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June 13, 2024

The Honorable Patty Murray
Co-Chairwoman
The Honorable Mike Johnson
Co-Chairman
Capitol Preservation Commission

The Honorable Amy Klobuchar
Chairwoman
The Honorable Deb Fischer
Ranking Member
Committee on Rules and Administration
United States Senate

The Honorable Bryan Steil
Chairman
The Honorable Joe Morelle
Ranking Member
Committee on House Administration
House of Representatives

Capitol Preservation Fund: Audit of FY 2021, 2022, and 2023 Transactions

Congress established the United States Capitol Preservation Commission in November 1988 to provide for improvements in, preservation of, and acquisitions for the United States Capitol, and to conduct related activities.¹ At the same time, Congress established the Capitol Preservation Fund within the U.S. Treasury to provide financing for the Commission’s operations.² Congress also instructed the Library of Congress to provide the Commission with financial management services and support.³ The Commission’s enabling statute includes a provision for GAO to audit the Commission’s transactions and report the results to Congress.⁴

¹The Arizona-Idaho Conservation Act of 1988, Pub. L. No. 100-696, Title VIII § 801, 102 Stat. 4571, 4608 (1988), *classified as amended at* 2 U.S.C. §§ 2081-2086, established the Commission, which comprises Members of Congress including the co-chairs, the President Pro Tempore of the Senate, and the Speaker of the House of Representatives.

²2 U.S.C. § 2083.

³2 U.S.C. § 142i.

⁴2 U.S.C. § 2084. In 2012, Congress amended the prior requirement for GAO to audit the Fund annually to at least once every 3 years, unless the Chair or the Ranking Member of the Committee on Rules and Administration of the Senate or the Committee on House Administration of the House of Representatives, the Secretary of the Senate, or the Clerk of the House of Representatives requests that an audit be conducted at an earlier date. GAO Mandates Revision Act of 2012, Pub. L. No. 112-234, § 2(a), 126 Stat. 1624 (2012), *classified at* 2 U.S.C. § 2084.

This report presents the results of our audit of the Commission's transactions as recorded in the Fund during fiscal years 2021, 2022, and 2023. Our audit objectives were to determine to what extent (1) the Commission and the Library designed and documented policies and procedures to reasonably assure that the Fund's recorded transactions would be authorized in advance, promptly and accurately accounted for, and supported and (2) the Commission and the Library executed Fund transactions for fiscal years 2021, 2022, and 2023 in accordance with policies, procedures, and applicable laws.

To address these objectives, we reviewed the Commission's and Fund's enabling statutes and the Commission's and the Library's documented policies and procedures. We compared them with applicable federal internal control standards to assess the adequacy of controls related to transaction authorization, prompt and accurate accounting, and documentation.⁵ We tested 100 percent of the Fund's transactions that were recorded during fiscal years 2021, 2022, and 2023, by reviewing related accounting records and supporting documentation to determine to what extent the documented policies and procedures were followed. To assess whether transactions were executed in compliance with laws considered significant to our audit objectives, we reviewed the relevant statutory requirements, supporting documentation, and accounting for all Fund transactions. See the enclosure for a more detailed discussion of our scope and methodology.

We conducted this performance audit from January 2024 to June 2024 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Results in Brief

We found that the Commission's and Library's policies and procedures were sufficiently documented, adequately designed, and consistent with applicable federal internal control standards. This reasonably assured that the Fund's transactions would be authorized in advance, promptly and accurately accounted for, and supported. For fiscal years 2021, 2022, and 2023, the Fund's recorded transactions consisted of 134 investment-related transactions resulting in \$439,013 in interest received. There were no operating-related receipt or disbursement transactions during this period. We found that 125 of the 134 investment transactions were executed in accordance with the Commission's and the Library's policies and procedures and that all transactions complied with applicable laws that we deemed significant to our audit objectives. As we discuss below, we identified nine investment purchase transactions for which the Library did not execute transactions in accordance with its policies and procedures. The Commission and the Library did generally follow their respective oversight and reporting policies and procedures over the activity that occurred during the period.

