FY 2003 exceed $2.8 trillion, representing only a fraction of actual improper payments because the reported total covers just 68 programs across 16 agencies. The government’s own estimates of annual fraud losses range from $233 billion to $521 billion. Off-balance-sheet obligations for Social Security and Medicare exceed $73 trillion on a 75-year present-value basis, with the broadest infinite-horizon estimate reaching $162.7 trillion (Table 4). Only 15 of 24 CFO Act agencies received clean audit opinions in FY 2025, a deterioration from 18 the prior year.

Table 1. Consolidated Financial Statement Audit Results: FY 1997–FY 2025

Fiscal Year	GAO Opinion	Key Findings
FY 1997	Disclaimer	First consolidated statements prepared under GMRA 1994. GAO unable to express opinion.
FY 1998–2005	Disclaimer (8 more consecutive)	Same three impediments cited every year: DOD, intragovernmental transactions, statement preparation.
FY 2006	Disclaimer	Comptroller General Walker warns fiscal exposures total ~$50 trillion. Statement of Social Insurance added as principal statement.
FY 2007–2017	Disclaimer (11 more consecutive)	DOD still unauditable. Improper payments consistently exceed $100B/year. Information security weaknesses persistent.

FY 2018	Disclaimer	DOD undergoes first-ever full financial statement audit; receives disclaimer. 20 material weaknesses identified. $2.7T in DOD assets.
FY 2019	Disclaimer	$42.2T Medicare unfunded obligation (71% of total SOSI).
FY 2020	Disclaimer	COVID-19 pandemic spending begins. Improper payments surge. 21 CFO Act agencies receive clean opinions individually; consolidated still disclaimed.
FY 2021	Disclaimer	Improper payments reach $281B (pandemic peak). DOD: 25 material weaknesses.
FY 2022	Disclaimer	DOD reports 61% discrepancy rate in $3.5T in assets. GAO estimates fraud losses at $233–$521B annually (FY18–22 data).
FY 2023	Disclaimer	Improper payments: $236B. Cumulative since FY2003: ~$2.7T. Marine Corps achieves first-ever clean opinion for a military service.
FY 2024	Disclaimer (27th consecutive)	18 of 24 CFO Act agencies receive clean individual opinions; 6 do not. DOD: 28 material weaknesses, 7th consecutive disclaimer. $4.1T in DOD assets, $1T+ in asset discrepancies. Improper payments: $162B.
FY 2025	Disclaimer (28th consecutive)	15 of 24 CFO Act agencies receive clean opinions (down from 18). DOD: 8th consecutive disclaimer, 26 material weaknesses. Pentagon cannot verify $1T Fund Balance with Treasury. Improper payments: $186B. Unfunded social insurance obligations: $60.4T (68% from Medicare). Government net costs: $7.3T.

Table 2. Department of Defense Full-Scope Audit Record: FY 2018–FY 2025

The Department of Defense is responsible for approximately half of federal discretionary spending and 82% of the federal government's reported physical assets. It is the only major federal agency to have never received a clean audit opinion. Congress has mandated a clean opinion by December 31, 2028 (NDAA FY2024, Section 1005).

Fiscal Year	Opinion	Material Weaknesses	Details
FY 2018	Disclaimer	20	First full audit. $2.7T in assets. 1,300+ auditors.
FY 2019	Disclaimer	24	Expanded testing scope; new weaknesses identified.
FY 2020	Disclaimer	25	Pandemic disruptions compound existing challenges.
FY 2021	Disclaimer	28	Material weaknesses plateau at 28; same categories.
FY 2022	Disclaimer	28	61% discrepancy rate across $3.5T in assets. 1,600+ auditors.

FY 2023	Disclaimer	28	Marine Corps achieves first-ever clean opinion for a military service. Army, Navy, Air Force still disclaimed.
FY 2024	Disclaimer	28	$4.1T assets, $4.3T liabilities. 1,700+ auditors. $2.1T in assets (50.3%) directly affected by material weaknesses. 28 separate entity audits conducted.
FY 2025	Disclaimer	26	8th consecutive disclaimer. Cannot verify $1T Fund Balance with Treasury. F-35 Global Spares Pool assets unverifiable. Mandated clean opinion by Dec 2028.

Table 3. Major Improper Payment Programs

Improper payments are those that should not have been made or were made in an incorrect amount. The figures below represent only programs that agencies have estimated; the actual total is unknown and higher because many susceptible programs are excluded from reporting. GAO's independent estimate of total annual federal fraud losses is $233–$521 billion (based on FY 2018–2022 data).

