

GAO

Report to the Chairman, Committee on
International Relations, House of
Representatives

April 1995

FINANCIAL AUDIT

House Interparliamentary Groups' Financial Statements for 1993 and 1992





United States
General Accounting Office
Washington, D.C. 20548

Comptroller General
of the United States

B-259566

April 28, 1995

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

Dear Mr. Chairman:

As requested by your predecessor, we audited the balance sheets of the following House of Representatives interparliamentary groups, all of which your Committee administers, as of December 31, 1993 and 1992, and the related statements of receipts and expenses and changes in fund balance and cash flows for the years then ended:

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

We found the financial statements were reliable in all material respects.

Further, our audit included limited tests of internal controls and compliance with laws and regulations that disclosed

- no material weaknesses in the internal control structure and its operations for 1993 and
- no material noncompliance with laws and regulations we tested for 1993.

The following sections outline each conclusion in more detail and discuss the scope of our audit.

Opinion on Financial Statements

The financial statements and accompanying notes present fairly, in conformity with generally accepted accounting principles, each group's

- assets, liabilities, and fund balance;
- receipts and expenses; and
- cash flows.

As discussed in note 3, the financial statements present only the funds for expenses the membership incurred when participating in the five interparliamentary groups that are paid by a permanent appropriation for delegation expenses. The financial statements do not include certain travel and other related costs paid from Department of State and Department of Defense appropriated funds. Also excluded are costs associated with House Foreign Affairs Committee (renamed House International Relations Committee) staff support, which are paid by legislative branch appropriations.

Statement on Internal Controls

The internal controls we considered were those designed for all groups to

- safeguard assets against loss from unauthorized use or disposition;
- assure the execution of transactions in accordance with management authority and with laws and regulations; and
- properly record, process, and summarize transactions to permit the preparation of financial statements and to maintain accountability for assets.

We are not expressing an opinion on internal controls because of the limited scope of our work. However, for the controls we tested, we found no reportable conditions in the internal control structure and its operations for the period ending on December 31, 1993. Reportable conditions involve matters, including material weaknesses, coming to our attention related to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the groups' ability to implement its statutory mandate. Because of the limitations described above, our consideration of the internal control structure would not disclose all reportable conditions.¹

Compliance With Laws and Regulations

Our current year audit tests for compliance with selected provisions of laws and regulations disclosed no material instances of noncompliance. Also, nothing came to our attention in the course of our other work to indicate that material noncompliance with such provisions occurred.

¹Our report on the groups' internal control structures and compliance with laws and regulations for fiscal year 1992 is presented in GAO/AIMD-94-21, dated December 14, 1993.

Objectives, Scope, and Methodology

Management is responsible for

- preparing annual financial statements in conformity with generally accepted accounting principles,
- establishing and maintaining internal controls to provide reasonable assurance that the control objectives mentioned above are met, and
- complying with applicable laws and regulations.

We are responsible for obtaining reasonable assurance about whether the financial statements are reliable (free of material misstatement and presented fairly in conformity with generally accepted accounting principles). We directed our work to accounting and other controls necessary to support the financial statements and did not evaluate the efficiency or effectiveness of the groups' operations. We are also responsible for testing compliance with selected provisions of laws and regulations.

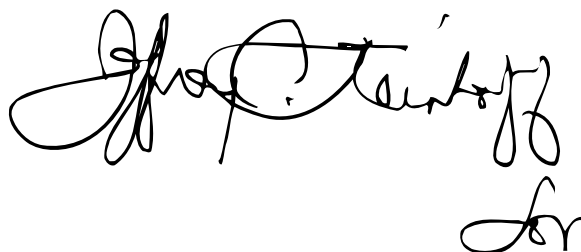
It is important to note that because of inherent limitations in any internal control structure, losses, noncompliance, or misstatements may nevertheless occur and not be detected. Also, projecting any evaluation to future periods is subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with controls may deteriorate.

Specifically, we

- examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessed the accounting principles used and significant estimates made by management;
- evaluated the overall presentation of the financial statements;
- evaluated and tested relevant internal controls in the following areas: treasury, revenues, expenditures, and financial reporting; and
- tested compliance with selected provisions of the regulations established by the public laws applicable to interparliamentary groups as described in note 1.

We performed our audit in accordance with generally accepted government auditing standards. We completed our audit work on December 21, 1994.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Charles A. Bowsher". The signature is fluid and cursive, with a large initial "C" and "B". Below the main signature, there is a smaller, separate cursive mark that looks like "for".

