



United States General Accounting Office
Washington, DC 20548

Accounting and Information
Management Division

B-283484

September 10, 1999

The Honorable Benjamin A. Gilman
Chairman
Committee on International Relations
House of Representatives

Subject: Interparliamentary Group Review Procedures

Dear Mr. Chairman:

We have performed the procedures you requested to assist the Committee in evaluating the extent to which five House Interparliamentary Groups' Schedules of Receipts, Disbursements, and Fund Balance for the years ended December 31, 1997 and 1998, appropriately reflect the cash receipts and disbursements and fund balance for the years then ended. The schedules present, for the years ended December 31, 1997 and 1998, the opening fund balance, total receipts and disbursements by category, and ending fund balance, on a cash basis, for each of the following groups:

- British-American Interparliamentary Group,
- Canada-United States Interparliamentary Group,
- Mexico-United States Interparliamentary Group,
- United States-European Community Interparliamentary Group, and
- United States Group of the North Atlantic Assembly.

In summary, the procedures you asked us to perform included reviewing documentation supporting each group's recorded receipt and disbursement transactions and related fund balances for evidence that the transactions were properly authorized and recorded. As agreed, we also recalculated the reported amounts using each group's general journal and supporting documentation and compared the recalculated amounts to the reported amounts in each group's 1997 and 1998 schedule. The details of the agreed-upon procedures along with our results are presented in enclosure 1. The unaudited 1997 and 1998 schedules for each of the five Interparliamentary Groups are in enclosure 2.

162741

GAO/AIMD-99-279R Interparliamentary Groups

By specifying the procedures, your office was responsible for ensuring that the procedures were sufficient to meet your objectives, and we make no representations in that respect. In performing the agreed-upon procedures, we conducted our work in accordance with generally accepted government auditing standards that incorporate financial audit and attestation standards established by the American Institute of Certified Public Accountants. These standards also provide guidance when performing and reporting the results of agreed-upon procedures. In agreeing to perform the procedures you requested, we discussed this guidance and the related limitations on the nature, scope, and intended use of our work with your office. As we did not perform a financial audit, we do not express an opinion on the schedules.

We provided a draft of this letter, along with its enclosures, to your staff for review and comment. They agreed with the contents of this letter and the enclosures. We conducted our work from July 19, 1999 through August 6, 1999.

We are sending a copy of this letter to Representative Sam Gejdenson, Ranking Minority Member of your Committee. This letter is intended for the use of the Committee on International Relations. However, this letter is a matter of public record and its distribution is not limited. Copies will be made available to others upon request.

If you have any questions concerning our work or the results of the agreed-upon procedures, please contact me or John J. Reilly, Assistant Director, on (202) 512-9406. Key contributors to this assignment were Charles Ego, James Rinaldi, Patricia Summers, and Greg Ziombra.

Sincerely yours,

A handwritten signature in black ink that reads "Robert W. Gramling". The signature is written in a cursive, flowing style with a large, prominent "G" at the end.

Robert W. Gramling
Director, Corporate Audits
and Standards

Enclosures

Agreed-Upon Procedures and Related Results

Receipts Procedures

1. Compare the appropriation received and recorded in the general journal for 1997 and 1998 to evidence of the appropriation requested and received and bank deposits recorded on the bank statements.
2. Compare the interest received and recorded in the general journal for 1997 and 1998 to the interest credited on the group's 1997 and 1998 bank statements.
3. Compare the other receipts recorded in the general journal for 1997 and 1998 to deposit slips, bank statements, and/or other documentation evidencing the receipts.

Results

For each group, annual appropriation, interest, and other receipts were accurately recorded in the general journal and supported by appropriate documentation.

