

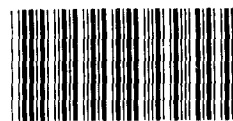
GAO

Report to the Clerk of the House of
Representatives

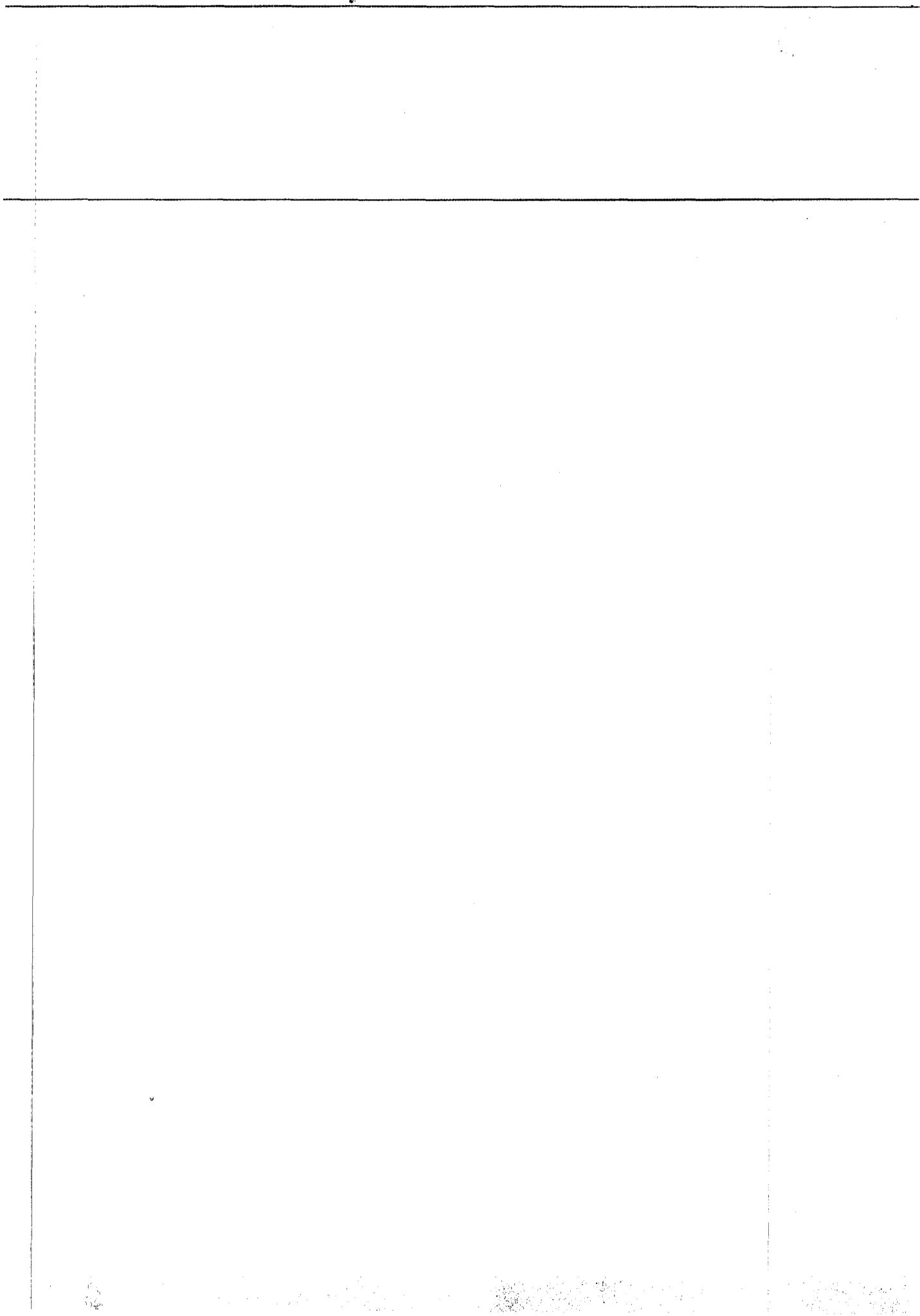
March 1986

FINANCIAL AUDIT

**House Office
Equipment Service
Schedules for Fiscal
Year 1985**



129384



Comptroller General
of the United States

B-114865

March 20, 1986

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

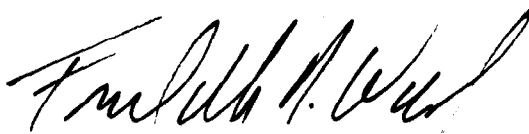
Dear Mr. Guthrie:

Pursuant to your May 1, 1985, request, we have examined the schedule of purchased equipment accounts and the schedule of other identifiable costs prepared from records maintained by the House Office Equipment Service and the House Finance Office for the fiscal year ended June 30, 1985, which are maintained on the cash basis of accounting with depreciation recognized as a cost. 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 as we considered necessary in the circumstances. We completed our audit work on September 6, 1985.

In our opinion, the schedules referred to above present fairly the purchased equipment accounts and other identifiable costs of the House Office Equipment Service for the year ended June 30, 1985, on the basis described above and applied in a manner consistent with that of the preceding year.

Appendix I contains our report on internal accounting controls and compliance with laws and regulations. Appendix II provides comments on the operations of the House Office Equipment Service. Appendixes III and IV present House Office Equipment Service schedules for the year ended June 30, 1985.

Sincerely yours,



for
Charles A. Bowsher
Comptroller General
of the United States

Contents

Opinion Letter	1
----------------	---

Appendixes		
	Appendix I: Report on Internal Accounting Controls and Compliance With Laws and Regulations	4
	Appendix II: Comments on Operations of the House Office Equipment Service	5
	Appendix III: Schedule of Purchased Equipment Accounts	6
	Appendix IV: Schedule of Other Identifiable Costs	7

Report on Internal Accounting Controls and Compliance With Laws and Regulations

We have examined the schedule of purchased equipment accounts and the schedule of other identifiable costs of the House Office Equipment Service for the fiscal year ended June 30, 1985. 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 only to our preliminary review of the system of internal accounting controls and our review of compliance with laws and regulations for the fiscal year ended June 30, 1985. (Our report on internal accounting controls and compliance with laws and regulations for the fiscal year ended June 30, 1984, is presented in GAO/AFMD-85-27, dated February 1, 1985.)

