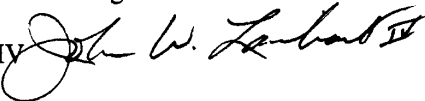


Office of Inspector General
U.S. House of Representatives
Washington, DC 20515-9990

MEMORANDUM

TO: The Honorable Bill Thomas, Chairman
Committee on House Oversight

The Honorable Vic Fazio, Ranking Minority Member
Committee on House Oversight

FROM: John W. Lainhart IV 
Inspector General

DATE: July 18, 1995

SUBJECT: Results In Brief Extract From Performance Audits of House Operations -
Compilation Report (Report No. 95-HOC-24)

Attached is a compilation report containing the "Results in Brief" sections extracted from 21 performance audit reports prepared by Price Waterhouse LLP and my staff. These reports focused on economy, efficiency, and effectiveness issues as well as the internal controls environment in various House administrative operations.

Each "Results in Brief" contains four standard sections that are generally no longer than five pages in length. This information is intended to provide a quick, high level overview of the issues discussed in each of the 21 reports. A similar report (*Findings and Recommendations Extract From Performance And Financial Statements Audits - Compilation Report, Report No. 95-HOC-25*) that presents only the report titles, findings, and recommendations for these 21 reports and the financial statements' internal controls report was transmitted under separate cover.

Attachment

cc: Speaker of the House
Majority Leader of the House
Minority Leader of the House
Members, Committee on House Oversight

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PROBLEMS PLAGUED THE HOUSE'S FINANCIAL OPERATIONS

Report No. 95-CAO-16

July 18, 1995

RESULTS IN BRIEF

CONCLUSIONS

Accounting policies, methods, and the financial management system in the Office of Finance (Finance) did not meet routine financial management standards followed by private industry or other Federal government agencies. Finance accounted for the House's operations almost exclusively on a cash basis, with inconsistent and incomplete cost allocation. This meant that Finance tracked when the House received cash and when it spent cash, but not what liabilities or debts it had incurred or what assets it owned. As a result, the House was limited in planning or making informed decisions on the cost effective use of resources and in providing accountability for its financial resources to the public.

We estimated that the elimination of the duplicate and manual tasks in Finance could save, at least, \$500,000 per year. Finance focused its efforts on processing transactions such as paying vendors and employees, collecting receipts, and recording financial activity. These processes were paper driven, labor intensive, and full of redundancies. Finance's staff recorded and input information multiple times. Often key information was never captured. Staff performed manual and redundant processes because: (1) automated systems were poorly designed and outdated; (2) responsibility for financial management was diffuse; and (3) Finance was never held accountable to operate economically or efficiently.

The House did not always check for funds availability before it ordered goods and services, or wrote payroll checks to employees. This practice increased the risk of overspending funds authorized by appropriations. The House was vulnerable to overspending because the House lacked policies governing timely recording of obligations and expenditures.

In the fiscal year (FY) ended September 30, 1994, Members spent over \$14 million more than had been appropriated for their allowances. This overspending resulted primarily from a convoluted budget process.

The House's controls and policies surrounding official travel expenses were ineffective. As a result, many Members and staff were paid twice for some travel costs, and government-furnished

charge cards were frequently delinquent. Ineffective enforcement of the travel expense policies, liberal deadlines for submitting travel claims, and deficiencies in the financial management system contributed to duplicate payments and delinquencies.

Members and House officers requested 700 retroactive salary adjustments from October 1, 1993, through December 31, 1994. A retroactive salary adjustment is a request to change someone's salary for time already worked, going back at least one month. The Committee on House Administration approved these requests, which resulted in the payment of an extra \$530,000 in salaries during the 15 months we reviewed. Providing retroactive salary adjustments was an inequitable way to pay people because it circumvented the normal payroll process, enabling some employees to receive what amounted to bonuses or severance pay that was not generally available to all House employees.

Finance overpaid terminated employees and employees whose salaries had been lowered, by \$299,000 during the audit period. In addition, the House distributed 3,400 supplemental paychecks, amounting to \$1.8 million, to correct transactions that were submitted to Finance past the deadline for submitting salary changes. Overpayments and supplemental payments occurred because offices submitted salary changes after the published deadline, and Finance paid employees on the last day of the month for work completed during that month.

RECOMMENDATIONS

We recommend that the Chief Administrative Officer (CAO) develop proposals, for approval by the Committee on House Oversight, to: (1) implement as soon as possible an integrated financial management system that complies with the Joint Financial Management Improvement Program guidance, and incorporates and is coordinated with the efforts and needs of other CAO offices; (2) implement accrual basis accounting, and accounting principles and standards generally accepted in the Federal government and private sector; (3) implement a cost accounting system that properly allocates or attributes costs to end users; (4) provide staff with training on the new financial management system and standard accounting methods; (5) redesign internal and external management reports based on user requirements; (6) redesign and streamline Finance processes; (7) develop a system for measuring the Finance Office's performance that is integrated with the financial management system; (8) institute budget controls to obligate or reserve funds before ordering goods and services and verify that funds are available before they are obligated; (9) provide information to Members, committees, and House offices on how much money they have spent versus what they were budgeted; (10) align the appropriation for Member allowances with the amounts Members are authorized to spend; (11) refine budget formulation procedures to develop budgets by individual Member that are reflective of their actual spending patterns, and that appropriately consider full cost allocation of goods and services provided by the CAO; (12) combine all three allowances into one to save Members and Finance the time and effort currently used to

process transfers among the allowance accounts; (13) make available to the public information about the amount of each Members' allowance and how much of it was spent, as a means of achieving greater public accountability; (14) initiate an in-depth evaluation of Finance records of the five Members who appear to have overspent their FY 1994 allowances, and take appropriate actions as warranted; (15) require travel vouchers to be filed within 30 business days of completing travel; (16) stop paying the Members' and staff's charge card bills for them, and instead, require that Members and staff pay their own bills and then seek reimbursement from Finance; (17) initiate an in-depth evaluation of travel vouchers that are missing original receipts to determine whether the House has already paid those costs; (18) end the practice of granting exceptions to rules, procedures, and guidelines; (19) initiate an in-depth review of Finance, Member, and staff records of the 2,220 pairs of potentially duplicate travel payments and take appropriate action, as warranted; and implement computer analyses to review potential duplicates on an ongoing basis; (20) enforce the rules in the *Congressional Handbook* and prohibit retroactive salary adjustments; (21) enforce *Congressional Handbook* rules and require Members, committees, and House offices to submit Payroll Authorization Forms on time; (22) do away with the "real-time" payroll and institute a lag between the end of the pay period and the date the payroll is processed and paychecks are distributed; (23) assign responsibility to Finance for pursuing collection of salary overpayments if the employing office's efforts prove unsuccessful after one month; and (24) if the decision is made to contract for payroll processing, use competitive bidding.

MANAGEMENT RESPONSE

On July 10, 1995, the Office of the CAO fully concurred with the findings and recommendations in this report. As part of their system of continuous improvement, the CAO indicated that: (1) a system conforming to Joint Financial Management Improvement Program requirements will be implemented and will be coordinated with other House offices; (2) the new system scheduled for implementation October 1, 1995, will be on an accrual basis in accordance with generally accepted accounting principles; (3) will incorporate cost accounting features; (4) staff members' training needs are being evaluated concerning the new system; (5) the new system will have a report writer feature that will help design reports to meet user needs; (6) proposals will be made to the Committee on House Oversight for new, fully integrated payroll and financial systems; (7) performance measures will be instituted for the Finance Office; (8) the purchase of an automation system allowing on line verification of funds availability is being reviewed; (9) reports, showing current and year to date expenditures, budget, projected expenditures, and available balances, are being tested; (10) the amounts appropriated for Members' various expenses should be aligned with the Members' allowances; (11) the full cost allocation of goods and services provided by the CAO has been approved and Members will be asked to prepare detailed budgets; (12) individual allowances for Members will be combined; (13) a review is underway to determine how to

make more information available to the public; (14) an in-depth evaluation has been initiated regarding the apparent overspending by five Members and controls will be implemented to prevent this from occurring again; (15) the stricter requirements proposed regarding filing of travel vouchers will be included in the new *Congressional Handbook* currently being drafted; (16) a proposal was sent to the Committee on House Oversight requiring Members and staff to pay their own charge card bills and then seek reimbursement from Finance; (17) this proposal also includes a policy of one voucher per trip and one trip per voucher which, if adopted, would make it more difficult to submit duplicate items; (18) the Chairman (designate) of the Committee on House Oversight and the Chairman of the Transition Team have issued guidelines stating that "The regulations in the *Congressional Handbook* will be applied, without exception to all offices..."; (19) a reminder will be sent and periodic training provided on the proper use of the government-furnished charge cards; (20) a review of the duplicate travel payments will be initiated and an automated review and analysis system to detect duplicate travel payments will be started with the new financial system; (21) the no exception rule is being enforced relative to retroactive salary adjustments; (22) the Office of Finance will immediately begin to enforce deadlines on the submission of Payroll Authorization Forms; (23) a system which incorporates a lag between the end of a pay period and the date payroll is processed and checks distributed will be included in the payroll options proposed to the Committee on House Oversight; (24) a proposal will be made to the Committee on House Oversight that Finance be responsible for pursuing collection of salary overpayments if the employing office's efforts are unsuccessful; and (25) competitive bidding will be followed.

OFFICE OF INSPECTOR GENERAL

The CAO's completed, current, and planned actions are responsive to the issues we identified and, when fully implemented, should satisfy the intent of all our recommendations.

CONTINUATION OF MEMBER SERVICES OPERATIONS THREATENED BY HIGH OPERATING COSTS AND NUMEROUS INTERNAL CONTROL DEFICIENCIES

*Report No. 95-CAO-08
July 18, 1995*

RESULTS IN BRIEF

CONCLUSIONS

Cost Of Operations For Member Services

The current method of processing payroll for 440 Members and Delegates of the U.S. House of Representatives is not cost effective compared to contractors' estimates obtained by Price Waterhouse LLP. The cost estimates are based upon salaries and fringe benefits for Member Services employees as compared to the estimate based upon cost per check. Presuming the estimates represent near actual cost values, the Office of Finance could realize a potential savings of between \$35 and \$45 per paycheck or between \$180,000 and \$228,000 annually.

Internal Control Weaknesses

We identified numerous general and application control weaknesses that could adversely affect Member Services operations. The following illustrates the types of general control weaknesses noted in our review: computer facility controls were inadequate to reduce the risk of harm to employees and loss or damage to equipment and/or resources; a contingency plan and disaster recovery plan for Member Services has not been established that would minimize loss in the event of an unanticipated disaster or business interruption; security measures have not been implemented that would reduce the risk of users accidentally changing or destroying resources; and management has not adequately controlled the Member Services payroll check distribution process and access to check processing resources using dual controls.