Disbursements Procedures

For each of the reported disbursement categories (representational functions, interpreters/translators, travel, lodging, transfers to U.S. Treasury, and miscellaneous), obtain and review vouchers, canceled checks, and other supporting documentation for each disbursement recorded in the general journal for 1997 and 1998. As part of the review:

1. Compare the voucher amount to the amount disbursed per the general journal.
2. Compare the payee on the voucher to the supporting documentation.
3. Examine each voucher and supporting documentation for evidence that the (a) designated official certified that the goods and/or services were received, (b) voucher was approved by an authorizing official, and (c) voucher was approved before it was drawn for payment.
4. Examine each canceled check to determine that the check was signed by the designated official and endorsed by the payee.
5. Examine the disbursement entry in the general journal to determine whether the journal entry included the date of the check, the payee, the check number, the amount, and the description of the type or category of goods or services provided.
6. Examine the check register and subsequent bank statements to determine if a check was recorded, issued, and paid for each payment voucher.

Enclosure 1

Results

Checks for all 1997 and 1998 disbursements were signed, recorded, issued, and endorsed. Each check disbursement entry in the general journal included the date of the check, the payee, the check number, the amount, and the description of the type or category of goods or services provided. The payee on each check was the same as the payee on the respective voucher. The amount of each disbursement was accurately recorded in the general journal and agreed with the related voucher and supporting documentation except for one 1997 disbursement for the United States-European Community Interparliamentary Group. For that disbursement, the amount of the approved voucher exceeded the amount subsequently disbursed. However, the amount disbursed correctly reflected the supporting documentation and agreed with the amount recorded in the general journal.

All vouchers were prepared, certified, and approved prior to payment except for five payments, totaling \$20,762.87, for the United States Group of the North Atlantic Assembly, which were made in 1997 without prior voucher preparation and approval. In June 1997, Committee staff identified the lack of prior voucher preparation and approval for the five payments made from March 14 through June 1, 1997.¹ Our review of the group's remaining 1997 vouchers and all of its 1998 vouchers found that each voucher was prepared, certified, and approved before payments were made.

Based on a subsequent review of the five payments made in 1997, the North Atlantic Assembly Group's Chairman concluded that the payments were legitimate group expenses that would have been approved had a voucher been prepared in advance. Further, the group's Chairman required that as a matter of record, a voucher for the five disbursements be prepared, approved, and dated with the date it was prepared. To assure future compliance with internal controls, the staff responsible for preparing the group's vouchers and checks were formally notified in June 1997 that checks were not authorized until the group's chairman had signed the voucher.

Overall Procedures

1. Trace the opening fund balances for 1997 and 1998 recorded in the general journal to the closing balances recorded in the general journal for 1996 and 1997.

¹During our review of the House Interparliamentary Group's 1996 Schedules of Receipts, Disbursements, and Fund Balance (GAO/AIMD-98-44R, December 27, 1997), we noted that, in June 1997, Committee staff determined that the group's disbursements for 1996 and part of 1997 were made without the prior voucher preparation and approval. As noted in the Committee's procedures, applicable statutes require that appropriated funds for interparliamentary groups be disbursed on vouchers approved by each group's chairman. Once the lack of prior voucher preparation and approval was known, the group's chairman and Committee staff acted to review and approve, after the fact, the disbursements and help ensure future compliance with Committee procedures.

Enclosure 1

2. Trace the opening and closing fund balances for 1997 and 1998 in the group's general journal and related bank statements to the opening and closing fund balances in the group's Schedule of Receipts, Disbursements, and Fund Balance for 1997 and 1998.
3. Recalculate the group's ending balances for 1997 and 1998 by adding all receipts posted to the journal to the opening balances recorded in the journal for 1997 and 1998 and subtracting all disbursements or other charges recorded in the journal for 1997 and 1998. Compare the results to the amount recorded as ending balances in the general journal and shown on the Schedule of Receipts, Disbursements, and Fund Balance.
4. Using the amounts recorded in the general journal for 1997 and 1998, recalculate the (a) total receipts and total disbursements for the year and (b) total receipts for each year by category (appropriations, interest, and other) and total disbursements for each year by category (representational functions, interpreters/translators, travel, lodging, transfers to U.S. Treasury, and miscellaneous). Trace the recalculated amounts to the amounts in the 1997 and 1998 Schedule of Receipts, Disbursements, and Fund Balance.
5. Review the reconciliation for the group's 1997 and 1998 year-end bank statements and related reconciling items. Review subsequent bank statements for evidence that the reconciling items were posted as provided for in the reconciliation.
6. With respect to each procedure, obtain an explanation for any differences between the amounts recorded in the general journal, the bank statements, and the Schedule of Receipts, Disbursements, and Fund Balance.

