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RELEASED

Audit Of The
House Of Representatives Restaurant
For The Period June 27, 1971,
To June 24, 1972

B-114891

**BY THE COMPTROLLER GENERAL
OF THE UNITED STATES**

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FEB. 1, 1973



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-114891

Dear Mr. Chairman:

The General Accounting Office has audited the House of Representatives Restaurant for the period June 27, 1971, to June 24, 1972, pursuant to section 208(c)(2) of the act of October 9, 1940 (40 U.S.C. 174k).

GENERAL COMMENTS

The House Restaurant is operated primarily for Members and employees of the House. House Resolution 317, Ninety-second Congress, assigned responsibility for the operation of the Restaurant to the Committee on House Administration and assigned direct supervision of the Restaurant to the Select Committee on the House Restaurant. The Legislative Branch Appropriation Act for fiscal year 1972 (Public Law 92-51, approved July 9, 1971) provided the Committee on House Administration with permanent responsibility for operating the Restaurant.

The Restaurant facilities consist of two cafeterias, one each in the Longworth and Rayburn Buildings; the congressional and Members' dining rooms in the House wing of the Capitol; a catering service in the Rayburn Building; and four carryouts, one each in the Longworth, Cannon, Rayburn, and Capitol Buildings. The Capitol Cafeteria was converted to a carryout in September 1971. During the fiscal year the Longworth Building Cafeteria was normally open on Saturday. When the Congress adjourned for a significant length of time, one of the cafeterias and the congressional and Members' dining rooms were closed.

Funds for operating the Restaurant are provided by sales and by allocations from the appropriations for House of Representatives Miscellaneous Items. In accordance with the act of October 9, 1940, these funds are deposited with the Treasurer of the United States to the credit of the Restaurant's Revolving Fund. Funds appropriated to the Architect of the Capitol for construction or maintenance are available to the Restaurant for purchasing equipment. These purchases are not recorded as assets of the Restaurant.

OPERATIONS

The operations of the House Restaurant in fiscal year 1972 resulted in a net loss of \$73,712, including equipment expenditures of \$346, compared with a net loss in fiscal year 1971 of \$340,728, including equipment expenditures of \$9,813. The decreased loss of \$267,016 resulted from a series of management improvements, including the establishment of new policies and procedures for operating the Restaurant.

A condensed comparison of food and beverage and cigar-stand merchandise sales with operating results for each of the Restaurant facilities for fiscal years 1972 and 1971 follows.

	<u>1972</u>		<u>1971</u>	
	<u>Sales</u>	<u>Operating profit or loss(-)</u>	<u>Sales</u>	<u>Operating profit or loss(-)</u>
Food and beverages:				
Dining rooms:				
Congressional	\$ 212,728	\$-191,887	\$ 194,867	\$-237,134
Members'	19,728	-36,995	18,574	-38,237
Cafeterias:				
Longworth Building	420,582	-4,535	421,389	-76,481
Rayburn Building				
(note a)	319,742	-12,863	479,640	-78,407
Capitol Building				
(note b)	-	-	96,558	-25,693
Carryout service:				
Longworth Building	84,858	18,800	93,440	10,301
Cannon Building	141,600	31,835	132,652	25,378
Rayburn Building	97,359	13,128	87,901	7,244
Capitol Building				
(note b)	80,309	6,019	-	-
Catering service:				
Rayburn Building				
(note a)	<u>181,865</u>	<u>35,520</u>	<u>-</u>	<u>-</u>
Total	<u>\$1,558,771</u>	<u>\$-140,978</u>	<u>\$1,525,021</u>	<u>\$-413,029</u>
Number of guests served	<u>1,632,350</u>		<u>1,683,759</u>	
Cigar-stand merchandise:				
Congressional dining				
room	\$ 31,414	\$ 7,540	\$ 34,609	\$ 7,753
Cafeterias:				
Longworth Building	140,669	33,621	160,921	44,405
Capitol Building				
(note b)	-	-	16,811	5,363
Rayburn Building	81,417	18,148	88,574	20,030
Carryout service:				
Capitol Building				
(note b)	<u>10,160</u>	<u>2,510</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 263,660</u>	<u>\$ 61,819</u>	<u>\$ 300,915</u>	<u>\$ 77,551</u>

^aThe operating results for the catering service in the Rayburn Building were included in the operating results for the Rayburn Cafeteria in fiscal year 1971.

