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United States Government Accountability Office
Washington, DC 20548

July 21, 2005

The Honorable Arlen Specter
Chairman
The Honorable Patrick J. Leahy
Ranking Minority Member
Committee on the Judiciary
United States Senate

The Honorable Jim Sensenbrenner, Jr.
Chairman
The Honorable John Conyers, Jr.
Ranking Minority Member
Committee on the Judiciary
House of Representatives

Subject: *Financial Management: Audit of the White House Commission
on the National Moment of Remembrance for Fiscal Year 2004*

The White House Commission on the National Moment of Remembrance (Commission) was created on December 28, 2000, by the National Moment of Remembrance Act (act).¹ The Commission's purpose is to sustain the American spirit through acts of remembrance, not only on Memorial Day but also throughout the year, for those who died serving our country. Congress appropriated \$1 million to the Commission to fund its operations for fiscal years 2002 through 2004.² In fiscal year 2004, the Commission received net appropriations of approximately \$249,000, along with cash and in-kind³ donations of approximately \$102,000 from individuals and businesses. In addition, it had approximately \$240,000 in unexpended appropriations from prior fiscal years. The Commission expended approximately \$257,000 of appropriated funds and funded costs of approximately \$102,000 with cash and in-kind

¹Pub. L. No. 106-579, 114 Stat. 3078 (Dec. 28, 2000) (*codified at* 36 U.S.C. § 116 note).

²Congress appropriated \$500,000 in fiscal year 2002 and \$250,000 per year in fiscal years 2003 and 2004. See, respectively, Pub. L. No. 107-117, 115 Stat. 2230, 2299 (Jan. 10, 2002); Pub. L. No. 108-7, div. J, title IV, 117 Stat. 11, 460 (Feb. 20, 2003); and Pub. L. No. 108-199, div. F, title IV, 118 Stat. 3, 340 (Jan. 23, 2004).

³In-kind donations are noncash assets and contributed services—such as product design, editorial services, and the use of facilities and staff.

donations received during the fiscal year. The act requires us to audit the financial transactions of the Commission, and this report covers our work on its fiscal year 2004 financial transactions.

Results in Brief

Our detailed testing of the Commission's fiscal year 2004 financial transactions indicated that most were supported and approved. Nonetheless, we found numerous opportunities for the Commission to improve its internal control over its financial transactions. Specifically, we found that the Commission did not prepare and maintain underlying support in the form of employee-signed time sheets for salary expenditures of about \$135,000, nor did it maintain support for its intragovernmental transactions. The Commission also did not routinely reconcile its recorded expenditures and donations to those processed by the Department of Veterans Affairs (VA) on behalf of the Commission, resulting in a difference of approximately \$59,000 between the two entities' records. In May 2005, the Commission and VA reconciled their records and made accounting adjustments for the differences. Additionally, the Commission did not code its non-salary-related expenditures by budget object class to properly identify the type of expenditure. The Commission also did not always adhere to federal procurement regulations when procuring goods or services from commercial vendors, and to federal travel regulations for travel by federal civilian employees. Many of these issues are attributable to the small size of the Commission, which makes establishing and maintaining basic internal control problematic.

During our audit, we found that the Commission's activities and its distinction from those of No Greater Love, a nonprofit organization founded in 1971 by the Commission's current Executive Director and White House Liaison, could be misperceived by interested parties because of the long-term involvement of the Commission's Executive Director and White House Liaison with No Greater Love for approximately 30 years. For example, the distinction between the two organizations could be misperceived because the business card of the Commission's Executive Director and White House Liaison listed No Greater Love's e-mail address and fax number. We raised this concern in our prior audit of the Commission's fiscal year 2003 and 2002 financial transactions.⁴

In our prior audit of the Commission's fiscal years 2003 and 2002 financial transactions, we also found that the Commission had difficulties maintaining its financial records and that it lacked basic internal controls. We acknowledge the efforts the Commission has made to improve its record keeping and internal controls since our prior work. We also recognize the impact that the Commission's size has on its ability to establish and maintain effective internal control, particularly with respect to segregation of duties. Nevertheless our audit of the Commission's fiscal year 2004 financial transactions indicates the need for the Commission to take further actions to improve its internal control.

