

GAO

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

December 1993

FINANCIAL AUDIT

House Interparliamentary Groups' Financial Statements for 1992 and 1991





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

Comptroller General
of the United States

B-231290

December 14, 1993

The Honorable Lee H. Hamilton
Chairman, Committee on Foreign Affairs
House of Representatives

Dear Mr. Chairman:

As you requested, we audited the balance sheets of the following House of Representatives interparliamentary groups, all of which your Committee administers, as of December 31, 1992 and 1991, 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 (for 1992 only because the group was established during that year).

We found

- the financial statements were reliable in all material respects;
- internal controls in effect on December 31, 1992, provided reasonable assurance that losses, noncompliance with laws and regulations, and misstatements material to the financial statements would be prevented or detected; and
- no material noncompliance with laws and regulations we tested for 1992.

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 appropriated to the Department of State for expenses the membership incurred when participating in the five interparliamentary groups. The financial statements do not include certain costs paid from other Department of State and Department of Defense sources. Also excluded are costs associated with House Foreign Affairs Committee staff support, which are provided through other legislative branch appropriations.

Opinion on Internal Controls

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

- safeguard assets against loss from unauthorized use or disposition;
- assure the execution of transactions in accordance with laws and regulations; and
- properly record, process, and summarize transactions to (1) permit the preparation of financial statements and (2) maintain accountability for assets.

Those controls in effect on December 31, 1992, provided reasonable assurance that losses, noncompliance or misstatements material in relation to the financial statements would be prevented or detected. Our report on the groups' internal control structures for 1991 is presented in GAO/AFMD-93-72, dated June 24, 1993.

Compliance With Laws and Regulations

Our tests for compliance with selected provisions of laws and regulations disclosed no material instances of noncompliance for 1992. Also, nothing came to our attention in the course of our other work to indicate that material noncompliance with such provisions occurred. Our report on compliance with laws and regulations for 1991 is also presented in GAO/AFMD-93-72, dated June 24, 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 (1) the financial statements are reliable (free of material misstatement and presented fairly in conformity with generally accepted accounting principles) and (2) relevant internal controls are in place and operating effectively. We are also responsible for testing compliance with selected provisions of laws and regulations.

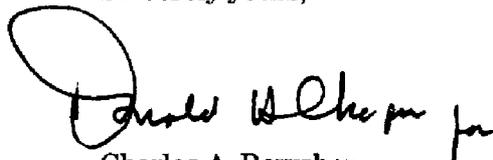
In order to fulfill these responsibilities, we

- 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 limited our work to accounting and other controls necessary to achieve the objectives outlined in our opinion on internal controls. Because of inherent limitations in any system of internal control, losses, noncompliance, or misstatements may nevertheless occur and not be detected. We also caution that projecting our 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.

We performed our audit in accordance with generally accepted government auditing standards. We completed our audit work on August 6, 1993.

Sincerely yours,



Charles A. Bowsher
Comptroller General
of the United States

Contents

Opinion Letter		1
House of Representatives Mexico-United States Interparliamentary Group	Balance Sheets Statements of Receipts and Expenses and Changes in Fund Balance Statements of Cash Flows	6 6 7 8
House of Representatives Canada-United States Interparliamentary Group	Balance Sheets Statements of Receipts and Expenses and Changes in Fund Balance Statements of Cash Flows	9 9 10 11
House of Representatives United States- European Community Interparliamentary Group	Balance Sheets Statements of Receipts and Expenses and Changes in Fund Balance Statements of Cash Flows	12 12 13 14
House of Representatives United States Group of the North Atlantic Treaty Parliamentary Conference	Balance Sheets Statements of Receipts and Expenses and Changes in Fund Balance Statements of Cash Flows	15 15 16 17

Contents

House of		18
Representatives	Balance Sheet	18
British-American	Statement of Receipts and Expenses and Change in Fund Balance	19
Interparliamentary	Statement of Cash Flows	20
Group		
<hr/>		
Notes to Financial		21
Statements		

House of Representatives Mexico-United States Interparliamentary Group

Balance Sheets

	December 31,	
	1992	1991
Assets		
Cash	\$19,758	\$8,871
Total Assets	\$19,758	\$8,871
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 275	\$ 275
Total liabilities	275	275
Fund balance	19,483	8,596
Total Liabilities and Fund Balance	\$19,758	\$8,871

The accompanying notes are an integral part of these statements.

