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RELEASED

Audit Of Financial Transactions
Of The Sergeant At Arms
For Fiscal Year 1974

B-114854

House of Representatives /

BY THE COMPTROLLER GENERAL
OF THE UNITED STATES

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NOV. 22, 1974



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

B-114854

To the Speaker and 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 1974, pursuant to the act of July 26, 1949 (2 U.S.C. 81a).

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, (3) expense allowance of the Speaker, and (4) gratuities to widows or widowers and heirs of deceased Members. He also maintains a banking operation known as the House Bank. Beginning July 1, 1974, the Clerk of the House of Representatives will disburse funds appropriated for the expense allowance of the Speaker.

Salary and expense appropriations are disbursed on the basis of monthly payroll vouchers covering the earned salaries and mileages of Members and the expense allowance of the Speaker. 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 maintained by the Sergeant at Arms 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, 1973, and June 30, 1974, are summarized in the statement of assets and liabilities. (See sch. 1.) Pertinent comments on certain accounts, transactions, and accounting controls are presented below.

Exchange items on hand

Exchange items on hand amounting to \$48,485.02 at December 31, 1973, and \$199,188.06 at June 30, 1974, 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, usually at the end of each month. During fiscal year 1974, the largest volume of checks cashed during a month occurred in May when checks amounting to \$2,191,144.49 were cashed and the largest volume during one day occurred on May 31, 1974, when \$234,287.88 in checks was cashed.

The check-cashing transactions for fiscal year 1974 are summarized below.

	6-month period ended	
	December 31, 1973	June 30, 1974
Checks on hand at beginning of period	\$ 196,772.96	\$ 48,485.02
Checks cashed	<u>10,185,582.21</u>	<u>11,589,567.01</u>
	10,382,355.17	11,638,052.03
Checks exchanged for cash	\$ <u>10,333,870.15</u>	\$ <u>11,438,863.97</u>
Checks on hand at end of period	\$ <u>48,485.02</u>	\$ <u>199,188.06</u>

The total amount of checks cashed by the Sergeant at Arms during fiscal year 1974 was \$2,182,822.81 more than the amount cashed in fiscal year 1973, an increase of 11.14 percent. During fiscal year 1974, local banks returned to the Sergeant at Arms checks totaling \$73,809.28, or 0.3 of 1 percent of the total amount of checks cashed, for various reasons, such as insufficient funds.

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

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 are the result 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, 1973, amounted to \$66,403. During fiscal year 1974, unpaid checks numbered 9,719 and amounted to \$2,063,435; redemption of unpaid checks totaled \$2,063,110, leaving a balance of \$66,728 at June 30, 1974.

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, 1974, 21 Members had 134 checks amounting to \$25,606 which did not clear. On July 1, 1974, 33 Members had 118 checks amounting to \$21,642 which did not clear.

Our analysis of unpaid checks showed that, during the first half of fiscal year 1974, about 49 percent of the Members had at least one unpaid check. During the last half of the fiscal year, 57 percent of the Members had unpaid checks. Also during January through June 1974, each of 15 Members had 100 or more unpaid checks. Further analysis showed that 43 percent of the unpaid checks were written by 22 Members (5 percent).

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 are drawing against their accruing salaries which will 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, 1973, and June 30, 1974, respectively, and included:

1. Preparation of financial statements.
2. A review of Federal laws relating to payments of salaries and mileages of Members, the expense allowance of the Speaker, and payments of gratuities to widows or widowers and 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 financial statements 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, 1973, and June 30, 1974, 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, 1973, AND JUNE 30, 1974

	December 31, 1973	June 30, 1974
A S S E T S		
APPROPRIATED FUNDS:		
Funds with U.S. Treasury	<u>\$12,121,324.00</u>	<u>\$1,795,457.23</u>
DEPOSIT FUNDS:		
Funds with U.S. Treasury	1,006,981.38	1,140,198.80
Cash on hand	110,060.90	162,607.02
Exchange items on hand	48,485.02	199,188.06
Accounts receivable:		
Due from Members	87,995.79	66,727.87
Tellers' shortages	<u>118.77</u>	<u>758.51</u>
	<u>1,253,641.86</u>	<u>1,569,480.26</u>
Total assets	<u>\$13,374,965.86</u>	<u>\$3,364,937.49</u>
L I A B I L I T I E S		
APPROPRIATED FUNDS:		
Accrued liabilities	\$ 1,688,329.90	\$1,698,169.99
Unobligated balances	<u>10,432,994.10</u>	<u>97,287.24</u>
	<u>12,121,324.00</u>	<u>1,795,457.23</u>
DEPOSIT FUNDS:		
Accounts payable:		
Members' deposits	1,253,481.92	1,568,841.30
Tellers' overages	<u>159.94</u>	<u>638.96</u>
	<u>1,253,641.86</u>	<u>1,569,480.26</u>
Total liabilities	<u>\$13,374,965.86</u>	<u>\$3,364,937.49</u>

