



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

126650  
20449

B-114854

APRIL 8, 1985

To the Speaker and the Sergeant at Arms  
of the House of Representatives

Subject: Examination of the Financial Statements of  
the Office of the Sergeant at Arms, House of  
Representatives, for the 6-Month Periods Ended  
June 30, 1984, and December 31, 1983 (GAO/  
AFMD-85-28)

Pursuant to the act of July 26, 1949 (2 U.S.C. 81a), we have examined the balance sheets of the Office of the Sergeant at Arms, House of Representatives, as of June 30, 1984, and December 31, 1983, and the related statements of operations and changes in financial position for each of the 6-month periods then ended. Our examinations were 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 financial statements referred to above present fairly the financial position of the Office of the Sergeant at Arms as of June 30, 1984, and December 31, 1983, and the results of its operations and changes in financial position for the 6-month periods then ended, in conformity with generally accepted accounting principles and the financial accounting policies described in note 1 to the financial statements applied on a consistent basis.

Our examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. Exhibit A presents supplementary information on financial transactions of appropriated funds. This supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Enclosure I contains our report on internal accounting controls and compliance with laws and regulations. Enclosures II through V present the Office's financial statements and accompanying notes for the 1984 and 1983 periods.



126650

for *Henry Eschwege*  
Comptroller General  
of the United States

Enclosures

031714

(916673)

REPORT ON INTERNAL ACCOUNTING CONTROLS  
AND COMPLIANCE WITH LAWS AND REGULATIONS

We have examined the financial statements of the Office of the Sergeant at Arms, House of Representatives, for the 6-month periods ended June 30, 1984, and December 31, 1983. Our examinations were made in accordance with generally accepted government auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures, including tests of compliance with laws and regulations, as we considered necessary in the circumstances. This report pertains only to our study and evaluation of the system of internal accounting control and our review of compliance with laws and regulations for the 6-month periods ended June 30, 1984, and December 31, 1983.

As part of our examination, we made a study and evaluation of the Office of the Sergeant at Arms' system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted government auditing standards. The purpose of our study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the Office of the Sergeant at Arms' financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole or on any of the categories of controls identified below.

For the purpose of this report, we have classified the significant internal accounting controls in the following categories:

- cash and checks,
- accounts receivable,
- appropriations and receipts,
- disbursements and transfers, and
- Members' deposits.

Our study included all of the control categories listed above.

The management of the Office of the Sergeant at Arms 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 to permit the preparation of financial statements in accordance with generally accepted accounting principles and with the financial accounting policies described in note 1 to the financial statements.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless 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 Office of the Sergeant at Arms taken as a whole or on any of the categories of controls identified in the third paragraph. 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 Office of the Sergeant at Arms' compliance with applicable laws and regulations. In our opinion, the Office of the Sergeant at Arms complied with the terms and provisions of laws and regulations for the transactions tested that could have materially affected its financial statements. Nothing came to our attention, in connection with our examination, that caused us to believe that the Office of the Sergeant at Arms was not in compliance with the terms and provisions of laws and regulations for those transactions not tested.

HOUSE OF REPRESENTATIVES  
SERGEANT AT ARMS  
BALANCE SHEET

ASSETS	<u>June 30, 1984</u>	<u>December 31, 1983</u>
APPROPRIATED FUNDS:		
Funds with U.S. Treasury	\$ <u>11,464,210</u>	\$ <u>29,915,226</u>
DEPOSIT FUND:		
Funds with U.S. Treasury	621,218	622,677
Cash on hand	156,444	190,142
Checks on hand (note 2)	312,739	111,877
Accounts receivable:		
Due from members (note 3)	62,983	137,210
Cashiers' shortages (note 4)	<u>1,104</u>	<u>417</u>
	<u>1,154,488</u>	<u>1,062,323</u>
Total assets	<u>\$12,618,698</u>	<u>\$30,977,549</u>
LIABILITIES AND GOVERNMENT EQUITY		
APPROPRIATED FUNDS:		
Liabilities:		
Salaries payable	\$ 2,952,444	\$ 2,963,699
Government equity:		
Unobligated appropriations	<u>8,511,766</u>	<u>26,951,527</u>
	<u>11,464,210</u>	<u>29,915,226</u>
DEPOSIT FUND:		
Liabilities:		
Accounts payable:		
Members' deposits	1,154,043	1,062,139
Cashiers' overages (note 4)	<u>445</u>	<u>184</u>
	<u>1,154,488</u>	<u>1,062,323</u>
Total liabilities and government equity	<u>\$12,618,698</u>	<u>\$30,977,549</u>

The notes in enclosure V are an integral part of this statement.