Program Area	Estimated Amount	Reporting Year	Notes
Medicare (FFS, Part C, Part D)	$56.7B	FY 2025	6.55% FFS rate; Part C errors largely from unsupported diagnosis data
Medicaid	$50.8B	FY 2025	$24B increase from FY2024; eligibility redetermination errors post-COVID unwinding
Earned Income Tax Credit	~$22B	FY 2024	Error rate above 23% for 20+ consecutive years
Supplemental Nutrition (SNAP)	~$11B	FY 2024	Eligibility verification and documentation errors
Unemployment Insurance	Varies	FY 2024	Higher error rate in FY2023 than in FY2004; pandemic-era fraud endemic
Cumulative (FY 2003–present)	~$2.8 Trillion	All years	Represents only 68 programs across 16 agencies; actual total unknown and higher

Table 4. Off-Balance-Sheet Obligations and Unrecorded Liabilities

Under FASAB standards, the following obligations are disclosed in supplementary schedules but not recognized as liabilities on the face of the federal balance sheet. Under IFRS (IAS 37) or standard U.S. GAAP as applied to non-governmental entities, many of these would require recognition.

Obligation Category	Reported Amount	Source/Year	Notes
National Debt (on-balance-sheet)	$37.6 trillion	Treasury, FY2025	Recorded liability; the only number most citizens see
Social Security unfunded (75-year)	~$25–28 trillion	OASDI Trustees, 2025	OASI trust fund insolvency projected 2033; 21% automatic benefit cut at depletion
Medicare unfunded (75-year)	~$48–52 trillion	Medicare Trustees, 2025	HI trust fund insolvency projected 2036. 68% of total SOSI present value of excess expenditures.

Combined unfunded obligation (75-yr)	$73.2 trillion	Financial Report of US Govt	Medicare + Social Security = 100% of unfunded obligation (Cato analysis of 2023 data)
Federal employee/veteran benefits	$15.0 trillion	Balance sheet, FY2024	Recorded on balance sheet but distinct from social insurance
Infinite-horizon fiscal imbalance	$162.7 trillion	Penn Wharton Budget Model	All current and future generations; broadest measure
Interest on debt (annual)	$1.2 trillion	Treasury, FY2025	Nearly doubled from $500B in FY2022 to $1.2T in FY2025; now exceeds defense spending

Note on measures: The $60.4 trillion figure reported for FY 2025 (Table 1) is the 75-year open-group unfunded obligation from the FY 2025 Statement of Social Insurance. The $73.2 trillion combined figure above derives from the prior-year Financial Report and analysis of 2023 data. The two differ in valuation date and scope, not in substance: each measures the present-value gap between scheduled benefits and dedicated revenues. The Penn Wharton infinite-horizon figure is broader still, extending the projection beyond the 75-year window to all current and future generations.

Table 5. CFO Act Agency Audit Opinions — FY 2025 Problem Agencies

Of the 24 agencies covered by the Chief Financial Officers Act of 1990, only 15 received clean (unmodified) audit opinions on their FY 2025 financial statements — a deterioration from 18 in FY 2024 and from over 20 consistently between FY 2011–2020. The following agencies had non-clean opinions or other audit failures:

Agency	FY 2025 Opinion	Notes
Department of Defense	Disclaimer	8th consecutive disclaimer. 26 material weaknesses. Never received a clean opinion. Responsible for ~82% of federal physical assets.
Security Assistance Accounts	Disclaimer	Arms transfers and military aid accounts; persistent recordkeeping deficiencies.
Small Business Administration	Disclaimer/Issues	COVID-era EIDL fraud; three material weaknesses recently addressed but legacy issues persist.
Dept. of the Treasury (General Fund)	Not audited (FY2025)	General Fund schedules not audited to allow remediation of FY2024 disclaimer.
Department of Labor	Not issued/Qualified (FY2024)	FY2025 statements not issued by report date; FY2024 received qualified opinion. Cannot support unemployment insurance estimates.
Department of Energy	Qualified (FY2024)	Specific reporting areas lacked sufficient evidence.
HHS (Social Insurance stmts)	Disclaimer (SOSI/SCSIA)	Clean on main statements; disclaimer on Statements of Social Insurance due to Medicare projection uncertainties. $60.4T in excess expenditures.

Railroad Retirement Board	Clean (FY2025) / Disclaimer (FY2024)	Improvement from prior year but illustrates volatility.

Additional government-wide material weaknesses (FY 2025): 13 of 24 CFO Act agencies reported material weaknesses or significant deficiencies in information system controls. The government remains unable to (1) determine the full extent of improper payments and fraud, and (2) identify and resolve information security control deficiencies across agencies.

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