

**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: Findings And Recommendations Extract From Performance And Financial  
Statements Audits - Compilation Report (Report No. 95-HOC-25)

Attached is a compilation report containing the report titles and associated findings and recommendations extracted from 21 performance audit reports and the financial statements' internal controls report prepared by Price Waterhouse LLP and my staff. The reports focused on economy, efficiency, and effectiveness issues as well as the internal controls environment in various House administrative operations.

The information presented in this compilation report is intended to facilitate a quick, high-level review and provide a summary reference of the 226 recommendations submitted to the appropriate House Officer(s) for implementation. A similar report (*Results In Brief Extract From Performance Audits of House Operations - Compilation Report, Report No. 95-HOC-24*) that presents more in-depth summary information 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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# **FINDINGS AND RECOMMENDATIONS EXTRACT** **FROM PERFORMANCE AND FINANCIAL** **STATEMENT AUDITS - COMPILATION REPORT**

## **Problems Plagued The House's Financial Operations (Report No. 95-CAO-16)**

### **Finding A: Archaic Accounting Policies, Methods, Practices, And Systems Contributed To Poor Financial Management**

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

1. Ensure that the integrated financial management system, which the CAO already committed to implement, complies with Joint Financial Management Improvement Program (JFMIP) requirements and is coordinated with the efforts and needs of other House offices.
2. Implement accrual basis accounting and accounting principles and standards generally accepted in the Federal government and the 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.

### **Finding B: Finance Operated In An Outdated, Inefficient, And Paper Driven Environment**

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

1. Take advantage of the implementation of the new financial management system to redesign and streamline Finance processes. For example, by integrating payroll, general ledger, and funds control, the House can eliminate much of the work Finance performs in entering transactions more than once and reconciling manual and automated systems.
2. As a means of enhancing accountability, develop a system for measuring Finance's performance that is integrated with the financial management system.

**Finding C: Poor Funds Control Put The House At Risk Of Overspending Its Appropriations**

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

1. Institute budget controls to obligate, or reserve, funds before ordering goods and services and verify that funds are available before they are obligated.
2. Provide information to Members, committees, and other House offices on how much money they have spent versus what they were budgeted.

**Finding D: Deficiencies In Budgeting, Monitoring, And Accounting For Member Allowances Increased Risk Of Overspending And Impaired Accountability**

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

1. Align the amounts appropriated for Members' staff salaries, office expenses, and mail costs with the amounts of the Members' allowances.
2. Refine budget formulation procedures to develop budgets by individual Members that are reflective of their actual spending patterns, and that appropriately consider full cost allocation of goods and services provided by the CAO.
3. Combine all three allowances into one to save Members and Finance the time and effort currently used to process transfers among the allowance accounts.
4. 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.
5. Provide Members with more detailed financial information about the status of their allowance based on both commitments they have made and money they have spent.
6. Initiate an in-depth evaluation of Finance and Member records of the five Members who appear to have overspent their Fiscal (FY) 1994 allowances, and take appropriate actions as warranted.

Implementation of the above recommendations depends upon the House's ability to implement a new financial management system that will provide the information necessary to both manage Members' allowances and appropriations. For example, establishing budgetary control at the time the House commits itself to purchase goods and services will require a systemic method of accumulating and summarizing ordering and contractual documents. Similarly, a system is needed to summarize this information in ways that are meaningful and useful to Members and CAO personnel.

**Finding E: Ineffective Controls And Policies Related To Travel Reimbursement And Government-Furnished Charge Cards**

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

1. Require travel vouchers to be filed within 30 business days of completing the travel or within seven business days of receipt of supporting documentation, whichever is later.
2. 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.
3. Initiate an in-depth evaluation of travel vouchers that are missing original receipts to determine whether the House has already paid those costs.
4. End the practice of granting exceptions to rules, procedures, and guidelines.
5. Remind Members and staff that the government-furnished charge cards are not to be used for personal items.
6. Initiate an in-depth review of Finance, Member, and staff records of the 2,200 pairs of potentially duplicate travel payments, and take appropriate actions, as warranted; and implement computer analyses to review potential duplicates on an ongoing basis.

**Finding F: The Committee On House Administration Approved \$530,000 In Retroactive Salary Adjustments**

We recommend that the Chief Administrative Officer develop proposals, for approval by the Committee on House Oversight, to enforce the rules in the *Congressional Handbook* prohibiting retroactive salary adjustments for Members' staff and establish written rules prohibiting them for other House employees.

**Finding G: Payroll Policy And Late Submissions Added To Manual Processing And Led To \$299,000 In Overpayments To Employees**

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

1. Enforce *Congressional Handbook* rules and require Members, committees, and House offices to submit Payroll Authorization Forms (PAFs) on time.
2. 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.
3. Assign responsibility to Finance for pursuing collection of salary overpayments if the employing office's efforts prove unsuccessful after one month.
4. If the decision is made to contract for payroll processing, use competitive bidding.

# Continuation Of Member Services Operations Threatened By High Operating Costs And Numerous Internal Control Deficiencies (Report No. 95-CAO-08)

## **Finding A: Member Services Payroll Operation Is Not Cost-Effective**

We recommend that the Chief Administrative Officer develop a proposal, for approval by the Committee on House Oversight, to:

1. Implement one of the following corrective actions:
  - Option 1:** If a commercial off-the-shelf package is selected to replace Members' payroll in-house, ensure that a system of internal controls 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 recommend that the Chief Administrative Officer:

2. Immediately implement those recommendations marked with a diamond, ' involve serious integrity exposures, as an interim measure, independent of the payroll options being deliberated.

## **Finding B: Improvements Needed Over Computer Facility Controls**

We recommend that the Chief Administrative Officer:

1. Implement adequate security measures, including (a) timely updating of authorized individuals and adequate accounting of keys, to ensure that improper disclosure of sensitive Member information will not occur and (b) limiting access to Room HB-1 to only those individuals whose specific job functions require such access.
2. Establish and implement adequate environmental controls and procedures to ensure the safety of office personnel and to minimize potential loss of equipment, data, and Member information.
3. Implement a vendor preventive maintenance schedule to reduce potential equipment failure or interruption which may delay monthly distribution of Members' paychecks.

4. Establish and implement backup and recovery procedures to ensure that computer operations, for significant hardware processes, can continue uninterrupted.

**Finding C: Contingency/Disaster Recovery Planning Needs To Be Established**

We recommend that the Chief Administrative Officer:

1. Establish a business resumption and contingency plan and assign responsibilities to appropriate individuals.
2. Ensure that Member Services disaster recovery policies and procedures are developed, routinely tested, and adequately maintained.

