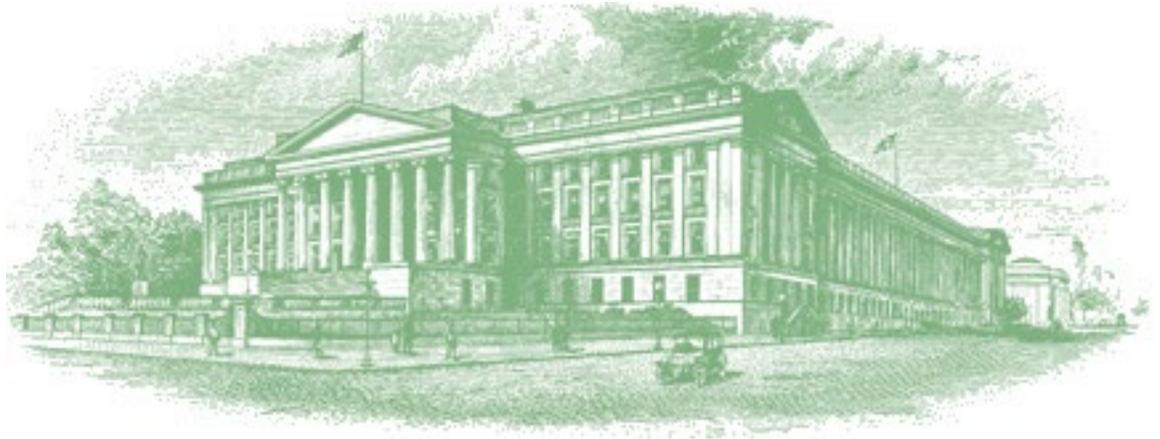




Audit Report



OIG-26-016

FINANCIAL MANAGEMENT

Management Letter for the Audit of the Department of the Treasury's Consolidated Financial Statements for Fiscal Year 2025

February 13, 2026

**Office of Inspector General
Department of the Treasury**

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OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D. C. 20220

February 13, 2026

**MEMORANDUM FOR JOHN W. YORK,
ASSISTANT SECRETARY FOR MANAGEMENT**

FROM: Shiela Michel /s/
Acting Director, Financial Statement Audits

SUBJECT: Management Letter for the Audit of the Department of
the Treasury's Consolidated Financial Statements for
Fiscal Year 2025

We hereby transmit the attached subject report. Under a contract monitored by our office, KPMG LLP (KPMG), a certified independent public accounting firm, audited the consolidated financial statements of the Department of the Treasury as of September 30, 2025, and for the year then ended. The contract required that the audit be performed in accordance with U.S. generally accepted government auditing standards, Office of Management and Budget Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*, and the Government Accountability Office/Council of the Inspectors General on Integrity and Efficiency, *Financial Audit Manual*.

As part of its audit, KPMG issued the attached management letter dated February 13, 2026, that discusses a deficiency in information technology control that was noted during the audit, but was not required to be included in the auditors' report. This matter relates to incomplete periodic review of privileged access for the Financial Analysis and Reporting System. Management has included its response to the recommendations. This response was not audited by KPMG. Management will need to include the proposed corrective action dates related to the recommendations in the Department of the Treasury's Joint Audit Management Enterprise System.

In connection with the contract, we reviewed KPMG's management letter and related documentation and inquired of its representatives. KPMG is responsible for the letter and the conclusions expressed in the letter. However, our review disclosed no instances where KPMG did not comply, in all material respects, with U.S. generally accepted government auditing standards with respect to this management letter.

If you wish to discuss this report, please contact me at (202) 486-1415, or a member of your staff may contact Catherine Yi, Manager, Financial Statement Audits, at (202) 553-7412.

Attachment

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KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

February 13, 2026

Loren J. Sciorba
Deputy Inspector General
Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, DC 20220

John W. York
Assistant Secretary for Management
Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, DC 20220

In planning and performing our audit of the consolidated financial statements of the Department of the Treasury (the "Department") as of and for the year ended September 30, 2025, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, we considered the Department's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

We did not audit the financial statements of the Internal Revenue Service, a component entity of the Department. Those statements were audited by other auditors.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses and/or significant deficiencies and therefore, material weaknesses and/or significant deficiencies may exist that were not identified. In accordance with *Government Auditing Standards*, we issued our report dated January 27, 2026, on our consideration of the Department's internal control over financial reporting in which we communicated a recurring deficiency in internal control that we considered to be a significant deficiency for the Department as a whole.

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. During our audit, we identified the following deficiency in internal control, which is described in Appendix I. Appendix II presents the status of the prior year's comments.

The Department's responses to the findings identified in our audit are described in Appendix I. Management's responses were not subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on the responses.

The purpose of this letter is solely to describe the deficiencies in internal control identified during our audit. Accordingly, this letter is not suitable for any other purpose.

Very truly yours,

KPMG LLP

THE DEPARTMENT OF THE TREASURY

Management Letter Comment

1) Financial Analysis and Reporting System (FARS) Operating System (OS) Privileged Access Reviews Not Completed Periodically

Office of the Chief Information Officer (OCIO) personnel did not timely complete periodic review of FARS OS privileged user access, in accordance with its policies and procedures. Specifically, OCIO personnel did not perform monthly reviews of FARS OS privileged user and service accounts during the Fiscal Year (FY) 2025 audit period until OCIO personnel completed the monthly review of OS privileged user and service accounts for continued appropriateness on September 25, 2025. OCIO personnel did not enforce accountability of individuals performing logical access control responsibilities. Additionally, OCIO did not monitor the operating effectiveness of controls to ensure periodic reviews of FARS OS privileged user access reviews were completed.

Failure to periodically conduct privileged user access reviews for continued appropriateness may lead to user accounts retaining access privileges that are no longer necessary or appropriate. This may increase the risk of unauthorized access to sensitive information and systems, potentially leading to insider threats and exploitation by attackers, thereby increasing the risk of compromise in data confidentiality, integrity, and availability.

Recommendations

We recommend OCIO Management:

1. Reinforce policy requirements (through training or other means) for completing periodic monthly reviews of FARS OS privileged user access, and
2. Perform ongoing monitoring to hold responsible control operators accountable for timely completion of such control activities.

Management Response

Management concurs with the findings and recommendations stated above.

THE DEPARTMENT OF THE TREASURY

Status of Prior Year Deficiencies in Internal Control

Deficiencies included in the FY 2024 Management Letter Comment	FY 2025 Status
FY 2023 – 01) Privileged Database Account Password Settings Weakness	Closed
FY 2023 – 02) Periodic Privileged Operating System Access Review Weakness	Closed



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