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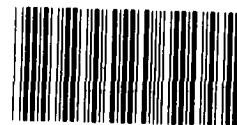
REPORT BY THE

# Comptroller General

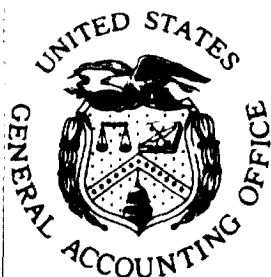
OF THE UNITED STATES

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## Audit Of The Stationery Revolving Fund For Fiscal Year Ended June 30, 1980



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MARCH 3, 1981

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

B-196900

The Honorable Edmund L. Henshaw, Jr.  
Clerk of the House of Representatives

Dear Mr. Henshaw:

We have audited the House of Representatives Stationery Revolving Fund for the fiscal year ended June 30, 1980, pursuant to your June 12, 1980, request.

GENERAL COMMENTS

The Stationery Revolving Fund, established by the July 17, 1947, act (2 U.S.C. 46b-1), is administered by the Office Supply Service under the Clerk of the House of Representatives' jurisdiction, and is subject to the rules and regulations of the Committee on House Administration. The Office Supply Service furnishes House Members, committees, departments, and officers with stationery and supplies at cost (exclusive of salaries and other operating expenses incurred in operating the revolving fund).

Members' accounts

Each Member is authorized an allowance for the conduct of the official and representational duties of the Office. This allowance shall consist of a base of \$40,000 plus designated amounts for travel, telephone, and district office rental. This allowance is available for the expenses of travel, office equipment lease, district office lease, stationery, telecommunications, mass mailings, postage, computer services, and other official expenses (See app. I and II). Incoming Members serving less than a full session receive a pro rata amount.

Members' purchases of office supplies are funded through the annual appropriations for Allowances and Expenses of the House of Representatives and are disbursed upon proper certification and documentation. Accordingly, the Stationery Revolving Fund is credited monthly with transfers from the Allowances and Expenses appropriation for the net transactions as certified by Members.

### Other accounts

Purchases by committees, departments, and officers must be approved by the Chairman, Committee on House Administration. The Stationery Revolving Fund is reimbursed for such purchases.

### EQUIPMENT

During the fiscal year ended June 30, 1980, the Stationery Revolving Fund had equipment purchases of \$12,120. There were no equipment disposals during the year. At the year end, computer and related equipment amounted to \$158,968 which, based on the established depreciation policy, resulted in a depreciation expense of \$14,684 for the year.

### DEFERRED INCOME

Direct funding of the Stationery Revolving Fund was discontinued as of October 1, 1978. As a result, Members' stationery purchases are charged against their consolidated allowance accounts, and the Stationery Revolving Fund is reimbursed from the Allowances and Expenses appropriation. Items ordered by Members and paid for from the Allowances and Expenses appropriation, but not delivered as of June 30, 1980, amounted to \$64,628.

### SERVICE CHARGES

Since October 1978, the Office Supply Service has charged a 10-percent surcharge on all nonofficial purchases (primarily staff account sales), pursuant to the Committee on House Administration directive to the Clerk of the House of Representatives. Service Charge income amounted to \$104,917 for the year ended June 30, 1980.

### SCOPE OF AUDIT

We made our audit in accordance with the Comptroller General's standards for auditing financial transactions, accounts, and reports of governmental activities. These standards include generally accepted auditing standards. Our examination included a review of operations and of applicable Federal laws, and such tests of the accounting records and such other auditing procedures as we considered necessary.

OPINION ON FINANCIAL STATEMENTS

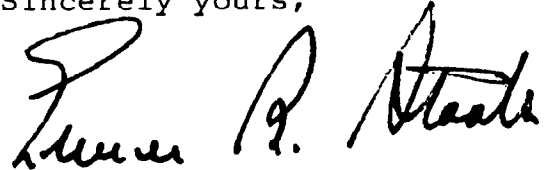
We prepared comparative statements of assets, liabilities, and Government equity (sch. 1), operations and retained income (sch. 2), and changes in financial position (sch. 3) from records of the Office Supply Service. Appropriations to the House of Representatives cover salaries and other operating expenses of the Office Supply Service and are not included as expenses in computing the net income of the Stationery Revolving Fund.

