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REPORT OF THE COMPTROLLER GENERAL OF THE UNITED STATES



Audit Of Financial Transactions Of The Sergeant At Arms For Fiscal Year 1975

House of Representatives

GGD-76-18

OCT. 31. 1975

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

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C 1+2 To the Speaker and the Sergeant at Arms
of the House of Representatives

We have audited the financial transactions of the
Sergeant at Arms, House of Representatives, for fiscal year 1975, pursuant to the act of July 26, 1949 (2 U.S.C. 81a).
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GENERAL COMMENTS

The Sergeant at Arms, as a fiscal officer of the House, disburses funds appropriated for (1) compensation of Members, (2) mileage of Members, and (3) gratuities to widows, widowers, or heirs of deceased Members. He also maintains a banking operation known as the House Bank.

Salary and expense appropriations are disbursed on the basis of monthly payroll vouchers covering the earned salaries and mileages of Members. The amount due each Member either is paid to him by check or, if he requests, is transferred to his credit in the deposit fund account which has been established in the Treasury for this purpose.

The deposit fund consists of the total of the individual accounts for the various Members who use the banking facility. A Member may withdraw money from his account by presenting a written order for payment either directly to the Sergeant at Arms or through regular banking channels.

Moneys in the deposit fund are used in cashing checks for Members and employees of the House. Other banking operations consist of selling traveler's checks and assisting Members in (1) purchasing savings bonds and (2) negotiating and liquidating personal loans with local banks.

ASSETS AND LIABILITIES

The funds for which the Sergeant at Arms was accountable at December 31, 1974, and June 30, 1975, are summarized in the statement of assets and liabilities. (See sch. 1.) Pertinent comments on certain accounts, transactions, and accounting controls are presented below.

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change items on hand

Exchange items on hand amounting to \$120,227.59 at December 31, 1974, and \$129,458.94 at June 30, 1975, represent checks cashed for Members and employees of the House on the last business day of each 6-month period. The checks are exchanged for cash at a local bank on the next business day.

The peak volume of check-cashing transactions occurs when House employees cash their paychecks. During fiscal year 1975, the largest volume of checks cashed during a month occurred in January when checks amounting to \$2,169,001.94 were cashed, and the largest volume during one day occurred on July 3, 1974, when \$312,035.26 in checks was cashed.

The check-cashing transactions for fiscal year 1975 are summarized below.

	<u>6-month period ended</u>	
	<u>December 31,</u> <u>1974</u>	<u>June 30,</u> <u>1975</u>
Checks on hand at beginning of period	\$ 199,188.06	\$ 120,227.59
Checks cashed	<u>11,126,578.42</u>	<u>11,873,626.27</u>
	11,325,766.48	11,993,853.86
Checks exchanged for cash	<u>11,205,538.49</u>	<u>11,864,374.92</u>
Checks on hand at end of period	\$ <u>120,227.59</u>	\$ <u>129,458.94</u>

The total amount of checks cashed by the Sergeant at Arms during fiscal year 1975 was \$1,225,055.47 more than the amount cashed in fiscal year 1974, an increase of 5.62 percent. During fiscal year 1975, banks returned to the Sergeant at Arms checks totaling \$67,267.72, or 0.3 of 1 percent of the total amount of checks cashed, for such reasons as insufficient funds.

The Sergeant at Arms said he maintains control over each returned check until it is liquidated.

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Due from Members

Amounts due from Members (Members' unpaid checks) (see sch. 1) represent checks drawn on and cashed by the Sergeant at Arms, which were not charged to the Members' accounts. Unpaid checks are held pending deposit of sufficient funds by the Members to avoid an overdraft in their accounts. However, a few of the unpaid checks are not the result of insufficient funds but of improper signatures, no signatures, or stopped payments. Individual unpaid checks are listed on the Daily Settlement Sheet on the day they are received. The amounts unpaid at any time by individual Members can be determined only from the unpaid checks on hand. The Sergeant at Arms, however, does not have any records from which the frequency, duration, and amounts of actual overdrafts, in total or by individual Members, can be determined with a high degree of accuracy.

Unpaid checks at June 30, 1974, amounted to \$66,728. During fiscal year 1975, unpaid checks numbered 9,434 and amounted to \$1,803,272; redemption of unpaid checks totaled \$1,826,225, leaving a balance of \$43,775.

At the beginning of each month when salaries are credited to the Members' accounts, all unpaid checks are applied against the Members' accounts. However, balances after salary credit may not be sufficient to cover the total amount of unpaid checks. For example, on January 2, 1975, 18 Members had 116 checks amounting to \$18,447 which did not clear. On July 1, 1975, 8 Members had 40 checks amounting to \$5,337 which did not clear.