Charles A. Bowsher
Comptroller General
of the United States

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House of Representatives Mexico-United States Interparliamentary Group

Balance Sheets

	<u>December 31,</u>	
	<u>1993</u>	<u>1992</u>
Assets		
Cash	<u>\$69,187</u>	<u>\$19,758</u>
Total Assets	<u>\$69,187</u>	<u>\$19,758</u>
Liabilities and Fund Balance		
Liabilities		
Accounts payable	<u>\$ 0</u>	<u>\$ 275</u>
Total liabilities	<u> 0</u>	<u> 275</u>
Fund balance	<u>69,187</u>	<u>19,483</u>
Total Liabilities and Fund Balance	<u>\$69,187</u>	<u>\$19,758</u>

The accompanying notes are an integral part of these statements.

Statements of Receipts and Expenses and Changes in Fund Balance

	<u>Year ended December 31,</u>	
	<u>1993</u>	<u>1992</u>
Receipts		
Funds received from the Department of State (note 3)	<u>\$50,000</u>	<u>\$50,000</u>
Total receipts	<u>50,000</u>	<u>50,000</u>
Expenses		
Representational functions (note 2)	296	23,372
Travel	0	2,124
Lodging	0	5,996
Translation/interpreting	0	7,461
Miscellaneous	<u>0</u>	<u>160</u>
Total expenses	<u>296</u>	<u>39,113</u>
Excess of receipts over expenses	49,704	10,887
Fund balance, beginning of year	<u>19,483</u>	<u>8,596</u>
Fund Balance, End of Year	<u>\$69,187</u>	<u>\$19,483</u>

The accompanying notes are an integral part of these statements.

Statements of Cash Flows

	<u>Year ended December 31,</u>	
	<u>1993</u>	<u>1992</u>
Cash Flows From Operating Activities		
Cash received from the Department of State	\$50,000	\$ 50,000
Cash received for reimbursement	0	4,480
Cash paid for conference activities	<u>(571)</u>	<u>(43,593)</u>
Net cash provided by operating activities	<u>49,429</u>	<u>10,887</u>
 Net Increase in Cash	 49,429	 10,887
 Cash at beginning of year	 <u>19,758</u>	 <u>8,871</u>
 Cash at End of Year	 <u>\$69,187</u>	 <u>\$ 19,758</u>
Reconciliations of Excess of Receipts Over Expenses to Net Cash Provided by Operating Activities		
Excess of receipts over expenses	<u>\$49,704</u>	<u>\$ 10,887</u>
Adjustments to reconcile excess of receipts over expenses to net cash provided (used) by operating activities		
Increase (decrease) in accounts payable	<u>(275)</u>	<u>0</u>
Total adjustments	<u>(275)</u>	<u>0</u>
 Net Cash Provided by Operating Activities	 <u>\$49,429</u>	 <u>\$ 10,887</u>

The accompanying notes are an integral part of these statements.

House of Representatives Canada-United States Interparliamentary Group

Balance Sheets

	<u>December 31,</u>	
	<u>1993</u>	<u>1992</u>
Assets		
Cash	<u>\$29,614</u>	<u>\$9,918</u>
Total Assets	<u>\$29,614</u>	<u>\$9,918</u>
Liabilities and Fund Balance		
Total liabilities	<u>\$ 0</u>	<u>\$ 0</u>
Fund balance	<u>29,614</u>	<u>9,918</u>
Total Liabilities and Fund Balance	<u>\$29,614</u>	<u>\$9,918</u>

The accompanying notes are an integral part of these statements.

Statements of Receipts and Expenses and Changes in Fund Balance

	<u>Year ended December 31,</u>	
	<u>1993</u>	<u>1992</u>
Receipts		
Funds received from the Department of State (note 3)	<u>\$25,000</u>	<u>\$25,000</u>
Total receipts	<u>25,000</u>	<u>25,000</u>
Expenses		
Representational functions (note 2)	118	18,704
Travel	5,186	22,338
Miscellaneous	<u>0</u>	<u>1,572</u>
Total expenses	<u>5,304</u>	<u>42,614</u>
Excess of receipts over expenses (expenses over receipts)	19,696	(17,614)
Fund balance, beginning of year	<u>9,918</u>	<u>27,532</u>
Fund Balance, End of Year	<u>\$29,614</u>	<u>\$ 9,918</u>

The accompanying notes are an integral part of these statements.

