

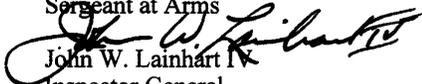
Office of Inspector General
U.S. House of Representatives
Washington, DC 20515-9990

MEMORANDUM

TO: Scot M. Faulkner
Chief Administrative Officer

Robin H. Carle
Clerk of the House

Wilson L. Livingood
Sergeant at Arms

FROM: 
John W. Lainhart IV
Inspector General

DATE: July 18, 1995

SUBJECT: Audit Report - The House Needs To Integrate Planning And Financial
Management To Improve Productivity, Performance, And Accountability
(Report No. 95-CCS-12)

This is our final report on the performance audit of administrative office planning and financial management. The objective of the audit was to assess opportunities to improve planning and financial management. In this report, we identified problems associated with administrative office planning and financial management within the House and made recommendations for corrective actions.

In response to our June 13, 1995 draft report, your offices concurred with our findings and recommendations. The formal management responses provided by your offices are incorporated in this final report and included in their entirety as appendices. The corrective actions taken and planned by your offices are appropriate and, when fully implemented, should adequately respond to the recommendations.

We appreciate your offices' positive response and concurrence with the recommendations, and the courtesy and cooperation extended to us by your staff. If you have any questions or require additional information regarding this report, please call me or Craig W. Silverthorne at (202) 226-1250.

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

**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 RESPONSE

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 COMMENTS

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.

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I. INTRODUCTION

Background

Planning requires setting clear goals and then determining the optimum way to achieve those goals. Performance measures are developed and used to measure organizational success in meeting these goals. Short-term planning focuses on the activities in the next year and is usually done concurrently with the formulation of the following year's budget. Long-term planning focuses on activities beyond the next year's cycle. Successful planning allows the organization to answer these questions:

- What is our mission?
- What strategies will we use to accomplish our mission?
- How will we allocate resources to achieve those strategies?
- Have we been successful?

Financial management includes activities to administer and control resources, liabilities, and the flow of resources. These activities include funds management, accounts payable, disbursements, accounts receivable, personnel and payroll, capital and fixed assets, inventory, and cost allocation of overhead expenses. The financial management system provides the information necessary to monitor, control, and manage these activities.

Planning and financial management are interrelated. After an organization sets goals and objectives, it can allocate resources accordingly to meet these objectives. Comprehensive, coordinated planning and financial management allow the organization to measure outcomes, thereby, enabling it to assess and improve productivity and performance and maintain accountability.

Objectives, Scope, And Methodology

Our objectives were to evaluate the adequacy and effectiveness of the planning and financial management activities for administrative offices that support the legislative process. This review encompassed the period of October 1, 1993 through December 31, 1994. We conducted our audit work during the period of March through May 1995.

To gather and verify data, we interviewed key personnel and reviewed planning documents and financial management reports. Specifically, we interviewed key personnel in the organizational units that reported to the Clerk of the House (Clerk), the Sergeant at Arms (SAA), the former Office of the Director of Non-legislative and Financial Services, and the former Doorkeeper.

These key personnel did planning and financial management activities in their respective organizational units.

We conducted our review in accordance with *Government Auditing Standards*, issued by the Comptroller of the United States. The methodology used to evaluate the adequacy and effectiveness of short- and long-term planning for House administrative offices included the following steps:

- Determined whether current planning processes exist and whether they guide day-to-day activity and management.
- Determined the extent to which planning is a systematic process with periodic milestones.
- Determined the extent to which planning activities are codified in formal goal statements and short- and long-term action plans.
- Evaluated the success of existing planning efforts by comparing stated goals with actual performance.
- Selected key areas and established performance measures to assess the extent of planning.

The methodology used to evaluate the ability of House administrative offices to effectively conduct financial management activities included the following steps:

- Reviewed current financial management policies, procedures, and systems to ensure that they met laws, House requirements, and best financial management practices.
- Established the type of financial information necessary for organizations to manage operations.
- Determined existing financial and performance measures and evaluated their appropriateness for managing operations.
- Assessed the need for allocating overhead expenses.
- Evaluated financial management information alternatives.

