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United States Government Accountability Office
Washington, DC 20548

September 9, 2011

Mrs. Erica Heyse
National Director
Congressional Award Foundation

Subject: *Management Report: Opportunities for Improvements in the Congressional Award Foundation's Internal Controls and Accounting Procedures*

Dear Mrs. Heyse:

In May 2011, we issued our opinion on the fiscal years 2010 and 2009 financial statements of the Congressional Award Foundation (the Foundation).[1] We also reported on our evaluation of the Foundation's compliance with provisions of selected laws and regulations for the fiscal year ended September 30, 2010, and our consideration of the Foundation's internal control over financial reporting.

The Foundation was formed in 1979 under the Congressional Award Act and is a private, not-for-profit, tax-exempt organization under section 501(c)(3) of the Internal Revenue Code. It was established to promote initiative, achievement, and excellence among young people in the areas of public service, personal development, physical fitness, and expedition. During fiscal year 2010, there were approximately 28,700 participants registered in the Foundation's award program. Although the organization does not receive federal funding, we are responsible for conducting audits of the Foundation's financial statements annually in accordance with section 107 of the Congressional Award Act, as amended (2 U.S.C. § 807).

In our previous year's audit of the Foundation's fiscal years 2009 and 2008 financial statements,[2] we reported a material weakness[3] in the Foundation's internal control over financial reporting. This resulted in the need for material adjustments in finalizing the Foundation's fiscal year 2009 financial statements to achieve a fair

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[1] GAO, *Financial Audit: Congressional Award Foundation's Fiscal Years 2010 and 2009 Financial Statements*, GAO-11-597 (Washington, D.C.: May 12, 2011).
[2] GAO, *Financial Audit: Congressional Award Foundation's Fiscal Years 2009 and 2008 Financial Statements*, GAO-10-646 (Washington, D.C.: May 14, 2010).
[3] A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

presentation. In a September 9, 2010, report to the Foundation,[4] we provided further details on the control deficiencies that constituted this material weakness, as well as recommendations for corrective action. In response to our recommendations, during fiscal year 2010, the Foundation took a number of actions to address the material weakness. However, certain control deficiencies over the Foundation's financial reporting process remained in fiscal year 2010 and, while no longer constituting a material weakness, represented a significant deficiency in internal control that continued to place the Foundation at increased risk of errors or omissions in its financial statements.[5] Further actions, as presented in our September 9, 2010, report, are needed to address these remaining control deficiencies.

During our audit of the Foundation's fiscal years 2010 and 2009 financial statements, we identified additional deficiencies in the Foundation's internal control that we do not consider to be material weaknesses or significant deficiencies, either individually or in the aggregate, but that nonetheless merit Foundation management's attention and correction. The purpose of this report is to present additional information on the internal control and accounting procedures issues we identified during our audit of the Foundation's fiscal years 2010 and 2009 financial statements and to provide our recommended actions to address those issues. We are making four recommendations for strengthening the Foundation's internal controls and accounting procedures. In addition, we are providing an update on the status of recommendations we made to address internal control issues identified during our audit of the Foundation's fiscal year 2009 financial statements as reported in our September 9, 2010, management report on internal controls and accounting procedures.

Results in Brief

During our audit of the Foundation's fiscal years 2010 and 2009 financial statements, we identified three internal control issues that could adversely affect the Foundation's ability to meet its internal control objectives. These issues concern the Foundation's lack of documented policies and procedures for

- year-end accrual of expenses,
- reconciliations and supervisory reviews of schedules supporting certain transactions to ensure that these transactions are recorded appropriately, and
- recording of silent auction revenue.

These issues increase the risk of the Foundation not preventing or timely detecting and correcting errors in its financial reporting.

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[4] GAO, *Management Report: Opportunities for Improvements in the Congressional Award Foundation's Internal Controls and Accounting Procedures*, GAO-10-964R (Washington, D.C.: Sept. 9, 2010).

[5] A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

At the end of our discussion of each of these issues in the sections that follow, we present our recommendations for strengthening the Foundation's internal controls and accounting procedures. These recommendations are intended to improve management's oversight and controls and minimize the risk of misstatements in the Foundation's accounts and financial statements.

