

REPORT OF THE 2002 IEEE 802 LAN/MAN STANDARDS PLENARY MEETINGS (802 LMSC'02) 'AGREED UPON PROCEDURES' AUDIT

DATES: MARCH, JULY AND NOVEMBER 2002

BACKGROUND:

IEEE's 802 Local Area Network (LAN) and Metropolitan Area Network (MAN) Standards Committee (802 LMSC), meets three times a year. Meetings ("Plenary sessions") are held in March, July and November. Their meetings have been scheduled for these months for over twenty years. All financial records are based on meeting cycles. The net surplus is applied to the operating reserve for the next meeting.

PURPOSE:

This 'agreed upon procedures' audit was undertaken in accordance with the Memorandum of Understanding, executed by the involved parties, to verify, via a review of underlying documentation, that meeting receipts and disbursements were adequately controlled and reports fairly represent the financial results of each meeting.

SCOPE:

The 'agreed upon procedures' audit examined the financial functions associated with the 802 LMSC '02 meeting from contract review to distribution of surplus to the next meeting's operating reserves. The primary purpose of the audit was to verify that there are reasonable controls in place to assure that income and expense items are supported by sufficient documentation, and financial reports fairly represent the results of the operations.

APPRAISAL:

The 802 LMSC '02 financial transactions were found to be in compliance with applicable IEEE Policy and Procedures and adequately supported by appropriate documentation, meeting minutes and contracts. The reporting process appears to be well managed.

FINDINGS:

1. Budgeting Process:

The LMSC budget is reviewed and revised at least once per meeting, based on estimates of attendance for future meetings, provided by the Chairs of the working groups. The Treasurer uses these estimates and adjusts them, considering accuracy of previous estimates, meeting site history, and other factors, as part of the budget revision process. The budget is used by the Executive Committee to set attendee fees for future meetings.

LMSC Policy and Procedures specify an operating reserve of 75% to 100% of the cost of holding a meeting to be maintained by the Treasurer to pay expenses, in the event a meeting must be canceled, thus insulating the Computer Society and IEEE from potential liabilities that could result from such a cancellation. It is also used to cover a reasonable amount of unanticipated LMSC expenses as well as to average expenses over multiple meetings, thus allowing one meeting to have a deficit and another a surplus. This, in turn, allows meeting fees to remain relatively stable, rather than having large changes for each meeting. Annual revenues and expenses are historically close to being equal.

For 2002, the size of the reserve was less than that specified in the LMSC Policy and Procedures (between 75% and 100% of the expenses of a single LMSC Plenary session), but sufficient to meet the purposes of the reserve.

Budgeted revenues for the three meetings in 2002 (March, July and November) were \$234,525; \$217,275 and \$208,525, respectively. When compared to actual revenues of \$257,493; \$261,677 and \$232,305, a budget variance of 10% for March, 20% for July and 11% for November 2002 resulted. Actual receipts exceeded budget, in part, due to a higher than budgeted number of registrations for the meetings. Budgeted expenses were \$247,115; \$228,754 and \$255,134, compared to actual expenses of \$261,896; \$222,023 and \$267,438, a variance of 6% for March, 3% for July and 5% for the November meeting. The increased expenses were attributable to the increased number of registrants.

The final financial reports were prepared, using a combination of Excel spreadsheets and Quicken software, and are mathematically accurate.

2. Committee Meeting Minutes:

Committee minutes are made available on the web at <http://www.ieee802.org/minutes/index.html>.

The meeting minutes for the year outlined the changes in the budget and the reasons therefor. The financial records of the meeting fully support the decisions, noted in the meetings minutes. All appeared to be in order.

3. Registration Income:

The IEEE 802 Conference Organizer, from Face to Face Events, Inc., and the LMSC Executive Secretary handled meeting registration. The IEEE 802 has moved to a web based registration process, and the associated information is imported into a database. Secure web registration was provided through VeriSign with settlement through Wells Fargo Merchant Services, American Express and Discover. The number of participants who registered, via the web, as well as those who registered on-site was accurately recorded in the final financial reports. IEEE Operations Audit, using the reports provided, reconciled total registration dollars collected to registration receipts reported in the final financial reports. The registration reports and detail were complete. The registration process was well managed.

4. Bank Reconciliations & Timeliness of Deposits of Funds:

The 802 LMSC working group is self-sustaining through the reserves held in its bank account, which is not closed after each meeting. The Treasurer is the primary recipient of meeting registration funds and receives all advance registrations from the registration consultant, Face to Face Events, Inc. All registration fees are deposited in the US Bank checking account (the IEEE Project 802 business account). Information on each individual that registers for a session is entered into an LMSC database and is used to generate a registration report for the session.

Through a review of the checking account statements, IEEE Operations Audit verified that registration deposits were made on a timely basis. In addition, the checking account was reconciled to the bank statement on a monthly basis. The canceled checks for the account were accounted for and traced to the check register. No discrepancies were noted.

5. Collection of Credit Card Receipts:

The advance registration process was handled by an IEEE 802 Conference Organizer from Face to Face Events, Inc., and reviewed by the Treasurer. Credit card settlement for both advance and on-site registration was through US Bank Merchant Services, American Express and Discover. The process included collection and processing of credit card registrations. The organizer, through American Express Establishment Services, US Bank Merchant Services and Discover Merchants Outlet, processed credit card batches electronically. Batch totals were electronically

deposited in the IEEE Project 802 business account. Operations Audit reviewed the credit card reports, the collected receipts, the reconciliation and the bank statement deposit amounts for consistency. No discrepancies were noted.

6. Supporting Documentation for Meeting Disbursements:

To test the adequacy of documentation, supporting the payments made from the meeting's checking account, all transactions over \$3,000 were selected for review. In addition, every tenth transaction from a random starting point was evaluated for adequacy of support. The supporting documents for each of the selected disbursements was reviewed. All appeared to be in order.

The March meeting was held at the Hyatt Regency in St. Louis, MO; the July meeting was held at the Hyatt Regency in Vancouver, BC, Canada and the November meeting was held at the Hyatt Regency in Koloa, Kauai, Hawaii. The hotel bills were reviewed and approved for payment by the Treasurer of the IEEE 802 LMSC. IEEE Operations Auditing reviewed the services billed by the hotels, and the charges appeared to be in order.

7. Supporting Documentation for Social Function Income and Expenses:

Meeting registration fees covered all session expenses and included a contribution to the IEEE-SA "Get IEEE 802" program, a continental breakfast, morning and afternoon coffee breaks and a Wednesday evening social. Social expense bills were reviewed and approved for payment by the meeting's Treasurer. IEEE Operations Audit reviewed the supporting documents for reasonableness. Nothing unusual was noted.

8. Meeting Surplus/Loss Distribution:

The Treasurer has forwarded the final financial reports to the IEEE Operations Audit Department for review. Each meeting's surplus is added to the next meeting's Operating Reserve. The 2002 meetings resulted in a net surplus of \$118.

9. Meeting Loans and Advances:

The 802 Meeting process is different from other IEEE meetings, which normally pay off their loans and close their checking accounts. This working group has had a continuing series of meetings, three times per year, for over twenty years.

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