Internal Controls

This review evaluated internal controls related to planning and financial management. We found significant weaknesses in the planning process as described in Finding A and in the financial management process as described in Finding B.

Prior Audit Coverage

No prior audits were performed related to this area.

II. FINDINGS AND RECOMMENDATIONS

Finding A: Lack Of Formal Planning Prevents House Administrative Offices From Assessing Performance Or Improving Operational Efficiency

The House of Representatives (House) lacked a formal strategic planning and performance measurement process to guide short- and long-term planning done by administrative offices. Without these processes that define the mission, goals and objectives of administrative functions and measure outcomes, offices could not effectively prioritize or evaluate the cost-efficiency of activities. The 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.

Many public sector organizations have adopted or are in the process of initiating strategic planning activities. The Government Performance and Results Act, as amended, for instance, requires Executive Branch agencies to develop:

- Strategic plans that include a mission statement, goals, and objectives, and the operational processes, skills, technology, and resources required to meet goals and objectives.
- A performance plan, consistent with the agency's strategic plan, that covers each activity set forth in the budget.
- Performance indicators to measure and assess outputs, service levels, and outcomes.

Agencies are required to compare actual program results with the established performance goals.

Lack of a formal strategic planning process

Planning occurred in conjunction with the formulation of the following year's budget for each administrative office. Rarely did an office consider its goals and objectives when determining the specific activities conducted and the associated resource requirements. Only House Information Systems (HIS) and the Office of Telecommunications formulated detailed planning documents to guide the allocation of resources for operational activities.

In 1994, the Office of the Clerk required offices under its purview to complete annual reports. These reports delineated the mission of the office, activities and achievements completed during Calendar Year (CY) 1993, and objectives for the coming year. However, these were prepared at the beginning of the calendar year rather than at the time of budget preparation. Furthermore, offices did not allocate resources or assess performance based on the objectives outlined. The

Office of the Clerk and the individual offices used the reports only to record activities and achievements. No annual reports were prepared for CY 1994.

House Officers (e.g., Clerk, SAA, Doorkeeper, and Director of Non-legislative and Financial Services) lacked a strategic plan to provide vision and direction for management of operations, allocation of human resources, technology, capital and fixed assets, and management of inventory. For example, as discussed in a prior audit report,¹ the House continued to fund the Financial Management System development project without considering the long-term organizational needs of the House. Although HIS developed a strategic planning document, the objectives outlined were not aligned with overall organizational needs, and the project exceeded its original budget by, at least, five times during the 9-year project life cycle. Without the benefit of the overall strategic plan and procedures and processes, administrative offices have made poor resource allocation decisions.

Lack of performance measures

During the audit period, none of the offices reporting to the Director of Non-legislative Services, Doorkeeper, SAA, or Clerk developed performance measures to assess performance in relation to office goals, objectives, and cost-effectiveness. Resources were expended during the year as needs arose, independently of goals and objectives. As an example, Office Systems Management (OSM) established a 5-year useful life for leased equipment. However, OSM did not assess whether leases were terminated in accordance with this established objective. Of the leases we reviewed, 28 percent were more than 6 years old. Five percent were more than 10 years old. Specifically, the House should have terminated the leases or purchased the equipment after five years, in accordance with its established objective. During the audit period, the lack of performance measurement resulted in a \$1 million expenditure on equipment leases and related services that were outdated. With little emphasis on outputs and accomplishments, managers had little incentive to concentrate on the cost-effectiveness of operations.

In addition, House Officers did not recognize the need for coordinated strategic planning and performance measurement and lacked procedures and processes to guide these activities. Thus, administrative offices that supported the legislative process only focused on meeting Members' needs. While this was an appropriate activity, planning was usually performed only to meet these short-term operational demands, and performance measurement was not even considered.

