
July 1995

FINANCIAL AUDIT

Office of the Sergeant
at Arms and
Doorkeeper of the
Senate for the Fiscal
Year Ended
September 30, 1994





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

Comptroller General
of the United States

B-261521

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 Sergeant at Arms and Doorkeeper of the Senate (the Sergeant at Arms) for the fiscal year ended September 30, 1994. The financial statement represents the combined results of operations of the Sergeant at Arms and of the four revolving funds it manages. The primary mission of the approximately 900 Sergeant at Arms employees is to provide office support services to members, committees, and officers of the Senate.

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.

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 Sergeant at Arms' disbursements, receipts, and financing sources.

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 Sergeant at Arms 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.

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.

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 internal control objectives 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 established under the Comptroller General's Standards For Internal

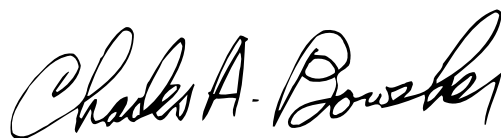
Controls In The Federal Government for safeguarding of assets against unauthorized acquisition, use, or disposition; compliance with laws and regulations; and financial reporting controls. We are also responsible for testing compliance with selected provisions of laws and regulations.

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 and 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 Sergeant at Arms (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 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, reading "Charles A. Bowsher". The signature is written in a cursive style with a large, stylized "C" and "B".

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 September 30, 1994
Disbursements	
Compensation	\$ 33,354
Equipment and software	32,084
Telecommunications	12,170
Occupancy	11,984
Employee benefits	8,682
Publications	1,929
Supplies	1,606
Other	<u>1,357</u>
Total Disbursements	<u>\$103,166</u>
Receipts and Financing Sources	
Appropriations expended	\$102,232
Revolving funds and other receipts	<u>934</u>
Total Receipts and Financing Sources	<u>\$103,166</u>

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 Office of the Sergeant at Arms and Doorkeeper of the Senate (the Sergeant at Arms) was established in 1789 when the first Congress convened. This financial statement includes the combined results of operations of the Sergeant at Arms and of the four revolving funds managed by the Sergeant at Arms.

The primary mission of the Sergeant at Arms is to provide office support services to members, committees and officers of the United States Senate. The principle services rendered include the provision of office computer hardware and software; telecommunications equipment and services; document reproduction and printing services; and maintenance and support for home state offices nationwide.

The Sergeant at Arms provides additional services on a fee basis through the four revolving funds: the Senate Recording Studio Revolving Fund; the Senate Photographic Studio Revolving Fund; the Senate Barber and Beauty Shops Revolving Fund; and the Senate Health Promotion Revolving Fund. Only members, committees and officers of the Senate are permitted to use the services of the studios. Employees of the Senate may use the services of the Senate Health Promotion Revolving Fund. The Barber and Beauty Shops are open to the public.

The costs of maintaining and operating the facilities occupied by the Sergeant at Arms are paid directly from appropriations made to the Architect of the Capitol. These costs are not readily identifiable and, accordingly, are not included in this financial statement.

Basis of Accounting

For purposes of this financial statement, the Sergeant at Arms reports receipts and disbursements primarily on the cash basis, which recognizes transactions when cash is received or disbursed. This 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 Sergeant at Arms receives its funding primarily through annual and no year appropriations for operating expenditures. Appropriations are available to the Sergeant at Arms at the beginning of the fiscal year, but are recognized as financing sources when the related expenses are disbursed. Other receipts are recognized when payments are received.

Note 2. Employee Benefit Plans

Sergeant at Arms employees are covered by the contributory Civil Service Retirement System or Federal Employees Retirement System. While the Sergeant at Arms has no liability for benefit payments to former employees under the pension programs, the federal government is liable for these payments through the Office of Personnel Management.

The Sergeant at Arms contributes to additional employee benefits, which include health and life insurance and worker's and unemployment compensation.

