

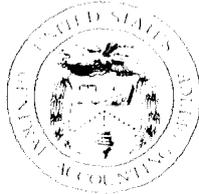
GAO

Report to the Chairman, Committee on
Foreign Affairs, House of Representatives

December 1989

FINANCIAL AUDIT

House Interparliamentary Groups' Financial Statements for 1988



**Accounting and Financial
Management Division**

B-231290

December 18, 1989

The Honorable Dante B. Fascell
Chairman, Committee on Foreign Affairs
House of Representatives

Dear Mr. Chairman:

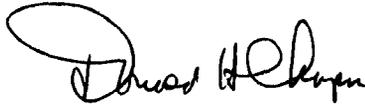
As requested in your letter of April 11, 1989, we have audited the accompanying balance sheets of the House of Representatives Mexico-United States Interparliamentary Group, Canada-United States Interparliamentary Group, United States-European Community Interparliamentary Group, and the United States Group of the North Atlantic Treaty Parliamentary Conference, which your Committee administers, as of December 31, 1988, and the related statements of cash receipts, expenditures, and fund balances and of cash flows for the year then ended. We completed our audit work on August 3, 1989. These financial statements are the responsibility of the groups' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the four interparliamentary groups as of December 31, 1988, and the results of their operations and their cash flows for the year then ended in conformity with generally accepted accounting principles.

Our report on internal accounting controls and compliance with laws and regulations, together with the four interparliamentary groups' financial statements and accompanying notes for the year ended December 31, 1988, is included in this report.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Donald H. Chapin". The signature is written in a cursive style with a large, looping initial "D".

Donald H. Chapin
Assistant Comptroller General

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Report on Internal Accounting Controls and Compliance With Laws and Regulations

We have audited the financial statements of four House of Representatives interparliamentary groups for the year ended December 31, 1988. Our audits were made in accordance with generally accepted government auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures, including tests of compliance with laws and regulations, as we considered necessary in the circumstances. This report pertains only to our preliminary review of the system of internal accounting controls and our review of compliance with laws and regulations for the year ended December 31, 1988.

We did not complete a study and evaluation of the four interparliamentary groups' internal accounting control systems for the purpose of determining the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the groups' financial statements. Based on our preliminary review, we concluded that it was more efficient to expand our substantive audit tests in examining the financial statements for the year ended December 31, 1988.

While we did not perform a complete study and evaluation of the four interparliamentary groups' internal accounting control systems, we did not become aware of any condition during our expanded substantive audit tests which we believe to be a material weakness.

As part of our audit, we also tested the four interparliamentary groups' compliance with Public Laws 86-420, 86-42, 84-689 and 98-164 (as amended by section 7 of Public Law 99-415) and guidance in memorandums from the Committee on Foreign Affairs, which handles administrative matters for these groups. These memorandums contain guidance for each group to follow in carrying out terms and provisions of the above-mentioned laws. In our opinion, the House of Representatives interparliamentary groups complied with the terms and provisions of the aforementioned laws and guidance for the transactions tested that could have materially affected their financial statements. Nothing came to our attention, in connection with our audit, that caused us to believe that the groups were not in compliance with the terms and provisions of these laws and this guidance for those transactions not tested.

House of Representatives Mexico-United States Interparliamentary Group

| Balance Sheet | |
|---|--------------------------|
| | December 31, 1988 |
| Assets | |
| Cash | \$12,424 |
| Total Assets | \$12,424 |
| Liabilities and Fund Balance | |
| Accounts Payable | \$12,264 |
| Total Liabilities | 12,264 |
| Fund Balance | 160 |
| Total Liabilities and Fund Balance | \$12,424 |

The accompanying notes are an integral part of this statement.

House of Representatives Mexico-United
States Interparliamentary Group

Statement of Cash Receipts, Expenditures, and Fund Balance

| | Year ended December 31, 1988 |
|--|---------------------------------|
| Receipts | |
| Funds received from the Department of State (note 3) | \$25,000 |
| Miscellaneous | 48 |
| Total receipts | 25,048 |
| Expenditures | |
| Conference planning expense | 961 |
| Official conference expense | 38,387 |
| Miscellaneous | 41 |
| Total expenditures | 39,389 |
| Excess of expenditures over receipts | (14,341) |
| Fund balance, beginning of year | 14,501 |
| Fund Balance, End of Year | \$160 |

The accompanying notes are an integral part of this statement.