Statements of Cash Flows

	<u>Year ended December 31,</u>	
	<u>1993</u>	<u>1992</u>
Cash Flows From Operating Activities		
Cash received from the Department of State	\$25,000	\$ 25,000
Cash received for reimbursement	0	604
Cash paid for conference activities	<u>(5,304)</u>	<u>(43,187)</u>
Net cash provided (used) by operating activities	<u>19,696</u>	<u>(17,583)</u>
Net Increase (Decrease) in Cash	19,696	(17,583)
Cash at beginning of year	<u>9,918</u>	<u>27,501</u>
Cash at End of Year	<u>\$29,614</u>	<u>\$ 9,918</u>
Reconciliations of Excess of Receipts Over Expenses (Expenses Over Receipts) to Net Cash Provided (Used) by Operating Activities		
Excess of receipts over expenses (expenses over receipts)	<u>\$19,696</u>	<u>\$(17,614)</u>
Adjustments to reconcile excess of receipts over expenses (expenses over receipts) to net cash provided (used) by operating activities		
Decrease in accounts receivable	<u>0</u>	<u>31</u>
Total adjustments	<u>0</u>	<u>31</u>
Net Cash Provided (Used) by Operating Activities	<u>\$19,696</u>	<u>\$(17,583)</u>

The accompanying notes are an integral part of these statements.

House of Representatives United States-European Community Interparliamentary Group

Balance Sheets

	<u>December 31,</u>	
	<u>1993</u>	<u>1992</u>
Assets		
Cash	\$ <u>19,318</u>	\$ <u>62,557</u>
Total Assets	\$<u>19,318</u>	\$<u>62,557</u>
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ <u>9,340</u>	\$ <u>0</u>
Total liabilities	<u>9,340</u>	<u>0</u>
Fund balance	<u>9,978</u>	<u>62,557</u>
Total Liabilities and Fund Balance	\$<u>19,318</u>	\$<u>62,557</u>

The accompanying notes are an integral part of these statements.

House of Representatives United
States-European Community
Interparliamentary Group

Statements of Receipts and Expenses and Changes in Fund Balance

	<u>Year ended December 31,</u>	
	<u>1993</u>	<u>1992</u>
Receipts		
Funds received from the Department of State (note 3)	\$ <u>0</u>	\$ <u>100,000</u>
Total receipts	<u>0</u>	<u>100,000</u>
Expenses		
Representational functions (note 2)	35,541	31,230
Travel	550	443
Lodging	10,775	9,361
Translation equipment/services	5,440	5,127
Miscellaneous	<u>273</u>	<u>0</u>
Total expenses	<u>52,579</u>	<u>46,161</u>
Excess of receipts over expenses (expenses over receipts)	(52,579)	53,839
Fund balance, beginning of year	<u>62,557</u>	<u>8,718</u>
Fund Balance, End of Year	\$ <u>9,978</u>	\$ <u>62,557</u>

The accompanying notes are an integral part of these statements.

Statements of Cash Flows

	<u>Year ended December 31,</u>	
	<u>1993</u>	<u>1992</u>
Cash Flows From Operating Activities		
Cash received from the Department of State	\$ 0	\$100,000
Cash paid for conference activities	<u>(43,239)</u>	<u>(46,330)</u>
Net cash provided (used) by operating activities	<u>(43,239)</u>	<u>53,670</u>
Net Increase (Decrease) in Cash	(43,239)	53,670
Cash at beginning of year	<u>62,557</u>	<u>8,887</u>
Cash at End of Year	<u>\$ 19,318</u>	<u>\$ 62,557</u>
Reconciliations of Excess of Receipts Over Expenses (Expenses Over Receipts) to Net Cash Provided (Used) by Operating Activities		
Excess of receipts over expenses (expenses over receipts)	<u>\$(52,579)</u>	<u>\$ 53,839</u>
Adjustments to reconcile excess of receipts over expenses (expenses over receipts) to net cash provided (used) by operating activities		
Increase (decrease) in accounts payable	<u>9,340</u>	<u>(169)</u>
Total adjustments	<u>9,340</u>	<u>(169)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$(43,239)</u>	<u>\$ 53,670</u>

The accompanying notes are an integral part of these statements.

