

Accounting and Information
Management Division

B-266116

December 28, 1995

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

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 year ended September 30, 1994. 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 or its environs to honor members of the Armed Forces who served in World War II and to commemorate United States participation in that conflict.

The memorial fund consists of surcharge proceeds from the sale of World War II commemorative coins, investment interest, and private contributions. For the year ended September 30, 1994, we determined that the fund received \$1,617,077, including \$1,284,846 in coin surcharge proceeds from the U.S. Treasury, \$328,156 in interest on investments, and \$4,075 in private contributions. We also determined that the Commission spent \$70,783 during the year for salary and other expenses related to the design and construction of a memorial.

We noted that, at the end of the year, the Commission had not established a separate account in the 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 Commission revenue. Commission officials informed us that they have initiated action to establish a separate Treasury account for the memorial fund.

We found that computer controls needed improvement to ensure that access to computer programs and sensitive data is restricted to prevent unauthorized changes and disclosures. For example, physical access to the Commission's computers was not restricted to authorized personnel, audit trails were not always established to identify system users, and automatic procedures were not used to shut down the system when it was not being used. These weaknesses have the potential to reduce the integrity of the Commission's financial information. Commission officials acknowledged these weaknesses and informed us that they intend to identify steps to strengthen controls over computer access.

To conduct our audit we obtained direct confirmation from (1) the U.S. Mint of the amounts of coin surcharge proceeds transferred to the Commission and (2) the U.S. Treasury for investments and interest related to the memorial fund. Further, we reviewed the Commission's accounting for private donations and traced expenses to source documents and verified that such expenses related to the World War II memorial. We also made a limited review of the Commission's general computer controls. In addition, we reviewed the Commission's corrective actions taken in response to a January 1995 Army Audit Agency report on the financial operations of the Commission.

Our review was performed from August through November 1995 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 said they concurred with our conclusions. We are sending copies of this report 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.