⁴GAO, *Financial Management: Audit of the White House Commission on the National Moment of Remembrance for Fiscal Years 2003 and 2002*, GAO-04-497R (Washington, D.C.: May 20, 2004).

We are making 10 recommendations to the Commission to strengthen its overall financial management and internal control. In its comments on our draft report, the Commission agreed with our report's recommendations.

Background

Section 6 of the National Moment of Remembrance Act⁵ states that the Commission's duties are to

1. encourage the people of the United States to give something back to their country, which provides them so much freedom and opportunity;
2. encourage national, state, local, and tribal participation by individuals and entities in commemoration of Memorial Day and the National Moment of Remembrance, including participation by
 - a. national humanitarian and patriotic organizations;
 - b. elementary, secondary, and higher education institutions;
 - c. veterans' societies and civic, patriotic, educational, sporting, artistic, cultural, and historical organizations;
 - d. federal departments and agencies; and
 - e. museums, including cultural and historical museums; and
3. provide national coordination for commemorations in the United States of Memorial Day and the National Moment of Remembrance.

In fiscal year 2004, Congress appropriated \$250,000 to the Commission.⁶ This appropriation was subject to a 0.59 percent across-the-board rescission, which reduced the Commission's appropriation to \$248,525. The Commission also received various cash and in-kind donations totaling \$101,620 from individuals and businesses during the fiscal year to support its mission and operations.

The Commission utilizes VA—through an interagency agreement—for administrative support services, including payment of the Commission's bills and personnel and payroll services.⁷ VA processed the Commission's obligations, expenditures, and cash and in-kind donation transactions recorded during fiscal year 2004. VA also prepares annual financial statements and monthly standard forms on budget execution for the Commission. The Commission hired a part-time bookkeeper in May 2004 to help maintain its financial records, including producing year-end summaries and reconciliations.

⁵Pub. L. No. 106-579, § 6(a), 114 Stat. 3078, 3080-81.

⁶Pub. L. No. 108-199, div. F, title IV, 118 Stat. 3, 340 (Jan. 23, 2004).

⁷Under the interagency agreement, VA charges the Commission an hourly rate of \$96.34 for the services of its senior professional staff. VA is to (1) provide financial and administrative services that include advice on the propriety of obligations and expenditure of funds; (2) function as an agent cashier and research checks with insufficient support documentation to determine the disposition of items; and (3) prepare, submit, and reconcile financial reports. VA also is required to provide payroll services and process payroll.

When the Commission was initially funded in 2002, it assumed several of the program activities of No Greater Love,⁸ a nonprofit organization established in 1971, and the founder of No Greater Love was appointed as the Commission's Executive Director and White House Liaison. The founder resigned her position with No Greater Love in April 2002 and since then has been the Commission's only full-time employee. During most of fiscal year 2004, the Commission shared office space, services, and personnel with No Greater Love. According to the Commission, it ceased sharing office space with No Greater Love at the end of June 2004.

The act allows for the Commission's close involvement with other entities. Section 8(f) of the act explicitly authorizes the Commission to enter into cooperative agreements that involve private, as well as government, entities to assist the Commission in carrying out its duties. The act further authorizes the Commission to accept program support from nonprofit organizations.⁹ An example of a fiscal year 2004 Commission program is the Sands of Remembrance program at Omaha Beach, Normandy, to honor D-Day's fallen victims. The program cost about \$46,000 and was funded from three sources: federal funds, cash donations from businesses, and in-kind donations from No Greater Love.

The act also provides that the Commission will receive six employees—one from each the Army, Air Force, Navy, Marine Corps, VA, and Department of Education—detailed to assist the Commission in carrying out the act. However, during fiscal year 2004, only one detailee served with the Commission for approximately 7 months.