**Finding D: Data Security Controls Should Be Implemented**

We recommend that the Chief Administrative Officer:

1. Review and evaluate the entire security administration functions of the AS/400.
2. ❖ Modify system installed default values to reflect a secure and controlled environment.
3. ❖ Modify the system security level so that access is adequately restricted and system integrity can be achieved.
4. ❖ Change the IBM-supplied user profiles default passwords.
5. ❖ Develop and implement procedures for monitoring the system key lock as well as the physical security of the keys.

**Finding E: Software Maintenance Program Is Non-Existent**

We recommend that the Chief Administrative Officer:

1. Review the payroll process and application documentation in order to implement application program changes to eliminate the processing on parallel systems.
2. Evaluate current and future system requirements and upgrade system software to meet the requirements of the House of Representatives.

**Finding F: Improvements Needed Over Data Integrity And Reliability**

We recommend that the Chief Administrative Officer:

1. ❖ Obtain qualified assistance to help Member Services staff review the source code and related data for state tax withholding to ensure the accuracy and reliability of the formulas and data related to tax deductions.
2. ❖ Direct Member Services to implement procedures to ensure that taxes are withheld from formerly elected Members during transition periods.
3. ❖ Ensure that thrift savings and other deductions are properly identified.

**Finding G: Controls Over Members' Payroll Checks Need To Be Strengthened**

We recommend that the Chief Administrative Officer:

1. Establish and implement adequate procedures to separate duties and responsibilities over the Member payroll check process and implement dual control for check processing procedures.
2. Limit access to resources to authorized individuals and periodically monitor and maintain currency of authorizations.
3. ❖ Establish periodic combination lock changes for the Finance vault, particularly when key individuals change jobs.
4. ❖ Ensure that backup tapes for monthly payroll are stored in an off-site location with adequate security.
5. Implement procedures so that an independent review of checks be performed to ensure the accuracy of the check log and integrity of checks processed.

**Finding H: Separation Of Duties Needs To Be Enforced**

We recommend that the Chief Administrative Officer:

1. Review the responsibilities between the data entry, hardware operations, application programming, and security administration functions for the AS/400 computer system and Liberty application software.
2. ❖ Identify and implement compensating controls that would improve separation of duties for each job responsibility.

**Finding I: Software Licensing Agreements Cannot Be Ignored**

We recommend that the Chief Administrative Officer:

1. ❖ Determine the extent and eliminate the use of unlicensed software in Member Services.
2. ❖ Implement procedures to ensure compliance with copyright laws and prevent the use of unauthorized software.

## **Proposed New Financial Management System Will Not Meet The House's Needs And Should Be Terminated (Report No. 95-CAO-02)**

### **Finding A: The New Financial Management System (FMS) is Functionally Inadequate and Should be Terminated**

We recommend that the Chief Administrative Officer:

1. Terminate the new FMS and eliminate it as a viable option for a future FMS.
2. Develop a comprehensive set of functional requirements for a new FMS, taking into consideration the information and processing needs of the House, the U.S. Standard General Ledger, the JFMIP Federal Financial Management System Requirements, Generally Accepted Accounting Principles, Statement of Federal Financial Accounting Standards, and all applicable House regulations.
3. In the interim, explore options available for a new FMS, including commercial off-the-shelf software packages and cross-servicing arrangements with other Federal agencies.

### **Finding B: Top Management Involvement/Oversight and Adoption of a Formal System Development Life Cycle (SDLC) Methodology are Needed to Guide Future FMS Development Efforts**

We recommend that the Chief Administrative Officer:

1. Establish a top management steering committee to approve overall FMS goals and funding, monitor progress, resolve issues in a timeframe consistent with schedule commitments, and ensure that best practices are followed in the development of the new FMS.
2. Adopt and implement a formal SDLC methodology to guide future FMS development efforts.

# **The House Beauty Shop's Management Controls Do Not Adequately Safeguard Assets Or Ensure Compliance With The Law**

## **(Report No. 95-CAO-21)**

### **Finding A: House Beauty Shop (HBS) Revolving Fund Is Deficient**

We recommend that the Chief Administrative Officer:

1. Develop, implement, and utilize budgetary controls which ensure that funds are available for obligation or expenditure before they are authorized.
2. Ensure that financial information is timely, complete, and accurate to assist in making sound business decisions.
3. Implement policies for adequate segregation of functions which separate operational responsibility from record-keeping responsibility.

### **Finding B: Cash Management Controls Need Improvement**

We recommend that the Chief Administrative Officer:

1. Limit employees' access to the computerized cash register.
2. Ensure that the HBS deposits all cash receipts intact by 1:00 p.m. on the next work day.
3. Develop and implement policies for adequate segregation of functions which separate: (a) the custody of assets from accounting; (b) the authorization of transactions from the custody of related assets; and (c) operational responsibility from record-keeping responsibility.
4. Develop a comprehensive manual that clearly identifies management's policies and procedures and provides detailed guidance for processing all transactions and other significant events related to cash management.
5. Ensure that documentation such as authorized service and retail price lists and completed customer tickets are maintained and readily available for examination.
6. Implement an independent verification policy which assures that management's internal control policies and procedures are effective and consistently being followed.

**Finding C. Computer Controls Need Improvement**

We recommend that the Chief Administrative Officer:

1. Modify the HBS computer's logon procedures (a) to require all employees to enter a password when recording their starting and ending work times, and (b) to limit unauthorized access to record and change transactions.
2. Document the HBS computer system and provide this documentation to the user.
3. Establish and implement backup procedures and a data recovery plan.
4. Modify the HBS computer's financial reports subsystem to provide the capability of generating complete financial statements.

**Finding D: Inventory Controls Need Improvement**

We recommend that the Chief Administrative Officer:

1. Ensure HBS management routinely performs periodic reconciliations of the computerized perpetual inventory reports with the physical inventory on-hand and adjusts the balances accordingly.
2. Develop and implement a retail inventory pricing policy and ensure this policy is readily available for examination.
3. Record professional inventory used on customer sales tickets and enter these products in the computer when recording customer sales.
4. Modify the HBS computer's inventory subsystem to provide: (a) the cost of items purchased; (b) the aggregate cost of quantities on hand; and (c) the subtotals for each class of inventory.

**Finding E: Further Actions Needed To Correct GAO-Identified Weakness**

We recommend that the Chief Administrative Officer ensure that monthly cash reconciliations between the HBS and Office of Finance records are performed and all discrepancies corrected.

**Finding F: Noncompliance With Title 2, United States Code, Section 96**

We recommend that the Chief Administrative Officer ensure that disbursements made from the HBS Revolving Fund are only for HBS expenses.

