

GAO

Report to the Clerk of the House of  
Representatives

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March 1994

# FINANCIAL AUDIT

## Statement of Accountability of the House Finance Office for Fiscal Year 1992



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

151034

Comptroller General  
of the United States

B-114864

March 18, 1994

The Honorable Donald K. Anderson  
Clerk of the House of Representatives

Dear Mr. Anderson:

As you requested, we audited the accompanying Statement of Accountability for Appropriations and Other Funds arising from cash transactions of the Finance Office, House of Representatives, for the fiscal year ended September 30, 1992. We found

- the Statement of Accountability was reliable in all material respects;
- internal controls in effect on September 30, 1992, provided reasonable assurance that losses, noncompliance with laws and regulations, and misstatements material to the financial statements would be prevented or detected; and
- no material noncompliance with laws and regulations we tested.

The following sections outline each conclusion in more detail and discuss the scope of our audit.

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## Opinion on the Statement of Accountability

The Statement of Accountability for Appropriations and Other Funds was prepared on a cash basis, which is a comprehensive basis of accounting other than that required by generally accepted accounting principles. The statement presents fairly, in conformity with the cash basis of accounting described in note 2, the receipts and disbursements of the Clerk of the House for appropriated and other funds arising from cash transactions of the House Finance Office for the fiscal year ended September 30, 1992.

Our audit was conducted for the purpose of expressing an opinion on the basic Statement of Accountability taken as a whole. The Supplemental Schedule of Appropriations and Other Funds is presented for the purpose of additional analysis and is not a required part of the Statement of Accountability. This information has been subjected to the auditing procedures applied in our audit of the Statement of Accountability and, in our opinion, is fairly stated in all material respects in relation to the basic statement taken as a whole.

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## Opinion on Internal Controls

The internal controls we evaluated were those designed to

- safeguard assets against loss from unauthorized use or disposition;
- assure the execution of transactions in accordance with laws and regulations; and
- properly record, process, and summarize transactions to permit the preparation of financial statements and to maintain accountability for assets.

Those controls in effect on September 30, 1992, provided reasonable assurance that losses, noncompliance, or misstatements material in relation to the financial statements would be prevented or detected.

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## Compliance With Laws and Regulations

Our tests for compliance with selected provisions of laws and regulations disclosed no material instances of noncompliance. Also, nothing came to our attention in the course of our other work to indicate that material noncompliance with such provisions occurred.

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## Objectives, Scope, and Methodology

Management is responsible for

- preparing the Statement of Accountability in conformity with the cash basis of accounting described in note 2;
- establishing and maintaining internal controls to provide reasonable assurance that the internal control objectives mentioned above are met; and
- complying with applicable laws and regulations.

We are responsible for obtaining reasonable assurance about whether (1) the financial statements are reliable (free of material misstatement) and presented fairly in conformity with the cash basis of accounting described in note 2 and (2) relevant internal controls are in place and operating effectively. We are also responsible for testing compliance with selected provisions of laws and regulations.

In order to fulfill these responsibilities, we

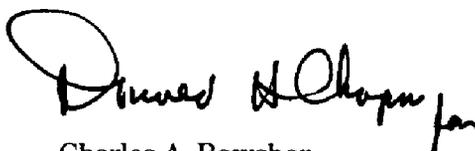
- examined, on a test basis, evidence supporting the amounts and disclosures in the Statement of Accountability;
- assessed the accounting principles used by management;
- evaluated the overall presentation of the Statement of Accountability;

- evaluated and tested relevant internal controls which encompassed the following areas: treasury, payroll, other expenditures, and financial reporting; and
- tested compliance with selected provisions of
  - the Legislative Branch Appropriations Act for fiscal years 1990, 1991, and 1992 (Public Laws 101-163, 101-520, and 102-90, respectively);
  - the U.S. Department of the Treasury financial reporting requirements for disbursing officers (Treasury Financial Manual, volume I, chapter 3100);
  - laws and implementing Office of Personnel Management regulations on employee benefits and employer costs (5 U.S.C. 8334, 8422, 8423, 8707, 8708, and 8906);
  - laws and implementing Internal Revenue Service regulations on federal income and social security tax withholding (26 U.S.C. 3402, and 3101); and
  - the Legislative Branch Appropriations Act of 1977 (Public Law 94-440) authorizing voluntary withholding of state income taxes.

We limited our work to accounting and other controls necessary to achieve the objectives outlined in the opinion on internal controls. Because of inherent limitations in any system of internal control, losses, noncompliance, or misstatements may nevertheless occur and not be detected. We also caution that projecting any evaluation to future periods is subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with controls may deteriorate.

We performed our audits in accordance with generally accepted government auditing standards. We completed our audit work on September 5, 1993.

