



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D C 20548

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APRIL 12, 1984

To the President of the Senate and the
Speaker of the House of Representatives

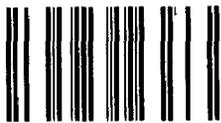
Subject: Examination of the Office of the Attending
Physician Revolving Fund's Financial State-
ments for the Fiscal Years Ended September 30,
1983 and 1982 (GAO/AFMD-84-39)

Pursuant to the Legislative Branch Appropriation Act of 1976, we have examined the balance sheets of the Office of the Attending Physician Revolving Fund as of September 30, 1983 and 1982, and the related statements of operations 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 Office of the Attending Physician Revolving Fund as of September 30, 1983 and 1982, and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles 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 Office of the Attending Physician Revolving Fund's operations. Enclosures III through VI present the Fund's financial statements and accompanying notes for fiscal years 1983 and 1982.

As required by the Legislative Branch Appropriation Act of 1976, we are sending copies of this report to the Subcommittee on Legislative Branch, Senate Committee on Appropriations; the Subcommittee on Legislative, House Committee on Appropriations; the House Committee on Government Operations; the Senate Committee on Governmental Affairs; and the Clerk of the House of Representatives.



123918

Charles A. Bowler
Comptroller General
of the United States

Enclosures

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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 Attending Physician Revolving Fund for the years ended September 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.

As part of our examination, we made a study and evaluation of the Office of the Attending Physician 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 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,
- receivables, and
- drug and vaccine inventories.

Our study included all of the control categories listed above.

The management of the Office of the Attending Physician 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.

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 Office of the Attending Physician 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 also reviewed the provisions of applicable laws and regulations to determine the material compliance requirements that may have a financial impact on the Revolving Fund's financial statements for the year ended September 30, 1983. In our opinion the Office of the Attending Physician Revolving Fund complied with the provisions of applicable laws and regulations that could have materially affected the financial statements.

COMMENTS ON OPERATIONS OF THEOFFICE OF THE ATTENDING PHYSICIAN REVOLVING FUND

The Office of the Attending Physician was established in 1928 to serve the medical needs of the Members of Congress. The 1976 Legislative Branch Appropriation Act established the Office of the Attending Physician Revolving Fund--effective August 1, 1975. In accordance with the provisions of the act, the balance of \$466 in the superseded Office of the Attending Physician suspense account was used to establish the government's equity in the Revolving Fund.

The act requires that the Office deposit in the Revolving Fund all moneys received from the sale of drugs or any other sources. Further, the act permits disbursements from the Fund for purchasing drugs for resale.

After restoring any impairment of capital, the Fund's net income, as established by our annual audit, is required to be transferred to the U.S. Treasury's general fund. The net income for fiscal year 1983 was \$1,441. (See encl. IV.)

REVOLVING FUND ACTIVITIESPrescription drugs

The purchase and resale of prescription drugs make up the majority of the Fund's receipts and disbursements. The Office purchases wholesale drugs and resells them to Members' families and to congressional employees. The price charged is based upon the unit cost of the drug rounded upward to the nearest nickel. The Office receives a 2 percent cash discount from its wholesaler for prompt payment. In fiscal year 1983, the prescription drug sales were \$39,704 and the net income was \$824.

Immunizations and malaria pills

At the direction of the Attending Physician, the Office provided free malaria pills and gamma globulin, polio, and influenza immunizations to Members and officials of the Congress. Also, the Office sold malaria pills, at slightly above cost, and provided gamma globulin, polio, and influenza immunizations, at fees of from \$1 to \$2.25 to other congressional employees. Receipts from these activities in fiscal year 1983 were \$1,581 and net income was \$127.

Life insurance services

The Office furnishes medical transcripts and performs physical examinations for life insurance applicants. Payments of \$490 were received from life insurance companies for these services and deposited in the Revolving Fund during the fiscal year.

CONGRESS OF THE UNITED STATES
OFFICE OF THE ATTENDING PHYSICIAN REVOLVING FUND
BALANCE SHEET

	<u>September 30</u>	
	<u>1983</u>	<u>1982</u>
A S S E T S		
Cash		
In U.S. Treasury	\$3,621	\$2,206
Accounts receivable	-	187
Inventories (note 1)	<u>1,530</u>	<u>1,284</u>
	<u>\$5,151</u>	<u>\$3,677</u>
L I A B I L I T I E S		
A N D G O V E R N M E N T E Q U I T Y		
Accounts payable	\$3,244	\$2,267
Government equity (note 2)	<u>1,907</u>	<u>1,410</u>
	<u>\$5,151</u>	<u>\$3,677</u>

The accompanying notes are an integral part of this statement.

CONGRESS OF THE UNITED STATES
OFFICE OF THE ATTENDING PHYSICIAN REVOLVING FUND
STATEMENT OF OPERATIONS

	<u>Years ended September 30</u>	
	<u>1983</u>	<u>1982</u>
REVENUE		
Net sales and services	\$41,775	\$23,345
COSTS		
Cost of sales	<u>40,334</u>	<u>22,401</u>
NET INCOME	\$ 1,441	\$ 944
Retained earnings, beginning of year	1,410	1,757
Transfer to U.S. Treasury	<u>(944)</u>	<u>(1,291)</u>
Retained earnings, end of year (note 2)	<u>\$ 1,907</u>	<u>\$ 1,410</u>

The accompanying notes are an integral part of this statement.

CONGRESS OF THE UNITED STATES
OFFICE OF THE ATTENDING PHYSICIAN REVOLVING FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION

	<u>Years ended September 30</u>	
	<u>1983</u>	<u>1982</u>
Sales and services	\$41,775	\$23,345
Decrease in working capital	<u>-</u>	<u>347</u>
Total funds provided	<u>\$41,775</u>	<u>\$23,692</u>
Cost of sales	\$40,334	\$22,401
Transfer to U.S. Treasury	944	1,291
Increase in working capital	<u>497</u>	<u>-</u>
Total funds applied	<u>\$41,775</u>	<u>\$23,692</u>

ANALYSIS OF WORKING CAPITAL INCREASES AND DECREASES

	<u>Years ended September 30</u>	
	<u>1983</u>	<u>1982</u>
Cash	\$ 1,415	\$ (320)
Accounts receivable	(187)	(16)
Inventories	246	(500)
Accounts payable	<u>(977)</u>	<u>489</u>
NET CHANGE IN WORKING CAPITAL	<u>\$ 497</u>	<u>\$ (347)</u>

The accompanying notes are an integral part of this statement.

CONGRESS OF THE UNITED STATES

OFFICE OF THE ATTENDING PHYSICIAN REVOLVING FUND

NOTES TO FINANCIAL STATEMENTS

FISCAL YEARS ENDED SEPTEMBER 30, 1983 AND 1982

1. Inventories consist of filled prescriptions not picked up by customers and vaccines on hand. Vaccines are valued at cost, using the first-in, first-out method of valuation.
2. After restoring any impairment of capital, the Fund's net income is to be transferred to the U.S. Treasury's general fund. The amount to be transferred in 1984, representing the Fund's 1983 net income, is \$1,441.