We did not complete a study and evaluation of the Service's internal control system for the purpose of determining the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the Service's schedules. Rather, we concluded that it was more efficient to expand our substantive audit tests in examining and making the determinations necessary to express an opinion on the schedules for the fiscal year ended June 30, 1985.

While we did not study and evaluate the Service's internal control system, we did not become aware of any condition during our expanded substantive audit tests which we believe to be a material weakness. In audits where we do study and evaluate the internal control system, material weaknesses in the internal control system would not necessarily be disclosed. Accordingly, even if we had completed a study and evaluation of internal controls in accordance with the first paragraph, we would not be able to express an opinion on the system taken as a whole.

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

Comments on Operations of the House Office Equipment Service

Under 2 U.S.C. 112e, Members (including the resident commissioner from Puerto Rico and delegates from the District of Columbia, Guam, the Virgin Islands, and American Samoa), officers, or committees of the House of Representatives may be furnished with office equipment by the Clerk of the House, subject to legislative limits and regulations prescribed by the Committee on House Administration. Other qualified individuals and organizations may also be provided office equipment either directly by the clerk or through their sponsoring Members.

The House Office Equipment Service is responsible for purchasing, leasing, and servicing House office equipment. The Service's activities are financed through various appropriations available to the House of Representatives, and its operating costs are reported under those appropriations in the quarterly reports of the clerk. Costs of \$13,282,597 incurred during the year are itemized in appendix IV. Those costs exclude the cost of forms obtained from the Government Printing Office and the cost of data processing services, utilities, office furniture, and building space, all of which are charged to other accounts.

