

GAO

Report to the President of the Senate and
the Speaker of the House of
Representatives

December 1988

FINANCIAL AUDIT

Attending Physician Revolving Fund for the 16-Month Period Ended 1-31-88



About Our New Cover . . .

The new color of our report covers represents the latest step in GAO's efforts to improve the presentation of our reports.

Comptroller General
of the United States

B-206277

December 23, 1988

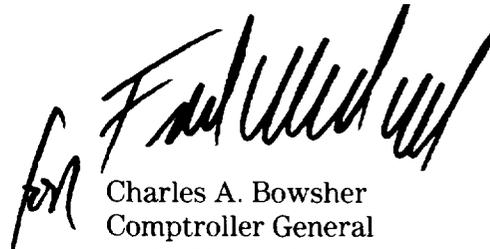
To the President of the Senate and the
Speaker of the House of Representatives

In accordance with the Legislative Branch Appropriation Act of 1976, we have examined the balance sheet of the Office of the Attending Physician Revolving Fund as of January 31, 1988, and the related statements of operations and changes in financial position for the 16-month period 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. We completed our audit work on June 10, 1988.

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 January 31, 1988, and the results of its operations and the changes in its financial position for the period then ended, in conformity with generally accepted accounting principles and the accounting policies described in note 2 to the financial statements, applied on a consistent basis.

Our report on internal accounting controls and compliance with laws and regulations, together with the Fund's financial statements and accompanying notes for the 16-month period ended January 31, 1988, is included in this report.

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.


for Charles A. Bowsher
Comptroller General
of the United States

Contents

Opinion Letter	1
Report on Internal Accounting Controls and Compliance With Laws and Regulations	4
Balance Sheet	5
Statement of Operations	6
Statement of Changes in Financial Position	7
Notes to Financial Statements	8
Table	9

Table 1: Changes in Government Equity

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 16-month period ended January 31, 1988. Our examination was 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 to a preliminary review of the system of internal accounting controls and our review of compliance with laws and regulations for the 16-month period ended January 31, 1988.

We did not complete a study and evaluation of the Fund's internal accounting control system for the purpose of determining the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the Fund's financial statements. We concluded that it was more efficient to expand our substantive audit tests in examining the financial statements for the 16-month period ended January 31, 1988.

While we did not perform a complete study and evaluation of the Fund's internal accounting control system, we did not become aware of any condition during our expanded substantive audit tests which we believe to be a material weakness.

As part of our examination, we also tested the Fund's compliance with applicable laws and regulations. In our opinion, the Office of the Attending Physician Revolving Fund complied with the terms and provisions of laws and regulations for the transactions tested that could have materially affected its financial statements. Nothing came to our attention, in connection with our examination, that caused us to believe that the Fund was not in compliance with the terms and provisions of laws and regulations for those transactions not tested.

Balance Sheet

	January 31, 1988
Assets	
Cash	\$1,450
Accounts receivable	1,268
Total Assets	\$2,718
Liabilities and Government Equity	
Accounts payable (note 3)	\$2,158
Government equity (note 4)	560
Total Liabilities and Government Equity	\$2,718

The accompanying notes are an integral part of this statement.

Statement of Operations

	For the 16-month period ended January 31, 1988
Revenues	
Sales and services (note 5)	\$16,397
Costs	
Cost of sales	16,303
Net Income	\$94

The accompanying notes are an integral part of this statement.

Statement of Changes in Financial Position

	For the 16-month period ended January 31, 1988
Funds Provided	
Net income from operations	\$94
Decrease in inventory	1,162
Total Funds Provided	1,256
Funds Applied	
Decrease in accounts payable	2,066
Increase in accounts receivable	1,268
Decrease in government equity (note 4)	2,000
Total Funds Applied	5,334
Decrease in Cash	\$4,078

The accompanying notes are an integral part of this statement.

