

RESTRICTED — Not to be released outside the General Accounting Office except on the basis of specific approval by the Office of Legislative Liaison, a record of which is kept by the Distribution Section, Publication Branch, GAO

090732

244.09

76



RELEASED

7

Office Equipment Service Of The House Of Representatives

B-114865

BY THE COMPTROLLER GENERAL
OF THE UNITED STATES

~~904243~~
090732

JUNE 23, 1972



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

B-114865

No oc

Dear Mr. Jennings:

This is our report on the Office Equipment Service of the House of Representatives. The review was made in accordance with your request dated June 1, 1971.

C3 A copy of this report is being sent to the Chairman, Committee on House Administration.

H 1700

Sincerely yours,

Thomas A. Pritz
Comptroller General
of the United States

C1 *JP*
The Honorable W. Pat Jennings
Clerk of the House of Representatives

GHS 3

C2 - GHS-1

C o n t e n t s

	<u>Page</u>
DIGEST	1
INTRODUCTION	3
Control over electrical and mechanical office equipment	4
Loanable equipment	5
Control over the ordering, recording, and paying for repair parts	5
Repair parts inventory	6
Missing equipment	6
EXHIBIT	
A Office Equipment Service, House of Representatives, summary of equipment accounts July 1, 1970, to June 30, 1971	11
APPENDIX	
I Letter from the Clerk of the House of Representatives, dated June 1, 1971	15

ABBREVIATIONS

GAO	General Accounting Office
OES	Office Equipment Service

D I G E S T

WHY THE REVIEW WAS MADE

The General Accounting Office (GAO), at the request of the Clerk of the House of Representatives, reviewed the activities of the Office Equipment Service, House of Representatives, during the period July 1, 1970, to June 30, 1971.

OES records indicated that 9,182 units of electrical and mechanical office equipment, which had an acquisition cost of \$5,273,669 and a book value of \$2,964,064, were owned by the House of Representatives on June 30, 1971.

FINDINGS AND CONCLUSIONS

GAO's review showed that:

- A complete physical inventory of electrical and mechanical office equipment had not been taken although required by House regulations. After we discussed this matter with officials of the Office of the Clerk, a physical inventory of office equipment was taken in December 1971. (See p. 4.)
- Signatures had not been obtained to verify the delivery of electrical and mechanical equipment on temporary loan to replace machines that were either being repaired or transferred from one office to another. (See p. 5.)
- Weaknesses existed in the controls over ordering, recording, and paying for repair parts. (See p. 5.)
- Items of equipment not located during the December 1968 physical inventory had not been eliminated from the inventory records and control accounts at June 30, 1971. The above items not located during the December 1971 physical inventory were removed from the accounting records. (See p. 6.)

RECOMMENDATIONS OR SUGGESTIONS

The chief of the Office Equipment Service adopted GAO's suggestions that

- signatures be obtained by messengers to verify the delivery of loanable equipment and
- certain accounting and administrative functions be reassigned to improve internal controls over ordering, receiving, and paying for repair parts.

INTRODUCTION

The act of December 5, 1969 (2 U.S.C. 112e), effective January 1, 1970, directs the Clerk of the House to furnish electrical and mechanical office equipment to the Resident Commissioner from Puerto Rico; members, officers, and committees of the House of Representatives, in accordance with the limitations and regulations prescribed by the Committee on House Administration. The regulations prescribed by the Committee provide that the depreciated value of electrical and mechanical office equipment furnished and charged to the account of each member and to the Commissioner from Puerto Rico shall not exceed \$5,500, plus one automatic typewriter. Public Law 91-405, approved September 22, 1970, extended these provisions to also apply to the Delegate to the House of Representatives from the District of Columbia.

On June 1, 1971, the Committee on House Administration prescribed regulations authorizing an office equipment leasing allowance of \$350 a month for each member, the Resident Commissioner, and the D.C. Delegate in addition to the \$5,500 equipment allowance. This allowance is to be used for the leasing of automatic typewriters, photocopying equipment, facsimile units, and signature machines. Under the regulations members are allowed to retain automatic typewriters acquired under the prior regulations without charge to their accounts.