The Commission, as reflected in an Office of Management and Budget (OMB) memorandum,¹⁰ became subject to the Accountability of Tax Dollars Act of 2002.¹¹ This act requires the Commission to annually prepare and submit audited financial statements to OMB and Congress. The Commission was granted an exemption from OMB for fiscal year 2004 and thus did not prepare and submit an annual audited financial statement for that year.¹²

⁸The activities assumed are "remembrance programs," which have as their purpose promoting the remembrance of those who have died for our country, those who have served our country, and those who continue to serve our country.

⁹Pub. L. No. 106-579, § 8(g), 114 Stat. 3078, 3084.

¹⁰OMB, *Memorandum for the Heads of Executive Departments and Agencies, Chief Financial Officers and Inspectors General: Amendments to OMB Bulletin No. 01-02, Audit Requirements for Federal Financial Statements*, M-04-22, at 13 (Washington, D.C.: July 27, 2004).

¹¹Pub. L. No. 107-289, 116 Stat. 2049 (Nov. 7, 2002).

¹²Under the Accountability of Tax Dollars Act of 2002, the Director of the Office of Management and Budget may, under certain conditions, exempt certain covered executive agencies from the financial statement requirements of the Accountability of Tax Dollars Act of 2002 for a particular fiscal year. See Pub. L. No. 107-289, § 2(a)(4), 116 Stat. 2049 (Nov. 7, 2002) (*codified at* 31 U.S.C. § 3515(e)).

Objective, Scope, and Methodology

Our objective was to audit the Commission's fiscal year 2004 financial transactions (expenditures and donations) to ensure that there was proper supporting documentation and management approval. To satisfy this objective, we reviewed and compared the Commission's transaction records with those of VA's—the Commission's accounting service provider—for completeness. There is a risk that there could be unrecorded transactions for donations or services that the Commission did not document in its records or forward to VA for processing and recording. We examined the documentation for all of the Commission's payroll transactions and the cash and in-kind donations it received during the fiscal year. For the Commission's 172 non-salary-related transactions, including travel and procurement transactions, we traced them to supporting documentation, including invoices, credit card statements, and travel vouchers. For procurement transactions of \$2,500 or more with commercial vendors, we reviewed documentation for evidence that the Commission solicited bids from vendors in accordance with federal procurement regulations. We also evaluated the internal control effect of the results of our testing of the Commission's fiscal year 2004 financial transactions.¹³

We performed our work in Washington, D.C., from March through May 2005 in accordance with U.S. generally accepted government auditing standards for performance audits. We requested written comments on a draft of this report from the Commission's Executive Director and White House Liaison. On July 18, 2005, we received written comments from the Commission's Executive Director and White House Liaison which are reprinted in Enclosure I of this report.

Internal Control over Financial Transactions Needs Improvement

In fiscal year 2004, the Commission received net federal appropriations of \$248,525 and had funds left over from prior-year appropriations.¹⁴ VA—the Commission's accounting service provider—reported that the Commission expended appropriated funds of about \$257,000 and also incurred about \$102,000 of costs that were funded with cash and in-kind donations during fiscal year 2004. (See table 1.)¹⁵

¹³According to GAO's *Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1 (Washington, D.C.: November 1999), management's internal control responsibility encompasses controls related to (1) the effectiveness and efficiency of operations, including the use of resources; (2) the reliability of financial reporting, including internal and external reports on the use of resources and financial statements; and (3) compliance with applicable laws and regulations. Within each of these categories, management is responsible for establishing controls to prevent or promptly detect unauthorized acquisition, use, or disposition of assets.

¹⁴Congress previously appropriated \$250,000 and \$500,000 to the Commission in fiscal years 2003 and 2002, respectively, and the Commission expended approximately \$510,000 of those appropriations during the 2-year period.

¹⁵As discussed later in this report, the amounts reported include accounting adjustments resulting from the Commission and VA reconciling their records on the Commission's fiscal year 2004 financial transactions in May 2005.