House of Representatives Mexico-United
States Interparliamentary Group

Statements of Receipts and Expenses and Changes in Fund Balance

	<u>Year ended December 31,</u>	
	<u>1992</u>	<u>1991</u>
Receipts		
Funds received from the Department of State (note 3)	\$50,000	\$50,000
Total receipts	<u>50,000</u>	<u>50,000</u>
Expenses (note 2)		
Representational functions	23,372	2,488
Travel	2,124	1,109
Lodging	5,996	6,989
Translation/interpreting	7,461	2,610
Miscellaneous	<u>160</u>	<u>1,073</u>
Total expenses	<u>39,113</u>	<u>14,269</u>
Excess of receipts over expenses	10,887	35,731
Fund balance, beginning of year	<u>8,596</u>	<u>(27,135)</u>
Fund Balance, End of Year	<u>\$19,483</u>	<u>\$ 8,596</u>

The accompanying notes are an integral part of these statements.

House of Representatives Mexico-United
States Interparliamentary Group

Statements of Cash Flows

	<u>Year ended December 31,</u>	
	<u>1992</u>	<u>1991</u>
Cash Flows From Operating Activities		
Cash received from the Department of State	\$ 50,000	\$ 50,000
Cash received for reimbursement	4,480	21
Cash paid for conference activities	<u>(43,593)</u>	<u>(51,520)</u>
Net cash provided (used) by operating activities	<u>10,887</u>	<u>(1,499)</u>
Net Increase (Decrease) in Cash	10,887	(1,499)
Cash at beginning of year	<u>8,871</u>	<u>10,370</u>
Cash at End of Year	\$ <u>19,758</u>	\$ <u>8,871</u>
<hr/>		
Reconciliations of Excess of Receipts Over Expenses to Net Cash Provided (Used) by Operating Activities		
Excess of receipts over expenses	\$ <u>10,887</u>	\$ <u>35,731</u>
Adjustments to reconcile excess of receipts over expenses to net cash provided (used) by operating activities		
Decrease in accounts receivable	0	21
Increase (decrease) in accounts payable	<u>0</u>	<u>(37,251)</u>
Total adjustments	<u>0</u>	<u>(37,230)</u>
Net Cash Provided (Used) by Operating Activities	\$ <u>10,887</u>	\$ <u>(1,499)</u>

The accompanying notes are an integral part of these statements.

House of Representatives Canada-United States Interparliamentary Group

Balance Sheets

	December 31,	
	<u>1992</u>	<u>1991</u>
Assets		
Cash	\$9,918	\$27,501
Accounts receivable	<u>0</u>	<u>31</u>
Total Assets	<u>\$9,918</u>	<u>\$27,532</u>
Liabilities and Fund Balance		
Total liabilities	\$ <u>0</u>	\$ <u>0</u>
Fund balance	<u>9,918</u>	<u>27,532</u>
Total Liabilities and Fund Balance	<u>\$9,918</u>	<u>\$27,532</u>

The accompanying notes are an integral part of these statements.

House of Representatives Canada-United
States Interparliamentary Group

Statements of Receipts and Expenses and Changes in Fund Balance

	<u>Year ended December 31,</u>	
	<u>1992</u>	<u>1991</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 (note 2)		
Representational functions	18,704	54
Travel	22,338	14,148
Miscellaneous	<u>1,572</u>	<u>806</u>
Total expenses	<u>42,614</u>	<u>15,008</u>
Excess of receipts over expenses (expenses over receipts)	(17,614)	9,992
Fund balance, beginning of year	<u>27,532</u>	<u>17,540</u>
Fund Balance, End of Year	<u>\$ 9,918</u>	<u>\$27,532</u>

The accompanying notes are an integral part of these statements.

