



## THE AMERICAN BATTLE MONUMENTS COMMISSION

Courthouse Plaza II, Suite 500  
2300 Clarendon Boulevard  
Arlington, VA 22201

Established by Congress 1923

November 22, 2005

The President  
The White House  
Washington, D.C. 20500

Dear Mr. President:

Submitted herewith is the Fiscal Year 2005 annual report of the American Battle Monuments Commission (ABMC) as directed by:

Public Law 97-255, The Federal Managers' Financial Integrity Act (FMFIA), and

Public Law 100-504, The 1988 Amendments to the Inspector General Act (IGA) of 1978.

These reports are provided in accordance with the basic legislation and the guidance of the Office of Management and Budget (OMB).

### FMFIA

As Secretary of the ABMC, I am cognizant of the importance of and need for management accountability and responsibility as the basis for quality and timeliness of program performance, mission accomplishment, increased productivity, cost effectiveness and compliance with applicable laws. I have taken measures to ensure that the annual evaluation of these controls is performed in a conscientious and thorough manner according to OMB's regulations and guidelines.

ABMC's evaluations of our system of internal management practices and controls during Fiscal Year 2005 revealed no material weaknesses.

The objectives of ABMC's internal management control policies and procedures are to provide reasonable assurance that:

1. Obligations and costs are in compliance with applicable law;
2. Funds, property, and other assets are safeguarded against waste, loss, unauthorized use, and misappropriation;
3. Revenue and expenditures applicable to agency operations are promptly recorded and accounted for; and
4. Programs are efficiently and effectively carried out in accordance with applicable laws and management policy.

Based on the above, there is reasonable assurance that ABMC, on the whole, complies with the provisions of the FMFIA. The reasonable assurance concept recognizes the cost of internal controls should not exceed the benefits expected to be derived and that the benefits reduce the risk of failing to achieve stated objectives.

The Fiscal Year 2005 evaluation conformed to guidelines identified above and other available information. It indicates that ABMC's system of internal management practices and controls in effect during the year which ended on September 30, 2005, and within the limits set forth in the preceding paragraph, complies as a whole with government-wide requirements to provide reasonable assurance that stated objectives were achieved.

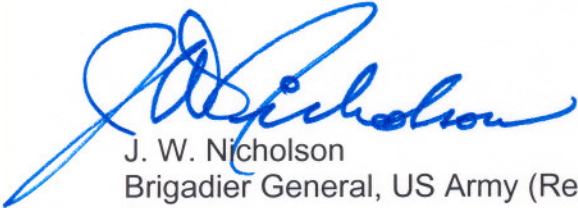
The Government Accountability Office (GAO) completed the eighth annual audit on the Fiscal Year 2004 ABMC and World War II Memorial accounts during Fiscal Year 2005. This CFO Act audit of ABMC and the World War II Memorial brought with it the opportunities to further strengthen our controls and overall financial integrity. GAO Financial Audit (GAO 05-298, March 2005) results indicated an "unqualified opinion"; however, it recognized deficiencies in two areas: (1) inadequate controls over information technology systems regarding user documentation and security programs/access controls; and (2) improper recognition of property additions and accrued liabilities. ABMC concurred with these findings. ABMC has taken actions to correct these weaknesses and is working to have corrections in place during Fiscal Year 2006.

#### IGA

Due to the size of the Agency, ABMC does not have an Inspector General. ABMC's Executive Director and Chief Operating Officer acts as the Agency Inspector General, handling any investigations required at Field Offices and Headquarters.

ABMC supports every effort to maintain efficiency in government and strives to continuously improve the effectiveness with which we contribute to those goals and carry out our mission.

Respectfully,



J. W. Nicholson  
Brigadier General, US Army (Ret)  
Secretary

cc:

President of the Senate  
Speaker of the House of Representatives  
Director, Office of Management and Budget  
Chairman, Senate Committee on Governmental Affairs  
Ranking Member, Senate Committee on Governmental Affairs  
Chairman, House Committee on Governmental Reforms and Oversight  
Ranking Member, House Committee on Governmental Reforms and Oversight  
Chairman, Senate Subcommittee on Military Construction, Veterans Affairs, and Related Agencies  
Ranking Member, Senate Subcommittee on Military Construction, Veterans Affairs, and Related Agencies  
Chairman, House Subcommittee on Military Quality of Life, Veterans Affairs, and Related Agencies  
Ranking Member, House Subcommittee on Military Quality of Life, Veterans Affairs, and Related Agencies  
OMB Office of Federal Financial Management, Management Integrity Branch