The following represents the types of application control weaknesses that we identified: data integrity controls were inadequate to ensure the completeness, accuracy, and consistency of the data in the Members payroll system; a software maintenance program has not been established for upgrading the AS/400 and Liberty payroll system, and, as a result, multiple systems are utilized to process monthly payroll; segregation of duties for data entry, hardware operations, application programming, and security administration for the AS/400 hardware and Liberty

application software has not been established; and unauthorized copies of word processing and spreadsheet software are utilized for processing monthly Members payroll.

A sound internal control structure would ensure the accuracy, completeness, timeliness, and consistency of the data processed. To compensate for the identified deficiencies, Member Services has established an interdependent process to generate monthly payroll. This has created inefficiencies in the process.

RECOMMENDATIONS

We recommend that the Chief Administrative Officer (CAO) develop a proposal, for approval by the Committee on House Oversight to implement one of the following corrective actions:

- Option 1: If the Office of Finance elects to procure a commercial off-the-shelf package to run Members' Payroll in-house, ensure that a system of internal controls as embodied in the recommendations contained in this report are in place and functioning, or
- Option 2: If the Office of Finance elects to contract for Members' Payroll:
- (a) require certification from the selected vendor that an appropriate system of internal controls exists in the vendor's payroll processing operations, and
 - (b) at a minimum, include specific language in the contract that acknowledges the Inspector General's right to audit and/or review the selected vendor's payroll processing operations.

We also recommended that, as an interim measure, certain recommendations that will correct system integrity exposures be implemented immediately, regardless of the payroll options currently being deliberated.

This report also contains numerous internal control recommendations that would not be applicable to Member Services if, as we understand, Office of Finance decides to contract for Members payroll processing. If, on the other hand, Member Services processing remains in-house, the applicable recommendations should be fully implemented.

MANAGEMENT RESPONSE

The Office of the CAO fully concurred with the findings, conclusions, and recommendations in this report. The CAO will present options for contracting Member Pay to the Committee on House Oversight for consideration at its July meeting. Internal control certification and Inspector General audit/review access will be included in any contract. The CAO identified a task group that is addressing all internal control issues with emphasis on the ones noted as priority. Action will be taken by mid-July to rectify all serious integrity exposures.

**OFFICE OF INSPECTOR GENERAL
COMMENTS**

The CAO's response for Findings A through I is responsive and fully satisfy the intent of the recommendations. Therefore, we consider these recommendations resolved and anticipate closing them after the actions to be taken by the task group in mid-July are completed.

PROPOSED NEW FINANCIAL MANAGEMENT SYSTEM WILL NOT MEET THE HOUSE'S NEEDS AND SHOULD BE TERMINATED

Report No: 95-CAO-02

May 12, 1995

RESULTS IN BRIEF

CONCLUSIONS

The new Financial Management System (FMS) project was planned to last less than two years and although no formal budget was prepared, we estimate, based on available documentation, that the budgeted cost would have been \$1-2 million. The scope of the project was limited to upgrading to more reliable technology (ADABAS¹), completing the backlog of requested enhancements to the existing FMS, and adding recommended audit and control improvements. Today, after nine years and a minimum of \$5 million, the new FMS is still not finished and even if it were complete, it would not meet current House needs.

There are three main reasons for this conclusion:

The system does not satisfy financial management standards followed by private industry or other government agencies.

The project lacked top management involvement and oversight.

The system was not developed following generally accepted management practices.

While the existing FMS supports the House's preparation of its monthly financial status report, the Clerk's Report, it does not conform to sound financial management principles and reporting requirements. (See Figure 1 for a graphical representation of the new FMS' functionality as compared to industry's perception of functional value.) For example, the system does not permit the House to determine what each of its activities cost, where its funds went, and whether or not spending on an activity exceeded appropriations. Since the goal of the new FMS was limited in scope to primarily replacing the existing FMS, a significant amount of time and effort would be needed to upgrade this system to satisfy current standards.

¹ADABAS is a software product used for storing and retrieving information. During the course of this project, the new FMS was often called the "ADABAS FMS".

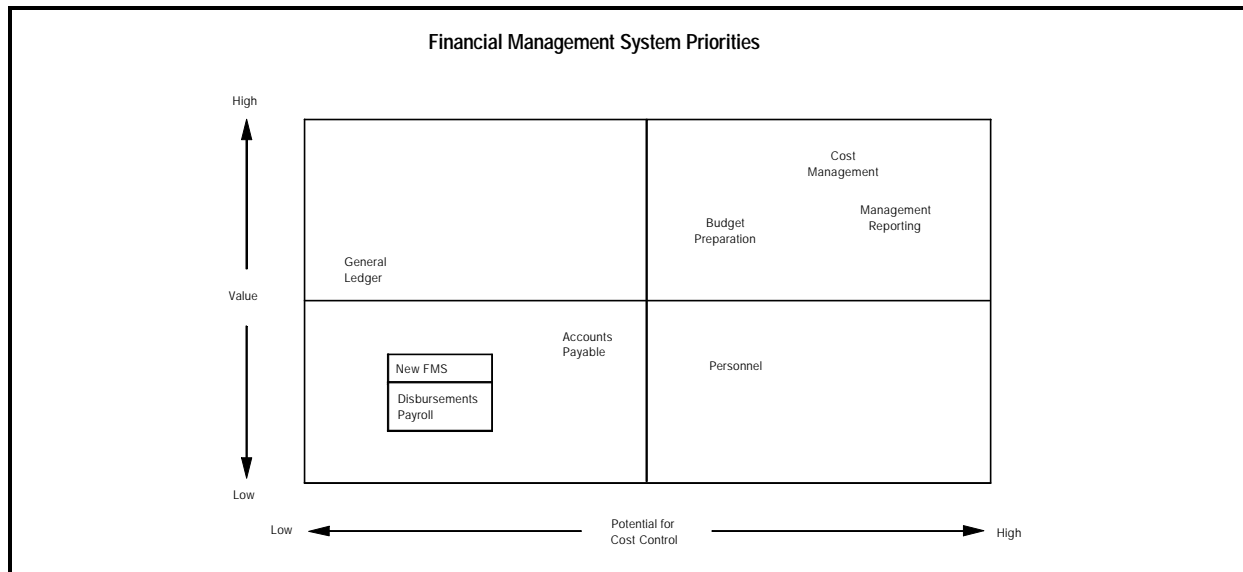


Figure 1 - The new FMS provides limited functionality when compared to industry's perception of functional value.

The time and expense overruns are a direct result of weaknesses in the management of the project and the procedures followed in building the system. Specifically, the following occurred:

Inconsistent attention was paid to the preparation of detailed project plans and tracking progress against these plans.

Commercially available software packages were not given the proper consideration as an alternative to an in-house system, in part because the Office of Finance and House Information Systems (HIS²) staff did not jointly perform such an analysis.

Improvements in user workflows and procedures were not properly considered during the design of the system, which could cause the Office of Finance to work less effectively than would otherwise be expected (e.g., duplicative entry, requiring one person to enter the data and a second person to re-enter the data, was being expanded in the new system).

Changes to the design were requested well after the original system design was approved by the Chief of Finance, creating a moving target.

² HIS is currently known as Congressional Information Resources (CIR).

Testing was inefficient and often inconclusive, carried out more by trial and error than by a methodical process designed to ensure that no feature went untested.

Management did not resolve obstacles to progress in a timeframe consistent with scheduled commitments (e.g., resource assignment conflicts).

RECOMMENDATIONS

The Chief Administrative Officer should stop the current project since it will not meet the current requirements and is riskier to continue than to use available, proven packages or service bureaus.

The Office of Finance should review and confirm the House's financial management needs and prioritize them, including those needs arising from Member offices. As a result of this analysis, it should develop a comprehensive set of functional requirements for a new system.

Since currently available packages and service bureaus can satisfy the high level financial management needs, the Office of Finance and HIS should jointly conduct a thorough analysis of the commercially available package features and service bureau offerings to determine which is the best fit.

HIS and the Office of Finance should adopt and follow the formal management practices commonly used by private industry and other government agencies when building a new system. Specifically it should adopt and follow a formal System Development Life Cycle (SDLC) methodology.

The Chief Administrative Officer should establish a top management steering committee to regularly monitor progress and remove obstacles in a timeframe consistent with project deadlines.

MANAGEMENT RESPONSE

The office of the Chief Administrative Officer has stopped development of the new FMS. In addition, it decided to eliminate the new FMS as an option for supporting House financial management. The office is currently considering commercially available off-the-shelf software packages and the processing facilities of other government agencies. The office also plans to adopt and implement a formal SDLC methodology for future FMS development efforts. In addition, the office is establishing a top management group to determine the House's financial management needs, select an alternative system, and monitor the implementation of the new system.

OFFICE OF INSPECTOR GENERAL COMMENTS

We fully concur with the initial and planned future actions of the office of the Chief Administrative Officer and commend them on their prompt action with respect to the issues raised in this report.

**THE HOUSE BEAUTY SHOP'S MANAGEMENT CONTROLS
DO NOT ADEQUATELY SAFEGUARD ASSETS OR ENSURE
COMPLIANCE WITH THE LAW**

Report No. 95-CAO-21

July 18, 1995

RESULTS IN BRIEF

**CONCLUSION
S**

The House Beauty Shop (HBS) has not established adequate accounting and operational controls to ensure that it is operating in compliance with existing laws and in accordance with sound management principles. Specifically, the HBS has not: (1) established budgetary and financial controls; (2) established effective cash management controls; (3) adequately safeguarded its automated system; (4) implemented effective inventory controls; (5) resolved a prior General Accounting Office audit finding; and (6) complied with other existing laws. As a result, the HBS's ability to effectively manage its operations and provide effective, timely, and accurate financial statements to management is diminished. Additionally, the HBS's cash and other assets are exposed to potential loss or misuse. These deficiencies are attributable primarily to the lack of development and implementation of clear and comprehensive policies and procedures.

RECOMMENDATIONS

We recommend that the Chief Administrative Officer (CAO) develop an action plan to correct the deficient balance of the HBS Revolving Fund and submit it for approval to the Committee on House Oversight. We also recommend that the CAO (1) establish budgetary and financial controls; (2) establish cash management controls; (3) implement adequate computer controls including user accountability and upgrade report capabilities; (4) develop and implement inventory controls; (5) establish an audit resolution process and; (6) clearly define, develop, and document policies and procedures to monitor compliance with existing laws. These recommendations are made contingent upon the HBS remaining under the jurisdiction of the House of Representatives. However, if the HBS is contracted out and depending on the level of control retained by the House of Representatives many of the recommendations may still be applicable.

