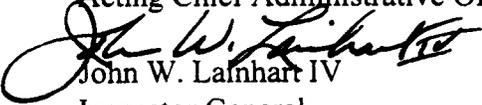


Office of Inspector General
U.S. House of Representatives
Washington, DC 20515-9990

MEMORANDUM

TO: Jeff Trandahl
Acting Chief Administrative Officer

FROM: 
John W. Linnhart IV
Inspector General

DATE: December 23, 1996

SUBJECT: Audit Report - The House Needs To Take Steps To Implement Standard Financial Management Systems, Processes, And Policies (Report No. 96-CAO-10)

This is our final report on the financial management practices and processes within the U.S. House of Representatives. The objective of the audit was to assess the financial management systems and processes used in Member, Committee, and other House offices in order to determine (1) the high level financial management requirements of Member, Committee, and other House offices and (2) whether or not these requirements can be met by the Federal Financial System. In this report, we identified problems and made 12 recommendations for corrective actions.

In response to our September 5, 1996 draft report, your office concurred with our findings and recommendations. The formal management response provided by your office is incorporated in this final report and included in its entirety as an appendix. The corrective actions planned by your office are appropriate and, when fully implemented, should adequately respond to the recommendations.

We appreciate your office's 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

House Needs To Take Steps To Implement Standard Financial Management Systems, Processes, And Policies

*Report No. 96-CAO-10
December 23, 1996*

RESULTS IN BRIEF

CONCLUSIONS

The House has completed a major milestone with the implementation of the core components of the Federal Financial System (FFS) (see Exhibit A for details on the core components). When fully implemented, this system will help the House, for the first time, to apply generally accepted accounting principles and practices. FFS has enabled the Office of Finance (Finance) to establish a standard general ledger to accumulate and summarize transactions and to establish the structure for following standard accounting practices. In addition, FFS will help provide decision makers with more relevant, understandable, and useable financial information, consistent with information used by public and private sector organizations. However, this system is not a "turn key" system which will solve all of the House's financial management problems. To achieve further progress, the House must identify its detailed financial management requirements which will help solve its systemic financial management problems. Despite the August 3, 1995 Committee on House Oversight resolution--Financial Management System--which required the development of functional requirements for a financial management system, the House has not completed those requirements.

The implementation of FFS was limited to Finance because the Chief Administrative Officer (CAO) recognized the urgency of establishing a standard general ledger and moving the central finance functions of the House toward compliance with generally accepted accounting principles. The core components of FFS were quickly implemented in an environment that was plagued by archaic accounting policies, processes and systems. Previously, the House did not follow standard accounting policies and methods and Finance was not organized or staffed to process the financial information routinely handled by organizations of similar size. This meant that there was no framework in place which would have aided the House in addressing the requirements of system users, or allowed the House to easily implement a financial management system and supporting operational policies and procedures. Additionally, because of the limited time frame, the CAO did not closely follow a standard Systems Development Life Cycle (SDLC) methodology. It is possible, however, that had the CAO conducted a complete user requirements analysis instead of using the Federal financial management requirements of the Joint Financial Management Improvement Program (JFMIP), FFS would not have been implemented in the same

amount of time and thus, the House would not currently have the benefits of a general ledger nor the framework for improved financial management.

The purpose of this audit was to provide House management with solutions to the systemic financial management problems that have continued to exist while the House focused on implementing its general ledger first (see Findings and Recommendations). In addition, this report provides detailed comments and thoughts from representatives from Member, Committee, and other House offices about financial management concerns and expectations obtained during interviews and focus group meetings (see Exhibits B and C). This report also provides an analysis of the “gap” between the high level financial management systems requirements of Member, Committee, and other House offices and the current functionality of FFS (see Exhibits D and E). The “gap” analysis was based on information gathered in the interviews and focus group meetings and includes (1) the identification of high level financial management requirements broken down by Member offices, Committee offices, and other House offices, (2) a detailed analysis of whether current core FFS components meet the requirements, and (3) alternatives--other FFS subsystems such as Inventory or Travel, add-on systems such as Procurement Desktop, or customized enhancements such as new House reports--for meeting the requirements in those cases where the current FFS does not meet the requirements. This overall report will provide House management a foundation for completing a detailed requirements analysis for determining the appropriate system and supporting business processes to meet the financial management needs of Member, Committee, and other House offices.

