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**REPORT OF THE
COMPTROLLER GENERAL
OF THE UNITED STATES**

**Audit Of Financial Transactions
Of The Sergeant At Arms
For The 12 Months
Ended June 30, 1977**

House of Representatives

GGD-78-40

FEBRUARY 22, 1978



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

B-114854

To the Speaker and the Sergeant at Arms
of the House of Representatives

We have audited the financial transactions of the Sergeant at Arms, House of Representatives, for the 12 months ended June 30, 1977, pursuant to the act of July 26, 1949 (2 U.S.C. 81a).

GENERAL COMMENTS

The Sergeant at Arms, as a fiscal officer of the House, disburses funds appropriated for (1) compensation of Members, (2) mileage of Members, and (3) gratuities to widows, widowers, or heirs of deceased Members. He also maintains an operation commonly referred to as the "House Bank."

Salary and expense appropriations are disbursed on the basis of monthly payroll vouchers covering the earned salaries and mileages of Members. The amounts due Members either are paid by check or, if they request, are transferred to their credit in the deposit fund account established in the Treasury for this purpose.

The deposit fund consists of the total of the individual accounts for the various Members who use the "House Bank" facility. Members withdraw money from their accounts by presenting written orders for payment either directly to the Sergeant at Arms or through regular banking channels.

Money in the Members' accounts is used to cash checks for Members and employees of the House. Checks drawn on other banks by Members and staff are exchanged for cash at a local bank on the next business day. Other "House Bank" operations consist of selling traveler's checks and assisting Members in (1) purchasing savings bonds and (2) negotiating and liquidating personal loans with local banks.

ASSETS AND LIABILITIES

The funds for which the Sergeant at Arms was accountable at December 31, 1976, and June 30, 1977, are summarized in the statement of assets and liabilities. (See sch. 1.) Pertinent comments on certain accounts, transactions, and accounting controls are presented below.

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Exchange items on hand

Exchange items on hand amounting to \$50,586.21 at December 31, 1976, and \$255,562.16 at June 30, 1977, represent checks drawn on other banks and cashed for Members and employees of the House on the last business day of each 6-month period.

The peak volume of check-cashing transactions occurs when House employees cash their paychecks. During the 12 months ended June 30, 1977, the largest volume of checks cashed during a month occurred in June when checks amounting to \$2,621,680.10 were cashed, and the largest volume during 1 day occurred on December 1, 1976, when \$306,371.16 in checks was cashed.

The check-cashing transactions for the 12 months ended June 30, 1977, are summarized below.

	<u>6 months ended</u>	
	<u>December 31,</u> <u>1976</u>	<u>June 30,</u> <u>1977</u>
Checks on hand at beginning of period	\$ 363,887.27	\$ 50,586.21
Checks cashed	<u>11,868,444.32</u>	<u>13,005,853.89</u>
	12,232,331.59	13,056,450.10
Checks exchanged for cash	<u>12,181,745.38</u>	<u>12,800,887.94</u>
Checks on hand at end of period	\$ <u>50,586.21</u>	\$ <u>255,562.16</u>

The total amount of checks cashed by the Sergeant at Arms during the 12 months ended June 30, 1977, was \$908,700.80 less than the amount cashed in fiscal year 1976, a decrease of 3.5 percent. During the 12 months ended June 30, 1977, banks returned to the Sergeant at Arms, for such reasons as insufficient funds, checks totaling \$40,006.93, 0.16 percent of the total amount of checks cashed.

The Sergeant at Arms said he maintains control over each returned check until it is liquidated.

Due from Members

Amounts due from Members (see sch. 1) represent checks drawn on and cashed or paid by the Sergeant at Arms but not

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charged to the Members' accounts. Usually checks are held because of insufficient funds in a Member's account.

The Sergeant at Arms told us that no loss had resulted from cashing Members' checks when funds on deposit were insufficient to cover the checks. He said many checks were outstanding for only a few days.

SCOPE OF AUDIT

Our audit consisted of examinations of the financial transactions of the Sergeant at Arms for the 6 months ended December 31, 1976, and June 30, 1977, respectively, and included:

--Preparation of financial statements.

--A review of Federal laws relating to payments of salaries and mileages of Members and payments of gratuities to widows, widowers, or heirs of deceased Members.

--A review of "House Bank" operations.