¹Office of Inspector General Audit Report, Proposed New Financial Management System Will Not Meet The House's Needs And Should Be Terminated, Report No. 95-CAO-02, May 12, 1995

As Figure 1 illustrates, each administrative office should define its mission, goals and objectives, then develop realistic strategies to translate the goals into measurable actions. Performance indicators should be developed to measure these actions. Only then can each office allocate resources to enable strategy implementation. Performance would be evaluated by comparing performance indicator information to individual office's goals and objectives.

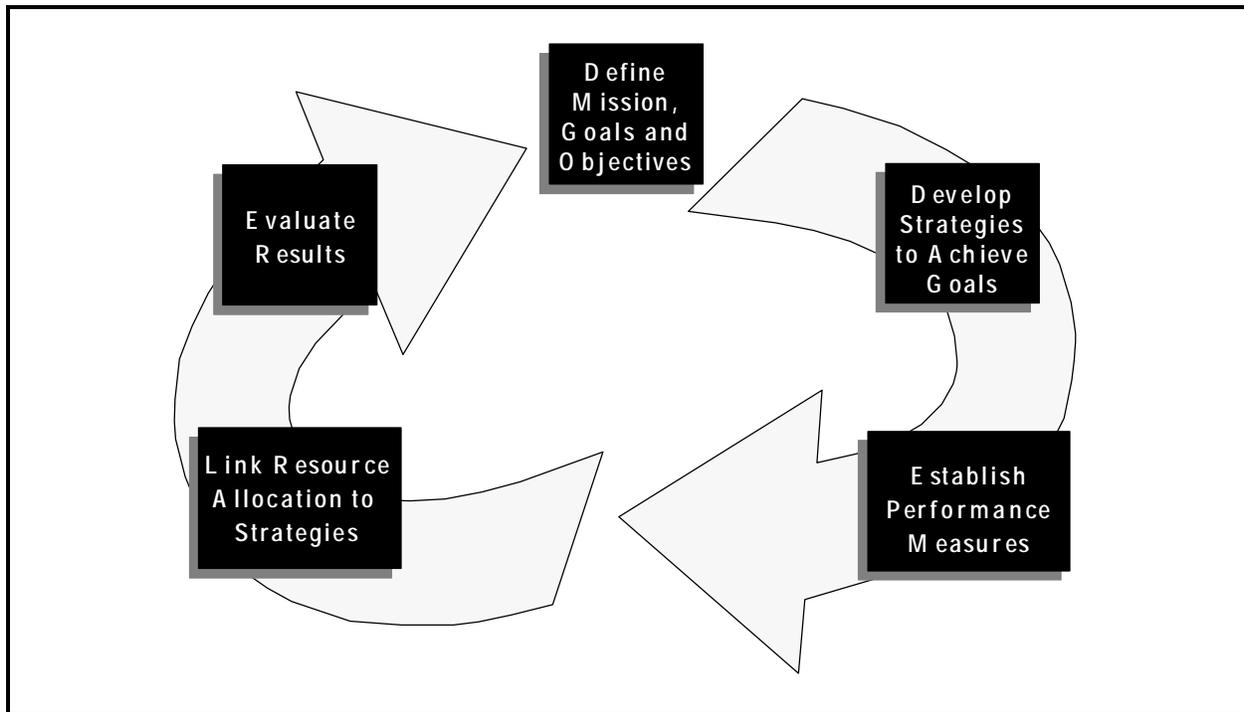


Figure 1 - The Planning Cycle

The cycle would continue as each office uses the performance results to redefine and realign its mission, goals, and objectives. These continuous planning activities would provide the administrative offices with priorities and guidelines for day-to-day managerial decisions to support overall House planning.

Recommendation

We recommend that the Chief Administrative Officer, in conjunction with the Clerk of the House and the Sergeant at Arms, develop a proposal, for approval by the Committee on House Oversight, to implement policies and procedures to establish a coordinated, strategic planning, and performance measurement process.

