

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 2011, the Commission incurred program costs of \$71.5 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, 2011, and 2010.

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 the Commission'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 via e-mail on a draft of this report, the Commission concurred with GAO's findings and conclusions.

FINANCIAL AUDIT

American Battle Monuments Commission's Financial Statements for Fiscal Years 2011 and 2010

What GAO Found

In GAO's opinion, the financial statements of the American Battle Monuments Commission (the Commission) as of September 30, 2011, and 2010, 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, although certain internal controls over financial reporting should be improved, the Commission maintained effective internal control over financial reporting as of September 30, 2011. In addition, GAO found no reportable instances of noncompliance with the laws and regulations it tested.

GAO found a significant deficiency in the Commission's internal control over financial reporting as of September 30, 2011. Specifically, GAO identified vulnerabilities in access controls over the payroll systems that maintain and process foreign employee payroll. In addition, GAO found that the Commission did not have clear policies and procedures outlining the specific duties and responsibilities of its Human Resources and Finance Directorates for processing of foreign employee payroll. These deficiencies increase the risk of undetected errors or irregularities in processing the Commission's foreign payroll. GAO also found that the Commission took action to provide an analysis of the agency's overall financial position and results of operations in its fiscal year 2011 Management's Discussion and Analysis as required by U.S. GAAP and Office of Management and Budget Circular No. A-136, *Financial Reporting Requirements*.

The Commission's Cambridge American Cemetery in Cambridge, England



Source: American Battle Monuments Commission.