



2015

IEEE 802 LAN/MAN

(LMSC SPONSOR MEETINGS)

***'AGREED UPON PROCEDURES'
AUDIT REPORT***

***FOR THE YEAR ENDING
31 DECEMBER 2015***

Date: 6 April 2017

To: Paul Nikolich, Chair, IEEE 802 LAN/MAN Standards Committee
Clint Chaplin, Treasurer, IEEE 802 LAN/MAN Standards Committee

CC: E. James Prendergast, Executive Director and COO
Thomas R. Siegert, Chief Financial Officer
Karen Kenney, Sr. Director of Business Ops & Admin, IEEE Standards Association
Juanita Lewis, Sr. Business Ops and Admin Manager, IEEE Standards Association

BACKGROUND (From Treasurer's Notes):

The IEEE 802 Local Area Network (LAN) and Metropolitan Area Network (MAN) Standards Committee (LMSC)¹ meets in plenary sessions three times a year. The plenary sessions are held in March, July and November. Financial records are based on session cycles and the net proceeds become part of the operating reserve of IEEE 802.² The committee maintains three bank accounts: a Wells Fargo checking account linked to the IEEE credit card merchant account (Wells Fargo), a Wells Fargo savings account that is part of the Wells Fargo banking package, and a standard checking account provided thru the IEEE Corporate Concentration Banking program maintained by Wells Fargo Bank.

Purpose:

This 'agreed upon procedures' audit was conducted to verify, via a review of the LMSC Sponsor's financial reports and supporting documentation, that the financial statements generally reflect the results of the Sponsor's financial operations for the period under review.

Scope:

The 'Agreed upon Procedures' general audit was completed in accordance with FOM V.43 policy. The purpose of the review was to assess the Sponsor's financial activities for compliance with standard accounting practices and IEEE-SA and IEEE policies. The review of the Sponsor's financial reports evaluated the following for accuracy and effectiveness of associated controls:

- Mathematical accuracy of the annual financial reports
- Timeliness and accuracy of reconciliation of bank accounts
- The disbursement process to ensure appropriate supporting documentation with approval of payment
- Compliance with IEEE-SA and IEEE Policies

Appraisal:

The IEEE 802 LAN/MAN Standards Committee Chair and Treasurer are responsible for establishing and maintaining adequate internal control of management and reporting processes for the Sponsor's financial activities. The IEEE-SA and Controller's Department reviewed the financial reports and the Sponsor's financial transactions were in compliance with applicable IEEE and IEEE-SA Policies and adequately supported by appropriate documentation.

¹ IEEE 802 LMSC is a Sponsor which oversees several Working Groups; therefore, for purposes of this audit report the term "Sponsor" is used.

² The operating reserve enables meeting fees to remain stable despite variations in meeting expenses between venues. The reserve also eliminates the need for loans from IEEE.

Detailed Report:

1. Accounting Process and Mathematical Accuracy of Annual Financial Reports:

The IEEE 802 LAN/MAN Standards Committee submitted their 2015 financial reports for audit. These documents were prepared by the Committee's Treasurer. The IEEE Standards Association, with the Controllers Department, reviewed the financial reports. The financial reports reflected the Sponsor's financial results for the period ended 31 December 2015. The IEEE 802 LAN/MAN Standards Committee used QuickBooks Pro (Version 2010) and NetSuite to record their financial activity throughout the year in 2015.

In order for the IEEE to complete its annual financial report, it requires the consolidation of IEEE Standards Sponsor financial reports. The IEEE 802 LAN/MAN's revenues were \$1,943,789 and expenses were \$1,669,717, which accurately reflects the results of the Sponsor's financial operations for the period of 1 January 2015 through 31 December 2015.³

2. 802 LMSC Executive Committee Meeting Minutes:

The minutes and other supporting information, regarding the dates the sessions were to held, the locations, motions made and decisions rendered were provided for review. The financial records/reports of the meetings support the decisions made. In addition to meeting minutes, a document "2015 Notes to the Auditor" was provided that summarized key financial processes, decisions and results which assisted in the audit process.

3. 802 LMSC Bank Accounts:

The IEEE 802 LAN/MAN maintained an IEEE Concentration Bank (CB) account, as well as a checking and savings account locally at Wells Fargo Bank. The bank statements, receipts, and deposits were reviewed and agreed to the transaction report.

4. Timeliness of Deposit of Receipts:

The auditor reviewed the bank deposits shown in the Sponsor's 2015 transaction detail, and agreed them to the monthly bank statements. Auditor obtained the bank statements, for all three accounts, and reviewed deposit activity. Since the majority of deposits were from credit cards processed through the merchant account; the deposits were credited immediately.