House of Representatives Canada-United
States Interparliamentary Group

Statements of Cash Flows

	<u>Year ended December 31,</u>	
	<u>1992</u>	<u>1991</u>
Cash Flows From Operating Activities		
Cash received from the		
Department of State	\$ 25,000	\$ 25,000
Cash received for reimbursement	604	0
Cash paid for conference activities	<u>(43,187)</u>	<u>(15,039)</u>
Net cash provided (used) by operating activities	<u>(17,583)</u>	<u>9,961</u>
Net Increase (Decrease) in Cash	(17,583)	9,961
Cash at beginning of year	<u>27,501</u>	<u>17,540</u>
Cash at End of Year	<u>\$ 9,918</u>	<u>\$ 27,501</u>
<hr/>		
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)	\$(17,614)	\$ 9,992
Adjustments to reconcile excess of receipts over expenses (expenses over receipts) to net cash provided (used) by operating activities		
(Increase) decrease in accounts receivables	<u>31</u>	<u>(31)</u>
Total adjustments	<u>31</u>	<u>(31)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$(17,583)</u>	<u>\$ 9,961</u>

The accompanying notes are an integral part of these statements.

House of Representatives United States- European Community Interparliamentary Group

Balance Sheets

	December 31,	
	1992	1991
Assets		
Cash	<u>\$62,557</u>	<u>\$8,887</u>
Total Assets	<u>\$62,557</u>	<u>\$8,887</u>
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ <u>0</u>	\$ <u>169</u>
Total liabilities	<u>0</u>	<u>169</u>
Fund balance	<u>62,557</u>	<u>8,718</u>
Total Liabilities and Fund Balance	<u>\$62,557</u>	<u>\$8,887</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>1992</u>	<u>1991</u>
Receipts		
Funds received from the		
Department of State (note 3)	\$ <u>100,000</u>	\$ <u>50,000</u>
Total receipts	<u>100,000</u>	<u>50,000</u>
Expenses (note 2)		
Representational functions	31,230	33,044
Travel	443	2,284
Lodging	9,361	7,449
Translation equipment/services	5,127	4,334
Miscellaneous	<u>0</u>	<u>500</u>
Total expenses	<u>46,161</u>	<u>47,611</u>
Excess of receipts over expenses	53,839	2,389
Fund balance, beginning of year	<u>8,718</u>	<u>6,329</u>
Fund Balance, End of Year	\$ <u>62,557</u>	\$ <u>8,718</u>

The accompanying notes are an integral part of these statements.

House of Representatives United States-
European Community Interparliamentary
Group

Statements of Cash Flows

	<u>Year ended December 31,</u>	
	<u>1992</u>	<u>1991</u>
Cash Flows From Operating Activities		
Cash received from the Department of State	\$100,000	\$ 50,000
Cash paid for conference activities	<u>(46,330)</u>	<u>(47,442)</u>
Net cash provided by operating activities	<u>53,670</u>	<u>2,558</u>
Net Increase in Cash	53,670	2,558
Cash at beginning of year	<u>8,887</u>	<u>6,329</u>
Cash at End of Year	<u>\$ 62,557</u>	<u>\$ 8,887</u>
<hr/>		
Reconciliations of Excess of Receipts Over Expenses to Net Cash Provided by Operating Activities		
Excess of receipts over expenses	\$ <u>53,839</u>	\$ <u>2,389</u>
Adjustments to reconcile excess of receipts over expenses to net cash provided by operating activities		
Increase (decrease) in accounts payable	<u>(169)</u>	<u>169</u>
Total adjustments	<u>(169)</u>	<u>169</u>
Net Cash Provided by Operating Activities	<u>\$ 53,670</u>	<u>\$ 2,558</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>1992</u>	<u>1991</u>
Assets		
Cash	<u>\$104,842</u>	<u>\$87,431</u>
Total Assets	<u>\$104,842</u>	<u>\$87,431</u>
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 11,747	\$ 0
Total liabilities	<u>11,747</u>	<u>0</u>
Fund balance	<u>93,095</u>	<u>87,431</u>
Total Liabilities and Fund Balance	<u>\$104,842</u>	<u>\$87,431</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>1992</u>	<u>1991</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 (note 2)		
Representational functions	39,456	26,363
Travel	1,515	934
Lodgings	633	1,019
Translation and interpreting costs	2,700	3,383
Miscellaneous	<u>32</u>	<u>38</u>
Total expenses	<u>44,336</u>	<u>31,737</u>
Excess of receipts over expenses	5,664	18,263
Fund balance, beginning of year	<u>87,431</u>	<u>69,168</u>
Fund Balance, End of Year	<u>\$93,095</u>	<u>\$87,431</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 Cash Flows