MANAGEMENT RESPONSE

In his July 10, 1995 formal response to our draft report, the Director of Internal Controls and Continuous Improvement on behalf of the CAO stated general agreement with the findings and recommendations in this report. According to his response, a request has been made to the

Committee on Appropriations to authorize the use of appropriated funds to correct the deficient situation. In addition, the Committee on House Oversight on May 10, 1995 ordered the CAO to prepare a Request for Proposal for HBS services. The Request for Proposal was issued on June 28, 1995 with the contract award in August. Because of the pending award, some of the recommendations are not being implemented, while the others have been fully implemented.

OFFICE OF INSPECTOR GENERAL COMMENTS

We fully concur with the actions taken by the CAO and consider each recommendation closed unless the contract is not issued. In that event, those recommendations not implemented need to be addressed. In addition, we request documents that support the recommendations fully implemented. We commend the Office of the CAO on its prompt action with respect to the issues raised in this report.

THE HOUSE GIFT SHOP'S INTERNAL CONTROLS NEED TO BE IMPROVED

Report No: 95-CAO-05

July 18, 1995

RESULTS IN BRIEF

CONCLUSIONS

The Gift Shop has not established adequate accounting and operational controls to ensure that it is operating in accordance with sound business management principles. Specifically, the Gift Shop has not: (1) established an adequate account structure to facilitate management evaluation of its performance or costs; (2) established good cash management practices; (3) properly capitalized all startup costs; (4) adequately clarified operational policies; (5) fully documented its operating procedures; and (6) adequately safeguarded its automated system. As a result, the Gift Shop's ability to effectively manage its operations and provide effective, timely, and accurate financial statements to management is diminished. Additionally, the Gift Shop's cash and other assets are exposed to potential loss or misuse. These deficiencies are attributable primarily to the lack of development and implementation of clear and comprehensive policies and procedures.

RECOMMENDATIONS

We recommended the Chief Administrative Officer (CAO) to: (1) develop and document an adequate chart of accounts and transaction sets; (2) implement a cash management policy; (3) implement a policy and identify the amounts of costs to be capitalized; (4) clearly define, develop and document operational policies; (5) prepare an automated system contingency plan; and (6) strengthen controls over automated system user accountability.

MANAGEMENT RESPONSE

On June 15, 1995, the Director of Internal Controls and Continuous Improvement on behalf of the CAO fully concurred with the findings and recommendations in this report. In the exit conference, management indicated corrective action has been either initiated or planned for each recommendation.

OFFICE OF INSPECTOR GENERAL

The current and planned actions are responsive to the issues we identified and when fully implemented, should satisfy the intent of our recommendations.

**THE HOUSE NEEDS TO INTEGRATE PLANNING AND FINANCIAL
MANAGEMENT TO IMPROVE PRODUCTIVITY, PERFORMANCE,
AND ACCOUNTABILITY**

*Report No: 95-CCS-12
July 18, 1995*

RESULTS IN BRIEF

CONCLUSIONS

The House of Representatives (House) lacked a formal strategic planning and performance measurement process to coordinate short- and long-term planning conducted by administrative offices. Without these processes that define the mission, goals, and objectives of the administrative functions and measure outcomes, offices could not effectively prioritize or evaluate the cost-efficiency of activities. House Officers did not recognize the need for coordinated strategic planning and performance measurement to ensure that administrative offices conducted operations cost-effectively and productively. A strategic planning process would establish goals, objectives, and strategies for the House and its administrative offices.

Administrative offices conducted limited and inconsistent financial management activities. As a result, financial practices and systems practices limited the administrative offices' ability to monitor and control the fiscal impact of organizational activities and to effectively manage resources. This occurred because the House lacked an integrated financial management process which included planning, budgeting, and financial management and related procedures to support effective financial management. Coordinating financial management with planning allows administrative offices to allocate resources based on their outlined objectives and strategies. Comprehensive planning and financial management provide the mechanism to assess and improve productivity, performance, and accountability.

RECOMMENDATIONS

We recommend that the Chief Administrative Officer, in conjunction with the Clerk of the House and the Sergeant at Arms develop proposals, for approval by the Committee on House Oversight, to: (1) implement policies and procedures to establish a coordinated strategic planning and performance measurement process; and (2) integrate budget formulation and financial management into the planning process.

MANAGEMENT RESPONSES

On July 5, 1995, the Office of the Chief Administrative Officer (CAO) fully concurred with the findings and recommendations in this report. As part of their system of continuous improvement, the CAO indicated that a complete review of the planning and budget preparation process will be done later this year and recommendations submitted to the Committee on House Oversight. In addition, the CAO stated that the October 1, 1995 implementation of a new financial system through cross servicing will enable them to begin implementing the integration of budget and financial management information into the planning process. Full implementation of this task is expected prior to October 1996.

On June 30, 1995, the Office of the Clerk (Clerk) generally concurred with the findings and recommendations in this report. However, the Clerk noted that at the beginning of the 104th Congress the Committee on House Oversight established a regular hearing process to discuss operational goals, projects, and outcomes for House Officers and the annual appropriations process requires similar hearings by the House Committee on Appropriations. Additionally, according to the Clerk, a common planning and financial management cycle already exists both externally and internally. Furthermore, the Clerk took exception with wording in our draft report implying that the CAO be responsible for reviewing all administrative office's performance results.

On June 28, 1995, the Office of the Sergeant at Arms (SAA) generally concurred with the findings and recommendations in this report. According to the response, the SAA appointed a member of the SAA staff as a Strategic Planning Officer. This staff person will receive training in strategic planning management activities and will monitor all short- and long-term goals of the SAA office. Also, the SAA concurs that budget formulation and financial management integration is sound fiscal responsibility. However, the SAA also took exception to the wording in our draft report implying that the CAO be responsible for reviewing all administrative office's performance results.

OFFICE OF INSPECTOR GENERAL

The CAO's, Clerk's, and SAA's actions are responsive and, when fully implemented, should satisfy the intent of our recommendations.

With respect to the Clerk's and SAA's comment regarding the wording on the CAO's delegation of review authority, we have revised the text in this finding to clarify our original intent. Without question, it is the responsibility of each House Officer to review the performance results of each office reporting to them.

LACK OF SOUND PERSONNEL POLICIES AND PROCEDURES COULD COST THE HOUSE MILLIONS

*Report No: 95-CCS-10
July 18, 1995*

RESULTS IN BRIEF

CONCLUSIONS

House of Representatives (House) employees with unused leave days remained active on the payroll system after their employment ended. House Officers kept the employees on the payroll system until their leave balances were fully depleted. In doing this, the House continued to pay benefits for employees who had stopped working for the House.

The House Placement Office (HPO) was able to successfully refer only two percent of new House employees during the audit period. As a result, the House allocated a \$241,000 budget for an in-house referral service it rarely used. Instead of using the HPO, House offices relied on political and personal referrals.

Official Personnel Files contained inadequate documentation to indicate the basis for pay increases. Without this documentation, the reasons for \$563,000 of pay increases to non-legislative employees were unclear. The payroll authorization process did not include procedures to keep supporting documents on file.

Leave records of employee work hours and time off were often missing or incomplete. With unreliable leave card information, the House spent excess resources to manually reconstruct benefits to which employees were entitled based on the time they worked. Instead of relying on leave card information, House Officers used informal methods to calculate overtime, compensatory time, and annual leave due to employees.

Personnel files contained limited and random information. The absence of basic personnel file documentation created a workplace where fair employment and job performance were de-emphasized. The Committee on House Administration did not develop uniform policy direction and guidance for the employing House Officers or require that personnel documentation be kept in a centralized location.

RECOMMENDATIONS

We recommend that the Chief Administrative Officer, in conjunction with the Clerk of the House and the Sergeant at Arms develop proposals, for approval by the Committee on House Oversight, to: (1) pay terminating employees for unused leave in a lump-sum payment; (2) require all House offices to request assistance from the House Placement Office for all job openings, or use it to refer applicants for non-legislative positions only, or eliminate it; (3) revise the payroll authorization process to include adequate documentation procedures; (4) redesign time and leave tracking procedures to capture work hour information necessary to calculate employee leave benefits; (5) require periodic independent audits of personnel files and time and leave records; and (6) develop a manual of uniform human resource policies and procedures to ensure fair practices and adequate documentation across House offices.

MANAGEMENT

On July 5, 1995, the Office of the Chief Administrative Officer (CAO) fully concurred with the findings and recommendations in this report. As indicated in the response, the Committee on House Oversight, on June 14, 1995, approved a policy for authorizing the payment of accrued leave for separating employees and a reorganization proposal which eliminated the House Placement Office. The CAO also agreed to take actions to develop procedures for documenting pay increases and promotions as well as instituting periodic reviews of personnel files and time and leave records. In addition, the CAO is developing a proposal, for approval by the Committee on House Oversight at the July 1995 meeting, to implement a new payroll/personnel system. Personnel policies are also being implemented for all House Officers and will be submitted to the Committee on House Oversight in time for approval and implementation by January 1, 1996.

The Office of the Clerk (Clerk) generally concurred with the findings and recommendations in this report. As indicated in the response, the Clerk agreed to: (1) jointly recommend with the CAO and the Office of the Sergeant at Arms (SAA), a policy on lump-sum leave payments for approval by the Committee on House Oversight; (2) establish a single set of personnel policies and procedures for House Officers' employees with respect to payroll actions; (3) track all leave, compensatory time, overtime, and annual leave due individual employees; and (4) work with the other House Officers to develop a comprehensive human resources policy manual. However, the Clerk stated that she would be opposed to independent audits of personnel files citing the threat of potential grievances.

On June 28, 1995, the SAA generally concurred with the findings and recommendations in this report. According to the response, the SAA agreed to: (1) develop legislation and

policies jointly with the CAO and the Clerk on payment of unused annual leave; (2) require documentation to support pay increases; (3) establish time and leave recording and tracking procedures for employee time benefits and leave data; (4) require periodic independent audits of personnel files and time and leave records; and (5) develop an inhouse human resource policies and procedures manual.

In addition, both the Clerk and SAA recommended keeping the House Placement Office (HPO). The Clerk acknowledges that the HPO provided limited use to current and future Clerk operations, but maintained that the office was of greater use to Members' personal and committee offices. Similarly, the SAA stated that the office was the most workable in an atmosphere such as Capitol Hill.

OFFICE OF INSPECTOR GENERAL COMMENTS

The CAO's, Clerk's, and SAA's actions are generally responsive and satisfy the intent of our recommendations.

STANDARDIZED PROCESSES ARE NEEDED TO CREATE AN EFFICIENT AND EFFECTIVE PROCUREMENT SYSTEM

*Report No. 95-CAO-11
July 18, 1995*

RESULTS IN BRIEF

CONCLUSIONS

The House has taken significant steps recently to improve the management of the procurement process. For example, on May 10, 1995, the Committee on House Oversight adopted the "Guidelines for Procurement of Goods and Services for the House of Representatives" (Procurement Guidelines) which should strengthen procurement planning and budgeting, small purchase procedures, competitive proposal and bidding procedures, controls over sole source purchases, enforcement of vendor performance, and accountability over administrative support offices for adhering to established guidelines.