Sincerely yours,



Charles A. Bowsher  
Comptroller General  
of the United States

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# Statement of Accountability for Appropriations and Other Funds

|   |                  |                             |
|---|------------------|-----------------------------|
| <b>Unexpended balance, September 30, 1991</b>   |                  | <b>\$ 86,921,428</b>        |
| <b>Appropriations and Receipts:</b>   |                  |                             |
| Current appropriations  | \$734,549,500    |                             |
| Revolving fund and suspense<br>account receipts:  |                  |                             |
| House Stationery Revolving Fund   | 2,987,402        |                             |
| Page Revolving Fund   | 334,840          |                             |
| House Beauty Shop Revolving Fund  | 324,843          |                             |
| House Barber Shop Revolving Fund  | 57,870           |                             |
| House Recording Studio Revolving Fund   | 14,249           |                             |
| Suspense Account--Other   | 46,577           |                             |
| Receipts to be deposited in the general fund<br>of the U.S. Treasury                      | <u>148,154</u>   | <u>738,463,435</u>          |
| <b>Total Funds Available</b>  |                  | <b>825,384,863</b>          |
| <b>Expenditures and Transfers:</b>  |                  |                             |
| Disbursements for salaries and other<br>expenses, less refunds and voided checks          | 732,171,497      |                             |
| Transfers:  |                  |                             |
| Receipts deposited in general fund of<br>the Treasury                                     | 82,652           |                             |
| Gifts to the United States for reduction<br>of the public debt                            | 65,502           |                             |
| Withdrawn appropriations transferred to the<br>general fund of the U.S. Treasury (note 3) | <u>2,731,090</u> | <u>735,050,741</u>          |
| <b>Unexpended Balance, September 30, 1992</b>   |                  | <b>\$ <u>90,334,122</u></b> |

The accompanying notes are an integral part of this statement.

# Notes to Statement

## **Note 1. Description of Entity**

In February 1993, the House Finance Office, which was previously an office under the Clerk of the House, was transferred to the oversight of the Director of Non-legislative and Financial Services. The House Finance Office performs receipt and disbursement activities for legislative branch organizations within the U.S. House of Representatives. These organizations include the House Member staffs, committees, Capitol Police, and revolving funds listed in the Statement of Accountability for Appropriations and Other Funds. The Statement of Accountability presents a summary of financial transactions administered by the House Finance Office for the Clerk. However, the Statement of Accountability does not include appropriated funds disbursed by the Sergeant at Arms for Member salaries and benefits and appropriated funds disbursed by the Architect of the Capitol for utilities and maintenance of the Capitol and related office buildings.

## **Note 2. Significant Accounting Policies**

All transactions, including appropriations, receipts, expenditures, and transfers of the general revolving fund accounts, under the purview of the House Finance Office are maintained on a cash basis. This basis of accounting differs from generally accepted accounting principles, which require that revenues and expenses be recognized on an accrual basis. The cash basis of accounting recognizes transactions when cash is received or disbursed. The accrual basis of accounting recognizes revenues when earned and expenditures when goods or services are received.

## **Note 3. Withdrawn Appropriations**

Withdrawn fiscal year 1990 appropriations totaled \$2,731,090 and are itemized in the supplemental schedule that follows. Prior to the fiscal year 1991 appropriations, unexpended balances of appropriations were withdrawn at the end of the second fiscal year following the year for which the funds were appropriated. In accordance with 2 U.S.C. 102a, unpaid obligations chargeable to appropriations so withdrawn were paid from any appropriations for the same general purpose which were still available for disbursement. For fiscal years 1991 and 1992, Legislative appropriations (Public Laws 101-520 and 102-90, respectively) stipulated that 1991 and 1992 funds should remain available until expended. However, the fiscal year 1993 Legislative Appropriations (Public Law 102-392) returned to the original treatment of unexpended balances. Beginning with the fiscal year 1993 appropriations, unexpended appropriations are again to be returned to the U.S. Treasury at the end of the second fiscal year following the year for which the funds were appropriated. Also, the 1993 Legislative Branch Appropriations Act rescinded a total of \$6,775,643 of the unexpended balances of specified 1991 appropriation accounts and 1992 "Salaries and Expenses" and "Official Mail Costs" appropriations totaling \$21,000,000. Furthermore, the 1994 Legislative

**Notes to Statement**

Branch Appropriations Act rescinded 1991 "Salaries and Expenses" appropriations totaling \$730,037, 1992 "Salaries and Expenses" appropriations totaling \$891,717, and 1993 "Standing Committees, Special and Select" appropriations totaling \$1,500,000. These amounts will be reflected in the appropriate accounts in the Statement for fiscal year 1993.

