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Audit Of The
House Of Representatives
Restaurant For The
Period June 28, 1970,
To June 26, 1971

B-114891



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BY THE COMPTROLLER GENERAL
OF THE UNITED STATES

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[090753]

DEC. 16, 1971



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

B-114891

GHS 00007

Dear Mr. Chairman:

This is our report on the audit of the House of Representatives Restaurant for the period June 28, 1970, to June 26, 1971. The audit was made pursuant to section 208(c)(2) of the act of October 9, 1940 (40 U.S.C. 174k).

Copies of this report are being sent to the Chairman, Select Committee on the House Restaurant, and to the Clerk of the House of Representatives. *GHS 00003* *WSE* *06000*

Sincerely yours,

Comptroller General
of the United States

The Honorable Wayne L. Hays, Chairman
Committee on House Administration *HSE 01700*
House of Representatives

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COMPTROLLER GENERAL'S REPORT
TO THE COMMITTEE ON
HOUSE ADMINISTRATION
HOUSE OF REPRESENTATIVES

AUDIT OF THE HOUSE OF REPRESENTATIVES
RESTAURANT FOR THE PERIOD JUNE 28, 1970
TO JUNE 26, 1971 B-114891

D I G E S T

WHY THE AUDIT WAS MADE

The General Accounting Office (GAO) is required by law to make an annual audit of the House of Representatives Restaurant.

OPINION OF FINANCIAL STATEMENTS

In GAO's opinion, the financial statements (schs. 1, 2, and 3), which were prepared on a basis consistent with that of the preceding year and in accordance with the accounting practices and financial arrangements described on page 6 of this report, present fairly the financial position of the House of Representatives Restaurant at June 26, 1971, the results of its operations, and the sources and application of its funds for the year then ended.

OTHER MATTERS OF INTEREST

The operation of the House Restaurant resulted in a net loss for fiscal year 1971 of \$340,728 compared with a net loss for fiscal year 1970 of \$298,715.

On April 1, 1971, the responsibility for management and operation of the Restaurant was transferred from the Architect of the Capitol to the Committee on House Administration. At that date the accumulated net loss for fiscal year 1971 was \$286,578. ^{UTA} ⁰⁰¹³

As of June 26, 1971, the Committee on House Administration established a contributed capital account, to be maintained at \$50,000, to provide the Restaurant with working capital. The Restaurant will be reimbursed for actual operating losses after each 4-week accounting period to permit it to maintain a liquid position.

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CHAPTER 1

INTRODUCTION

Our audit of the House of Representatives Restaurant was made in accordance with generally accepted auditing standards and included an examination of the financial statements for the year ended June 26, 1971, and such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The House Restaurant is operated primarily for members of the House and their staffs. Until April 1, 1971, the Architect of the Capitol was responsible for the management of the Restaurant, subject, during the Ninety-first Congress, to the direction of the Select Committee on the House Restaurant.

Pursuant to House Resolution 317, Ninety-second Congress, the responsibility for the operation of the House Restaurant was transferred from the Architect of the Capitol to the Committee on House Administration effective April 1, 1971. The same resolution assigned direct supervision of the Restaurant, during the Ninety-second Congress, to the Select Committee on the House Restaurant.

The Restaurant facilities consist of three cafeterias, one each in the Capitol, Longworth, and Rayburn Buildings; three carryouts, one each in the Longworth, Rayburn, and Cannon Buildings; and the congressional and members' dining room in the House wing of the Capitol. The Longworth Building Cafeteria is normally open on Saturday. When the Congress adjourns for a significant length of time, the congressional and members' dining rooms usually close.

Funds for the operation of the Restaurant are provided by receipts from sales and from allocations from the appropriations for Contingent Expenses, House of Representatives, Miscellaneous Items, to cover losses and the acquisition of equipment. In accordance with the act of October 9, 1940, these funds are deposited with the Treasurer of the United States. Also funds appropriated to the Architect of the Capitol for construction or maintenance are available for purchases of equipment. These purchases are not recorded as assets of the Restaurant.