Systemic Financial Management Problems

The following paragraphs describe the systemic financial management problems that were identified in large part from the Member and Committee office focus group meetings and House office interviews. Interviews were conducted with each office of the CAO except Finance. Associate Administrators, Directors, and staff directly responsible for tracking office budgets, purchases, vouchers and other financial management activities were interviewed. Questions were asked to determine the financial management processes and systems the offices use. Once this information was collected, it was verified and analyzed to develop the financial management requirements of the offices. The financial management systems requirements are presented in Exhibits D and E; the financial management policy requirements are presented in Exhibit F.

Multiple systems are used throughout the House to manage financial activities. The implementation and use of these stand alone systems have resulted in poor management of funds and increased costs of personnel time and the development, implementation, and maintenance of systems. Member, Committee, and other House offices do not have access to use the House's new financial system, FFS, to manage their financial activities. Therefore, they have continued to rely on their existing systems (i.e., those that were implemented before FFS) to manage their offices' finances.

The House's financial management activities include multiple processes and redundant data entry

among the Member, Committee, and other House offices. The existing procedures used by Member, Committee, and other House offices to record and track budgets, receipts, purchases, and payments have led to increased costs in personnel time and inefficient processes. This has continued because the CAO has focused efforts on implementing FFS and the recommendations from the 1995 comprehensive House audit rather than reducing the number of financial management systems and processes.

Member, Committee, and other House offices still do not have timely access to the financial information they need to manage their offices. Paper reports are the primary means by which offices receive financial information from Finance and these reports are available only once a month. Without accurate, accessible, and timely financial information, offices waste time in planning and monitoring expenses and ultimately, they risk making poor spending decisions. Finance needs to immediately take the appropriate action to provide Member, Committee, and other House offices with online query access to FFS. However, in the interim, Finance needs to establish measures to more regularly provide the House with more timely financial information.

The CAO needs to place a high priority on establishing policies and procedures that meet the financial management needs of Member, Committee, and other House offices. Policy changes have cost the House time and money as Member, Committee, and other House offices have had to adjust their procedures, processes, and systems to the new directives after the fact. The CAO lacks a structured method for communicating effective financial management policies, procedures, and systems information.

Focus Group Results

Two, half-day focus group sessions were held in July 1996. One group included representatives from Member offices. The second group included representatives from Committee offices and the Office of the Clerk of the House (Clerk). The focus groups concentrated on (1) identifying financial management requirements, (2) evaluating the current financial systems in their offices used to meet financial management responsibilities, and (3) identifying the financial management business processes performed in these offices.

For example, the focus groups identified the following as their highest priority financial management requirements:

- Timely payment processing and reporting.
- The ability to track (preferably online) payments from the time the voucher form is prepared through the disbursement of funds by Finance.
- Online access to the financial system used in Finance.
- Ability to export financial data to a spreadsheet or other software that can be used to develop custom reports.

- Ability to track office budgets by the three main components: Payroll, Official Expenses, and Mail.
- Ability to participate in the planning for and development of any new financial management system.
- Ability to receive timely and accurate reports from external sources and to generate both custom and standard reports with reliable data.
- A more efficient and streamlined procurement process.

Analysis Of Difference Between High Level Financial Management Requirements And FFS Functionality

Based on FFS functions and features, interviews, and input from focus group meetings, we identified 118 high level financial management requirements of Member, Committee, the Clerk, and the offices within the CAO. Many of the offices had specific financial management requirements which were different from other offices, while several requirements were similar between most of the offices. We also identified and analyzed whether current core FFS components meet the requirements, and alternatives--other FFS subsystems, add-on systems, or custom enhancements--for meeting the requirements in those cases where the current core FFS does not fully meet the requirements. Our analysis of the requirements and whether the requirements can be met by FFS or alternatives is summarized in the paragraphs below.