Management Response

On July 5, 1995, the Office of the Chief Administrative Officer fully concurred with this finding and recommendation (see Appendix A). According to his response, a complete review of the planning and budget preparation process will be performed later this year and recommendations submitted to the Committee on House Oversight.

On June 30, 1995, the Office of the Clerk generally concurred with this finding and recommendation (see Appendix B). The Clerk noted that at the beginning of the 104th Congress the Committee on House Oversight established a regular hearing process for House Officers and the annual appropriations process requires similar hearings by the House Committee on Appropriations.

On June 28, 1995, the Office of the Sergeant at Arms generally concurred with this finding and recommendation (see Appendix C). The SAA has appointed a member of his staff as a Strategic Planning Officer. This individual will receive training in strategic planning management activities and will monitor all short- and long-term goals of the SAA office.

Office of Inspector General Comments

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

Finding B: Inadequate Financial Management Impedes Fiscal Monitoring And Control

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.

Financial management encompasses budget formulation and execution, program and administrative accounting, cash management, personnel and payroll, travel, procurement, and control of inventory and property. A financial management system is the means to integrate budget, financial, and performance information to monitor, control, and manage these activities. An adequate financial management system allows managers to:

- Collect, classify, analyze, and report data for financial decision making.
- Process, control, and account for financial transactions and resources.
- Generate financial information to support organizational mission.
- Ensure adequacy, consistency, and timeliness of financial information.
- Evaluate results and assess opportunities for improvement.

During the audit period, each administrative office performed financial management activities using individually developed methods and procedures. Limited in scope, these activities focused on managing expenditures and receipts rather than managing the total resources of the office. For example, administrative offices relied on financial information from the Financial Management System (FMS) to track financial activity. On a monthly basis, the Office of Finance generated a hard-copy FMS Official Expense Report, specific to the administrative organization. The report listed expenditures and receipts. Of the 17 administrative offices we reviewed, 13 used the FMS monthly report to examine expenditures and receipts. (See Figure 2.) However, the FMS monthly report did not provide information at a level of detail commensurate with each administrative office's needs. FMS lacked the capability to generate detail or summary reports showing expenditures, receipts, obligations, receivables, and available funds by general ledger, office, and cost center. As a result, during the audit period administrative offices were unable to use FMS to track their budget to actual balances. Further, since this report was

delivered up to two weeks after the end of the reporting period, the administrative offices did not have access to this information on a timely basis.

We conducted a customer satisfaction survey and found that:

- 78 percent of support staff considered the financial performance reports received insufficient for decision making; and
- 69 percent indicated it would be helpful to receive additional financial performance reports.

Six administrative offices that we reviewed had created internal tracking systems to capture obligations and receivables in response to the need for financial information (see Figure 2). Expenditures and receipts were reconciled to the FMS report and entered into the internal tracking system. The remaining 11 offices we reviewed had not developed the internal capacity to monitor this information. Only five offices tracked obligations when incurred to determine the balance of available funds.

Offices were unable to access payroll, procurement, inventory, or other financial management information from the FMS report. The Payroll Department used a separate system to generate a Personnel Certification Report. This report included a list of employees and their associated monthly payroll costs. This report, however, failed to give offices a breakdown of hours worked by employee or employee leave status, because FMS was not designed to capture this information, as discussed in the prior OIG Financial Management System report.

Consequently, some offices tracked personnel, procurement, and inventory information using internal mechanisms. However, the ad hoc analysis of reports supplied by the Office of Finance and the internal tracking performed by some offices did not facilitate administrative offices to manage:

- Resource balances, including cash, receivables, inventory, and property.
- Liabilities, including accounts payable, and accounts receivable.
- Resource flows, including personnel, payroll, travel, procurement, and other obligations.

Figure 2 describes the analysis and tracking of finances conducted by the 17 offices. Column headings explain how various reports or reporting systems support financial management.