# **The House Gift Shop's Internal Controls Need To Be Improved (Report No. 95-CAO-05)**

## **Finding A: Account Structure Needs Improvement**

We recommend that the Chief Administrative Officer:

1. Develop and document an adequate chart of accounts that will include all necessary accounts to provide monthly financial statements.
2. Document transaction sets used by the financial system; determine whether they are adequate to meet reporting requirements; and if necessary, ensure that the needed changes are made to the financial system.

## **Finding B: Cash Management Controls Need Improvement**

We recommend that the Chief Administrative Officer:

1. Implement a cash management policy which, at a minimum, ensures:
  - a. individual accountability over cash resources;
  - b. safe combinations are changed on a periodic basis and whenever an employee no longer requires access to the safe;
  - c. checks are endorsed upon receipt; and
  - d. on-hand cash resources do not exceed necessary cash level requirements.
2. Change the current safe combination immediately.

## **Finding C: Capital Costs Are Understated**

We recommend that the Chief Administrative Officer:

1. Implement a policy which allows for the capitalization of costs, when appropriate, regardless of the source of funds.
2. Identify the amount of capital costs associated with the startup of the Gift Shop and record such amounts in the accounting records and financial statements.

## **Finding D: Operational Policies Are Not Clearly Defined**

We recommend that the Chief Administrative Officer:

1. Request the Committee on House Oversight to provide:
  - a. formal clarification on what constitutes recoverable costs;

- b. formal clarification on the markup policy;
  - c. formal clarification on the rounding policy; and
  - d. approval to sell items bearing the seal of the House of Representatives without the Committee on House Oversight's advance approval.
2. Develop and document operational policies which incorporate the results of the formal clarifications and approvals obtained in the above recommendation.

**Finding E: Operating Procedures Are Not Properly Documented**

We recommend Chief Administrative Officer continue current efforts to document Gift Shop operating procedures, to ensure the completeness of these procedures, and to review existing procedures to ensure their adequacy.

**Finding F: Automated System Controls Need Improvement**

We recommend that the Chief Administrative Officer develop a contingency plan for the Gift Shop's automated system.

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

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

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.

### **Finding B: Inadequate Financial Management Impedes Fiscal Monitoring And Control**

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.

## **Lack Of Sound Personnel Policies And Procedures Could Cost The House Millions (Report No. 95-CCS-10)**

### **Finding A: The House Paid Excess Benefit Contributions Due To Inadequate Leave Compensation Procedures**

We recommend that the Chief Administrative Officer, in conjunction with the Clerk of the House and Sergeant at Arms, develop legislation and guidelines for approval by the Committee on House Oversight on lump-sum payments for unused annual leave. This legislation can be similar to existing House Rule 3. The proposed guidelines should ensure consistent application of the Rule across House offices. For instance, the guidelines may include a definition of whether leave days are based on calendar or work days.

### **Finding B: The House Budgeted \$241,000 For The House Placement Office (HPO), Which Was Only Used To Place Two Percent Of All House Hires**

We recommend that the Chief Administrative Officer, in conjunction with the Clerk of the House and Sergeant at Arms, prepare a proposal, for approval by the Committee on House Oversight, to implement one of the following options:

- Option 1:** Require all House offices to request assistance from HPO for all job openings.
- Option 2:** Use the HPO to refer applicants for non-legislative House positions only.
- Option 3:** Eliminate the HPO.

### **Finding C: Reasons For Pay Increases Of \$563,000 To Non-Legislative Employees Are Undocumented In Official Personnel Files**

We recommend that the Chief Administrative Office, 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 amend the Classification Guidelines to:

1. Require that documentation supporting pay increases, other than longevity increases, be kept in Official Personnel Files;
2. Revise the Payroll Authorization Form to include such information as the type of pay increase (e.g., promotion, reclassification); and
3. Require periodic independent audits of personnel files.

**Finding D: The House Is Unable To Determine Employee Time Benefits Accurately Due To Missing Or Incomplete Leave Records**

We recommend that the Chief Administrative Officer, in conjunction with the Clerk of the House and Sergeant at Arms, develop proposals, for approval by the Committee on House Oversight, amending the House Leave Regulations to:

1. Establish new time and leave tracking procedures that capture information needed to accurately compute overtime, compensatory time, and annual leave due to employees. This may include eliminating leave cards as they now exist, and replacing them with timesheets.
2. Require each work location to establish one designee to collect and verify time and leave data.
3. Require periodic independent audits of time and leave records.

**Finding E: The Lack Of Basic Personnel Records Exposes The House To Legal Risks**

We recommend that the Chief Administrative Officer, in conjunction with the Clerk of the House and the Sergeant at Arms, develop a manual of uniform human resources policies and procedures, for approval by the Committee on House Oversight, addressing: (a) employee hiring procedures to include public job announcements, application closing dates, current position descriptions with job responsibilities, and candidate evaluation criteria; (b) an employee performance appraisal system to include objective evaluation criteria, periodic review, confidentiality, and employee access to review own file; (c) employee dismissal procedures to include documented performance, verbal warnings of unacceptable performance, written warning of unacceptable performance, and probation period; (d) descriptions and instructions on documentation requirements; (e) centralization of all personnel records in the Benefits Office; and (f) periodic independent audits of personnel files.

## **Standardized Processes Are Needed To Create An Efficient And Effective Procurement System (Report No. 95-CAO-11)**

### **Finding A: Lack Of Standardized Procurement Policy Resulted In Inefficient And Ineffective System**

We recommend that 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 with the responsibility and authority to institute and maintain an effective and economical program for purchasing. Specific responsibilities should include the following:
  - Ensure standardized policies and procedures are implemented and followed;
  - Train procurement staff in administrative offices in their duties and responsibilities;
  - Develop policies and procedures manuals for distribution to all affected offices; and
  - Coordinate, control and monitor procurements to ensure they are conducted in a fair and competitive manner.
2. Implement a systematic and coordinated planning process for procurement activities.
3. Include definitional requirements for the information needed to integrate a procurement budgeting and planning process in new FMS specifications.
4. Implement standardized procurement procedures that include:
  - Detailed steps to conduct solicitations, standard forms for Request for Proposals (RFP) documents, and standardized language for terms and conditions;
  - Standardized procurement forms including requisitions, purchase orders, contracts, and vouchers;
  - Detailed contract administration procedures, including contract monitoring and close-out procedures; and
  - Standard documentation procedures to strengthen internal controls, including the type of documents to be prepared, the authorization/approval process for these documents, and the retention period.
5. Implement: (a) a standardized vendor selection and monitoring process that includes procedures to systematically gather and use ongoing performance information on vendors; and (b) a computerized vendor database system to manage a vendors list and provide vendor specific performance information.
6. Incorporate performance criteria into all contract and purchase order agreements.