Table 1: White House Commission on National Moment of Remembrance’s Fiscal Year 2004 Schedule of Expended Appropriations and Costs Funded with Donations

Description	Expended appropriations	Costs funded with donations	Combined
Personnel compensation	\$135,145	\$23,464	\$158,609
Personnel benefits	36,093	416	36,509
Travel and transportation of persons	3,344	4,342	7,686
Transportation of things	-	1,323	1,323
Rent, communications, and utilities	12,592	-889	11,703
Printing and reproduction	10,912	4,716	15,628
Other contractual services	51,120	41,589	92,709
Supplies and materials	3,968	8,518	12,486
Equipment	4,104	-	4,104
Building and facilities—not capitalized	-	18,141	18,141
Total	\$257,278	\$101,620	\$358,898

Source: VA.

Although we found adequate support and evidence of approval for most of the Commission’s fiscal year 2004 financial transactions, we identified shortcomings in the Commission’s internal control. Specifically, we found areas for improvement in the Commission’s internal control with respect to the following: payroll, benefits, and VA payments; reconciliations with VA; coding of financial transactions; procurement actions; travel reimbursements; and cash and in-kind donations. Some of these internal control shortcomings involved immaterial amounts, and many may be the result of the Commission only having one employee.

GAO’s *Standards for Internal Control in the Federal Government*¹⁶ identifies the minimum level of internal control in the federal government and provides the basis against which internal control is to be evaluated. Control activities, one of the five standards of internal control, include diverse activities such as authorizations, approvals, verifications, reconciliations, and the creation and maintenance of related records that provide evidence of the execution of these activities as well as appropriate documentation. The Commission’s internal control shortcomings could hinder its effective stewardship of public resources.

Documentation for Payroll, Benefits, and VA Payments Not Readily Available

In reviewing the Commission’s payroll of about \$135,000, we found supporting documentation in the form of VA-prepared biweekly payroll reports. However, the Commission’s Executive Director and White House Liaison did not prepare or submit employee-signed biweekly time sheets to VA during fiscal year 2004 to support the expense. GAO’s *Standards for Internal Control in the Federal Government* states that the creation and maintenance of related records is a procedure that provides evidence of the execution of activities as well as appropriate documentation. According to the Commission, time sheets were not required because it had only one employee compensated with appropriated funds. We recognize that this is an inherent limitation in an entity of this size. Nonetheless, because the Commission did not have employee-prepared time sheets that could be independently reviewed by

¹⁶GAO/AIMD-00-21.3.1.

either a Commission representative or VA as part of its payroll-processing function, it did not have proof of the actual hours the employee worked to support the salary paid.

In examining employee benefits of approximately \$36,000, we found that the Commission did not maintain documentation for the benefits, such as health care and retirement contributions by the employer, and relied solely on VA for the information. According to GAO's *Standards for Internal Control in the Federal Government*, all transactions need to be clearly documented, and the documentation should be readily available for examination. In response to our request for documentation, we received from VA support for the Commission's salary-related benefits. However, by not having documentation on the costs incurred and paid for employee benefits, the Commission did not have complete assurance that its financial decisions were based on complete and accurate information.

In addition, we found that the Commission did not maintain supporting documentation for approximately \$44,000 paid to VA for payroll and accounting services pertaining to both fiscal years 2004 and 2003.¹⁷ This occurred because the Commission had not established procedures for maintaining support for intragovernmental transactions. According to GAO's *Standards for Internal Control in the Federal Government*, all transactions need to be clearly documented to maintain their relevance and value to management in controlling operations and making decisions. In response to our request for documentation, VA provided support for its charges for payroll and accounting services provided to the Commission. Because the Commission did not have documentation on its costs, it did not know if such charges were valid and reasonable. Additionally, given its limited financial resources and the proportion of its appropriations used to fund the payroll and accounting services provided by VA (over 17 percent in fiscal year 2004), such support could assist the Commission in determining whether it would be cost-beneficial to seek such services elsewhere at a lower cost.