Administrative Organizations 103rd Congress	Ad hoc Analysis	Internal Tracking	
		Monthly	Immediate
Office of the Clerk			
Office of the Sergeant at Arms			
Office of Finance			
House Information Systems			
Postal Operations			
Printing Office			
Office of Telecommunications			
Office Furnishings			
Office of Systems Management			
Office of Supply Services			
Food Services			
House Child Care Center			
House Recording Studio			
Personnel Benefits Office			
Office of Fair Employment			
Office of Employee Placement			
Office of Employee Assistance			

Figure 2 - Analysis And Tracking Of Finances

- **Ad hoc Analysis** is an analysis of the FMS Report of Expenditures and Receipts. Thirteen administrative organizations do an ad hoc analysis. For example, the Office of Telecommunications and Office Furnishings (Furnishings) used the FMS Report to track their operational budgets (personnel and non-personnel).
- **Internal (monthly)** is an analysis of information from an internal tracking system which updates the information monthly.
- **Internal (immediate)** is an analysis of information from an internal tracking system which updates the information immediately when an obligation is incurred. For example,

the Office of Telecommunications and Furnishings used an internal tracking system for service/program budgets.

Administrative offices' inability to monitor and control the fiscal impact of their organizational activities resulted in significant reprogramming of funds. For example, in fiscal year (FY) 1994 the House reprogrammed \$30 million to meet its budgetary needs. Funds were transferred from prior year appropriations and other FY 1994 appropriations.

In addition, offices under the Office of the Clerk were not required to adhere to their individual budgets. While budgets were created for each office, the total amount of funds appropriated for the Office of the Clerk was considered transferrable based on individual office need. For example, the Printing Office purchased a \$17,000 imaging system with funds that were not budgeted for this office.

House offices lacked policies, procedures, and standards of accountability which could have helped administrative offices integrate planning, budget formulation, and financial management functions. An integrated financial management system, which includes planning and budgeting as well as financial management (as discussed in the prior OIG Financial Management System report), would have facilitated the ability of administrative offices to collect, classify, analyze, and report information needed to allocate resources, procure items, and maintain inventory cost-effectively.

The planning process establishes the organization's mission, goals, objectives, and strategies (see Figure 3). Each administrative office should formulate its budget by allocating resources in direct relation to planned goals and strategies. The office would execute the budget through day-to-day financial management activities and in conformance with the same goals and strategies used to formulate the budget.

The Chief Administrative Officer (CAO), Clerk, and SAA should periodically review and evaluate the administrative offices and hold them accountable for their performance results. This, in turn, would drive the planning process and lead to the revision and development of strategies, goals, and programs during the budget formulation process. This results-oriented, mission-driven budgeting process is part of a continuous cycle that drives the formulation and execution of future budgets.