Background

Congress established the Commission on November 18, 1988, to provide for improvements in, preservation of, and acquisitions (including works of fine art and other property for display) for the Capitol, and to conduct related activities. Congress also established the Fund within the Treasury to be available to the Commission for (1) payment of transaction costs and similar

⁵GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: September 2014).

expenses relating to accepting gifts and acquiring and disposing of works of fine art and other property, (2) improvement and preservation projects for the U.S. Capitol (subject to the approval of the House and Senate Committees on Appropriations), (3) disbursement with respect to works of fine art and other property, and (4) such other payments as may be required to carry out the Commission's purpose.⁶ The Fund's assets consist of amounts derived from contributions; surcharge proceeds from the Secretary of the Treasury, via the United States Mint, arising from the sale of commemorative coins;⁷ and interest earned on the invested portions of the Fund's assets. Fund assets not needed to finance current improvement, preservation, or acquisition projects are invested in interest-bearing obligations of the United States.⁸

Congress also authorized the Commission to accept gifts of (1) works of fine art, (2) money, and (3) other property, and to purchase and dispose of property.⁹ The Commission may not maintain any collection of fine art and other property that it receives or acquires. Instead, it may transfer such items to a congressional entity (the Senate Commission on Art, the House of Representatives Fine Arts Board, or the Joint Committee on the Library) or dispose of such property by sale or other transaction in the event that a transfer is not deemed appropriate.¹⁰ The law requires the Architect of the Capitol, the Senate Commission on Art, and the House of Representatives Fine Arts Board to provide staff support and assistance to the Commission.¹¹

Table 1 provides a historical perspective of the Fund's financial transactions from fiscal years 2008 through 2020. During this period, the Fund's transactions were related to investments and a disbursement for the purchase of artwork in 2011.¹²

⁶2 U.S.C. § 2083.

⁷2 U.S.C. § 2083. Congress authorized the Fund to receive proceeds from coin surcharges from three congressionally authorized commemorative coin programs: (1) the Bicentennial of the United States Congress Commemorative Coin Act, (2) the Bicentennial of the United States Capitol Commemorative Coin Act, and (3) the United States Capitol Visitor Center Commemorative Coin Act of 1999. The Fund currently does not receive any coin proceeds as the Mint no longer sells these coins.

⁸All fund assets not needed for current withdrawal are required to be invested in Treasury securities. The Commission determines the amount of funds that are not needed for current withdrawal. In this instance, the Commission has determined, and its procedures require, that \$200 of the fund assets not be invested in Treasury securities and be available for current withdrawal. 2 U.S.C. § 2083(e).

⁹2 U.S.C. § 2082.

¹⁰2 U.S.C. § 2082(b).

¹¹2 U.S.C. § 2081(e).

¹²See GAO, *Capitol Preservation Fund: Audit of Fiscal Years 2011 and 2012 Transactions*, [GAO-13-489R](#) (Washington, D.C.: May 1, 2013).

Table 1: Summary of Total Recorded Capitol Preservation Fund Transactions and Balances from Fiscal Years 2008 through 2020

na	na	Operating related	Operating related	na	na
Fiscal year	Beginning Fund balance	Disbursements	Receipts	Interest received from investments	Ending Fund balance
2008	\$10,096,868	\$0	\$0	\$386,404	\$10,483,272
2009	10,483,272	0	0	104,233	10,587,505
2010	10,587,505	0	0	20,467	10,607,972
2011	10,607,972	155,175	0	17,761	10,470,558
2012	10,470,558	0	0	6,487	10,477,045
2013	10,477,045	0	0	12,173	10,489,218
2014	10,489,218	0	0	7,233	10,496,451
2015	10,496,451	0	0	5,169	10,501,620
2016	10,501,620	0	0	24,147	10,525,767
2017	10,525,767	0	0	56,830	10,582,597
2018	10,582,597	0	0	141,138	10,723,735
2019	10,723,735	0	0	248,653	10,972,388
2020	10,972,388	0	0	178,036	11,150,424

