



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

159486

Accounting and Information
Management Division

B-278438

October 30, 1997

Mr. Christopher Dey
Chief Financial Officer
Office of The Sergeant At Arms
United States Senate

Subject: Senate Observations and Counts

Dear Mr. Dey:

At your request, we conducted fiscal year-end inventory observations and cash-related counts at certain U.S. Senate locations on September 30, 1997, and October 1, 1997. In completing these tasks, we performed agreed-upon procedures which were solely intended to meet your needs for independent observations of the inventories and counts of cash-related items at the selected locations. In specifying the procedures we performed, your office was responsible for ensuring that the procedures were sufficient to meet your objectives. Accordingly, we make no representations, regarding the sufficiency or adequacy of procedures either for the purposes for which you requested them or for any other purpose. In applying these agreed-upon procedures, we conducted our work in accordance with generally accepted government auditing standards which incorporate standards established by the American Institute of Certified Public Accountants.

In summary, the agreed-upon procedures we performed included observing the inventory count and recordation process performed; recounting amounts for stamps, cash, and cash items on hand and comparing combined totals to the authorized amounts; counting cash and related receipts and comparing their total to authorized petty cash fund amounts; counting cash on hand for operations and comparing to authorized amounts; and scheduling and determining the amount of checks on hand. Enclosed are the results of our work.

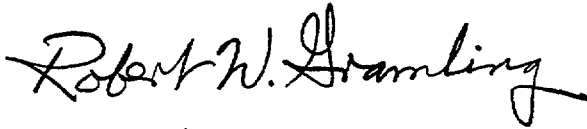
We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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We provided a draft of this letter, along with its enclosure, to representatives of your office for review and comment. They agreed with the content of this letter and its enclosure. We conducted our work on September 30, 1997, and October 1, 1997.

Sincerely yours,

A handwritten signature in cursive script that reads "Robert W. Gramling". The signature is written in black ink and is positioned above the typed name.

Robert W. Gramling
Director, Corporate Audits
and Standards

Enclosure

RESULTS OF INVENTORY AND CASH COUNTS
AT VARIOUS UNITED STATES SENATE OFFICES

The agreed-upon procedures and the associated results are as follows:

INVENTORY PROCEDURES

We observed the counting and recording of the inventories taken at the Senate Beauty Shop and Barber Shop. Specifically, we inspected inventory schedules prior to counting to ensure that no inventory counts had been prerecorded on the schedules. We observed the count process to determine if the counter correctly (1) identified all the items on the specific shelves and displays being inventoried and (2) announced the item and units counted. We observed the count recording to determine if the recorder accurately identified the item on the inventory schedule and accurately recorded the number of units announced for that item.

Results

The inventory teams followed the inventory procedures described above without exception. In addition, both the Beauty and Barber Shop inventory teams correctly identified inventory that was not on the original inventory schedules. In all instances, they added the item to the schedule and accurately recorded the number of units counted.

CASH AND CASH-RELATED COUNT PROCEDURES

1. At the Senate Post Office, we counted and totaled the number and amount of stamps and the amount of cash and related items contained in a safe and in eight cash/stamp drawers. For each drawer and the safe, we compared the combined totals for stamps and cash on hand to the amounts authorized (a total of \$45,618.07). Where applicable, we compared amounts recorded for debit postal money orders and debit postal meter sales to system printouts provided.

Results

For the eight cash/stamp drawers, our counts noted that seven drawers had negligible differences between the combined total of stamps and cash on hand, and the authorized total. Two of the differences were noted on the completed inventory sheet by the responsible Post Office staff. The individual differences, which netted to a \$1.21 overage, ranged from 1 cent to 60 cents.

ENCLOSURE

ENCLOSURE

Our count of the stamps and cash on hand in the safe found a \$27.90 difference which was not noted on the inventory sheet. As agreed with the Office of the Senate Sergeant At Arms, the scope of our procedures was limited to performing counts and comparing our results to authorized totals. Accordingly, we did not attempt to determine or verify reasons for any differences. While it was not within our scope to determine a reason for any differences, Post Office officials provided their explanation for this difference. We were told that it was apparently due to a double counting related to a \$27.90 voucher due the Post Office. According to Post Office officials, the double count appears to have occurred when the voucher and the related check paying off the voucher were both counted by the Post Office staff person as cash related items.

Our count confirmed an additional difference of \$1,589 which had been noted as a shortage on the completed inventory sheet by the Post Office staff person responsible for the safe. According to Post Office officials, the \$1,589 difference was due to a misappropriation of funds by a former employee in 1992, which was made known to appropriate authorities at the time. These officials advised us that the former employee was charged and convicted of embezzlement in D.C. Superior Court on March 5, 1993.

2. At the residence for pages and three other Senate office locations (two in the Capitol and one at Postal Square), we counted and totaled the cash on hand for each of the four "petty/operations" cash funds. Also, for each fund, we scheduled and totaled the receipts evidencing disbursements from the fund and compared the combined totals of cash and receipts to the amount authorized for the fund (\$500 for the page residence, \$300 for the Postal Square office, and \$100 and \$50 for the other two Capitol offices).

Results

We found that the combined totals of cash and receipts for each fund agreed with the amount authorized for each fund.

3. At the Senate Beauty Shop and Barber Shop, we counted and totaled the register cash used for daily operations that was on hand at the start of operations and compared it to the amounts authorized for those registers (\$150 for the Beauty Shop and \$125 for the Barber Shop).

Results

In each case, we found that the cash on hand agreed with the balance authorized.

ENCLOSURE

ENCLOSURE

4. For the Senate Health Promotions office, the Senate Recording Studio, and the Senate Photographic Studio, which periodically receive checks in payment for services, we called on September 30, 1997, to arrange to schedule and total checks on hand at the time of our call.

Results

We were told by the responsible staff of the Senate Health Promotions office and the Senate Recording Studio that there were no checks on hand at the time of our calls. For the Photographic Studio, which had checks on hand, we scheduled and totaled 10 checks which had a combined value of \$889.30.

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