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Audit Of The Stationery
Revolving Fund
Fiscal Year 1970 B-114862

House of Representatives

BY THE COMPTROLLER GENERAL
OF THE UNITED STATES

700481 095754

JAN. 8, 1971



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

B-114862

Dear Mr. Jennings:

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The accompanying report summarizes the results of our audit of the Stationery Revolving Fund, House of Representatives, for the fiscal year ended June 30, 1970. The audit was made pursuant to your request dated June 1, 1970.

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A copy of this report is being sent to the Chairman, Committee on House Administration.

Sincerely yours,

A handwritten signature in cursive script that reads "James B. Stacks".

Comptroller General
of the United States

The Honorable W. Pat Jennings
Clerk of the House of Representatives

*COMPTROLLER GENERAL'S
REPORT TO THE CLERK OF
THE HOUSE OF
REPRESENTATIVES*

AUDIT OF THE STATIONERY REVOLVING FUND
FISCAL YEAR 1970 B-114862

D I G E S T

WHY THE AUDIT WAS MADE

The General Accounting Office (GAO) has made an audit of the Stationery Revolving Fund at the request of the Clerk of the House of Representatives. (See app.)

FINDINGS AND CONCLUSIONS

GAO found that improvements had been made in the two areas that were reported upon in fiscal year 1969--the payment of vendors' invoices was being handled more promptly by the Office Supply Service and an intermediate level of supervision had been established. (See p. 5.)

GAO believes that greater management attention should be given to the areas of sales and inventory control. (See pp. 5 and 6.)

In GAO's opinion the accompanying financial statements, prepared on a basis consistent with that of the preceding year and in accordance with the accounting practice and financial arrangement described on page 7, present fairly the financial position of the Stationery Revolving Fund at June 30, 1970, the results of its operations, and the sources and application of its funds for the year then ended.

Tear Sheet

JAN. 8, 1971

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INTRODUCTION

The General Accounting Office has made an audit of the Stationery Revolving Fund, House of Representatives, for the fiscal year ended June 30, 1970. The scope of our audit is described on page 7.

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

A stationery allowance of \$3,000 for each member and for the Resident Commissioner from Puerto Rico for a full regular session was authorized by the act of July 2, 1954, as amended (2 U.S.C. 46b). A pro rata allowance for each member elected for a portion of a term was authorized by the act of February 27, 1956 (2 U.S.C. 46b-2).

Funds for these allowances are provided for in the annual legislative branch appropriation acts for contingent expenses of the House of Representatives and are administered through the Stationery Revolving Fund.

The members' stationery allowances are credited to their individual accounts at the beginning of each session, or at such other times as new members qualify, and may be withdrawn in cash or applied to purchases from the Office Supply Service. When a member's service is terminated, any stationery allowance remaining to his credit is payable in cash to him or his heirs.

Stationery is furnished by the Office Supply Service to officers, committees, and others upon receipt of requisitions approved by the Chairman, Committee on House Administration. The Stationery Revolving Fund is reimbursed monthly for this stationery from funds appropriated for miscellaneous items and for special and select committees of the House.

Stationery and supplies are also furnished on a reimbursable basis to other authorized House officials and committees having funds not under direct control of the Committee on House Administration.

OPERATIONS

A comparative statement of operations and retained income for fiscal years ended June 30, 1970 and 1969, is presented as schedule 2. Sales of merchandise amounted to \$1,339,231 in fiscal year 1970 compared with \$1,242,958 in fiscal year 1969. Sales of services amounted to \$176,274 in fiscal year 1970 compared with \$208,374 in fiscal year 1969. The services included printing services rendered by the Majority and Minority Printing Clerks of the House and rental fees for photocopying equipment as authorized by the Committee on House Administration. Net income for fiscal year 1970 amounted to \$14,728 compared with \$12,985 for fiscal year 1969.

IMPROVEMENTS IN OPERATIONS

AND MANAGEMENT

In our fiscal year 1969 report (B-114862, December 19, 1969), we made recommendations regarding the payment of vendor invoices and a realignment of staff duties that, we believed, would result in a more efficient and better managed operation. Our recent audit showed that improvements had been made in both of these areas.

PAYMENT OF VENDORS' INVOICES

The installation of a new accounts payable system in March 1970 greatly improved the processing of vendors vouchers and reduced the normal invoice-paying cycle from 30 to 7 days. We observed that after March discounts had been taken within the discount period, which eliminated the extra work associated with the charge-back of unearned discounts.