^bThe Capitol Cafeteria was converted to a carryout in September 1971.

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A comparative statement of assets and liabilities of the House Restaurant on June 24, 1972, and June 26, 1971; a comparative statement of operations for fiscal years 1969, 1970, 1971, and 1972; and a statement of changes in financial position for fiscal year 1972 are presented as schedules 1, 2, and 3. A comparison of sales and operating results for each of the units for fiscal year 1972 is presented as an exhibit.

ACCOUNTS RECEIVABLE

A comparison of accounts receivable at June 30, 1972 and 1971, follows.

<u>Days out- standing</u>	<u>June 30, 1972</u>		<u>June 30, 1971</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
0 to 30 days	\$32,913	66.9	\$24,307	75.9
31 to 60 days	10,927	22.2	5,510	17.2
61 to 90 days	2,627	5.4	1,236	3.9
over 90 days	<u>2,695</u>	<u>5.5</u>	<u>966</u>	<u>3.0</u>
Total	<u>\$49,162</u>	<u>100.0</u>	<u>\$32,019</u>	<u>100.0</u>

Confirmations received from Members of amounts owed represented about 90 percent of the total receivable at June 30, 1972.

SCOPE OF AUDIT

Our audit, which was made in accordance with generally accepted auditing standards, included such tests of the accounting records and such other auditing procedures as we considered necessary.

OPINION ON FINANCIAL STATEMENTS

We prepared the accompanying financial statements (schs. 1, 2, and 3) on the basis of accounting records maintained by the House Restaurant Accounting Office. Transactions were recorded on an accrual basis, except that the cost of equipment and furnishings purchased with Restaurant funds was recorded as an expense in the period acquired rather than charged off over the period of their useful life.

The statements do not include the cost of equipment and furnishings acquired with funds appropriated to the Architect of the Capitol or the cost of certain benefits and services, such as space; ordinary building repairs and maintenance; utilities; garbage disposal; menus and forms printed by the Government Printing Office; and services of the staffs of the Select Committee on the House Restaurant and the Committee on House Administration, all of which are furnished to the Restaurant without charge.

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In our opinion, the financial statements (schs. 1, 2, and 3), which were prepared on a basis consistent with that of the preceding year and in accordance with the accounting practices and financial arrangements described above, present fairly the financial position of the House of Representatives Restaurant at June 24, 1972, the results of its operations, and the changes in its financial position for the fiscal year then ended.

Sincerely yours,

A handwritten signature in black ink, reading "James B. Stacks". The signature is written in a cursive style with a large, prominent initial "J".

Comptroller General
of the United States

The Honorable Wayne L. Hays, Chairman
Committee on House Administration 44700
House of Representatives

SCHEDULE 1

HOUSE OF REPRESENTATIVES RESTAURANT

COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES

JUNE 24, 1972, AND JUNE 26, 1971

	June 24, 1972	June 26, 1971
ASSETS		
CASH:		
Funds with U.S. Treasury	\$118,121	\$157,280
Undeposited receipts	27,733	18,166
Petty cash and change funds	12,950	12,950
	\$158,804	\$188,396
ACCOUNTS RECEIVABLE	48,118	135,847 ^a
INVENTORY OF FOOD, BEVERAGES, MERCHANDISE, AND SUPPLIES, AT COST	50,179	46,882
Total assets	\$257,101	\$371,125
LIABILITIES AND EQUITY		
LIABILITIES:		
Amounts due vendors	\$ 68,003	\$159,891
Net payroll and benefits	35,044	64,002
Federal and D.C. withholding taxes	5,808	15,777
Unclaimed wages	202	202
Employees' accrued leave	52,301	55,971
Allowance for purchase of china, glassware, silverware, and kitchen utensils	21,708	23,458
Total liabilities	\$183,066	\$319,301
EQUITY:		
Contributed capital (note b)	50,000	
Operating funds:		
Balance at beginning of year	1,824	7,240 ^d
Current-year appropriations	95,923 ^c	385,312 ^d
	97,747	392,552
Less net loss for fiscal year (sch. 2)	73,712	24,035
	24,035	340,728
Total equity	74,035	51,824
Total liabilities and equity	\$257,101	\$371,125

^a Includes amount due from appropriation for House of Representatives Miscellaneous Items (H. Res. 429, May 18, 1971), \$106,812.54.

