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*REPORT OF THE
COMPTROLLER GENERAL
OF THE UNITED STATES*



Audit Of Financial Transactions
Of The Sergeant At Arms
For Fiscal Year 1976

House of Representatives



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-114854

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

We have audited the financial transactions of the Sergeant at Arms, House of Representatives, for fiscal year 1976, pursuant to the act of July 26, 1949 (2 U.S.C. 81a).

GENERAL COMMENTS

The Sergeant at Arms, as a fiscal officer of the House, disburses funds appropriated for (1) compensation of Members, (2) mileage of Members, and (3) gratuities to widows, widowers, or heirs of deceased Members. He also maintains a banking operation known as the House Bank.

Salary and expense appropriations are disbursed on the basis of monthly payroll vouchers covering the earned salaries and mileages of Members. The amount due each Member either is paid to him by check or, if he requests, is transferred to his credit in the deposit fund account which has been established in the Treasury for this purpose.

The deposit fund consists of the total of the individual accounts for the various Members who use the banking facility. A Member may withdraw money from his account by presenting a written order for payment either directly to the Sergeant at Arms or through regular banking channels.

Moneys in the deposit fund are used to cash checks for Members and employees of the House. Checks drawn on other banks are exchanged for cash at a local bank on the next business day. Other banking operations consist of selling traveler's checks and assisting Members in (1) purchasing savings bonds and (2) negotiating and liquidating personal loans with local banks.

ASSETS AND LIABILITIES

The funds for which the Sergeant at Arms was accountable at December 31, 1975, and June 30, 1976, are summarized

in the statement of assets and liabilities. (See sch. 1.) Pertinent comments on certain accounts, transactions, and accounting controls are presented below.

Exchange items on hand

Exchange items on hand amounting to \$176,393.67 at December 31, 1975, and \$363,887.27 at June 30, 1976, 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.

The peak volume of check-cashing transactions occurs when House employees cash their paychecks. During fiscal year 1976, the largest volume of checks cashed during a month occurred in December when checks amounting to \$2,600,436.35 were cashed, and the largest volume during one day occurred on June 30, 1976, when \$363,887.27 in checks was cashed.

The check-cashing transactions for fiscal year 1976 are summarized below.

	<u>6-month period ended</u>	
	<u>December 31,</u> <u>1975</u>	<u>June 30,</u> <u>1976</u>
Checks on hand at beginning of period	\$ 129,458.94	\$ 176,393.67
Checks cashed	<u>12,401,438.84</u>	<u>13,381,570.17</u>
	12,530,897.78	13,557,963.84
Checks exchanged for cash	<u>12,354,504.11</u>	<u>13,194,076.57</u>
Checks on hand at end of period	<u>\$ 176,393.67</u>	<u>\$ 363,887.27</u>

The total amount of checks cashed by the Sergeant at Arms during fiscal year 1976 was \$2,782,804.32 more than the amount cashed in fiscal year 1975, an increase of 12.1 percent. During fiscal year 1976, banks returned to the Sergeant at Arms checks totaling \$55,531.45, 0.2 percent of the total amount of checks cashed, for such reasons as insufficient funds.

The Sergeant at Arms said he maintains control over each returned check until it is liquidated.

Due from Members

Amounts due from Members (Members' unpaid checks) (see sch. 1) represent checks drawn on and cashed or paid by the Sergeant at Arms, which were not charged to the Members' accounts. This situation usually occurs because of insufficient funds in a Member's account, and the checks are held to avoid an overdraft. However, some of the unpaid checks are held because of improper signatures, no signatures, or stop payment orders. Individual unpaid checks are listed on the Daily Settlement Sheet on the day they are received. The amounts unpaid at any time by individual Members can be determined only from the unpaid checks on hand. The Sergeant at Arms, however, does not have any records from which the frequency, duration, and amounts of actual overdrafts, in total or by individual Members, can be determined with a high degree of accuracy.

Unpaid checks at June 30, 1975, amounted to \$43,775. During fiscal year 1976, unpaid checks numbered 8,428 and amounted to \$1,817,550; redemption of unpaid checks totaled \$1,825,675, leaving a balance of \$35,650.

At the beginning of each month when salaries are credited to the Members' accounts, all unpaid checks are applied against the Members' accounts. However, balances after salary credit may not be sufficient to cover the total amount of unpaid checks. For example, on January 5, 1976, 29 Members had 77 checks amounting to \$34,253 which did not clear. On July 1, 1976, 12 Members had 42 checks amounting to \$11,326 which did not clear.