House of Representatives Mexico-United
States Interparliamentary Group

Statement of Cash Flows

**Year ended
December 31, 1988**

Cash Flows From Operating Activities

| | |
|--|-----------------|
| Excess expenditures over receipts | \$(14,341) |
| Adjustments to reconcile to net cash used in operating activities: | |
| Decrease in accounts receivable | 63 |
| Increase in accounts payable | 10,547 |
| Net cash used in operating activities | (3,731) |
| Cash at beginning of year | 16,155 |
| Cash Balance at End of Year | \$12,424 |

The accompanying notes are an integral part of this statement.

House of Representatives Canada-United States Interparliamentary Group

| Balance Sheet | | December 31, 1988 |
|---|--|--------------------------|
| Assets | | |
| Cash | | \$22,429 |
| Total Assets | | \$22,429 |
| Liabilities and Fund Balance | | |
| Accounts Payable | | \$15,839 |
| Total Liabilities | | 15,839 |
| Fund Balance | | 6,590 |
| Total Liabilities and Fund Balance | | \$22,429 |

The accompanying notes are an integral part of this statement.

House of Representatives Canada-United
States Interparliamentary Group

Statement of Cash Receipts, Expenditures, and Fund Balance

| | Year ended December 31, 1988 |
|--|---------------------------------|
| Receipts | |
| Funds received from the Department of State (note 3) | \$25,000 |
| Total receipts | 25,000 |
| Expenditures | |
| Conference planning expense | 2,226 |
| Official conference expense | 31,606 |
| Miscellaneous | 923 |
| Total expenditures | 34,755 |
| Excess of expenditures over receipts | (9,755) |
| Fund balance, beginning of year | 16,345 |
| Fund Balance, End of Year | \$6,590 |

The accompanying notes are an integral part of this statement.

House of Representatives Canada-United
States Interparliamentary Group

Statement of Cash Flows

**Year ended
December 31, 1988**

Cash Flows From Operating Activities

| | |
|---|-----------------|
| Excess expenditures over receipts | \$(9,755) |
| Adjustment to reconcile to net cash provided by operating activities: | |
| Increase in accounts payable | 15,839 |
| Net cash provided by operating activities | 6,084 |
| Cash at beginning of year | 16,345 |
| Cash Balance at End of Year | \$22,429 |

The accompanying notes are an integral part of this statement.

House of Representatives United States- European Community Interparliamentary Group

Balance Sheet**December 31, 1988****Assets**

| | |
|---------------------|---------|
| Cash | \$7,252 |
| Accounts Receivable | 138 |

| | |
|---------------------|----------------|
| Total Assets | \$7,390 |
|---------------------|----------------|

Liabilities and Fund Balance

| | |
|-------------------|-----|
| Total Liabilities | \$0 |
|-------------------|-----|

| | |
|--------------|-------|
| Fund Balance | 7,390 |
|--------------|-------|

| | |
|---|----------------|
| Total Liabilities and Fund Balance | \$7,390 |
|---|----------------|

The accompanying notes are an integral part of this statement.

House of Representatives United States
European Community
Interparliamentary Group

Statement of Cash Receipts, Expenditures, and Fund Balance

| | Year ended December 31, 1988 |
|--|---------------------------------|
| Receipts | |
| Funds received from the Department of State (note 3) | \$0 |
| Total receipts | 0 |
| Expenditures | |
| Conference planning expense | 456 |
| Official conference expense | 11,822 |
| Total expenditures | 12,278 |
| Excess of expenditures over receipts | (12,278) |
| Fund balance, beginning of year | 19,668 |
| Fund Balance, End of Year | \$7,390 |

The accompanying notes are an integral part of this statement.

House of Representatives United States
European Community
Interparliamentary Group

Statement of Cash Flows

**Year ended
December 31, 1988**

Cash Flows From Operating Activities

Excess expenditures over receipts \$(12,278)

Adjustment to reconcile to net cash used in operating activities:

Increase in accounts receivable (138)

Net cash used in operating activities (12,416)

Cash at beginning of year 19,668

Cash Balance at End of Year \$7,252

The accompanying notes are an integral part of this statement.