Source: GAO analysis of Capitol Preservation Fund data. | GAO-24-107253

On behalf of the Commission, the Secretary of the Senate and the Clerk of the House of Representatives, pursuant to Commission rules, provide general operational support and assistance for activities that the Fund finances, including managing and overseeing the authorization, approval, and processing of operating disbursements and amounts the Commission receives for deposit to the Fund.¹³ They are responsible for ensuring that (1) Fund transactions are authorized, supported by documentation, and in accordance with applicable laws and (2) related policies, procedures, and internal controls are established and followed.¹⁴ In a 1989 memorandum, the Commission delegated the Fund’s investment responsibilities to the Library, specifying that funds not needed to meet current withdrawals are to be invested in Treasury securities with 3- or 6-month maturities.

The Library’s Chief Financial Officer’s staff provides principal services and support for the Fund, including purchasing and redeeming Treasury investments with funds not needed to finance current operations, processing receipt and disbursement transactions, and developing and maintaining the Fund’s accounting records and related support. Further, as the Fund’s financial-management provider, the Library, through its Chief Financial Officer, is also responsible for properly documenting and following appropriate policies, procedures, and internal control related to its service and support to the Commission.

¹³United States Capitol Preservation Commission, *Rules of the Commission* (Washington, D.C.: Feb. 6, 1991).

¹⁴Federal internal control standards recognize that an entity’s management is responsible for designing and implementing appropriate internal controls to achieve objectives related to the effectiveness and efficiency of operations, reliability of reporting for internal and external use, and compliance with applicable laws and regulations. An entity’s management is also responsible for monitoring and evaluating the effectiveness of internal control. See [GAO-14-704G](#).

The Commission's and Library's Policies and Procedures Were Sufficiently Documented and Adequately Designed

For fiscal years 2021, 2022, and 2023, the Commission's and Library's policies and procedures were sufficiently documented, adequately designed, and consistent with applicable federal internal control standards. This reasonably assured that the Fund's transactions would be authorized in advance, promptly and accurately accounted for, and supported. The Commission's and Library's policies and procedures are contained in statutes, the Rules of the Commission, memorandums between the Commission and the Library, various Library accounting directives, and a standard operating procedure for investments.

Commission and Library Policies and Procedures for the Fund

We found that the Commission and Library sufficiently documented and adequately designed their policies and procedures consistent with applicable federal internal control standards, thus reasonably assuring that the Fund's transactions would be authorized in advance, promptly and accurately accounted for, and supported. The following are examples of these policies and procedures.

- **Investments:** Any portion of the Fund that is not needed to meet current withdrawals is to be invested in an interest-bearing obligation of the United States or an obligation guaranteed as to principal and interest by the United States. Procedures include steps staff should follow to reasonably assure that investment transactions would be authorized in advance, promptly and accurately accounted for, and supported, outlining the staff members' and reviewers' detailed responsibilities when preparing and reviewing investment transactions.
- **Oversight and reporting:** Policies for how the Commission and the Library are to process and account for Fund transactions. The Library provides quarterly Fund activity reports to the Commission with information that enables those who need the information to carry out their responsibilities efficiently and effectively.
- **Receipts:** The Commission is to accept money only in the form of a check or similar instrument made payable to the Fund or to Treasury for the deposit to the Fund's account. The Library processes all operating-related receipt transactions and deposits checks or similar instruments in the Fund at Treasury.
- **Disbursements:** All transactions are to be directly related to the Commission's purposes. The Library ensures that funds are available in advance of disbursements and pays vendors on behalf of the Commission. Disbursements from the Fund are to be made using vouchers the Commission approved and the Co-Chair signed.