Our analysis of unpaid checks showed that during the first half of fiscal year 1976 about 54 percent of the Members had at least one unpaid check. During the last half of the fiscal year, 58 percent of the Members had unpaid checks.

The Sergeant at Arms informed us that no loss had resulted from cashing Members' checks when funds on deposit were insufficient to cover the checks. He said many checks were outstanding for only a few days. He considered that the Members generally were drawing against their accruing salaries, which would be paid on the first of the following month.

STATE INCOME TAX WITHHOLDING

House Resolution 732, approved November 4, 1975, (2 U.S.C. 60e-1a) authorized the Sergeant at Arms to

withhold State income taxes from Members' salaries, when requested.

In January 1976, the Sergeant at Arms began withholding State taxes from the salaries of Members requesting the deductions. The amounts withheld were accumulated in a deposit fund account and, at the end of each quarter, paid to the various State tax departments. For the quarters ended March 31 and June 30, 1976, the Sergeant at Arms re-mitted withheld taxes totaling \$179,103.74 to 36 states and the District of Columbia. (See sch. 3.)

SCOPE OF AUDIT

Our audit consisted of examinations of the financial transactions of the Sergeant at Arms for the 6 months ended December 31, 1975, and June 30, 1976, respectively, and included:

- Preparation of financial statements.
- A review of Federal laws relating to payments of salaries and mileages of Members and payments of gratuities to widows, widowers, or heirs of deceased Members.
- A review of House banking operations.
- A review, on a test basis, of records and financial transactions, including such auditing procedures as we considered necessary.

Because employees' salaries and other expenses of the Office of the Sergeant at Arms are paid by the Clerk of the House from separate appropriations, such transactions were not covered in this audit.

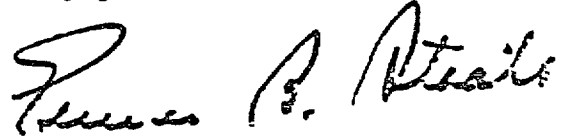
OPINION ON FINANCIAL STATEMENTS

We prepared the accompanying financial statements (schs. 1 through 3) from the records of the Sergeant at Arms. In preparing the Statement of Assets and Liabilities from these records, which are maintained on a cash basis, we made adjustments to present the accountability of the Sergeant at Arms on an accrual basis.

In our opinion, the accompanying financial statements present fairly the financial position and accountability

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of the Sergeant at Arms at December 31, 1975, and June 30, 1976, respectively, and the financial transactions for the 6-month periods ended at those dates, on a basis consistent with that of the preceding year and in accordance with applicable Federal laws.



Comptroller General
of the United States

SERGEANT AT ARMSHOUSE OF REPRESENTATIVESSTATEMENT OF ASSETS AND LIABILITIESDECEMBER 31, 1975, AND JUNE 30, 1976December 31,
1975June 30,
1976A S S E T S

APPROPRIATED FUNDS:

Funds with U.S. Treasury	\$12,047,976.78	\$1,950,873.83
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DEPOSIT FUNDS:

Funds with U.S. Treasury	963,299.66	765,820.88
Cash on hand	154,567.74	233,432.69
Exchange items on hand	176,393.67	363,887.27

Accounts receivable:

Due from Members	72,059.03	35,649.83
Tellers' shortages	250.85	619.15

	<u>1,366,570.95</u>	<u>1,399,409.82</u>
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Total assets	<u>\$13,414,547.73</u>	<u>\$3,350,283.65</u>
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L I A B I L I T I E S

APPROPRIATED FUNDS:

Accrued liabilities	\$ 1,784,833.76	\$1,778,898.48
Unobligated balances	10,263,143.02	171,975.35

	<u>12,047,976.78</u>	<u>1,950,873.83</u>
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DEPOSIT FUNDS:

Accounts payable:

Members' deposits	1,366,364.41	1,398,895.89
Tellers' overages	206.54	513.93

	<u>1,366,570.95</u>	<u>1,399,409.82</u>
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Total liabilities	<u>\$13,414,547.73</u>	<u>\$3,350,283.65</u>
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SERGEANT AT ARMS
HOUSE OF REPRESENTATIVES
STATEMENT OF FINANCIAL TRANSACTIONS
APPROPRIATED FUNDS

