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United States General Accounting Office

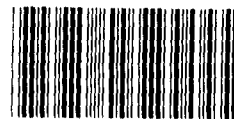
GAO

Report to the Speaker and the Sergeant at Arms of the House of Representatives

January 1988

FINANCIAL AUDIT

House Office of the
Sergeant at Arms—
Periods Ended 6-30-87
and 12-31-86



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**Comptroller General
of the United States**

B-114854

January 8, 1988

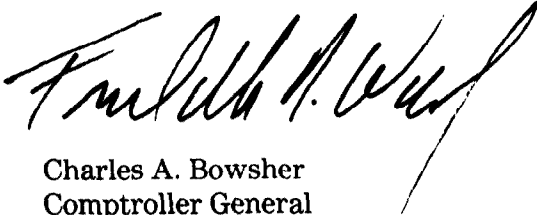
To the Speaker and the Sergeant at Arms
of the House of Representatives

In accordance with 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, 1987, and December 31, 1986, 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. We completed our audit work on August 31, 1987.

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, 1987, and December 31, 1986, 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 examinations were made for the purpose of forming an opinion on the basic financial statements taken as a whole. Supporting information on financial transactions of appropriated funds is presented for the purpose 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 examinations 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.

This report contains our report on internal accounting controls and compliance with laws and regulations. It also includes the Office's financial statements, schedule of financial transactions, and accompanying notes for the 6-month periods ended June 30, 1987, and December 31, 1986.

for 

Charles A. Bowsher
Comptroller General
of the United States

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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, 1987, and December 31, 1986. 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 preliminary review of the system of internal accounting controls and our review of compliance with laws and regulations for the 6-month periods ended June 30, 1987, and December 31, 1986.

We did not complete a study and evaluation of the Office of the Sergeant at Arms' system of internal accounting controls for the purpose of determining the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the Office's financial statements. Based on our preliminary review, we concluded that it was more efficient to expand our substantive audit tests in examining the financial statements for the 6-month periods ended June 30, 1987, and December 31, 1986.

While we did not perform a complete study and evaluation of the Office's system of internal accounting controls, 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 controls 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 Office's 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 was not in compliance with the terms and provisions of laws and regulations for those transactions not tested.

Balance Sheet

	June 30, 1987	December 31, 1986
Assets		
Appropriated Funds		
Funds with U.S. Treasury	\$10,584,497	\$32,345,815
Deposit Fund		
Deposit fund cash		
Funds with U.S. Treasury	1,096,300	644,442
Cash on hand	279,221	186,776
Checks on hand (note 2)	217,313	290,970
Accounts receivable		
From Members (note 3)	103,065	201,868
Other	899	0
Total deposit fund	1,696,798	1,324,056
Total Assets	\$12,281,295	\$33,669,871
Liabilities and Government Equity		
Appropriated Funds		
Liabilities		
Salaries payable	\$3,775,971	\$3,189,116
Government equity		
Unobligated appropriations	6,808,526	29,156,699
Total appropriated funds	10,584,497	32,345,815
Deposit Fund		
Liabilities		
Accounts payable		
Members' deposits	1,696,798	1,324,029
Other	0	27
Total deposit fund	1,696,798	1,324,056
Total Liabilities and Government Equity	\$12,281,295	\$33,669,871

The accompanying notes are an integral part of this statement.

Statement of Operations

Appropriated Funds

	6-Month Periods Ended	
	June 30, 1987	December 31, 1986
Funding Sources		
Appropriations expended	\$21,761,318	\$18,375,852
Collections and refunds	10,304	14,441
Total Funding Sources	\$21,771,622	\$18,390,293
Expenditures		
Salaries of Members	\$18,248,751	\$16,473,215
Government contributions		
Retirement	1,776,826	1,201,677
Social Security	1,303,827	142,709
Health insurance	266,158	229,386
Life insurance	39,233	35,967
Thrift savings plan	51,148	0
Total government contributions	3,437,192	1,609,739
Mileage of Members	68,537	36,113
Payments to widows, widowers, or heirs of deceased Members	0	150,200
Miscellaneous (note 4)	17,142	14,479
Unexpended appropriations returned to U.S. Treasury	0	106,547
Total Expenditures	\$21,771,622	\$18,390,293

Statement of Operations

Deposit Fund

	6-Month Periods Ended	
	June 30, 1987	December 31, 1986
Receipts		
Transfers from appropriated funds (Members' salaries, mileage, and state income tax)	\$9,695,705	\$9,633,238
Members' deposits	10,236,300	8,079,316
Sale of traveler's checks	156,480	156,211
Miscellaneous	0	438
Total Receipts	20,088,485	17,869,203
Disbursements		
Net payments to or for accounts of Members	\$18,901,286	\$17,113,882
State income tax withheld remitted to states	657,051	574,697
Payment for traveler's checks sold	156,480	156,211
Miscellaneous	926	411
Total Disbursements	19,715,743	17,845,201
Excess receipts	372,742	24,002
Deposit fund balance, beginning of period	1,324,056	1,300,054
Deposit Fund Balance, End of Period	\$1,696,798	\$1,324,056

The accompanying notes are an integral part of this statement.