In our opinion, the accompanying financial statements, which were prepared on a basis consistent with that of the preceding year and in accordance with the financial arrangements described above, present fairly the financial position of the Stationery Revolving Fund at June 30, 1980, and June 30, 1979; the results of its operations; and the changes in its financial position for the fiscal years then ended.

- - - -

We are sending a copy of this report to the Chairman, Committee on House Administration.

Sincerely yours,

A handwritten signature in black ink, appearing to read "James R. Steele". The signature is fluid and cursive, with the first name "James" and last name "Steele" being the most prominent parts.

Comptroller General  
of the United States

## SCHEDULES

HOUSE OF REPRESENTATIVES  
STATIONERY REVOLVING FUND  
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,  
AND GOVERNMENT EQUITY  
JUNE 30, 1980, AND 1979

<u>ASSETS</u>	<u>1980</u>	<u>1979</u>
CASH:		
In U.S. Treasury	\$1,345,806	\$1,430,262
ACCOUNTS RECEIVABLE:		
Committees, officers		
of the House, and		
Others	\$175,719	\$ 7,590
Vendors	4,341	3,898
Due from Allowances		
and Expenses	<u>-</u>	<u>258</u>
	180,060	11,746
MERCHANDISE INVENTORY,		
AT COST	968,352	845,934
EQUIPMENT	158,968	146,848
LESS: ACCUMULATED DEPRECIATION	(31,771)	(17,087)
	127,197	129,761
TOTAL ASSETS	<u>\$2,621,415</u>	<u>\$2,417,703</u>
<u>LIABILITIES AND</u>		
<u>GOVERNMENT EQUITY</u>		
ACCOUNTS PAYABLE (note a):		
Vendors	\$408,049	\$300,342
Committees and Others	189	3,578
Due to Allowances and		
Expenses	<u>4,281</u>	<u>-</u>
	412,519	\$ 303,920
DEFERRED INCOME	64,628	100,622
STATIONERY REVOLVING FUND,		
CAPITAL	1,600,000	1,600,000
RETAINED INCOME (sch. 2)	<u>544,268</u>	<u>413,161</u>
TOTAL LIABILITIES AND		
GOVERNMENT EQUITY	<u>\$2,621,415</u>	<u>\$2,417,703</u>

a/Obligations for undelivered orders amounted to \$608,876.31 at June 30, 1980, and \$629,032.34 at June 30, 1979.

GAO note: Our opinion on this statement appears on page 3 of the letter.

HOUSE OF REPRESENTATIVES  
STATIONERY REVOLVING FUND  
COMPARATIVE STATEMENT OF OPERATIONS  
AND RETAINED INCOME FOR FISCAL YEARS  
ENDED JUNE 30, 1980 AND 1979