REALIGNMENT OF DUTIES

In our prior report, we cited a number of areas where improvements could be achieved through a realignment of duties.

During the latter part of the fiscal year, certain management functions were assigned to intermediate-grade personnel. Sufficient time has not elapsed to permit an appraisal of this realignment of duties. We believe, however, that greater management attention should be given to the following areas.

--Sales--Credit sales to members had increased even though there was no authority for the Office Supply Service to sell on credit. Also price reductions not always were being passed on to the members promptly.

--Inventory control--The cage in the stockroom for sensitive items still was being left open most of the day. This was particularly serious because there

were no perpetual inventory records being maintained on cage items which had a total cost value of approximately \$20,000 at June 30, 1970.

SCOPE OF AUDIT

Our audit of the Stationery Revolving Fund was made in accordance with generally accepted auditing standards and included a review of the operating activities of the Office Supply Service, House of Representatives, and of the applicable Federal laws; an observation of the physical count of stock on hand; an examination of selected financial transactions and records; a verification of members' stationery account balances through the use of positive confirmations; and such other auditing procedures as we considered necessary.

OPINION OF FINANCIAL STATEMENTS

The comparative statements of assets and liabilities (schedule 1), operations and retained income (schedule 2), and sources and application of funds (schedule 3), included in this report were prepared by us from the books and records of the Office Supply Service, House of Representatives, which are maintained on an accrual basis. Costs of salaries and other operating expenses of the Office Supply Service were provided for under separate appropriations for the House of Representatives and are not required to be included as expenses in the determination of the net income of the 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 accounting practice and financial arrangement described above, present fairly the financial position of the Stationery Revolving Fund at June 30, 1970, the results of its operations, and the sources and application of its funds for the year then ended.

FINANCIAL STATEMENTS

HOUSE OF REPRESENTATIVES

STATIONERY REVOLVING FUND

COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES

JUNE 30, 1970 AND 1969

ASSETS	<u>1970</u>		<u>1969</u>	
CASH:				
In U.S. Treasury	\$734,949		\$803,031	
Undeposited receipts	<u>14,320</u>	\$749,269	<u>26,263</u>	\$ 829,294
ACCOUNTS RECEIVABLE:				
Committees, officers of the House, and others	25,615		14,917	
Members--stationery ac- counts overdrawn	<u>429</u>	26,044	<u>174</u>	15,091
MERCHANDISE INVENTORY, at cost		<u>200,401</u>		<u>183,833</u>
Total assets		<u>\$975,714</u>		<u>\$1,028,218</u>
LIABILITIES AND RETAINED INCOME				
ACCOUNTS PAYABLE (note a):				
Due vendors		\$ 45,420		\$ 68,644
AMOUNT DUE MEMBERS (schedule 4)		729,629		776,487
ALLOWANCE APPROPRIATED BUT NOT ALLOTTED:				
Beginning balance	\$ 150		\$ 3,650	
Current year	<u>2,850</u>	3,000	<u>-3,500^b</u>	150
RETAINED INCOME (schedule 2)		<u>197,665</u>		<u>182,937</u>
Total liabilities and retained income		<u>\$975,714</u>		<u>\$1,028,218</u>

^aIn addition, obligations for undelivered orders amounted to \$103,383 at June 30, 1970, and \$73,416 at June 30, 1969.

^bAllocation of previous years' appropriations instead of a transfer of funds from the House contingent fund.