As of the completion of our fiscal year 2010 audit on May 6, 2011, the Foundation had taken action to fully address 11 of the 16 recommendations related to internal control and accounting procedures from our fiscal year 2009 audit. The Foundation also took action to address the remaining 5 internal control and accounting procedures–related recommendations, but more work is needed to fully resolve the underlying control issues.

In its comments, the Foundation agreed with our recommendations and described actions it is taking to address the control issues described in this report. At the end of our discussion of each issue in this report, we have summarized the Foundation's related comments and provided our evaluation. We have reprinted the Foundation's comments in enclosure II.

Scope and Methodology

This report addresses issues we identified during our audit of the Foundation's fiscal years 2010 and 2009 financial statements. In planning and performing our audit of the Foundation's fiscal years 2010 and 2009 financial statements, we considered the Foundation's internal control over financial reporting for the purpose of determining our procedures for auditing the financial statements, not to express an opinion on the effectiveness of internal control. Accordingly, we did not express an opinion on the Foundation's internal control over financial reporting.

While our full scope and methodology used in carrying out our fiscal years 2010 and 2009 audit is detailed in our May 2011 report, in summary, to fulfill our responsibilities as auditor of the financial statements of the Foundation, we examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessed the accounting principles used and significant estimates made by Foundation management; evaluated the overall presentation of the financial statements and notes; obtained an understanding of the Foundation and its operations, including its internal control over financial reporting; assessed the risk that a material misstatement exists in the financial statements; tested relevant internal controls for the purposes of planning and performing our other audit procedures; tested compliance with selected provisions of the Congressional Award Act, as amended; and performed such other procedures as we considered necessary in the circumstances. We conducted our audit of the Foundation's fiscal years 2010 and 2009 financial statements in accordance with U.S. generally accepted government auditing standards. We believe that our audit provided a reasonable basis for our conclusions in this report.

Year-end Expense Accruals

During our fiscal year 2010 audit, we found that the Foundation's internal controls were not always effective in ensuring that the Foundation properly accrued liabilities for expenses at the end of the fiscal year.[6] For example, during our testing of accrued expenses, we found that the Foundation recorded an expense for office supplies of over $1,000 in fiscal year 2010, of which only about $400 related to fiscal year 2010.

We also found that the Foundation accrued a liability for three expenses totaling over $500 as of September 30, 2010, yet the goods and services were not received or provided until fiscal year 2011, and therefore the liability should not have been incurred until then. We determined that the Foundation was incorrectly accruing expenses for goods and services ordered by fiscal year-end, rather than for goods and services received or provided by that date.

These errors occurred because the Foundation did not have documented policies and procedures regarding the year-end accrual of expenses. Specifically, the Foundation's current accounting policies and procedures did not address the process and criteria for accruing expenses.

The *Standards for Internal Control in the Federal Government*[7] provides that management develop the detailed policies, procedures, and practices to fit an organization's operations. The standards also provide that transactions and other events be accurately and timely recorded to maintain their relevance and value to management in controlling operations and making decisions. This includes determining the appropriate fiscal year in which liabilities and expenses are recognized under U.S. generally accepted accounting principles.

Without documented policies and procedures to address the accrual of expenses at the end of the fiscal year, the Foundation increases the risk that liabilities and expenses may not be recorded in the proper accounting period.

Recommendation

We recommend that the Foundation modify its documented accounting policies and procedures to address the year-end accrual of expenses. Such modifications should stipulate that expenses be recognized and a liability incurred when goods or services have been received.

Foundation Comments and Our Evaluation

The Foundation agreed with our recommendation and stated that it is drafting accounting policies and procedures to ensure that expenses are recognized when the goods or services have been received; upon completion, the new policies and

[6] An accrued expense is an expense incurred but not yet paid at the statement date.
[7] GAO, *Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1 (Washington, D.C.: November 1999).

procedures will be approved by the Board of Directors. We will evaluate the effectiveness of the Foundation's corrective actions during our fiscal year 2011 financial audit.