Reconciliations with VA Were Not Routinely Performed

We found that the Commission did not reconcile its recorded expenditures and donations to those processed and recorded by VA on behalf of the Commission. In reviewing support for the expenditures and donations, we determined that the Commission had initially recorded approximately \$59,000 more in fiscal year 2004 expenditures and costs funded with donations than those recorded by VA. GAO's internal control standards¹⁸ state that regular reviews and comparisons of different sets of data to one another should be done to determine their accuracy and to make appropriate adjustments when necessary. In discussing the difference with both Commission and VA officials, we ascertained that neither was aware of the difference until we brought it to each's attention. We also found that the difference occurred

¹⁷This amount represented approximately 17 percent of the Commission's fiscal year 2004 expended appropriations.

¹⁸GAO/AIMD-00-21.3.1.

because the Commission was unaware that it should have provided VA with all information on in-kind donations—such as staff time, facilities, and Web site design. The Commission and VA reconciled their records on the Commission’s fiscal year 2004 financial transactions in May 2005 and made accounting adjustments arising from those reconciliations. Nonetheless, because reconciliations were not routinely performed, the Commission and VA lacked assurance that expenditures and costs recorded for the Commission were complete and accurate.

Transactions Were Not Properly Coded

In testing the Commission’s non-salary-related expenditures, we found that the Commission did not include budget object class¹⁹ codes that indicated the type of expenditure on the documentation it submitted to VA for processing transactions. Although VA had established a system for the standardized coding, recording, and reporting of the Commission’s financial transactions, the Commission had not implemented procedures to have its financial transactions coded in accordance with VA’s guidelines²⁰ prior to providing VA with the documentation. As a result, certain costs had to be classified by VA without full knowledge of the type of expenditure being made. For example, the Commission purchased computers that VA charged to “supplies and materials”; however, the computers should have been charged to “equipment.” This error was corrected through the reconciliations performed by the Commission and VA in response to our audit inquiry. Because it did not code its expenditures in accordance with VA guidelines, the Commission lacked accurate information on how its financial resources were used.

Procurement Regulations Were Not Followed

In reviewing the Commission’s five federally funded procurement transactions that exceeded the \$2,500 micro-purchase threshold, we found that in all cases—totaling approximately \$24,000—the Commission did not adhere to the Federal Acquisition Regulations (FAR) regarding the ordering process for contracted goods or services from commercial vendors. Specifically, the FAR requires that when a simplified acquisition exceeds the \$2,500 threshold, the federal agency is to solicit quotes or offers from at least three commercial vendors.²¹ However, we found that the Commission did not solicit offers from three vendors for information technology services, video services, and other goods and services procured during fiscal year 2004 because it was not fully cognizant of the FAR requirements. Rather than follow federal guidelines, the Commission would contact and select a vendor if it considered the vendor’s cost estimate reasonable. By not adhering to federal procurement regulations, the Commission could incur greater costs than necessary for goods or services.

¹⁹Budget object classes are categories in a classification system that present obligations by the items or services purchased by the federal government. See OMB Circular No. A-11, *Preparation, Submission and Execution of the Budget*, § 83.1 (June 21, 2005).

²⁰VA, *Budget Object Codes*, VA Handbook 4671.2 (Jan. 16, 2003).

²¹See 48 C.F.R. (FAR) § 13.104(b) (2004).

Travel Reimbursements Exceeded Allowable Rates

In testing the expenditures of the Commission's Executive Director and White House Liaison for long-distance travel processed by VA, we found that for three of the six business trips made during fiscal year 2004, payments for meals and incidental expenses were made in error or exceeded the allowable rates established in the *Federal Travel Regulation*²² by immaterial amounts ranging from \$23 to \$85. In two instances, the Executive Director and White House Liaison reported meals and incidental expenses for a full day's travel, yet actual travel was for less than a full day. This resulted in total overpayments of \$49 by the federal government. For the third business trip, the Executive Director and White House Liaison was overpaid \$85 for meals and incidental expenses because travel advances were not reported on the travel voucher. The Commission has not been reimbursed for these payments. While the amounts involved in all three cases, both individually and collectively, were not significant, the lack of controls to properly record travel costs and independently review them to determine adherence to federal regulations may allow travel costs in excess of allowable rates to be processed and paid.