Most Fund Transactions Were Executed in Accordance with Applicable Policies and Procedures, and All Transactions Complied with Significant Laws

We found that the Library executed 125 of the 134 investment transactions in accordance with the Commission's and the Library's policies and procedures and that all transactions complied with applicable laws that we deemed significant to our audit objectives.¹⁵ In addition, the Commission and the Library generally followed their respective oversight and reporting policies and procedures over the activity that occurred during the period.

¹⁵There were only investment transactions, and no operating-related receipt or disbursement transactions, during the period our audit covered. We could therefore not test the implementation of the Commission's and the Library's policies and procedures for operating-related receipts and disbursements.

Fund Activity for Fiscal Years 2021, 2022, and 2023

The Fund's recorded transactions for fiscal years 2021, 2022, and 2023 consisted of 134 investment-related transactions, which resulted in a total of \$439,013 interest received from investments and an ending Fund balance of \$11,589,438 at the end of fiscal year 2023. There were no operating-related receipt or disbursement transactions. The Fund's investment-related transactions consisted of 76 purchases of investments and 58 redemptions of investments. Table 2 summarizes the Fund's financial transactions covering fiscal years 2021, 2022, and 2023.

Table 2: Summary of Total Recorded Capitol Preservation Fund Transactions and Balances for Fiscal Years 2021, 2022, and 2023

na	na	Operating related	Operating related	Investment related	na
Fiscal year	Beginning Fund balance	Disbursements	Receipts	Interest received from investments	Ending Fund balance (dollars)
2021	\$11,150,424	\$0	\$0	\$10,941	\$11,161,365
2022	11,161,365	0	0	21,837	11,183,202
2023	11,183,202	0	0	406,235	11,589,438

Source: GAO analysis of Library of Congress records for the Capitol Preservation Fund. | GAO-24-107253

Compliance with Transaction Policies and Procedures

While the Commission and Library sufficiently documented and adequately designed their policies and procedures to reasonably assure that Fund transactions would be properly executed, we identified nine out of 76 investment purchase transactions for which the Library did not execute transactions in accordance with these policies and procedures. Specifically, the Commission instructed the Library to invest certain funds in 6-month securities, and the Library's standard operating procedure for investments states that the investment term for these funds is 6-month Treasury bills. However, in September 2021, the Library purchased a 3-month Treasury bill for about \$1 million, when it should have purchased a 6-month Treasury bill, and continued to roll over and reinvest it eight more times in 3-month securities through fiscal year 2023. Library officials stated that this was the result of a clerical error in selecting the investment term in September 2021 and that the Library continued to reinvest in the same 3-month term. Library officials further stated that they will more closely monitor transactions to help ensure the investment terms comply with the investment policy.

Compliance with Oversight and Reporting Policies and Procedures

We found that the Commission and the Library generally followed their oversight and reporting policies and procedures over the transactions, which consisted solely of investment transactions. The Library's financial management services on behalf of the Fund include reporting to the Commission on the Fund's activity. During the period our audit covered, the Library provided the Commission with quarterly financial reports, which enabled the Commission to monitor the Fund's financial activity. However, the Commission did not identify the investment term error discussed above.

Compliance with Significant Laws for Recorded Transactions

In reviewing the Fund's transactions, we identified three statutory provisions within the enabling statute related to our audit objectives, which involved (1) investment of Fund assets, (2) use of Fund assets, and (3) required approvals for Fund disbursements. We found that all the Fund's transactions complied with the applicable provisions, as described below.

