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June 13, 2024

The Honorable Patty Murray
President Pro Tempore of the Senate

The Honorable Charles E. Schumer
Majority Leader
The Honorable Mitch McConnell
Minority Leader
United States Senate

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

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

Congress established the Senate Preservation Fund in September 2003 within the U.S. Treasury.¹ The Fund is available to the Senate Commission on Art to fund the acquisition of works of art, historical objects, documents, and materials relating to historical matters, or exhibits in the Capitol and Senate office buildings, and certain related activities.² Congress instructed the Library of Congress to provide the Commission with financial management and disbursing services and support.³ The Fund's enabling statute includes a provision for GAO to audit the Fund and report the results to the Commission.⁴

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

¹Pub. L. No. 108-83, § 2, 117 Stat. 1007, 1012 (Sept. 30, 2003), *classified as amended at* 2 U.S.C. § 2108(c).

²The Fund is also available for official activities of advisory boards established to provide advice and assistance to the Commission; for specified purposes for which funds from the Senate contingent fund may be used; and for expenditures, not to exceed \$10,000 in any fiscal year, for meals and refreshments in Capitol facilities in connection with official activities of the Commission or other authorized programs and activities. 2 U.S.C. § 2108(c)(2).

³2 U.S.C. § 2108(c)(5).

⁴2 U.S.C. § 2108(c)(6). 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 Secretary of the Senate requests that an audit be conducted at an earlier date. Pub. L. No. 112-234, § 2(h), 126 Stat. 1624, 1625 (Dec. 28, 2012).

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 the 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 42 investment-related transactions resulting in \$21,784 in interest received. There were no operating-related receipt or disbursement transactions during this period. We found that all 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. In addition, the Commission and the Library followed their respective oversight and reporting policies and procedures over the activity that occurred during the period.

Background

Congress authorized the Commission to supervise, hold, place, protect, and make known all works of art, historical objects, and exhibits in the Senate wing of the Capitol and Senate office buildings and in all rooms, spaces, and corridors thereof.⁶ The Commission is made up of five U.S. senators—the President Pro Tempore of the Senate, the Majority and Minority Leaders of the Senate, and the Chair and Ranking Member of the Senate Committee on Rules and Administration.

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

⁶Section 901 of Pub. L. No. 100-696, 102 Stat. 4571, 4610 (Nov. 18, 1988) created the Commission by amending and enacting into law Senate Resolution, S. Res. 382, 90th Cong. (1968). With subsequent amendments, the law governing the Commission is now classified at 2 U.S.C. §§ 2101-2108.

Congress established the Fund in September 2003 within the Treasury and appropriated—by transfer from the contingent fund of the Senate—\$500,000 in initial funding. The Fund is available to the Commission to pay for expenses associated with

- acquisition of any work of art, historical object, document, or material related to historical matters or exhibit for placement or exhibition within the Senate wing of the Capitol and Senate office buildings;
- official activities of advisory boards established to advise and assist the Commission;
- meals and refreshments, subject to limitation, in connection with official activities of the Commission; and
- any purposes for which funds from the contingent fund of the Senate may be used under 2 U.S.C. § 2107(a).⁷

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 consisted primarily of investments and disbursements for activities related to the Commission’s advisory boards⁸ and for the purchase of artwork in 2011.⁹

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

Fiscal year	Beginning Fund balance	Operating related		Investment related	Ending Fund balance
		Disbursements	Receipts	Interest received from investments	
2008	\$565,615	\$33,293	\$0	\$16,004	\$548,326
2009	548,326	1,966	10	3,437	549,807
2010	549,807	3,308	0	1,104	547,603
2011	547,603	80,125	0	784	468,262
2012	468,262	0	0	440	468,702
2013	468,702	0	0	456	469,158
2014	469,158	5,563	0	228	463,823
2015	463,823	0	262	179	464,264
2016	464,264	192	0	1,349	465,421
2017	465,421	0	0	2,942	468,363
2018	468,363	0	0	6,679	475,042

⁷2 U.S.C. § 2108(c). In addition to these purposes, in May 2017 the statute establishing the Fund was amended to provide authority for the Commission to transfer amounts in the Fund to the Architect of the Capitol for individual conservation or restoration projects estimated to cost greater than \$100,000 for the cost of conservation or restoration, in whole or in part, by the Architect of the Capitol of works of art, historical objects, documents, or material relating to historical matters placed or exhibited, or to be placed or exhibited, within the Senate wing of the United States Capitol or any Senate Office Building. Pub. L. No. 115-31, div. I, title I, § 2, 131 Stat. 571 (May 5, 2017), *classified at* 2 U.S.C. § 2108(c)(3)(D).

⁸Disbursements related to the Commission’s advisory board activities consisted primarily of travel expenses.

⁹See GAO, *Senate Preservation Fund: Audit of Fiscal Years 2011 and 2012 Transactions*, [GAO-13-490R](#) (Washington, D.C.: May 1, 2013).