CHAPTER 2

OPERATIONS

The operation of the House Restaurant in fiscal year 1971 resulted in a net loss of \$340,728 (\$286,578 to March 31, 1971), which included equipment expenditures of \$9,813 (\$8,947 to March 31, 1971), compared with a net loss in fiscal year 1970 of \$298,715, which included equipment expenditures of \$5,345. The increase of \$42,013 in the loss was caused by higher labor, food, and other operating costs which were not offset by corresponding increases in prices. Pursuant to the provisions of House Resolution 429, enacted May 18, 1971, additional funds of \$106,812 were transferred to the House Restaurant from the appropriations for Contingent Expenses, House of Representatives, Miscellaneous Items, to absorb the balance of the Restaurant's loss for fiscal year 1971.

As of June 26, 1971, the Committee on House Administration established a contributed capital account, to be maintained at \$50,000, to provide the Restaurant with working capital. In the future the Restaurant will be reimbursed for actual operating losses after each 4-week accounting period to permit it to maintain a liquid position.

A condensed comparison of the food and beverage and cigar-stand merchandise sales and operating results for each of the units for fiscal years 1971 and 1970 follows.

	<u>1971</u>		<u>1970</u>	
	<u>Sales</u>	<u>Operating profit or loss(-)</u>	<u>Sales</u>	<u>Operating profit or loss(-)</u>
Food and beverages:				
Dining rooms:				
Congressional	\$ 194,867	-\$237,134	\$ 229,229	-\$234,673
Members'	18,574	-38,237	20,409	-35,764
Cafeterias:				
Longworth Building	421,389	-76,481	394,027	-75,107
Capitol Building	96,558	-25,693	86,599	-35,155
Rayburn Building	479,640	-78,407	455,065	-35,533
Carryout service:				
Longworth Building	93,440	10,301	93,374	19,430
Cannon Building	132,652	25,378	121,456	28,263
Rayburn Building	<u>87,901</u>	<u>7,244</u>	<u>87,785</u>	<u>10,164</u>
Total	<u>\$1,525,021</u>	<u>-\$413,029</u>	<u>\$1,487,944</u>	<u>-\$358,357</u>
Number of guests served	<u>1,683,759</u>		<u>1,677,360</u>	
Cigar-stand merchandise:				
Congressional dining room	\$ 34,609	\$ 7,753	\$ 38,820	\$ 8,614
Cafeterias:				
Longworth Building	160,921	44,405	137,982	33,171
Capitol Building	16,811	5,363	13,448	3,664
Rayburn Building	<u>88,574</u>	<u>20,030</u>	<u>73,722</u>	<u>14,485</u>
Total	<u>\$ 300,915</u>	<u>\$ 77,551</u>	<u>\$ 263,972</u>	<u>\$ 59,934</u>

A comparative statement of assets and liabilities of the House Restaurant at June 26, 1971, and June 27, 1970, is presented as schedule 1. A comparative statement of operations for fiscal years 1968 through 1971 is presented as schedule 2, and a statement of sources and application of funds for fiscal year 1971 is presented as schedule 3. A comparison of sales and operating results for each of the units for fiscal year 1971 is presented as exhibit A.

CHAPTER 3

ACCOUNTS RECEIVABLE

The following schedule shows a comparison of the receivables at June 30, 1971, and June 30, 1970.

<u>Days outstanding</u>	<u>June 30, 1971</u>		<u>June 30, 1970</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
0 to 30 days	\$24,307	76	\$31,796	57
31 to 60 days	5,510	17	12,037	22
over 60 days	<u>2,202^a</u>	<u>7</u>	<u>12,000</u>	<u>21</u>
Total	<u>\$32,019</u>	<u>100</u>	<u>\$55,833</u>	<u>100</u>

^aIncludes accounts totaling \$966 outstanding over 90 days compared with accounts totaling \$9,508 outstanding over 90 days in fiscal year 1970. This is approximately a 90-percent decrease.

At March 31, 1971, the outstanding accounts receivable had reached an all-time high of \$65,791. In an effort to reduce the amount outstanding, the Select Committee sent out collection letters. As a result of this effort, the total amount outstanding decreased to \$32,018 at June 30, 1971, a reduction of approximately 51 percent.

We did not confirm the accounts receivable at June 30, 1971; however, a review of July and August collections showed that \$28,366 or about 89 percent of the receivables at June 30, 1971, had been collected by August 31, 1971.