In addition, the Committee adopted "Guidelines for the Purchase of Equipment, Software and Related Services by Offices of the U.S. House of Representatives" (Equipment Guidelines). These guidelines specified the development of a vendor certification program which should provide a mechanism for identifying qualified vendors with reasonable prices. Offices will be encouraged, but not required, to purchase from certified vendors. Certain equipment purchased by offices will need to meet minimum technical standards.

However, the House needs to ensure that these actions result in improvements in the procurement process to correct the inefficient and ineffective procurement processes we identified. We found that the House did not have an efficient and effective procurement process. Specifically, we found that the House: (1) had no central procurement office to monitor procurement activities; (2) performed limited procurement planning and procurement efforts were not coordinated among offices; (3) did not adequately monitor or control sole source procurements; and (4) did not monitor or enforce vendor performance.

As a result, the House was subjected to the following risks:

Administrative offices followed inconsistent procurement policies and procedures.

Sound procurement decisions may have been inhibited.

Cost reductions associated with a centralized procurement approach, monitored by an oversight entity, may not have been obtained.

Full and open competition for procured items may not have been achieved.

Items may have been purchased in excess of market or competitive prices.

Purchases may not have been made at arm's length.

Goods and services may have been procured that were below expectations set forth in specifications or vendor agreements.

These deficiencies were due to the lack of a systematic procurement planning process; standardized procurement procedures; and a standardized vendor selection and monitoring process. Additionally, procurement personnel did not have the capability to evaluate vendor's past performance prior to awarding a new contract. Further, administrative offices did not incorporate performance criteria into all contracts and purchase order agreements.

Moreover, the House's labor intensive and paper driven accounts payable process resulted in excessive cycle time, manual routings, lost vendor discounts, and an inability to provide vendors immediate information. Administrative offices did not have access to the Office of Finance's financial management system to pay accounts efficiently.

In addition, the food service Request for Proposal (RFP) and the resulting contract held by Marriott/Thompson contained an error in labor rates. Marriott/Thompson was bound by the contract to pay more in labor costs than they anticipated when responding to the RFP and requested relief from the increased labor costs. The conclusion of this issue remains unresolved. Insufficient planning, preparation, and review during the RFP process created this situation.

RECOMMENDATIONS

We recommend the Chief Administrative Officer develop proposals, for approval by the Committee on House Oversight, to: (1) designate the Office of Procurement and Purchasing as the central office to coordinate, control and monitor procurement activities; (2) implement a coordinated procurement planning process; (3) include definitional requirements for the information needed to integrate a procurement budgeting and planing process in new financial management system specifications; (4) implement standardized procurement procedures; (5) implement a standardized vendor selection and monitoring process and a computerized vendor database to provide vendor specific performance information; (6) incorporate performance criteria into all contract and purchase order agreements; (7) include procurement information and remote access to administrative office users in new financial management system specifications; and (8) resolve the labor costs dispute associated with the Marriott/Thompson food services contract.

MANAGEMENT

On July 5, 1995, the Director of Internal Controls and Continuous Improvement on behalf of the CAO fully concurred with the findings, conclusions, and recommendations in this report. According to his response, they plan to improve efficiency and service delivery in procurement by developing: (1) proposals to designate the Office of Procurement and Purchasing as the central office with the responsibility and authority to institute and maintain an effective and economical program for purchasing; (2) proposals to implement a systematic and coordinated planning process for procurement activities by December 31, 1995; (3) requirements for the information needed to integrate a procurement budgeting and planning process in a new financial system by October 1, 1995; and (4) proposals to implement standardized procurement procedures and incorporate performance criteria into all contracts and purchase order agreements by December 31, 1995.

Several actions are expected to be completed during 1996. They plan to develop criteria for incorporation into all contracts and purchase order agreements and implement an automated acquisition system no later than October 1, 1996. By December 31, 1996, they expect to develop and implement: (1) a vendor certification and monitoring process that includes procedures to systematically gather and use ongoing performance information on vendors; and (2) a computerized vendor database system to manage a vendor's list and provide specific performance information. Actions to be completed by March 1, 1996 include performing a system life cycle analysis of long term financial systems needs, developing financial system specifications to integrate procurement information in accordance with JFMIP guidance, and providing remote access to administrative office users.

In addition, the CAO intends to prepare a proposal, for approval by the Committee on House Oversight, to resolve the labor costs dispute associated with the Marriott/Thompson food services contract by August 1, 1995.

OFFICE OF INSPECTOR GENERAL COMMENTS

The CAO's actions are responsive and should, when fully implemented, satisfy the intent of our recommendations.

CHANGES IN OPERATING PRACTICES COULD SAVE PUBLICATIONS & DISTRIBUTION \$5.5 MILLION ANNUALLY

Report No: 95-CAO-04

July 18, 1995

RESULTS IN BRIEF

CONCLUSIONS

Publications and Distribution services did not operate efficiently and cost-effectively. Specifically, the House: (1) incurred costs for idle time in the Folding Unit and Mail Operations; (2) when compared to private sector pay scales, overpaid non-supervisory employees in the Folding Unit and Mail Operations; (3) incurred costs for non-value-adding activities in Mail Operations; (4) relinquished revenue from Mail Operations delivery services and rent from House Printer contractors; and (5) incurred costs in Window Operations for services available from vending machines. As a result, opportunities exist to save over \$5.5 million annually, primarily through future contracting for services currently provided by House staff. (See Figure 1.)

Folding Unit	
Labor costs of idle time in low-volume periods	\$1,871,000
High salaries of non-supervisory employees	668,000
Mail Operations	
Labor costs of idle time in low-volume periods	1,354,000
High salaries of non-supervisory employees	372,000
Non-value-adding activities amounting to 127 hours per workday	446,000
Uncollected fees from newspapers and magazines	163,000
Window Operations	
Labor costs to handle cash transactions available from vending machines	632,000
House Printers	
Rent foregone	<u>42,000</u>
Total	\$5,548,000

Figure 1 - Summary of Cost Savings for Publications and Distribution Services.

RECOMMENDATIONS

We recommend that the Chief Administrative Officer (CAO) propose to the Committee on House Oversight that it: (1) close the Folding Unit and competitively procure these services from private lettershops; (2) close Mail Operations and competitively procure these services from private vendors; (3) collect delivery fees for all newspapers, magazines, and other publications delivered; (4) discontinue Window Operations and install a U.S. Postal Service Postal Center in the Longworth Building and stamp vending machines in four other buildings; and (5) cancel existing contracts and competitively procure House Printers, at specified rental rates that are consistent with local rates.

**MANAGEMENT
RESPONSE**

The office of the CAO fully concurred with the findings, conclusions, recommendations, and monetary finding amounts in this report. The Chief Administrative Officer proposed to the Committee on House Oversight at its June 14, 1995 meeting that it: (1) close the Folding Unit and allow Members to procure these services directly from private vendors; (2) close Mail Operations and competitively procure these services from private vendors; (3) discontinue Window Operations and transfer these operations to the U.S. Postal Service (which will also make improvements in Window Operations, including the installation of stamp vending machines in House buildings); and (4) cancel existing House Printers contracts and allow Members to procure these services directly from private vendors. On June 14, 1995, the Committee on House Oversight approved each of the above proposals by the Chief Administrative Officer. In addition, the office of the Chief Administrative Officer stated that it had proposed the collection of delivery fees for all newspapers, magazines, and other publications to the Committee on House Oversight at its May 10, 1995 meeting and is awaiting direction from the Chairman and Ranking Minority Member.

**OFFICE OF INSPECTOR GENERAL
COMMENTS**

We fully concur with the actions taken by the CAO and consider each recommendation contained in this report to be closed. We commend the office of the CAO on its prompt action with respect to the issues raised in this report.

CHANGES IN OPERATING PRACTICES COULD SAVE MEDIA SERVICES \$1.7 MILLION ANNUALLY

Report No: 95-CAO-06

July 18, 1995

RESULTS IN BRIEF

CONCLUSIONS

Recording and photography services were not operated in an efficient and cost effective manner. Specifically, the House: (1) overpaid for radio and television (TV) production and duplication services compared to services available from the private sector; (2) incurred costs for idle time in both the Recording and Photography Studios; and (3) maintained a photo lab in the Recording Studio that duplicated facilities in the Photography Studio. As a result, opportunities exist to save over \$1.7 million annually, as summarized in Figure 1.

Recording Studio	
Overpayment for radio and TV services	\$1,000,000
Labor costs of idle time of House floor coverage staff	190,000
Duplication of photo lab services	290,000
Photography Studio	
Labor costs of idle time in low-volume periods	<u>250,000</u>
Total	<u>\$1,730,000</u>

Figure 1 - Summary of Cost Savings for Media Services

RECOMMENDATIONS

We recommend that the Chief Administrative Officer (CAO) prepare proposals, for approval by the Committee on House Oversight, to: (1) contract out or take steps to reduce the cost of radio and TV production services; (2) consolidate the Recording Studio photo lab within the Photography Studio; (3) improve in-house photography services; and (4) improve or contract out in-house photo lab services.

**MANAGEMENT
RESPONSE**

On July 6, 1995, the Director of Internal Controls and Continuous Improvement on behalf of the CAO formally concurred with the findings, conclusions, and recommendations in this report. According to his response, the Committee on House Oversight, on June 14, 1995, approved corrective actions proposed by the CAO for improving the efficiency and effectiveness of the radio and TV production services and floor coverage. The actions included: (1) instituting a new pricing schedule to recover full costs; (2) implementing flexible personnel scheduling and shift work, including part-time temporary employees; (3) closing of the Recording Studio photography operations and transferring Member identification photographs to the Sergeant at Arms; (4) instituting full recovery pricing to provide more efficient and effective in-house photography services; and (5) implementing improvements in efficiency and effectiveness of photo lab services. The savings from these actions are estimated to total over \$1.5 million annually.

**OFFICE OF INSPECTOR GENERAL
COMMENTS**

We fully concur with the actions taken by the CAO and consider each recommendation closed. We commend the office of the CAO on its prompt action with respect to the issues raised in this report.

CHANGES IN OPERATING PRACTICES COULD SAVE OFFICE SUPPLY STORE AND GIFT SHOP \$1.3 MILLION ANNUALLY

Report No. 95-CAO-07

July 18, 1995

RESULTS IN BRIEF

CONCLUSIONS

Supply Store

The House Stationery Revolving Fund was used to fund Supply Store inventory. The Supply Store was responsible for recovering costs incurred by the revolving fund. However, Supply Store operations were structured to recover the cost of goods sold only. Appropriated funds covered other operating expenses, largely labor and benefits. We estimate that operating expenses covered by appropriations in Calendar Year (CY) 1994 were over \$1 million. To recover the full cost of operations, we estimate that the Supply Store would have to markup goods sold by an average of 20 percent.