Statement of Changes in Financial Position

	6-Month Periods Ended	
	June 30, 1987	December 31, 1986
Appropriated Funds		
Appropriated Funds Provided		
Increase in unobligated appropriations	\$0	\$19,563,808
Increase in salaries payable	586,855	53,540
Total funds provided	586,855	19,617,348
Appropriated Funds Applied		
Decrease in unobligated appropriations	22,348,173	0
Increase (Decrease) in Cash	\$(21,761,318)	\$19,617,348
Deposit Fund		
Deposit Funds Provided		
Net decrease in accounts receivable	\$97,904	\$0
Net increase in accounts payable	372,742	24,002
Total funds provided	470,646	24,002
Deposit Funds Applied		
Net increase in accounts receivable	0	86,422
Increase (Decrease) in Cash	\$470,646	\$(62,420)

The accompanying notes are an integral part of this statement.

Schedule of Financial Transactions— Appropriated Funds

	6-Month Periods Ended	
	June 30, 1987	December 31, 1986
Appropriations		
Salaries	\$0	\$37,633,000
Mileage	0	210,000
Payments to widows, widowers, or heirs of deceased Members	0	150,200
Total appropriations	0	37,993,200
Collections and Refunds		
Mileage of Members	151	0
Miscellaneous (note 4)	10,153	14,441
Total appropriations, collections, and refunds	10,304	38,007,641
Expenditures		
Salaries		
Paid to Members		
By check	1,636,017	1,460,599
Transferred to deposit fund	8,977,799	9,023,763
Deductions from salaries		
Federal income tax	4,001,349	3,838,410
Social Security tax	1,303,827	142,709
State income tax	657,051	574,697
Retirement	795,767	698,671
Life insurance	78,466	71,934
Optional life insurance	111,079	99,459
Health insurance	158,743	143,217
U.S. Savings Bonds	12,700	14,275
Transfers to other organizations	406,761	405,481
Thrift savings plan	109,192	0
Total salaries	18,248,751	16,473,215

**Schedule of Financial Transactions—
Appropriated Funds**

	6-Month Periods Ended	
	June 30, 1987	December 31, 1986
Government contributions		
Retirement	1,776,826	1,201,677
Social Security	1,303,827	142,709
Health insurance	266,158	229,386
Life insurance	39,233	35,967
Thrift savings plan	51,148	0
Total government contributions	3,437,192	1,609,739
Mileage of Members		
Paid by check	7,682	1,335
Transferred to deposit fund	60,855	34,778
Total mileage	68,537	36,113
Payments to widows, widowers, or heirs of deceased Members	0	150,200
Miscellaneous (note 4)	17,142	14,479
Unexpended appropriations returned to the U.S. Treasury	0	106,547
Total expenditures	21,771,622	18,390,293
Excess of appropriations, collections, and refunds over expenditures (expenditures over collections and refunds)	(21,761,318)	19,617,348
Appropriated funds balance, beginning of period	32,345,815	12,728,467
Appropriated Funds Balance, End of Period	\$10,584,497	\$32,345,815

The accompanying notes are an integral part of this schedule.

Notes to Financial Statements and Schedule

Note 1. Significant Accounting Policies

The Sergeant at Arms, as a fiscal officer of the House of Representatives, disburses funds appropriated for (1) salaries of Members and related administrative expenses, (2) mileage of Members to and from each session of the Congress, and (3) payments 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 salaries and related administrative expenses, 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.

Appropriated funds are disbursed on the basis of monthly payroll vouchers covering salaries, related administrative expenses, 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 U.S. Treasury for this purpose. Members are paid on the first workday after the month in which the salary is earned. Accordingly, salaries payable represent Members' salaries and related administrative expenses 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 deposit fund is used to cash checks for Members and employees of the House. Checks cashed which were drawn on other banks are deposited in the U.S. Treasury through a local bank on the next business day.

Other "House bank" operations consist of selling traveler's checks and assisting Members in making wire transfers and purchasing foreign currency, savings bonds, and cashier's checks.

Note 2. Checks on Hand

Checks on hand amounting to \$217,313 at June 30, 1987, and \$290,970 at December 31, 1986, 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.

The check-cashing transactions for the 6-month periods ended June 30, 1987, and December 31, 1986, are summarized below.