Reconciliation and Supervisory Review Process

During our fiscal year 2010 audit, we found that the Foundation lacked effective controls to ensure that schedules supporting the recording of certain types of transactions in its general ledger were accurate and reconciled to the general ledger. This led to a number of errors in recording transactions that the Foundation's management did not detect. For example:

- During our testing of prepaid expenses,[8] we found that the Foundation's prepaid insurance amortization schedule did not reconcile to the general ledger, resulting in undetected errors in the recording of prepaid expenses. For example, the Foundation purchased worker's compensation insurance that covered the period from February 2010 through February 2011, but did not record the first month's prepaid expense amortization[9] of almost $100 in the general ledger. We also found that although the Foundation correctly excluded an insurance audit adjustment of over $200 from the prepaid insurance amortization schedule, the prepaid expense balance in the general ledger on September 30, 2010, included this amount because the Foundation recorded it as a prepaid expense in April 2010, when it should have been expensed during fiscal year 2010.

- During our testing of depreciation expense,[10] we found that the Foundation's depreciation and amortization schedule did not reconcile to the general ledger, resulting in an undetected error in the recording of depreciation expense. Specifically, in December 2009, in addition to the standard monthly depreciation entry for furniture and equipment, the Foundation erroneously recorded a second entry in the general ledger that resulted in monthly depreciation expense being overstated by over $300.

- During our testing of amortization expense, we found that the Foundation incorrectly calculated capital lease amortization on its depreciation and amortization schedule, which is used to record amortization expense in the general ledger. The Foundation erroneously discontinued amortization of one of its capital leases for 4 months. As a result of this error on the depreciation and amortization schedule, amortization expense in the general ledger was understated by almost $100.

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[8] A prepaid expense is a type of current asset that is expected to be consumed during the normal operating cycle of the business, such as insurance, deposits for fund-raising events, and operating supplies.
[9] Amortization is the process of allocating the acquisition costs of intangible assets to the periods benefited by the use of the assets.
[10] Depreciation is the process of allocating the costs of tangible assets to those periods expected to benefit from the use of the assets.

- During our testing of the costs of direct benefits to donors,[11] we found several errors in the data used to calculate this amount. The costs of direct benefits to donors amount for each special event is calculated by multiplying the number of participants attending the event for each donor by the cost per participant for the event. These amounts for each event are then added together to arrive at the total costs of direct benefits to donors amount reported on the financial statements. The Foundation prepared schedules to record the data used for this calculation, but we found that these schedules included an incorrect number of participants attending a special event for two event donors, resulting in a net understatement of over $500 to costs of direct benefits to donors reflected in the initial draft of the Foundation's financial statements.

The errors that occurred were not detected because the Foundation did not have documented policies and procedures in fiscal year 2010 requiring that the prepaid insurance amortization, depreciation and amortization, and costs of direct benefits to donors schedules supporting amounts in the general ledger be routinely reconciled to the general ledger and be reviewed by supervisors. In December 2010, the Foundation completed a review of its accounting policies and procedures and made significant revisions, including requiring that the depreciation and amortization and costs of direct benefits to donors schedules be reconciled to the general ledger. While these new requirements should address some of the issues we identified, the updated accounting policies and procedures did not require these schedules to be reviewed by supervisors, nor do they address the need for routine reconciliation and supervisory review of the prepaid insurance amortization schedule.

The *Standards for Internal Control in the Federal Government* provides that internal control should generally be designed to ensure that ongoing monitoring occurs in the course of normal operations, including regular management and supervisory activities, comparisons, and reconciliations. Without reconciliations and effective supervisory reviews to help ensure that transactions are accurately recorded and independently reviewed, the Foundation increases its risk that amounts may not be properly recorded in its financial statements.

<u>Recommendations</u>

We recommend that the Foundation

- modify its documented accounting policies and procedures to require routine reconciliation and supervisory review of the prepaid insurance amortization schedule supporting transactional activity to be recorded in the general ledger to ensure that transactions are recorded appropriately and

[11] Costs of direct benefits to donors are the actual costs of items and services of value, such as meals and tickets, given to participants at special events, providing them with a direct benefit.

- modify its documented accounting policies and procedures to require that supervisory review of the depreciation and amortization and costs of direct benefits to donors schedules supporting transactional activity be recorded in the general ledger to ensure that transactions are recorded appropriately.

Foundation Comments and Our Evaluation

The Foundation agreed with our recommendations and stated that it is drafting accounting policies and procedures to ensure that routine reconciliations and supervisory review of the prepaid insurance amortization, the depreciation and amortization of assets, and costs of direct benefits to donors is performed on a routine basis; upon completion, the new policies and procedures will be approved by the Board of Directors. We will evaluate the effectiveness of the Foundation's corrective actions during our fiscal year 2011 financial audit.

