

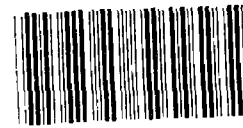
GAO

Report to the President of the Senate and  
the Speaker of the House of  
Representatives

August 1987

# FINANCIAL AUDIT

## Office of the Attending Physician Revolving Fund for Fiscal Years 1986 and 1985



133740

089757

---

---

**Comptroller General  
of the United States**

B-206277

August 21, 1987

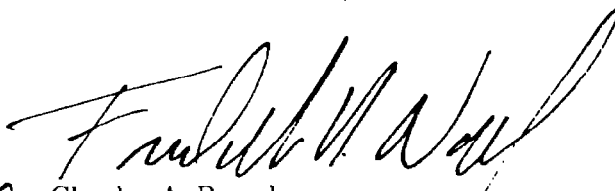
To the President of the Senate and the  
Speaker of the House of Representatives

Pursuant to the Legislative Branch Appropriation Act of 1976, we have examined the balance sheets of the Office of the Attending Physician Revolving Fund as of September 30, 1986 and 1985, and the related statements of operations and changes in financial position for the years 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. We completed our audit work on April 23, 1987.

In our opinion, the financial statements referred to above present fairly the financial position of the Office of the Attending Physician Revolving Fund as of September 30, 1986 and 1985, and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles and the financial accounting policies described in note 2 to the financial statements, applied on a consistent basis.

Our report on internal accounting controls and compliance with laws and regulations, together with the Fund's financial statements and accompanying notes for the years ended September 30, 1986 and 1985, is included in this report.

As required by the Legislative Branch Appropriation Act of 1976, we are sending copies of this report to the Subcommittee on Legislative Branch, Senate Committee on Appropriations; the Subcommittee on Legislative Branch, House Committee on Appropriations; the House Committee on Government Operations; the Senate Committee on Governmental Affairs; and the Clerk of the House of Representatives.

  
for Charles A. Bowsher  
Comptroller General  
of the United States

---

# Contents

---

Opinion Letter	1
Report on Internal Accounting Controls and Compliance With Laws and Regulations	4
Balance Sheet	5
Statement of Operations	6
Statement of Changes in Financial Position	7
Notes to Financial Statements	8
Tables	9

---

Table 1: Changes in Government Equity



---

# Report on Internal Accounting Controls and Compliance With Laws and Regulations

---

We have examined the financial statements of the Office of the Attending Physician Revolving Fund for the fiscal years ended September 30, 1986 and 1985. 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 to a preliminary review of the system of internal accounting controls and our review of compliance with laws and regulations for the year ended September 30, 1986. Our report on internal accounting controls and compliance with laws and regulations for the year ended September 30, 1985, is presented in GAO AFMD-86-36, dated May 22, 1986.

We did not complete a study and evaluation of the Fund's internal accounting control system for the purpose of determining the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the Fund's financial statements. We concluded that it was more efficient to expand our substantive audit tests in examining the financial statements for the year ended September 30, 1986.

While we did not perform a complete study and evaluation of the Fund's internal accounting control system, we did not become aware of any condition during our expanded substantive audit tests which we believe to be a material weakness. In audits where we do study and evaluate the internal accounting control system, material weaknesses in the system would not necessarily be disclosed. Accordingly, even in such cases we would not be able to express an opinion on the system taken as a whole.

As part of our examination, we also tested the Fund's compliance with applicable laws and regulations. In our opinion, the Office of the Attending Physician Revolving Fund 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 Fund was not in compliance with the terms and provisions of laws and regulations for those transactions not tested.

# Balance Sheet

	September 30,	
	1986	1985
<b>Assets</b>		
Cash	\$5,528	5,180
Accounts receivable	0	325
Inventories (note 2)	1,162	1,376
<b>Total Assets</b>	<b>\$6,690</b>	<b>\$6,881</b>
<b>Liabilities and Government Equity</b>		
Accounts payable (note 3)	\$4,224	\$4,839
Government equity (note 4)	2,466	2,042
<b>Total Liabilities and Government Equity</b>	<b>\$6,690</b>	<b>\$6,881</b>

The accompanying notes are an integral part of this statement

# Statement of Operations

	Fiscal years ended September 30,	
	1986	1985
<b>Revenues</b>		
Sales and services (note 5)	\$34,280	\$31,926
<b>Costs</b>		
Cost of sales	32,280	30,350
<b>Net Income</b>	<b>\$2,000</b>	<b>\$1,576</b>

