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# Audit of Senate Employees Barber Shop, Calendar Year 1970

B-133046

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United States Senate

BY THE COMPTROLLER GENERAL  
OF THE UNITED STATES

**089809**

JUNE 18, 1971

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

B-133046

Dear Mr. Dunphy:

We have examined into the financial transactions of the SENATE EMPLOYEES BARBER SHOP for the calendar year 1970 pursuant to your request dated December 22, 1970. Our examination included appropriate tests, to the extent permitted by the accounting records, and such other auditing procedures as we considered necessary. We did not obtain the head barber's comments on the matters discussed in this report.

GENERAL COMMENTS

The barber shop was established about 1928 to provide convenient, efficient, and economical services to employees of the Senate. The shop was managed by the head barber, under the direction of the Senate Committee on Rules and Administration and the Sergeant at Arms of the Senate. At December 31, 1970, the staff consisted of the head barber, four regular barbers, and a shoeshine boy who also served as a part-time janitor. Each barber held a license from the District of Columbia Board of Barber Examiners.

Income was received principally from barber services performed for the following fees.

Haircut	\$1.50 <sup>a</sup>
Shave	1.00
Tonic	.35
Massage	1.75
Shampoo	1.75
Shoeshine	.25

<sup>a</sup>Increased from \$1.25, effective May 1, 1970.

In addition to the fees received from barber services, other income was received from the sale of combs and nail clippers.

The head barber collected the receipts from all barber services and paid the other barbers as compensation 75 percent of the receipts for the services they had performed. The head barber retained 100 percent of the receipts for the services

he had performed. The head barber deducted from the compensation of each of the other barbers Federal income taxes, District of Columbia income taxes, and uniform rental and laundry expenses. The shoeshine boy, who provided his necessary supplies, retained all receipts from shoeshine operations.

The head barber, in addition to participating in the receipts, received a management fee consisting of the net income from shop operations, that is, the total income less the compensation of the barbers and shop expenses.

Appropriated funds were used to supplement the earnings of the barber shop employees. An annual salary of \$4,476 was paid to the head barber and to each of the other barbers. The shoeshine boy was paid \$2,220, on the basis of an hourly rate, to supplement the income from his operations for the year. The barbers are classified as custodial employees of the Architect of the Capitol, under sections 501 and 502 of the Federal Employees Pay Act of 1945, as amended (2 U.S.C. 60e-3, 60e-4).

#### COMMENTS ON ACCOUNTING RECORDS

The head barber is responsible for maintaining the accounting records of the shop. The only formal records maintained are cash register tapes, payroll records--payments to the barbers--and summary ledger sheets. The ledger sheets summarized the weekly amounts paid to each barber as gross pay; the deductions for taxes, etc.; net pay; and the amounts paid for supplies and laundry service.

Receipts from barber services were recorded through the use of a cash register. Each barber was assigned a number, which appeared on the register tape next to his recorded receipts. At the end of each week, the head barber totaled the receipts for each barber, prepared the payroll record, and paid each barber on the basis of his recorded receipts. We found that the payroll records contained numerous arithmetical errors. Although the net dollar effect of these errors was not considered significant, the number of errors indicated that not enough care was being given to the preparation of the payrolls.

Expenses of the barber shop are paid in cash, except for magazine expenses and taxes, both of which are paid by the head barber's personal check. The head barber maintains a file of paid invoices, which are used as source documents to record the expenses in the summary ledger sheets.

STATUS OF ITEMS PREVIOUSLY REPORTED

In our report for calendar year 1969, we commented on the sale of sundry items, the declaration of tips, and the leave system. During our review for calendar year 1970, we noted that:

- The head barber started recording the sale of sundry items (combs and nail clippers) on a monthly basis beginning in August 1969. He failed, however, to record or report any of these sales for the second half of 1970 to your office. (For statement purposes, we estimated the sales for the year on the basis of the selling price of goods purchased for resale.)
- All barbers had filed weekly declarations of tips. We noted that one barber, despite the amount of his gross receipts, had reported receiving no tips during the entire year.
- The head barber, contrary to requirements, had not reported leave usage to your office quarterly during calendar year 1970, nor had he maintained individual leave records. The daily time sheets showed that the five barbers employed during the year had taken a total of 16 weeks and 3 days of annual leave and 21 weeks of sick leave.

COMMENTS ON THE SHOP OPERATION

Recorded receipts from the barber services for the calendar year 1970 was \$685 less than those for calendar year 1969, as shown below.

<u>Quarter</u>	<u>Receipts</u>		<u>Increase or decrease (-)</u>
	<u>1970</u>	<u>1969</u>	
First	\$ 4,070	\$ 4,742	-\$672
Second	4,644	4,465	179
Third	4,694	4,516	178
Fourth	<u>4,331</u>	<u>4,701</u>	<u>-370</u>
Total	\$ <u>17,739</u>	\$ <u>18,424</u>	<u>-\$685</u>

COMMENTS ON FINANCIAL STATEMENT

The accompanying comparative statement of income and expenses and compensation to barbers was prepared by us from records maintained and information furnished by the head barber. The statement does not include the cost of certain benefits and services furnished to the barber shop without charge, such as space, utilities, telephone service, permanent equipment, furniture, painting, and repairs.

Because of the small size and character of the operations of the barber shop, the usual accounting controls do not exist. We believe that, under these circumstances, the reliance that can be placed upon the financial statement depends upon the degree of confidence in the manner in which the financial records have been maintained. Our audits of the Senate Employees Barber Shop give us serious doubt as to whether the financial records maintained by the head barber are accurate and complete. Therefore we are not expressing an opinion on the accompanying financial statement.

Sincerely yours,



Comptroller General  
of the United States

Enclosure

The Honorable Robert G. Dunphy  
Sergeant at Arms  
United States Senate

## SENATE EMPLOYEES BARBER SHOP

COMPARATIVE STATEMENT OF INCOME  
AND EXPENSES AND COMPENSATION TO BARBERS  
FOR CALENDAR YEARS 1970 AND 1969

	<u>1970</u>	<u>1969</u>
INCOME (note a):		
Barber services	\$17,739	\$18,424
Merchandise sales (estimated)	<u>50</u>	<u>53</u>
Total income	<u>\$17,789</u>	<u>\$18,477</u>
COMPENSATION:		
Barbers (note a):		
Alexander C. Culver	\$ 4,446	\$ 4,221
Alonzo G. Nicholson	1,528	1,159
Philip Johnson	3,212	2,668
John F. Nicholson	-	919
Henry T. Hampton	-	2,539
Edward Bronson	2,545	2,323
John Martin	2,685	1,188
Earl Anderson	<u>-</u>	<u>146</u>
Total compensation	<u>14,416</u>	<u>15,163</u>
OPERATING EXPENSES:		
Supplies	348	320
Laundry	374	406
Magazines (note b)	<u>54</u>	<u>180</u>
Total operating expenses	<u>776</u>	<u>906</u>
MANAGEMENT FEE TO ALEXANDER C. CULVER, HEAD BARBER	<u>2,597</u>	<u>2,408</u>
Total compensation, operating expenses, and management fee	<u>\$17,789</u>	<u>\$18,477</u>

<sup>a</sup> Exclusive of tips and of salary paid by the Architect of the Capitol from appropriated funds.

<sup>b</sup> Contrary to requirements, magazine expense was not posted in the ledger, nor was it reported to the Sergeant at Arms each quarter.