

Act of 1995 (44 U.S.C. chapter 35). Currently, the FDIC is soliciting comments concerning an information collection titled "Application Pursuant to Section 19 of the Federal Deposit Insurance Act."

**DATES:** Comments must be submitted on or before May 19, 1997.

**ADDRESSES:** Interested parties are invited to submit written comments to Steven F. Hanft, FDIC Clearance Officer, (202) 898-3907, Office of the Executive Secretary, Federal Deposit Insurance Corporation, 550 17th Street N.W., Washington, D.C. 20429. All comments should refer to "Application Pursuant to Section 19 of the Federal Deposit Insurance Act." Comments may be hand-delivered to Room F-400, 1776 F Street, N.W., Washington, D.C. 20429, on business days between 8:30 a.m. and 5:00 p.m. [FAX number (202) 898-3838; Internet address: comments@fdic.gov].

A copy of the comments may also be submitted to the OMB desk officer for the FDIC: Alexander Hunt, Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 3208, Washington, D.C. 20503.

**FOR FURTHER INFORMATION CONTACT:** Steven F. Hanft, at the address identified above.

**SUPPLEMENTARY INFORMATION:** Proposal to renew the following currently approved collection of information:

*Title:* Application Pursuant to Section 19 of the Federal Deposit Insurance Act.  
*OMB Number:* 3064-0018.

*Frequency of Response:* Occasional.

*Affected Public:* Insured depository institutions that desire to have a person who has been convicted of a crime involving dishonesty or breach of trust to participate in the conduct of the affairs of the institution.

*Estimated Number of Respondents:* 80.

*Estimated Time per Response:* 16 hours.

*Estimated Total Annual Burden:* 1,280 hours.

*General Description of Collection:* Section 19 of the Federal Deposit Insurance Act (12 USC 1829) requires the FDIC's consent prior to participation by a person who has been convicted of a crime involving dishonesty or breach of trust in the affairs of an insured depository institution. To obtain the FDIC's consent to hire a convicted person, an insured depository institution must submit an application on FDIC Form 6710/07 which requests biographical information about the person, information about the conviction(s), and information about the prospective position to be held by the person.

#### Request for Comment

Comments are invited on: (a) whether the collection of information is necessary for the proper performance of the FDIC's functions, including whether the information has practical utility; (b) the accuracy of the estimates of the burden of the information collection, including the validity of the methodology and assumptions used; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the information collection on respondents, including through the use of automated collection techniques or other forms of information technology.

At the end of the comment period, the comments and recommendations received will be analyzed to determine the extent to which the collection should be modified prior to submission to OMB for review and approval. Comments submitted in response to this notice also will be summarized or included in the FDIC's requests to OMB for renewal of this collection. All comments will become a matter of public record.

Dated at Washington, D.C., this 14th day of March, 1997.

Federal Deposit Insurance Corporation.

Jerry L. Langley,

*Executive Secretary.*

[FR Doc. 97-6994 Filed 3-19-97; 8:45 am]

BILLING CODE 6714-01-M

#### Statement of Policy on Contracting With Firms That Have Unresolved Audit Issues With FDIC

**AGENCY:** Federal Deposit Insurance Corporation.

**ACTION:** Statement of policy.

**SUMMARY:** The Federal Deposit Insurance Corporation (FDIC) has adopted a policy statement concerning contracting with firms that have unresolved audit issues with FDIC. The policy statement sets forth the procedures to be followed to provide proper notification to an affected contractor or outside counsel when an audit report is issued, and a management decision has been made on a respective finding, in order to afford the firm an opportunity to respond. When an FDIC audit identifies questioned costs and issues remain outstanding or unresolved as a result of the firm's failure to cooperate with FDIC management in resolving issues associated with identified disallowed costs, by for example: (1) failing to respond timely to an FDIC request to produce documentation to support

claimed costs; or (2) otherwise failing to adequately document claimed costs; or (3) by failing to remit the disallowed portion of questioned costs identified in such audit reports, application of the policy may result in a determination to refrain from soliciting new business from that firm.

This policy statement applies to firms providing goods and services to FDIC, including attorneys or law firms providing legal services to FDIC.

**EFFECTIVE DATE:** This policy statement is effective March 20, 1997.

**FOR FURTHER INFORMATION CONTACT:** Michael J. Rubino, Associate Director, Acquisition Services Branch, at (202) 942-3076, Peter A. Ziebert, Counsel, Contracting Law Unit, at (202) 736-0742, or William S. Jones, Counsel, Legal Operations Section, at (202) 736-3055.

**SUPPLEMENTARY INFORMATION:** The text of the Policy Statement follows:

##### 1. Background

The FDIC Office of the Inspector General (OIG) routinely audits contracts with firms providing services to FDIC. These audits frequently contain an analysis whereby certain contract costs are questioned, as well as a recommendation that FDIC management disallow and attempt to recover these costs. When the OIG transmits the audit report and findings to the appropriate FDIC program office, FDIC management then reviews such findings and recommendation. This evaluation results in the issuance of a final decision that may sustain all of the audit findings, or a portion thereof. When FDIC management determines that certain questioned costs should not be charged to the Corporation, such questioned costs that are sustained are then deemed to be "disallowed" costs within the meaning of the Inspector General Act.

Once a management decision has been made to disallow such costs, active resolution efforts are undertaken by FDIC management to recover funds paid without adequate documentation or otherwise inappropriately paid to the firm during the course of the engagement. In those circumstances where the FDIC requests that an audited firm remit disallowed amounts and the contractor fails to do so or fails to actively cooperate with FDIC management in its efforts to resolve the issues associated with identified disallowed costs, it is prudent business for FDIC to selectively refrain from soliciting future services from the firm.