We determined that during fiscal year 1985, net equipment acquisitions amounted to \$6,971,104. The June 30, 1985, House Office Equipment Service inventory of purchased equipment consisted of 18,453 items with a cost of about \$29.1 million. (See appendix III.) Also in fiscal year 1985, the House Office Equipment Service controlled about 3,400 items leased at a cost of about \$8.1 million for Members, committees, and officers.

Schedule of Purchased Equipment Accounts

Type of equipment	Inventory July 1, 1984		Acquisitions ^a		Disposals ^a		Inventory June 30, 1985	
	Units	Cost	Units	Cost	Units	Cost	Units	Cost
Word processors	1,204	\$4,973,512	937	\$3,187,926	22	\$121,262	2,119	\$8,040,176
Photocopiers	621	4,020,648	185	1,565,535	114	767,541	692	4,818,642
Computers	1,227	3,184,635	1,040	1,406,666	130	228,875	2,137	4,362,426
Typewriters	5,822	3,844,650	37	26,350	508	247,797	5,351	3,623,203
Automatic typewriters ^b	1,097	2,517,397	67	140,127	82	298,549	1,082	2,358,975
Miscellaneous ^c	1,411	1,518,323	293	414,390	143	110,411	1,561	1,822,302
Television broadcasting	327	1,455,431	4	2,403	0	0	331	1,457,834
Dictating machines	1,704	632,166	167	70,888	272	106,962	1,599	596,092
Facsimile transceivers	140	289,909	62	154,679	20	37,565	182	407,023
Software	195	179,006	380	224,465	4	2,021	571	401,450
Duplicators	394	322,565	16	121,737	107	96,643	303	347,659
Television sets	857	231,618	137	30,301	2	332	992	261,587
Telephone accessories	426	258,408	7	4,186	3	1,824	430	260,770
Adding machines and calculators	812	151,324	47	8,340	74	14,319	785	145,345
Microfiche reader/printers	0	0	85	87,197	14	9,297	71	77,900
Signature machines	44	49,858	1	4,043	2	1,385	43	52,516
Acoustical hoods	109	27,674	32	10,892	20	4,591	121	33,975
Video recording	0	0	61	29,173	0	0	61	29,173
Addressing machines	26	23,872	0	0	4	2,149	22	21,723
Total	16,416	\$23,680,996	3,558	\$7,489,298	1,521	\$2,051,523	18,453	\$29,118,771

^aAcquisitions and disposals include intercategory transfers of 205 units of equipment with acquisition costs totaling \$518,194. Therefore, net acquisitions and disposals are \$6,971,104 and \$1,533,329 respectively.

^bAutomatic typewriters have enhancements that regular typewriters do not have, such as a memory capacity or line screen display.

