

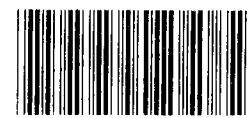
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REPORT BY THE

Comptroller General

OF THE UNITED STATES

Audit Of The Stationery Revolving Fund For Fiscal Year Ended June 30, 1979



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GGD-80-29
JANUARY 31, 1980



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

B-196900

The Honorable Edmund L. Henshaw, Jr.
Clerk of the House of Representatives

GHS00003

GHS00006

Dear Mr. Henshaw:

We have audited the House of Representatives Stationery Revolving Fund for the fiscal year ended June 30, 1979, pursuant to your May 2, 1979, request.

GENERAL COMMENTS

The Stationery Revolving Fund, established by the July 17, 1947, act (2 U.S.C. 46b-1), is administered by the Office Supply Service under the Clerk of the House of Representatives' jurisdiction, and is subject to the rules and regulations of the Committee on House Administration. The Office Supply Service furnishes House Members, committees, departments, and officers with stationery and supplies at cost (exclusive of salaries and other operating expenses incurred in operating the revolving fund).

HSE01700

Members' accounts

Funds appropriated to the House of Representatives for Members' stationery allowances are transferred to the Stationery Revolving Fund. Each Member is provided \$6,500 for each regular session of the Congress to purchase stationery and other supplies for official purposes. Incoming Members serving less than a full session receive a pro rata amount. A Member may withdraw a sum not to exceed \$1 in cash from the stationery allowance each regular session of Congress.

During the first session of the 95th Congress, a Member could elect to transfer unexpended funds from the stationery account to certain other allowances, e.g., travel, computer services, and district office rental, or to transfer funds from the other allowances to the Member's stationery account.

Effective with the second session of the 95th Congress, transfers from and to the Stationery Revolving Fund were discontinued, except for those associated with 1977 obligations.

The Legislative Branch Appropriation Act of 1979 (P.L. 95-291, dated September 30, 1978), included Members' stationery allowances in the Allowances and Expenses appropriation of the House of Representatives. Accordingly, Members' official purchases are paid through monthly transfers of appropriated funds to the Stationery Revolving Fund.

Other accounts

Purchases by committees, departments, and officers must be approved by the Chairman, Committee on House Administration. The Stationery Revolving Fund is reimbursed for such purchases.

EQUIPMENT

During the fiscal year ended June 30, 1979, the Stationery Revolving Fund had equipment purchases of \$11,900. There were no equipment disposals during the year. At the year end, computer and related equipment amounted to \$146,848 which, based on the established depreciation policy, resulted in a depreciation expense of \$14,225 for the year.

DEFERRED INCOME

Direct funding of the Stationery Revolving Fund was discontinued as of October 1, 1978. As a result, Members' stationery purchases are charged against their consolidated allowance accounts, and the Stationery Revolving Fund is reimbursed from the Allowances and Expenses appropriation. Items ordered by Members and paid for from the Allowances and Expenses appropriation, but not delivered as of June 30, 1979, amounted to \$100,622.

REVOLVING FUND CAPITALIZATION

With the change in Stationery Revolving Fund funding, \$1,600,000 was established as operating capital to maintain the current level of operations. The accounts Allowance due Members and Allowance Appropriated but not Allotted are no longer in use.

SERVICE CHARGES

In October 1978, the Office Supply Service began charging a 10-percent surcharge on all nonofficial purchases (primarily staff account sales), pursuant to the Committee on House Administration directive to the Clerk of the House of Representatives. At this same time, the House Office Supply

Service began cash sales and established a policy whereby personal checks may be used for purchases. Service Charge income amounted to \$69,449 for the year ended June 30, 1979.

SCOPE OF AUDIT

We made our audit in accordance with the Comptroller General's standards for auditing financial transactions, accounts, and reports of governmental activities. These standards include generally accepted auditing standards. Our examination included a review of operations and of applicable Federal laws, and such tests of the accounting records and such other auditing procedures as we considered necessary.

OPINION ON FINANCIAL STATEMENTS

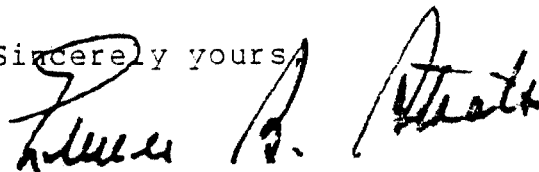
We prepared comparative statements of assets and liabilities (sch. 1), operations and retained income (sch. 2), and changes in financial position (sch. 3) from records of the Office Supply Service. Appropriations to the House of Representatives cover salaries and other operating expenses of the Office Supply Service and are not included as expenses in computing the net income of the Stationery Revolving Fund.

In our opinion, the accompanying financial statements, which were prepared on a basis consistent with that of the preceding year and in accordance with the financial arrangements described above, present fairly the financial position of the Stationery Revolving Fund at June 30, 1979, and June 30, 1978; the results of its operations; and the changes in its financial position for the fiscal years then ended.

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We are sending a copy of this report to the Chairman, Committee on House Administration.

