



441 G St. N.W.
Washington, DC 20548

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September 9, 2015

The Honorable Roy Blunt
Chairman
The Honorable Charles E. Schumer
Ranking Member
Committee on Rules and Administration
United States Senate

Senate Gift Shop Revolving Fund: Audit of Fiscal Year 2014 Cash Receipts and Disbursements

The Senate Gift Shop was established in 1992 to sell gift items to members of the Senate, Senate staff, and the general public. All sales receipts are taken to the Senate Disbursing Office for deposit into the Senate Gift Shop Revolving Fund (Fund). The Senate Gift Shop then uses the cash receipts to purchase inventory items for resale and supplies and to pay for shipping and other related service expenses.¹ The Senate Disbursing Office makes disbursements on behalf of the Fund.

On April 8, 2015, you requested that we conduct an audit of the cash receipts and cash disbursements recorded in the Fund for fiscal year 2014. This report presents the results of our audit of the Senate Gift Shop's cash receipts and disbursements as recorded in the Fund during fiscal year 2014.

In summary, we found that recorded cash receipts and disbursements of the Senate Gift Shop for fiscal year 2014 were accurate and supported by documentation approved by authorized management. In addition, we found that cash disbursements for fiscal year 2014 were consistent with the purpose of the Fund.

Objective, Scope, and Methodology

Our objective was to determine whether recorded cash receipts and disbursements for the Fund for fiscal year 2014 were accurate and supported by documentation approved by authorized management, and whether recorded cash disbursements for the Fund for 2014 were consistent with the purpose of the Fund. To achieve our audit objective, we reviewed the Senate Gift Shop's cash receipt and disbursement policies and procedures and verified our understanding through meetings with Senate Gift Shop staff. Based on the policies and procedures, we then developed data collection instruments to test cash receipts and disbursements. We used statistical sampling to audit the Senate Gift Shop's approximately \$1.2 million of cash receipts and \$550,000 of cash disbursements recorded in the Fund for fiscal year 2014. For our sample of cash receipts, we verified the daily amounts of cash receipts from cash registers and other

¹Salaries and benefits of Senate employees who work in the Senate Gift Shop are not paid from the Fund; rather, they are paid from the "Salaries, Officers, and Employees" appropriation account of the Senate. Additional costs of the Senate Gift Shop, such as rent and utilities, cannot be readily determined and are covered by funds appropriated to the Architect of the Capitol.

sources of revenue (e.g., credit card reports, checks, and sales on account) and agreed the weekly deposit with the Senate Disbursing Office. For our sample of cash disbursements, we reviewed purchase orders, receiving reports, invoices, and other related supporting documentation to validate payment by the Senate Disbursing Office. Our cash disbursement sample also tested for compliance with “Made in America”² legislation as it applied to sample items for goods sold in the Senate Gift Shop and safety requirements for sample items marketed to children and sold in the Senate Gift Shop.³

Because we limited our audit to those transactions in the Fund, there is a risk that there could be unrecorded transactions not included in our examination. See below for more detailed information on our sampling methodology.

Cash receipts: Using an attribute sampling method, we selected a sample of recorded cash receipts to statistically test the population of approximately \$1.2 million of receipts for fiscal year 2014. We selected the sample of cash receipts from a population of the 230 days in which the Senate Gift Shop was open for business during fiscal year 2014. Days were selected as the basis for the population of receipts because individual receipts from cash registers and other sources of revenue are aggregated daily for the weekly deposit with the Senate Disbursing Office. We excluded weekends, federal holidays, inclement weather closures, lapses in appropriations, and days the Senate Gift Shop was closed for inventory counts. Using statistical sampling software, we selected a random sample of 30 days from the population for detailed testing.

Cash disbursements: Using an attribute sampling method, we selected a sample of recorded cash disbursements to statistically test the population of approximately \$550,000 of disbursements for fiscal year 2014. We selected the sample of cash disbursements from the population of invoices paid by the Senate Gift Shop during fiscal year 2014. Invoices were selected as the basis for the population based on unique numerical identifiers and required documentation supporting invoice payment. Using statistical sampling software, we selected a random sample of 30 invoices from the population for detailed testing.

We conducted this performance audit from April 2015 to September 2015 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Results of Testing Cash Receipts for the Fund for Fiscal Year 2014

We found that recorded cash receipts were accurate and supported by documentation approved by authorized management. Specifically, we found that cash receipts from cash registers and other sources of revenue were accurately recorded in the daily and weekly cash reports as well as the Senate Gift Shop’s general ledger and agreed to the weekly deposit with the Senate Disbursing Office. In addition, we found that cash receipts were approved by authorized management per the Senate Gift Shop’s policies and procedures.

²The Secretary of the Senate, when disbursing public moneys for Senate uses, is required by statute to purchase only goods of U.S. origin as long as domestic items can be purchased at quality and price terms at least as good as those for foreign items. 2 U.S.C. § 4104.

³Vendors are to certify that items they sell to be marketed to children comply with the Consumer Product Safety Improvement Act of 2008, Pub. L. No. 110-314, 122 Stat. 3016 (Aug. 14, 2008).

Results of Testing Cash Disbursements for the Fund for Fiscal Year 2014

We found that recorded cash disbursements were accurate, supported by documentation approved by authorized management, and consistent with the purpose of the Fund. Specifically, we found that cash disbursements were accurately recorded in the general ledger and monthly Senate Disbursing Office reports. We also found that cash disbursements were supported by purchase orders, receiving reports, invoices, and other documents approved by authorized management, as applicable. In addition, we found that disbursements from the Fund were to purchase inventory items for resale and supplies and to pay for shipping and other related service expenses consistent with the purpose of the Fund.

Furthermore, for cash disbursements, we found that the Senate Gift Shop complied with requirements of “Made in America” legislation as it applied to sample items for goods sold in the Senate Gift Shop and safety requirements for sample items marketed to children and sold in the Senate Gift Shop.

Status of Prior Audit Recommendations

During our audit of the Fund’s fiscal year 2014 cash receipts and disbursements, we found that the Senate Gift Shop took corrective actions to sufficiently address the two recommendations from our fiscal year 2010 audit of the Fund.⁴ Specifically, the Senate Gift Shop took actions to (1) update existing written procedures for cash receipts and cash disbursements and (2) disseminate updated accounting procedures, train personnel as necessary, and establish a mechanism to provide for subsequent review of activities for compliance. Therefore, we consider both of these recommendations to be closed.

Agency Comments

We provided a draft of this report to the Secretary of the Senate for review and comment. In an e-mail dated August 20, 2015, the Secretary of the Senate agreed with the draft report’s results and conclusions.

We are sending copies of this report to the Secretary of the Senate and interested congressional committees. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

⁴GAO, *Financial Management: Audit of the Senate Gift Shop Revolving Fund for Fiscal Year 2010*, GAO-11-326R (Washington, D.C.: Apr. 6, 2011).

If you or your staffs have any questions about this report, please contact me at (202) 512-9399 or malenichj@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Key contributors to this report include Lynda Downing (Assistant Director), Nadine Ferreira, Megan McGehrin, Jared Minsk, and Bradford Neumann.

A handwritten signature in black ink that reads "J. Lawrence Malenich". The signature is written in a cursive style with a large initial "J" and a long, sweeping underline.

J. Lawrence Malenich
Director
Financial Management and Assurance