



October 16, 2015

The Honorable Roy Blunt
Chairman
The Honorable Charles E. Schumer
Ranking Member
Committee on Rules and Administration
United States Senate

Senate Stationery Room Revolving Fund: Audit of Fiscal Year 2014 Cash Receipts and Disbursements

The Senate Stationery Room provides for the sale of stationery to members of the Senate, Senate staff, and other Senate committees and authorized organizations. This includes the sale of office and administrative supplies, flags, and special order items such as business cards. All sales receipts are taken to the Senate Disbursing Office for deposit into the Senate Stationery Room Revolving Fund (Fund). The Senate Stationery Room then uses the cash receipts to purchase inventory items for resale and supplies and to pay for other service expenses.¹ The Senate Disbursing Office makes disbursements on behalf of the Fund.

On April 8, 2015, you requested that we conduct an audit of the cash receipts and cash disbursements recorded in the Fund for fiscal year 2014. This report presents the results of our audit of the Senate Stationery Room's cash receipts and disbursements as recorded in the Fund during fiscal year 2014.

In summary, we found that recorded cash receipts of the Senate Stationery Room for fiscal year 2014 were accurate and supported by documentation approved by authorized management. In addition, we found that recorded cash disbursements of the Senate Stationery Room for fiscal year 2014 were accurate, generally supported by documentation approved by authorized management, and consistent with the purpose of the Fund. However, our testing identified instances in which the Senate Stationery Room could enhance its policies and procedures covering its disbursement processes, and we are making three recommendations for improvement.

Objective, Scope, and Methodology

Our objective was to determine whether recorded cash receipts and disbursements for the Fund for fiscal year 2014 were accurate and supported by documentation approved by authorized management, and whether recorded cash disbursements for the Fund for fiscal year 2014 were consistent with the purpose of the Fund. To achieve our audit objective, we reviewed the Senate

¹Salaries and benefits of Senate employees who work in the Senate Stationery Room are not paid from the Fund; rather, they are paid from the "Salaries, Officers, and Employees" appropriation account of the Senate. Additional costs of the Senate Stationery Room, such as rent and utilities, cannot be readily determined and are covered by funds appropriated to the Architect of the Capitol.

Stationery Room's cash receipt and disbursement policies and procedures and verified our understanding through meetings with Senate Stationery Room staff. Based on the policies and procedures, we then developed data collection instruments to test cash receipts and disbursements. We used statistical sampling to audit the Senate Stationery Room's approximately \$2.8 million of cash receipts and \$2.6 million of cash disbursements recorded in the Fund for fiscal year 2014. For our sample of cash receipts, we verified the daily amounts of cash receipts from cash registers and other sources of revenue (e.g., credit card reports, checks, sales on account, and an online payment system) and agreed the weekly deposits with the Senate Disbursing Office. For our sample of cash disbursements, we reviewed purchase orders, receiving reports, invoices, and other related supporting documentation to validate payment by the Senate Disbursing Office. We also tested the cash disbursement sample for compliance with "Made in America"² legislation as it applied to sample items for goods sold in the Senate Stationery Room.

Because we limited our audit to those transactions recorded in the Fund, there is a risk that there could be unrecorded transactions not included in our examination. See below for more detailed information on our sampling methodology.

Cash receipts: Using an attribute sampling method, we selected a sample of recorded cash receipts to statistically test the population of approximately \$2.8 million of receipts for fiscal year 2014. We selected the sample of cash receipts from a population of the 228 days in which the Senate Stationery Room was open for business during fiscal year 2014. Days were selected as the basis for the population of receipts because individual receipts from cash registers and other sources of revenue are aggregated daily for the weekly deposit with the Senate Disbursing Office. We excluded weekends, federal holidays, inclement weather closures, lapses in appropriations, and days the Senate Stationery Room was closed for inventory counts. Using statistical sampling software, we selected a random sample of 30 days from the population for detailed testing.

Cash disbursements: Using an attribute sampling method, we selected a sample of recorded cash disbursements to statistically test the population of approximately \$2.6 million of disbursements for fiscal year 2014. We selected the sample of cash disbursements from the population of invoices paid by the Senate Stationery Room during fiscal year 2014. Invoices were selected as the basis for the population based on unique numerical identifiers and required documentation supporting invoice payment. Using statistical sampling software, we selected a random sample of 30 invoices from the population for detailed testing.

We conducted this performance audit from April 2015 to October 2015 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Results of Testing Cash Receipts for the Fund for Fiscal Year 2014

We found that recorded cash receipts were accurate and supported by documentation approved by authorized management. Specifically, we found that cash receipts from cash registers and

²The Secretary of the Senate, when disbursing public moneys for Senate uses, is required by statute to purchase only goods of U.S. origin as long as domestic items can be purchased at quality and price terms at least as good as those for foreign items. 2 U.S.C. § 4104.

other sources of revenue were accurately recorded in the daily and weekly cash reports as well as the Senate Stationery Room's general ledger and agreed to the weekly deposit with the Senate Disbursing Office. In addition, we found that cash receipts were approved by authorized management per the Senate Stationery Room's policies and procedures.