Table 1: Check-Cashing Transactions

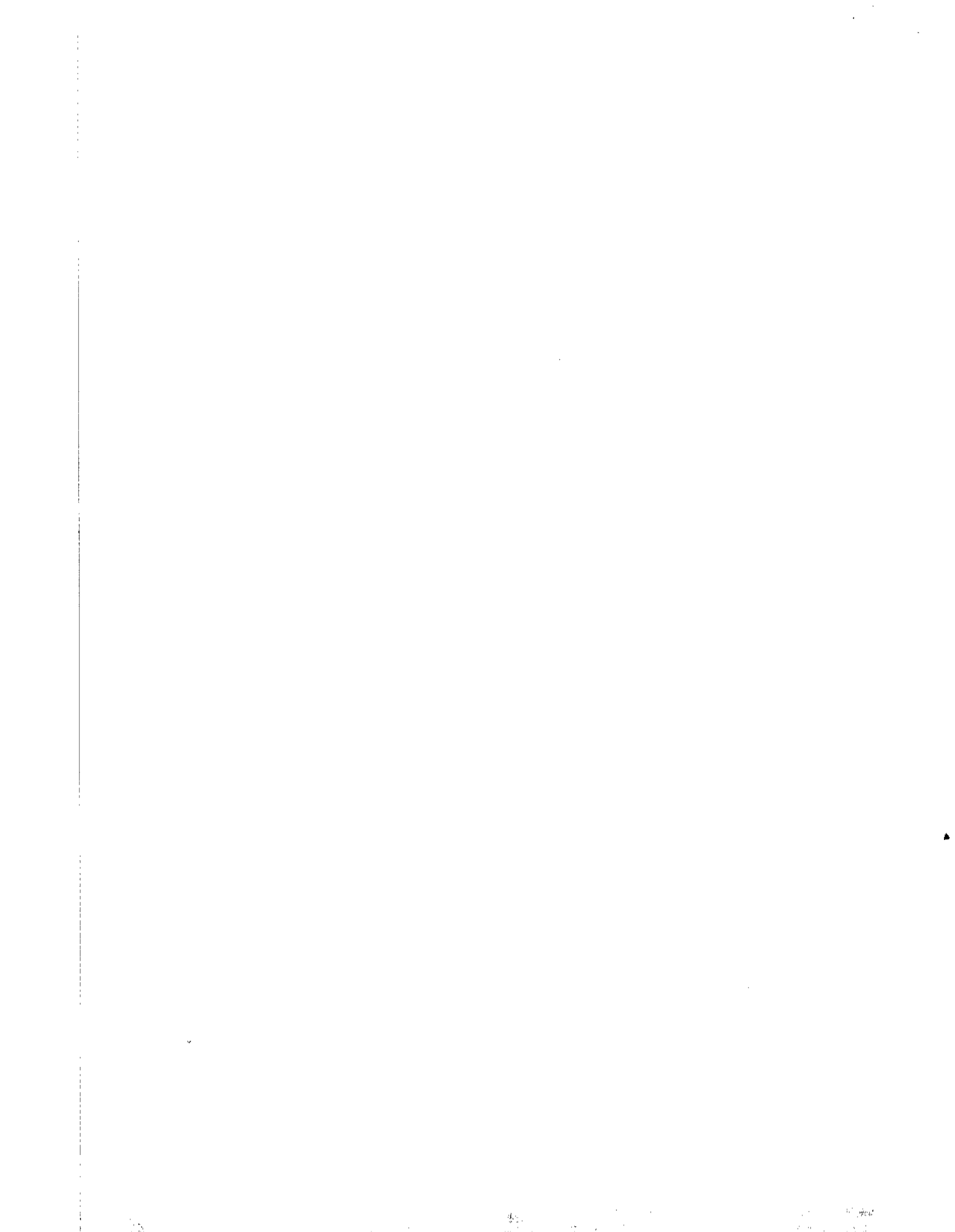
	6-Month Periods Ended	
	June 30, 1987	December 31, 1986
Checks on hand at beginning of period	\$290,970	\$170,935
Checks cashed	16,731,962	14,857,010
	17,022,932	15,027,945
Checks deposited with U.S. Treasury	16,805,619	14,736,975
Checks on hand at end of period	\$217,313	\$290,970

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. Checks are held for reasons such as insufficient funds, missing signature, incorrect date, or a stop-payment order. The Sergeant at Arms monitors all such items daily, and no financial losses have occurred under these procedures.

Note 4. Miscellaneous Receipts and Expenditures

Miscellaneous receipts and expenditures consist of two categories. The first category includes receipts from Members for their contributions to the retirement fund for military service after 1956 and the subsequent disbursement to the retirement fund. The second category includes expenditures for amounts for the replacement of checks reported as lost or stolen and the subsequent receipts for amounts credited by the U.S. Treasury when it has been determined that only one check will be cashed in each instance where a replacement check has been issued.



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