Our analysis of unpaid checks showed that, during the first half of fiscal year 1975, about 56-percent of the Members had at least one unpaid check. During the last half of the fiscal year, 53 percent of the Members had unpaid checks.

The Sergeant at Arms informed us that no loss had resulted from cashing Members' checks when funds on deposit were insufficient to cover the checks. He said many checks were outstanding for only a few days. He considered that the Members generally were drawing against their accruing salaries which would be paid on the first of the following month.

SCOPE OF AUDIT

Our audit consisted of examinations of the financial transactions of the Sergeant at Arms for the 6 months ended December 31, 1974, and June 30, 1975, respectively, and included:

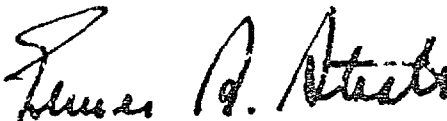
1. Preparation of financial statements.
2. A review of Federal laws relating to payments of salaries and mileage of Members and payments of gratuities to widows, widowers, or heirs of deceased Members.
3. A review of House banking operations.
4. A review, on a test basis, of records and financial transactions, including such auditing procedures as we considered necessary.

Because employees' salaries and other expenses of the Office of the Sergeant at Arms are paid by the Clerk of the House from separate appropriations, such transactions were not covered in this audit.

OPINION ON FINANCIAL STATEMENTS

We prepared the accompanying financial statements (schs 1 through 3) from the records of the Sergeant at Arms. In preparing the Statement of Assets and Liabilities from these records, which are maintained on a cash basis, we made adjustments to present the accountability of the Sergeant at Arms on an accrual basis.

In our opinion, the accompanying financial statements present fairly the financial position and accountability of the Sergeant at Arms at December 31, 1974, and June 30, 1975, respectively, and the financial transactions for the 6-month periods ended at those dates, on a basis consistent with that of the preceding year and in accordance with applicable Federal laws.


Comptroller General
of the United States

SERGEANT AT ARMS
HOUSE OF REPRESENTATIVES
STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 1974, AND JUNE 30, 1975

	<u>December 31,</u> <u>1974</u>	<u>June 30,</u> <u>1975</u>
<u>A S S E T S</u>		
APPROPRIATED FUNDS:		
Funds with U.S. Treasury	\$ <u>12,094,869.32</u>	\$ <u>1,738,082.48</u>
DEPOSIT FUNDS:		
Funds with U.S. Treasury	1,019,004.48	977,600.34
Cash on hand	42,946.85	193,687.91
Exchange items on hand	120,227.59	129,458.94
Accounts receivable:		
Due from Members	122,769.50	43,775.34
Tellers' shortages	<u>190.62</u>	<u>321.79</u>
	<u>1,305,139.04</u>	<u>1,344,844.32</u>
Total assets	\$ <u>13,400,008.36</u>	\$ <u>3,082,926.80</u>
<u>L I A B I L I T I E S</u>		
APPROPRIATED FUNDS:		
Accrued liabilities	\$ 1,697,731.72	\$1,697,054.78
Unobligated balances	<u>10,397,137.60</u>	<u>41,027.70</u>
	<u>12,094,869.32</u>	<u>1,738,082.18</u>
DEPOSIT FUNDS:		
Accounts payable:		
Members' deposits	1,305,746.10	1,344,687.18
Tellers' overages	<u>92.94</u>	<u>157.14</u>
	<u>1,305,139.04</u>	<u>1,344,844.32</u>
Total liabilities	\$ <u>13,400,008.36</u>	\$ <u>3,082,926.80</u>

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SCHEDULE 2

SCHEDULE 2

BERGEANT AT ARM.
HOUSE OF REPRESENTATIVES
STATEMENT OF FINANCIAL TRANSACTIONS
APPROPRIATED FUNDS
FOR 6-MONTH PERIODS ENDED DECEMBER 31, 1974, AND
JUNE 30, 1975, AND FOR THE FISCAL YEAR ENDED JUNE 30, 1975