# Supplemental Schedule of Appropriations and Other Funds

## SUPPLEMENTAL SCHEDULE OF APPROPRIATIONS AND OTHER FUNDS

| ACCOUNT   | Fiscal year       | Funds available--FY 1992              |                            | Funds expended--1992 |             |                          | Unexpended balance September 30, 1992 |
|---|-------------------|---------------------------------------|----------------------------|----------------------|-------------|--------------------------|---------------------------------------|
|   |                   | Unexpended balance September 30, 1991 | FY 1992                    |                      | Transfers   | Withdrawn appropriations |                                       |
|   |                   |                                       | Appropriations or receipts | Net disbursements    |             |                          |                                       |
| House leadership offices                                  | 1990              | \$ 278,836                            | \$ 0                       | \$ 519               | \$ 0        | \$ 278,317               | \$ 0                                  |
|   | 1991              | 364,186                               | 0                          | 30,185               | 0           |                          | 334,001                               |
|   | 1992              | 0                                     | 5,781,000                  | 5,033,518            | 62          |                          | 727,420                               |
| Clark-hire, Members, Delegates, and Resident Commissioner | 1990              | 131,804                               | 0                          | 0                    | 0           | 131,804                  | 0                                     |
|   | 1991              | (3,884,589) <sup>a</sup>              | 0                          | (29,957)             | 30,300      |                          | (3,884,932) <sup>a</sup>              |
|   | 1992              | 0                                     | 218,500,000                | 227,359,228          | (8,100,000) |                          | (759,228) <sup>a</sup>                |
| Committee employees                                       | 1990              | 28,704                                | 0                          | 0                    | 0           | 28,704                   | 0                                     |
|   | 1991              | 6,965,622                             | 0                          | 21,578               | 3,059,000   |                          | 3,885,044                             |
|   | 1992              | 0                                     | 67,900,000                 | 67,015,605           | 0           |                          | 884,395                               |
| Committee on the Budget (studies)                         | 1990              | 55                                    | 0                          | 0                    | 0           | 55                       | 0                                     |
|   | 1991              | 12,814                                | 0                          | 9,577                | (2,783)     |                          | 6,000                                 |
|   | 1992              | 0                                     | 409,000                    | 128,958              | 194,090     |                          | 85,952                                |
| Special and select committees                             | 1990              | 2,639,617                             | (2,000,000)                | 58,548               | 189         | 580,680                  | 0                                     |
|   | 1991              | 5,009,574                             | 0                          | 516,221              | 2,171,708   |                          | 2,321,645                             |
|   | 1992              | 0                                     | 57,900,000                 | 50,762,774           | 4,324,621   |                          | 2,812,605                             |
| House Information System                                  | 1992              | 0                                     | 4,615,000                  | 12,957,172           | (5,981,327) |                          | 1,639,155                             |
| House Child Care Center                                   | 1992              | 0                                     | 45,000                     | 43,203               | 781         |                          | 1,016                                 |
| Allowances and expenses                                   | 1990              | (1,221,745) <sup>a</sup>              | 2,000,000                  | 356,825              | (766)       | 422,196                  | 0                                     |
|   | 1991              | 24,850,904                            | 1,519,000                  | 19,715,092           | 730,364     |                          | 5,924,446                             |
|   | 1992              | 0                                     | 218,973,000                | 198,237,097          | 2,449,912   |                          | 18,285,991                            |
| Committee on Appropriations (studies and investigations)  | 1990              | 72,653                                | 0                          | 0                    | 0           | 72,653                   | 0                                     |
|   | 1991              | 1,674,150                             | 0                          | 586,460              | 149,862     |                          | 957,828                               |
|   | 1992              | 0                                     | 6,500,000                  | 5,154,448            | 131,467     |                          | 1,214,085                             |
| Salaries, officers, and employees                         | 1990              | 203,278                               | 0                          | (415)                | 0           | 203,694                  | 0                                     |
|   | 1991              | 1,251,613                             | 0                          | 123,445              | 366,564     |                          | 761,604                               |
|   | 1992              | 0                                     | 48,878,000                 | 47,115,902           | (494,171)   |                          | 2,256,269                             |
| Joint Committee on Taxation                               | 1990              | 124,799                               | 0                          | 0                    | 0           | 124,799                  | 0                                     |
|   | 1991              | 690,867                               | 0                          | 85,140               | 624,110     |                          | 1,617                                 |
|   | 1992              | 0                                     | 5,759,000                  | 5,310,635            | 29,138      |                          | 419,227                               |
| Attending Physician                                       | 1990              | 32,260                                | 0                          | 0                    | 0           | 32,260                   | 0                                     |
|   | 1991              | 1,071,312                             | 0                          | 1,018,930            | 0           |                          | 52,382                                |
|   | 1992              | 0                                     | 1,509,000                  | 1,253,950            | 0           |                          | 235,050                               |
| Capitol Police Board                                      | 1990              | 809,801                               | 0                          | (7,172)              | 0           | 816,973                  | 0                                     |
|   | 1991              | 3,814,381                             | 0                          | (21,014)             | 0           |                          | 3,835,395                             |
|   | 1992              | 0                                     | 31,741,500                 | 29,539,080           | 0           |                          | 2,202,420                             |
| Official Mail Costs                                       | 1989 & 1990       | 1                                     | 0                          | 0                    | 0           | 1                        | 0                                     |
|   | 1991 <sup>d</sup> | 35,127,117                            | (21,519,000)               | 6,766,907            | 6,800,000   |                          | 41,210                                |
|   | 1992              | 0                                     | 80,000,000                 | 39,857,317           | 0           |                          | 40,142,683                            |
| Capitol Police--general expenses                          | 1990              | 31,207                                | 0                          | 2,453                | 0           | 28,754                   | 0                                     |
|   | 1991              | 1,043,259                             | 0                          | 982,736              | 0           |                          | 60,523                                |
|   | 1992              | 0                                     | 2,029,000                  | 1,358,190            | 0           |                          | 670,810                               |
| Statement of Appropriations                               | 1990              | 10,000                                | 0                          | 0                    | 0           | 10,000                   | 0                                     |
|   | 1991              | 10,000                                | 0                          | 0                    | 0           |                          | 10,000                                |
|   | 1992              | 0                                     | 10,000                     | 0                    | 0           |                          | 10,000                                |