In addition, the Supply Store stocked and stored 2,114 items. More than 80 percent of the stocked items accounted for less than 5 percent of the sales. Low turnover items were stocked to support unique needs of the Members. Stocking low turnover items increased the need for storage space, retail floor space, and warehouse labor, and increased carrying costs and inventory shrinkage. In addition, a significant number of special orders were generated by Members for items that were not carried in the regular inventory. In CY 1994, special orders constituted 65 percent of all orders placed by the Supply Store. These special orders routinely took more than 24 hours and as much as three weeks for delivery.

Also, Supply Store on-hand inventory in CY 1994 was valued at \$1.3 million. Most modern retail operations that offer comparable service attempt to minimize inventory on-hand with a just-in-time inventory system. We estimate that the Office Supply Service (OSS) could save \$250,000 per year if it reduced inventory on-hand.

Moreover, contrary to a requirement of the policy directive of the Subcommittee on Administrative Oversight of the Committee on House Administration, OSS did not produce monthly financial reports for the Supply Store. As a result, OSS did not have the information necessary to facilitate the management of operations.

Further, the Supply Store sold \$1.2 million of American Flags to the general public through congressional offices. We estimate the House lost approximately 20 percent of the acquisition price of every flag that was sold, resulting in a \$240,000 annual loss. The flags were sold at acquisition cost; therefore, the House did not recover the full costs associated with selling the flags.

Gift Shop

OSS opened the House Gift Shop on September 1, 1994. The Gift Shop operated at a \$90,000 loss from September through December 1994. If this performance trend continues, the shop will lose \$270,000 in its first 12 months of operations. Four factors contributed to this loss:

Pricing Policy--The Gift Shop prices were marked up less than those of comparable enterprises.

Labor Costs--The Gift Shop ratio of labor costs to annual sales was three times the average private sector ratio.

Merchandise--Demand for most merchandise was weak in CY 1994. Of the items carried, 70 percent accounted for only 5 percent of total sales.

Store Location--The Gift Shop location was suitable for selling to Members and staff. It was, however, less convenient to the general public.

RECOMMENDATIONS

We recommend that the Chief Administrative Office (CAO) develop proposals, for approval by the Committee on House Oversight, to: (1) close the retail Supply Store and use a contractor to implement a stockless inventory system and just-in-time inventory system; (2) price American Flags sold to the general public to recover full operating costs; and (3) modify Gift Shop operations by either contracting out the Gift Shop or continuing to operate the Gift Shop while addressing the four fundamental factors that contributed to the Gift Shop's loss (pricing policy, labor costs, merchandise, and store location).

MANAGEMENT RESPONSE

The Office of the CAO was in general agreement with the findings, conclusions, and recommendations. The CAO indicated that they intend to implement an alternative strategy to closing the Supply Store that includes performing: (1) a review of items carried; (2) reducing inventory items; (3) producing regular monthly financial reports, and adjusting staff based on workload; and (4) adjusting prices to reflect fully loaded costs. Once these actions are completed, the CAO promised to reevaluate the cost of

contracting out the Supply Store by March 31, 1996. In adjusting prices, the CAO stated that the price of flags would be adjusted to reflect full costs. He further informed us that the Supply Store will discontinue purchasing and selling flags with the completion of the transfer of the responsibility for the flying and sale of flags to the Capitol Historical Society. In addition, the CAO advised us that they will continue to operate the Gift Shop but plan to implement modifications to make the store a self-supporting and profitable operation. These modifications include adjusting prices to recover all costs, adjusting staff based on workload, stocking items that reflect the tastes of the public, and examining better means to inform the public of the shop's location.

<p>OFFICE OF INSPECTOR GENERAL COMMENTS</p>
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The CAO's actions for recommendations associated with two (i.e., Findings B & C) of the three report findings are responsive and, should when fully implemented, satisfy the intent of our recommendations. However, we strongly suggest the CAO reconsider contracting out the Supply Store operations now, or at least move up the time frame for evaluating this possibility rather than waiting until March 31, 1996. Considering the fact that special order items represented 65 percent of all orders placed by the Supply Store and orders routinely took more than 24 hours and, as much as, three weeks for delivery, the House could more effectively meet its supply needs using contractors with 24 hour delivery services. Furthermore, considering items in greater demand represented only 16 percent of items carried in inventory, this approach would eliminate unnecessary costs and make available floor space for other use. Therefore, delaying considerations for contracting out this function for eight months would, in our view, only perpetuate operational inefficiencies and preclude the House from an opportunity to immediately realize significant cost-savings.

CHANGES IN OPERATING PRACTICES COULD SAVE OFFICE FURNISHINGS \$1 MILLION ANNUALLY

Report No. 95-CAO-15

July 18, 1995

RESULTS IN BRIEF

CONCLUSIONS

The workload volume for Office Furnishings varied greatly from month to month while staffing levels were constant at a level needed to process peak workload. The House spent \$1 million a year for idle time in Office Furnishings because several of the Office Furnishings shops did not schedule staff to maintain minimum services and did not use temporary staff or contractors during peak periods. In addition, the House's furnishings inventory consisted of \$12 million of old and custom furnishings, many of which did not meet the needs of Members and staff. Office Furnishings spent \$1.8 million repairing and refurbishing old furnishings and \$1.3 million manufacturing custom furnishings in fiscal year 1994 which could have been spent on new furnishings that would better meet Member and staff needs. Office Furnishings did not assess the furniture needs and preferences of the House staff and did not have policies or a cost accounting system on which to base spending decisions.

Office Furnishings' work order system did not provide on-line access to the service divisions. Excess administrative resources were needed to process work order transactions and track the location of assets. Office Furnishings did not have the hardware and software it needed to facilitate efficient service division management.

RECOMMENDATIONS

We recommend that the Chief Administrative Officer develop proposals, for approval by the Committee on House Oversight, to: (1) regularly evaluate furnishings needs and preferences; (2) phase out old, non-functional furnishings and replace it with ergonomic, modern furnishings; (3) develop a staffing plan for each shop which more closely maintains services necessary to satisfy routine demand; (4) address the continued need for Office Furnishings in-house resources and (i) reduce staffing down to minimum levels, supplementing staff levels with overtime, temporary staff, or contractors during peak periods, or (ii) eliminate and contract out Office Furnishings functions; and (5) procure a commercially available computer package capable of addressing work order system needs.

We also recommend that the Chief Administrative Officer direct the Office of Finance to implement an automated cost accounting module within the future financial management system.

MANAGEMENT

In his July 6, 1995 formal response to our draft report, the Director of Internal Controls and Continuous Improvement on behalf of the Chief Administrative Officer (CAO) formally concurred with the findings and associated recommendations contained in this report. According to his response, the CAO is taking corrective actions to increase efficiency and customer satisfaction by (1) establishing focus groups to evaluate needs and preferences of furnishings for staff and a cross section of individual Members before December 31, 1995, (2) terminating the process of furniture repair for furniture that has exceeded its useful life and replacing old non-functional furnishings with standard furniture determined by the evaluation in corrective action 1, (3) proposing changes in and clarifications of the policies regarding furniture to the Committee on House Oversight by August 31, 1995 and subsequently submitting to the Committee on House Oversight a new staffing plan based on these furniture policy decisions, (4) making a recommendation on staffing levels and the use of contractors to the Committee on House Oversight by October 31, 1995, (5) implementing a new financial system by October 1, 1995 and full implementation of reports to support furnishings acquisition and management by June 30, 1996, and (6) reviewing work flow processes and upon completion, evaluating work order systems to propose for the Committee on House Oversight to procure a suitable computer package no later than October 31, 1995.

OFFICE OF INSPECTOR GENERAL COMMENTS

The Chief Administrative Officer's current and planned actions are responsive to the issues we identified and, when fully implemented, should satisfy the intent of our recommendations.

**SPLIT RESPONSIBILITY FOR EQUIPMENT LEASING AND
MAINTENANCE
COST THE HOUSE ALMOST \$2.0 MILLION ANNUALLY IN PAYMENTS
FOR OUTDATED EQUIPMENT**

Report No. 95-CAO-17

July 18, 1995

RESULTS IN BRIEF

CONCLUSIONS

Office Systems Management (OSM) did not provide an on-going evaluation to determine whether vendors performed to House expectations. As a result, at least, one third of OSM customers were dissatisfied with vendors. This situation was primarily due to the lack of a contractual basis to enforce service responsibilities, the existence of generic maintenance agreements that did not specify vendor responsibilities, and the lack of assigned responsibility for vendor performance monitoring.

Although OSM tags equipment, sometimes by part, OSM does not take a physical inventory of House office equipment. As a result, the House is at risk of losing office equipment. This situation occurred because tracking inventory by component parts does not facilitate physical inventory inspection and OSM was not required to conduct periodic inventory inspections.

OSM management did not manage maintenance of computer equipment cost-effectively. OSM continued to pay maintenance fees for purchased equipment over six years old and of questionable utility. As a result, the House spent an estimated \$1.8 million annually to maintain outdated equipment. Responsibility for managing equipment disposal was split between OSM and House offices and neither analyzed the cost-effectiveness of maintaining outdated equipment.

OSM management did not manage leases on office equipment cost-effectively. OSM leased computer and other office equipment for House offices but was not responsible for terminating leases. We estimated the House spent, at least, \$136,200 annually for leases and related services on equipment that was outdated or could be bought-out. OSM management stated that House offices must request lease termination. However, little information was provided to the House offices to assess the utility of equipment they were leasing.

RECOMMENDATIONS

We recommend that the Chief Administrative Officer (CAO) develop proposals, for approval by the Committee on House Oversight, to: (1) assign responsibility for vendor monitoring to

either OSM or another appropriate CAO entity; (2) track office equipment inventory by operable units, rather than component parts; (3) conduct periodic physical inspections of equipment inventory; (4) implement formal policies and procedures to compare equipment's maintenance cost to its usefulness; (5) implement a policy for replacing equipment and terminating maintenance agreements as equipment becomes outdated; and (6) implement formal policies and procedures to monitor lease agreements on outdated equipment.

We also recommend that the Chief Administrative Officer: (1) develop contracts with explicit vendor responsibilities and terms and conditions to resolve performance issues; (2) use vendor cost and performance information in annual renegotiations of maintenance and support fees; (3) ensure that the new financial management system is configured to prompt Member offices when payments are being made on equipment over a specified age; and (4) alert Members when equipment becomes outdated.

