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BY THE COMPTROLLER GENERAL

Report To The Clerk Of The  
House Of Representatives

OF THE UNITED STATES

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**Audit Of The Stationery Revolving Fund  
For Fiscal Year Ended June 30, 1981**



118346

GAO/AFMD-82-39  
MAY 11, 1982

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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, 1981, pursuant to your May 18, 1981, request.

The Stationery Revolving Fund, established by the July 17, 1947, act (2 U.S.C. 46b-1), is administered by the Office Supply Service (OSS) under the jurisdiction of the Clerk of the House of Representatives and is subject to the rules and regulations of the Committee on House Administration. OSS 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).

Each Member is authorized an allowance for expenses incurred for official and representational duties, including stationery expenses. Members' purchases of office supplies are funded through the annual appropriations for Allowances and Expenses of the House of Representatives and are paid for upon proper certification and documentation. Accordingly, the Stationery Revolving Fund is reimbursed monthly from that appropriation for the Members' net monthly transactions.

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

Sound management of Office Supply Service activities requires strict control over supply inventories and effective procedures to properly account for purchases. We discussed with the Chief of OSS and staff of your office the need to improve controls over inventories, purchase orders, and credit requests.

Your office provided us with copies of a request to the Committee on House Administration to approve additional staffing for OSS. The duties prescribed for two of the new positions--traffic coordinator and assistant warehouseman--should enable OSS to provide stricter control over its inventories. The duties of the other new position--assistant purchasing clerk--should improve controls over purchase orders and credit requests.

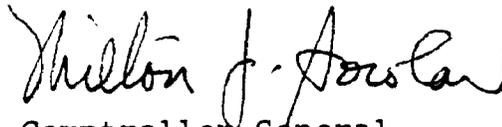
AUDITOR'S OPINION

We have examined the comparative statements of assets, liabilities, and Government equity of the Stationery Revolving Fund as of June 30, 1981, and June 30, 1980, and the related statements of operations and retained income and changes in financial position for the years then ended. Our examination was made in accordance with generally accepted government auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of the Stationery Revolving Fund as of June 30, 1981, and June 30, 1980, and the results of its operations and changes in financial position for the years then ended, in conformity with the financial accounting policies described in note 1 to the financial statements, applied on a basis consistent with that of the preceding year.

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

Sincerely yours,



Acting Comptroller General  
of the United States

HOUSE OF REPRESENTATIVESSTATIONERY REVOLVING FUNDCOMPARATIVE STATEMENT OF ASSETS, LIABILITIES,AND GOVERNMENT EQUITYAT JUNE 30 (note 1)

## A S S E T S

	<u>1981</u>		<u>1980</u>
CASH:			
In U.S. Treasury	\$1,410,909		\$1,345,806
ACCOUNTS RECEIVABLE: (note 2)			
Committees, Officers of the House, and others	\$189,051		\$175,719
Vendors	<u>10,644</u>	199,695	<u>4,341</u> 180,060
MERCHANDISE INVENTORY, AT COST		1,044,453	968,352
EQUIPMENT (note 1)	158,968		158,968
LESS: ACCUMULATED DEPRECIATION	<u>(47,668)</u>	<u>111,300</u>	<u>(31,771)</u> <u>127,197</u>
TOTAL ASSETS		<u>\$2,766,357</u>	<u>\$2,621,415</u>

L I A B I L I T I E S   A N D  
G O V E R N M E N T   E Q U I T Y

## LIABILITIES:

ACCOUNTS PAYABLE			
Vendors (note 3)	\$317,435		\$408,049
Committees and others	779		189
Due to Allowances and Expenses	<u>2,488</u>	\$ 320,702	<u>4,281</u> \$ 412,519
DEFERRED INCOME (note 4)		<u>200,917</u>	<u>64,628</u>
Total liabilities		<u>\$ 521,619</u>	<u>\$ 477,147</u>
GOVERNMENT EQUITY:			
STATIONERY REVOLVING FUND, CAPITAL		\$1,600,000	\$1,600,000
RETAINED INCOME (schedule 2)		<u>644,738</u>	<u>544,268</u>
Total Government equity		<u>\$2,244,738</u>	<u>\$2,144,268</u>
TOTAL LIABILITIES AND GOVERNMENT EQUITY		<u>\$2,766,357</u>	<u>\$2,621,415</u>

The accompanying notes are an integral part of this statement.

