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

B-199627

FEBRUARY 22, 1985

The Honorable Larry E. Smith
Sergeant at Arms
United States Senate

Dear Mr. Smith:

Subject: Examination of the Senate Barber Shops
Revolving Fund's Financial Statements for
the Years Ended December 31, 1983 and 1982
(GAO/AFMD-85-24)

Pursuant to your February 24, 1984, request, we have examined the balance sheets of the Senate Barber Shops Revolving Fund as of December 31, 1983 and 1982, and the related statements of operations and fund balances, and changes in financial position for the years then ended. Our examinations were 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 Senate Barber Shops Revolving Fund as of December 31, 1983 and 1982, and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles and the financial accounting policies described in note 1 to the financial statements applied on a consistent basis.

Enclosure I contains our report on internal accounting controls and compliance with laws and regulations. Enclosures II through V present the Revolving Fund's financial statements and accompanying note for the years ended December 31, 1983 and 1982.

Sincerely yours,

for Henry Eschwege
Comptroller General
of the United States



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Enclosures

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REPORT ON INTERNAL ACCOUNTING CONTROLS
AND COMPLIANCE WITH LAWS AND REGULATIONS

We have examined the financial statements of the Senate Barber Shops Revolving Fund for the years ended December 31, 1983 and 1982. Our examinations were made in accordance with generally accepted government auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures, including tests of compliance with laws and regulations, as we considered necessary in the circumstances. This report pertains only to our study and evaluation of the system of internal accounting control, and our review of compliance with laws and regulations for the year ended December 31, 1983.

As part of our examination, we made a study and evaluation of the Revolving Fund's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted government auditing standards. The purpose of our study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the Revolving Fund's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole or on any of the categories of controls identified below.

For the purpose of this report, we have classified the significant internal accounting controls in the following categories:

- receipts and
- disbursements.

Our study included both control categories.

The management of the Senate Barber Shops Revolving Fund is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles and the financial accounting policies described in note 1 to the financial statements.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the second paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of the Senate Barber Shops Revolving Fund taken as a whole or on any of the categories of controls identified in the third paragraph. However, our study and evaluation disclosed no condition that we believed to be a material weakness.

As part of our examination, we also tested the Revolving Fund's compliance with applicable laws and regulations. In our opinion, the Senate Barber Shops' Revolving Fund complied with the terms and provisions of laws and regulations for the transactions tested that could have materially affected its financial statements. Nothing came to our attention, in connection with our examination, that caused us to believe that the Revolving Fund was not in compliance with the terms and provisions of laws and regulations for those transactions not tested.

SENATE BARBER SHOPS REVOLVING FUND BALANCE SHEET

| | <u>December 31,</u> | |
|--|------------------------|------------------------|
| <u>ASSETS</u> | <u>1983</u> | <u>1982</u> |
| Cash | \$29,124 | \$27,831 |
| Petty cash | <u>75</u> | <u>75</u> |
| TOTAL ASSETS | <u>\$29,199</u> | <u>\$27,906</u> |
| <u>LIABILITIES AND GOVERNMENT EQUITY</u> | | |
| LIABILITIES | | |
| Amount due Senate Disbursing Office | \$ <u>75</u> | \$ <u>75</u> |
| Total liabilities | <u>75</u> | <u>75</u> |
| GOVERNMENT EQUITY | | |
| Fund capital pursuant to Public Law 95-26 | 10,000 | 10,000 |
| Fund balance | <u>19,124</u> | <u>17,831</u> |
| Total government equity | <u>29,124</u> | <u>27,831</u> |
| TOTAL LIABILITIES AND GOVERNMENT EQUITY | <u>\$29,199</u> | <u>\$27,906</u> |

The accompanying note is an integral part of this statement.

SENATE BARBER SHOPS REVOLVING FUND
STATEMENT OF OPERATIONS AND FUND BALANCE

| | <u>Years ended December 31,</u> | |
|--------------------------------------|---------------------------------|-----------------|
| | <u>1983</u> | <u>1982</u> |
| Service revenues | \$83,384 | \$78,717 |
| Operating expenses | <u>6,518</u> | <u>5,817</u> |
| Net income | 76,866 | 72,900 |
| Prior period undistributed income | <u>17,831</u> | <u>16,711</u> |
| | 94,697 | 89,611 |
| Transfers to U.S. Treasury | <u>75,573</u> | <u>71,780</u> |
| FUND BALANCE-END OF YEAR | <u>\$19,124</u> | <u>\$17,831</u> |

The accompanying note is an integral part of this statement.

SENATE BARBER SHOPS REVOLVING FUNDSTATEMENT OF CHANGES IN FINANCIAL POSITION

| | <u>Years ended December 31,</u> | |
|--|---------------------------------|-----------------|
| | <u>1983</u> | <u>1982</u> |
| FUNDS PROVIDED | | |
| Net income | \$76,866 | \$72,900 |
| TOTAL FUNDS PROVIDED | <u>76,866</u> | <u>72,900</u> |
| FUNDS APPLIED | | |
| Amount transferred to U.S. Treasury | <u>75,573</u> | <u>71,780</u> |
| TOTAL FUNDS APPLIED | <u>75,573</u> | <u>71,780</u> |
| INCREASE IN CASH | <u>\$ 1,293</u> | <u>\$ 1,120</u> |

The accompanying note is an integral part of this statement.

SENATE BARBER SHOPS REVOLVING FUNDNOTE TO FINANCIAL STATEMENTSYEARS ENDED DECEMBER 31, 1983 AND 1982Note 1. Significant Accounting Policies

The Senate Employees Barber Shops Revolving Fund was authorized by the Legislative Branch Appropriations Act of 1977 (Public Law 94-440, approved Oct. 1, 1976).

The Supplemental Appropriations Act of 1977 (Public Law 95-26, approved May 4, 1977), amended the initial legislation to provide for the Fund to include all Senate barber shops and renamed it the Senate Barber Shops Revolving Fund. This change was effective April 1, 1977. All moneys received by the Senate barber shops are deposited in the Revolving Fund and are available for disbursement by the Secretary of the Senate for the necessary supplies and expenses of the Senate barber shops. Employee salaries and benefits, furnishings, space, utilities, and building repairs and maintenance are paid from appropriated funds and are not charged to the Revolving Fund.

The law provides that on or before December 31 of each year, the Secretary of the Senate is to withdraw from the Revolving Fund and deposit in the Treasury as miscellaneous receipts all moneys over the Fund Capital of \$10,000 in the Revolving Fund at September 30. The Fund balance at December 31 represents net income earned from October 1 through December 31.