--A review, on a test basis, of records and financial transactions, including such auditing procedures as we considered necessary.

Because employees' salaries and other expenses of the Office of the Sergeant at Arms are paid by the Clerk of the House from separate appropriations, such transactions were not covered in this audit.

OPINION ON FINANCIAL STATEMENTS

We prepared the accompanying financial statements (schs. 1 through 3) from the records of the Sergeant at Arms. In preparing the Statement of Assets and Liabilities from these records, which are maintained on a cash basis, we made adjustments to present the accountability of the Sergeant at Arms on an accrual basis.

In our opinion, the accompanying financial statements present fairly the financial position and accountability of the Sergeant at Arms at December 31, 1976, and June 30, 1977, respectively, and the financial transactions for the

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6-month periods ended at those dates, on a basis consistent with that of the preceding year and in accordance with applicable Federal laws.

James B. Axtell

Comptroller General
of the United States

SCHEDULE 1

SCHEDULE 1

SERGEANT AT ARMS

HOUSE OF REPRESENTATIVES

STATEMENT OF ASSETS AND LIABILITIES

DECEMBER 31, 1976, AND JUNE 30, 1977

	December 31, 1976	June 30, 1977
<u>A S S E T S</u>		
APPROPRIATED FUNDS:		
Funds with U.S. Treasury	\$ <u>18,196,865.79</u>	\$ <u>5,792,344.44</u>
DEPOSIT FUNDS:		
Funds with U.S. Treasury	957,667.98	913,666.72
Cash on hand	126,738.26	84,199.22
Exchange items on hand	50,586.21	255,562.16
Accounts receivable:		
Due from Members	60,395.41	33,453.06
Tellers' shortages	<u>42.89</u>	<u>266.83</u>
	<u>1,195,430.75</u>	<u>1,247,147.97</u>
Total assets	\$ <u>19,392,296.54</u>	\$ <u>7,079,492.41</u>
<u>L I A B I L I T I E S</u>		
APPROPRIATED FUNDS:		
Accrued liabilities	\$ 1,784,159.85	\$ 2,291,081.78
Unobligated balances	<u>16,412,705.94</u>	<u>3,501,262.66</u>
	<u>18,196,865.79</u>	<u>5,792,344.44</u>
DEPOSIT FUNDS:		
Accounts payable:		
Members' deposits	1,195,383.89	1,287,019.87
Tellers' overages	<u>46.86</u>	<u>128.10</u>
	<u>1,195,430.75</u>	<u>1,287,147.97</u>
Total liabilities	\$ <u>19,392,296.54</u>	\$ <u>7,079,492.41</u>

SCHEDULE 2

SCHEDULE 2

SERGEANT AT ARMS

HOUSE OF REPRESENTATIVES

STATEMENT OF FINANCIAL TRANSACTIONS

APPROPRIATED FUNDS

FOR 6-MONTH PERIODS ENDED DECEMBER 31, 1976, AND

JUNE 30, 1977, AND FOR THE 12-MONTH PERIOD ENDED JUNE 30, 1977

	<u>6-month period ended</u>		<u>12-month period ended</u>
	<u>December 31,</u>	<u>June 30,</u>	<u>June 30,</u>
	<u>1976</u>	<u>1977</u>	<u>1977</u>
ACCOUNTABLE BALANCE AT BEGINNING OF PERIOD	\$ 1,950,873.83	\$18,196,865.79	\$ 1,950,873.83
APPROPRIATIONS:			
Salaries	26,929,730.00	-	26,929,730.00
Mileage	262,503.00	-	262,500.00
Gratuities	<u>89,200.00</u>	<u>-</u>	<u>89,200.00</u>
Total appropriations	<u>27,281,430.00</u>	<u>-</u>	<u>27,281,430.00</u>
Total funds available	<u>29,232,303.83</u>	<u>18,196,865.79</u>	<u>29,232,303.83</u>
DISBURSEMENTS AND TRANSFERS:			
Salaries and Government contributions:			
Paid to Members:			
By check	565,694.67	647,699.99	1,213,393.66
Transferred to deposit fund account (sch. 3)	5,501,363.86	6,169,806.82	11,671,170.68
Federal withholding tax deductions paid to Internal Revenue Service	2,501,927.30	2,992,432.92	5,494,360.22
State withholding tax deductions transferred to deposit fund account (sch. 3)	222,166.77	297,273.08	519,439.35
Paid to Civil Service Commission:			
Members' deductions:			
Retirement	761,860.60	861,536.20	1,623,396.80
Reemployed annuitant	-	6,126.00	6,126.00
Life insurance	87,760.32	100,243.66	188,003.98
Health insurance	92,254.59	96,181.42	188,436.01
Optional life insurance	12,986.23	13,153.32	26,139.55
Government contributions:			
Retirement	761,860.60	861,536.20	1,623,396.80
Life insurance	43,880.16	50,121.83	94,001.99
Health insurance	<u>112,850.44</u>	<u>119,582.69</u>	<u>232,433.13</u>
Total	<u>10,664,605.54</u>	<u>12,215,693.13</u>	<u>22,380,298.57</u>