	<u>6-month period ended</u>		
	<u>December 31,</u>	<u>June 30,</u>	<u>Fiscal year</u>
	<u>1974</u>	<u>1975</u>	<u>1975</u>
ACCOUNTABLE BALANCE AT BEGINNING OF PERIOD	\$ 1,795,457.23	\$12,094,869.32	\$ 1,795,457.23
APPROPRIATIONS:			
Salaries	20,373,580.00	-	20,373,580.00
Mileage	210,000.00	-	210,000.00
Gratuities	-	-	-
Total appropriations	<u>20,583,580.00</u>	<u> </u>	<u>20,583,580.00</u>
Total funds available	<u>22,379,037.23</u>	<u>12,094,869.32</u>	<u>22,379,037.23</u>
DISBURSEMENTS AND TRANSFERS:			
Salaries and Government contributions:			
Paid to Members:			
By check	444,033.98	530,116.75	974,150.73
Transferred to deposit fund account (sch. 3)	5,570,387.25	5,480,581.68	11,050,968.93
Withholding tax deductions paid to Internal Revenue Service	2,438,332.02	2,429,815.05	4,867,147.07
Paid to Civil Service Commission:			
Members' deductions:			
Retirement	737,440.24	723,813.03	1,461,253.27
Life insurance	68,873.76	77,316.96	146,190.72
Health insurance	72,156.20	61,125.63	133,279.83
Optional life insurance	14,189.70	13,256.44	27,446.14
Government contributions:			
Retirement	737,440.24	723,813.03	1,461,253.27
Life insurance	34,436.88	38,658.46	73,095.36
Health insurance	68,739.87	87,834.79	156,594.66
Total	<u>10,186,030.14</u>	<u>10,165,349.84</u>	<u>20,351,379.98</u>
Mileage of Members:			
Paid by check	-	14,439.80	14,439.80
Transferred to deposit fund account (sch. 3)	850.53	176,997.20	177,847.73
Total	<u>850.53</u>	<u>191,437.00</u>	<u>192,287.53</u>
Total salaries and mileages	10,186,880.67	10,356,786.84	20,543,667.51
Gratuities to widows, widowers, or heirs of deceased Members	-	-	-
Unexpended balance of appropriations deposited into general fund of the Treasury	97,287.24	-	97,287.24
Total disbursements and transfers	<u>10,284,167.91</u>	<u>10,356,786.84</u>	<u>20,640,954.75</u>
ACCOUNTABLE BALANCE AT END OF PERIOD	<u>\$12,094,869.32</u>	<u>\$ 1,738,082.48</u>	<u>\$ 1,738,082.48</u>

SERGEANT AT ARMS
HOUSE OF REPRESENTATIVES
STATEMENT OF FINANCIAL TRANSACTIONS
DEPOSIT FUNDS
FOR 6-MONTH PERIODS ENDED DECEMBER 31, 1974, AND
JUNE 30, 1975, AND FOR THE FISCAL YEAR ENDED JUNE 30, 1975

	<u>6-month period ended</u>		<u>Fiscal year</u> <u>1975</u>
	<u>December 31,</u> <u>1974</u>	<u>June 30,</u> <u>1975</u>	
ACCOUNTABLE BALANCE AT BEGINNING OF PERIOD	\$ <u>1,569,480.26</u>	\$ <u>1,305,139.04</u>	\$ <u>1,569,480.26</u>
RECEIPTS:			
Transfer from appropriated funds (sch. 2):			
Salaries of Members	5,570,387.25	5,480,581.68	11,050,968.93
Mileage of Members	<u>850.53</u>	<u>176,997.20</u>	<u>177,847.73</u>
Total	<u>5,571,237.78</u>	<u>5,657,578.88</u>	<u>11,228,816.66</u>
Members' deposits	6,079,872.68	6,751,043.01	12,830,915.69
Sale of traveler's checks	64,173.24	69,480.82	133,654.06
Tellers' overages	<u>92.94</u>	<u>64.20</u>	<u>157.14</u>
Total receipts	<u>11,715,376.64</u>	<u>12,478,166.91</u>	<u>24,193,543.55</u>
Total available for disbursement	<u>13,284,856.90</u>	<u>13,783,305.95</u>	<u>25,763,023.81</u>
DISBURSEMENTS:			
Payments to or for accounts of Members (net of amounts due from Members)	11,914,905.66	12,368,980.81	24,283,886.47
Remittances to consignors for traveler's checks sold	64,173.24	69,480.82	133,654.06
Tellers' overages (prior years) applied to short- ages	<u>638.96</u>	<u>-</u>	<u>638.96</u>
Total disbursements	<u>11,979,717.86</u>	<u>12,438,461.63</u>	<u>24,418,179.49</u>
ACCOUNTABLE BALANCE AT END OF PERIOD	\$ <u>1,305,139.04</u>	\$ <u>1,344,844.32</u>	\$ <u>1,344,844.32</u>

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