

GAO Highlights

Highlights of [GAO-16-52](#), a report to congressional committees

Why GAO Did This Study

In December 2013, GAO issued a report that described the Foundation's actions to improve its internal control assessment process and its controls over personnel and contracting.

A fiscal year 2015 congressional directive includes a provision for GAO to conduct a follow-up evaluation of the Foundation's internal controls. This report examines the extent to which the Foundation has (1) made progress in improving its internal control environment, risk assessment, and monitoring activities; (2) designed and implemented effective internal control over certain of its personnel and contracting practices; and (3) designed and implemented effective internal control over receipts and disbursements activity.

For the 9-month period July 1, 2014, through March 31, 2015, GAO reviewed relevant Foundation documents, interviewed Foundation management, reviewed key processes, performed observations, and tested transactions for key internal control activities.

What GAO Recommends

GAO recommends that the Foundation (1) fully document its internal control policies and procedures related to the hiring and separation of employees and (2) update its draft written policies and procedures over its contracting practices to include all key internal control activities, issue them in final form, and establish a date for completion. In commenting on a draft of this report, the Foundation concurred with the recommendations and stated that they will be included in its 2016 Corrective Action Plan.

View [GAO-16-52](#). For more information, contact J. Lawrence Malenich at (202) 512-9399 or malenichj@gao.gov.

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INTERNAL CONTROLS

The Morris K. Udall and Stewart L. Udall Foundation Has Made Significant Progress but Needs to Fully Document Certain Policies and Procedures

What GAO Found

The Morris K. Udall and Stewart L. Udall Foundation (Foundation), an executive branch agency, provides educational opportunities related to environmental policy and Native American health care and tribal policy and assists in resolving environmental disputes that involve federal agencies. Since GAO's 2013 report, the Foundation has made significant improvements to several key areas as detailed below.

Significant Improvements in Internal Control

The Morris K. Udall and Stewart L. Udall Foundation has made significant progress in improving the following areas:

	Internal control environment	 Hired experienced senior management officials	 Established a senior leadership team	 Provided internal control and ethics training
	Risk assessment activities	 Conducted a risk assessment survey	 Developed certain written internal control policies and procedures	
	Monitoring activities	 Facilitated monitoring activities through direct management involvement in the operations of programs and activities		

Source: GAO analysis of Morris K. Udall and Stewart L. Udall Foundation information. | GAO-16-52

The Foundation also has made significant progress designing and implementing internal control activities over certain of its personnel and contracting practices. However, the Foundation has not, as called for under federal internal control standards, (1) fully documented its policies and procedures related to the hiring and separation of employees and (2) updated and finalized its policies and procedures over its contracting practices to include all key internal control activities, such as providing evidence of management's receipt and review of contractors' invoices. Foundation officials stated that they had not yet performed these actions as they have focused their efforts during fiscal year 2015 on developing formal written internal control policies and procedures in areas that were previously identified by Foundation management as significant risks. However, the Foundation's Corrective Action Plan does not include steps to document hiring and separation policies and does not have a completion date for finalizing its contracting policies. Until this is addressed, there is an increased risk that procedures in these areas may not be consistently carried out, which in turn increases the risk that (1) employees could be hired or separated improperly and applicable laws and implementing regulations may not be consistently followed and (2) the Foundation may pay for erroneous amounts billed.

The Foundation also effectively designed and implemented internal controls over its receipts and disbursements activity. The Foundation designed formal written internal control policies and procedures in these areas consistent with federal internal control standards. Based on tests of randomly selected statistical samples of transactions, GAO found that the Foundation effectively implemented key internal control activities over the processing of its receipts and disbursements activity.