HOUSE OF REPRESENTATIVES  
SERGEANT AT ARMS  
STATEMENT OF OPERATIONS  
APPROPRIATED FUNDS

	6-month periods ended	
	June 30, 1984	December 31, 1983
<b>REVENUE</b>		
Expended appropriations	\$18,452,172	\$17,099,649
<b>EXPENDITURES</b>		
Salaries of Members	15,853,616	15,343,136
Government paid benefits:		
Retirement	1,135,617	1,043,450
Social Security (note 6)	1,108,691	14,205
Health insurance	242,797	219,615
Life insurance	43,360	42,363
Additional health insurance (note 5)	1,258	7,546
Total government paid benefits	2,531,723	1,327,179
Mileage of Members	66,833	37,946
Gratuities to widows, widowers, or heirs of deceased Members	-	391,388
Total expenditures	18,452,172	17,099,649
<b>EXCESS</b>	\$ -	\$ -

DEPOSIT FUND

<b>RECEIPTS</b>		
Transfer from appropriated funds (Members' salaries, mileage, and state income tax)	\$ 8,283,039	\$ 8,668,066
Members' deposits	9,669,466	7,043,962
Sale of traveler's checks	123,416	212,882
Cashiers overages	261	473
Total receipts	18,076,182	15,925,383
<b>DISBURSEMENTS</b>		
Net payments to or for accounts of Members	17,303,628	15,162,550
State income tax withheld re- mitted to states	556,973	532,196
Payment for traveler's checks sold	123,416	212,882
Cashiers overages (prior year) applied to shortages	-	795
Total disbursements	17,984,017	15,908,423
Excess of receipts over disbursements	92,165	16,960
Accountable balance, beginning of period	1,062,323	1,045,363
<b>ACCOUNTABLE BALANCE, END OF PERIOD</b>	\$ 1,154,488	\$ 1,062,323

The notes in enclosure V are an integral part of this statement.

HOUSE OF REPRESENTATIVES  
SERGEANT AT ARMS  
STATEMENT OF CHANGES IN FINANCIAL POSITION  
APPROPRIATED FUNDS

	<u>6-month periods ended</u>	
	<u>June 30, 1984</u>	<u>December 31, 1983</u>
<b>APPROPRIATED FUNDS PROVIDED</b>		
Increase in unobligated appropriations	\$ -	\$17,836,943
Increase in salaries payable	-	180,710
Total funds provided	<u>-</u>	<u>18,017,653</u>
<b>APPROPRIATED FUNDS APPLIED</b>		
Decrease in unobligated appropriations	18,439,761	-
Decrease in salaries payable	11,255	-
Total funds applied	<u>18,451,016</u>	<u>-</u>
<b>INCREASE (DECREASE) IN CASH</b>	<u>\$ (18,451,016)</u>	<u>\$18,017,653</u>

DEPOSIT FUND

<b>DEPOSIT FUNDS PROVIDED</b>		
Decrease in accounts receivable	\$ 74,227	\$ 515
Increase in accounts payable	92,165	17,282
Total funds provided	<u>166,392</u>	<u>17,797</u>
<b>DEPOSIT FUNDS APPLIED</b>		
Increase in accounts receivable	687	40,332
Decrease in accounts payable	-	321
Total funds applied	<u>687</u>	<u>40,653</u>
<b>INCREASE (DECREASE) IN CASH</b>	<u>\$ 165,705</u>	<u>\$ (22,856)</u>

The notes in enclosure V are an integral part of this statement.

HOUSE OF REPRESENTATIVES  
SERGEANT AT ARMS  
NOTES TO FINANCIAL STATEMENTS  
6-MONTH PERIODS ENDED  
JUNE 30, 1984, AND DECEMBER 31, 1983

Note 1. Significant Accounting Policies

The Sergeant at Arms, as a fiscal officer of the House of Representatives, disburses funds appropriated for (1) salaries and fringe benefits of Members, (2) mileage of Members to and from each session of the Congress, and (3) gratuities to widows, widowers, or heirs of deceased Members. The Sergeant at Arms also operates a deposit and checking function for the Members commonly referred to as the "House bank" and is accountable for Members' funds on deposit in the bank. Operating costs of the Office of the Sergeant at Arms, including personnel salaries and fringe benefits, equipment, space, building repairs and maintenance, utilities, and certain miscellaneous expenses, are paid from funds appropriated for salaries and expenses of the House of Representatives.

Salary and expense appropriations are disbursed on the basis of monthly payroll vouchers covering the earned salaries and mileage of Members. The amounts due Members are either paid by check or, if Members request it, transferred to their credit in the deposit fund account established in the Treasury for this purpose. House Members' monthly salaries are paid on the first day of the next month. Accordingly, salaries payable represent Members' salaries for the last month of the period.

The deposit fund consists of the total of the individual accounts for the various Members who use the "House bank" facility. Members withdraw money from their accounts by presenting written orders for payment either directly to the Sergeant at Arms or through regular banking channels. Money in the Members' accounts is used to cash checks for Members and employees of the House. Checks drawn on other banks by Members and staff are deposited in the U.S. Treasury through a local bank on the next business day.

The peak volume of check-cashing transactions occurs when House employees cash their paychecks. During the 12 months ended June 30, 1984, the largest volume of checks cashed during 1 month occurred in June, when checks amounting to \$3,378,804 were cashed; and the largest volume during 1 day occurred on June 7, 1984, when checks totaling \$647,401 were cashed.

The check-cashing transactions for the 6-month periods ended June 30, 1984, and December 31, 1983, are summarized below.

