



COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON D C 20548

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B-196900

FEBRUARY 27, 1984

The Honorable Benjamin J. Guthrie  
Clerk of the House of Representatives

Dear Mr. Guthrie:

Subject: Examination of the House of Representatives  
Stationery Revolving Fund's Financial  
Statements for the Fiscal Years Ended June 30,  
1983 and 1982 (GAO/AFMD-84-25)

Pursuant to your May 16, 1983, request, we have examined the balance sheets of the House of Representatives Stationery Revolving Fund as of June 30, 1983 and 1982, and the related statements of operations and retained income 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.

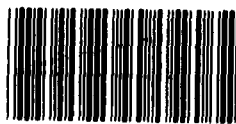
In our opinion, the financial statements referred to above present fairly the financial position of the House of Representatives Stationery Revolving Fund as of June 30, 1983 and 1982, and the results of its operations and changes in its financial position for the years then ended, in conformity with generally accepted accounting principles and the financial accounting policies described in note 1 to the financial statements applied on a consistent basis.

Enclosures I and II contain our report on internal accounting controls and compliance with laws and regulations, and our comments on the House of Representatives Stationery Revolving Fund's operations. Enclosures III through VI present the fund's financial statements and accompanying notes for the years ended June 30, 1983 and 1982.

We are sending a copy of this report to the Chairman, Committee on House Administration.

Sincerely yours,

Acting Comptroller General  
of the United States



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Enclosures

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REPORT ON INTERNAL ACCOUNTING CONTROLS  
AND COMPLIANCE WITH LAWS AND REGULATIONS

We have examined the financial statements of the House of Representatives Stationery Revolving Fund for the years ended June 30, 1983 and 1982. 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 study and evaluation of the system of internal accounting control, and our review of compliance with laws and regulations for the year ended June 30, 1983.

As part of our examination, we made a study and evaluation of the House of Representatives Stationery Revolving Fund's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted government auditing standards. The purpose of our study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the House of Representatives Stationery Revolving Fund's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole or on any of the categories of controls identified below.

For the purpose of this report, we have classified the significant internal accounting controls in the following categories:

- Receipts
- Disbursements
- Equipment
- Inventory
- Receivables

Our study included all of the control categories listed above.

The management of the House of Representatives Stationery Revolving Fund is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles and the financial accounting policies described in note 1 to the financial statements.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the second paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of the House of Representatives Stationery Revolving Fund taken as a whole or on any of the categories of controls identified in the third paragraph. However, our study and evaluation disclosed no condition that we believed to be a material weakness.

We reviewed the provisions of applicable laws and regulations to determine the material compliance requirements that may have a financial impact on the House of Representatives Stationery Revolving Fund's financial statements. In our opinion, the House of Representatives Stationery Revolving Fund complied with the provisions of applicable laws and regulations that could have materially affected the financial statements.

COMMENTS ON OPERATIONS  
OF THE STATIONERY REVOLVING FUND

The Stationery Revolving Fund, established July 17, 1947 (2 U.S.C. 46b-1), is administered by the Office Supply Service under the jurisdiction of the Clerk of the House of Representatives and is subject to the rules and regulations of the Committee on House Administration. The Office Supply Service furnishes House members, committees, departments, and officers with stationery and supplies at cost (exclusive of salaries and other operating expenses incurred in operating the revolving fund).

Office Supply Service operations are financed from a revolving fund and appropriations to the Clerk of the House and the Architect of the Capitol. All receipts from operations are deposited into the revolving fund and are available for operations. Employees' salaries and benefits and certain other benefits and services such as space, building repairs, maintenance, and utilities are paid from appropriated funds and are not charged to the Stationery Revolving Fund.

Each member is authorized an allowance for expenses incurred for official and representational duties, including stationery expenses. Members' purchases of office supplies are funded through the annual appropriations for allowances and expenses of the House of Representatives and are paid for upon proper certification and documentation. Accordingly, the Stationery Revolving Fund is reimbursed monthly from that appropriation for the members' net monthly transactions.

Purchases by committees, departments, and officers must be approved by the Chairman, Committee on House Administration. The Stationery Revolving Fund is reimbursed monthly for such purchases.

HOUSE OF REPRESENTATIVESSTATIONERY REVOLVING FUNDBALANCE SHEET (note 1)

	June 30			
	<u>1983</u>		<u>1982</u>	
ASSETS				
CASH				
In U.S. Treasury	\$1,119,542		\$1,158,984	
Petty cash	<u>1,200</u>	\$1,120,742	<u>-</u>	\$1,158,984
ACCOUNTS RECEIVABLE				
(note 2)				
Committees, officers of the House, and others	41,308		35,183	
Vendors	<u>6,277</u>	47,585	<u>10,575</u>	45,758
MERCHANDISE INVENTORY, AT COST				
		1,433,538		1,240,323
EQUIPMENT (note 1)				
LESS ACCUMULATED DEPRE- CIATION	174,353		197,465	
	<u>(68,854)</u>	<u>105,499</u>	<u>(52,085)</u>	<u>145,380</u>
TOTAL ASSETS		<u>\$2,707,364</u>		<u>\$2,590,445</u>
LIABILITIES AND GOVERNMENT EQUITY				
LIABILITIES				
ACCOUNTS PAYABLE				
Vendors (note 3)	\$158,787		\$207,053	
Due to allowances and expenses	2,784		2,536	
Advance from House Finance Office	<u>1,200</u>	\$162,771	<u>-</u>	\$209,589
DEFERRED INCOME (note 4)		<u>54,100</u>		<u>52,702</u>
Total liabilities		<u>216,871</u>		<u>262,291</u>
GOVERNMENT EQUITY				
STATIONERY REVOLVING FUND, CAPITAL		1,600,000		1,600,000
RETAINED INCOME (encl. IV)		<u>890,493</u>		<u>728,154</u>
Total government equity		<u>2,490,493</u>		<u>2,328,154</u>
TOTAL LIABILITIES AND GOVERNMENT EQUITY		<u>\$2,707,364</u>		<u>\$2,590,445</u>

The accompanying notes are an integral part of this statement.