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

Balance Sheets

	<u>December 31,</u>	
	<u>1993</u>	<u>1992</u>
Assets		
Cash	<u>\$73,905</u>	<u>\$104,842</u>
Total Assets	<u>\$73,905</u>	<u>\$104,842</u>
Liabilities and Fund Balance		
Liabilities		
Accounts payable	<u>\$11,426</u>	<u>\$ 11,747</u>
Total liabilities	<u>11,426</u>	<u>11,747</u>
Fund balance	<u>62,479</u>	<u>93,095</u>
Total Liabilities and Fund Balance	<u>\$73,905</u>	<u>\$104,842</u>

The accompanying notes are an integral part of these statements.

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

Statements of Receipts and Expenses and Changes in Fund Balance

	<u>Year ended December 31,</u>	
	<u>1993</u>	<u>1992</u>
Receipts		
Funds received from the Department of State (note 3)	<u>\$50,000</u>	<u>\$50,000</u>
Other receipts	<u>9,524</u>	<u>0</u>
Total receipts	<u>59,524</u>	<u>50,000</u>
Expenses		
Representational functions (note 2)	45,793	39,456
Travel	11,375	1,515
Lodging	24,140	633
Translation and interpreting costs	8,570	2,700
Miscellaneous	<u>262</u>	<u>32</u>
Total expenses	<u>90,140</u>	<u>44,336</u>
Excess of receipts over expenses (expenses over receipts)	(30,616)	5,664
Fund balance, beginning of year	<u>93,095</u>	<u>87,431</u>
Fund Balance, End of Year	<u>\$62,479</u>	<u>\$93,095</u>

The accompanying notes are an integral part of these statements.

Statements of Cash Flows

	<u>Year ended December 31,</u>	
	<u>1993</u>	<u>1992</u>
Cash Flows From Operating Activities		
Cash received from the Department of State	\$ 50,000	\$ 50,000
Cash received for reimbursement	9,524	0
Cash paid for conference activities	<u>(90,461)</u>	<u>(32,589)</u>
Net cash provided (used) by operating activities	<u>(30,937)</u>	<u>17,411</u>
Net Increase (Decrease) in Cash	(30,937)	17,411
Cash at beginning of year	<u>104,842</u>	<u>87,431</u>
Cash at End of Year	<u>\$ 73,905</u>	<u>\$104,842</u>
Reconciliations of Excess of Receipts Over Expenses (Expenses Over Receipts) to Net Cash Provided (Used) by Operating Activities		
Excess of receipts over expenses (expenses over receipts)	<u>\$(30,616)</u>	<u>\$ 5,664</u>
Adjustments to reconcile excess of receipts over expenses to net cash provided (used) by operating activities		
Increase (decrease) in accounts payable	<u>(321)</u>	<u>11,747</u>
Total adjustments	<u>(321)</u>	<u>11,747</u>
Net Cash (Used) Provided by Operating Activities	<u>\$(30,937)</u>	<u>\$ 17,411</u>

The accompanying notes are an integral part of these statements.

House of Representatives British-American Interparliamentary Group

Balance Sheets

	<u>December 31,</u>	
	<u>1993</u>	<u>1992</u>
Assets		
Cash	\$55,968	\$40,281
Accounts receivable	<u>0</u>	<u>238</u>
Total Assets	<u>\$55,968</u>	<u>\$40,519</u>
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ <u>0</u>	\$ <u>6,569</u>
Total liabilities	<u>0</u>	<u>6,569</u>
Fund balance	<u>55,968</u>	<u>33,950</u>
Total Liabilities and Fund Balance	<u>\$55,968</u>	<u>\$40,519</u>

The accompanying notes are an integral part of these statements.

House of Representatives British-American
Interparliamentary Group

Statements of Receipts and Expenses and Changes in Fund Balance

	<u>Year ended December 31,</u>	
	<u>1993</u>	<u>1992</u>
Receipts		
Funds received from the Department of State (note 3)	<u>\$25,000</u>	<u>\$50,000</u>
Total receipts	<u>25,000</u>	<u>50,000</u>
Expenses		
Representational functions (note 2)	2,982	11,115
Travel	0	2,915
Lodging	0	1,531
Miscellaneous	<u>0</u>	<u>489</u>
Total expenses	<u>2,982</u>	<u>16,050</u>
Excess of receipts over expenses	22,018	33,950
Fund balance, beginning of year	<u>33,950</u>	<u>0</u>
Fund Balance, End of Year	<u>\$55,968</u>	<u>\$33,950</u>

The accompanying notes are an integral part of these statements.