CHAPTER 4

OPINION OF FINANCIAL STATEMENTS

The accompanying financial statements (schs. 1 through 3) were prepared by us on the basis of accounting records maintained by the House Restaurant Accounting Office. Transactions are recorded on an accrual basis except that the cost of equipment and furnishings acquired with Restaurant funds is recorded as an expense in the period acquired rather than charged off over the period of their useful life. Also the statements do not include the cost of equipment and furnishings acquired with funds appropriated to the Architect of the Capitol or the cost of certain benefits and services furnished to the Restaurant without charge, such as space; ordinary building repairs and maintenance; utilities; garbage disposal; menus and forms printed by the Government Printing Office; and personal services of the staffs of the Architect of the Capitol, the Select Committee on the Restaurant, and the Committee on House Administration.

In our opinion, the financial statements (schs. 1 through 3), which were prepared on a basis consistent with that of the preceding year and in accordance with the accounting practices and financial arrangements described above, present fairly the financial position of the House of Representatives Restaurant at June 26, 1971, the results of its operations, and the sources and application of its funds for the year then ended.

SCHEDULE 1

HOUSE OF REPRESENTATIVES RESTAURANT

COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES

JUNE 26, 1971, AND JUNE 27, 1970

	<u>June 26, 1971</u>	<u>June 27, 1970</u>
ASSETS		
CASH:		
Funds with U.S. Treasury	\$157,280	\$ 93,466
Undeposited receipts	18,166	23,489
Petty cash and change funds	<u>12,950</u>	<u>12,950</u>
	\$188,396	\$129,905
ACCOUNTS RECEIVABLE	135,847 ^a	62,350
INVENTORY OF FOOD, BEVERAGES, MERCHANDISE, AND SUPPLIES, AT COST	<u>46,882</u>	<u>43,563</u>
Total assets	<u>\$371,125</u>	<u>\$235,818</u>
LIABILITIES AND EQUITY		
LIABILITIES:		
Amounts due vendors	\$159,891	\$ 89,427
Net payroll and benefits	64,002	36,608
Federal and D.C. withhold- ing taxes	15,777	5,394
Unclaimed wages	202	202
Employees' accrued leave	55,971	81,047
Allowance for purchase of china, glassware, silver- ware, and kitchen uten- sils	<u>23,458</u>	<u>15,900</u>
Total liabilities	\$319,301	\$228,578
EQUITY OF THE HOUSE OF REPRESENTATIVES:		
At beginning of year	7,240 ^b	60,955
Current-year appropriations	<u>385,312</u>	<u>245,000</u>
	392,552	305,955
Less net loss for fiscal year (sch. 2)	<u>340,728</u>	<u>298,715</u>
Total equity	<u>51,824</u>	<u>7,240</u>
Total liabilities and equity	<u>\$371,125</u>	<u>\$235,818</u>

^aIncludes amount due from appropriations for House of Representatives Miscellaneous Items (H. Res. 429, May 18, 1971), \$106,812.54.

^bSupplemental appropriation, fiscal year 1970 (Pub. L. 91-305), \$8500; regular appropriation, fiscal year 1971 (Pub. L. 91-382), \$270,000; transfer from Miscellaneous Items (H. Res. 429, May 18, 1971), \$106,812.54.