The costs of employee benefit plans for the year ended September 30, 1994 consist of the following:

(Dollars in thousands)

Retirement plans	\$6,056
Health and medical plans	2,368
Other plans	<u>258</u>
Total employee benefits	<u>\$8,682</u>

Note 3. Revolving Funds

As discussed in note 1, the Sergeant at Arms manages the activities of four revolving funds. The operations of these funds are subject to various statutes and rules and regulations of the Senate.

The Senate Recording Studio (the Recording Studio) is operated under the direction and control of the Committee on Rules and Administration. Charges for materials and services provided by the Recording Studio are set by the Committee on Rules and Administration. Such charges and fees generally are paid from the appropriations for the "Senators Official Personnel and Office Expense Account" (for members) and "Inquiries and Investigations" (for committees). These charges defray some of the Recording Studio's operating costs. All moneys received for services are deposited into the Recording Studio Revolving Fund in the U.S. Treasury and are available exclusively for the operation and maintenance of the Recording Studio.

The Senate Photographic Studio (the Photographic Studio) is operated by the Sergeant at Arms. All rules and regulations, fees, and charges for photographic services are subject to the approval of the majority and minority leaders. As with the Senate Recording Studio, such charges and fees generally are paid from the appropriations for the "Senators Official Personnel and Office Expense Account" (for members) and "Inquiries and Investigations" (for committees). These charges defray some of the Photographic Studio's operating costs. All moneys received for services are deposited into the

Photographic Studio Revolving Fund in the U.S. Treasury and are available exclusively for the operation and maintenance of the Photographic Studio.

The Senate Barber and Beauty Shops (the Shops) are operated by the Sergeant at Arms under the direction of the Committee on Rules and Administration. The Shops are open to the public. All moneys received for services are deposited into the Barber and Beauty Shops Revolving Fund in the U.S. Treasury and are available exclusively for the operation and maintenance of the Shops. The Shops are required to return to the Treasury funds in excess of \$10,000 as of September 30 of each year. In December 1993, the Shops remitted \$377,943 to the Treasury in accordance with this requirement for the year ended September 30, 1993. In December 1994, the Shops remitted \$352,008 to the Treasury in accordance with this requirement for the year ended September 30, 1994.

The Senate Health Promotion Revolving Fund (the Fund) operates under rules and regulations approved by the Committee on Rules and Administration. The Fund provides health promotion education, services, classes, and activities for members, officers and employees of the Senate on a fee basis. Fees are deposited into the Fund in the U.S. Treasury and are available exclusively for the operation and maintenance of the Fund. The Fund is required to return to the Treasury funds in excess of \$5,000 as of September 30 of each year. In December 1994, the Fund remitted \$1,678 to the Treasury in accordance with this requirement for the year ended September 30, 1994.

Note 4. Leases

Operating Leases

The Sergeant at Arms assumes responsibility for payment of all lease obligations entered into by members of the United States Senate for the maintenance of home state offices. Most of the leases are cancelable on 30 days notice.

As of September 30, 1994, future minimum lease payments for noncancelable leases assumed by the Sergeant at Arms for members' home state offices are as follows:

(Dollars in thousands)

1995	\$2,914
1996	2,853
1997	1,489
1998	1,091
1999	<u>266</u>
Total future minimum lease payments	<u>\$8,613</u>

The Sergeant at Arms has entered into leases for the rental of general office equipment. Disbursements under these agreements approximated \$1 million for the year ended September 30, 1994. Future minimum lease payments under these operating leases are as follows:

(Dollars in thousands)

1995	\$449
1996	<u>348</u>
Total future minimum lease payments	<u>\$797</u>

Capital Leases

The Sergeant at Arms has entered into capital leases through which the ownership of the underlying equipment transfers to the Sergeant at Arms when the lease terms expire. As of September 30, 1994, the total future minimum lease payments are as follows:

(Dollars in thousands)

1995	\$524
1996	436
1997	321
1998	156
1999	<u>35</u>
Total future minimum lease payments	<u>\$1,472</u>

Financial Statement

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