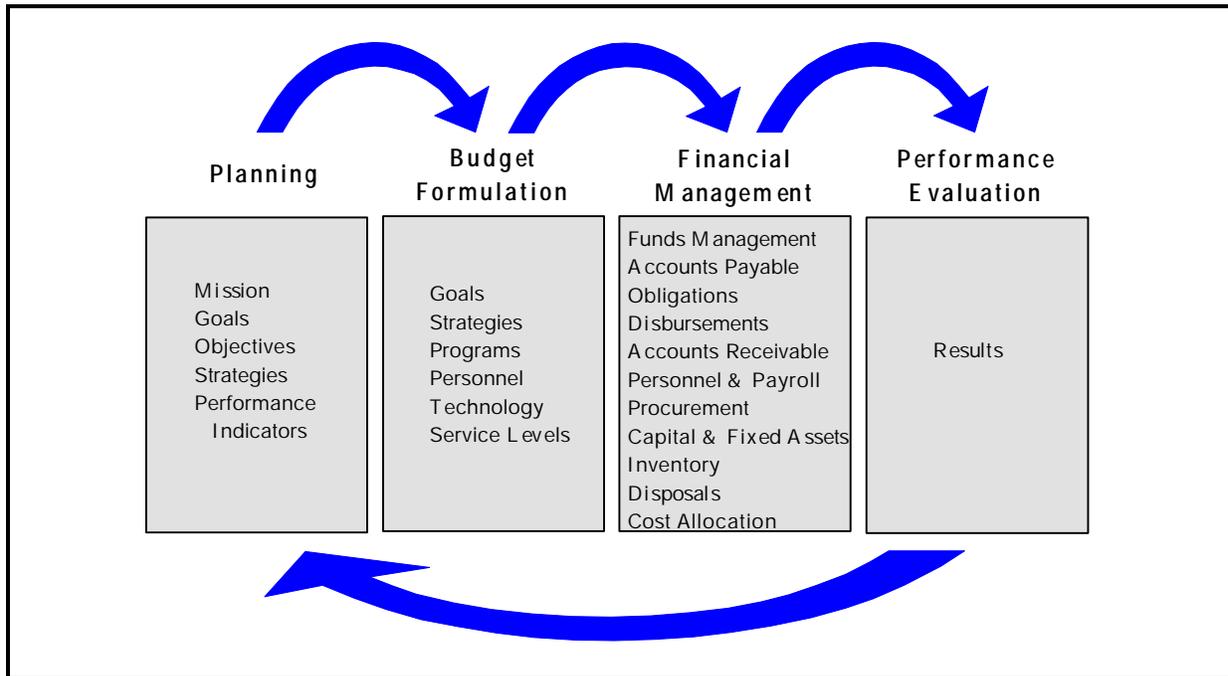


Figure 3 - The Planning and Financial Management Cycle

Working with the Committee on House Oversight, the CAO, in conjunction with the Clerk and SAA, should institutionalize this continuous process in the House administrative offices. Key elements include the following:

- Set written expectations to formalize planning and integrate it with budget formulation.
- Communicate throughout the organization that House Officers are committed to planning, financial management, and measurement of results.
- Establish clear policies and procedures and train employees in planning, budget formulation, financial measurement, and performance measurement to ensure consistency throughout the organization.

Recommendation

We recommend that the Chief Administrative Officer, in conjunction with the Clerk of the House and Sergeant at Arms, develop a proposal, for approval by the Committee on House Oversight, to integrate budget formulation and financial management into the planning process.

Management Response

On July 5, 1995, the Office of the CAO fully concurred with this finding and recommendation (see Appendix A). The CAO noted that the anticipated October 1, 1995 implementation of the new financial system should facilitate their ability to fulfill this recommendation. Integration of budget information and financial management into the planning process will begin in FY 1996 with full implementation expected before October 1996.

On June 30, 1995, the Office of the Clerk generally concurred with this finding and recommendation (see Appendix B). However, 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 generally concurred with this finding and recommendation (see Appendix C). The SAA agreed 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 Comments

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

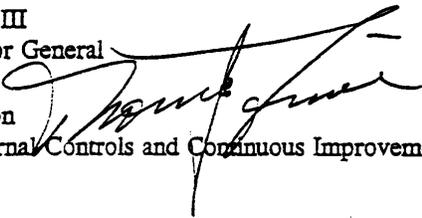
With respect to the Clerk's and SAA's comment regarding the wording on the CAO's delegation of review authority, we have revised the text of this finding to clarify our original intent.

APPENDIX A

Office of the
Chief Administrative Officer
U.S. House of Representatives
Washington, DC 20515-6860

MEMORANDUM

TO: Robert B. Frey III
Deputy Inspector General

FROM: Thomas J. Simon 
Director of Internal Controls and Continuous Improvement

DATE: July 5, 1995

SUBJECT: Draft Audit Report - Planning and Financial Management

We appreciate the opportunity to comment on your draft report. We deeply appreciate your efforts and are in general agreement with the findings and recommendations. Specific comments on each recommendation follow. If there are any questions or additional information required regarding this reply, please contact me at (202) 226-1854.

Finding A

Recommendation: 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. The new process will be part of a system of continuous improvement.

Finding B

Recommendation: A new financial system, including the anticipated cross servicing effective October 1, 1995, should give the ability to implement this recommendation. Work will begin on integration of budget formulation and financial management into the planning process during fiscal 1996 with full implementation prior to October 1996.