Also the Clerk is responsible for maintaining control over electrical and mechanical equipment. The Clerk's responsibilities are carried out by the Office Equipment Service (OES). OES has three main functions: accounting, messenger, and typewriter repair services.

The accounting unit consists of six employees--a chief, an assistant chief, and four clerks. This unit is responsible for leasing, purchasing, and disposing of all electrical and mechanical office equipment for the House of Representatives; maintaining accounting control over equipment; and overseeing the messenger and typewriter repair service units.

The messenger unit consists of a supervisor and four messenger-laborers and is responsible for making all pickups, deliveries, and transfers of electrical and mechanical office equipment in the House of Representatives.

The typewriter repair service unit consists of a repairman supervisor, a clerk, and nine repairmen and is responsible for repairing automatic, electrical, and manual typewriters and adding machines.

The estimated annual cost of operating OES is as follows:

Salaries	\$205,987
Employee benefits	21,423
Repair parts (estimate)	7,575
Vendor repairs	<u>34,932</u>
Total	<u>\$269,917</u>

Our review of OES for fiscal year 1971, which was made at the request of the Clerk of the House of Representatives, included an examination of selected purchases and disposals of electrical and mechanical office equipment; appropriate tests of the accounting records; and a review of pertinent laws, regulations, procedures, and practices.

CONTROL OVER ELECTRICAL AND MECHANICAL OFFICE EQUIPMENT

As of June 30, 1971, OES equipment accounts showed that 9,182 units of electrical and mechanical office equipment were on hand, which had an acquisition cost of \$5,273,669 and a book value of \$2,964,064. (See p. 11.) The equipment on hand included 140 units, which had an acquisition cost of \$58,345 and a book value of \$28,977, and was maintained for emergency use by members, committees, and offices of the House of Representatives.

Our review showed that OES had not completed a physical inventory of electrical and mechanical office equipment at the beginning of the First Session of the Ninety-second Congress, although required by regulations issued by the Committee on House Administration. The last physical inventory of equipment had been taken in December 1968.

We were informed by the chief of OES that a physical inventory had been taken of equipment assigned to outgoing members at the end of the Second Session of the Ninety-first Congress but that a complete physical inventory of all equipment had not been taken. The chief of OES explained that a physical inventory of all equipment had not been taken because of

- the burden on staff to make all the necessary moves of equipment for members assigned new offices as a result of a change in the Congress;
- the time required to take physical inventory of equipment assigned to outgoing members;

- the time needed to exchange equipment for new members;
and
- the time and effort needed to research, plan, and
implement the new equipment-leasing program which was
put into effect in June 1971.

In our discussion with officials of the Office of the Clerk, it was decided to take a physical inventory in December 1971. This inventory was subsequently completed. The list of missing equipment with an explanation of problems encountered in taking a physical inventory was submitted to the Committee on House Administration on March 14, 1972. On March 20, 1972, the Chairman of the Committee informed the Clerk of the House that, in the future, a physical inventory of only the equipment assigned to outgoing members would be required.

LOANABLE EQUIPMENT

In fiscal year 1971 OES established the policy of having the messenger unit obtain signatures to verify the delivery of adding machines, speech typewriters, Old English typewriters, and electric letter openers loaned to members, committees, and others in the House of Representatives. The supervisor of the messenger unit has told us that the messengers are not required to obtain signatures to verify the delivery of other electrical and mechanical office equipment when it is on temporary loan or when loaned equipment is transferred from one office to another. Consequently, the chief of OES adopted our suggestion that signatures be obtained to verify the delivery of all loanable equipment even when loaned on a temporary basis.

CONTROL OVER THE ORDERING, RECORDING, AND PAYING FOR REPAIR PARTS

The typewriter repair service unit is responsible for maintaining physical control over the repair parts inventory. We were informed by an official of OES that the unit's supervisor had been authorized to order repair parts directly from two companies and that the clerk of the unit had prepared the repair parts receiving data for computer processing and had compared vendors' invoices for the repair parts to the receiving records to determine whether payment should be made.

Ordering repair parts, preparing receiving data on repair parts for entry on the computer, and reviewing vendor invoices to determine their propriety for payment are administrative and accounting functions which should be completely

separated from those responsible for physical control of repair parts. After we discussed these matters with OES personnel, certain functions were reassigned to improve internal controls over ordering, recording, and paying for repair parts.