Notes to Financial Statements

Note 1. Revolving Fund Authority

The Legislative Branch Appropriation Act of 1976 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 Fund.

The purpose of the Fund is to account for the receipts and disbursements for (1) the purchase and sale of prescription drugs and (2) miscellaneous services provided by the Office of the Attending Physician. Other activities of the Office of the Attending Physician are financed through appropriated funds.

Note 2. Significant Accounting Policies

Inventories consist of filled prescriptions not picked up by customers (valued at cost) and vaccines on hand. Vaccines are valued at cost on a first-in, first-out basis.

All sales of drugs and services are for cash.

After restoring any impairment of capital, the Legislative Branch Appropriation Act of 1976 requires that the Fund's net income be paid to the U.S. Treasury's general fund. The amount to be paid in 1988, representing the Fund's net income for the 16-month period October 1, 1986, through January 31, 1988, is \$94. The 16-month period was selected for audit because of the Attending Physician's intent to discontinue use of the Fund after January 31, 1988, and his desire to know asset and debt figures for the Fund as of that date. Because the prior audit period covered 12 months, comparative financial statements are not provided.

The financial statements do not include expenses incurred for revolving fund operations but paid for with appropriated funds, such as salaries, space, and supplies.

Note 3. Accounts Payable

The accounts payable for the 16-month period ended January 31, 1988, consist of \$158 owed to the Attending Physician's Appropriation Fund and \$2,000 to be deposited into the U.S. Treasury from fiscal year 1986 profits.

Note 4. Government Equity

A summary of the changes in government equity for the 16-month period ended January 31, 1988, follows.

Table 1: Changes in Government Equity

	For the 16-month period ended January 31, 1988
Balance at beginning of year	\$2,466
Amount payable to U.S. Treasury	(2,000)
Net income for year, reserved for transfer to U.S. Treasury	94
Balance at end of year	\$560

Note 5. Revolving Fund Activities

Prescription drug sales: Most of the receipts and disbursements are from the sale and purchase of prescription drugs. When requested, the Office of the Attending Physician purchased drugs at wholesale and resold them to Members' families and to congressional employees. The price charged was based upon the unit price of the drug (before any discount) rounded upward to the nearest nickel. The Office of the Attending Physician received a 2-percent cash discount from its wholesaler for prompt payment. In the period October 1, 1986, through January 31, 1988, the prescription drug sales were \$12,051, and the net income was \$290. The sale of prescription drugs was discontinued as of October 30, 1987.

Immunizations: The Office of the Attending Physician provides influenza and other immunizations to congressional employees at a nominal fee. Receipts from these activities in the period October 1, 1986, through January 31, 1988, were \$4,080, and a net loss of \$173 was incurred.

Life insurance services: The Office of the Attending Physician furnishes medical transcripts and performs physical examinations for life insurance applicants. For these services, \$266 was received from life insurance companies and deposited in the Fund during the period October 1, 1986, through January 31, 1988.

Note 6. Revolving Fund May Be Discontinued

Since the sale of prescription drugs, which was the major source of income to the Attending Physician Revolving Fund, has been discontinued, the primary reason for operating the Fund no longer exists. The Office of the Attending Physician intends to consider discontinuing the

use of the Fund after determining how to dispose of the remaining balance and future income from giving immunization shots and insurance physicals.

Requests for copies of GAO reports should be sent to:

**U.S. General Accounting Office
Post Office Box 6015
Gaithersburg, Maryland 20877**

Telephone 202-275-6241

The first five copies of each report are free. Additional copies are \$2.00 each.

There is a 25% discount on orders for 100 or more copies mailed to a single address.

Orders must be prepaid by cash or by check or money order made payable to the Superintendent of Documents

**United States
General Accounting Office
Washington, D.C. 20548**

**Official Business
Penalty for Private Use \$300**

<p>First-Class Mail Postage & Fees Paid GAO Permit No. G100</p>
--