Results

The groups' receipt and disbursement transactions were correctly recorded in their general journals. In addition, for 1997 and 1998, the receipts and disbursements, by category and in total, as well as the beginning and ending fund balance reported in each group's Schedule of Receipts, Disbursements, and Fund Balance for 1997 and 1998 were correctly totaled and agreed with the amounts recorded in each group's general journal for the year. Reconciling items for each group's 1997 and 1998 year-end bank statements were subsequently posted by the bank to the group's bank account.

Schedules for the Interparliamentary Groups (Unaudited)

British-American Interparliamentary Group

<p align="center">House of Representatives British-American Interparliamentary Group Schedule of Receipts, Disbursements, and Fund Balance¹ (Unaudited)</p>		
	<u>For the Year Ended December 31</u>	
	1998	1997
Beginning Fund Balance ²	\$115,814.61	\$ 88,395.15
Receipts:		
Appropriation	\$ 25,000.00	\$ 25,000.00
Interest	2,343.10	2,419.46
Total receipts	\$ 27,343.10	\$ 27,419.46
Disbursements:		
Representational functions ³	\$ 603.30	0.00
Transfers to U.S. Treasury ⁴	8,563.25	0.00
Miscellaneous	10.88	0.00
Total disbursements	\$9,177.43	0.00
Ending Fund Balance ⁵	\$133,980.28	\$115,814.61

¹The Schedule of Receipts, Disbursements, and Fund Balance is prepared on a cash basis.

²Beginning Fund Balance represents the balance at January 1, 1997 and 1998, of interparliamentary group funds carried over from the prior period.

³Representational functions include the costs associated with holding the interparliamentary groups' annual conferences. These costs include expenses for supplies, gift items, ground transportation, official delegation group meals, and meeting room costs.

⁴Transfers represent disbursements by the group to the U.S. Treasury pursuant to Section 502(b) of Title V of Public Law 103-236 (108 Stat. 462). Under this provision, interest earned from funds provided to the group pursuant to Section 303 of Title III of Public Law 100-202 (101 Stat. 1329-23; 22 U.S.C. 276 note) and deposited in interest-bearing accounts shall be periodically deposited in a miscellaneous account of the Treasury.

⁵Ending Fund Balance represents the fund balance remaining at December 31, 1998 and 1997, and available for use in a subsequent period.

Enclosure 2

Canada-United States Interparliamentary Group

House of Representatives Canada-United States Interparliamentary Group Schedule of Receipts, Disbursements, and Fund Balance¹ (Unaudited)		
	For the Year Ended December 31	
	1998	1997
Beginning Fund Balance ²	\$93,314.67	\$72,144.42
Receipts:		
Appropriation	\$35,000.00	\$35,000.00
Interest	1,738.73	2,081.99
Other ³	1,808.86	182.26
Total receipts	\$38,547.59	\$37,264.25
Disbursements:		
Representational functions ⁴	\$38,319.30	\$ 8,537.50
Travel	330.00	618.00
Lodging/per diem	13,506.50	6,375.64
Transfers to U.S. Treasury ⁵	6,261.47	0.00
Miscellaneous	1,941.01	562.86
Total disbursements	\$60,358.28	\$16,094.00
Ending Fund Balance ⁶	\$71,503.98	\$93,314.67

¹The Schedule of Receipts, Disbursements, and Fund Balance is prepared on a cash basis.

²Beginning Fund Balance represents the balance at January 1, 1997 and 1998, of interparliamentary group funds carried over from the prior period.

³Other receipts consist of amounts repaid by congressional members/staff for expenses unrelated to activities of interparliamentary groups that were initially paid out of annual appropriations provided to fund the group; it also includes reimbursement from Representative Houghton for official expenses incurred.

⁴Representational functions include the costs associated with holding the interparliamentary groups' annual conferences. These costs include expenses for supplies, gift items, ground transportation, official delegation group meals, and meeting room costs.

