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Accounting and Information
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March 31, 1997

The Honorable Alfonse M. D'Amato
Chairman
The Honorable Paul S. Sarbanes
Ranking Minority Member
Committee on Banking, Housing, and Urban Affairs
United States Senate

The Honorable James A. Leach
Chairman
The Honorable Henry B. Gonzalez
Ranking Minority Member
Committee on Banking and Financial Services
House of Representatives

Subject: American Battle Monuments Commission: World War II Memorial Fund
Audit for Fiscal Years 1995 and 1996

As required by Public Law 102-414, the World War II 50th Anniversary Commemorative Coins Act, we audited the revenues and expenditures of the American Battle Monuments Commission's World War II memorial fund for the fiscal years ended September 30, 1995, and 1996. Public Law 103-32, the World War II Memorial Authorization Act (Memorial Act), authorized the Commission to construct a memorial on federal land in the District of Columbia to honor members of the Armed Forces who served in World War II and to commemorate United States participation in that conflict.

For the fiscal year ended September 30, 1995, we determined that the fund had revenues of \$0.3 million and expenditures of \$0.5 million. For the fiscal year ended September 30, 1996, we determined that the fund had revenues of \$5.4 million and expenditures of \$1.0 million. Table 1 shows total revenues and expenditures for the fund from its inception in fiscal year 1993 through fiscal year 1996.

GAO/AIMD-97-68R WWII Memorial Fund Audit

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Table 1: World War II Memorial Fund Revenues and Expenditures for Fiscal Years Ended September 30, 1993, Through 1996

(Dollars in millions)

	1993	1994	1995	1996	Totals 1993- 1996
Revenues	\$3.5	\$1.4 ^a	\$0.3	\$5.4	\$10.6
Expenditures	\$0	\$0.1	\$0.5	\$1.0	\$1.6

Note: The amounts for fiscal years 1993 and 1994 were reported in the reports on our audits of the World War II memorial fund for fiscal year 1993 (GAO/AIMD-95-9, October 12, 1994) and fiscal year 1994 (GAO/AIMD-96-24, December 28, 1995).

^aThis figure is adjusted from \$1.6 million previously reported for \$0.2 million of premiums and accrued interest acquired as part of the purchase price of U.S. Treasury notes.

The fund recognizes revenue when it is received and expenditures when they are disbursed, except for investment revenue, which (beginning with fiscal year 1995) is recognized when earned. The memorial fund consists of a Department of Defense (DOD) contribution,¹ surcharge proceeds from the sale of World War II commemorative coins, private contributions, and investment interest. DOD's \$5 million contribution, together with coin surcharge proceeds, accounted for \$9.8 million of the \$10.6 million in total revenue. Memorial design, personnel compensation and benefits, and consultant services account for \$1.4 million of the \$1.6 million in total expenditures.

In December 1995, we reported² that the Commission had not established a separate account in the U.S. Treasury for the memorial fund, as required by the Memorial Act. A separate account would strengthen the fund's accountability by reducing the risk from commingling memorial fund revenue with other

¹Section 382 of the National Defense Authorization Act for Fiscal Year 1995, Public Law 103-337, authorized the Secretary of Defense during 1996 to use appropriated funds to coordinate, support, and facilitate WWII 50th Anniversary commemoration programs and activities of the federal government.

²Report on fiscal year 1994 audit of the American Battle Monuments Commission's World War II memorial fund (GAO/AIMD-96-24, December 28, 1995).

Commission revenue. At the time of our prior audit, Commission officials informed us that they had initiated action to establish a separate Treasury account for the memorial fund. After subsequent discussion, Commission and Treasury officials decided, and we concur, that separate accountability has now been achieved by having all transactions for the memorial fund and the Commission's three other trust accounts contain a suffix code³ in order to be processed at Treasury. Additionally, the totals for each of the four accounts are reconciled monthly by the Commission to agree to the amount contained within its Treasury trust fund.

We also reported in December 1995 that the Commission needed to improve its computer controls to ensure that access to computer programs and sensitive data is restricted to prevent unauthorized changes and disclosures. During fiscal year 1996, the Commission took steps that improved its computer controls by (1) restricting physical access to the Commission's computers to authorized personnel, (2) limiting user access to read-only capability, except in areas where individuals are authorized to work, and (3) requiring staff to sign off the computer system when away from their desks.

To conduct our audit, we obtained direct confirmations from (1) the U.S. Mint of the amounts of coin surcharge proceeds transferred to the Commission and (2) the Treasury for the amount of investments and interest related to the memorial fund. Further, we reviewed the Commission's accounting for private contributions and traced expenditures to source documents and verified that such expenditures related to the World War II memorial. We also made a limited review of the Commission's general computer controls.

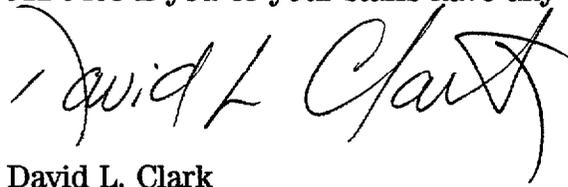
Our audit was performed in Washington, D.C., from October 1996 through February 1997 in accordance with generally accepted government auditing standards. At the conclusion of our work, we provided a draft of this letter to Commission officials who agreed with its contents.

We are sending copies of this letter to the Chairmen and Ranking Minority Members of the House and Senate Committees on Veterans' Affairs and other interested parties. Copies will be made available to others on request.

³A suffix code consists of a letter to identify each of the four trust accounts within the Commission's Treasury trust fund.

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Please contact me at (202) 512-9489 or Roger Stoltz, Assistant Director, at (202) 512-9408 if you or your staffs have any questions about this letter.

A handwritten signature in black ink, appearing to read "David L. Clark". The signature is written in a cursive style with a large, sweeping initial "D".

David L. Clark
Director, Audit Oversight and
Liaison

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