Cash and In-kind Donations Were Not Always Recorded

In reviewing the cash donations that the Commission received during fiscal year 2004, we found a \$10,000 check dated April 16, 2004, that was made out to No Greater Love but that was deposited in the Department of the Treasury's account for the Commission. In response to our inquiries, the Commission informed us that the check was to be used for the Commission's purposes and was processed without an endorsement by No Greater Love. The Commission provided a May 2005 letter from the donor explaining that the check was meant for the Commission's benefit. GAO's internal control standards require that all significant events be clearly documented and that the documentation be readily available for examination. Because the check was made out to another entity, the Commission did not have appropriate documentation readily available to clearly identify the intended recipient before the check was deposited.

We also found documentation supporting two in-kind donations to the Commission from businesses for about \$400 that were not recorded in either the Commission's financial records or those maintained by VA. In addition, we found that the Commission did not record as an in-kind donation the estimated value of one night of lodging funded by a donor. The unrecorded donations occurred because the Commission did not have procedures in place to record in-kind donations or obtain estimates of the value of in-kind donations.²³ We also found that the Commission

²²The *Federal Travel Regulation* implements statutory requirements and executive branch policies for travel by federal civilian employees. It is promulgated by the General Services Administration and codified at 41 C.F.R., chapters 300-304.

²³If such donations are reported, they should be measured at fair value according to Financial Accounting Standards Board Statement No. 116, *Accounting for Contributions Received and Contributions Made* (June 1993).

created a public service announcement that at least 370 radio stations downloaded and aired free of charge across the United States over the 2004 Memorial Day weekend, but the Commission was unable to estimate the value of the radio broadcasts. GAO's internal control standards state that transactions should be promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. Because all of its in-kind donations were not recorded, the Commission lacked assurance that amounts recorded for in-kind donations, and costs funded with those donations, were complete and accurate.

Greater Distinction between the Commission and No Greater Love Is Needed

As discussed in our previous report²⁴ and earlier in this report, the Commission's activities overlap with those of No Greater Love. During most of fiscal year 2004, the Commission shared office space and services with No Greater Love, a nonprofit organization founded in 1971 by the Commission's current Executive Director and White House Liaison. According to the Commission, it ceased sharing office space with No Greater Love at the end of June 2004 and did not cosponsor any programs with the organization during the fiscal year.

In conducting our audit, we found that the Commission's activities and its distinction from those of No Greater Love could be misperceived by interested parties because of the long-term involvement of the Commission's Executive Director and White House Liaison with No Greater Love for approximately 30 years. For example, the distinction between the two organizations could be misperceived because the business card of the Commission's Executive Director and White House Liaison listed No Greater Love's e-mail address and fax number. Additionally, during fiscal year 2004, the Commission's Executive Director and White House Liaison used an automobile owned by No Greater Love—that bears a license plate of "NGL 01"—for Commission activities. While section 8(f) of the act allows the Commission to be closely involved with other entities in carrying out its duties through the use of cooperative agreements, the Commission—because it receives federal appropriations—has an increased responsibility to ensure a clear distinction between the Commission and No Greater Love. Without this, donors and Congress are at risk of not knowing which programs their funds are supporting.

Commission Has Taken Some Actions to Improve Accountability

In our prior work, we found that the Commission had difficulties with maintaining its financial records due in part to a lack of staffing and financial expertise.²⁵ Our prior report also found that the Commission lacked basic internal controls, such as ensuring that all transactions were supported by appropriate documentation and that invoices were approved prior to payment, to ensure that funds were used as intended.

²⁴GAO-04-497R.

²⁵GAO-04-497R.