SCHEDULE 2

HOUSE OF REPRESENTATIVES

STATIONERY REVOLVING FUND

COMPARATIVE STATEMENT OF OPERATIONS AND RETAINED INCOME

FOR FISCAL YEARS ENDED JUNE 30, 1970 AND 1969

	<u>Fiscal year 1970</u>			<u>Fiscal year 1969</u>		
	<u>Merchan-</u> <u>dise</u>	<u>Services</u>	<u>Combined</u>	<u>Merchan-</u> <u>dise</u>	<u>Services</u>	<u>Combined</u>
NET SALES:						
Members	\$1,140,836	\$176,274	\$1,317,110	\$1,006,877	\$208,374	\$1,215,251
Committees, officers of the House, and others	<u>198,395</u>	<u>-</u>	<u>198,395</u>	<u>236,081</u>	<u>-</u>	<u>236,081</u>
Total net sales	<u>1,339,231</u>	<u>176,274</u>	<u>1,515,505</u>	<u>1,242,958</u>	<u>208,374</u>	<u>1,451,332</u>
COST OF SALES:						
Beginning inventory	183,833	-	183,833	179,450	-	179,450
Purchases, less re- turns and dis- counts	<u>1,341,077</u>	<u>176,268</u>	<u>1,517,345</u>	<u>1,234,377</u>	<u>208,353</u>	<u>1,442,730</u>
Total	1,524,910	176,268	1,701,178	1,413,827	208,353	1,622,180
Less ending inven- tory	<u>200,401</u>	<u>-</u>	<u>200,401</u>	<u>183,833</u>	<u>-</u>	<u>183,833</u>
Cost of sales	<u>1,324,509</u>	<u>176,268</u>	<u>1,500,777</u>	<u>1,229,994</u>	<u>208,353</u>	<u>1,438,347</u>
NET INCOME FOR THE PERIOD	\$ <u>14,722</u>	\$ <u>6</u>	\$ <u>14,728</u>	\$ <u>12,964</u>	\$ <u>21</u>	\$ <u>12,985</u>
RETAINED INCOME:						
Balance beginning of period			\$ 182,937			\$ 169,952
Add net income for period			<u>14,728</u>			<u>12,985</u>
Balance, end of period (schedule 1)			\$ <u>197,665</u>			\$ <u>182,937</u>

Note: Fiscal year 1970 salaries of \$215,741 (\$183,953 in 1969), employee benefits of \$14,978 (\$12,443 in 1969), and other operating expenses of the Office Supply Service were provided for under separate appropriations for the House of Representatives and were not required to be included as expense in determining net income.

H O U S E O F R E P R E S E N T A T I V E S

STATIONERY REVOLVING FUND

COMPARATIVE STATEMENT OF

SOURCES AND APPLICATION OF FUNDS

FOR FISCAL YEARS ENDED JUNE 30, 1970 AND 1969

	Fiscal year <u>1970</u>	Fiscal year <u>1969</u>
FUNDS PROVIDED:		
Appropriation for stationery allowances	\$1,308,000	\$1,308,000
Transfer from contingent fund	2,350	7,000
Collection from sales to other than members	187,697	229,916
Cash deposits by members	350,662	292,864
Refunds from vendors	4,314	-
Decrease in cash	<u>80,026</u>	<u>-</u>
Total funds provided	<u>\$1,933,049</u>	<u>\$1,837,780</u>
FUNDS APPLIED:		
Payments to vendors	\$1,544,883	\$1,399,389
Cash withdrawals by members	388,166	437,950
Increase in cash	<u>-</u>	<u>441</u>
Total funds applied	<u>\$1,933,049</u>	<u>\$1,837,780</u>

SCHEDULE 4

H O U S E O F R E P R E S E N T A T I V E S

STATIONERY REVOLVING FUND

STATEMENT OF MEMBERS' STATIONERY ACCOUNTS

FOR THE FISCAL YEAR ENDED JUNE 30, 1970

AMOUNT DUE MEMBERS AT JULY 1, 1969		\$ 776,487
ADDITIONS:		
Amount provided by Legislative Branch Appropriations Act, 1970 (Public Law 91-145), for 2d session, 91st Congress	\$1,305,000	
Amount provided by Legislative Branch Appropriations--pre- viously not allotted	150	
Pro rata allowance transferred from contingent fund for new members serving portions of terms	<u>2,350</u>	
	1,307,500	
Cash deposits by members	350,662	
Increase in debit balance of members' accounts	<u>256</u>	<u>1,658,418</u>
Total available		2,434,905
DEDUCTIONS:		
Stationery purchases	1,140,836	
Services authorized	176,274	
Cash withdrawals	<u>388,166</u>	<u>1,705,276</u>
AMOUNT DUE MEMBERS AT JUNE 30, 1970		<u>\$ 729,629</u>

APPENDIX

W. Pat Jennings
Clerk

Office of the Clerk
U.S. House of Representatives
Washington, D.C. 20515

June 1, 1970

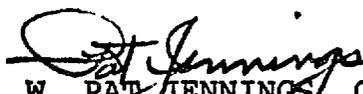
Honorable Elmer B. Staats
Comptroller General of the United States
General Accounting Office
Washington, D. C.

Dear Mr. Staats:

I would be grateful if you would cause a physical inventory and audit to be made of the Stationery Room of the House of Representatives for fiscal year 1970.

With kind regards, I am

Sincerely,


W. PAT JENNINGS, Clerk
U. S. House of Representatives