**Finding B: Accounts Payable Process Is Labor Intensive And Paper Driven**

We recommend that the Chief Administrative Officer develop a proposal, for approval by the Committee on House Oversight, to include integrated procurement information specifications, in accordance with JFMIP guidance, and remote access to administrative office users in the new financial management system specifications.

**Finding C: Unrealistic Deadline Caused An Error In The House Restaurant System (HRS) RFP And Resulting Contract**

We recommend that the Chief Administrative Officer develop a proposal, for approval by the Committee on House Oversight, to resolve the labor costs dispute associated with the Marriott/Thompson food services contract.

## **Changes in Operating Practices Could Save Publications & Distribution \$5.5 Million Annually (Report No. 95-CAO-04)**

**Finding A: In Calendar Year (CY) 1994 The House Paid \$1,871,000 For Idle Time In The Folding Unit And Overpaid Non-Supervisory Folding Unit Employees By \$668,000**

We recommend that the Chief Administrative Officer develop a proposal, for approval by the Committee on House Oversight, to close the Folding Unit and competitively procure these services from private lettershops. As an alternative, Members could contract with lettershops directly, either in Washington, D.C., or in their own districts.

**Finding B: In CY 1994 House Mail Operations Paid \$1,354,000 For Idle Time, Overpaid Non-Supervisory Employees By \$372,000, And Could Have Saved \$446,000 With Better Use Of Time, Equipment, And Work Space**

We recommend that the Chief Administrative Officer develop a proposal, for approval by the Committee on House Oversight, to close Mail Operations and competitively procure these services from private vendors.

**Finding C: The House Lost \$42,000 In Delivery Fees For Magazines And Newspapers Between October And December 1994**

We recommend that the Chief Administrative Officer develop a proposal, for approval by the Committee on House Oversight, to collect a uniform \$0.10 fee for delivering all newspapers, magazines, and publications.

**Finding D: The House Paid \$632,000 For Window Operations Services That Could Be Provided By Vending Machines Or Other Postal Facilities**

We recommend that the Chief Administrative Officer develop a proposal, for approval by the Committee on House Oversight, to:

1. Discontinue Window Operations.
2. Install a U.S. Postal Service Self Service Postal Center in the Longworth Building to sell stamps and express and priority mail.
3. Install stamp vending machines in the other four buildings with installation and maintenance provided by the U.S. Postal Service.

**Finding E: The House Will Lose \$42,000 In Rental Revenue During The First Year Of The House Printers Contracts**

We recommend that the Chief Administrative Officer develop a proposal, for approval by the Committee on House Oversight, to cancel the existing contracts and competitively procure House Printers, at specified rental rates that are consistent with local rates.

## **Changes in Operating Practices Could Save Media Services \$1.7 Million Annually (Report No. 95-CAO-06)**

### **Finding A: Operational Changes To House Radio And Television (TV) Production Services Could Result In \$1.48 Million Of Annual Savings**

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

1. Reduce the cost of House radio and TV production services, duplication services, and floor coverage by selecting and implementing one of the following options:
  - Option 1:** Contract out for House radio and TV production, duplication services, and floor coverage. (The House could establish a contract with one or more commercial vendors in the Washington, D.C. area. A help desk could be established to assist Members in scheduling appointments, or Members could purchase required services directly on an as-needed basis.)
  - Option 2:** Close two to three radio studios and one TV studio and reduce staffing to reflect Member demand for radio and TV production, duplication services, and floor coverage. (The House could reduce in-house costs by eliminating excess studio capacity and reducing staffing. It would be more cost-effective to maintain a minimum level of resources necessary to satisfy routine demand. Unusual or peak demand could be contracted for from local commercial vendors.)
  - Option 3:** Continue to provide in-house radio and TV production, duplication services, and floor coverage, and take steps to align in-house costs, user charges, and market value, through a combination of cost reductions and price increases. (Staff scheduling could be improved using split shifts and part-time workers to reduce idle time.)
2. Consolidate all photo lab services within the Photography Studio.

### **Finding B: Operational Changes To The Photography Studio Could Improve Services And Save At Least \$250,000 Annually**

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

1. Implement improvements in efficiency and effectiveness of in-house photography services by: (a) charging Members and committees to take pictures based on an hourly basis; (b) utilizing part-time photographers; (c) establishing inventory controls

- for keeping cameras and film locked, monitoring photographer's film usage, and counting inventory each month; and (d) establishing an accounting and management reporting system to provide accurate and timely management information.
2. Implement improvements in efficiency and effectiveness of photo lab services by selecting and implementing one of the following options:
- Option 1:** Improve in-house photo lab services by: (a) eliminating the distribution of free prints and set prices to process film based on unit production costs; (b) using part-time lab technicians; (c) establishing performance measures to monitor and control lab supply waste; and (d) establishing inventory controls for film processing supplies.
- Option 2:** Contract with a vendor for photo lab services.

## **Changes In Operating Practices Could Save Office Supply Store And Gift Shop \$1.3 Million Annually (Report No. 95-CAO-07)**

### **Finding A: Modifications To Supply Store Inventory Practices Could Save The House Approximately \$810,000 In Labor Costs And \$250,000 In Inventory Maintenance Costs**

We recommend that the Chief Administrative Officer prepare a proposal, for approval by the Committee on House Oversight, for closing the Supply Store and replacing it with a contractor.

### **Finding B: The House Lost \$240,000 In CY 1994 On American Flag Sales To The General Public**

We recommend that the Chief Administrative Officer prepare a proposal, for approval by the Committee on House Oversight, to modify the pricing policy to recover the full cost of flags sold to the public.

### **Finding C: The House Gift Shop Lost \$90,000 During The First Four Months Of Operation**

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

**Option 1:** Contract out the Gift Shop.

**Option 2:** Continue to operate the Gift Shop and address the four fundamental problems. The shop's charter would need to be revised to require the store to be a self-supporting and profitable operation. This means the shop would operate on a full-cost basis, paying all fixed and variable costs with revenues generated by the Gift Shop. The following four issues also must be addressed:

Pricing Policy--An increase in the markup from 20 percent to 36 percent would have been sufficient to cover labor costs in CY 1994.

Labor Costs--Labor costs need to be bought in line with private sector costs.

Merchandise--Continue efforts to stock store merchandise that appeals to the public, specifically tourists.