Continued

**Supplemental Schedule of Appropriations  
and Other Funds**

| Account   | Fiscal year | Funds available--FY 1992              |                                    | Funds expended--FY 1992 |                  |                          | Unexpended balance September 30, 1992 |
|---|-------------|---------------------------------------|------------------------------------|-------------------------|------------------|--------------------------|---------------------------------------|
|   |             | Unexpended balance September 30, 1991 | FY 1992 appropriations or receipts | Net disbursements       | Transfers        | Withdrawn appropriations |                                       |
| House Stationery Revolving Fund                             | no year     | 3,461,406                             | 2,987,402                          | 9,748,230               | (6,015,099)      |                          | 2,715,677                             |
| House Beauty Shop Revolving Fund                            | no year     | 41,562                                | 324,843                            | 316,599                 | 75               |                          | 49,731                                |
| House Barber Shop Revolving Fund                            | no year     | 6,624                                 | 57,870                             | 55,468                  | 0                |                          | 9,026                                 |
| House Recording Studio Revolving Fund                       | no year     | 695,889                               | 14,249                             | 435,726                 | (468,117)        |                          | 722,529                               |
| Attending Physician Revolving Fund                          | no year     | 3,633                                 | 0                                  | 0                       | 0                |                          | 3,633                                 |
| Page Revolving Fund   | no year     | 1,214,971                             | 334,840                            | 225,484                 | 0                |                          | 1,324,327                             |
| State Withholding Taxes--Suspense Account                   | no year     | (188)                                 | 21,100,239                         | 21,100,239              | 0                |                          | (188)                                 |
| Suspense Account  | no year     | 13,625                                | 46,577                             | 46,856                  | 0                |                          | 13,346                                |
| General Fund Receipts                                       | no year     | 0                                     | 82,652                             | 0                       | 82,652           |                          | 0                                     |
| Gifts to the United States for reduction of the public debt | no year     | 0                                     | 65,502                             | 0                       | 65,502           |                          | 0                                     |
| Preparation of new edition of U.S. Code                     | no year     | 80,914                                | 0                                  | 0                       | 0                |                          | 80,914                                |
| House Records and Registration--Suspense Account "B"        | no year     | 143,426                               | 0                                  | 0                       | 0                |                          | 143,426                               |
| Broadcasting of Floor Proceedings--Suspense Account "B"     | no year     | 117,086                               | 0                                  | 0                       | 0                |                          | 117,086                               |
| <b>Total</b>  |             | <b>886,921,428</b>                    | <b>8759,563,674</b>                | <b>8753,271,736</b>     | <b>\$148,194</b> | <b>82,731,090</b>        | <b>890,334,122</b>                    |

Note: Differences due to rounding.

Footnotes:

<sup>a</sup>These accounts were part of a single appropriation with transfer authority between line items. They had a positive unexpended balance as of fiscal year-end. Transfers were formally processed after the fiscal year-end.

<sup>b</sup>In the legislative appropriations bill of 1991 (Public Law 101-520), a new account for Official Mail Costs was set up for use by the House of Representatives.

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