- **Investment of Fund assets.** Pursuant to the Fund's enabling statute, Fund assets not needed to meet current withdrawals are to be invested in interest-bearing obligations of the United States or obligations guaranteed as to principal and interest by the United States.¹⁶ Our review of the recorded transactions of the Fund found that each of the Fund's 76 investment purchases complied with this provision.
- **Use of Fund assets.** Under the Fund's enabling statute, Fund assets are available to the Commission for payment of transaction costs and similar expenses incurred pursuant to 2 U.S.C. § 2082, improvement and preservation projects for the United States Capitol (subject to the approval of the House and Senate Committees on Appropriations), disbursement with respect to works of fine art and other property, and such other payments as may be required to carry out the purpose of the Commission.¹⁷ During the period our audit covered, no funds were used other than for purchases of investments.
- **Required approvals for use of Fund assets.** Under the Fund's enabling statute, disbursements from the Fund are to be made on vouchers the Commission approved and the Co-Chair signed.¹⁸ Commission rules authorize the Co-Chair to approve incidental expenses on behalf of the Commission. During the period our audit covered, no funds were used for the purposes stated in the previous paragraph and therefore no approvals for the use of the Fund assets were needed.

Agency Comments

We provided a draft of this report to the Chief Financial Officer of the Library of Congress, the Clerk of the House of Representatives, and the Secretary of the Senate for review and comment. They did not have any comments on the report.

We are sending copies of this report to the Secretary of the Senate, the Clerk of the House of Representatives, and the Chief Financial Officer of the Library of Congress. In addition, the report is available at no charge on the GAO website at <https://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-9377 or clarkce@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Key contributors to this report include Lynda Downing (Assistant Director), Brian S. Harechmak (Auditor-in-Charge), Landon Western, and Steve Duncan.

¹⁶2 U.S.C. § 2083(e).

¹⁷2 U.S.C. § 2083(b).

¹⁸2 U.S.C. § 2083(d).

Cheryl E. Clark

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Financial Management and Assurance

Enclosure

Enclosure: Objectives, Scope, and Methodology

To determine to what extent the United States Capitol Preservation Commission's and the Library of Congress's policies and procedures were documented and designed to reasonably assure that the Capitol Preservation Fund's recorded transactions would be authorized in advance, promptly and accurately accounted for, and supported, we reviewed the enabling statute for the Commission and the Fund and the Commission's and the Library's documented policies and procedures. We compared them with applicable federal internal control standards to assess the adequacy of controls related to transaction authorization, prompt and accurate accounting, and documentation. We also met with key contacts from the Commission (e.g., legal counsel and curators) and staff from the Library's Office of the Chief Financial Officer to discuss the nature and extent of the Fund's financial transaction operating, reporting, and oversight procedures; available supporting documentation; and accounting records. We used our discussions with Commission contacts and Library staff, and our review of policies and procedures and available supporting documentation, to determine to what extent the policies and procedures were documented and designed to reasonably assure that the Fund's recorded transactions would be authorized in advance, promptly and accurately accounted for, and supported.

To determine to what extent the Commission and the Library executed Fund transactions for fiscal years 2021, 2022, and 2023 in accordance with policies and procedures, we (1) traced and agreed subsidiary records to the Library's trial balance and (2) traced and agreed the Library's trial balance to the Department of the Treasury's Governmentwide Accounting Account Statements.¹ We also tested 100 percent of the Fund's transactions that were recorded during fiscal years 2021, 2022, and 2023, by reviewing related accounting records and supporting documentation to determine if the Fund's recorded transactions were authorized in advance, promptly and accurately accounted for, and supported. Furthermore, we verified the Library's recorded transactions with the Treasury FedInvest Transaction History Reports.² In addition, we reviewed documentation supporting communications between and among Library staff and Commission contacts regarding recorded transactions and activities of the Fund.

We reviewed applicable laws to determine if any were significant to our audit objectives. We identified three statutory provisions within the enabling statute related to the objectives of our performance audit, which involved (1) investment of Fund assets, (2) use of Fund assets, and (3) required approvals for Fund disbursements. To assess whether transactions were executed in compliance with laws considered significant to our audit objectives, we reviewed the relevant statutory requirements, supporting documentation, and accounting for all Fund transactions.

We conducted this performance audit from January 2024 to June 2024 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

¹The Account Statements provide the Fund's balance and transaction information at Treasury and were used to verify the Library's records of Fund transactions.

²Treasury maintains the Fund's transaction records, which provided third-party verification of the Library's records of Fund transactions.