

**GAO**

Report to the Speaker and Sergeant at Arms  
of the House of Representatives

December 1985

**FINANCIAL AUDIT**

**House Office of the  
Sergeant at Arms—  
Periods Ended 6-30-85  
and 12-31-84**



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

Comptroller General  
of the United States

B-114854

December 31, 1985

To the Speaker and the Sergeant at Arms  
of the House of Representatives

Pursuant to the act of July 26, 1949 (2 U.S.C. 81a), we have examined the balance sheets of the Office of the Sergeant at Arms, House of Representatives, as of June 30, 1985, and December 31, 1984, and the related statements of operations and changes in financial position for each of the 6-month periods 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 August 30, 1985.

In our opinion, the financial statements referred to above present fairly the financial position of the Office of the Sergeant at Arms as of June 30, 1985, and December 31, 1984, and the results of its operations and changes in financial position for the 6-month periods 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.

Our examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. Appendix VI presents supplementary information on financial transactions of appropriated funds. This supplementary information is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Appendix I contains our report on internal accounting controls and compliance with laws and regulation. Appendixes II through V present the Office's financial statements and accompanying notes for the 1985 and 1984 periods.

*for/ Henry Eschwege*

Charles A. Bowsher  
Comptroller General  
of the United States

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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 Sergeant at Arms, House of Representatives, for the 6-month periods ended June 30, 1985, and December 31, 1984. 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 preliminary review of the system of internal accounting controls, and our review of compliance with laws and regulations for the 6-month periods ended June 30, 1985, and December 31, 1984.

We did not complete a study and evaluation of the Sergeant at Arms' internal control system for the purpose of determining the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the Sergeant at Arms' financial statements. Rather, we concluded that it was more efficient to expand our substantive audit tests in examining the financial statements for the 6-month periods ended June 30, 1985, and December 31, 1984.

While we did not study and evaluate the Sergeant at Arms' internal control system, we did not become aware of any condition during our expanded substantive audit tests which we believe to be a material system weakness. In audits where we do make a study and evaluation of the internal control system, material weaknesses in the internal control system would not necessarily be disclosed. Accordingly, even in such cases 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 Sergeant at Arms' compliance with applicable laws and regulations. In our opinion, the Office of the Sergeant at Arms 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 Sergeant at Arms was not in compliance with the terms and provisions of laws and regulations for those transactions not tested.

# Balance Sheet

	June 30, 1985	December 31, 1984
<b>Assets</b>		
Appropriated Funds:		
Funds with U.S. Treasury	\$11,854,383	\$30,990,476
Deposit Fund:		
Funds with U.S. Treasury	759,078	653,916
Cash on hand	132,107	177,731
Checks on hand (note 2)	335,488	138,623
Accounts receivable:		
Due from Members (note 3)	75,377	105,093
Other	512	245
	1,302,562	1,075,608
<b>Total assets</b>	<b>\$13,156,945</b>	<b>\$32,066,084</b>
<b>Liabilities and Government equity</b>		
Appropriated Funds:		
Liabilities:		
Salaries payable	\$ 3,080,831	\$ 3,089,714
Government equity:		
Unobligated appropriations	8,773,552	27,900,762
	11,854,383	30,990,476
Deposit Fund:		
Liabilities:		
Accounts payable:		
Members' deposits	1,302,562	1,075,608
<b>Total liabilities and government equity</b>	<b>\$13,156,945</b>	<b>\$32,066,084</b>

The accompanying notes are an integral part of this statement.

# Statement of Operations

Appropriated Funds	6-Month Periods Ended	
	June 30, 1985	December 31, 1984
<b>Revenue</b>		
<b>Appropriations</b>	<b>\$19,136,497</b>	<b>\$17,694,906</b>
<b>Expenditures</b>		
Salaries of Members	16,430,213	15,942,285
Government paid benefits:		
Retirement	1,189,574	1,154,576
Social Security	1,157,317	55,313
Health insurance	252,923	246,274
Life insurance	42,445	40,771
Total government paid benefits	2,642,259	1,496,934
Mileage of Members	64,025	40,687
Gratuities to widows, widowers, or heirs of deceased Members	0	215,000
<b>Total expenditures</b>	<b>19,136,497</b>	<b>17,694,906</b>
<b>Excess</b>	<b>\$ 0</b>	<b>\$ 0</b>

The accompanying notes are an integral part of this statement.