Recording Silent Auction Revenue

During our fiscal year 2010 audit, we found that the Foundation's internal controls were not fully effective in ensuring the accurate recording of certain types of revenue. Specifically, we found that the Foundation erroneously recorded revenue in its general ledger for silent auction items[12] sold at one of its fund-raising events. The Foundation first recorded the revenue as an in-kind contribution[13] when the items were donated. When the silent auction was held and donors purchased the auction items, the amount received was recorded again as program and other revenue. However, rather than recording the entire amount received from the auction, the Foundation should have only recorded the difference between this amount and the amount initially recorded when the items were donated as an adjustment to the original contribution. This error resulted in revenue being overstated by over $9,000. The error occurred because the Foundation's existing accounting policies and procedures lacked guidance for recording silent auction revenue.

The *Standards for Internal Control in the Federal Government* provides that management develop the detailed policies, procedures, and practices to fit the organization's operations. Without documented policies and procedures for recording silent auction revenue, the Foundation increases its risk that revenue may be misstated.

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[12] Silent auction items are the donated materials that are sold at a fund-raising event in an auction where sealed bids are submitted.
[13] An in-kind contribution is a noncash gift, such as goods or services donated to a not-for-profit organization, which may be transferred to other resource providers (ultimate resource providers or recipients) during fund-raising events. These in-kind items should be reported as contributions and measured at fair value when originally received by a not-for-profit organization. The difference between the amount received for those items from the ultimate resource providers (recipients) and the fair value of the in-kind items when originally contributed to the not-for-profit organization should be recognized as adjustments to the original contributions when the items are transferred to the ultimate resource providers (recipients).

Recommendation

We recommend that the Foundation modify its existing accounting policies and procedures to include guidance and requirements for the recording of silent auction revenue. The modified policies and procedures should require that the revenue be recorded at fair value when items are donated and subsequently adjusted to the amount received when the silent auction is held and donors have purchased the items.

Foundation Comments and Our Evaluation

The Foundation agreed with our recommendation and stated that it is drafting changes to its accounting policies and procedures related to this issue; upon completion, the new policies and procedures will be approved by the Board of Directors. We will evaluate the effectiveness of the Foundation's corrective actions during our fiscal year 2011 financial audit.

Status of Fiscal Year 2009 Audit Recommendations

During our audit of the Foundation's fiscal year 2009 financial statements, we identified seven internal control issues and made 16 recommendations for corrective actions.[14] During our audit of the Foundation's fiscal years 2010 and 2009 financial statements, we found that the Foundation had taken action to fully address 11 of the 16 recommendations from our prior audit (see enc. I). The 5 recommendations that remained open as of May 6, 2011, the completion date of our fiscal year 2010 financial statement audit, relate to recording financial transactions, review of bank reconciliations, access to check stock, and accounting for contributions receivable.

- *Recording financial transactions*. Although the Foundation made progress in addressing our recommendation to review and update its accounting policies and procedures, several other issues we identified during our fiscal year 2009 audit, and additional issues we identified during our fiscal year 2010 audit as discussed earlier in this report, require further updates to the Foundation's policies and procedures. Additionally, while the Foundation took steps to further develop its staff's knowledge and skills in accounting and financial reporting for not-for-profit organizations by purchasing a financial and accounting manual for not-for-profit entities to be used as a resource in assisting Foundation staff in preparing the Foundation's financial statements and note disclosures, the Foundation has yet to revise its policies and procedures to address staff training requirements related to accounting and financial reporting.

- *Review of bank reconciliations*. The Foundation made progress in addressing our recommendation regarding the review of bank reconciliations by developing policies and procedures requiring the National Director to review

[14] GAO-10-964R.

and sign off on the bank reconciliations. However, the procedures do not require the National Director to include the date of review to prove that the review was timely.

- *Access to check stock.* The Foundation took steps to address our recommendations regarding access to its stock of checks. The Foundation established policies and procedures requiring that checks be kept in a secure location that is accessible by only the Controller and Director of Operations. However, during our fiscal year 2010 audit, we found that the keys to the filing cabinet drawer containing the check stock were accessible to all employees. Therefore, the check stock was not in a secure location and further efforts are needed for the Foundation to improve physical safeguards related to access to the check stock.