Statements of Cash Flows

	<u>Year ended December 31,</u>	
	<u>1993</u>	<u>1992</u>
Cash Flows From Operating Activities		
Cash received from the Department of State	\$25,000	\$50,000
Cash received for reimbursement	238	0
Cash paid for conference activities	<u>(9,551)</u>	<u>(9,719)</u>
Net cash provided by operating activities	<u>15,687</u>	<u>40,281</u>
Net Increase in Cash	15,687	40,281
Cash at beginning of year	<u>40,281</u>	<u>0</u>
Cash at End of Year	<u>\$55,968</u>	<u>\$40,281</u>
Reconciliations of Excess of Receipts Over Expenses to Net Cash Provided by Operating Activities		
Excess of receipts over expenses	<u>\$22,018</u>	<u>\$33,950</u>
Adjustments to reconcile excess of receipts over expenses to net cash provided by operating activities		
Decrease (increase) in accounts receivable	238	(238)
Increase (decrease) in accounts payable	<u>(6,569)</u>	<u>6,569</u>
Total adjustments	<u>(6,331)</u>	<u>6,331</u>
Net Cash Provided by Operating Activities	<u>\$15,687</u>	<u>\$40,281</u>

The accompanying notes are an integral part of these statements.

Notes to Financial Statements

Note 1. Authorizing Legislation

Legislation authorizing United States interparliamentary groups provides for Members of Congress to meet annually with (1) other representative parliamentary groups to discuss common problems in the interest of relations between the United States and Mexico, the United States and Canada, the United States and European Community, and the British and American Parliamentary Groups and (2) other North Atlantic Treaty Organization members in the interest of maintaining peace and security in the North Atlantic area. The following is a list of interparliamentary groups administered by the House Committee on International Relations and their authorizing legislation:

- the Mexico-United States Interparliamentary Group was authorized by Public Law 86-420, as amended, 22 U.S.C. 276h-276k (1988 and Supp. V 1993);
- the Canada-United States Interparliamentary Group was authorized by Public Law 86-42, as amended, 22 U.S.C. 276d-276g (1988);
- the United States-European Community Interparliamentary Group was authorized by Public Law 98-164, section 109(c), as amended, 22 U.S.C. 276 note (Supp. V 1993);
- the United States Group of the North Atlantic Treaty Parliamentary Conference was authorized by Public Law 84-689, as amended, 22 U.S.C. 1928a-1928e (1988 and Supp. V 1993); and
- the British-American Interparliamentary Group was authorized by Public Law 102-138, section 168, 22 U.S.C. 276 1 (Supp. V 1993).

Note 2. Significant Accounting Policies

The representational functions expense category covers the significant costs associated with facilitating the annual conference. Financial statements of the five interparliamentary groups are presented on the accrual basis of accounting.

Note 3. Funding Sources

These financial statements include only activities funded by a permanent appropriation for delegation expenses incurred by the interparliamentary groups. Other executive and legislative branch appropriated costs, which are financed by other appropriations, are not included.

The expenses of Members' participation in interparliamentary groups and conferences are paid from funds provided by a permanent, definite appropriation established by section 303 of the Department of State Appropriation Act, 1987, Public Law 100-202, as amended, 22 U.S.C. 276 note (Supp. V 1993). The appropriation provides that funds be

disbursed to a delegation when requested by its chairman. The following table lists the funds the five interparliamentary groups received from these appropriations for calendar years 1993 and 1992.

Permanent Appropriation
Used for Interparliamentary Groups

<u>Group</u>	<u>1993</u>	<u>1992</u>
Mexico-United States	\$ 50,000	\$ 50,000
Canada-United States	25,000	25,000
United States-European Community	0	100,000 ^a
United States-North Atlantic Treaty Parliamentary Conference	50,000	50,000
British-American	<u>25,000</u>	<u>50,000^a</u>
Total	<u>\$150,000</u>	<u>\$275,000</u>

^aThis amount represents 2 years of appropriations and was caused by the timing of funds disbursed by the Department of State.

These financial statements do not include certain travel and other related costs paid from Department of State and Department of Defense appropriated funds. In addition, House Foreign Affairs Committee (renamed House International Relations Committee) staff support costs related to salaries, office space, utilities, and furnishings paid from legislative branch appropriations are not included.

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