



## A MESSAGE FROM THE CHIEF FINANCIAL OFFICER



I am pleased to join Commissioner Bisignano in issuing our fiscal year (FY) 2025 *Agency Financial Report* (AFR). The AFR highlights our financial position, results of operations, and use of budgetary resources for FY 2025. We discuss our progress towards meeting these goals in the *Overview of Our Fiscal Year 2025 Performance Results* section.

I am proud that for the 32<sup>nd</sup> consecutive year, we received an unmodified audit opinion on our financial statements from our independent auditors. An unmodified audit opinion confirms that our statements present our financial position fairly and are free of material misstatement. Our independent auditors also issued an unmodified opinion on the effectiveness of our internal control over financial reporting. The auditors determined that we had no material weaknesses and cited two significant deficiencies identified in prior years. The significant deficiencies concern internal controls over certain financial information systems and internal control over accounts receivable with the public (i.e., benefit overpayments).

Efforts are underway to rectify deficiencies identified through audits by using risk-based corrective action plans to mitigate risks and strengthen our control environment. The independent auditors noted areas of progress we made in remediating elements of these significant deficiencies; though we continue to face challenges, such as the evolving cybersecurity landscape. Because of these challenges, many elements of our remediation plans will take time to implement. However, we are committed to continuous improvement. We provide additional information on the auditors' findings and our corrective actions in the *Analysis of Systems, Controls, and Legal Compliance* and *Agency Response to the Reports of Independent Auditors* sections of this report.

As the Chief Financial Officer, I am working with our leadership team to drive change across the agency to significantly improve agency performance while reducing costs and providing our customers the highest quality of service. I am working closely with Commissioner Bisignano to aggressively transform the agency into a premier service organization with best-in-class technology and digital service options. Under the Commissioner's leadership, we are ensuring we effectively use the resources entrusted to us by the American taxpayers. This involves streamlining processes, modernizing outdated systems, and making strategic investments to safeguard and preserve the future of the programs we administer, which serve all citizens of this country.

During FY 2025, we successfully completed the following key financial management initiatives that advanced the agency's mission, strategic goals, and objectives:



- **Procurement Savings:** We achieved significant cost savings in FY 2025. Based on a combination of terminated contracts, canceled grants, and other discontinued obligations in compliance with recent Executive Orders, the General Services Administration's Defend the Spend initiative, and more, we reduced costs by \$286.9 million in cost avoidance—both for FY 2025 and beyond. We eliminated technical debt, consolidated duplicative technology efforts, and decreased overall Information Technology (IT) spending. This includes decreasing spending by \$78 million on our largest IT support services contract. By implementing a rigorous contract approval process and leveraging the financial expertise of current agency leadership, we prevented waste and increased efficiency, further maximizing savings to the agency.
- **Treasury Offset Program (TOP):** TOP is a fully-automated, centralized offset program that intercepts federal and state payments to collect delinquent debts owed to federal and state agencies. TOP allows us to collect delinquent debt by tax refund offset, administrative offset, and Federal salary offset. In March 2025, we resumed use of TOP after suspending it because of the COVID-19 pandemic in March 2020. From March to September 2025, we collected approximately \$60 million from debtors who were notified of TOP debt referral prior to program suspension. Beginning in August 2025, we resumed pre-offset notifications to debtors on all delinquent debts incurred after March 2020.
- **Reduce Paper Checks:** In support of Executive Order 14247, *Modernizing Payments To And From America's Bank Account*, we initiated efforts to reduce and eliminate paper check disbursements and receipts. From June through September 2025, we developed and implemented a direct outreach campaign to over 692,000 individuals receiving their monthly benefit via paper check. As of September 30, approximately 50 percent of this group converted to an electronic payment method. Additionally, we successfully expanded our electronic remittance options, Pay.gov and Online Bill Pay, to our TOP pre-offset notices.
- **Payment Window:** We partnered with the Department of the Treasury to reduce improper payments by providing an additional day to update beneficiaries' payment and eligibility information (e.g., death, suspension, bank account, mailing address). We estimate this change will prevent improper payments of more than \$65 million annually.
- **Real Property Reduction:** We reduced our real property footprint by over 316,800 useable square feet (USF), exceeding our target of 250,000 USF, saving the agency \$11.9 million annually in lease avoidance costs.
- **Print and Postage Savings:** We completed several critical milestones in support of the Central Print initiative to modernize communications and comply with U.S. Code Title 44, which requires all printing to go through the Government Publishing Office. This initiative reduces costs associated with mailing notices and eliminates the need for field office staff to print and mail notices, thus reducing task time for technicians and enabling them to focus on serving the public. The notice workloads released in FY 2025 will result in future estimated annual administrative cost savings of \$7.0 million.
- **Mail Centralization and Digitization (MCD):** We continue to transform how the agency processes mail by expanding use of MCD across the country. MCD digitizes



incoming mail and electronically assigns mail to field offices, alleviating the need for front line staff to manually process mail. Centralizing digitization allows field office technicians more time to focus on mission critical workloads and servicing the public. Throughout FY 2025, we project that MCD has saved the agency \$6.7 million in labor costs.

For our FY 2024 AFR, we were awarded the Certificate of Excellence in Accountability Reporting (CEAR) award from AGA. This was the 27<sup>th</sup> consecutive year we were honored with this award, which is unparalleled in the Federal financial reporting community. In addition, we received a CEAR Best-in-Class Award for integrating responses to challenges identified by our Inspector General throughout our report. These acknowledgments reflect our enduring commitment to uphold the highest standards of transparency, accountability, and excellence in financial reporting.

The achievements we have accomplished this year reflect our dedication to sound financial management and our stewardship of the resources entrusted to us by the public we serve. We look forward to building on this record of excellence in the years ahead.

Respectfully,

Thomas Holland

Baltimore, Maryland  
January 15, 2026