Location--Locating the shop in a higher traffic flow area would increase the number of customers and increase shop revenues.

## **Changes in Operating Practices Could Save Office Furnishings \$1 Million Annually (Report No. 95-CAO-15)**

### **Finding A: Office Furnishings Was Staffed Inefficiently And Built And Repaired Furnishings In A Non-Cost Effective Manner**

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

1. Evaluate customer furnishings needs and preferences on an ongoing basis.
2. Phase out old non-functional furnishings with ergonomic, modern furnishings over the next nine years.
3. Develop a staffing plan for Office Furnishings which is more closely aligned to maintaining minimum levels of resources necessary to satisfy routine demands.
4. Take into consideration the first three recommendations and specifically address the continued need for Office Furnishings in-house resources, and
  - reduce staffing down to minimum levels, supplementing staff levels with overtime, temporary staff, or contractors during peak periods; or
  - eliminate and contract out the Office Furnishings functions.

We also recommend that the Chief Administrative Officer :

5. Implement, within the future financial management system, an automated cost accounting module that includes all relevant overhead costs, and supports furnishings acquisition decisions and management reporting needs.

### **Finding B: The Work Order System Requires Excess Resources To Process Transactions And Track The Location Of Assets**

We recommend the Chief Administrative Officer:

1. Identify Office Furnishings' work order system needs.
2. Develop a proposal, for approval by the Committee on House Oversight, to procure a commercially available computer package with capabilities to adequately meet the needs identified above.

## **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)**

### **Finding A: The House Lacks A Process To Monitor Cost, Quality, And Timeliness Of Vendor Services**

We recommend that the Chief Administrative Officer develop a proposal, for approval by the Committee on House Oversight, to:

1. Assign responsibility for vendor monitoring in accordance with one of these options:  
**Option 1:** Realign Office System Management's function with its mission to include vendor monitoring.  
**Option 2:** Assign the vendor monitoring role to another CAO entity.

We also recommend that the Chief Administrative Officer:

2. Implement contracts with explicit vendor responsibilities and terms and conditions to resolve performance issues; and
3. Use vendor cost and performance information in annual renegotiations of maintenance and support fees.

### **Finding B: Inadequate Inventory Controls And Procedures Expose The House To Possible Equipment Loss**

We recommend that the Chief Administrative Officer develop and propose system requirements, policies, and procedures, for approval by the Committee on House Oversight, to:

1. Track office equipment inventory by operable units, rather than component parts.
2. Conduct periodic physical inspections of equipment inventory.

**Finding C: Split Responsibility For Ending Maintenance Fees For Purchased Equipment Cost The House, At Least, \$1.8 Million Annually In Maintenance Costs For Outdated Equipment**

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

1. Implement formal policies and procedures to compare equipment's maintenance cost to its usefulness.
2. Implement a policy for terminating maintenance agreements as equipment becomes outdated.

We also recommend that the Chief Administrative Officer:

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.

**Finding D: Leases On Outdated Equipment And Services Cost, At Least, \$136,200 Annually**

We recommend that the Chief Administrative Officer develop a proposal, for approval by the Committee on House Oversight, to:

1. Implement formal policies and procedures to monitor lease agreements on outdated equipment.

We also recommend that the Chief Administrative Officer:

2. Alert House offices when equipment becomes outdated.

## **Storage Space Occupied By Old, Outdated Items Costs The House \$170,000 Annually (Report No. 95-CAO-09)**

**Finding:      Furnishings and Publications & Distribution Stored Large Quantities of Obsolete, Unused Furnishings; Overstocked Office Supplies; and Outdated Publications**

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.)

## **House Computer Systems Were Vulnerable To Unauthorized Access, Modification, And Destruction (Report No. 95-CAO-18)**

### **Finding A: The House Should Establish And Implement A Comprehensive Data Security Program For Both House Information System (HIS) Operations And Office-Level Systems**

We recommend that the Chief Administrative Officer immediately prepare 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, including a job vacancy announcement for an experienced data security officer, reporting to the Associate Administrator of House Information Resources (HIR).
3. Establish a plan for expanding the data security function to include broader authority to address security on all office-level systems including local area networks (LANs), personal computer systems, and other Transmission Control Protocol/Internet Protocol based systems connected to the House network. (The data security function should be granted the authority to set minimum data security requirements and to monitor and enforce adherence to such requirements on a regular basis.)
4. Implement an information security awareness program to communicate employee and vendor security responsibilities.
5. Implement a data security compliance structure and enforcement mechanism.
6. Implement a formal risk assessment model and data classification scheme.
7. Review staff positions to determine the associated level of risk and need for employee security clearances; incorporate security clearance requirements into each staff position description; and implement security clearances as required for Executive Branch employees under Federal Personnel Management Regulations.
8. Establish vendor contracts that include provisions to support House security standards, policies, and procedures.

### **Finding B: Improvements Needed In Disaster Recovery Planning And Testing For HIS Operations And Office-Level Systems**

We recommend that the Chief Administrative Officer immediately prepare a proposal, for approval by the Committee on House Oversight, to:

1. Implement a comprehensive disaster recovery plan that outlines specific disaster recovery procedures and responsibilities for both HIS operations (including the identification and coordination of a backup arrangement for the Network Control

- Center), and office-level systems.
2. Implement and update the business impact analysis identifying those business processes and systems that are critical to the business continuity of the organizations supported by HIS, as well as office-level systems and telecommunications links supporting Member, committee, and other House operations currently not addressed by the existing mainframe data center disaster recovery plan. (Member, committee, and other House office representatives should be included in this re-evaluation.)

We also recommend that the Chief Administrative Officer:

3. Evaluate backup and business recovery alternatives that would facilitate recovery of those critical business processes and systems identified by the business impact analysis and select the most appropriate alternative.
4. 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.

**Finding C: Security Controls Over User Access To System Resources Should Be Restricted To Job Responsibilities**

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

1. Implement an e-mail system that supports Data Encryption Standard encryption.
2. Establish data security procedures for LANs, stand-alone computers, and other distributed computing systems, including UNIX, Novell Netware, Windows NT, DOS, Windows, file servers, and any other operating environments supporting House systems to improve office-level security.
3. Implement appropriate physical and environmental controls surrounding microcomputers, servers, printers, communications equipment, and other computing facilities for Member, committee, and other House offices.