FOR 6-MONTH PERIODS ENDED DECEMBER 31, 1975, AND
JUNE 30, 1976, AND FOR THE FISCAL YEAR ENDED JUNE 30, 1976

	6-month period ended		Fiscal year
	December 31, 1975	June 30, 1976	1976
ACCOUNTABLE BALANCE AT BEGINNING OF PERIOD	\$ 1,738,082.48	\$12,047,976.78	\$ 1,738,082.48
APPROPRIATIONS:			
Salaries	20,494,120.00	787,200.00	21,281,320.00
Mileage	210,000.00	-	210,000.00
Gratuities	85,000.00	89,200.00	174,200.00
Total appropriations	20,789,120.00	876,400.00	21,665,520.00
Total funds available	22,527,202.48	12,924,376.78	23,403,602.48
DISBURSEMENTS AND TRANSFERS:			
Salaries and Government contributions:			
Paid to Members:			
By check	543,747.10	562,845.75	1,106,592.85
Transferred to deposit fund account (sch. 3)	5,635,949.39	5,566,970.72	11,202,920.11
Federal withholding tax deductions paid to Internal Revenue Service	2,410,354.37	2,514,046.07	4,924,400.44
State withholding tax deductions transferred to deposit fund (sch. 3)	-	180,578.20	180,578.20
Paid to Civil Service Commission:			
Members' Deductions:			
Retirement	734,414.03	764,152.81	1,498,566.84
Life insurance	85,864.84	88,230.40	174,095.24
Health insurance	59,607.24	87,201.81	146,809.05
Optional life insurance	12,546.40	13,234.52	25,782.92
Government contributions:			
Retirement	734,414.03	764,152.81	1,498,566.84
Life insurance	42,932.42	44,115.20	87,047.62
Health insurance	92,603.58	104,946.46	202,550.04
Total	10,352,435.40	10,695,474.75	21,047,910.15
MILEAGE OF MEMBERS:			
Paid by check	-	16,334.20	16,334.20
Transferred to deposit fund account (sch. 3)	762.60	172,494.00	173,256.60
Total	762.60	188,828.20	189,590.80
Total salaries and mileage	10,353,198.00	10,884,302.95	21,237,500.95
Gratuities to widows, widowers, or heirs of deceased Members	85,000.00	89,200.00	174,200.00
Unexpended balance of appropriations deposited into general fund of the Treasury	41,027.70	-	41,027.70
Total disbursements and transfers	10,479,225.70	10,973,502.95	21,452,728.65
ACCOUNTABLE BALANCE AT END OF PERIOD	\$12,047,976.78	\$ 1,950,873.83	\$ 1,950,873.83

SERGEANT AT ARMS
HOUSE OF REPRESENTATIVES
STATEMENT OF FINANCIAL TRANSACTIONS

DEPOSIT FUNDS

FOR 6-MONTH PERIODS ENDED DECEMBER 31, 1975, AND

JUNE 30, 1976, AND FOR THE FISCAL YEAR ENDED JUNE 30, 1976

	6-month period ended		Fiscal year
	December 31, 1975	June 30, 1976	1976
ACCOUNTABLE BALANCE AT BEGINNING OF PERIOD	\$ 1,344,844.32	\$ 1,366,570.95	\$ 1,344,844.32
RECEIPTS:			
Transfer from appro- priated funds (sch. 2):			
Salaries of Members	5,635,949.39	5,566,970.72	11,202,920.11
Mileage of Members	762.60	172,494.00	173,256.00
State withholding tax deductions	-	180,578.20	180,578.20
Total	5,636,711.99	5,920,042.92	11,556,754.91
Members' deposits	6,228,010.46	7,308,133.99	13,536,144.45
Sale of traveler's checks	105,370.01	51,360.62	156,730.63
Tellers' overages	206.54	307.39	513.93
Total receipts	11,970,299.00	13,279,844.92	25,250,143.92
Total available for disbursement	13,315,143.32	14,646,415.87	26,594,908.24
DISBURSEMENTS:			
Payments to or for ac- counts of Members (net of amounts due from Members)	11,843,045.22	13,015,067.23	24,858,112.45
State withholding tax deductions:			
Paid to state tax departments	-	179,103.74	179,103.74
Refunded to Members	-	1,474.46	1,474.46
Remittances to consignors for traveler's checks sold	105,370.01	51,360.62	156,730.63
Tellers' overages (prior years) applied to shortages	157.14	-	157.14
Total disbursements	11,948,572.37	13,247,006.05	25,195,578.42
ACCOUNTABLE BALANCE AT END OF PERIOD	\$ 1,366,570.95	\$ 1,399,409.82	\$ 1,399,409.82