Sincerely yours



Comptroller General
of the United States

SCHEDULES

HOUSE OF REPRESENTATIVES
STATIONERY REVOLVING FUND
COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES
JUNE 30, 1979, AND 1978

<u>ASSETS</u>	<u>1979</u>	<u>1978</u>
CASH:		
In U.S. Treasury	\$1,430,262	\$1,922,108
ACCOUNTS RECEIVABLE:		
Committees, officers of the House, and others	\$ 7,590	\$ 60,636
Vendors	3,898	1,593
Due from Allowances and Expenses	<u>258</u>	<u>-</u>
MERCHANDISE INVENTORY, AT COST	845,934	901,608
EQUIPMENT	146,848	134,948
LESS ACCUMULATED DEPRECIATION	<u>(17,087)</u>	<u>(2,862)</u>
Total assets	<u>\$2,417,703</u>	<u>\$3,018,031</u>
<u>LIABILITIES AND GOVERNMENT EQUITY</u>		
ACCOUNTS PAYABLE (note a):		
Vendors	\$300,342	\$183,864
Committees and others	<u>3,578</u>	<u>1,335</u>
DEFERRED INCOME	100,622	-
AMOUNT DUE MEMBERS	-	2,486,753
ALLOWANCE APPROPRIATED BUT NOT ALLOTTED	-	7,938
STATIONERY REVOLVING FUND, CAPITAL	1,600,000	-
RETAINED INCOME (sch. 2)	<u>413,161</u>	<u>338,141</u>
Total liabilities and government equity	<u>\$2,417,703</u>	<u>\$3,018,031</u>

a/Obligations for undelivered orders amounted to \$629,032.34 at June 30, 1979, and \$360,980.51 at June 30, 1978.

GAO note: Our opinion on this statement appears on page 3 of the letter.

HOUSE OF REPRESENTATIVES
STATIONERY REVOLVING FUND
COMPARATIVE STATEMENT OF OPERATIONS
AND RETAINED INCOME FOR FISCAL YEARS
ENDED JUNE 30, 1979 AND 1978

	1979		1978	
NET SALES:				
Members	\$2,347,145	\$ -	\$2,280,390	\$2,445,303
Committees, officers of the House, and others	1,576,175	4,966	1,229,731	9,958
Net sales	3,923,320	4,966	3,510,121	3,694,992
Plus: Service charges	69,449	-	-	-
Total	3,992,769	4,966	3,510,121	3,694,992
COST OF SALES:				
Beginning inventory (note a)	901,608	-	693,193	699,193
Purchases less returns and discounts	3,847,850	4,966	3,680,741	3,865,612
Total	4,749,458	4,966	4,373,934	4,564,805
Less ending inventory (note a)	845,934	-	901,608	811,618
Cost of sales (note b)	3,903,524	4,966	3,472,326	3,753,187
INCOME BEFORE DEPRECIATION	89,245	-	31,795	11,795
DEPRECIATION EXPENSE (note c)	14,225	-	2,862	2,862
NET INCOME FOR THE PERIOD (note d)	\$ 75,020	\$ -	\$ 28,933	\$ 28,933
RETAINED INCOME:				
Balance beginning of period	338,141	-	109,160	112
Transfer to cover bad debt loss	-	-	-	1,933
Net income for the period	75,020	-	28,933	-
Balance end of period (sch. 1)	\$ 413,161	\$ -	\$ 28,933	\$ 28,933

Amount adjusted on the basis of purchase prices less trade discounts.
 Includes obsolete and damaged merchandise written off during 1979 of \$1,530.00 (\$2,536.49 in 1978).
 Depreciation is computed using straight line, 10-year life, no salvage value.
 Office Supply Service were provided under separate appropriations for the House of Representatives and Architect of the Capitol which were not required to be included as expenses in determining net income.
 GAO note: Our opinion on this statement appears on page 3 of the letter.

HOUSE OF REPRESENTATIVES

STATIONERY REVOLVING FUND

COMPARATIVE STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE FISCAL YEARS ENDED JUNE 30, 1979, AND 1978

	<u>1979</u>	<u>1978</u>
FUNDS PROVIDED:		
Sales:		
Members	\$2,347,145	\$2,280,390
Committees, officers of the House, and others	1,576,175	1,229,731
Service charges	69,449	-
Services:		
Members	-	174,913
Committees, officers of the House, and others	4,966	9,958
Appropriations for stationery allowances	-	2,853,500
Transfer from allowances and expenses	-	1,692
Funds returned by outgoing Members	-	1,096
Capitalization of Revolving Fund	1,600,000	-
Decrease in working capital	<u>-</u>	<u>103,834</u>
Total	<u>\$5,597,735</u>	<u>\$6,655,114</u>
FUNDS APPLIED:		
Cost of sales	\$3,903,524	\$3,478,326
Cost of services	4,966	184,871
Appropriations allotted	-	2,856,817
Purchase of equipment	11,900	134,948
Writeoff of bad debt	-	152
Increase in working capital	<u>1,677,345</u>	<u>-</u>
Total	<u>\$5,597,735</u>	<u>\$6,655,114</u>

ANALYSIS OF CHANGES IN WORKING CAPITAL

	<u>Increase or (decrease) in working capital</u>	
	<u>1979</u>	<u>1978</u>
WORKING CAPITAL CHANGES:		
Cash in U.S. Treasury	\$ (491,846)	\$ 564,555
Accounts receivable:		
Committees, officers of the House, and others	(53,046)	(1,716)
Members' stationery accounts overdrawn	-	(474)
Vendors	2,305	(1,030)
Due from allowances and expenses	258	-
Inventory	(55,674)	202,415
Accounts payable	(118,721)	113,558
Deferred income	(100,622)	-
Allowance due Members	2,486,753	(981,142)
Allowance Appropriated but not Allotted	<u>7,938</u>	<u>-</u>
INCREASE OR (DECREASE) IN WORKING CAPITAL	<u>\$ 1,677,345</u>	<u>\$(103,834)</u>

GAO note: Our opinion on this statement appears on page 3 of the letter.

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