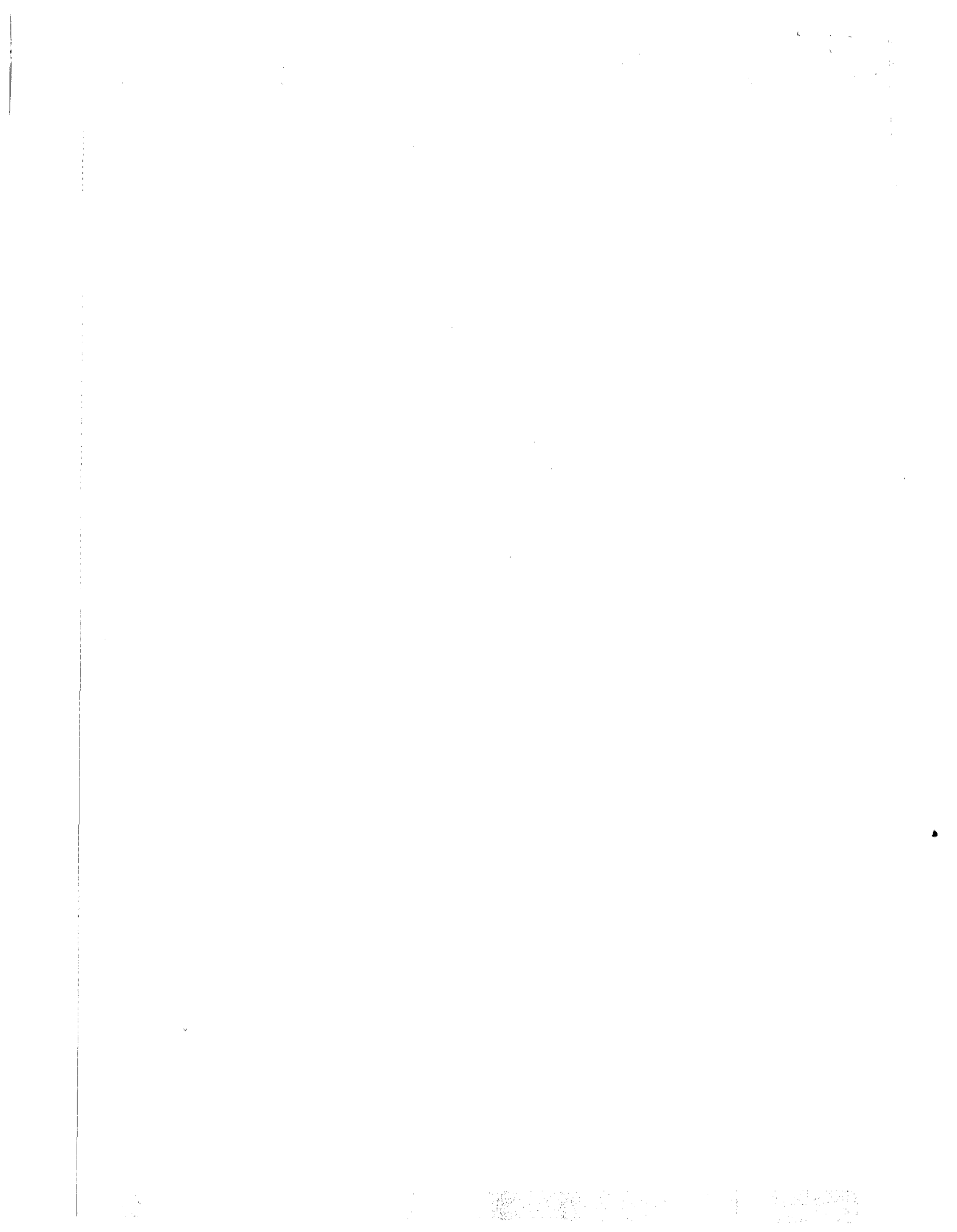
^cIncludes automatic letter openers and sealers, automatic letter folders and inserters, automatic telephone dialers, pagers, time recorders, and other equipment.

Schedule of Other Identifiable Costs

Type of Cost	Amount
Administrative salaries and benefits ^a	\$351,355
Operating salaries and benefits ^a	540,427
Equipment leasing costs	8,061,097
Depreciation of purchased equipment	2,803,535
Book value of equipment transferred to the General Services Administration without reimbursement	145,520
Equipment repair parts ^b	192,773
Vendor services ^b	1,180,865
Office supplies	5,653
Miscellaneous	1,372
Total	\$13,282,597

^aAdministrative salaries and benefits cover 15 persons who maintain accounting and equipment records and who manage the total operations. Operating salaries and benefits cover 17 persons who work in the repair shop and the services division.

^bParts used by the in-house repair shop are charged to the equipment repair parts account. Vendor services are payments (usually service contract payments) made for servicing and repairing equipment.



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 out to the Superintendent of Documents.

33848

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

Bulk Rate
Postage & Fees Paid
GAO
Permit No. G100

Official Business
Penalty for Private Use \$300