The accompanying notes are an integral part of this statement



# Statement of Changes in Financial Position

	Fiscal years ended September 30,	
	1986	1985
<b>Funds Provided</b>		
Net income from operations	\$2,000	\$1,576
Increase in accounts payable	0	1,810
Decrease in inventory	214	7
Decrease in accounts receivable	325	0
<b>Total funds provided</b>	<b>2,539</b>	<b>3,393</b>
<b>Funds Applied</b>		
Decrease in accounts payable	615	0
Increase in accounts receivable	0	325
Transfer to U.S. Treasury	1,576	1,064
<b>Total funds applied</b>	<b>2,191</b>	<b>1,389</b>
<b>Increase in Cash</b>	<b>\$348</b>	<b>\$2,004</b>

The accompanying notes are an integral part of this statement.

---

# Notes to Financial Statements

---

## Note 1. Revolving Fund Authority

The Legislative Branch Appropriation Act of 1976 established the Office of the Attending Physician Revolving Fund—effective August 1, 1975. In accordance with the provisions of the act, the balance of \$466 in the superseded Office of the Attending Physician suspense account was used to establish the government's equity in the Fund.

The purpose of the Revolving Fund is to account for the receipts and disbursements for (1) the purchase and sale of prescription drugs and (2) miscellaneous services provided by the Office of the Attending Physician. Other activities of the Office of the Attending Physician are financed through appropriated funds.

---

## Note 2. Significant Accounting Policies

Inventories consist of filled prescriptions not picked up by customers (valued at cost) and vaccines on hand. Vaccines are valued at cost on a first-in, first-out basis.

All sales of drugs and services are for cash.

After restoring any impairment of capital, the Legislative Branch Appropriation Act of 1976 requires that the Fund's net income be paid to the U.S. Treasury's general fund. The amount to be paid in 1987, representing the Fund's fiscal year 1986 net income, is \$2,000.

The financial statements do not include expenses incurred for revolving fund operations but paid for with appropriated funds, such as salaries, space, and supplies.

---

## Note 3. Accounts Payable

In addition to funds owed to vendors, accounts payable include an advance from the House Finance Office, a net reimbursement due to the Attending Physician Appropriated Fund, and an amount to be deposited into the U.S. Treasury.

---

## Note 4. Government Equity

A summary of the changes in government equity for fiscal years 1986 and 1985 follows.

**Table 1: Changes in Government Equity**

	Fiscal years	
	1986	1985
Balance at beginning of year	\$2,042	\$1,530
Transferred to U.S. Treasury	(1,576)	(1,064)
Net income for year, reserved for transfer to U.S. Treasury	2,000	1,576
<b>Balance at end of year</b>	<b>\$2,466</b>	<b>\$2,042</b>

**Note 5. Revolving Fund Activities**

Prescription drug sales: Most of the receipts and disbursements are from the sale and purchase of prescription drugs. When requested, the Office of the Attending Physician purchases drugs at wholesale and resells them to Members' families and to congressional employees. The price charged is based upon the unit price of the drug (before any discount) rounded upward to the nearest nickel. The Office of the Attending Physician receives a 2-percent cash discount from its wholesaler for prompt payment. In fiscal year 1986, the prescription drug sales were \$31,869, and the net income was \$571.

Immunizations: The Office of the Attending Physician provides influenza and other immunizations to congressional employees at a nominal fee to recoup the cost. Receipts from these activities in fiscal year 1986 were \$1,034, and a net income of \$52 was realized.

Life insurance services: The Office of the Attending Physician furnishes medical transcripts and performs physical examinations for life insurance applicants. For these services, \$846 was received from life insurance companies and deposited in the Revolving Fund during the fiscal year.

Miscellaneous income: Reconciliation of fiscal year 1985 outstanding bills with a vendor resulted in a credit of \$531 to the Revolving Fund.



---

Requests for copies of GAO reports should be sent to.

U.S. General Accounting Office  
Post Office Box 6015  
Gaithersburg, Maryland 20877

Telephone 202-275-6241

The first five copies of each report are free. Additional copies are \$2.00 each.

There is a 25% discount on orders for 100 or more copies mailed to a single address.

Orders must be prepaid by cash or by check or money order made out to the Superintendent of Documents.

---

United States  
General Accounting Office  
Washington, D.C. 20548

Official Business  
Penalty for Private Use \$300

Address Correction Requested

---

First-Class Mail  
Postage & Fees Paid  
GAO  
Permit No. G100