Member offices. We identified 17 high level financial management systems requirements for Member offices. Of these requirements:

- Eight (47 percent) can be fully met by the implementation of the core FFS components. (Access to FFS would be required and additional system setup may be necessary in some cases.)
- Two (12 percent) can be partially met by the implementation of the core FFS components. (Access to FFS would be required and additional system setup may be necessary in some cases.) Research and analysis must be conducted to determine the best way to meet these two requirements; however, it is possible that one requirement could potentially be met with a custom enhancement to FFS. We are not aware of the suitable alternatives for fully meeting the second requirement.
- Seven (41 percent) cannot be met with the current implementation of FFS. Potentially, four of these seven requirements can be met by other alternatives (e.g., other FFS subsystems, known add-on systems, or custom enhancements). However, we are not aware of any known alternatives for fully meeting the remaining three requirements. Thus, solutions for these requirements need to be researched and analyzed.

Committee and Clerk offices. We identified 18 high level financial management systems requirements for Committee and Clerk offices. Of these requirements:

- Nine (50 percent) can be fully met by the implementation of the core FFS components. (Access to FFS would be required and additional system setup may be necessary in some cases.)
- Two (11 percent) can be partially met by the implementation of the core FFS components. (Access to FFS would be required and additional system setup may be necessary in some cases.) Research and analysis must be conducted to determine the best way to meet these two requirements; however, it is possible that one requirement could potentially be met with the implementation of the Travel Subsystem. We are not aware of the suitable alternatives for fully meeting the second requirement.
- Seven (39 percent) cannot be met with the current implementation of FFS. Potentially, four of these seven requirements can be met by other alternatives (e.g., other FFS subsystems, known add-on systems, or custom enhancements). However, we are not aware of any known alternatives for fully meeting the remaining three requirements. Thus, solutions for these requirements need to be researched and analyzed.

CAO offices. We identified 83 high level financial management requirements for CAO offices. Of these requirements:

- 43 (52 percent) can be fully met by the implementation of the core FFS components. (Access to FFS would be required and additional system setup may be necessary in some cases.)
- 20 (24 percent) can be partially met by the implementation of the core FFS components. (Access to FFS would be required, additional system setup may be necessary, and in some cases procedural changes would be advisable.) In combination with core FFS components, twelve of these requirements could be satisfied through an FFS subsystem or add-on system, one could be satisfied with an FFS enhancement. We are not aware of the alternatives for fully meeting the remaining seven requirements. Furthermore, thorough analyses and research should be conducted to determine the best methods for meeting users' needs.
- 20 (24 percent) cannot be met with the current implementation of FFS. Potentially, 14 of these 20 requirements can be met by other alternatives (e.g., other FFS subsystems, add-on systems, or custom enhancements). However, we are not aware of any known alternatives for fully meeting the remaining six requirements. Thus, solutions for these requirements need to be researched and analyzed.

RECOMMENDATIONS

We recommend that the Chief Administrative Officer: (1) continue to take steps to implement a single, integrated financial management system; (2) perform additional analysis and review of the Member and Committee offices' financial management systems and policy requirements; (3) perform additional analysis and review of the other CAO and House offices' financial management systems and policy requirements; (4) develop a proposal, for approval by the Committee on House Oversight, to prohibit the development and implementation of any new financial system without the review and approval of the FFS Steering Committee; (5) redesign and streamline the financial management procedures of the House to minimize the number of steps in the House's financial management processes; (6) expand the use of FFS to all House offices to minimize the redundant data entry into duplicate systems and to support new streamlined procedures; (7) expeditiously grant Member, Committee, and other House offices online access to the financial information in FFS that directly relates to their offices; (8) provide purchasing and disbursement reports to Member, Committee, and other House offices on a daily or weekly basis until online access is provided; (9) modify the monthly reports to contain detailed information on obligations entered into FFS to reserve funds; (10) conduct user requirements analyses prior to implementing any future financial management policies, procedures, and phases of FFS or any other House information systems; (11) establish a financial users' group to contribute to and be updated about the implementation of FFS or any other new systems; and (12) offer training to staff when new policies, procedures, and systems are instituted as is currently done with budget preparation.

