



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

126148

B-114865

FEBRUARY 1, 1985

The Honorable Benjamin J. Guthrie  
Clerk of the House of Representatives

Dear Mr. Guthrie:

Subject: Review of the Activities of the House Office  
Equipment Service for the Year Ended June 30,  
1984 (GAO/AFMD-85-27)

Pursuant to your May 10, 1984, request, we have examined the schedule of purchased equipment accounts and schedule of costs, based on records maintained by the House Office Equipment Service for the year ended June 30, 1984. Our examination was made in accordance with generally accepted government auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the schedules referred to above present fairly the purchased equipment accounts and costs of the House Office Equipment Service for the year ended June 30, 1984, on the basis described above and applied in a manner consistent with that of the preceding year.

Enclosure I contains our report on internal accounting controls and compliance with laws and regulations. Enclosure II contains our comments on the operations of the House Office Equipment Service. Enclosures III and IV present House Office Equipment Service schedules for the year ended June 30, 1984.

Sincerely yours,

*Henry Echwege*  
for  
Comptroller General  
of the United States

Enclosures



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REPORT ON INTERNAL ACCOUNTING CONTROLS  
AND COMPLIANCE WITH LAWS AND REGULATIONS

We have examined the schedule of purchased equipment accounts and the schedule of costs of the House Office Equipment Service for the year ended June 30, 1984. Our examination was made in accordance with generally accepted government auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

We have made a study of those internal accounting control and administrative control procedures of the House Office Equipment Service that we considered relevant to the maintenance of the records regarding owned and leased equipment of the U.S. House of Representatives.

For the year ended June 30, 1984, our study included (1) reviews of controls over owned and leased equipment, (2) an examination of selected operating cost transactions and transactions for purchases and disposals of equipment, and (3) a selected verification of the stock of equipment awaiting disposal and of equipment available for loan to Members, officers, or committees while regular equipment is being repaired.

The management of the House Office Equipment Service is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the second paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of The House Office Equipment Service taken as a whole. However, our study and evaluation disclosed no condition that we believed to be a material weakness.

As part of our examination, we also tested the House Office Equipment Service's compliance with applicable laws and regulations. In our opinion, the House Office Equipment Service complied

with the terms and provisions of laws and regulations from the transactions tested. Nothing came to our attention, in connection with our examination, that caused us to believe that the House Office Equipment Service was not in compliance with the terms and provisions of laws and regulations for those transactions not tested.

COMMENTS ON OPERATIONS OF THE  
HOUSE OFFICE EQUIPMENT SERVICE

Under section 112e of title 2, United States Code, the Clerk of the House of Representatives furnishes office equipment, in accordance with the limitations and regulations prescribed by the Committee on House Administration, to (1) Members (including the resident commissioner from Puerto Rico and delegates to the House of Representatives from the District of Columbia, Guam, the Virgin Islands, and American Samoa) and (2) officers and committees of the House of Representatives. In addition, the Clerk may purchase or lease equipment for officers of the House with the approval of the Committee on House Administration. Other individuals and organizations are provided equipment either directly by the Clerk of the House or through their sponsoring Members.

The House Office Equipment Service is charged with operating the programs for purchasing, leasing, and servicing House office equipment. The Service's activities are financed through various appropriations available to the House of Representatives, and its operating costs are reported under those appropriations in the quarterly reports of the Clerk.

The June 30, 1984, House Office Equipment Service inventory of purchased equipment consisted of 16,416 items with an acquisition cost of about \$23.7 million. (See encl. III.) Also, the Office Equipment Service controlled about 3,400 items leased at a cost of about \$6.6 million for Members, committees, and offices in the year ended June 30, 1984. We determined that during the year ended June 30, 1984, equipment acquisitions amounted to \$4,929,084, and equipment dispositions, at acquisition cost, amounted to \$546,317.

Other costs incurred by the Service during the year are summarized on enclosure IV. Those costs exclude the cost of forms obtained from the Government Printing Office and the cost of data processing services, utilities, office furniture, and building space, all of which are charged to other accounts.

OFFICE EQUIPMENT SERVICE

SCHEDULE OF PURCHASED EQUIPMENT ACCOUNTS

JULY 1, 1983, THROUGH JUNE 30, 1984<sup>a</sup>

<u>Type of equipment</u>	<u>Inventory July 1, 1983</u>		<u>Acquisitions</u>		<u>Disposals</u>		<u>Inventory June 30, 1984</u>	
	<u>Units</u>	<u>Cost</u>	<u>Units</u>	<u>Cost</u>	<u>Units</u>	<u>Cost</u>	<u>Units</u>	<u>Cost</u>
Addressing machine	34	\$ 30,957	1	\$ 1,777	9	\$ 8,062	26	\$ 23,872
Automatic typewriter	1,009	2,371,981	100	178,488	12	33,072	1,097	2,517,397
Typewriter	6,081	3,934,353	100	75,630	359	165,333	5,822	3,844,650
Dictating machine	1,736	661,258	102	33,553	134	62,645	1,704	632,166
Duplicator	460	367,857	5	6,463	71	51,755	394	322,565
Adding machines and calculators	837	156,832	18	2,571	43	8,079	812	151,324
Telephone accessories	411	248,212	16	10,796	1	600	426	258,408
Television sets	677	199,963	181	31,937	1	282	857	231,618
Computers	823	2,496,760	418	714,982	14	27,107	1,227	3,184,635
Television broadcasting	331	1,451,063	8	6,300	12	1,932	327	1,455,431
Acoustical hoods	112	26,048	25	6,866	28	5,240	109	27,674
Word processors	521	2,444,674	683	2,528,838	-	-	1,204	4,973,512
Photocopiers	570	3,601,990	75	498,155	24	79,497	621	4,020,648
Facsimile transceivers	90	188,721	50	101,188	-	-	140	289,909
Signature machines	43	46,870	3	4,988	2	2,000	44	49,858
Software	-	-	202	180,833	7	1,827	195	179,006
Miscellaneous <sup>b</sup>	1,360	1,070,690	140	545,719	89	98,086	1,411	1,518,323
<b>Total</b>	<b>15,095</b>	<b>\$19,298,229</b>	<b>2,127</b>	<b>\$4,929,084</b>	<b>806</b>	<b>\$546,317</b>	<b>16,416</b>	<b>\$23,680,996</b>

<sup>a</sup>This summary does not include about 3,400 pieces of office equipment that the Office Equipment Service leased and controlled for Members, committees, and officers in fiscal year 1984 at a cost of about \$6.6 million. GAO developed this summary from information provided by the House Office Equipment Service.

<sup>b</sup>Includes automatic letter openers and sealers, automatic letter folders and inserters, delivery trucks, pagers, camera equipment, cash registers, and other miscellaneous equipment.

HOUSE OFFICE EQUIPMENT SERVICESCHEDULE OF COSTSJULY 1, 1983, THROUGH JUNE 30, 1984

Administrative salaries and benefits	\$ 287,652
Operating salaries and benefits	530,891
Equipment leasing costs	6,581,149
Book value of equipment transferred to the General Services Administration (without reimbursement to the Service)	1,085
Office equipment repair parts	122,117
Vendor services	994,171
Office supplies	4,230
Miscellaneous	<u>2,669</u>
	<u>\$8,523,964</u>