REPAIR PARTS INVENTORY

OES maintains its repair parts inventory and its repair cost records on the House of Representatives computer. The computer produces a "Parts Inventory Master Listing" printout and a "Repair History" printout. When a part is used to repair a machine, a service ticket listing the part used is prepared by a repairman. The service ticket is then sent to data processing where the part is removed from the parts inventory master listing printout and charged to the repair cost of the machine on the repair history printout.

Many inaccuracies existed in the parts inventory master listing which have been attributed to errors in the (1) taking of a physical inventory, (2) recording repair parts on the service tickets, (3) keypunching, and (4) failing to review promptly the computer printouts. Also there has been an extended delay in getting OES "on-line" with the computer facilities.

We were informed by officials of the Office of the Clerk that in March 1972 a physical inventory of repair parts had been taken and that inaccuracies of the parts inventory master listing had been corrected.

MISSING EQUIPMENT

In our prior report on OES (B-114865, Feb. 4, 1971), we recommended that the Clerk resubmit to the Committee a request for authorization to remove from OES records 42 machines which could not be located during a physical inventory taken in December 1968. We recommended also that all future physical inventories be reconciled with the inventory records and that the records be adjusted to show the equipment actually on hand at the date of the inventory.

According to the chief of OES, the list of 42 missing machines was not resubmitted to the Committee in 1971. Of the 42 machines missing in 1968, three were located, three were paid for by liable members, two were located and disposed of to GSA, and one was transferred from the member's account to a missing item account. The remaining 33 missing machines were still charged to the respective members on OES's accounting records.

We were informed by officials of the Office of the Clerk that, as a result of the December 1971 office equipment physical inventory, several items had been located and that those items still missing had been removed from the accounting records.

EXHIBIT

OFFICE EQUIPMENT SERVICE
HOUSE OF REPRESENTATIVES

SUMMARY OF EQUIPMENT ACCOUNTS
JULY 1, 1970, TO JUNE 30, 1971

Type	Inventory July 1, 1970		Acquisitions	
	Units	Cost	Units	Cost
ADDRESSING EQUIPMENT	532	\$ 226,467	20	\$ 15,035
AUTOMATIC TYPE- WRITERS	659	1,250,924	104	472,520
TYPEWRITERS:				
Electrical	4,074	1,787,419	503	227,368
Manual	1,036	184,383	-	-
DICTATING EQUIPMENT	1,105	385,173	210	79,050
DUPLICATING EQUIP- MENT	986	407,264	100	107,559
ADDING MACHINES AND CALCULATORS	183	94,984	88	23,572
MISCELLANEOUS (note a)	<u>173</u>	<u>232,053</u>	<u>43</u>	<u>243,358^b</u>
Total	<u>8,748</u>	<u>\$4,568,667</u>	<u>1,068</u>	<u>\$1,168,462</u>

^aIncludes automatic letter openers and sealers, automatic letter folders and inserters, tying machines, delivery trucks, and other miscellaneous equipment.

^bIncludes \$232,885 for computer equipment.

EXHIBIT A

<u>Disposals</u>		<u>Inventory, June 30, 1971</u>			
<u>Units</u>	<u>Cost</u>	<u>Units</u>	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Book value</u>
26	\$ 10,541	526	\$ 230,961	\$ 138,968	\$ 91,993
162	264,659	601	1,458,785	552,670	906,115
255	92,271	4,351	1,925,867	891,513	1,034,354
-	-	1,007	181,032	127,457	53,575
69	25,676	1,246	438,547	187,218	251,329
112	42,829	974	471,994	210,931	261,063
5	2,724	266	115,832	58,095	57,737
<u>5</u>	<u>24,760</u>	<u>211</u>	<u>450,651</u>	<u>142,753</u>	<u>307,898</u>
<u>634</u>	<u>\$463,460</u>	<u>9,182</u>	<u>\$5,273,669</u>	<u>\$2,309,605</u>	<u>\$2,964,064</u>

APPENDIX

W. Pat Jennings
Clerk

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

June 1, 1971


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 conduct an audit of the House Recording Studio and the Office Equipment Service of the House of Representatives for Fiscal Year 1971.

With kind regards, I remain

Sincerely,



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

WPJ:el