MANAGEMENT RESPONSE

On July 10, 1995, the Office of the Chief Administrative Officer (CAO) fully concurred with the findings and recommendations in this report. The CAO is taking actions to implement the recommendations. On May 10, 1995 the Committee on House Oversight approved "Guidelines for the Purchase of Equipment, Software and Related Services by Offices of the U.S. House of Representatives" to replace the "Approved List" effective September 1, 1995. The CAO is taking actions to: (1) assign responsibility for vendor monitoring to OSM; (2) have OSM and the Office of Procurement and Purchasing develop contracts with adequate terms and conditions to resolve performance issues; (3) include cost and performance data in all contract negotiations; (4) conduct periodic physical inspections of equipment in Fiscal Year 1996; (5) prepare and submit policies and procedures for equipment maintenance costs to the Committee on House Oversight for approval; (6) implement a system to urge Member offices to terminate agreements on outdated equipment by October 1995; (7) ensure the new financial system notifies offices when payments are being made on equipment over a specified age; (8) prepare and submit for review by the Committee on House Oversight procedures to monitor equipment leases by October 31, 1995; and (9) implement a system by December 1995 to alert all House offices when equipment becomes outdated.

OFFICE OF INSPECTOR GENERAL COMMENTS

The CAO's actions are responsive to the issues we identified and, when fully implemented, should satisfy the intent of our recommendations.

STORAGE SPACE OCCUPIED BY OLD, OUTDATED ITEMS COSTS THE HOUSE \$170,000 ANNUALLY

Report No: 95-CAO-09

July 7, 1995

RESULTS IN BRIEF

CONCLUSIONS

Furnishings and P&D stored large quantities of obsolete, unused furnishings; overstocked office supplies; and outdated publications at the Star Warehouse. Keeping these items in storage cost approximately \$210,800 for the 15-month period ending December 31, 1994, or \$170,000 annually. The AoC provided the storage space to the House administrative offices without charge, thus reducing incentives to minimize storage requirements.

In 1993, the Warehousing Education and Research Council (WERC), a 3,000 member society of warehousing professionals, conducted a survey to document trends in warehousing costs, management, and strategy of its members. According to WERC, industry trends indicated a reduction in business use of warehouse facilities as a result of faster and more efficient transportation and enhanced product tracking systems. Furthermore, the report indicated that businesses, in order to eliminate unnecessary expenses, were not storing unused assets in warehouse facilities.

Beginning in October 1989, the House leased 44,860 square feet of storage space at the Star Warehouse. Furnishings occupied 27,500 square feet and P&D used the remaining 17,360 square feet. Furnishings maintained space at the Star Warehouse for surplus, unique furnishings, and items awaiting shop work. Approximately 72 percent of the furnishings at the warehouse had not been removed for six or more months. In addition, 60 percent of the furnishings in the warehouse were acquired before 1970. The items acquired before 1970 were fully depreciated and had no salvage value. According to the House Assistant Historian, they also had no recognized historic value.

Approximately 90 percent of the space allocated to P&D was occupied by outdated excess publications and packing materials. According to House officials, packing materials were rarely removed from the warehouse. P&D publications currently in circulation occupy the remaining 10 percent of storage space.

Inventory acquisition data indicated that furnishings stored over six months, outdated publications, and packing materials occupied approximately 34,000 square feet or 76 percent of the Star Warehouse used by the House. Keeping these items in storage cost approximately \$210,800. We calculated this figure by multiplying storage space occupied by the unused and

obsolete items by lease rates during the audit period (\$4.80 per square foot per year for October through December 1993 and \$5.00 per square foot per year for January through December 1994):

$$(\$4.80 \times 34,000/4) + (\$5.00 \times 34,000) = \$210,800$$

House administrative offices were allotted storage space at the Star Warehouse by the House Office Building Commission. No requirements existed for the allocation of space. The AoC paid the Star Warehouse lease and provided the space upon request and at no charge. As a result, incentives for House administrative offices to limit storage space were reduced. Furthermore, the lack of clear disposal guidelines prevented House administrative office managers from promptly removing obsolete and outdated items from storage.

RECOMMENDATIONS

We recommend the Chief Administrative Officer prepare proposals, for approval by the Committee on House Oversight, to:

1. Establish storage space fees.
2. Approve a formal, written policy to establish guidelines for the removal of obsolete and outdated items.
3. Modify the Star Warehouse lease by initiating one of the following options:
 - Option 1:** Discontinue the lease of three floors (33,000 square feet). (Approximately 11,000 square feet of storage space will remain available for carpet storage and furnishings in circulation. Disposal of outdated publications and excess, obsolete furnishings will be required.)
 - Option 2:** Terminate the lease. (Transfer current publications and furnishings in circulation to House Office building storage facilities. Disposal of outdated publications and excess, obsolete furnishings will be required.)

MANAGEMENT RESPONSE

On July 5, 1995, the Director of Internal Controls and Continuous Improvement on behalf of the CAO generally concurred with the findings, conclusions, and recommendations in this advisory memorandum. According to his response, the actions to be undertaken include (1) vacating the Star Warehouse and utilizing space at Fort Meade at no cost to the House, (2) developing and

submitting to the Committee on House Oversight for approval, formal written policies addressing storage and disposal of obsolete and outdated items, and (3) returning the Star Warehouse to the Architect of the Capitol and vacating the space by September 30, 1995. In addition, the issue concerning the assessment of storage space charges will be readdressed in September after the establishment of policies and identification of future needs.

OFFICE OF INSPECTOR GENERAL COMMENTS

The CAO's actions are responsive and should, when fully implemented, satisfy the intent of our recommendations.

HOUSE COMPUTER SYSTEMS WERE VULNERABLE TO UNAUTHORIZED ACCESS, MODIFICATION, AND DESTRUCTION

Report No. 95-CAO-18

July 18, 1995

RESULTS IN BRIEF

CONCLUSIONS

A high risk of unauthorized access, modification, and destruction of data residing on Member, committee, and other House offices computer systems existed within the House information systems environment. Systems supported by the House Information System (HIS¹) organization and outside vendors were vulnerable to external access. Weaknesses were noted throughout all processing environments, including HIS operations and office-level systems (i.e., local area networks, Internet², standalone microcomputers, and other distributed computing systems) at Member, committee, and House office locations. A comprehensive security risk program needed to be developed and major improvements were needed to improve controls over the integrity, confidentiality, and availability of information and systems.

There were a number of reasons for this conclusion:

No risk assessment model or data classification scheme existed to form a key component of an effective data security program. Security standards, policies, and procedures were neither consistently maintained nor enforced for HIS operations, office-level systems, or vendors to determine what information needed to be protected and what mechanisms needed to be implemented to protect sensitive data. In addition, a House-wide information security awareness program that educated users on the need for security did not exist.

The House lacked a formal, comprehensive data security program to help manage its information systems processing environment. Further, the HIS security function--responsible for overseeing and implementing House information systems security--was not adequately staffed nor appropriately placed within the HIS organizational structure. In addition, security background checks were not consistently performed for HIS employees

¹On July 14, 1995, HIS was renamed by the Committee on House Oversight and is now House Information Resources (HIR).

²The Internet is a large international network that connects many computer systems, providing network services including, electronic mail (i.e., e-mail), remote terminal sessions, and multi-media services such as the world-wide web.

and not performed at all for vendors. These deficiencies substantially increase the risk of unauthorized access and modifications to, and disclosure of, House information resources. Consequently, the House

was not assured that information resources were sufficiently protected from fraud, waste, unauthorized use, and mismanagement.

Disaster recovery planning and testing for the IBM mainframe processing environment supported by HIS were inadequate. In addition, no formal disaster recovery planning and testing existed for the telecommunications infrastructure. Furthermore, no formal disaster recovery planning and testing existed for the office-level computer processing environment, supported by both HIS and external vendors. As a result, the House could not be sufficiently prepared to handle potential business interruptions resulting from prolonged computer outages, emergencies, or disasters.

The House did not have adequate or appropriate security software controls in place over House information resources. Serious security control deficiencies were identified involving House e-mail systems, administration and implementation of Access Control Facility 2 (ACF2) security software controls, Customer Information Control System (CICS), access to sensitive production resources, and the use of a production scheduler. In addition, controls were inadequate over UNIX³ systems, local area networks (LANs), standalone microcomputers, file servers, and correspondence management system (CMS) operating systems and databases. Without effective security controls over information resources and user access to such resources, the House substantially increased the risk of unauthorized access and modifications to, and disclosure of, sensitive House data. Consequently, the House was not assured that information resources were sufficiently protected from fraud, waste, unauthorized use, and mismanagement.

Significant weaknesses existed in the data security environment surrounding remote dial-in access to office-level systems (see Report No. 95-CAO-01).

Significant weaknesses existed in the controls over access to the House network and Member office systems via the Internet through external agencies on CapNet⁴, the internal network connecting the various Legislative Branch agencies (see Report No. 95-CAO-03).

As the House moves to a more "open" and distributed environment, data security needs to be carefully managed, balancing the Member office needs to access a wide range of information via diverse technologies with the appropriate level of security over sensitive data, such as e-mail or Member correspondence.

³UNIX is a proprietary general-purpose multi-tasking operating system originally developed by Bell Laboratories and MIT and distributed by a number of vendors, including AT&T, SUN, Digital, and Hewlett Packard.

⁴CapNet is the internal network connecting the various Legislative Branch agencies, including the House.

RECOMMENDATIONS

We recommend that the Chief Administrative Officer develop proposals, for approval by the Committee on House Oversight, to: (1) implement a formal, comprehensive data security program; (2) establish a plan for adequately staffing a formal data security officer function, (3) establish a plan for expanding the data security function to include broader authority to address security on House information systems, all office-level systems, mainframes, and networks; (4) implement a House-wide information security awareness program; (5) implement a data security compliance structure and enforcement mechanism; (6) establish employee security clearances requirements; (7) implement a comprehensive disaster recovery plan and procedures for HIS operations (including backup arrangements for the Network Control Center) and office-level systems; (8) implement and update the business impact analysis for critical HIS systems as well as office-level systems and telecommunications links; (9) implement an e-mail system that supports the Data Encryption Standard; (10) establish data security procedures for LANs, standalone computers, and other distributed computing systems, including UNIX, Novell Netware, Windows NT, DOS, Windows, servers, and any other operating environments supporting House systems; and (11) implement appropriate physical and environmental controls surrounding microcomputers, servers, communications equipment, and other computing facilities for Member, committee, and other House offices.

We also recommend that the Chief Administrative Officer direct the Associate Administrator of House Information Resources to: (1) implement procedures for the ongoing maintenance of the business impact analysis and business recovery plan as well as comprehensive, routine (e.g., minimum once a year) testing of the plan. Additionally, a full data center "power-down" test should be included in the business recovery plan; (2) implement stronger ACF2 access controls over HIR; (3) schedule all production jobs, including ad hoc jobs, through the Control/M scheduling software package; and (4) enhance controls surrounding CMS systems to ensure that users can only access data through the designed application features and not by other means that circumvent the application system; and (5) develop a plan for approval by the Committee on House Oversight to perform periodic security reviews to ensure that adequate controls are in place to protect House data and other sensitive system files.