APPENDIX B

Response to Price Waterhouse Draft Audit Report Entitled:
"The House Needs to Integrate Planning and Financial Management to
Improve Productivity, Performance and Accountability"

CLERK'S REPLY: Integrated Planning and Financial Management

Recommendation #1: Coordinated Strategic Planning

The Clerk supports a common approach among the House Officers on the setting and reporting of goals and the establishment of performance measurement procedures. However, the Price Waterhouse review fails to note the existence of current oversight and reporting procedures, a point critical to understanding the inner administrative workings of the House of Representatives.

Although House Officers are semi-independent daily administrators of basic operations, they are elected by the House membership and directly report on a daily basis to the Committee on House Oversight (formally the Committee on House Administration) and the House Appropriations Subcommittee on the Legislative Branch. No activities or actions are possible until first authorized by the Committee on House Oversight and funds appropriated by the Appropriations Committee.

It is incorrect to believe that House Officers are free to set, implement and later independently judge outcomes separate of the current oversight structures. Secondly, the coordination of goals among House Officers is clearly a function of the committees as well. Generally, House Officers' operational goals, projects and outcomes are openly discussed in public hearings. At the beginning of the 104th Congress, the Committee on House Oversight established a regular hearing process for House Officers and the annual appropriations process requires similar hearings in the House Committee on Appropriations.

Recommendation #2: Integrated Budget and Financial Management

The Clerk supports the establishment of a common planning and financial management cycle (as illustrated in Figure 3, pg 11) and would suggest this procedure already exists both internally and externally. In addition to the steps outlined, additional formal steps of review by the Committee on House Oversight and the Committee on Appropriations should be included.

Current program goals are identified by the House Officers specific to their operations, forwarded to the CHO and the House Appropriations Subcommittee on the Legislative

Branch as part of the normal oversight and appropriations process as better detailed in my reply to Recommendation #1. Coordination of House Officers, activity review and outcome evaluation relative to House Officers' budgets are all conducted by these oversight entities.

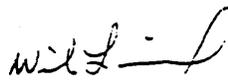
I have several concerns with the Price Waterhouse suggestion (Page 10, Paragraph 6) that one House Officer should conduct oversight authority over other House Officers. Instead, I would suggest that this is the proper role of the existing authorizing oversight committee and the appropriate appropriations subcommittee.

APPENDIX C

Office of the Sergeant at Arms
U.S. House of Representatives
Washington, DC 20515-6634

MEMORANDUM

TO: Inspector General

FROM: Wilson Livingood 

DATE: June 28, 1995

SUBJECT: Draft Audit Report - The House needs to integrate planning and financial management to improve productivity, performance, and accountability

Having reviewed your memorandum of June 13, 1995 entitled *The House needs to integrate planning and financial management to improve productivity, performance, and accountability*, I am forwarding my responses to your findings and recommendations.

Finding A: Lack of formal planning prevents House administrative offices from assessing performance or improving operational efficiency. On page six, the report recommends policies and procedures be developed to establish a coordinated strategic planning and performance measurement process. The Sergeant at Arms concurs with this assessment and has appointed a member of the 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 this office.

Finding B: Inadequate financial management impedes fiscal monitoring and control. On page eleven, the report recommends that a proposal be forwarded to the Committee on House Oversight to integrate budget formulation and financial management into the planning process. I agree that this integration is sound fiscal responsibility.

However, I take exception to the statement in paragraph five on page ten contending "The Chief Administrative Officer (CAO) should delegate review authority, (possibly to a representative from the office of Finance), to periodically evaluate administrative offices to hold them accountable for their performance results". I believe that possibly the CAO could assist each officer with the review of their own office performance results, however, it is important to note that the Members of Congress (House Oversight Committee, which authorizes the funding and the Appropriations Committee, which provides the funding) already perform such a task.

Office of Inspector General
U.S. House of Representatives