MANAGEMENT RESPONSE

On September 27, 1996, the CAO fully concurred with the findings and recommendations in this report (see Appendix). As part of their system of continuous improvement, the CAO indicated that the recommendations would be addressed in their future initiatives for improving the House's financial management. Specifically, the CAO planned to conduct 12 implementation projects that will be linked to the establishment of user specifications. The coordination and early planning for each project will run in parallel with the user group discussions and will include regular contact and joint development of the final specifications in association with the user groups. Projects were to begin in October and extend, in some cases, throughout 1997. In a December 20, 1996 meeting with the OIG, the Acting CAO reaffirmed concurrence with the findings and recommendations in this report, and agreed to prepare individual action plans for each of the 12 projects by January 15, 1997. These plans will contain detailed schedules, including the frequency and timing of coordination with other relevant projects.

OFFICE OF INSPECTOR GENERAL COMMENTS

The CAO's planned actions are responsive to the issues we identified, and when we receive the individual action plans we will evaluate the plans to determine whether they will satisfy the intent of all our recommendations.

TABLE OF CONTENTS

TRANSMITTAL MEMORANDUM

RESULTS IN BRIEF.....	i
I. INTRODUCTION	
Background.....	1
Objective, Scope, And Methodology	2
Internal Controls	3
Prior Audit Coverage	3
II. FINDINGS AND RECOMMENDATIONS	
Finding A: The House Lacks One Integrated System For Managing Financial Management Activities	5
Finding B: Financial Management Processes Are Redundant In All Member, Committee, And Other House Offices.....	11
Finding C: Member, Committee, And Other House Offices Lack The Financial Information They Need To Manage Their Finances.....	14
Finding D: The CAO Lacks A Structured Method For Establishing And Communicating Financial Management Policies, Procedures, Or Information On Systems.	18
III. EXHIBITS	
Exhibit A: Core Components Of FFS Implemented On June 4, 1996	
Exhibit B: Key Thoughts And Phrases Shared During The Focus Group Meeting With Member Offices	
Exhibit C: Key Thoughts And Phrases Shared During The Focus Group Meeting With Committee And Clerk Offices	
Exhibit D: FFS Gap Analysis -- High Level Financial Management Systems Requirements Of Member, Committee, And Other House Offices	

Exhibit E: FFS Gap Analysis -- High Level Financial Management Systems
Requirements Of CAO Offices

Exhibit F: FFS Gap Analysis -- High Level Financial Management Policy
Requirements

IV. APPENDIX

Appendix: CAO Management Response To The Draft Report

I. INTRODUCTION

Background

On June 4, 1996, the core components of the Federal Financial System (FFS) were implemented by the Chief Administrative Officer (CAO) at the U.S. House of Representatives (House). Exhibit A presents the financial management features that were implemented as part of the core components of FFS. The core components are primarily being used by the Office of Finance (Finance) to support its House-wide financial management responsibilities.

The implementation of FFS was limited to Finance because the CAO recognized the urgency of establishing a standard general ledger and moving the central finance functions of the House toward compliance with generally accepted accounting principles. The core components of FFS were quickly implemented in an environment that was plagued by archaic accounting policies, processes and systems. Previously, the House did not follow standard accounting policies and methods and Finance was not organized or staffed to process the financial information routinely handled by organizations of similar size. This meant that there was no framework in place which would have aided the House in addressing the requirements of system users, or allowed the House to easily implement a financial management system and its supporting operational policies and procedures. Additionally, because of the limited time frame, the CAO did not closely follow a standard Systems Development Life Cycle (SDLC) methodology. It is possible, however, that had the CAO conducted a complete user requirements analysis instead of using the Federal financial management requirements of the Joint Financial Management Improvement Program (JFMIP), FFS would not have been implemented in the same amount of time and thus, the House would not currently have the benefits of a general ledger nor the framework for improved financial management.

The implementation of FFS is a direct outgrowth of the May 12, 1995 Inspector General audit report: *Proposed New Financial Management System Will Not Meet the House's Needs and Should Be Terminated*. However, FFS has not been expanded to Member, Committee, and other House offices to establish one House-wide financial management system. Therefore, multiple systems and redundant processes that were identified during the 1995 audit still exist. It is essential that the CAO build upon the opportunity and the financial management structure that FFS provides to Finance in order to: (1) improve the efficiency and effectiveness of financial management in all House offices, (2) ensure that the financial management policies, processes and systems meet or, at a minimum, consider the requirements of Member, Committee, and other House offices, and (3) ensure that new systems, processes, and policies support the successful execution of the duties and responsibilities of other House offices.