⁵Transfers represent disbursements by the group to the U.S. Treasury pursuant to Section 502(b) of Title V of Public Law 103-236 (108 Stat. 462). Under this provision, interest earned from funds provided to the group pursuant to Section 303 of Title III of Public Law 100-202 (101 Stat. 1329-23; 22 U.S.C. 276 note) and deposited in interest-bearing accounts shall be periodically deposited in a miscellaneous account of the Treasury.

⁶Ending Fund Balance represents the fund balance remaining at December 31, 1998 and 1997, and available for use in a subsequent period.

Enclosure 2

Mexico-United States Interparliamentary Group

House of Representatives Mexico-United States Interparliamentary Group Schedule of Receipts, Disbursements, and Fund Balance¹ (Unaudited)		
	<u>For the Year Ended December 31</u>	
	1998	1997
Beginning Fund Balance ²	\$108,431.46	\$105,814.42
Receipts:		
Appropriation	\$ 40,000.00	\$ 40,000.00
Interest	2,349.95	2,799.06
Other ³	0.00	2,028.15
Total receipts	\$ 42,349.95	\$ 44,827.21
Disbursements:		
Representational functions ⁴	\$ 2,344.60	\$ 28,823.43
Interpreters/translation	760.18	4,540.57
Travel	964.30	1,185.00
Lodging/per diem	4,669.91	7,136.49
Transfers to U.S. Treasury ⁵	9,201.48	0.00
Miscellaneous	292.32	524.68
Total disbursements	\$ 18,232.79	\$ 42,210.17
Ending Fund Balance ⁶	\$132,548.62	\$108,431.46

¹The Schedule of Receipts, Disbursements, and Fund Balance is prepared on a cash basis.

²Beginning Fund Balance represents the balance at January 1, 1997 and 1998, of interparliamentary group funds carried over from the prior period.

³Other receipts represent (1) funds received from the Senate interparliamentary group for shared expenses originally paid with House funds and (2) funds received from a previous invoice overcharge.

⁴Representational functions include the costs associated with holding the interparliamentary groups' annual conferences. These costs include expenses for supplies, gift items, ground transportation, official delegation group meals, and meeting room costs.

⁵Transfers represent disbursements by the group to the U.S. Treasury pursuant to Section 502(b) of Title V of Public Law 103-236 (108 Stat. 462). Under this provision, interest earned from funds provided to the group pursuant to Section 303 of Title III of Public Law 100-202 (101 Stat. 1329-23; 22 U.S.C. 276 note) and deposited in interest-bearing accounts shall be periodically deposited in a miscellaneous account of the Treasury.

⁶Ending Fund Balance represents the fund balance remaining at December 31, 1998 and 1997, and available for use in a subsequent period.

Enclosure 2

United States-European Community Interparliamentary Group

House of Representatives United States-European Community Interparliamentary Group Schedule of Receipts, Disbursements, and Fund Balance¹ (Unaudited)		
	For the Year Ended December 31	
	1998	1997
Beginning Fund Balance ²	\$110,392.97	\$ 90,458.48
Receipts:		
Appropriation	\$ 50,000.00	\$ 50,000.00
Interest	2,015.87	2,693.85
Total receipts	\$ 52,015.87	\$ 52,693.85
Disbursements:		
Representational functions ³	\$ 54,295.24	\$ 27,296.63
Interpreters/translation	7,326.84	5,265.00
Travel	1,121.00	0.00
Lodging/per diem	8,251.85	0.00
Transfers to U.S. Treasury ⁴	8,503.91	0.00
Miscellaneous	190.90	197.73
Total disbursements	\$ 79,689.74	\$ 32,759.36
Ending Fund Balance ⁵	\$ 82,719.10	\$110,392.97

¹The Schedule of Receipts, Disbursements, and Fund Balance is prepared on a cash basis.

²Beginning Fund Balance represents the balance at January 1, 1997 and 1998, of interparliamentary group funds carried over from the prior period.

³Representational functions include the costs associated with holding the interparliamentary groups' annual conferences. These costs include expenses for supplies, gift items, ground transportation, official delegation group meals, and meeting room costs.