In addition, we recommend that the Chief Administrative Officer:

4. Establish the following controls to improve House Information Resources' management and implementation of Access Control Facility 2 (ACF2) security:
  - Implement ACF2 over all online mainframe applications, including FMS;
  - Remove the online access to the Customer Information Control System (CICS) password file;
  - Administer all passwords through ACF2;
  - Justify the need for all special ACF2 access privileges;
  - Limit the "Non-Cncl" privilege to only those users who require access;

- Create an ACF2 emergency logon identifications (IDs) for occasions that require sensitive access;
  - Record and review detail activities during use of emergency logon IDs;
  - Remove the Account privilege for divisional security administrators; and
  - Review and restrict, where appropriate, ACF2 access privileges to production libraries.
5. Schedule all production jobs, including ad hoc jobs, through the Control/M scheduling software package.
  6. Enhance controls surrounding Correspondence Management System(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.
  7. 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.

## **Member Computer Systems Security Weaknesses (Report No. 95-CAO-01)**

The weaknesses identified in the report could expose information on Member computer systems to unauthorized access, disclosure, modification, or destruction. Therefore, this material is deemed confidential.

Two findings and eight recommendations were contained in the report which addressed the issues of:

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

## **Internet Security Weaknesses (Report No. 95-CAO-03)**

The weaknesses identified in the report could expose information on House computer systems, including Member, committee and House Officer systems, to unauthorized access, disclosure, modification, or destruction primarily through the Internet. Therefore, this material is deemed confidential.

Three findings and ten recommendations were contained in the report which addressed the issues of:

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

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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)**

### **Finding A: Executive Oversight And Involvement Is Needed To Establish House-wide Goals And Technology Strategies**

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

1. Establish a charter for an Information Resource Management executive steering committee, chaired by a representative from the Committee on House Oversight, with representatives from Members, committees, House Officers, and HIR.
2. Develop and implement 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.

### **Finding B: The HIS Organizational Structure Should Be Optimized To Improve Efficient Use Of Resources**

We recommend that the Chief Administrative Officer develop a proposal for a reorganization of HIS, for approval by the Committee on House Oversight, to:

Consolidate and streamline systems development into one system development division or integration group;  
Implement an independent quality assurance function; and  
Staff the Change Control Administrator position.

### **Finding C: HIS Personnel Policies Concerning Merit Pay And Training And Development Were Lacking**

We recommend that the Chief Administrative Officer develop a proposal, for approval by the Committee on House Oversight, to:

1. 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, including documentation of periodic employee performance reviews.

We also recommend that the Chief Administrative Officer:

2. Identify and document critical processes and develop a comprehensive training program for HIR employees to build the knowledge base of the critical processes that support Member needs and services.

**Finding D: Formal Policies And Procedures Regarding The User Chargeback Process Did Not Exist**

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

1. Develop and implement chargeback rates that reflect current processing costs.
2. Establish policies and detailed procedures covering the maintenance, administration, and documentation of equitable chargeback rates and billing processes for internal and external customers.

**Finding E: Plans Did Not Exist For The Efficient Phase Out Of Older Or Duplicate Technologies**

We recommend that the Chief Administrative Officer develop a plan, for approval by the Committee on House Oversight, to replace older and duplicate technologies, including:

Migrating the remaining Members from the Sprint private line network to the MCI frame relay network;  
Migrating to one backbone network technology; and  
Disposing of unused Digital Equipment Company VAX equipment.

**Finding F: Technical Support Provided To Member Offices Needs To Be Better Defined And Coordinated**

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

1. Clearly define roles and responsibilities of the HIS support functions versus vendor support functions that eliminate confusion with respect to "problem ownership" and avoid duplication of effort.
2. Implement a plan for notifying House offices of the content and schedule of training class offerings.
3. Provide additional forms of training, such as computer based training, that are available upon demand to House offices.

## **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)**

### **Finding A: The House Did Not Develop Computer Systems Using A Formal Systems Development Life Cycle (SDLC) Methodology**

We recommend that the Chief Administrative Officer adopt a formal SDLC methodology that meets the requirements of National Institute of Standards and Technology (NIST) - Federal Information Processing Standards (FIPS) Publications and Special Publication 500-153 for all system development efforts.

### **Finding B: Existing In-House Systems Should Be Considered For Replacement by Commercially Available Solutions**

We recommend that the Chief Administrative Officer:

1. Adhere to Federal government guidelines and use commercial software packages in lieu of in-house systems whenever cost-beneficial; and
2. Perform a cost-benefit analysis to determine whether existing HIS systems that compete with commercially available off-the-shelf packages should continue to be maintained by HIS, and if not, present a migration plan to the Committee on House Oversight.

## **Opportunities Exist To Improve The Generation Of Legislative Information In The Office Of The Clerk (Report No. 95-CLK-13)**

### **Finding A: Erroneous Information May Be Released On The Internet Due To The Lack Of Procedures For Dissemination**

We recommend that the Clerk of the House develop a proposal, for approval by the Committee on House Oversight, to implement policies and procedures regarding information dissemination.

### **Finding B: The House Document Room Did Not Utilize Technology To Lower Costs Of Distributing And Maintaining Documents**

We recommend that the Clerk of the House:

1. Publicize the availability of documents on Internet.
2. Evaluate the cost of printing documents on demand and, if cost-effective, prepare a proposal, for approval by the Committee on House Oversight, to install demand printers in the Document Room.

### **Finding C: The Office Of The Clerk Did Not Effectively Use Electronic Transfers Of Information To Government Printing Office (GPO)**

We recommend that the Clerk of the House improve the electronic interface between the Clerk's office and GPO by working with House Information Resources and GPO to establish a more comprehensive electronic data transfer capability.

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House Information Resources was formerly referred to as House Information Systems.

## **Opportunities Exist To Improve Resource Utilization In The Office Of The Sergeant At Arms (Report No. 95-SAA-14)**

### **Finding A: Better Management Of Doorkeeper Personnel Could Result In \$552,050 In Savings**

We recommend the Sergeant at Arms prepare a proposal, for approval by the Committee on House Oversight, based on one of the following options:

**Option 1:** Pay Chamber Security Aides on an hourly basis.

**Option 2:** Reassign Chamber Security Aides to other duties when the House is not in session.

### **Finding B: FY 1994 House Parking Staff Levels Led To Overstaffing With Associated Wage Costs Totalling \$468,000**

We recommend the Sergeant at Arms prepare a proposal, for approval by the Committee on House Oversight, to revise House Parking facilities staffing in accordance with garage and lot peak and non-peak activity levels.

### **Finding C: Compared To Private Sector Wages, The House Spent An Excess Of \$378,000 In Parking Labor Costs**

We recommend that the Sergeant at Arms develop a proposal, for approval by the Committee on House Oversight, to place House Parking personnel under the House Employees Schedule at a rate that more closely reflects private industry standards or assign them additional duties.