^b On June 26, 1971, the Committee on House Administration established a contributed capital account, to be maintained at \$50,000, to provide the House Restaurant with working capital.

^c Transferred from Clerk of the House.

^d Supplemental appropriation, fiscal year 1970 (Public Law 91-305), \$8,500; regular appropriation, fiscal year 1971 (Public Law 91-382), \$270,000; transfer from appropriation for House of Representatives Miscellaneous Items (H. Res. 429, May 18, 1971), \$106,812.54.

SCHEDULE 2

HOUSE OF REPRESENTATIVES RESTAURANT

COMPARATIVE STATEMENT OF OPERATIONS

FOR FISCAL YEARS ENDED JUNE 24, 1972, JUNE 26, 1971,
JUNE 27, 1970, AND JUNE 28, 1969

	June 24, 1972		June 26, 1971		June 27, 1970		June 28, 1969	
	Amount	Percent of sales	Amount	Percent of sales	Amount	Percent of sales	Amount	Percent of sales
SALES OF FOOD AND BEVERAGES:								
Regular services	\$1,342,147	86.1	\$1,307,380	85.7	\$1,281,422	86.1	\$1,132,965	86.0
Catering	216,624	13.9	217,641	14.3	206,522	13.9	175,744	14.0
Total	1,558,771	100.0	1,525,021	100.0	1,487,944	100.0	1,308,709	100.0
Cost of food and beverages sold	581,234	37.3	647,388	42.5	628,264	42.2	505,319	38.6
GROSS PROFIT	977,537	62.7	877,633	57.5	859,680	57.8	803,390	61.4
OPERATING EXPENSES:								
Salaries and wages:								
Straight time	713,560 ^{a,b}	45.8	901,650	59.1	868,984	58.4	758,786	57.9
Overtime	35,924	2.3	46,892	3.1	39,062	2.6	25,857	2.0
Leave expense	68,315	4.4	72,831	4.8	76,647	5.2	61,342	4.7
Employee meals	27,899	1.8	27,600	1.8	27,461	1.8	24,960	1.9
Employee benefits	64,675	4.1	70,715	4.6	61,030	4.1	50,556	3.9
Administrative costs	83,219	5.3	-	-	-	-	-	-
Laundry	35,871	2.3	56,809	3.7	49,577	3.3	36,461	2.8
Paper supplies	45,253	2.9	44,665	2.9	35,524	2.4	26,064	2.0
Cleaning supplies	13,804	0.9	15,022	1.0	13,600	0.9	7,294	0.6
Miscellaneous	18,495	1.2	30,929	2.0	23,595	1.6	12,096	0.9
Replacement of china, glassware, silverware, and kitchen utensils	11,498	0.7	23,549	1.6	22,557	1.5	19,825	1.5
Total	1,118,513	71.7	1,290,662	84.6	1,218,037	81.8	1,023,241	78.2
LOSS ON FOOD AND BEVERAGES OPERATIONS	140,976	9.0	413,029	27.1	358,357	24.0	219,851	16.8
CIGAR-STAND MERCHANDISE:								
Sales	263,660	100.0	300,915	100.0	263,972	100.0	236,733	100.0
Cost of sales	184,798	70.1	223,364	74.2	204,038	77.3	193,732	81.8
GROSS PROFIT FOR TOBACCO	78,862	29.9	77,551	25.8	59,934	22.7	43,001	18.2
CIGAR STAND LABOR AND BENEFITS	17,044 ^b	6.5						
PROFIT ON CIGAR-STAND OPERATIONS	61,818	23.4						
VENDING MACHINE COMMISSIONS	5,792		4,563		5,053		4,625	
NET OPERATING LOSS	73,366		330,915		293,370		172,225	
EQUIPMENT EXPENDITURES	346		9,813		5,345		67	
NET LOSS FOR THE YEAR	\$ 73,712		\$ 340,728		\$ 298,715		\$ 172,292	

^a Straight time (\$76,557) and employee benefits (\$6,662) for administrative personnel were reported under administration costs for the period August 22, 1971, through June 24, 1972.