SCHEDULE 2

HOUSE OF REPRESENTATIVES RESTAURANT

COMPARATIVE STATEMENT OF OPERATIONS

FOR FISCAL YEARS ENDED JUNE 26, 1971, JUNE 27, 1970, JUNE 28, 1969, AND JUNE 29, 1968

	June 26, 1971		June 27, 1970		June 28, 1969		June 29, 1968	
	Amount	Percent of sales	Amount	Percent of sales	Amount	Percent of sales	Amount	Percent of sales
SALES OF FOOD AND BEVERAGES:								
Regular services	\$1,307,380	85.7	\$1,281,422	86.1	\$1,132,965	86.0	\$1,193,990	88.5
Catering	<u>217,641</u>	<u>14.3</u>	<u>206,522</u>	<u>13.9</u>	<u>175,744</u>	<u>14.0</u>	<u>155,621</u>	<u>11.5</u>
Total	1,525,021	100.0	1,487,944	100.0	1,308,709	100.0	1,349,611	100.0
Cost of food and beverages sold	<u>647,388</u>	<u>42.5</u>	<u>628,264</u>	<u>42.2</u>	<u>505,319</u>	<u>38.6</u>	<u>580,592</u>	<u>43.0</u>
GROSS PROFIT	<u>877,633</u>	<u>57.5</u>	<u>859,680</u>	<u>57.8</u>	<u>803,390</u>	<u>61.4</u>	<u>769,019</u>	<u>57.0</u>
OPERATING EXPENSES:								
Salaries and wages:								
Straight time	901,650	59.1	868,984	58.4	758,786	57.9	857,059	63.5
Overtime	46,892	3.1	39,062	2.6	25,857	2.0	51,510	3.8
Leave expense	72,831	4.8	76,647	5.2	61,342	4.7	68,495	5.1
Employee meals	27,600	1.8	27,461	1.8	24,960	1.9	35,454	2.6
Employee benefits	70,715	4.6	61,030	4.1	50,556	3.9	52,586	3.9
Laundry	56,809	3.7	49,577	3.3	36,461	2.8	43,006	3.2
Paper supplies	44,665	2.9	35,524	2.4	26,064	2.0	25,487	1.9
Cleaning supplies	15,022	1.0	13,600	0.9	7,294	0.6	10,900	0.8
Miscellaneous	30,929	2.0	23,595	1.6	12,096	0.9	19,585	1.5
Replacement of china, glassware, silverware, and kitchen utensils	<u>23,549</u>	<u>1.6</u>	<u>22,557</u>	<u>1.5</u>	<u>19,825</u>	<u>1.5</u>	<u>20,237</u>	<u>1.5</u>
Total	<u>1,290,662</u>	<u>84.6</u>	<u>1,218,037</u>	<u>81.8</u>	<u>1,023,241</u>	<u>78.2</u>	<u>1,184,319</u>	<u>87.8</u>
LOSS ON FOOD AND BEVERAGES OPERATIONS	<u>413,029</u>	<u>27.1</u>	<u>358,357</u>	<u>24.0</u>	<u>219,851</u>	<u>16.8</u>	<u>415,300</u>	<u>30.8</u>
CIGAR-STAND MERCHANDISE:								
Sales	300,915	100.0	263,972	100.0	236,733	100.0	256,463	100.0
Cost of sales	<u>223,364</u>	<u>74.2</u>	<u>204,038</u>	<u>77.3</u>	<u>193,732</u>	<u>81.8</u>	<u>210,070</u>	<u>81.9</u>
PROFIT ON CIGAR-STAND OPERATIONS	<u>77,551</u>	<u>25.8</u>	<u>59,934</u>	<u>22.7</u>	<u>43,001</u>	<u>18.2</u>	<u>46,393</u>	<u>18.1</u>
VENDING MACHINE COMMISSIONS	<u>4,563</u>		<u>5,053</u>		<u>4,625</u>		<u>6,195</u>	
NET OPERATING LOSS	330,915		293,370		172,225		362,712	
EQUIPMENT EXPENDITURES	<u>9,813</u>		<u>5,345</u>		<u>67</u>		<u>4,249</u>	
NET LOSS FOR YEAR	<u>\$ 340,728</u>		<u>\$ 298,715</u>		<u>\$ 172,292</u>		<u>\$ 366,961</u>	

HOUSE OF REPRESENTATIVES RESTAURANT
STATEMENT OF SOURCES AND APPLICATION OF FUNDS
FISCAL YEAR ENDED JUNE 26, 1971

FUNDS PROVIDED BY:	
Appropriations	\$ 385,312
Sales	<u>1,830,500</u>
Total funds provided	<u>\$2,215,812</u>
FUNDS APPLIED TO:	
Cost of merchandise sold	\$ 870,752
Salaries and wages	948,542
Other operating expenses	334,564
Equipment expenditures	9,813
Increase in working capital	<u>52,141</u>
Total funds applied	<u>\$2,215,812</u>