	1980			1979		
	Merchandise	Services	Combined	Merchandise	Services	Combined
NET SALES:						
Members	\$2,606,974	\$ -	\$2,606,974	\$ 2,347,145	\$ -	\$2,347,145
Committees, Officers of the House, and Others	<u>1,854,473</u>	<u>-</u>	<u>1,854,473</u>	<u>1,576,177</u>	<u>4,966</u>	<u>1,581,141</u>
Net Sales	4,461,447	-	4,461,447	3,923,320	4,966	3,928,286
Plus: Service Charges	<u>104,917</u>	<u>-</u>	<u>104,917</u>	<u>69,449</u>	<u>-</u>	<u>69,449</u>
TOTAL	<u>4,566,364</u>	<u>-</u>	<u>4,566,364</u>	<u>3,992,769</u>	<u>4,966</u>	<u>3,997,735</u>
COST OF SALES:						
Beginning Inventory (note a)	845,934	-	845,934	901,608	-	901,608
Purchases less Returns and Discounts	<u>4,576,583</u>	<u>-</u>	<u>4,576,583</u>	<u>3,847,850</u>	<u>4,966</u>	<u>3,852,816</u>
TOTAL	5,422,517	-	5,422,517	4,749,457	4,966	4,754,424
Less Ending Inventory (note a)	<u>968,352</u>	<u>-</u>	<u>968,352</u>	<u>845,934</u>	<u>-</u>	<u>845,934</u>
COST OF SALES (note b)	<u>4,454,165</u>	<u>-</u>	<u>4,454,165</u>	<u>3,903,524</u>	<u>4,966</u>	<u>3,908,490</u>
INCOME BEFORE DEPRECIATION	112,199	-	112,199	89,245	-	89,245
DEPRECIATION EXPENSE (note c)	<u>14,684</u>	<u>-</u>	<u>14,684</u>	<u>14,225</u>	<u>-</u>	<u>14,225</u>
NET INCOME FOR THE PERIOD (note d)	<u>\$ 97,515</u>	<u>-</u>	<u>\$ 97,515</u>	<u>\$ 75,020</u>	<u>\$ -</u>	<u>\$ 75,020</u>
RETAINED INCOME:						
Balance Beginning of Period		\$ 413,161				\$ 338,141
Adjustment for Unbilled Prior Year Purchases		33,592				-
Net Income for the Period		<u>97,515</u>				<u>75,020</u>
BALANCE END OF PERIOD (sch. 1)		<u>\$ 544,268</u>				<u>\$ 413,161</u>

a/Amount adjusted on the basis of purchase prices less trade discounts.

b/Includes obsolete and damaged merchandise written off during 1980 of \$2,793.98 (\$1,530.00 in 1979).

c/Depreciation is computed using straight line, 10-year life, no salvage value.

d/Salaries of \$585,838 (\$504,814 in 1979), employee benefits, and other operating expenses of the Office Supply Service were provided under separate appropriations for the House of Representatives and Architect of the Capitol which were not required to be included as expenses in determining net income.

GAO note: Our opinion on this statement appears on page 3 of the letter.



HOUSE OF REPRESENTATIVES  
STATIONERY REVOLVING FUND  
COMPARATIVE STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 1980, AND 1979

	<u>1980</u>	<u>1979</u>
<b>FUNDS PROVIDED:</b>		
Sales:		
Members	\$2,606,974	\$2,347,145
Committees, Officers of the House, and Others	1,854,473	1,576,175
Service charges	104,917	69,449
Services:		
Committees, Officers of the House, and Others	-	4,966
Capitalization of Revolving Fund	-	1,600,000
Unbilled purchases	<u>33,592</u>	<u>-</u>
Total	<u>\$4,599,956</u>	<u>\$5,597,735</u>
<b>FUNDS APPLIED:</b>		
Cost of sales	\$4,454,165	\$3,903,524
Cost of services	-	4,966
Purchase of equipment	12,120	11,900
Increase in working capital	<u>133,671</u>	<u>1,677,345</u>
Total	<u>\$4,599,956</u>	<u>\$3,597,735</u>

ANALYSIS OF CHANGES IN WORKING CAPITAL

	<u>Increase or (decrease) in working capital</u>	
	<u>1980</u>	<u>1979</u>
<b>WORKING CAPITAL CHANGES:</b>		
Cash in U.S. Treasury	\$( 84,456)	\$(491,846)
Accounts receivable:		
Committees, officers of the House, and Others	168,129	(53,046)
Vendors	443	2,305
Due from Allowances and Expenses	(258)	258
Inventory	122,418	(55,674)
Accounts payable	(108,599)	118,721
Deferred income	35,994	100,622
Allowance due Members	-	2,486,753
Allowance Appropriated but not Allotted	<u>-</u>	<u>7,938</u>
<b>INCREASE OR (DECREASE) IN WORKING CAPITAL</b>	<u>\$ 133,671</u>	<u>\$1,677,345</u>

GAO note: Our opinion on this statement appears on page 3 of the letter.

