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July 1995

# FINANCIAL AUDIT

Office of the Secretary  
of the Senate for the  
Fiscal Year Ended  
September 30, 1994







United States  
General Accounting Office  
Washington, D.C. 20548

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Comptroller General  
of the United States

B-261519

July 12, 1995

The Honorable Bob Dole  
Majority Leader  
United States Senate

The Honorable Thomas A. Daschle  
Minority Leader  
United States Senate

As you requested, we audited the accompanying Statement of Disbursements, Receipts, and Financing Sources for the Office of the Secretary of the Senate (the Secretary) for the fiscal year ended September 30, 1994. The financial statement represents the operating costs of the Secretary. The Secretary employs approximately 240 staff and is responsible for a number of legislative and administrative functions for the Senate, including overseeing and maintaining permanent records of the Senate Chamber proceedings and administering the Senate Disbursing Office, the Senate Library, and the Senate Stationery Store.

As a result of our audit, we found

- the financial statement was reliable in all material respects;
- management fairly stated that internal controls in place on September 30, 1994, were effective in safeguarding assets from material loss, assuring material compliance with relevant laws and regulations, and assuring that there were no material misstatements in the financial statement; and
- no reportable noncompliance with laws and regulations we tested.

The following sections outline each conclusion in more detail and discuss the scope of our audit.

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Opinion on the  
Statement of  
Disbursements,  
Receipts, and  
Financing Sources

The financial statement and accompanying notes were prepared on a cash basis, which is a comprehensive basis of accounting that differs from generally accepted accounting principles. The statement presents fairly, in conformity with the cash basis of accounting described in note 1, the Secretary's disbursements, receipts, and financing sources.

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## Opinion on Management's Assertion About the Effectiveness of Internal Controls

We evaluated management's assertion about the effectiveness of its internal controls designed to

- safeguard assets against loss from unauthorized acquisition, use, or disposition;
- assure the execution of transactions in accordance with laws and regulations that have a direct and material effect on the financial statement; and
- record, process, and summarize transactions properly to permit the preparation of reliable financial statements and to maintain accountability for assets.

Management of the Office of the Secretary fairly stated that those controls in place on September 30, 1994, provided reasonable assurance that losses, noncompliance, or misstatements material in relation to the financial statement would be prevented or detected on a timely basis. Management made this assertion based upon criteria established under the Comptroller General's Standards For Internal Controls In The Federal Government for safeguarding of assets against unauthorized acquisition, use, or disposition; compliance with laws and regulations; and financial reporting controls.

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## Compliance With Laws and Regulations

Our audit tests for compliance with selected provisions of laws and regulations disclosed no instances of noncompliance that would be reportable under generally accepted government auditing standards.

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## Objectives, Scope, and Methodology

Management is responsible for

- preparing the financial statement in conformity with the basis of accounting described in note 1;
- establishing, maintaining, and assessing the internal control structure to provide reasonable assurance that the internal control objectives outlined above are met; and
- complying with applicable laws and regulations.

We are responsible for obtaining reasonable assurance about whether (1) the financial statement is reliable, that is, free of material misstatement and presented fairly in conformity with the basis of accounting described in note 1 and (2) management's assertion about the effectiveness of internal controls is fairly stated in all material respects based upon criteria

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established under the Comptroller General's Standards For Internal Controls In The Federal Government for safeguarding of assets against unauthorized acquisition, use, or disposition; compliance with laws and regulations; and financial reporting controls. We are also responsible for testing compliance with selected provisions of laws and regulations.

In order to fulfill these responsibilities, we

- examined, on a test basis, evidence supporting the amounts and disclosures in the financial statement;
- assessed the accounting principles used by management;
- evaluated the overall presentation of the financial statement;
- obtained an understanding of the internal control structure related to safeguarding assets, compliance with laws and regulations, including execution of transactions in accordance with budget authority and financial reporting;
- tested relevant internal controls over safeguarding, compliance, and financial reporting and evaluated management's assertion about the effectiveness of internal controls; and
- tested compliance with selected provisions of specific laws and regulations including provisions of
  - the Legislative Branch Appropriations Act for fiscal years 1994 and 1995 (Public Laws 103-69 and 103-283, respectively);
  - the Antideficiency Act (31 U.S.C. 1341 and 1350);
  - laws and implementing Office of Personnel Management regulations on employee benefits and employer costs (5 U.S.C. 8334, 8422, 8423, 8432, 8707, 8708, 8714, 8714a, 8714b, 8714c, 8906, 5 CFR 831.102, and 890.501);
  - laws and implementing Internal Revenue Service regulations on federal income and social security tax withholding (26 U.S.C. 3102, 3111, and 3402); and
  - laws establishing rates of pay for officers and employees of the Office of the Secretary of the Senate (2 U.S.C. 60c-1, 60c-3, 61, 61-1).