**Appendix III  
Statement of Operations**

**Deposit Fund**

	<b>6-Month Periods Ended</b>	
	<b>June 30, 1985</b>	<b>December 31, 1984</b>
<b>Receipts</b>		
Transfer from appropriated funds (Members' salaries, mileage, and state income tax)	\$ 8,693,820	\$ 9,163,592
Members' deposits	9,013,244	7,121,433
Sale of traveler's checks	154,906	170,665
Miscellaneous	0	901
<b>Total Receipts</b>	<b>17,861,970</b>	<b>16,456,591</b>
<b>Disbursements</b>		
Net payments to or for accounts of Members	16,895,842	15,801,255
State income tax withheld remitted to states	584,001	563,306
Payment for traveler's checks sold	154,906	170,665
Miscellaneous	267	245
<b>Total Disbursements</b>	<b>17,635,016</b>	<b>16,535,471</b>
Excess receipts (disbursements)	226,954	(78,880)
Accountable balance, beginning of period	1,075,608	1,154,488
<b>Accountable balance, end of period</b>	<b>\$ 1,302,562</b>	<b>\$ 1,075,608</b>

The accompanying notes are an integral part of this statement.

# Statement of Changes in Financial Position

	6-Month Periods Ended	
	June 30, 1985	December 31, 1984
<b>Appropriated Funds</b>		
<b>Appropriated funds provided</b>		
Increase in unobligated appropriations	\$ 0	\$19,388,997
Increase in salaries payable	0	137,269
<b>Total funds provided</b>	<b>0</b>	<b>19,526,266</b>
<b>Appropriated funds applied</b>		
Decrease in unobligated appropriations	19,127,210	0
Decrease in salaries payable	8,883	0
<b>Total funds applied</b>	<b>19,136,093</b>	<b>0</b>
<b>Increase (decrease) in cash</b>	<b>\$(19,136,093)</b>	<b>\$19,526,266</b>
<b>Deposit Fund</b>		
<b>Deposit funds provided</b>		
Net decrease in accounts receivable	\$ 29,449	\$ 0
Net increase in accounts payable	226,954	0
<b>Total funds provided</b>	<b>256,403</b>	<b>0</b>
<b>Deposit funds applied</b>		
Net increase in accounts receivable	0	41,696
Net decrease in accounts payable	0	78,435
<b>Total funds applied</b>	<b>0</b>	<b>120,131</b>
<b>Increase (decrease) in cash</b>	<b>\$ 256,403</b>	<b>\$ (120,131)</b>

The accompanying notes are an integral part of this statement.

# Notes to Financial Statements

## 6-Month Periods Ended

### June 30, 1985, and December 31, 1984

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#### Note 1. Significant Accounting Policies

The Sergeant at Arms, as a fiscal officer of the House of Representatives, disburses funds appropriated for (1) salaries of Members and related administrative expenses, (2) mileage of Members to and from each session of the Congress, and (3) gratuities to widows, widowers, or heirs of deceased Members. The Sergeant at Arms also operates a deposit and checking function for the Members commonly referred to as the "House bank" and is accountable for Members' funds on deposit in the bank. Operating costs of the Office of the Sergeant at Arms, including salaries and related administrative expenses, equipment, space, building repairs and maintenance, utilities, and certain miscellaneous expenses, are paid from funds appropriated for salaries and expenses of the House of Representatives.

Funds are disbursed on the basis of monthly payroll vouchers covering salaries, related administrative expenses, and mileage of Members. The amounts due Members are either paid by check or, if Members request it, transferred to their credit in the deposit fund account established in the Treasury for this purpose. Members are paid on the first day of the next month. Accordingly, salaries payable represent Members' salaries and related administrative expenses for the last month of the period.

The deposit fund consists of the total of the individual accounts for the various Members who use the "House bank" facility. Members withdraw money from their accounts by presenting written orders for payment either directly to the Sergeant at Arms or through regular banking channels. Money in the Members' accounts is used to cash checks for Members and employees of the House. Checks drawn on other banks by Members and staff are deposited in the U.S. Treasury through a local bank on the next business day.