## 2. General Policy

To provide procedures whereby the FDIC may elect to refrain from soliciting a firm for new business if:

(a) the results of an audit reflect potentially recoverable disallowed costs and audit issues remain outstanding or unresolved within the time period set forth in the notice letter sent by FDIC; and

(b) the firm failed or declined to cooperate with resolution efforts undertaken by FDIC management in response to the audit findings, including the failure to adequately support its contract costs or the failure to remit the disallowed portion of the questioned costs identified in such audit report.

## 3. Definitions

(a) Disallowed cost means a questioned cost that management, in a management decision, has sustained or agreed should not be charged to the government.

(b) Management decision means the evaluation by FDIC management of the findings and recommendations included in an audit report and the issuance of a final decision by management concerning its response to such findings and recommendations, including actions concluded to be necessary.

(c) Questioned cost means a cost that is questioned in an audit by the OIG or similar auditing agency because of:

(i) an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds;

(ii) a finding that, at the time of the audit, such cost is not supported by adequate documentation; or

(iii) a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.

## 4. Procedures

Issued audit reports that identify questioned costs relating to contractual engagements are assigned to the Division of Administration, Acquisition Services Branch (ASB) staff, or the Outside Counsel Unit, Legal Division (OCU), for resolution. In implementing this policy statement, the following steps shall be taken:

(a) Management decision. Once a management decision is made on a respective finding, the matter is then assigned to ASB or OCU for resolution. A copy of the relevant audit report shall be transmitted to the firm under a cover letter which:

(i) identifies the ASB or OCU which is responsible for resolving the audit issues;

(ii) identifies the ASB or OCU employee primarily responsible for resolution and to whom all communications from the firm should be sent;

(iii) requests that the firm respond to the findings contained in the report within ten (10) business days of receipt of the letter, or such other time as specified in the letter. Such responses should include supporting documentation where appropriate.

(b) If the firm fails to respond to this request, or fails to remit the disallowed portion of the questioned costs contained in the audit report, or otherwise fails to adequately respond to the issues raised in the report, the following procedures shall apply:

(i) with respect to audits of firms other than outside counsel, the ASB employee identified in section 4(a)(ii) shall send a letter to the firm advising the firm of its failure to cooperate, and which advises the firm that unless it remits the requested repayment or makes other arrangements satisfactory to the Associate Director who is responsible for resolution of this audit (whose name shall be provided to the firm) within ten business days of receipt of this letter, the Director, Division of Administration may, effective as of that date, make a determination that the FDIC refrain from soliciting any future services from this firm until such time as all issues identified in the subject audit report are resolved to the FDIC's satisfaction, and direct that notice to be sent to the firm of this action.

(ii) With respect to audits of outside counsel, the Legal Division employee identified in section 4(a)(ii) shall send a letter to the outside counsel which advises such outside counsel that its failure to cooperate constitutes a conflict of interest with the FDIC, and which advises outside counsel that unless it remits the requested repayment or makes other arrangements satisfactory to the Assistant General Counsel who is responsible for resolution of this audit (whose name shall be provided to the contractor) within ten business days of receipt of this letter, the matter will be referred to the Outside Counsel Conflicts Committee for appropriate action, which may include a determination that the FDIC refrain from soliciting any future services from such outside counsel and/or terminate FDIC's existing engagements, until such time as all issues identified in the subject audit report are resolved to the FDIC's satisfaction.

Dated at Washington, D.C. this 14th day of March, 1997.

Federal Deposit Insurance Corporation.

Robert E. Feldman,

*Deputy Executive Secretary.*

[FR Doc. 97-6995 Filed 3-19-97; 8:45 am]

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## FEDERAL ELECTION COMMISSION

### Sunshine Act Meeting

FEDERAL REGISTER NUMBER: 97-6472.

PREVIOUSLY ANNOUNCED DATE & TIME: Tuesday, March 18, 1997, 10:00 a.m., Meeting closed to the public.

THIS MEETING HAS BEEN CANCELLED.

DATE & TIME: Tuesday, March 25, 1997 at 10:00 a.m.

PLACE: 999 E Street, NW., Washington, DC.

STATUS: This meeting will be closed to the public.

#### ITEMS TO BE DISCUSSED:

Compliance matters pursuant to 2 U.S.C. § 437g.

Audits conducted pursuant to 2 U.S.C. § 437g, § 438(b), and Title 26, U.S.C.

Matters concerning participation in civil action or proceedings or arbitration.

Internal personnel rules and procedures or matters affecting a particular employee.

Federal Election Commission

Sunshine Act Notice for Meetings of March 25 and 27, 1997

DATE & TIME: Thursday, March 27, 1997 at 10:00 a.m.

PLACE: 999 E Street, NW., Washington, DC (Ninth Floor).

STATUS: This meeting will be open to the public.

#### ITEMS TO BE DISCUSSED:

Correction and Approval of Minutes.

Independent and Coordinated Expenditures by Party Committees— Notice of Proposed Rulemaking (11 CFR § 100.7, § 100.23, § 104.4, § 109.1, § 110.1, § 110.2, § 110.7, and § 110.11)—(If not concluded at the meeting of March 20, 1997.)

Administrative Matters.

#### PERSON TO CONTACT FOR INFORMATION:

Mr. Ron Harris, Press Officer,  
Telephone: (202) 219-4155.

Marjorie W. Emmons,

*Secretary of the Commission.*

[FR Doc. 97-7254 Filed 3-18-97; 8:45 am]

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