SCHEDULE 2

SCHEDULE 2

Mileage of Members:			
Paid by check	1,241.40	16,078.60	17,320.00
Transferred to deposit fund account (sch. 3)	<u> -</u>	<u>172,749.62</u>	<u>172,749.62</u>
Total	<u>1,241.40</u>	<u>188,828.22</u>	<u>190,069.62</u>
Total salaries and mileage	10,665,846.94	12,404,521.35	23,070,368.29
Gratuities to widows, widowers, or heirs of deceased Members	89,200.00	-	89,200.00
Unexpended balance of appropri- ations deposited into general fund of the Treasury	<u>280,391.10</u>	<u> -</u>	<u>280,391.10</u>
Total disburse- ments and transfers	<u>11,035,438.04</u>	<u>12,404,521.35</u>	<u>23,439,959.39</u>
ACCOUNTABLE BALANCE AT END OF PERIOD	\$ <u>18,196,865.79</u>	\$ <u>5,792,344.44</u>	\$ <u>5,792,344.44</u>

SERGEANT AT ARMS
HOUSE OF REPRESENTATIVES
STATEMENT OF FINANCIAL TRANSACTIONS
DEPOSIT FUNDS

FOR 6-MONTH PERIODS ENDED DECEMBER 31, 1976, AND
JUNE 30, 1977, AND FOR THE 12-MONTH PERIOD ENDED JUNE 30, 1977

	<u>6-month period ended</u>		<u>12-month period</u>
	<u>December 31,</u>	<u>June 30,</u>	<u>ended</u>
	<u>1976</u>	<u>1977</u>	<u>June 30, 1977</u>
ACCOUNTABLE BALANCE AT BEGINNING OF PERIOD	\$ <u>1,399,409.32</u>	\$ <u>1,195,430.75</u>	\$ <u>1,399,409.32</u>
RECEIPTS:			
Transfer from appropriated funds (sch. 2):			
Salaries of Members	5,501,363.86	6,169,806.32	11,671,170.68
Mileage of Members	-	172,749.62	172,749.62
State withholding tax deductions	<u>222,166.77</u>	<u>297,273.08</u>	<u>519,439.35</u>
Total	<u>5,723,530.53</u>	<u>6,639,829.52</u>	<u>12,363,360.15</u>
Members' deposits	5,379,159.07	7,238,850.78	13,115,019.35
Sale of traveler's checks	74,186.12	58,126.33	132,312.95
Tellers' overages	<u>46.86</u>	<u>81.24</u>	<u>128.10</u>
Total receipts	<u>11,676,922.58</u>	<u>13,936,359.37</u>	<u>25,613,321.05</u>
Total available for disbursement	<u>13,076,332.50</u>	<u>15,132,329.12</u>	<u>27,013,230.37</u>
DISBURSEMENTS:			
Payments to or for accounts of Members (net of amounts due from Members)	11,584,034.93	13,489,781.24	25,073,816.17
State withholding tax deductions:			
Paid to state tax departments	222,166.77	297,273.08	519,439.35
Remittances to consignors for traveler's checks sold	74,186.12	58,126.33	132,312.95
Tellers' overages (prior years) applied to shortages	<u>513.93</u>	<u>-</u>	<u>513.93</u>
Total disbursements	<u>11,880,901.75</u>	<u>13,845,181.15</u>	<u>25,726,082.30</u>
ACCOUNTABLE BALANCE AT END OF PERIOD	\$ <u>1,195,430.75</u>	\$ <u>1,287,147.97</u>	\$ <u>1,287,147.97</u>