	<u>6-month periods ended</u>	
	<u>June 30,</u> <u>1984</u>	<u>December 31,</u> <u>1983</u>
Checks on hand at beginning of period	\$ 111,877	\$ 200,229
Checks cashed	<u>15,904,173</u>	<u>13,102,315</u>
	16,016,050	13,302,544
Checks deposited with U.S. Treasury	<u>15,703,311</u>	<u>13,190,667</u>
Checks on hand at end of period	<u>\$ 312,739</u>	<u>\$ 111,877</u>

Other "House bank" operations consist of selling traveler's checks and assisting Members in (1) purchasing savings bonds and (2) negotiating and liquidating personal loans with a local bank.

Note 2. Checks on Other Banks

Checks on hand amounting to \$312,739 at June 30, 1984, and \$111,877 at December 31, 1983, represent checks drawn on other banks and cashed for Members and employees of the House on the last business day of each 6-month period, but not yet deposited with the U.S. Treasury.

Checks amounting to \$86,067 for the 12 months ended June 30, 1984, were returned for reasons such as insufficient funds. These checks represented about 0.3 percent of the \$29 million of checks cashed during the 12 months. The number of returned checks decreased by about 20 percent from the previous period. However, the average value of a returned check was about 53 percent higher.

The Sergeant at Arms maintains control over each returned check until it is liquidated; all such items are monitored daily, and only minor losses have occurred under this control. No loss was incurred during the 12-month period under review.

Note 3. Accounts Receivable from Members

Amounts due from Members represent checks drawn on and cashed or paid by the Sergeant at Arms but not charged to the Members' accounts. Usually a check is held because of insufficient funds in the account of the Member drawing the check.



The Sergeant at Arms monitors daily all such items, and no losses have occurred under this control.

Note 4. Cashiers' Shortages and Overages

Cashiers' shortages and overages are recorded each day and the net shortage, if any, at September 30 of each year is reimbursed from the contingent fund of the House, as authorized by the act of June 27, 1956 (2 U.S.C. 81b).

Note 5. Additional Government Contributions to Health Insurance Program

Public Law 97-346, provided that, during 1983, an amount equivalent to the reduction in the government contribution for health insurance costs, resulting from enrollees changes in health plans, would be paid into the contingency reserves of the various plans to stabilize the financial condition of the health insurance program.

Note 6. Social Security Taxes

Under Public Law 98-21 (Social Security Amendments of 1983) the Members of Congress became subject to full Social Security taxes on salaries paid on or after January 1, 1984.

SUPPLEMENTARY INFORMATION

HOUSE OF REPRESENTATIVES  
SERGEANT AT ARMS  
SCHEDULE OF FINANCIAL TRANSACTIONS  
APPROPRIATED FUNDS

	<u>6-month periods ended</u>	
	<u>June 30, 1984</u>	<u>December 31, 1983</u>
<b>APPROPRIATIONS</b>		
Salaries	\$ -	\$35,100,000
Mileage	-	210,000
Gratuities	-	391,388
	<hr/>	<hr/>
Total appropriations	-	35,701,388
<b>COLLECTIONS AND REFUNDS</b>		
Mileage of Members	1,156	176
	<hr/>	<hr/>
Total appropriations, collections and refunds	1,156	35,701,564
<b>DISBURSEMENTS AND TRANSFERS</b>		
Salaries:		
Paid to Members:		
By check	1,309,729	1,357,203
Transferred to deposit fund	7,665,646	8,102,373
Deductions from salaries:		
Federal income tax	3,832,083	3,727,309
Social Security tax	1,061,177	14,205
State income tax	556,973	532,196
Retirement	796,772	1,043,450
Life insurance	86,720	84,727
Optional life insurance	115,635	107,365
Health insurance	179,169	168,196
U.S. Savings Bonds	13,150	12,450
Transfer to other organizations	235,749	192,855
Retired military COLA offset	813	807
	<hr/>	<hr/>
Total salaries	15,853,616	15,343,136
Government contributions:		
Retirement	1,135,617	1,043,450
Life insurance	43,360	42,363
Health insurance	242,797	219,615
Additional health insurance contribution	1,258	7,546
Social security	1,108,691	14,205
	<hr/>	<hr/>
Total government contributions	2,531,723	1,327,179
Mileage of Members:		
Paid by check	6,413	4,449
Transferred to deposit fund	60,420	33,497
	<hr/>	<hr/>
Total mileage	66,833	37,946
Total salaries, government contributions, and mileage		
	18,452,172	16,708,261
Gratuities to widows, widowers, or heirs of deceased Members		
	-	391,388
Unexpended balance of appropri- ations deposited into general fund of the U.S. Treasury		
	-	584,262
	<hr/>	<hr/>
Total disbursements and transfers	18,452,172	17,683,911
Excess of appropriations over disbursements and transfers (disbursements and transfers over appropriations)	(18,451,016)	18,017,653
Accountable balance, beginning of period	29,915,226	11,897,573
ACCOUNTABLE BALANCE, END OF PERIOD	<u>\$11,464,210</u>	<u>\$29,915,226</u>