Other "House bank" operations consist of selling traveler's checks and assisting Members in making wire transfers and purchasing foreign currency, savings bonds, and cashier's checks.

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#### Note 2. Checks on Hand

Checks on hand amounting to \$335,488 at June 30, 1985, and \$138,623 at December 31, 1984, represent checks drawn on other banks and cashed for Members and employees of the House on the last business day of each 6-month period, but not yet deposited with the U.S. Treasury.

The check-cashing transactions for the 6-month periods ended June 30, 1985, and December 31, 1984, are summarized below.

Appendix V  
Notes to Financial Statements  
6-Month Periods Ended  
June 30, 1985, and December 31, 1984

Table V.1: Check Cashing Transactions

	6-Month Periods Ended	
	June 30, 1985	December 31, 1984
Checks on hand at beginning of period	\$ 138,623	\$ 312,739
Checks cashed	16,537,311	13,920,344
	16,675,934	14,233,083
Checks deposited with U.S. Treasury	16,340,446	14,094,460
<b>Checks on hand at end of period</b>	<b>\$335,488</b>	<b>\$138,623</b>

The peak volume of check-cashing transactions occurs when House employees cash their paychecks. During the 12 months ended June 30, 1985, the largest volume of checks cashed during 1 month occurred in May, when checks amounting to \$3,144,339 were cashed, and the largest volume during 1 day occurred on January 2, 1985, when checks totaling \$372,735 were cashed.

Note 3. Accounts Receivable  
From Members

Amounts due from Members represent checks drawn on and cashed or paid by the Sergeant at Arms but not charged to the Members' accounts. Checks are held for reasons such as insufficient funds, missing signature, incorrect date, or a stop-payment order. The Sergeant at Arms monitors all such items daily, and no losses have occurred under this control.



# Schedule of Financial Transactions

## Appropriated Funds

	6-Month Periods Ended	
	June 30, 1985	December 31, 1984
<b>Appropriations</b>		
Salaries	\$ 0	\$36,910,000
Mileage	0	210,000
Gratuities	0	215,000
<b>Total appropriations</b>	<b>0</b>	<b>37,335,000</b>
<b>Collections and refunds</b>		
Mileage of Members	404	740
<b>Total appropriations, collections and refunds</b>	<b>404</b>	<b>37,335,740</b>
<b>Expenditures and transfers</b>		
Salaries:		
Paid to Members:		
By check	1,309,876	1,503,677
Transferred to deposit fund	8,052,416	8,563,873
Deductions from salaries:		
Federal income tax	3,929,663	3,875,193
Social Security tax	1,157,317	52,941
State income tax	584,001	563,306
Retirement	711,767	741,093
Life insurance	84,889	81,542
Optional life insurance	111,560	106,739
Health insurance	172,353	179,518
U.S. Savings Bonds	13,275	13,500
Transfer to other organizations	299,681	260,632
Retired military COLA offset	0	271
Indebtedness of former Members	3,415	0
<b>Total salaries</b>	<b>16,430,213</b>	<b>15,942,285</b>

**Appendix VI  
Schedule of Financial Transactions  
Appropriated Funds**

	<b>6-Month Periods Ended</b>	
	<b>June 30, 1985</b>	<b>December 31, 1984</b>
<b>Expenditures and transfers (continued)</b>		
Government contributions:		
Retirement	1,189,574	1,154,576
Life insurance	42,445	40,771
Health insurance	252,923	246,274
Social Security	1,157,317	55,313
Total government contributions	2,642,259	1,496,934
Mileage of Members:		
Paid by check	6,622	4,274
Transferred to deposit fund	57,403	36,413
Total mileage	64,025	40,687
Gratuities to widows, widowers, or heirs of deceased Members	0	215,000
Total expenditures	19,136,497	17,694,906
Unexpended balance of appropriations deposited into general fund of the U.S. Treasury	0	114,568
<b>Total expenditures and transfers</b>	<b>19,136,497</b>	<b>17,809,474</b>
Excess of appropriations over expenditures and transfers (expenditures and transfers over appropriations)	(19,136,093)	19,526,266
Accountable balance, beginning of period	30,990,476	11,464,210
<b>Accountable balance, end of period</b>	<b>\$11,854,383</b>	<b>\$30,990,476</b>





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