^b Straight time (\$15,166), overtime (\$383), leave expense (\$172), employee meals (\$93), and employee benefits (\$1,230) for cigar-stand personnel were reported under cigar stand labor and benefits for the period August 22, 1971, through June 24, 1972.

BEST DOCUMENT AVAILABLE

HOUSE OF REPRESENTATIVES RESTAURANT
STATEMENT OF CHANGES IN FINANCIAL POSITION
FISCAL YEAR ENDED JUNE 24, 1972

FUNDS PROVIDED BY:	
Sales	\$1,828,223
Appropriations	<u>95,923</u>
Total funds provided	<u>\$1,924,146</u>
FUNDS APPLIED TO:	
Cost of merchandise sold	\$ 766,032
Salaries and wages	841,590
Other operating expenses	295,717
Equipment expenditures	346
Increase in working capital	<u>20,461</u>
Total funds applied	<u>\$1,924,146</u>

ANALYSIS OF CHANGES IN WORKING CAPITAL

INCREASE OR DECREASE(-) IN CURRENT ASSETS:	
Cash	-\$29,592
Accounts receivable	-87,729
Inventories	3,297
DECREASE IN CURRENT LIABILITIES:	
Amounts due vendors	91,888
Payroll, benefits, and taxes payable	38,927
Employees' accrued leave	<u>3,670</u>
Increase in working capital	<u>\$20,461</u>

HOUSE OF REPRESENTATIVES RESTAURANT FISCAL YEAR 1972 13th ACCOUNTING PERIOD

STATEMENT OF OPERATIONS Fiscal year to date - June 27, 1971 through June 24, 1972