EXHIBIT A

HOUSE OF REPRESENTATIVES RESTAURANT FISCAL YEAR 1971 13th ACCOUNTING PERIOD

	COMBINED OPERATIONS		CONG. RESTAURANT		MEMBERS' DINING ROOM		L.H.O.B. CAFE/TERIA		L.H.O.B. CARRY-OUT		RAYBURN CARRY-OUT		RAYBURN CARRY-OUT			
	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES		
FOOD																
SALES	1,307,380	85.7	165,513	84.9	18,574	100.0	394,941	93.7	93,439	100.0	132,651	100.0	317,800	66.3	87,901	100.0
Food							26,447	6.3					161,840	33.7		
Catering	217,641	14.3	29,353	15.1												
TOTAL	1,525,021	100.0	194,867	100.0	18,574	100.0	421,389	100.0	93,439	100.0	132,651	100.0	479,640	100.0	87,901	100.0
COST OF FOOD SOLD	647,388	42.5	88,149	45.2	8,292	44.6	179,378	42.6	38,027	40.7	52,376	39.5	207,207	43.2	34,535	39.3
GROSS PROFIT ON FOOD	877,633	57.5	106,718	54.8	10,281	55.4	242,011	57.4	55,412	59.3	80,275	60.5	272,432	56.8	53,366	60.7
OPERATING EXPENSES	901,650	59.1	229,235	117.6	35,115	189.1	223,235	53.0	30,239	32.4	36,807	27.8	252,043	52.5	32,698	37.2
Labor: Straight Time	46,892	3.1	19,726	10.1	2,086	11.2	1,807	3.9	2,200	2.3	1,340	1.0	2,391	0.5	734	0.8
Overtime	72,831	4.8	20,334	10.5	2,979	16.0	14,836	3.5	2,955	3.2	3,297	2.5	23,323	4.9	1,745	2.0
Leave Expense	27,299	1.8	7,830	4.0	838	4.5	7,456	1.8	865	0.9	1,175	0.9	7,247	1.5	977	1.1
Employee Meals	70,715	4.6	20,263	10.4	3,227	17.4	16,436	3.9	2,270	2.4	2,177	1.6	18,899	4.0	2,622	3.0
Employee Benefits	1,119,688	73.4	297,391	152.6	44,248	238.2	278,571	66.1	38,531	41.2	44,798	33.8	303,905	63.4	38,777	44.1
TOTAL LABOR COSTS	56,808	3.7	24,053	12.3	2,672	14.4	11,864	2.8	936	1.0	1,177	0.9	13,550	2.8	1,248	1.4
Laundry	44,664	2.9	2,084	1.1	231	1.2	5,329	1.3	5,023	5.4	7,574	5.7	13,550	2.8	4,116	4.7
Paper Supplies	15,021	1.0	4,170	2.1	463	2.5	307	1.5	54	0.1	206	0.2	3,135	0.6	319	0.4
Cleaning Supplies	30,929	2.0	8,354	4.3	810	4.4	7,929	1.9	565	0.6	1,139	0.8	9,471	2.0	1,659	1.9
Miscellaneous Expense	23,549	1.6	7,797	4.0	92	0.5	8,433	2.0					7,225	1.5		
(China, Glassware, Silverware Replacements)	1,290,662	84.6	343,852	176.4	48,519	261.2	82,829	75.6	45,110	48.3	54,896	41.4	350,839	73.1	46,122	52.5
TOTAL OPERATING EXPENSES	(413,029)	(27.1)	(237,134)	(121.6)	(38,237)	(205.8)	(25,693)	(18.2)	10,301	11.0	25,378	19.1	(78,407)	(16.3)	7,244	8.2
PROFIT OR (LOSS) ON FOOD OPERATIONS	300,916	100.0	34,609	100.0			16,811	100.0								
CIGAR STANDS	223,364	74.2	26,855	77.6			11,448	72.4					88,574	100.0		
SALES	77,551	25.8	7,753	22.4			5,362	27.6					68,543	77.4		
COST OF SALES	4,563		116						849		2,154				1,443	
PROFIT OR (LOSS) ON CIGAR STAND OPERATIONS	(330,914)		(229,263)		(38,237)		(20,331)		11,150		27,532		(58,376)		8,687	
VENDING MACHINES COMMISSIONS	9,813															
EQUIPMENT EXPENDITURES	(340,728)															
NET INCOME OR (DEFICIT)																

NOTE: CENTS HAVE BEEN OMITTED; THEREFORE, COLUMNS WILL NOT FOOT.