5. Timeliness and Accuracy of Reconciliation of the Checking Account:

IEEE Internal Audit was provided the bank statements for all of the Sponsor's accounts along with monthly reconciliations. Reconciliations were prepared using QuickBooks Pro and performed within thirty days of the bank closing date each month. All reconciling items appear to have been resolved on a timely basis for the months reviewed which included year end.

³ The total revenue and expense for the 3 sessions will not yield the annual totals shown in NetSuite or in the annual P&L statement. This is due to the timing of the various income and expense items pertaining to each session. For example, it is not uncommon to receive early registration payments for a session to occur in the following calendar year (e.g. payment received in December for a session in March). In this case, the income would be recognized in NetSuite for the year in which the funds were deposited in the bank account, but would be reported as income in the financial reports of the appropriate session. payment received

6. Proper Recording and Administration of Investment Accounts:

The IEEE 802 LAN/MAN had no funds invested aside from the balances in their bank accounts.

7. Loans and Advances:

IEEE 802 LAN/MAN had given for the March 2016 session in Macau a deposit of MOP 1,348,866.80 and HKD 250,000.00 had been made. As of EOY 2015 this amount was valued at USD 201,214.27.

For a July 2019 session in Vienna a deposit of EUR 38,267.20 had been made. As of EOY 2015 this amount was valued at USD 41,583.15.

IEEE 802 registered a loss of USD 3,122.51 in 2015 due to currency fluctuations.

8. Supporting Documentation and Review of the Disbursement Process:

To test the adequacy of documentation, fifty disbursements were reviewed. Of those selected thirty-nine were over \$3,000 and a sample of eleven payments under \$3,000, made from 1 January 2015 through 31 December 2015, were selected for review. All selected transactions were reviewed and agreed to the supporting documentation and contracts were reviewed for compliance. All payments that were reviewed had sufficient supporting documentation.

9. Review of W-9 and 1099 Forms:

No payments were made in 2015 that required the issuance of a 1099 form.

10. Awards, Grants & Prizes in excess of \$2,000:

There were no individual awards in excess of \$2,000.

11. Revenues and Expenses:

IEEE 802 LAN/MAN's income statement, from NetSuite, reported total income of \$1,909,621.60, which was made up almost entirely of Registration Income and Hotel Commissions. In addition, other income came in the form of room comps and commissions. Expenses of \$1,638,373.40 consisted largely of meetings expenses, including hotel, meeting planner, network services and audio-visual costs.

Opinion:

The overall opinion on the IEEE 802 LAN/MAN financial statements for the year ended 31 December 2015 is satisfactory. In our professional judgment, as internal auditors, sufficient and appropriate audit procedures have been conducted and evidence gathered to support the accuracy of the conclusions reached and contained in this report. The conclusions were based on the documents submitted for audit against the audit criteria. The conclusions are only applicable for the entity examined. The evidence gathered meets professional audit standards and is sufficient to provide senior management with proof of the conclusions derived from the internal audit.

Rupa Paranjape
IEEE Sr. Director
IEEE Internal Audit

Brigitte Cardenas
IEEE Internal Auditor
IEEE Internal Audit

IEEE
IEEE : IEEE Standards
Income Statement
From Jan 2015 to Adjust 2015

Financial Row	Amount
Ordinary Income/Expense	
Income	
2.11 - Registrations	\$1,718,850.00
2.12 - Hotel Commissions	\$211,933.84
3.40 - IEEE CB Account Interest	\$1,167.66
3.45 - Non-IEEE CB Account Interest	\$15.97
3.63 - Realized Foreign Currency Gain/(Loss)	(\$19,223.36)
3.64 - Unrealized Foreign Currency Gain/(Loss)	(\$3,122.51)
Total - Income	\$1,909,621.60
Gross Profit	\$1,909,621.60
Expense	
4.11 - AV Services	\$169,338.16
4.110 - Site Survey	\$2,171.39
4.112 - Hotel Credits Expense	(\$31,044.37)
4.113 - Venue	\$113,460.03
4.12 - Financial Fees	\$94,748.31
4.13 - Meeting Planner	\$339,814.44
4.14 - Food & Beverage	\$548,283.94
4.15 - Network Services	\$238,700.48
4.16 - Social	\$111,354.33
4.17 - Shipping	\$30,571.38
4.18 - Misc Expense	\$15,275.31
5.60 - Other Management & General Expenses	\$6,000.00
Total - Expense	\$1,638,673.40
Net Ordinary Income	\$270,948.20
Net Income	\$270,948.20