	COMBINED OPERATIONS		CONGRESSIONAL RESTAURANT		MEMBERS' DINING ROOM		CAPITOL CARRY-OUT		LONGWORTH CAFETERIA		LONGWORTH CARRY-OUT		CANNON CARRY-OUT		RAYBURN CAFETERIA		RAYBURN CARRY-OUT		Rayburn Catering			
	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES		
FOOD																						
SALES																						
Food	1,342,146.86	86.1	180,911.68	85.0	19,727.87	100.0	80,309.36	100.0	417,640.21	99.3	84,857.63	100.0	141,599.43	100.0	319,741.87	100.0	97,358.81	100.0				
Catering	216,623.78	13.9	31,816.12	15.0					2,942.18	.7											181,865.48	100.0
TOTAL	1,558,770.64	100.0	212,727.80	100.0	19,727.87	100.0	80,309.36	100.0	420,582.39	100.0	84,857.63	100.0	141,599.43	100.0	319,741.87	100.0	97,358.81	100.0			181,865.48	100.0
COST OF FOOD SOLD	581,233.92	37.3	90,529.40	42.6	8,276.23	42.0	24,570.44	30.6	157,483.23	37.4	30,798.79	36.3	51,753.33	36.5	126,379.03	39.5	36,075.40	37.1			55,367.57	30.4
GROSS PROFIT ON FOOD	977,536.72	62.7	122,198.40	57.4	11,451.14	58.0	55,738.92	69.4	263,099.16	62.6	54,058.84	63.7	89,846.10	63.5	193,362.84	60.5	61,283.41	62.9			126,497.91	69.6
OPERATING EXPENSES	713,560.10	45.8	195,129.48	91.7	31,238.82	158.3	30,988.08	38.6	174,679.99	41.5	20,880.87	24.6	34,174.80	24.1	140,048.75	43.8	29,787.24	30.6			56,632.07	31.1
Labor, Straight Time	35,924.25	2.3	17,236.00	8.1	1,453.04	7.4	241.60	.3	11,386.28	2.7	522.54	.6	1,878.83	1.3	1,382.41	.4	688.23	.7			1,135.32	.6
Overtime	160,889.79	10.3	48,464.89	22.8	6,787.13	34.4	6,811.04	8.5	36,916.62	8.8	4,088.06	4.8	7,524.43	5.3	32,930.48	10.3	7,037.17	7.2			10,329.97	5.7
Employee Benefits	910,374.14	58.4	260,830.37	122.6	39,478.99	200.1	38,040.72	47.4	222,982.89	53.0	25,491.47	30.0	43,578.06	30.7	174,361.64	54.5	37,512.64	38.5			68,097.36	37.4
Administrative Costs	83,219.48	5.3	22,697.57	10.7	5,825.38	29.5	6,429.29	8.0	16,643.88	4.0	4,160.99	4.9	4,160.97	2.9	9,154.14	2.9	4,160.94	4.3			9,986.32	5.5
Laundry	35,870.76	2.3	14,864.97	7.0	1,691.28	8.6	351.51	.4	7,022.11	1.7	527.64	.6	1,122.73	.8	5,430.79	1.7	1,081.52	1.1			3,778.21	2.1
Paper Supplies	45,252.81	2.9	3,804.45	1.8	424.62	2.2	4,345.49	5.4	7,096.52	1.7	4,355.98	5.1	7,710.96	5.5	8,604.28	2.7	4,277.44	4.4			4,633.07	2.5
Cleaning Supplies	13,804.35	.9	2,691.46	1.3	314.89	1.6	18.57		4,923.60	1.1	35.46		136.91	.1	3,563.25	1.1	201.53	.2			1,918.68	1.1
Miscellaneous Expense (China, Glassware, Silverware & Kitchen Utensils)	18,494.64	1.2	4,286.06	2.0	612.57	3.1	533.97	.7	5,586.09	1.3	687.42	.8	1,301.26	.9	3,090.44	1.0	921.26	.9			1,475.57	.8
Replacements	11,498.59	.7	4,910.89	2.3	98.64	.5			3,378.80	.8					2,021.67	.6					1,088.59	.6
TOTAL OPERATING EXPENSES	1,118,514.77	71.7	314,085.77	147.7	48,446.37	245.6	49,719.55	61.9	267,633.89	63.6	35,258.96	41.4	58,010.89	40.9	206,226.21	64.5	48,155.33	49.4			90,977.80	50.0
PROFIT OR (LOSS) ON FOOD OPERATIONS	(140,978.05)	9.0	(191,887.37)	(90.3)	(36,995.23)	(187.6)	6,019.37	7.5	(4,534.73)	(1.0)	18,799.88	22.3	31,835.21	22.6	(12,863.37)	4.0	13,128.08	13.5			35,520.11	19.6
TOBACCO AND CANDY STANDS																						
SALES	263,660.36	100.0	31,413.81	100.0			10,160.22	100.0	140,668.93	100.0					81,417.40	100.0						
COST OF SALES	184,797.71	70.1	21,708.75	69.1			6,806.41	67.0	97,327.11	69.2					58,955.44	72.4						
GROSS PROFIT	78,862.65	29.9	9,705.06	30.9			3,353.81	33.0	43,341.82	30.8					22,461.96	27.6						
Labor Expense & Benefits	17,043.82	6.5	2,164.93	6.9			843.75	8.3	9,720.83	6.9					4,314.31	5.3						
PROFIT OR (LOSS) ON TOBACCO AND CANDY STANDS OPERATIONS	61,818.83	23.4	7,540.13	24.0			2,510.06	24.7	33,620.99	23.9					18,147.65	22.3						
VENDING MACHINES COMMISSIONS	5,792.26										1,068.61				2,755.52							
NET PROFIT OR (LOSS) ON OPERATIONS	(73,366.96)		(184,347.24)		(36,995.23)		8,529.43		29,086.26		19,868.49		34,590.73		5,284.28		15,096.21				35,520.11	
EQUIPMENT EXPENDITURES	345.51																					
NET INCOME OR (DEFICIT)	(73,712.47)																					