Our prior report included a matter for Congress to consider amending the National Moment of Remembrance Act to make the Commission an independent entity within VA as a mechanism to address the substantial deficiencies we noted. As an alternative, we made a number of recommendations to the Commission for corrective actions to improve its basic accountability for, and internal control over, its financial transactions. In response to our prior report, the Commission has taken a number of corrective actions in response to our prior recommendations for executive action, including the following:

- hiring a local bookkeeper on a part-time basis to maintain a log of financial transactions and produce year-end summaries;
- maintaining a record or log of Commission financial transactions, including appropriations, donations, and nonsalary expenditures; and
- developing and implementing procedures to approve invoices prior to payment.

We acknowledge the efforts that the Commission has made to improve its record keeping and internal controls since our prior work. We also recognize the impact the size of the Commission has on its ability to establish and maintain effective internal control, particularly with respect to the segregation of duties. Nevertheless, our audit of the Commission's fiscal year 2004 financial transactions indicates the need for the Commission to take further actions to improve its internal control.

Conclusions

The limited size of the Commission makes it problematic for it to establish and maintain effective internal control over its financial transactions. The Commission has made progress in addressing several of the internal control issues it faces. Nevertheless, without such basic internal controls as complete transaction and documentation records, regular reconciliations of recorded data, and the coding of transactions, the Commission does not have reasonable assurance that its financial information is complete and accurate and that financial and programmatic decisions are based on complete and accurate information. Although administrative support services are provided by VA, the Commission's management is responsible for preparing accurate and reliable financial reports reflecting its activities and for complying with federal procurement and other applicable federal regulations. The Commission is also responsible for establishing, maintaining, and monitoring controls to provide reasonable assurance that internal control objectives as detailed in GAO's *Standards for Internal Control in the Federal Government* are met.

Recommendations for Executive Action

To improve the Commission's accountability and internal control, we recommend that the Executive Director and White House Liaison of the Commission take the following 10 actions:

1. Prepare biweekly time sheets and regularly submit them to VA for approval and processing as evidence of actual hours worked.

2. Strengthen the procedures to ensure that appropriate documentation for all financial transactions—including payroll, payroll-related, and intragovernmental transactions—is maintained and readily available for review.
3. Assess the cost of VA's services to determine if comparable services may be available from other sources at a lower cost.
4. Establish procedures to (a) timely reconcile, on a monthly basis, the Commission's financial data to the financial records maintained by its accounting services provider, VA, and (b) communicate all differences to VA as the provider so that the two entities' records can be appropriately reconciled.
5. While continuing to use VA's services, code all invoices in accordance with VA guidelines to indicate the type of expenditure prior to submitting them to VA for processing.
6. Solicit offers or quotes from at least three commercial vendors when goods or services are expected to exceed the \$2,500 micro-purchase threshold for federal procurements and when otherwise required by the FAR.
7. Strengthen procedures over preparing travel vouchers by (a) adhering to allowable rates in accordance with federal regulations and (b) ensuring that travel-related overcharges and traveler reimbursements are timely collected or offset against amounts due.
8. Strengthen procedures over cash donations by immediately obtaining and retaining documentation that evidences the purpose and intent of the donation.
9. Develop procedures to obtain and retain supporting documentation for the estimated value of in-kind donations and require that the financial information be recorded.
10. Discontinue listing No Greater Love's e-mail address and fax number on the Commission's business cards to assist in furthering the distinction of the Commission's and No Greater Love's management and activities.

Agency Comments

We received written comments from the Executive Director and White House Liaison of the White House Commission on the National Moment of Remembrance. In its comments, the Commission agreed with our report's recommendations and stated that it has already taken steps to further improve internal control over its financial transactions. For example, the Commission stated that it (1) has been submitting biweekly employee time sheets to its financial services provider since May 2005 as evidence of actual hours worked; (2), along with its financial services provider, has established new procedures to reconcile its financial data to the financial records maintained by the financial services provider; and (3) has strengthened its procedures for preparing travel vouchers and cash and in-kind donations. The Commission's comments are reproduced in their entirety in enclosure I. In addition,

the Commission provided technical and clarifying comments, which we incorporated as appropriate.