MANAGEMENT

On July 11, 1995, the Office of the Chief Administrative Officer (CAO) fully concurred with the findings and recommendations in this report. According to the response, numerous initiatives are either underway or planned to significantly improve security and integrity throughout the House information systems environment, including HIR. Examples of corrective actions taken and planned include: (1) restaffing of the data security function, including hiring a Security

Administrator; (2) developing and implementing a formal, comprehensive data security program; (3) preparing a proposal for approval by the Committee on House Oversight to provide HIR's security function broader authority for implementing stronger security controls over House information systems, office-level systems, network facilities, and mainframes; (4) instituting an internal data security compliance structure and enforcement program; and (5) establishing employee and vendor security clearance requirements.

In addition, the CAO intends to: (1) prepare a business impact and cost analyses that consider various levels of disaster recovery; (2) explore the feasibility of implementing DES encryption for House e-mail systems; (3) establish an audit service for providing periodic security reviews, and security consultation to offices; (4) implement more stringent prevention and detection mechanisms; and (5) revise security guidelines, including appropriate physical and environmental controls over desktop and in-office systems.

Currently, milestone dates for completion of these actions range from December 31, 1995 to February 1996. Milestone dates for completing the remaining tasks are dependent upon the approval of the CAO's data security proposal and selection of a Security Administrator.

OFFICE OF INSPECTOR GENERAL COMMENTS

The CAO's actions are responsive to the issues we identified and, when fully implemented, should satisfy the intent of our recommendations. Further, the milestone dates provided for selected actions appear reasonable. However, we would appreciate you providing us milestone dates for the remaining actions once a decision has been made on the CAO's data security proposal and the Security Administrator position is filled.

MEMORANDUM

TO: The Honorable Scot M. Faulkner
Chief Administrative Officer

FROM: John W. Lainhart IV
Inspector General

DATE: May 3, 1995

SUBJECT: Chief Administrative Officer: Member Computer Systems Security Weaknesses
(Report No. 95-CAO-01)

As part of our performance audit of House Information Systems (HIS) operations and Office-level computer security, we have reviewed a wide range of issues associated with computer security and control. During this performance audit, Price Waterhouse LLP identified certain security and control weaknesses which are described in detail in the confidential attachment.

The weaknesses identified in the attachment could expose information on Member computer systems to unauthorized access, disclosure, modification, or destruction. For example, as part of our normal security testing, we were able to access Member computer systems and view Member files. By gaining this access, we could have changed documents, passwords, and other sensitive information residing on these systems. Thus, the primary emphasis of the confidential attachment focuses on issues pertaining to access to Member computer systems. Other related security areas are still under review by Price Waterhouse LLP and the results of these reviews will be reported separately.

We discussed our observations and recommendations for initial corrective action with your Associate Administrator for Information Resources and Deputy Associate Administrators for Technology Resources & Electronic Dissemination and General Support & Special Services. Recommendations addressed the issues of:

- Security over access to systems;
- Log-on password control procedures; and
- Security over critical data and files.

All Members, whose computer systems are potentially impacted by the weaknesses we identified, have been notified. Furthermore, the initial corrective action steps identified by Price Waterhouse LLP are being expeditiously implemented by your staff in order to protect Member systems. Specifically, your staff immediately notified the computer system vendor and committed the needed HIS staff to ensure that the vendor takes the needed corrective actions.

This report has been prepared in order to immediately correct the identified weaknesses and is not intended to represent our final report on computer security issues.

If you should have any questions regarding the issues identified in this report, you can contact me on x61250.

Attachment

cc: Speaker of the House
Majority Leader of the House
Minority Leader of the House
Chairman, Committee on House Oversight
Ranking Minority Member, Committee on House Oversight
Members, Committee on House Oversight

MEMORANDUM

TO: Scot M. Faulkner
Chief Administrative Officer

FROM: John W. Lainhart IV
Inspector General

DATE: July 18, 1995

SUBJECT: Chief Administrative Officer: Internet Security Weaknesses
(Report No. 95-CAO-03)

As part of our performance audit of House Information Systems (HIS) operations and Office-level computer security, we have reviewed a wide range of issues associated with computer security and control. In addition to the issues noted in Report No. 95-CAO-01 (Chief Administrative Officer: Member Computer Systems Security Weaknesses), Price Waterhouse LLP has also identified certain Internet¹ security and control weaknesses which are described in detail in the confidential attachment. We recognize and very much support the House's efforts to improve and expand communication with the public; however, such a move should be tempered with a complete understanding of the risks associated with "open" access.

The weaknesses identified in the attachment could expose information on House computer systems, including Member, Committee and House Officer systems, to unauthorized access, disclosure, modification, or destruction. For example, as part of our normal security testing, Price Waterhouse LLP identified vulnerabilities and exploited them to gain the highest possible level of access to systems through the Internet. By gaining this access, we could have changed documents, passwords, and other sensitive information residing on these systems. Thus, the primary emphasis of the confidential attachment focuses on issues pertaining to access to House computer systems through the Internet. Other related security areas are still under review by Price Waterhouse LLP and the results of these reviews will be reported separately.

¹The Internet is a large international network that connects many U.S. government agencies, corporations, and academic institutions. It has expanded to provide as many as 20 million users with network services including e-mail, remote terminal sessions, and multi-media services such as the world-wide web

We discussed our observations and recommendations for initial corrective action with your Associate Administrator for Information Resources and Deputy Associate Administrator for Technology Resources & Electronic Dissemination. Recommendations addressed the issues of:

- Security over access to House systems;
- "Firewall"² security implementation strategies; and
- Data security policies and procedures over House systems.

We notified all offices in which Internet security vulnerabilities were identified during testing. Furthermore, the initial corrective action steps identified by Price Waterhouse LLP are being implemented by your staff in order to protect House systems. Specifically, your staff immediately committed the needed HIS resources to ensure that required corrective actions are expeditiously taken.

This report has been prepared in order to immediately correct the identified weaknesses and is not intended to represent our final report on computer security issues.

If you should have any questions regarding the issues identified in this report, you can contact me on x61250.

Attachment

cc: Speaker of the House
Majority Leader of the House
Minority Leader of the House
Chairman, Committee on House Oversight
Ranking Minority Member, Committee on House Oversight
Members, Committee on House Oversight

²A firewall is a combination of computer hardware and software designed to control the flow of information between an organization's internal systems and systems outside the organization.

**THE MANAGEMENT AND CONTROL OF THE HOUSE'S INFORMATION
SYSTEMS OPERATIONS SHOULD BE IMPROVED TO
BETTER MEET MEMBERS' NEEDS**

*REPORT No. 95-CAO-19
July 18, 1995*

RESULTS IN BRIEF

CONCLUSIONS

The House of Representatives (House) top management did not exercise adequate leadership and oversight over the application of information technology. In addition, House-wide goals and technology strategies were never established to meet the identified goals of common Member requirements. As a result, Member requirements were not channeled, documented, prioritized, or managed by a formal process to establish and drive House Information Systems (HIS) priorities. The lack of an Information Resources Management (IRM) executive steering committee to set common goals and strategic direction for meeting these goals resulted in multiple technology solutions to multiple Member goals.

The organizational structure of HIS had multiple groups performing similar functions resulting in organizational redundancies, inefficient use of resources, and inappropriate segregation of duties. These inefficient and ineffective uses of House resources occurred because quality assurance functions were not defined within the current organizational structure and the Change Control Administrator position was vacant. Furthermore, the Security Officer position was not adequately staffed or positioned within HIS to be effective.

HIS did not comply with the mandates of the House Employees Classification Act (2 U.S.C. 291 et seq.). Lacking or poor documentation, coupled with the complexity of multiple payroll adjustments per employee, a unique merit based pay scale, and retroactive payroll adjustments makes it difficult to accurately track employee performance or pay, and justify merit pay increases. In addition to these salary related personnel problems, HIS does not maintain an overall training plan that is based on House-wide goals and objectives.

For both internal and external customers of HIS' mainframe, the rates used for billing purposes were not updated in five years. Additionally, formal documented policies and procedures regarding the user chargeback process, including the Budget Office's role in rate development, rate updates, and competitiveness surveys did not exist. Furthermore, even if the rates were correct the way costs were allocated resulted in HIS internal customers being charged a lower rate than external customers.

HIS supported older and duplicate technologies resulting in inefficiencies and increased costs. Three examples of this situation were: (1) two Wide Area Networks (WANs) were supported to provide connectivity with Member district offices; (2) three backbone networks³ were supported to provide House-wide connectivity; and (3) three Digital Equipment Company VAX (DEC/VAX) computers that were not used but had not been excessed. No plans were in place for the efficient phase out of these older duplicate technologies.

House offices received the same services, such as training and technical support, from HIS and private vendors, resulting in duplication of effort and inefficient use of resources. Consequently, confusion and frustration occurred on the part of House office staff since it was unclear as to who should be called to correct a problem or to get needed training. Support relationships between HIS and vendors were not clearly defined. Additionally, although House office staff are satisfied with HIS information technology training classes, many were not aware of the classes or did not have time to attend.

RECOMMENDATIONS

We recommend that the Chief Administrative Officer develop proposals, for the approval by the Committee on House Oversight, to: (1) establish a charter for an information resources management (IRM) executive steering committee, chaired by a representative from the Committee on House Oversight, with representatives from Members, committees, House Officers, and House Information Resources (HIR); (2) develop and implement a comprehensive strategic information systems plan for the House including a formal process to identify, document, channel, analyze, prioritize, and manage a core set of common Member requirements; (3) reorganize HIS to include (a) a consolidated and streamlined systems development division or integration group, (b) an independent Quality Assurance function, and (c) Change Control Administrator position; (4) migrate HIS employees from the unique HIS merit-based pay scale to the House Employees Schedule, and enforce personnel policies mandated by the House Employees Position Classification Act (2 U.S.C. 291 et seq.), including documentation of periodic employee performance reviews; (5) develop and implement chargeback rates that reflect current processing costs; (6) establish policies and detailed procedures covering the maintenance, administration, and documentation of equitable chargeback rates and billing processes for internal and external customers; (7) develop a plan to replace older technologies and eliminate duplicate technologies; (8) clearly define the roles and responsibilities of the HIS support functions versus vendor support functions and eliminate duplication of effort; (9) implement a plan for notifying House offices of the content and schedule of training class offerings; and (10) provide additional forms of training, such as computer based training (CBT), that are available upon demand to House offices.

³Backbone networks interconnect office LANs.