SCHEDULE 2

SERGEANT AT ARMS
HOUSE OF REPRESENTATIVES

STATEMENT OF FINANCIAL TRANSACTIONS
APPROPRIATED FUNDS

FOR 6-MONTH PERIODS ENDED DECEMBER 31, 1973, AND JUNE 30,
1974, AND FOR THE FISCAL YEAR ENDED JUNE 30, 1974

	<u>6-month period ended</u>		
	<u>December 31,</u> <u>1973</u>	<u>June 30,</u> <u>1974</u>	<u>Fiscal year</u> <u>1974</u>
ACCOUNTABLE BALANCE AT BEGINNING OF PERIOD	a/\$ <u>1,835,213.21</u>	<u>\$12,121,324.00</u>	<u>\$ 1,835,213.21</u>
APPROPRIATIONS:			
Salaries	20,365,720.00	-	20,365,720.00
Mileage and expenses	220,000.00	-	220,000.00
Gratuities	<u>42,500.00</u>	<u>85,000.00</u>	<u>127,500.00</u>
Total appropriations	<u>20,628,220.00</u>	<u>85,000.00</u>	<u>20,713,220.00</u>
Total funds available	<u>22,463,433.21</u>	<u>12,206,324.00</u>	<u>22,548,433.21</u>
DISBURSEMENTS AND TRANSFERS:			
Salaries and Government contributions:			
Paid to Members:			
By check	425,239.07	419,852.59	845,091.66
Transferred to deposit fund account (sch. 3)	5,604,068.33	5,575,239.64	11,179,307.97
Paid to Internal Revenue Service: Withholding tax deductions	2,418,608.20	2,414,661.15	4,833,269.35
Paid to Civil Service Commission: Members' deductions:			
Retirement	732,972.93	732,634.76	1,465,607.69
Life insurance	68,793.30	68,632.38	137,425.68
Health insurance	68,340.29	71,110.92	139,451.21
Optional life insurance	14,050.50	14,017.22	28,067.72
Government contributions:			
Retirement	732,972.93	732,634.76	1,465,607.69
Life insurance	34,396.65	34,316.19	68,712.84
Health insurance	<u>50,528.20</u>	<u>65,325.26</u>	<u>115,853.46</u>
Total	<u>10,149,970.40</u>	<u>10,128,424.87</u>	<u>20,278,395.27</u>
Mileage of Members and expense allowance of Speakers:			
Paid by check	1,666.68	12,896.60	14,563.28
Transferred to deposit fund account (sch. 3)	<u>4,492.27</u>	<u>184,545.30</u>	<u>189,037.57</u>
Total	<u>6,158.95</u>	<u>197,441.90</u>	<u>203,600.85</u>
Total salaries, mileages, and expense allowance	10,156,129.35	10,325,866.77	20,481,996.12
Gratuities to widows, widowers, and heirs of deceased Members	85,000.00	85,000.00	170,000.00
Unexpended balance of appropriations deposited into general fund of the Treasury	<u>100,979.86</u>	-	<u>100,979.86</u>
Total disbursements and transfers	<u>10,342,109.21</u>	<u>10,410,866.77</u>	<u>20,752,975.98</u>
ACCOUNTABLE BALANCE AT END OF PERIOD	<u>\$12,121,324.00</u>	<u>\$ 1,795,457.23</u>	<u>\$ 1,795,457.23</u>

a/Includes \$42,500 Gratuity (Public Law 93-50).

SERGEANT AT ARMS
HOUSE OF REPRESENTATIVES

STATEMENT OF FINANCIAL TRANSACTIONS

DEPOSIT FUNDS

FOR 6-MONTH PERIODS ENDED DECEMBER 31, 1973, AND
JUNE 30, 1974, AND FOR THE FISCAL YEAR ENDED JUNE 30, 1974

	6-month period ended		Fiscal year 1974
	December 31, 1973	June 30, 1974	
ACCOUNTABLE BALANCE AT BEGINNING OF PERIOD	\$ 1,596,195.99	\$ 1,253,641.86	\$ 1,596,195.99
RECEIPTS:			
Transfer from appropriated funds (sch. 2):			
Salaries of Members	5,604,068.33	5,575,239.64	11,179,307.97
Mileage of Members and expense allowance of the Speaker	4,492.27	184,545.30	189,037.57
Total	5,608,560.60	5,759,784.94	11,368,345.54
Personal deposits by Members	5,471,052.53	6,802,988.20	12,274,040.73
Sale of traveler's checks	72,631.30	50,337.25	122,968.55
Tellers' overages	159.94	479.02	638.96
Total receipts	11,152,404.37	12,613,589.41	23,765,993.78
Total available for disbursement	12,748,600.36	13,867,231.27	25,362,189.77
DISBURSEMENTS:			
Payments to or for accounts of Members (net of amounts due from Members)	11,421,296.52	12,247,413.76	23,668,710.28
Remittances to consignors for traveler's checks sold	72,631.30	50,337.25	122,968.55
Tellers' overages (prior years) applied to shortages	1,030.68	-	1,030.68
Total disbursements	11,494,958.50	12,297,751.01	23,792,709.51
ACCOUNTABLE BALANCE AT END OF PERIOD	\$ 1,253,641.86	\$ 1,569,480.26	\$ 1,569,480.26

BEST DOCUMENT AVAILABLE