House of Representatives United States Group of the North Atlantic Treaty Parliamentary Conference

Balance Sheet**December 31, 1988****Assets**

Cash \$13,503

Total Assets \$13,503**Liabilities and Fund Balance**

Accounts Payable \$0

Total Liabilities 0

Fund Balance 13,503

Total Liabilities and Fund Balance \$13,503

The accompanying notes are an integral part of this statement.

House of Representatives United States
Group of the North Atlantic Treaty
Parliamentary Conference

Statement of Cash Receipts, Expenditures, and Fund Balance

Year ended
December 31, 1988

Receipts

Funds received from the Department of State (note 3) \$50,000

Total receipts 50,000

Expenditures

Official conference expense 24,500

U.S.-hosted meeting expense 13,282

Miscellaneous 173

Total expenditures 37,955

Excess of receipts over expenditures 12,045

Fund balance, beginning of year 1,458

Fund Balance, End of Year \$13,503

The accompanying notes are an integral part of this statement.

**House of Representatives United States
Group of the North Atlantic Treaty
Parliamentary Conference**

Statement of Cash Flows

**Year ended
December 31, 1988**

Cash Flows From Operating Activities

| | |
|---|-----------------|
| Excess receipts over expenditures | \$12,045 |
| Adjustment to reconcile to net cash provided by operating activities: | |
| Decrease in accounts payable | (1,595) |
| Net cash provided by operating activities | 10,450 |
| Cash at beginning of year | 3,053 |
| Cash Balance at End of Year | \$13,503 |

The accompanying notes are an integral part of this statement.

Notes to Financial Statements

Note 1. Authorizing Legislation

Legislation authorizing United States interparliamentary groups provides for Members of Congress to meet annually with other representative parliamentary groups to discuss common problems in the interest of relations between the United States and Mexico, between the United States and Canada, and with other NATO members in the interest of maintaining peace and security in the North Atlantic area.

The Mexico-United States Interparliamentary Group was authorized by Public Law 86-420 (April 9, 1960); the Canada-United States Interparliamentary Group was authorized by Public Law 86-42 (June 11, 1959); the United States-European Community Interparliamentary Group was authorized by Public Law 98-164 (November 22, 1983), as amended by section 7 of Public Law 99-415 (September 19, 1986); and the United States Group of the North Atlantic Treaty Parliamentary Conference was authorized by Public Law 84-689 (July 11, 1956). In the House of Representatives, these four groups are administered by the Committee on Foreign Affairs.

Note 2. Significant Accounting Policies

Designated staff of the Committee on Foreign Affairs perform the financial accounting for the four interparliamentary groups administered by the Committee. Each group's designated treasurer is responsible for preparing vouchers, certifying that goods and services have been received, maintaining the general journal, and compiling the consolidated financial report to the Committee on House Administration. Accounting records are maintained on a cash basis.

The statements of cash receipts, expenditures, and fund balances do not include costs paid from other sources. According to the 1988 reports made to the Committee on House Administration, the four interparliamentary groups had costs paid from other sources as follows.

Table 1: Costs Paid From Other Sources

| Group | 1988 |
|--|------------------|
| Mexico-United States Group | \$3,850 |
| Canada-United States Group | 11,192 |
| United States-European Community Group | 9,969 |
| United States Group of the North Atlantic Parliamentary Conference | 346,261 |
| Total | \$371,272 |

The costs paid from other sources were for transportation, per diem, and other expenses relating to conferences and meetings. They were

paid from Department of Defense and Department of State appropriated funds.

Note 3. Funds Received From the Department of State

As a result of Public Law 99-591 (October 30, 1986), funds were appropriated to the Department of State for expenses necessary to meet annual obligations of membership in international multilateral organizations, pursuant to treaties, conventions, or specific acts of Congress. From these appropriations, the four interparliamentary groups received funds for calendar year 1988 as follows.

Table 2: Funds Appropriated to the Department of State for Interparliamentary Groups

| Group | 1988 |
|--|------------------|
| Mexico-United States Group | \$25,000 |
| Canada-United States Group | 25,000 |
| United States-European Community Group | 0 |
| United States Group of the North Atlantic Parliamentary Conference | 50,000 |
| Total | \$100,000 |

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