### **Finding D: Inadequate Internal Controls Resulted In Multiple Parking Permits Being Issued To Single Vehicles**

We recommend that the Sergeant at Arms assign parking permits by a unique, unalterable identifier--such as the House employee identification number--to ensure that only one parking permit is issued per employee.

**Finding E: Insufficient Planning Contributed To Waiting Periods For Identification Badges, Creating The Potential For Increased Errors And Continual Demand To Train Temporary Staff**

We recommend that the Sergeant at Arms:

1. Improve workload planning within the Identification Office by summarizing and analyzing the demand for identification badges on a weekly, monthly, and yearly basis. The Identification Office should also monitor its human resource requirements on a daily, monthly, and yearly basis. The Identification Office should also stagger identification badge issuance by office.
2. Institute a formal training program for temporary staff to provide adequate help in peak times. The trained staff should be made available to work specified periods of time and replacements should be available in the event that the need for temporary staff exceeds the staff member's availability period.

## **Audit of Financial Statements for the 15-Month Period Ended December 31, 1994 (Report No. 95-HOC-22)**

### **Weakness 1: Archaic Accounting Policies, Methods, Practices, And Systems Contributed To Poor Financial Management**

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

1. Ensure that the integrated financial management system, which the Chief Administrative Officer already committed to implement, complies with JFMIP requirements and is coordinated with the efforts and needs of other House offices.  
(OIG Report No. 95-CAO-16.)
2. Implement accrual basis accounting and accounting principles and standards generally accepted in the Federal government and the private sector.  
(OIG Report No. 95-CAO-16.)
3. Implement a cost accounting system that properly allocates or attributes costs to end users.  
(OIG Report No. 95-CAO-16.)
4. Provide staff with training on the new financial management system and standard accounting methods.  
(OIG Report No. 95-CAO-16.)
5. Redesign internal and external management reports based on user requirements.  
(OIG Report No. 95-CAO-16.)

### **Weakness 2: The House Did Not Properly Track The Goods And Services It Orders, And Frequently Paid Vendors Late**

We recommend that the Chief Administrative Officer:

1. Initiate a system of accounting and control that captures data and tracks transactions by vendor and ordering office when goods and services are:  
    Ordered  
    Received  
    Paid for  
(New recommendation.)

2. In conjunction with acquiring a new financial management system, ensure it has the capability to:
  - compare orders against the available budget by office
  - prompt offices when orders have not been received or when bills have not been paid after a specified period of time(New recommendation.)

### **Weakness 3: Current Methods Of Charging Costs To Members' Allowances Obscured The True Costs Of Operating Member Offices**

We recommend that the Chief Administrative Officer:

1. Develop a proposal, for approval by the Committee on the House Oversight, to establish cost accounting policies and procedures that define how costs will be accounted for and fully allocated to end users.  
(New recommendation.)
2. Ensure the new financial management system includes a cost accounting component suitable for the House's requirements.  
(New recommendation.)

### **Weakness 4: The House Lacked Sufficient Information With Which To Manage And Maintain Accountability Over Its Property And Equipment**

We recommend that the Chief Administrative Officer:

1. Ensure the new financial management system is capable of accumulating and providing information with respect to property and equipment including:
  - cost or value information
  - description and acquisition date
  - useful life and depreciation method and amount
  - scheduled replacement
  - location(New recommendation.)
2. Establish a policy stipulating the dollar level and types of purchases that should be capitalized.  
(New recommendation.)
3. Require an analysis of all leases over a specified dollar amount to determine whether:
  - the leases effectively convey ownership
  - it is cost-beneficial to enter into the leasing arrangement(New recommendation.)
4. Establish a policy for periodically counting assets with high dollar values.  
(New recommendation.)

**Weakness 5: Poor Funds Control Put The House At Risk Of Overspending Its Appropriation**

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

1. Institute budget controls to obligate, or reserve, funds before ordering goods and services and verify that funds are available before they are obligated.  
(OIG Report No. 95-CAO-16.)
2. Provide information to Members, committees, and other House offices on how much money they have spent versus what they were budgeted.  
(OIG Report No. 95-CAO-16.)

**Weakness 6: Deficiencies In Budgeting, Monitoring, And Accounting For Member Allowances Increased Risk Of Overspending And Impaired Accountability**

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

1. Align the amounts appropriated for Members' staff salaries, office expenses, and mail costs with the amounts of the Members' allowances.  
(OIG Report No. 95-CAO-16.)
2. 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.  
(OIG Report No. 95-CAO-16.)
3. Combine all three allowances into one to save Members and Finance the time and effort currently used to process transfers among the allowance accounts.  
(OIG Report No. 95-CAO-16.)
4. Make available to the public information about the amount of each Member's allowance and how much of it was spent, as a means of achieving greater public accountability.  
(OIG Report No. 95-CAO-16.)
5. Provide Members with more detailed financial information about the status of their allowance based on both commitments they have made and money they have spent.  
(OIG Report No. 95-CAO-16.)
6. Initiate an in-depth evaluation of Finance and Member records of the five Members who appear to have overspent their FY 1994 allowances, and take appropriate actions as warranted.  
(OIG Report No. 95-CAO-16.)

Implementation of the above recommendations depends upon the House's ability to implement a new financial management system that will provide the information necessary to both manage Members' allowances and appropriations. For example, establishing budgetary control at the time the House commits itself to purchase goods and services will require a systemic method of accumulating and summarizing ordering and contractive documents. Similarly, a system is needed to summarize this information in ways that are meaningful and useful to Members and CAO personnel.

**Weakness 7: Inconsistent Record Keeping Hampered Efforts To Assure That Mass Mailings Complied With The Rules, And Franked Mail From District Offices Was Not Well Controlled**

We recommend that the Chief Administrative Officer:

1. Develop a proposal, for approval by the Committee on House Oversight, to establish policies and procedures whereby control numbers are pre-assigned by the Franking Commission to each mailing of 500 or more pieces.  
(New recommendation.)
2. Assign responsibility for tracking mass mailings as they are processed and mailed.  
(New recommendation.)
3. Inquire about any mass mailings for which Finance has not paid processing or mailing costs.  
(New recommendation.)

**Weakness 8: Poor Controls Over Computers And Data Exposed The House To Risk Of Unauthorized Transactions, Incorrect Data, Misuse Of Assets, And Loss Of Data And Programs**

We recommend that the Chief Administrative Officer develop policies and procedures to:

1. Keep a log of authorizations for access showing the level of access assigned to each person. Integrate the log with Human Resources so that all terminations and transfers are updated in the log.  
(New recommendation.)
2. Change password controls to require at least five digits, and to revise passwords each month.  
(New recommendation.)
3. Prepare and provide a document and computer security awareness training to all employees stating the password policies regarding not sharing passwords or writing them in a conspicuous place, and regarding selecting and changing a password, logging off, checking for viruses, and prohibiting the use of unauthorized software.  
(New recommendation.)