We also recommend that the Chief Administrative Officer to identify and document critical processes and develop a comprehensive training program for House Information Resources (HIR) employees to build the knowledge base of the critical processes that support Member needs and services.

**MANAGEMENT
RESPONSE**

On July 11, 1995, the Office of the CAO generally concurred with the findings and recommendations in this report. As indicated in the response, the Committee on House Oversight has established a "Working Group on Computers," chaired by Congressman Ehlers, to provide strategic direction. The CAO explained that the restructuring of HIR will include the formulation and maintenance of a strategic information systems plan for the House, the consolidation of system development activities into a single organizational unit, and the consolidation of the training function into a single organizational unit within the Client Services group. Additionally, the CAO intends to: (1) place all HIR employees under the House Employees Schedule with mandated periodic employee performance reviews; (2) identify and document critical processes by October 1995; (3) have HIR review its accounting procedures with a view toward establishing accurate costs and a review of "charge back" rates; (4) strongly encourage Members to migrate from the Sprint private line network to the MCI frame relay service and from the ASN and Ethernet backbones to the FDDI network; (5) develop procurement procedures for computer-related equipment that will differentiate the support role of vendors and that of HIR staff; and (6) as part of the Office 2000 concept, rely on alternative forms of training such as Computer Based Training and multi-media.

**OFFICE OF INSPECTOR GENERAL
COMMENTS**

The CAO's completed, current, and planned actions are responsive to the issues we identified and, when fully implemented, should satisfy the intent of our recommendations.

**THE HOUSE NEEDS TO FOLLOW A STRUCTURED APPROACH
FOR MANAGING AND CONTROLLING SYSTEM DEVELOPMENT LIFE
CYCLE ACTIVITIES OF ITS COMPUTER SYSTEMS**

*Report No. 95-CAO-20
July 18, 1995*

RESULTS IN BRIEF

CONCLUSIONS

Computer systems developed at the House were not guided by a formal methodology. Without such a methodology the system development activities resulted in systems that did not meet user needs and were not cost-effective. Neither the Committee on House Administration nor House Information Systems (HIS¹) management mandated the use of a formal Systems Development Life Cycle (SDLC) methodology for HIS system development and maintenance efforts. Federal government and private sector best practices for systems development efforts require the use of a formal SDLC in order to minimize the risks associated with developing, purchasing, maintaining, and implementing systems.

The House developed, implemented, and continued to maintain numerous system solutions in-house, when comparable and less expensive systems may have been available commercially. For example, features similar to those of the in-house developed Integrated Systems and Information Services (ISIS) and Member Information Network (MIN) systems (which are legislative and news search and retrieval systems) are available in vendor solutions such as LEXIS/NEXIS and Legislate. The features of Micromin, which is an in-house developed Correspondence Management System (CMS), are available in at least 10 other vendor systems. Federal government regulations require the consideration of commercially available off-the-shelf systems during SDLC efforts.

¹On June 14, 1995, HIS was renamed by the Committee on House Oversight and is now House Information Resources (HIR).

RECOMMENDATIONS

We recommend that the Chief Administrative Officer direct the Associate Administrator of HIR to: (1) adopt a formal SDLC methodology that meets the requirements of the National Institute of Standards and Technology's FIPS Publications and Special Publication 500-153 for all system development efforts; (2) adhere to Federal government guidelines and use commercial software packages in lieu of in-house systems whenever cost-beneficial; and (3) perform a cost-benefit analysis to determine whether existing HIR systems that compete with commercially available off-the-shelf packages should continue to be maintained by HIR, and if not present a migration plan to the Committee on House Oversight.

MANAGEMENT RESPONSE

On July 11, 1995, the Office of the CAO fully concurred with the findings and recommendations in this report. As part of their system of continuous improvement, the CAO indicated that HIR will implement control mechanisms to insure that system development, maintenance, and operations will be performed in a businesslike manner. This will be achieved primarily through the implementation of an appropriate SDLC methodology and through the restructuring of HIR and the consolidation of all application and database activity. Furthermore, HIR has designated the Integration Group to be responsible for application system organization and will adopt the recommendation to buy commercial software packages rather than build software packages. Also, as part of the Office 2000 initiative, HIR will re-evaluate all the information retrieval systems and, as a result of the evaluation, decisions to phase out existing in-house developed systems will be presented to the Committee on House Oversight routinely for approval.

OFFICE OF INSPECTOR GENERAL COMMENTS

The CAO current and planned actions are responsive to the issues we identified and, when fully implemented, should satisfy the intent of our recommendations.

OPPORTUNITIES EXIST TO IMPROVE THE GENERATION OF LEGISLATIVE INFORMATION IN THE OFFICE OF THE CLERK

Report No: 95-CLK-13

July 18, 1995

RESULTS IN BRIEF

CONCLUSIONS

House of Representatives (House) bills were posted to the Internet prior to official approval. As a result, inaccurate and/or incomplete information could be disseminated to the public. This occurred because adequate policies and procedures were not established for dissemination of information.

The House Document Room did not effectively control the distribution and maintenance of documents. As a result, the House incurred additional costs in Calendar Year 1994 for the distribution and maintenance of paper documents. This occurred because management did not consider alternative methods of distributing and maintaining documents. Cost savings could be achieved if management took advantage of available electronic media and demand-based printing.

The Office of the Clerk did not effectively use electronic transfers of information to the Government Printing Office (GPO). As a result, the Office of the Clerk transfers about 75 percent of its legislative information to GPO in paper form creating considerable data re-entry costs and greater potential for data entry errors. This occurred because the Office of the Clerk did not have the capability to electronically transfer large volumes of data that adhere to GPO's printing requirements.

RECOMMENDATIONS

We recommend that the Clerk: (1) develop a proposal, for approval by the Committee on House Oversight, to implement policies and procedures regarding information dissemination; (2) publicize availability of documents on Internet and evaluate the cost of printing documents on demand; and (3) improve the electronic interface between the Clerk's Office and GPO.

MANAGEMENT RESPONSE

In the June 30, 1995 response to our draft report, the Office of the Clerk generally concurred with the findings and recommendations in this report. According to the response, the Committee on

House Oversight, on May 10, 1995, approved corrective actions proposed by the Clerk for the reorganization of the Clerk's offices to focus on electronic capabilities and information flow. In furtherance of these goals, the Clerk discussed with the Committee on House Oversight issues regarding proper operation and procedures for the distribution of documents, and modified operating practices in the Document Room to encourage the use of alternative sources of official documents. Pending the arrival of Xerox DocuTech equipment and software, print-on-demand capabilities will be increased. Further, the Clerk promised to conduct a detailed office-by-office review and expects findings in early July 1995 on the technical needs and other operational suggestions. Thereafter, consultation and approval by the Committee on House Oversight will be obtained in order to implement the required changes.

OFFICE OF INSPECTOR GENERAL COMMENTS

The Clerk's actions are responsive to the issues we identified and, when fully implemented, should satisfy the intent of our recommendations.

OPPORTUNITIES EXIST TO IMPROVE RESOURCE UTILIZATION IN THE OFFICE OF THE SERGEANT AT ARMS

Report No: 95-SAA-14

July 18, 1995

RESULTS IN BRIEF

CONCLUSIONS

Opportunities exist for the Office of the Sergeant at Arms (SAA) to utilize staff more efficiently and achieve cost savings. This is indicated by these facts:

Based upon a comparative analysis of similar Doorkeeper functions, the salary package received by Doorkeeper personnel (i.e., Doormen, Attendants, and Supervisors) was excessive. Despite working only 1,165 hours in calendar year 1994, the Doorkeeper personnel received an annual salary based on a full-time equivalent work year. As a result, the House overpaid Doorkeeper personnel \$552,050 in total salary by not linking pay to actual time worked. Management could have reassigned personnel to better utilize them when Congress was out of session but did not do so.

In Fiscal Year (FY) 1994, House Parking had 42 employees to operate 13 parking facilities. Compared to local parking management staffing practices, House Parking facilities were 56 percent overstaffed. We estimate the overstaffing resulted in \$468,000 in wage and benefit costs. House Parking management did not take steps to minimize costs with the use of different length shifts or part-time workers.

During FY 1994, compensation levels for House parking employees were 75 percent higher than equivalent positions in the private sector. This resulted in excess costs of \$378,000. Because parking was formerly under the Architect of the Capitol (AoC), parking attendants continued to be paid on the AoC wage scale which is higher than parking industry average wages.

House Parking did not maintain adequate controls over parking permit issuance to Members and House employees. Numerous permanent and temporary permits were often issued for a single vehicle. As a result, the potential existed for unauthorized personnel to have access to House parking facilities. House Parking internal controls allowed permits to be issued based on any combination of employee name, vehicle make, and license plate number.

The Identification Office workload was subject to fluctuations. An analysis of the identification badges issued showed that the demand for services was significantly

affected by the day of the week and month of the year. The Identification Office was unable to determine the appropriate resource allocation necessary to meet these demands. As a result, full-time staff was underutilized in some periods and overburdened in others. The Identification Office did not maintain time and attendance records to capture hours worked and was also unable to monitor workload fluctuations or trends.

RECOMMENDATIONS

We recommend that the Sergeant at Arms: (1) propose to the Committee on House Oversight (Committee) to either pay Chamber Security Aides on an hourly basis or reassign personnel to other duties when the House is not in session; (2) propose to the Committee that House parking facilities be staffed according to garage and lot peak and non-peak activity; (3) propose to the Committee that House parking personnel be placed under the House Employees Schedule at a rate that more closely reflects private industry standards or assign them additional duties; (4) assign parking permits by a unique, unalterable identifier; (5) improve workload planning within the Identification Office; and (6) institute a formal training program for temporary staff.

MANAGEMENT RESPONSE

On June 28, 1995, the SAA generally concurred with the findings and recommendations in this report. As indicated in his response, the SAA planned actions include: (1) effective September 1, 1995, restructuring the Office of Doormen and the Gallery Doormen, reducing personnel when the House is not in session, and paying personnel based upon House Schedule, level 3, for all non-Administrative staff; (2) effective July 2, 1995, taking control of the House Parking system, initiating title and job description changes for all current House garage employees, and conducting a study to establish more effective use of all personnel employed in the House Garage System; (3) effective October 1, 1995, transferring all House garage employees from the AoC wage scale to the House Employees Schedule, with the assessment of current salaries and compensation for all garage employees and increased responsibilities for all garage employees; (4) effective July 2, 1995, issuing parking permits and initiating a study to review all aspects of the current parking permit system; (5) expanding the Identification Office's daily issuance log to provide statistical analysis of badge issuance to improve manpower planning; and (6) implementing a training program for temporary staff, cross-training current employees, and reviewing the use of contract employees for peak periods.

OFFICE OF INSPECTOR GENERAL COMMENTS

The SAA's actions are generally responsive to the issues we identified and, when fully implemented, should satisfy the intent of our recommendations.