## APPENDIXES

HOUSE OF REPRESENTATIVES  
COMMITTEE ON HOUSE ADMINISTRATION  
REGULATIONS FOR MEMBERS

### D. ALLOWANCE FOR OFFICIAL EXPENSES

1. Each Member is authorized an allowance for the conduct of the official and representational duties of the Office. This allowance shall consist of a base of \$40,000 plus:

(a) The dollar equivalent of 64 multiplied by the rate per mile multiplied by the mileage between the District of Columbia and the furthest point in the Member's District, according to the Rand McNally Standard Highway Mileage Guide, plus 10 percent. In no case shall the amount be less than \$3,000.

The following rates per mile apply:	Per mile
Under 500 miles -----	80.18
At least 500 but under 750 miles -----	.17
At least 750 but under 1,000 miles -----	.16
At least 1,000 but under 1,750 miles -----	.15
At least 1,750 but under 2,250 miles -----	.14
At least 2,250 but under 2,500 miles -----	.13
At least 2,500 but under 3,000 miles -----	.12
3,000 miles or over -----	.11

(b) (1) The dollar equivalent to 15,000 times the highest long-distance telephone rate per minute from the District of Columbia to the Member's District.

(2) If the Member has elected to utilize WATS or similar service in his or her office in the Capitol or House Office Building, the dollar amount calculated in (1) above will be reduced by one-half.

(3) In no case shall the equivalent amount specified in (1) above be less than \$6,000 or the amount specified in (2) above be less than \$3,000.

(c) The dollar equivalent to 2500 square feet multiplied by the highest applicable rate per square foot charged to Federal agencies in the district established by regulations issued by the Administrator of General Services pursuant to section 210(j) of the Federal Property and Administrative Services Act of 1949 as amended (40 U.S.C. 490(j)) for the rental of suitable office space.

2. This allowance may be used for the expenses of travel, office equipment lease, district office lease, stationery, telecommunications, mass mailings, postage, computer services and other official expenses.

3. (a) This allowance will be disbursed, upon proper certification and documentation, for the official expenses of the Member, the Member's employees or the Member's congressional office and shall be in the form of reimbursement to the Member or direct payment on behalf of the Member to a specified payee.

(b) Documentation shall include invoices, receipts or other evidence of expenses incurred.

(c) Official expenses are ordinary and necessary business expenses incurred in support of the Members official and representational duties.

(d) The following items or classes of items are excluded from those payable from this allowance:

(1) Expenses relating to the hiring and employment of individuals, including, but not limited to, employment service fees, transportation of interviewees to and from employment interviews and cost of relocation upon acceptance or termination of employment.

(2) Items purchased from other than the House stationery store which have a useful life in excess of the current term of the Member, and which would have a residual value of more than \$25 upon the expiration of the current term of the Member.

- (3) Holiday greeting cards, flowers, and trophies.
- (4) Personal advertisements (other than meeting or appearance notices).
- (5) Donations or gifts of any type, except flags of the United States flown over the Capitol and items purchased for use as gifts when on official travel for the House of Representatives outside the United States its territories or possessions.
- (6) Dues or assessments other than to legislative support organizations approved by the Committee on House Administration.
- (7) Educational expenses for courses of study, information or training programs, unless the benefit accrues primarily to the House and the skill or knowledge is not commonly available.
- (8) Purchases of radio and television time.
- (9) Parking for Member and employees at district offices, except when included as an integral part of the lease or occupancy agreement for the district office space.

### **H. PROVISIONS RELATING TO OFFICE SUPPLIES**

(1) Each Member may withdraw a sum not to exceed \$1.00 in cash from the stationery account each regular session of Congress.

(2) Billings for all items purchased from the Stationery Room and charged to a Member's account will be rendered monthly. Bills should be examined to segregate all items not of an official nature. Official charges are charged against the Member's Allowance. A check or money order to cover non-official charges should be submitted to the Clerk of the House along with a copy of the billing.



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