- *Accounting for contributions receivable.* The Foundation took steps to address our recommendation regarding accounting for contributions receivable by developing policies and procedures requiring that a comparison of the subsidiary and general ledger for contributions receivable be performed on a monthly basis. However, the Foundation did not include in its policies and procedures requirements to document this monthly comparison.

Foundation Comments and Our Evaluation

The Foundation stated that it is pleased that GAO recognized the progress made in each of these areas during the fiscal year 2010 audit, and noted that several additional measures have been taken during the current fiscal year to address the open recommendations. The Foundation stated that it plans additional steps to further strengthen its procedures in these areas in the immediate future. The Foundation also noted that it continues to review, update, and modify existing policies to best serve its participants. We will evaluate the effectiveness of the Foundation's corrective actions during our fiscal year 2011 financial audit.

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This report is intended for use by Congressional Award Foundation management and the Foundation's Board of Directors. This report is a matter of public record, and its distribution is not limited. The report will be available at no charge on GAO's website at http://www.gao.gov.

We acknowledge and appreciate the cooperation and assistance provided by the Foundation's management and staff during our audit of the Foundation's fiscal years 2010 and 2009 financial statements. If you have any questions about this report or need assistance in addressing these issues, please contact me at (202) 512-3406 or sebastians@gao.gov. Contact points for our Offices of Congressional Relations and

Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are Peggy Smith, Assistant Director; Bethany Smith; and Marci Goasdone.

Sincerely yours,

Steven J. Sebastian
Director
Financial Management and Assurance

Enclosures – 2

Enclosure I: Status of Recommendations from GAO's 2009 Management Report to the Foundation

Table 1 presents the status of the 16 recommendations initially reported in GAO's September 9, 2010, management report to the Congressional Award Foundation (the Foundation). The recommendations are grouped by the internal control issues presented in the report.

Table 1: Status of Recommendations from GAO's 2009 Management Report at the End of GAO's Audit of the Foundation's Fiscal Year 2010 Financial Statements

		Status of corrective action per GAO	
Audit area	**Year initially reported**	**Completed**	**In progress**
Recording financial transactions			
1. Conduct a review of the Foundation's current accounting policies and procedures and update them as necessary.	2009		X
2. Establish and document policies and procedures to ensure that staff receive training aimed at developing knowledge and skills in accounting and financial reporting for nonprofit organizations.	2009		X
3. Institute a management review process for the Foundation's draft financial statements that is effective in identifying material misstatements.	2009	X	
Support for adjusting journal entries			
4. Expand policies and procedures to ensure that all adjusting entries are properly documented, supported, reviewed, and approved by management.	2009	X	
Review of bank reconciliations			
5. Document in the Foundation's policies and procedures requirements for a timely investigation and resolution of reconciling items, such as outstanding checks, in its bank reconciliation process.	2009	X	
6. Include requirements in the Foundation's policies and procedures for management to review, sign, and date bank reconciliations indicating management's review for accuracy and completeness.	2009		X
Use of personal credit cards and check signing procedures			
7. Reassess the Foundation's practice of relying on the use of the National Director's personal credit card to transact Foundation business.	2009	X	
8. Take steps to obtain a business credit card to support the Foundation's business operations as determined by the Foundation's business needs.	2009	X	
9. Institute policies and procedures on the use of that business credit card once acquired.	2009	X	
10. Expand policies and procedures for reviewing and authorizing payment for expenses incurred by the National Director to require another individual from the Board of Directors to cosign checks over $2,500 payable to the National Director.	2009	X	
Access to check stock			
11. Include in the Foundation's policies and procedures requirements for physically safeguarding assets and limiting access to only authorized staff.	2009	X	
12. Identify a secure location to store its check stock that is known and accessible only to senior management and staff responsible for handling the Foundation's disbursements.	2009		X

Audit area	Year initially reported	Status of corrective action per GAO: Completed	In progress
Review of cash deposits			
13. Enhance policies and procedures over the bank deposit process by requiring that the National Director sign and date the deposits.	2009	X	
Accounting for contributions receivable			
14. Establish formal policies and procedures to ensure that pledges are timely and consistently recorded on the subsidiary ledger and the general ledger as contributions receivable.	2009	X	
15. Include in the Foundation's policies and procedures requirements to document the monthly reconciliation between the subsidiary ledger and the general ledger for contributions receivable and resolve any discrepancies identified.	2009		X
16. Expand policies and procedures to require routine monitoring and assessing of the collectibility of outstanding receivables.	2009	X	

Source: GAO analysis of Foundation data.