We did not evaluate all internal controls relevant to operating objectives, such as ensuring efficient operations. We limited our internal control testing to accounting and other controls necessary to achieve the objectives outlined in our opinion on management's assertion about the effectiveness of internal controls. Because of inherent limitations in any internal control structure, losses, noncompliance, or misstatements may nevertheless occur and not be detected. We also caution that projecting our evaluation to future periods is subject to the risk that controls may

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become inadequate because of changes in conditions or that the degree of compliance with controls may deteriorate.

We performed our audit in accordance with generally accepted government auditing standards. We completed our audit work on June 30, 1995.

A handwritten signature in black ink that reads "Charles A. Bowsher". The signature is written in a cursive style with a large, prominent initial "C".

Charles A. Bowsher  
Comptroller General  
of the United States

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# Financial Statement

## Statement of Disbursements, Receipts, and Financing Sources

(Dollars in thousands)

	Year ended <u>September 30, 1994</u>
<b>Disbursements</b>	
Personnel compensation and benefits (note 2)	\$14,155
Purchases for resale (note 3)	3,667
Goods provided to the Senate (note 4)	318
Contractual and administrative services and expenses	287
Education of Senate Pages	279
Other	<u>165</u>
<b>Total Disbursements</b>	<b><u>\$18,871</u></b>
<b>Receipts and Financing Sources</b>	
Appropriations spent	\$15,216
Revolving funds and other receipts (note 3)	<u>3,655</u>
<b>Total Receipts and Financing Sources</b>	<b><u>\$18,871</u></b>

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The accompanying notes are an integral part of this financial statement.

Notes to the Financial Statement

**Note 1. Summary of Significant Accounting Policies**

**Reporting Entity**

The financial statement includes the operating costs of the Office of the Secretary of the Senate (the Secretary). The Secretary employs approximately 240 staff and is responsible for a number of legislative and administrative functions for the Senate, including overseeing and maintaining permanent records of the Senate Chamber proceedings and administering the Senate Disbursing Office, the Senate Library, and the Senate Stationery Store.

Operating costs do not include funds disbursed on behalf of the Secretary for space, utilities, building repairs, and certain other costs, which are not readily identifiable.

**Basis of Accounting**

The Secretary records receipts, disbursements, and transfers of funds on the cash basis, which recognizes transactions when cash is received or disbursed. This comprehensive basis of accounting differs from generally accepted accounting principles, which recognize revenues when earned and expenses when goods or services are received.

**Receipts and Financing Sources**

The Secretary receives its funding primarily through appropriations. The Secretary receives annual appropriations for operating expenditures. Appropriations are available to the Secretary at the beginning of the fiscal year, but are recognized as revenues at the time the related expenses are disbursed. Other cash receipts are recognized when received by the Disbursing Office from the Senate Stationery, Office of Public Records, and Gift Shop revolving funds.

**Contingencies**

In the opinion of management and legal counsel, the resolution of any claims or lawsuits against the Secretary would not materially affect the financial operations.

**Note 2. Retirement and Other Benefits**

Generally, permanent employees participate in the contributory Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS). Temporary employees and employees participating in FERS are covered under the Federal Insurance Contributions Act (FICA). The Senate, on behalf of the Secretary, makes the appropriate agency contributions, as required by law, to the CSRS, FERS, and FICA, including medicare. Additionally, the Senate matches employee contributions to the Thrift

Savings Plan (TSP), which is the savings component of FERS, up to 5 percent of basic pay. In addition, all permanent employees are eligible to participate in the contributory Federal Employees Health Benefit Program (FEHBP) and Federal Employees Group Life Insurance (FEGLI). The Senate, on behalf of the Secretary, makes the appropriate agency contributions, as required by law, to the FEHBP and FEGLI for active employees. The Senate has no liability for benefit payments to former employees or retirees under any of these programs. The Secretary's costs associated with its employee retirement, health, and life insurance programs during fiscal year 1994 were approximately \$2.6 million.

**Note 3. Purchases for Resale**

The Secretary administers the Stationery and Gift Shop Revolving Funds. Purchases for resale reflected in the financial statement are primarily related to merchandise for resale and related shipping costs.

**Note 4. Goods Provided to the Senate**

The Secretary administers the Senate Library which provides reference services for use by Senators and their staff. Amounts reflected in the financial statement are primarily for books and various subscriptions purchased for the Senate Library and for legal reference volumes provided to Senators' offices.

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**Financial Statement**

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