Results of Testing Cash Disbursements for the Fund for Fiscal Year 2014

We found that recorded cash disbursements were accurate, generally supported by documentation approved by authorized management, and consistent with the purpose of the Fund. Specifically, we found that cash disbursements were accurately recorded in the general ledger and monthly Senate Disbursing Office reports. We also found that cash disbursements were supported by purchase orders, invoices, and other documents approved by authorized management, as applicable. In addition, we found that disbursements from the Fund were to purchase inventory items for resale and supplies and to pay for other service expenses consistent with the purpose of the Fund. However, in our sample of 30 invoices, 19 of the sample items tested related to the receipt of business cards or personalized stationery, and for all 19 of these items there was no signed receiving report.³ The Senate Stationery Room's policies and procedures require the completion of receiving reports for items delivered to the warehouse; however, business cards and personalized stationery items are delivered directly to the Stationery Room rather than the warehouse. Senate Stationery Room representatives explained that they do not complete receiving reports for items delivered to the Stationery Room and do not have procedures to document the receipt of these types of items. Not documenting the receipt of such assets, including a chain of custody, increases the risk that assets may not be properly safeguarded.

Furthermore, we tested compliance with certain requirements of the "Made in America" legislation as it applied to 11 out of the 30 cash disbursement sample items for goods sold in the Senate Stationery Room, and identified exceptions with 5 of the 11 items.⁴ The Senate Stationery Room's procedure is to have frequently used vendors complete a "Made in America" certificate at the beginning of each fiscal year, which documents the country of origin for stock items frequently purchased from that vendor. For special orders, the Senate Stationery Room documents consideration of the "Made in America" legislation directly on the purchase order rather than requiring a "Made in America" certificate. However, while the legislation allows for certain exceptions to purchasing items made in the United States, we found that for three special order sample items, the Senate Stationery Room's documentation did not include the appropriate rationale for purchasing goods that were not made in the United States. In addition, we found that for two sample items, the Senate Stationery Room was unable to locate the "Made in America" certificates that Senate Stationery Room representatives stated were completed for that vendor. Without recording the origin of items purchased and the appropriate rationale for purchasing items made outside the United States and properly maintaining the "Made in America" certificates, the Senate Stationery Room has not fully documented its compliance with the legislation.

³Based on the results of our audit, we are 95 percent confident that not more than 78 percent of cash disbursements lacked a receiving report.

⁴Based on the results of our audit, we are 95 percent confident that not more than 32 percent of cash disbursements lacked documentation of compliance with "Made in America" legislation.

Recommendations

We recommend that the Secretary of the Senate direct Stationery Room management to

1. update written policies and procedures to include requiring signed receiving reports for the receipt of all items, including those delivered directly to the Senate Stationery Room;
2. consistently document the appropriate rationale for purchasing items made outside the United States for both stock and special order purchases; and
3. enhance controls to ensure that all “Made in America” certificates are properly maintained by developing a mechanism for maintaining backup copies of the certificates.

Status of Prior Audit Recommendations

During our audit of the Fund’s fiscal year 2014 cash receipts and disbursements, we found that the Senate Stationery Room took corrective actions to sufficiently address the two recommendations from our fiscal year 2010 audit of the Fund.⁵ Specifically, the Senate Stationery Room took actions to (1) update existing written procedures for cash receipts and cash disbursements and (2) disseminate updated accounting procedures, train personnel as necessary, and establish a mechanism to provide for subsequent review of activities for compliance. Therefore, we consider both of these recommendations to be closed.

Agency Comments

We provided a draft of this report to the Secretary of the Senate for review and comment. In an e-mail dated October 7, 2015, the Secretary of the Senate generally agreed with the report’s recommendations. The Senate Stationery Room also provided technical comments, which we incorporated as appropriate.

We are sending copies of this report to the Secretary of the Senate and interested congressional committees. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staffs have any questions about this report, please contact me at (202) 512-9399 or malenichj@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Key contributors to this report include Lynda Downing (Assistant Director), Nadine Ferreira, Megan McGehrin, Jared Minsk, and Bradford Neumann.



J. Lawrence Malenich
Director
Financial Management and Assurance

(196293)

⁵GAO, *Financial Management: Audit of the Senate Stationery Room Revolving Fund for Fiscal Year 2010*, [GAO-11-204R](#) (Washington, D.C.: Apr. 6, 2011).

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