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June 13, 2024

Congressional Committees

## Congressional Award Foundation: Review of the FY 2023 Financial Statement Audit

This report presents the results of our review of the Congressional Award Foundation’s fiscal year 2023 financial statement audit. The Congressional Award Act established the Congressional Award Board to carry out a program to promote excellence among the nation’s youth in the areas of public service, personal development, physical fitness, and expedition or exploration.<sup>1</sup> The Board created the Foundation as a nonprofit corporation to help it carry out this program.<sup>2</sup> The Congressional Award Act, as amended by the Government Reports Elimination Act of 2014, requires the Foundation to obtain an annual financial statement audit from an independent public accountant (IPA).<sup>3</sup> The act includes a provision for GAO to review the audit of the Foundation’s financial statements and report the results to the Congress annually.<sup>4</sup>

The Foundation received an unmodified opinion on its fiscal years 2023 and 2022 financial statements.<sup>5</sup> The IPA found the Foundation’s financial statements presented fairly, in all material respects, the financial position of the Foundation and the results of its activities and its cash flows in accordance with U.S. generally accepted accounting principles. The IPA also reported for fiscal year 2023 that it did not identify any (1) deficiencies it considered to be material weaknesses<sup>6</sup> in the Foundation’s internal control over financial reporting or (2) instances of noncompliance or other matters that are required to be reported under U.S. generally accepted

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<sup>1</sup>Pub. L. No. 96-114, 93 Stat. 851 (1979), *classified, as amended, at* 2 U.S.C. §§ 801-808.

<sup>2</sup>2 U.S.C. § 806(i).

<sup>3</sup>2 U.S.C. § 807, *amended by* Government Reports Elimination Act of 2014, Pub. L. No. 113-188, § 902(c)(1), 128 Stat. 2016, 2021.

<sup>4</sup>We reported on the results of our review of the Foundation’s fiscal year 2022 financial statement audit in GAO, *Congressional Award Foundation: Review of the FY 2022 Financial Statement Audit*, [GAO-23-106672](#) (Washington, D.C.: June 8, 2023). The Foundation received an unmodified opinion on its fiscal years 2022 and 2021 financial statements.

<sup>5</sup>The Foundation’s financial statements consist of the statements of financial position, the related statements of activities and cash flows, and the accompanying notes to the financial statements.

<sup>6</sup>A material weakness is a deficiency, or 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.

government auditing standards (GAGAS).<sup>7</sup> In addition, the IPA reported it conducted its audit and prepared its report in accordance with GAGAS. The Foundation concurred with the IPA's conclusions.

### **Objective, Scope, and Methodology**

Our objective was to review the Foundation's fiscal year 2023 financial statement audit to identify any significant issues we believe require attention. To satisfy this objective, we performed the following procedures:

- We read and considered the following with respect to the IPA's independence, objectivity, and qualifications:
  - the results of the IPA's most recent peer review,<sup>8</sup> dated July 17, 2023, which indicated a "pass" rating;<sup>9</sup>
  - the IPA's certification of independence;
  - the engagement letter between the IPA and the Foundation that described the respective responsibilities of both parties, set forth the scope and objectives of the audit service, and referenced the professional standards governing the conduct of the engagement;
  - résumés of key audit team members; and
  - documentation related to the continuing professional education of the IPA staff members assigned to the audit.
- We analyzed key audit documentation focusing on (1) the summary planning documents, including the IPA's assessment of the risk of material misstatement in the Foundation's financial statements; (2) the audit procedures developed in response to this assessment; and (3) the audit completion documents summarizing the results and conclusions the IPA reached.
- We read the Foundation's fiscal years 2023 and 2022 financial statements, the IPA's audit report on these financial statements, and the IPA's report on internal control over financial reporting and on compliance and other matters based on its audit.

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<sup>7</sup>GAGAS, issued by the Comptroller General of the United States, incorporates U.S. generally accepted auditing standards and constitutes the professional standards under which the IPA was to perform the Foundation's financial statement audit. For financial statement audits performed in accordance with GAGAS, the auditor is required to report on internal control over financial reporting and on compliance with provisions of laws, regulations, contracts, or grant agreements that have a material effect on the financial statements, regardless of whether the auditor identifies internal control deficiencies or instances of noncompliance. GAGAS does not require the auditor to express opinions on the effectiveness of internal control over financial reporting or compliance.

<sup>8</sup>GAGAS requires each audit organization to have a periodic external peer review conducted by reviewers independent of the organization being reviewed. The external peer review should determine whether, during the period under review, the reviewed audit organization's internal quality control system was suitably designed and whether quality control policies and procedures were being complied with to provide the audit organization with reasonable assurance that it conforms to applicable professional standards.

<sup>9</sup>There are two types of peer reviews: system reviews and engagement reviews. System reviews focus on an audit organization's system of quality control, while engagement reviews focus on work performed on selected engagements. Audit organizations can receive a rating of "pass," "pass with deficiency(ies)," or "fail." The IPA received a rating of "pass" on a system review.

- We also discussed matters pertinent to our objective with IPA representatives and Foundation management officials.

Our review of the Foundation’s fiscal year 2023 financial statement audit, as differentiated from an audit of the financial statements, was not intended to enable us to express—and we do not express—an opinion on the Foundation’s financial statements or a conclusion on the effectiveness of its internal control over financial reporting. Furthermore, we do not express an opinion on the Foundation’s compliance with provisions of applicable laws, regulations, contracts, and grant agreements. The IPA is responsible for its reports on the Foundation dated April 1, 2024, and the conclusions expressed therein.

We conducted this performance audit from February 2024 to June 2024 in accordance with U.S. 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

### **No Significant Issues Identified Related to the Foundation’s Fiscal Year 2023 Financial Statement Audit**

Based on the limited procedures we performed in reviewing the IPA’s audit of the Foundation’s fiscal year 2023 financial statements, we did not identify any significant issues we believe require attention. Had we performed additional procedures, other matters might have come to our attention that we would have reported.

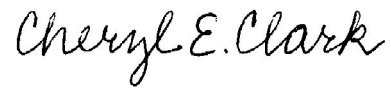
### **Agency Comments and Third-Party Views**

We provided a draft of this report to the Foundation and the IPA for review and comment. The Foundation’s National Director and the Foundation’s Audit Committee Chair responded in an email that they were pleased that GAO found no significant issues related to the audit. The IPA’s Audit Principal responded in an email that the IPA had no comments regarding our report and its findings.

We are sending copies of this report to the National Director of the Congressional Award Foundation, the Chair of the Congressional Award Board’s Audit Committee, and other interested parties. In addition, the report is available at no charge on the GAO website at <https://www.gao.gov>.

If you or your staffs have any questions about this report, please contact me at (202) 512-9377 or [clarkce@gao.gov](mailto:clarkce@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 members who made key

contributions to this report include Nina Crocker (Assistant Director), Umesh Basnet (Auditor-in-Charge), and Tracy Davis-Ross.

A handwritten signature in black ink that reads "Cheryl E. Clark". The signature is written in a cursive, flowing style.

Cheryl E. Clark  
Director  
Financial Management and Assurance

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