Why GAO Did This Study

Created in 1923, the American Battle Monuments Commission (the Commission) operates and maintains 24 American military cemeteries on foreign soil; 25 federal memorials, monuments, and markers; and 7 nonfederal memorials. For fiscal year 2010, the Commission incurred program costs of $69.6 million to maintain its cemeteries and federal memorials.

In accordance with 36 U.S.C. § 2103, GAO is responsible for conducting audits of the agencywide financial statements of the Commission. GAO audited the financial statements of the Commission for the fiscal years ended September 30, 2010, and 2009.

The audits were done to determine whether, in all material respects, (1) the Commission’s financial statements were presented fairly and (2) Commission management maintained effective internal control over financial reporting. GAO also tested Commission management’s compliance with selected laws and regulations.

What GAO Recommends

GAO is not making any recommendations in this report, but will be reporting separately on matters identified during its audit, along with recommendations for strengthening the Commission’s internal controls.

In commenting on a draft of this report, the Commission concurred with its facts and conclusions.

What GAO Found

In GAO’s opinion, the financial statements of the Commission as of September 30, 2010, and 2009, and for the fiscal years then ended, are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles (GAAP). Also, in GAO’s opinion, the Commission maintained effective internal control over financial reporting as of September 30, 2010. In addition, GAO found no reportable instance of Commission noncompliance in fiscal year 2010 with selected provisions of laws and regulations tested. However, the Commission did not provide an analysis of the agency’s overall financial position and results of operations in Management’s Discussion and Analysis as required by U.S. GAAP and OMB Circular No. A-136, Financial Reporting Requirements.

In a prior report (GAO-10-399), GAO identified a significant deficiency in the Commission’s internal control over financial reporting as of September 30, 2009, and a violation of the Antideficiency Act. In July 2010, the significant deficiency was resolved by the President’s appointment of eight Commissioners, a significant component of the Commission’s governance structure. The Commissioners provide high-level strategic oversight of Commission operations, including its internal control over financial reporting. The new Commissioners also approved a delegation of authority to the Secretary in the event all Commissioner positions become vacant. The Antideficiency Act violation was caused by a contract containing a hold-harmless clause which subjected the Commission to potentially unlimited liability. The violation was resolved by termination of the contract in fiscal year 2009 and the Commission’s reporting of the violation in fiscal year 2010.

GAO noted other less significant matters involving the Commission’s internal control and will be reporting separately to Commission management.

The Commission’s Suresnes American Cemetery in Suresnes, France

Source: American Battle Monuments Commission.