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November 15, 2024

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The Honorable Sherrod Brown
Chairman
The Honorable Tim Scott
Ranking Member
Committee on Banking, Housing, and Urban Affairs
United States Senate

The Honorable Patrick McHenry
Chairman
The Honorable Maxine Waters
Ranking Member
Committee on Financial Services
House of Representatives

Financial Audit: Federal Housing Finance Agency's FY 2024 and FY 2023 Financial Statements

This report transmits the GAO auditor's report on the results of our audits of the fiscal years 2024 and 2023 financial statements of the Federal Housing Finance Agency (FHFA), which is incorporated in the enclosed *Federal Housing Finance Agency Performance and Accountability Report for Fiscal Year 2024*.

As discussed more fully in the auditor's report that begins on page [69](#) of the enclosed agency performance and accountability report, we found

- FHFA's financial statements as of and for the fiscal years ended September 30, 2024, and 2023, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;
- although internal controls could be improved, FHFA's internal control over financial reporting was effective as of September 30, 2024; and
- no reportable noncompliance for fiscal year 2024 with provisions of applicable laws, regulations, contracts, and grant agreements we tested.

During our audit, we identified deficiencies in FHFA's controls over its review of accounts payable accruals. These deficiencies collectively represent a significant deficiency in FHFA's internal control over financial reporting that merits attention by those charged with governance of FHFA. In addition, we found that FHFA resolved the significant deficiency in controls over payroll accruals that we reported in our 2023 audit.¹

The Housing and Economic Recovery Act of 2008 established FHFA as an independent agency empowered with supervisory and regulatory oversight of the housing-related government-sponsored enterprises: the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac), the 11 Federal Home Loan Banks, and the Office of Finance.² This act requires FHFA to prepare financial statements annually and requires GAO to audit the agency's financial statements.³ In accordance with the act, we have audited FHFA's financial statements.

We are sending copies of this report to the Chairman of the Federal Housing Finance Oversight Board, the Secretary of the Treasury, the Secretary of Housing and Urban Development, the Chairman of the Securities and Exchange Commission, the Director of the Office of Management and Budget, and other interested parties. In addition, the report is available at no charge on the GAO website at <https://www.gao.gov>.

If you or your staffs have any questions concerning this report, please contact me at (202) 512-7795 or sitwilliamsa@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed on the third to last page of this report.



Anne Sit-Williams
Director, Financial Management and Assurance

Enclosure

¹GAO, *Financial Audit: Federal Housing Finance Agency's 2023 and 2022 Financial Statements*, [GAO-24-106668](https://www.gao.gov/products/GAO-24-106668) (Washington, D.C.: Nov. 15, 2023).

²The 11 Federal Home Loan Banks and the Office of Finance, whose primary function is to issue and service all debt securities for the Federal Home Loan Banks, constitute the Federal Home Loan Bank System.

³Pub. L. No. 110-289, § 1106, 122 Stat. 2654, 2671, *classified at* 12 U.S.C. § 4516.