

UNITED STATES GOVERNMENT

M E M O R A N D U M

DATE: January 9, 1997

REPLY TO

ATTN OF: Inspector General

SUBJECT: Audit Report No. 97-1

TO: Chairman

At the request of the Advisory Committee on Advanced Television Services (the Committee), the Office of Inspector General (OIG) conducted a close out audit of the Committee's checking account maintained at Crestar Bank. The audit identified that the account was formally closed on November 15, 1996. Since the last audit performed by this OIG (OIG Report No. 95-2 dated December 19, 1994), all deposits to the account and disbursements were identified as appropriate and supportable by adequate documentation.

BACKGROUND

The Committee was empaneled by the Federal Communications Commission (FCC) on October 1, 1987, to develop recommended "policies, standards, and regulations that would facilitate the orderly and timely introduction of advanced television services in the United States." The Committee was chartered in accordance with the Federal Advisory Committee Act (FACA), and its parent committee was composed of 25 voting members, as well as an unspecified number of ex officio members, throughout government and industry.

FCC Directive FCCINST 1126.1, Subject: Federal Advisory Committees, sets forth the FCC's policy, administrative guidelines, and management controls relative to advisory committees as required by the Federal Advisory Committee Act, Stat.770, and Executive Order 12024 (42 FR 61445, 3 CFR, 1977 Comp., p. 158).

On October 17, 1989, Edward J. Minkel in his capacity as the Managing Director, approved the Committee request for private funding by employees or representatives who served on the advisory committee. In doing so, the Managing Director placed a number of specifications on the fund handling and accountability.

The Managing Director required that the bank (Crestar) handling the Committee's account be given the name of four people listed in the Reimbursement Procedures so that they would not honor any other signatures. The Cash Handling Procedures of the Committee required that "all checks be signed by any two of the four people listed in the Reimbursement Procedures."

The Managing Director also instructed the Committee to perform a monthly reconciliation of the cash receipts and cash disbursements journal to the bank statements and ensure that an annual audit be performed of the fund.

On September 2, 1992, auditors from the FCC's Common Carrier Bureau (CCB), issued a report on the status of Committee funds for the period of July 1, 1988 through the period ending June 30, 1992. This represented the initial audit of the Committee since it's inception.

At the request of the Managing Director, auditors assigned to the OIG assumed the responsibility for auditing the operations of the Committee. In the ensuing report dated December 19, 1994, we reported that "the internal controls and supporting records are sufficient to provide necessary assurance that the funds of the Committee are being properly maintained and expended in conjunction with applicable regulations and guidelines."

PURPOSE AND SCOPE

This audit was performed to provide an independent assessment as to the integrity of Committee funds. Audit emphasis was placed on evaluating compliance with internal controls for handling deposits and ensuring that all disbursements were valid and supportable. All cash receipts, bank charges and disbursements from the period of December 1, 1994 through November 15, 1996 were examined and traced back to monthly bank statements and journals maintained by the bookkeeper.

AUDIT RESULTS

Results of the audit reflect that the internal controls established over the Committee's funds were properly administered. All cash receipts, interest accrued to the account, bank charges and disbursements were reconciled from the monthly bank statement to the accounting journals. On November 15, 1996, Crestar bank documented that the account had been closed. Prior to the fund closure, all bank records were reconciled with figures maintained by the Committee.

During the period of audit, deposits to the account were restricted to monthly interest accrued on the balance maintained in the account. Only five checks were drawn on the account totaling \$23,024.21. Three of the checks totaling \$22,776.71 were issued to Wiley, Rein & Fielding (WR&F). Richard E. Wiley of WR&F served as Chairman to the Committee. All reimbursements to WR&F were supported by detailed records which reflected costs incurred by WR&F in support of the Committee. These records were reviewed and found to be consistent with appropriate utilization of Committee funds (e.g. postage, telephones, couriers, fax transmissions, travel, meals and incidentals).

The two remaining checks issued by the Committee totaling \$247.50 were to the public accounting firm of Keller Bruner & Company which was retained by the Committee to provide tax and accounting services.

CONCLUSION

The auditors are of the opinion that the financial reports of the Committee are reconcilable to the statements provided by Crestar bank from the period of December 1, 1994 through the closure of the account on November 15, 1996. Furthermore, it is our opinion that all receipts and expenditures were appropriate within the guidelines as promulgated in FCCINST 1126.1.

H. Walker Feaster III

cc: Chief of Staff
Managing Director
Richard E. Wiley,
Chairman Advisory Committee on ATS