Fiscal year	Beginning Fund balance	Operating related		Investment related	Ending Fund balance
		Disbursements	Receipts	Interest received from investments	
2019	475,042	0	0	11,424	486,466
2020	486,466	0	0	6,326	492,792

Source: GAO analysis of Senate Preservation Fund data. | GAO-24-107254

The Commission’s Executive Secretary and staff provide operational support and assistance on behalf of the Commission for activities 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. The Executive Secretary is 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.¹⁰

The Library is to provide financial-management and disbursing services and support to the Commission as may be required and mutually agreed to by the Librarian of Congress and the Commission’s Executive Secretary.¹¹ The Library’s principal services and support include investing funds not needed for current withdrawal, processing receipt and disbursement transactions, and developing and maintaining the Fund’s accounting records and related support.¹² The Library, through its Chief Financial Officer, is also responsible for establishing, documenting, and following appropriate policies, procedures, and internal control related to its service and support to the Commission.

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, a Commission delegation letter, the United States Senate Acquisition Policy, 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

¹⁰Federal 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](#).

¹¹2 U.S.C. § 2108(c)(5).

¹²All fund assets not needed for current withdrawal are required to be invested in Treasury securities. 2 U.S.C. § 2108(c)(4)(A).

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 may accept gifts of money and any such gifts must be deposited in the Fund's account at Treasury. The Library processes all operating-related receipt transactions and deposits checks or similar instruments in the Fund at Treasury.
- **Disbursements:** Disbursements may only be made for (1) costs incurred in carrying out the purposes of the Commission, (2) official activities of advisory boards, and (3) the acquisition of works of art and historical objects or any purposes for which the contingent fund of the Senate is available under 2 U.S.C. § 2107(a). The Library ensures that funds are available in advance of disbursements and pays vendors on behalf of the Commission. The Commission approves, and the Executive Secretary of the Commission signs, a voucher for disbursements over \$10,000 from the Fund. For disbursements under \$10,000 the Commission's Executive Secretary approves the vouchers.¹³

The Library Executed All Transactions in Accordance with Applicable Policies and Procedures and Complied with Significant Laws

We found that the Library executed all 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.¹⁴ In addition, the Commission and the Library followed their respective oversight and reporting policies and procedures over the activity that occurred during the period.

Fund Activity for Fiscal Years 2021, 2022, and 2023

The Fund's recorded transactions for fiscal years 2021, 2022, and 2023 consisted of 42 investment-related transactions, which resulted in a total of \$21,784 interest received from investments and an ending Fund balance of \$514,577 at the end of fiscal year 2023. There were no operating-related receipt or disbursement transactions. The Fund's investment-related transactions consisted of 21 purchases of investments and 21 redemptions of investments.

¹³2 U.S.C. § 2108(c)(3).

¹⁴There 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.

Table 2 summarizes the Fund’s financial transactions covering fiscal years 2021, 2022, and 2023.

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

Fiscal year	Beginning Fund balance	Operating related		Investment related	Ending Fund balance
		Disbursements	Receipts	Interest received from investments	
2021	\$492,792	\$0	\$0	\$466	\$493,258
2022	493,258	0	0	1,430	494,688
2023	494,688	0	0	19,889	514,577

Source: GAO analysis of Library of Congress records for the Senate Preservation Fund. | GAO-24-107254

Compliance with Transaction Policies and Procedures

We found that the Commission and the Library executed all their transactions, which consisted solely of investment transactions, in accordance with their policies and procedures.

Compliance with Oversight and Reporting Policies and Procedures

We found that the Commission and the Library 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.

Compliance with Significant Laws for Recorded Transactions

In reviewing the Fund’s transactions, we identified three statutory provisions within the enabling statutes 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 that, as determined by the Commission, have maturity suitable for the Fund.¹⁵ Our review of the recorded transactions of the Fund found that each of the Fund’s 21 investment purchases complied with this provision.
- **Use of Fund assets.** Under the Fund’s enabling statute, Fund assets are available to the Commission for various purposes, including the acquisition of works of art and historical objects, official activities of the Commission’s advisory boards, and any purposes for which

¹⁵ 2 U.S.C. § 2108(c)(4).

the contingent fund of the Senate is available under 2 U.S.C. § 2107(a).¹⁶ During the period our audit covered, no funds were used other than for purchases of investments.

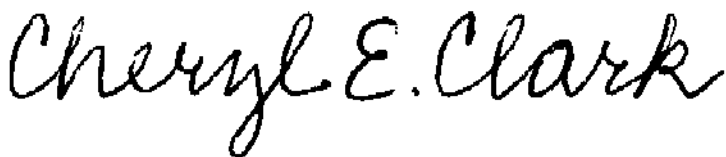
- **Required approvals for use of Fund assets.** Under the Fund's enabling statute, disbursements from the Fund are to be made on vouchers approved by the Commission and signed by the Executive Secretary of the Commission.¹⁷ In December 2008, the Commission delegated the authority to approve disbursements under \$10,000 for expenses and vouchers consistent with purposes of the Fund to the Commission's Executive Secretary. 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 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 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.



Cheryl E. Clark
Director
Financial Management and Assurance

Enclosure

¹⁶ 2 U.S.C. § 2108(c)(2).

¹⁷ 2 U.S.C. § 2108(c)(3)(C).

Enclosure: Objectives, Scope, and Methodology

To determine to what extent the Senate Commission on Art's and the Library of Congress's policies and procedures were documented and designed to reasonably assure that the Senate Preservation Fund's recorded transactions would be authorized in advance, promptly and accurately accounted for, and supported, we reviewed the enabling statutes 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 statutes related to the objectives, 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.

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