United States General Accounting Office

GAO

Report to the Attending Physician, Congress of the United States

December 1988

REVOLVING FUNDS

Office of the Attending Physician Revolving Fund Can Be Terminated

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

Accounting and Financial Management Division

B-206277

December 21, 1988

The Honorable William M. Narva
Attending Physician to the U.S. Congress

Dear Dr. Narva:

In your October 30, 1987, letter, you requested that we audit the Attending Physician Revolving Fund for the period October 1, 1986, through January 31, 1988, and that we identify the amount of funds necessary to pay all outstanding Fund debts as of January 31, 1988. In addition, you asked whether it would be feasible to terminate the Office of the Attending Physician Revolving Fund.

A report on our financial audit, which you have seen in draft form and commented on, will be issued separately. Our answers to your questions regarding termination of the Fund follow.

The amount needed to pay all Fund debts as of January 31, 1988, is $2,252. This includes $2,158 in accounts payable and $94 from net income for the 16-month period audited. We believe it would be feasible for the Congress to enact legislation that (1) terminates the Attending Physician Revolving Fund and (2) provides for the future treatment of program receipts. The two options we have identified for treatment of program receipts are discussed later in this report.

Information contained in this report was obtained during our financial audit of the Fund. We made our review in accordance with generally accepted government auditing standards and, accordingly, reviewed all financial transactions for the period October 1, 1986, through January 31, 1988. Further, we examined the legislation establishing the Fund and confirmed Fund and account balances with your staff and with the House of Representatives Office of Finance.

Our audit disclosed that, as of January 31, 1988, the Fund had assets of $2,718, liabilities of $2,158, and government equity of $560. For the period October 1, 1986, through January 31, 1988, the Fund had a net income of $94. The Attending Physician Revolving Fund was established by the Legislative Branch Appropriation Act of 1976. The act provides, in part, that

> "All moneys thereafter received by the Office of the Attending Physician from the sale of drugs or from any other source shall be deposited in such fund; and moneys

in such fund shall be available without fiscal year limitation for the purchase of drugs for resale by the Office of the Attending Physician."

Effective October 30, 1987, your office discontinued the purchase and sale of prescription drugs, the largest activity of the Fund and the primary reason for the Fund's establishment. Two lower dollar-volume activities carried out under the Fund remain. The first is the immunization program under which influenza and other inoculations are provided at a fee set to approximately break even. For the 16-month period ended January 31, 1988, about $4,250 was spent on vaccines and $4,100 was received from fees charged. The second activity involves performing physicals for life insurance applicants and then furnishing medical transcripts of the exams. For these services, insurance carriers paid $266, which was deposited in the Fund for the 16-month period ended January 31, 1988.

We believe that the financial transactions of these two activities do not require continuing the Fund. However, any legislation terminating the Fund should address the payment of all existing debts and the treatment of any outstanding receivables when the Fund is terminated.

As of January 31, 1988, accounts receivable totaled $1,268. This included $141 due from vendors, which was collected in May 1988. The remainder of $1,127 is due from the Office of the Attending Physician Appropriation Fund for reimbursement of flu vaccine used by Members but paid for from the Fund.

Accounts payable as of January 31, 1988, amounted to $2,158, including $2,000 owed to the U.S. Treasury from income earned in fiscal year 1986 which has not yet been paid because of insufficient cash in the Fund. The legislation which established the Fund contains a requirement that the net profit established by a GAO audit be transferred to the U.S. Treasury after restoring any capital impairment. The remainder represents $158 owed to the Office of the Attending Physician Appropriation Fund for medicine purchased out of the appropriated funds but used for Fund customers. The GAO-determined net profit of $94 for the 16-month period ended January 31, 1988, would also be payable. It appears that after collecting the accounts receivable, enough money will be available to pay the $2,252 due the Treasury for the period ending January 31, 1988. Implementing legislation to terminate the Fund would be facilitated if all existing debts were paid before legislation is enacted.

If you elect to seek legislation terminating the Fund, it should address how the balance of the Fund and future receipts from inoculations and insurance services will be handled. At least two alternatives are available. First, the Fund could be closed out and any remaining cash balance transferred to the U.S. Treasury. All future receipts from inoculations and insurance services would also be transferred to the U.S. Treasury.

The other alternative would be for the legislation to expressly permit the balance of the Fund and any future receipts from inoculation and insurance services to be retained as a supplement to the appropriated funds for use in operating the Office of the Attending Physician. Presumably, any receipts returned for use in a subsequent fiscal year would reduce the amount of appropriated funds needed in that year.

We trust that this information will be helpful to you in arriving at a decision on the disposition of the Office of the Attending Physician Revolving Fund.

Sincerely yours,

Dennis J. Duquette

Dennis J. Duquette
Associate Director