⁴Transfers represent disbursements by the group to the U.S. Treasury pursuant to Section 502(b) of Title V of Public Law 103-236 (108 Stat. 462). Under this provision, interest earned from funds provided to the group pursuant to Section 303 of Title III of Public Law 100-202 (101 Stat. 1329-23; 22 U.S.C. 276 note) and deposited in interest-bearing accounts shall be periodically deposited in a miscellaneous account of the Treasury.

⁵Ending Fund Balance represents the fund balance remaining at December 31, 1998 and 1997, and available for use in subsequent periods.

Enclosure 2

United States Group of the North Atlantic Assembly

House of Representatives United States Group of the North Atlantic Assembly Schedule of Receipts, Disbursements, and Fund Balance¹ (Unaudited)		
	For the Year Ended December 31	
	1998	1997
Beginning Fund Balance ²	\$160,858.78	\$144,132.85
Receipts:		
Appropriation	\$ 50,000.00	\$ 50,000.00
Interest	3,141.49	3,671.45
Other ³	0.00	536.10
Total receipts	\$ 53,141.49	\$ 54,207.55
Disbursements:		
Representational functions ⁴	\$ 25,330.65	\$ 27,053.51
Interpreters/translation	0.00	3,130.18
Travel	2,859.84	0.00
Lodging/per diem	2,605.64	0.00
Transfers to U.S. Treasury ⁵	12,846.16	0.00
Miscellaneous	3,661.98	7,297.93
Total disbursements	\$ 47,304.27	\$ 37,481.62
Ending Fund Balance ⁶	\$166,696.00	\$160,858.78

¹The Schedule of Receipts, Disbursements, and Fund Balance is prepared on a cash basis.

²Beginning Fund Balance represents the balance at January 1, 1997 and 1998, of interparliamentary group funds carried over from the prior period.

³Other receipts represent (1) refunds of previous overpayments to embassy and (2) refunds to the fund from congressional members/staff for expenses unrelated to activities of interparliamentary groups that were initially paid out of the group's fund.

⁴Representational functions include the costs associated with holding each of the interparliamentary groups' annual conferences, such as supplies, gift items, ground transportation, official delegation group meals, and control rooms.

⁵Transfers represent disbursements by the group to the U.S. Treasury pursuant to Section 502(b) of Title V of Public Law 103-236 (108 Stat. 462). Under this provision, interest earned from funds provided to the group pursuant to Section 303 of Title III of Public Law 100-202 (101 Stat. 1329-23; 22 U.S.C. 276 note) and deposited in interest-bearing accounts shall be periodically deposited in a miscellaneous account of the Treasury.

⁶Ending Fund Balance represents the fund balance remaining at December 31, 1998 and 1997, and available for use in a subsequent period.

(917753)

Ordering Information

The first copy of each GAO report and testimony is free. Additional copies are \$2 each. Orders should be sent to the following address, accompanied by a check or money order made out to the Superintendent of Documents, when necessary. VISA and MasterCard credit cards are accepted, also. Orders for 100 or more copies to be mailed to a single address are discounted 25 percent.

Orders by mail:

**U.S. General Accounting Office
P.O. Box 37050
Washington, DC 20013**

or visit:

**Room 1100
700 4th St. NW (corner of 4th and G Sts. NW)
U.S. General Accounting Office
Washington, DC**

**Orders may also be placed by calling (202) 512-6000
or by using fax number (202) 512-6061, or TDD (202) 512-2537.**

Each day, GAO issues a list of newly available reports and testimony. To receive facsimile copies of the daily list or any list from the past 30 days, please call (202) 512-6000 using a touchtone phone. A recorded menu will provide information on how to obtain these lists.

For information on how to access GAO reports on the INTERNET, send an e-mail message with "info" in the body to:

info@www.gao.gov

or visit GAO's World Wide Web Home Page at:

<http://www.gao.gov>

**United States
General Accounting Office
Washington, D.C. 20548-0001**

<p>Bulk Rate Postage & Fees Paid GAO Permit No. G100</p>

**Official Business
Penalty for Private Use \$300**

Address Correction Requested