	<u>Year ended December 31,</u>	
	<u>1992</u>	<u>1991</u>
Cash Flows From Operating Activities		
Cash received from the Department of State	\$ 50,000	\$ 50,000
Cash paid for conference activities	(32,589)	(31,774)
Net cash provided by operating activities	<u>17,411</u>	<u>18,226</u>
Net increase in Cash	17,411	18,226
Cash at beginning of year	<u>87,431</u>	<u>69,205</u>
Cash at End of Year	<u>\$104,842</u>	<u>\$ 87,431</u>
<hr/>		
Reconciliations of Excess of Receipts Over Expenses to Net Cash Provided by Operating Activities		
Excess of receipts over expenses	\$ <u>5,664</u>	\$ <u>18,263</u>
Adjustments to reconcile excess of receipts over expenses to net cash provided by operating activities		
Increase (decrease) in accounts payable	<u>11,747</u>	<u>(37)</u>
Total adjustments	<u>11,747</u>	<u>(37)</u>
Net Cash Provided by Operating Activities	<u>\$ 17,411</u>	<u>\$ 18,226</u>

The accompanying notes are an integral part of these statements.

House of Representatives British-American Interparliamentary Group

Balance Sheet

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

The accompanying notes are an integral part of this statement.

House of Representatives British-American
Interparliamentary Group

Statement of Receipts and Expenses and Change in Fund Balance

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

The accompanying notes are an integral part of this statement.

**House of Representatives British-American
Interparliamentary Group**

Statement of Cash Flows

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

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 the 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, Canada, the European Community, and the United Kingdom 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 Foreign Affairs 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. IV 1992);
- 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. IV 1992);
- 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. IV 1992); and
- the British-American Interparliamentary Group was authorized on October 28, 1991, by Public Law 102-138, section 168, 22 U.S.C. 276 l (Supp. IV 1992).

Note 2. Significant Accounting Policies

In 1992, the group reclassified expense categories. The representational functions 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 Department of State appropriations for expenses incurred by the interparliamentary groups. Also, certain other executive and legislative branch appropriated costs are not included.

The expenses of Members' participation in interparliamentary groups and conferences are paid from funds provided by a permanent, definite appropriation established for the Department of State by Public Law 100-202, section 303 (1987), as amended, 22 U.S.C. 276 note (Supp. IV 1992). The following table lists the funds the five interparliamentary groups received from these appropriations for calendar years 1992 and 1991.

**Funds Appropriated to the Department of State and
Used for Interparliamentary Groups**

<u>Group</u>	<u>Calendar year</u>	
	<u>1992</u>	<u>1991</u>
Mexico-United States	\$ 50,000	\$ 50,000
Canada-United States	25,000	25,000
United States-European Community	100,000*	50,000
United States-North Atlantic Treaty Parliamentary Conference	50,000	50,000
British-American	<u>50,000*</u>	<u>0</u>
Total	<u>\$275,000</u>	<u>\$175,000</u>

*This amount represents 2 years of appropriations and was caused by the timing of funds received from Department of State.

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

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. 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 6015
Gaithersburg, MD 20884-6015**

or visit:

**Room 1000
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 (301) 258-4066.**

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