Enclosure II: Comments from the Congressional Award Foundation

Congressional Award

Public Law 96-114, The Congressional Award Act

August 30, 2011

Mr. Steven Sebastian
Director
Financial Management and Assurance
Governmental Accountability Office
441 G. Street, NW
Washington, DC 20548

Dear Mr. Sebastian:

Thank you for the opportunity to review and comment on the Management Report: Opportunities for Improvements in the Congressional Award Foundation's Internal Controls and Accounting Procedures. We are pleased that the GAO found the fiscal year 2010 financial statements to be presented fairly and that there were no reportable instances of noncompliance with laws and regulations.

During the course of the audit, the GAO recognized that the Foundation took a number of actions to address the material weakness identified during the 2010 audit, however, believes that certain control deficiencies over the Foundation's financial reporting process still remained in fiscal year 2010, even though they no longer constituted a material weakness. We are continuing to work diligently to ascertain that all necessary measures are carried out to address these issues and fulfill fiduciary responsibilities, as discussed below.

As we continue to experience growth in program participation amount youth, assessment of our systems and procedures remains an ongoing process to deliver the program in the best possible manner. We appreciate the opportunity to strengthen the Foundation's ability to make this program a national opportunity, especially given the continued limited resources at hand.

Year-end Expense Accruals

GAO Recommendation: The Foundation should modify its documented accounting policies and procedures to address the year-end accrual of expenses, which should stipulate that expenses be recognized and a liability incurred when goods or services have been received.

Congressional Award Foundation Response: The Foundation agrees with the recommendation. The Foundation is drafting policies and procedures to ensure that only

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those expenses are recognized when the goods or services have been received. Upon completion of these changes, the new policy will be approved by the Board of Directors.

Status:

The Board of Directors will meet to discuss the newly drafted policies and procedures relating to this issue in September 2011.

Reconciliation and Supervisory Review Process

GAO Recommendation: The Foundation should: (1) modify its documented accounting policies and procedures to require routine reconciliation and supervisory review of the prepaid insurance amortization schedule supporting transactional activity to be recorded in the general ledger to ensure that transactions are recorded appropriately and (2) modify its documented accounting policies and procedures to require that supervisory review of the depreciation and amortization and costs of direct benefit to donor schedules supporting transactional activity be recorded in the general ledger to ensure that transactions are recorded appropriately.

Congressional Award Foundation Response: The Foundation agrees with the recommendations. The Foundation is drafting policies and procedures to ensure that routine reconciliations and supervisory review of (1) the prepaid insurance amortization, (2) the depreciation amortization of assets and (3) costs of direct benefits to donors is performed on a routine basis. Upon completion of these changes, the new policy will be approved by the Board of Directors.

Status:

The Board of Directors will meet to discuss the newly drafted policies and procedures relating to this issue in September 2011.

Recording Silent Auction Revenue:

GAO Recommendation: The Foundation should modify its existing accounting policies and procedures to include guidance and requirements for the recording of silent auction revenue, which should require that the revenue be recorded at fair value when items are donated and subsequently adjusted to the amount received when the silent auction is held and donors have purchased the items.

Congressional Award Foundation Response: The Foundation agrees with the recommendation. Upon completion of these changes, the new policy will be approved by the Board of Directors.

Status:

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The Board of Directors will meet to discuss the newly drafted policies and procedures relating to this issue in September 2011.

Status of Fiscal Year 2009 Audit Recommendations

During the course of the 2009 audit, the GAO recommended five corrective actions which relate to (1) review and update accounting policies and procedures (2) continual training of staff, (3) review of bank reconciliations, (4) access to check stock, and (5) accounting for contributions receivable. We are pleased that the GAO found there to be progress in each of these areas during the 2010 audit, and we are delighted to report that several additional measures have been taken during the current fiscal year to address these concerns. We recognize that additional steps can and will be taken to further strengthen these procedures in the immediate future. The Foundation continues to review, update and modify existing policies to best serve our participants.

If you have any questions, please contact me at (202) 226-0130.

Sincerely,

Erica W. Heyse

Erica Wheelan Heyse
National Director

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