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We are sending copies of this report to the Chairmen and Ranking Minority Members of the Senate Committee on Appropriations and the House Committee on Appropriations; the Chairman of the White House Commission on the National Moment of Remembrance; the Secretary of Veterans Affairs; the Director, Office of Management and Budget; and other interested parties. This report will also be available on the GAO Web site at <http://www.gao.gov>.

If you or your staff have any questions, please contact me at (202) 512-3406 or by e-mail at sebastians@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Contributors to this report were Julie T. Phillips, Charles E. Norfleet, and Teresa Broadie-Gardner.



Steven J. Sebastian
Director
Financial Management and Assurance

Enclosure

Enclosure I

Comments from the White House Commission on the National Moment of Remembrance

THE WHITE HOUSE COMMISSION
ON THE
NATIONAL MOMENT OF REMEMBRANCE

July 18, 2005

Mr. Steven J. Sebastian
Director
Financial Management and Assurance
U.S. General Accounting Office
Washington, DC 20548

Dear Mr. Sebastian:

We appreciate the opportunity to comment on the draft report containing the results of your review on the financial transactions of the White House Commission on the National Moment of Remembrance for fiscal year 2004.

We would like to thank GAO for acknowledging the efforts the Commission has taken to improve its recordkeeping since its review last year (Page 19) and recognizing that the Commission's ability to maintain internal control is greatly impacted because the Commission only has one permanent employee (Page 19.)

As you know, under its enabling legislation, the Commission is to carry out its mission using 6 detailees from the Army, Air Force, Navy, Marine Corps, VA, and Education; but only received the limited services of one detailee for 7 months (page 7.) This situation has exacerbated the ability of the Commission to maintain detailed financial and performance records and separation of duties that would normally be expected in a fully staffed entity while performing the remembrance mission.

The Commission concurs with GAO's recommendations and has already taken steps to further improve the effective internal control over its financial transactions. However, the Commission would like to add the following comments:

- Because it was not informed by its financial services provider, the Commission did not submit time-sheets for its sole employee. Since May 2005, the Commission's employee has been submitting biweekly time sheets to the financial services provider.
- In addition to the bi-weekly pay stubs and monthly electronic statements that the Commission received in fiscal year 2004, the Commission requested that its financial services provider submit all documents they have regarding payroll, payroll-related and intergovernmental transactions. As in fiscal year 2004, all other transactions will be documented and recorded at the Commission.
- To ensure the Commission is not over paying for financial services, it is looking into comparable services vendors.
- The Commission and VA Financial Services have now established new procedures to reconcile records appropriately. As GAO noted in the report: "In May 2005, the Commission and VA reconciled their records and made accounting adjustments for the differences" (page 2.)

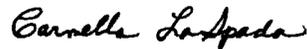
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- The Commission was not informed by its financial services provider of the coding requirements so it coded its transactions with its own coding in fiscal year 2004. The Commission is now coding all the invoices it receives in accordance with its financial services provider's guidelines which indicate how the expenditures should be coded prior to submitting them for processing.
- The Commission will solicit offers from three commercial vendors before purchasing goods or services for an amount exceeding \$2,500 and has strengthened its procedures for preparing travel vouchers, cash and in-kind donations.
- The Commission received new business cards. The Commission used leftover cards from 2001 because regular business cards were not available. If those cards were to be used, we made sure not to give contacts inaccurate information by crossing out the e-mail address and informing them of the correct one. The number 202-783-1168 is the Commission's fax number.

The Commission would also like to reiterate what was stated in the 2003 GAO report: No Greater Love still donates the time of one of its employees to the Commission; as of the end of June 2004 both entities have separate facilities, separate phones and fax numbers. The White House Commission on the National Moment of Remembrance and No Greater Love are two different entities and their purposes are different. None of No Greater Love programs were supported by the Commission.

Finally, the Commission would like to request that the report be clarified in some areas so that a full account is available regarding the circumstances reported. We have included these items with this letter.

Sincerely,



Carmella LaSpada
Executive Director and White House Liaison

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