HOUSE OF REPRESENTATIVES  
STATIONERY REVOLVING FUND  
COMPARATIVE STATEMENT OF OPERATIONS  
AND RETAINED INCOME FOR FISCAL YEARS  
ENDED JUNE 30 (note 1)

	<u>1981</u>	<u>1980</u>
NET SALES:		
Members (note 1)	\$ 2,890,073	\$2,606,974
Committees, Officers of the House, and others	<u>2,090,128</u>	<u>1,854,473</u>
Net sales	4,980,201	4,461,447
Plus: Service charges (note 1)	<u>107,559</u>	<u>104,917</u>
TOTAL	<u>5,087,760</u>	<u>4,566,364</u>
COST OF SALES:		
Beginning inventory (note 1)	968,352	845,934
Purchases less returns and discounts	<u>5,050,230</u>	<u>4,576,583</u>
TOTAL	6,018,582	5,422,517
Less ending inventory (note 1)	<u>(1,044,453)</u>	<u>(968,352)</u>
COST OF SALES (note 5)	<u>4,974,129</u>	<u>4,454,165</u>
INCOME BEFORE DEPRECIATION	113,631	112,199
DEPRECIATION EXPENSE (note 1)	<u>(15,897)</u>	<u>(14,684)</u>
NET INCOME FROM OPERATIONS (note 1)	97,734	97,515
ADJUSTMENT FOR UNBILLED PRIOR YEAR PURCHASES	<u>2,736</u>	<u>33,592</u>
NET INCOME FOR THE PERIOD (note 1)	\$ <u>100,470</u>	\$ <u>131,107</u>
RETAINED INCOME:		
Balance beginning of period	\$ 544,268	\$ 413,161
Net income for the period	<u>100,470</u>	<u>131,107</u>
BALANCE END OF PERIOD (schedule 1)	\$ <u>644,738</u>	\$ <u>544,268</u>

The accompanying notes are an integral part of this statement.

HOUSE OF REPRESENTATIVESSTATIONERY REVOLVING FUNDCOMPARATIVE STATEMENT OF CHANGES IN FINANCIAL POSITIONFOR THE FISCAL YEARS ENDED JUNE 30 (note 1)

	<u>1981</u>	<u>1980</u>
FUNDS PROVIDED:		
Sales:		
Members	\$2,890,073	\$2,606,974
Committees, Officers of the House and others	2,090,128	1,854,473
Service charges (note 1)	107,559	104,917
Unbilled purchases	<u>2,736</u>	<u>33,592</u>
Total	<u>\$5,090,496</u>	<u>\$4,599,956</u>
FUNDS APPLIED:		
Cost of sales (note 5)	\$4,974,129	\$4,454,165
Purchase of equipment	-	12,120
Increase in working capital	<u>116,367</u>	<u>133,671</u>
Total	<u>\$5,090,496</u>	<u>\$4,599,956</u>

ANALYSIS OF CHANGES IN WORKING CAPITAL

	Increase or (decrease) in working capital	
	<u>1981</u>	<u>1980</u>
WORKING CAPITAL CHANGES:		
Cash in U.S. Treasury	\$ 65,103	\$ (84,456)
Accounts receivable:		
Committees, Officers of the House, and Others	13,332	168,129
Vendors	6,303	443
Due from Allowances and Expenses	-	(258)
Inventory	76,101	122,418
Accounts payable	91,817	(108,599)
Deferred income	<u>(136,289)</u>	<u>35,994</u>
INCREASE IN WORKING CAPITAL	<u>\$ 116,367</u>	<u>\$ 133,671</u>

The accompanying notes are an integral part of this statement.

HOUSE OF REPRESENTATIVES  
STATIONERY REVOLVING FUND  
NOTES TO FINANCIAL STATEMENTS  
FISCAL 1981

1. Significant Accounting Policies:

Office Supply Service operations are financed from a revolving fund and appropriations to the Clerk of the House and the Architect of the Capitol. All receipts from operations are deposited into the revolving fund and are available for operations.

The comparative statements of operations do not include employees salaries and benefits and certain other benefits and services such as space, building repairs, maintenance, and utilities. These expenses are paid from appropriated funds and are not charged to the Stationery Revolving Fund. The cost of salaries amounted to \$620,651 in fiscal 1981 and \$585,838 in fiscal 1980.

Inventories are stated at cost--purchase price less applicable trade discounts.

Equipment is depreciated over a 10-year life using the straight-line method with no salvage value.

A 10-percent surcharge is added to all nonofficial purchases (primarily staff sales).

Members' purchases of office supplies are funded through the Allowances and Expenses appropriation. The Stationery Revolving Fund is credited monthly with transfers from the Allowances and Expenses appropriation for the Members' net monthly transactions.

2. Accounts Receivable includes amounts owed to OSS at yearend by committees, departments, and officers of the House, and the value of merchandise returned to vendors for credit, replacement, or repairs.
3. Obligations for undelivered orders amounted to \$601,226 at June 30, 1981, and \$608,876 at June 30, 1980.

4. Deferred income represents prepaid amounts to be recognized as revenue in subsequent periods when special order merchandise is delivered to Members.
5. Cost of Sales includes the value of stolen merchandise, obsolete and damaged merchandise written off, and merchandise marked down and sold below cost. The increase in costs attributable to these items from \$2,794 in fiscal 1980 to \$22,049 in fiscal 1981, was due primarily to the writeoff of obsolete items.

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