

GAO Highlights

Highlights of [GAO-17-44](#), a report to congressional requesters

Why GAO Did This Study

CCI, a private nonprofit organization in the District of Columbia, has produced the annual Memorial Day and Fourth of July concerts held on the U.S. Capitol Grounds for over 25 years and over 35 years, respectively.

GAO was asked to audit all concerts hosted by CCI for the past 3 years. This report examines (1) how much funding, federal and nonfederal, was received and used by CCI for the 2012 through 2014 Memorial Day and Fourth of July concerts and (2) to what extent CCI's recorded receipts and disbursements related to these concerts were supported by adequate documentation, approved by authorized management, and recorded in the appropriate year. GAO performed data reliability procedures over CCI's 2012 through 2014 receipt and disbursement transactions, classified transactions by funding sources, obtained CCI management's concurrence with the classifications, and selected transactions for each year to test key controls.

What GAO Recommends

GAO recommends that CCI update its existing policy to fully document CCI's management approval controls over payments made by check, including exemptions to regular procedures. The update should include approval procedures to be followed during periods when only one authorized manager is available to sign checks for payment. In commenting on a draft of this report, CCI maintained that all disbursements were properly approved but GAO disagreed as noted in the report. CCI stated it will take appropriate action to address GAO's recommendation.

View [GAO-17-44](#). For more information, contact J. Lawrence Malenich at (202) 512-3406 or malenichj@gao.gov.

October 2016

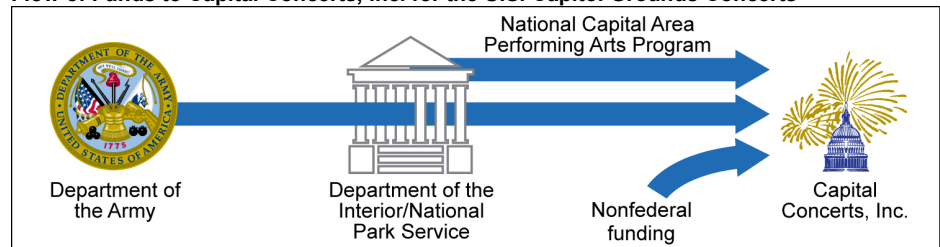
U.S. CAPITOL GROUNDS CONCERTS

Improvements Needed in Management Approval Controls over Certain Payments

What GAO Found

Capital Concerts, Inc. (CCI) received both federal and nonfederal funding to support the production of the Memorial Day and Fourth of July concerts held on the U.S. Capitol Grounds from 2012 through 2014. CCI received federal funding through a cooperative agreement with the Department of the Interior's National Park Service (NPS) that included funding that NPS received through an interagency agreement with the Department of the Army and funding from NPS's own budget through the National Capital Area Performing Arts Program. CCI obtained nonfederal funding through corporate sponsorship agreements, grant agreements with the Corporation for Public Broadcasting, and license agreements from the Public Broadcasting Service. CCI also received funding from other sources, such as interest revenue, but these transactions represent a minor portion of total funding.

Flow of Funds to Capital Concerts, Inc. for the U.S. Capitol Grounds Concerts



Source: GAO analysis based on data provided by Capital Concerts, Inc. and National Park Service. | GAO-17-44

CCI received funding for the 2012 through 2014 Memorial Day and Fourth of July concerts ranging from \$8.5 million to \$9.2 million each year. CCI disbursed from \$8.3 million to \$8.9 million each year to produce these concerts, approximately 1.1 to 3.7 percent less than the annual funding received.

The receipt transactions tested for all 3 years were supported by adequate documentation, approved by authorized management, and recorded in the appropriate year. In addition, the disbursement transactions GAO tested for all 3 years were supported by adequate documentation and recorded in the appropriate year, but management approval controls over certain payments were not implemented effectively for one of the years tested. Specifically, in 2013, three transactions were not approved in accordance with CCI's *Procurement and Accounts Payable Policy*. The existing policy provides that checks used for payments over \$500 should be signed by two authorized managers. In addition, for the years GAO reviewed, CCI issued separate memos that provided exceptions to the policy for certain periods when authorized managers may be out of the office and not available to satisfy the two-signature requirement. However, GAO found three checks for more than \$500 for three payments totaling over \$12,000 that were signed by only one manager but not within the policy exemption period. CCI's *Procurement and Accounts Payable Policy* has not been updated since November 2008 and does not include all internal control activities over payment approvals. Without incorporating all control activities over payment approvals into its policy and procedures, CCI increases its risk that the control activities will not be implemented consistently and that improper payments, fraud, and abuse may not be prevented or detected.