4. Freeze access after three attempts at unauthorized access are made from any one terminal, individual, account, or file.  
(New recommendation.)
5. Have terminals automatically log out after a predetermined time of inactivity for the system onto which users are logged. Maintain and review, at least weekly, logs of attempted access. The log should show the terminal or port being used, the passwords used, and the date and time. All such attempts should be followed up with a call to the person responsible for that terminal, account, or file.  
(New recommendation.)
6. Establish controls to validate all dial-in access.  
(New recommendation.)
7. Prohibit programmers from accessing actual data and ensure they have access, in a non-production environment, only to the programs they are responsible for changing.  
(New recommendation.)
8. Enhance systems within the House that transfer data to one another so that they automatically reconcile the data sent and received.  
(New recommendation.)
9. In conjunction with the overall action plan for systems update and integration, improve data entry controls with respect to weaknesses in entering data such as incomplete data for purchasing equipment, and a lack of approved vendor codes.  
(New recommendation.)
10. Update user manuals for all the House's significant systems in any action plan for systems improvement.  
(New recommendation.)

**Weakness 9: Ineffective Controls And Policies Existed Related To Travel Reimbursement And Government-Furnished Charge Cards**

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

1. Require travel vouchers to be filed within 30 business days of completing the travel or within seven business days of receipt of supporting documentation, whichever is later.  
(OIG Report No. 95-CAO-16.)
2. 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.  
(OIG Report No. 95-CAO-16.)
3. Initiate an in-depth evaluation of travel vouchers that are missing original receipts to determine whether the House has already paid those costs.  
(OIG Report No. 95-CAO-16.)
4. End the practice of granting exceptions to rules, procedures, and guidelines.  
(OIG Report No. 95-CAO-16.)

5. Remind Members and staff that the government-furnished charge cards are not to be used for personal items.  
(OIG Report No. 95-CAO-16.)
6. Initiate an in-depth review of Finance, Member, and staff records of the 2,200 pairs of potentially duplicate travel payments, and take appropriate actions, as warranted; and implement computer analyses to review potential duplicates on an ongoing basis.  
(OIG Report No. 95-CAO-16.)

**Weakness 10: Payroll Policy And Late Submissions Added To Manual Processing And Led To \$299,000 In Overpayments To Employees**

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

1. Enforce *Congressional Handbook* rules and require Members, committees, and House offices to submit PAFs on time.  
(OIG Report No. 95-CAO-16.)
2. 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.  
(OIG Report No. 95-CAO-16.)
3. Assign responsibility to Finance for pursuing collection of salary overpayments if the employing office's efforts prove unsuccessful after one month.  
(OIG Report No. 95-CAO-16.)

**Weakness 11: Controls Over Purchasing And Procurement Were Weak And Inconsistent**

We recommend that 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 with the responsibility and authority to institute and maintain an effective and economical program for purchasing. Among the Office's responsibilities should be monitoring procurements to ensure they are conducted in a fair and competitive manner.  
(OIG Report No. 95-CAO-11.)
2. Include definitional requirements for the information needed to integrate a procurement budgeting and planning process in a new FMS.  
(OIG Report No. 95-CAO-11.)
3. Implement standardized procurement procedures that include:
  - Detailed steps to conduct solicitations, standard forms for request for proposal documents, and standardized language for terms and conditions;
  - Standardized procurement forms including requisitions, purchase orders, contracts, and vouchers;

Detailed contract administration procedures, including contract monitoring and close-out procedures; and  
Standard documentation procedures to strengthen internal controls, including the type of documents to be prepared, the authorization/approval process for these documents, and the retention period.

(OIG Report No. 95-CAO-11.)

**Weakness 12: Lack Of Information And Ineffective Control Procedures Exposed The House To Excess Costs On Its Leasing And Maintenance Agreements**

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

1. Establish formal policies and procedures to evaluate cost and service considerations in deciding whether to lease or buy equipment.  
(New recommendation.)
2. Establish formal policies and procedures to monitor lease agreements on outdated equipment.  
(OIG Report No. 95-CAO-17.)
3. Alert House offices when equipment becomes outdated.  
(OIG Report No. 95-CAO-17.)
4. Ensure that the new financial management system is configured to prompt Member offices when maintenance or lease payments are being made on equipment over a specified age.  
(OIG Report No. 95-CAO-17.)
5. Establish formal policies and procedures to compare equipment's maintenance cost to its usefulness.  
(OIG Report No. 95-CAO-17.)
6. Establish contracts with explicit vendor responsibilities and terms and conditions to resolve performance issues.  
(OIG Report No. 95-CAO-17.)
7. Use vendor cost and performance information in annual renegotiations of maintenance and support fees.  
(OIG Report No. 95-CAO-17.)
8. Assign responsibility for vendor monitoring in accordance with one of these options:  
**Option 1:** Realign Office Systems Management's function with its mission to include vendor monitoring  
**Option 2:** Assign the vendor monitoring role to another Chief Administrative Officer entity  
(OIG Report No. 95-CAO-17.)

**Weakness 13: House Catering Operations Had Little Control Over Amounts It Was Owed Because It Did Not Maintain Complete Credit Records Or Properly Track Subsequent Collections**

We recommend that the Chief Administrative Officer:

1. Perform an in-depth review of HRS receivables to ascertain whether any amounts are still owed the House.  
(New recommendation.)
2. Ensure that the new financial management system includes the capability to record and track receivables by individual creditors.  
(New recommendation.)

**Weakness 14: The House Was Unable To Accurately Determine Employee Benefits Due To Missing Or Incomplete Leave Records**

We recommend that the Chief Administrative Officer, in conjunction with the Clerk of the House and Sergeant at Arms, develop and propose amendments to the House Leave Regulations to the Committee on House Oversight to:

1. Establish new time and leave tracking procedures that capture information needed to accurately compute overtime, compensatory time, and annual leave due to employees. This may include eliminating leave cards as they now exist, and replacing them with timesheets.  
(OIG Report No. 95-CCS-10.)
2. Require each work location to establish one designee to collect and verify time and leave data.  
(OIG Report No. 95-CCS-10.)
3. Assign responsibility within each office for the periodic audit of time and leave records.  
(OIG Report No. 95-CCS-10.)