HOUSE OF REPRESENTATIVES  
STATIONERY REVOLVING FUND  
STATEMENT OF OPERATIONS  
AND RETAINED INCOME (note 1)

	<u>Years ended June 30</u>	
	<u>1983</u>	<u>1982</u>
NET SALES		
Members	\$3,676,098	\$3,433,792
Committees, officers of the House, and others	<u>2,028,059</u>	<u>2,024,644</u>
Total	5,704,157	5,458,436
Plus service charges (note 1)	<u>115,999</u>	<u>105,428</u>
TOTAL NET SALES	<u>5,820,156</u>	<u>5,563,864</u>
COST OF SALES		
Beginning inventory	1,240,323	1,044,453
Purchases less returns and discounts	<u>5,802,994</u>	<u>5,606,860</u>
Total	7,043,317	6,651,313
Less ending inventory	<u>(1,433,538)</u>	<u>(1,240,323)</u>
COST OF SALES (note 5)	<u>5,609,779</u>	<u>5,410,990</u>
INCOME BEFORE DEPRECIATION	210,377	152,874
DEPRECIATION EXPENSE	<u>(29,032)</u>	<u>(26,170)</u>
NET INCOME FROM OPERATIONS	181,345	126,704
NET VALUE OF EQUIPMENT TRANSFERRED TO BUREAU OF PRISONS (note 6)	<u>(19,006)</u>	<u>(43,288)</u>
NET INCOME FOR THE PERIOD	162,339	83,416
RETAINED INCOME, BEGINNING OF PERIOD	<u>728,154</u>	<u>644,738</u>
RETAINED INCOME, END OF PERIOD	<u>\$ 890,493</u>	<u>\$ 728,154</u>

The accompanying notes are an integral part of this statement.

HOUSE OF REPRESENTATIVESSTATIONERY REVOLVING FUNDSTATEMENT OF CHANGES IN FINANCIAL POSITION (note 1)

	<u>Years ended June 30</u>	
	<u>1983</u>	<u>1982</u>
<b>FUNDS PROVIDED</b>		
Net sales:		
Members	\$3,676,098	\$3,433,792
Committees, officers of the House, and others	2,028,059	2,024,644
Service charges (note 1)	<u>115,999</u>	<u>105,428</u>
Total	<u>\$5,820,156</u>	<u>\$5,563,864</u>
<b>FUNDS APPLIED</b>		
Cost of sales (note 5)	\$5,609,779	\$5,410,990
Purchase of equipment	8,157	103,538
Increase in working capital	<u>202,220</u>	<u>49,336</u>
Total	<u>\$5,820,156</u>	<u>\$5,563,864</u>

ANALYSIS OF WORKING CAPITAL INCREASES AND DECREASES

	<u>Years ended June 30</u>	
	<u>1983</u>	<u>1982</u>
<b>WORKING CAPITAL CHANGES</b>		
Cash in U.S. Treasury	\$ (39,442)	\$ (251,925)
Petty cash	1,200	-
Accounts receivable		
Committees, offices of the House, and others	6,125	(153,868)
Vendors	(4,298)	(69)
Merchandise inventory	193,215	195,870
Accounts payable		
Vendors	48,266	110,382
Due to allowances and expenses	(248)	(48)
Committees, officers of the House, and others	-	779
Advance from House Finance Office	(1,200)	-
Deferred income	<u>(1,398)</u>	<u>148,215</u>
<b>INCREASE IN WORKING CAPITAL</b>	<u>\$ 202,220</u>	<u>\$ 49,336</u>

The accompanying notes are an integral part of this statement.

HOUSE OF REPRESENTATIVES  
STATIONERY REVOLVING FUND  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEARS 1983 AND 1982

1. Significant Accounting Policies:

Office Supply Service operations are financed from a revolving fund and appropriations to the Clerk of the House and the Architect of the Capitol. All receipts from operations are deposited in the revolving fund and are available for operations.

The comparative statements of operations do not include employees' salaries and benefits and certain other benefits and services such as space, building repairs, maintenance, and utilities. These expenses are paid from appropriated funds and are not charged to the Stationery Revolving Fund. The cost of salaries amounted to \$668,649 in fiscal 1983 and \$627,297 in fiscal 1982.

Inventories are stated at cost.

Equipment purchased prior to fiscal 1982 is depreciated over a 10-year life using the straight-line method with no salvage value. Equipment purchased in fiscal 1982 is depreciated as 5-year property under the accelerated cost recovery system.

A 10-percent service charge is added to all nonofficial sales (primarily staff sales).

Members' purchases of office supplies are funded through the allowances and expenses appropriation. The Stationery Revolving Fund is credited monthly with transfers from the allowances and expenses appropriation for the members' net monthly transactions.

2. Accounts receivable include amounts owed to the Office Supply Service at year end by committees, departments, and officers of the House, and the value of merchandise returned to vendors for credit, replacement, or repairs.
3. Obligations for undelivered orders amounted to \$400,509 as of June 30, 1983, and \$723,680 as of June 30, 1982.
4. Deferred income represents prepaid amounts to be recognized as revenue in subsequent periods when special order merchandise is delivered to members.



5. Cost of sales includes the value of obsolete and damaged merchandise written off and merchandise marked down and sold below cost.
6. Value of equipment transferred represents the book value as of September 30, 1981, of computer equipment donated to the Bureau of Prisons.