Member, Committee, and other House offices use a variety of software packages and manual methods to manage their offices' funds and to produce the forms and documentation required by Finance. The implementation of FFS presents an opportunity for the House to reduce the number

of financial systems and processes used, to move toward more coordinated and consistent financial management practices, and, more importantly, to establish one House-wide financial management system. This audit was conducted to determine the extent to which this is possible.

Objective, Scope, And Methodology

The objective of this audit was to assess the financial management systems and processes used in Member, Committee, and other House offices in order to determine (1) the high level financial management requirements of Member, Committee, and other House offices and (2) whether or not these requirements can be met by FFS. The audit was conducted for the period January 1995 through the end of July 1996, and audit work was performed during June through August 1996.

The audit considered offices of Members, Committees, the Clerk, and the Chief Administrative Officer, except Finance.¹ The scope of this audit was to:

- Determine the financial management functions performed in the offices.
- Determine the systems and business processes used to support the management of office finances.
- Develop a set of high-level financial management requirements for the offices.
- Analyze the financial management requirements to determine if they can be met by FFS.

We conducted our audit in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. In performing this audit, we conducted interviews and focus group meetings and reviewed House policy manuals and FFS documentation. We first interviewed the Associate Administrators in the CAO offices (not including Finance) and then directors and staff responsible for these offices' financial management. Two focus group meetings were conducted for Member and Committee offices and the Clerk. Key thoughts shared during the focus groups are presented in Exhibits B and C. To verify the data collected, we consulted the guidelines described in the following publications:

- User's Guide to Purchasing Equipment, Software, and Related Services by the Offices of the U.S. House of Representatives.
- Members' Congressional Handbook.

¹Requirements for Finance were not included within the scope of this audit since FFS is the only financial management system used by Finance. The requirements for the smaller offices, such as the Sergeant at Arms, Office of Inspector General, and Office of the Parliamentarian were also outside the scope of this audit. However, the requirements identified in this audit should meet most, if not all, of the needs of the smaller offices.

- Committees' Congressional Handbook.
- Semi-annual Report of the Chief Administrative Officer (July 1- December 31, 1995).

In conducting our analysis, we referred to the standards and requirements described in the following Federal government publications:

- Office of Management and Budget (OMB) Circulars:
 - A-127, Financial Management Systems.
 - A-130, Management of Federal Information Resources.
- Federal Managers' Financial Integrity Act.
- Chief Financial Officer's Act.
- Government Performance and Results Act.

Although the House is not required to comply with the regulations contained in these documents, they represent sound practices that all Federal government agencies should follow.

Internal Controls

This audit identified significant internal controls weaknesses related to the financial management SDLC activities. The internal control weaknesses we identified are described in Findings A, C, and D.

Prior Audit Coverage

Audit of Financial Statements For The Year Ended December 31, 1995 (Report No. 96-HOC-05, dated July 30, 1996): This financial audit identified the status of the 94 financial-related recommendations contained in nine of the Office of Inspector General (OIG) audit reports issued in 1995, which were a part of the comprehensive House audit. Of those 94 recommendations, 21 were closed (i.e., fully implemented or otherwise resolved) and 53 were partially implemented. The remaining 20 recommendations are scheduled for future implementation.

The House Is Ready To Implement Its Federal Financial System (Report No. 96-CAO-04, dated June 3, 1996): This report verified that critical FFS Phase II implementation tasks had been completed. However, the report identified additional actions needed to be taken to fully complete Phase II. In addition, the report identified planning and management recommendations for Phase III implementation of FFS. The CAO agreed with the report's findings and recommendations and has implemented or is in the process of implementing all of the recommendations.

House Is Experiencing Problems With The Implementation Of The Core Federal Financial System (Report No. 96-CAO-02, dated March 1, 1996): This audit identified SDLC methodology deficiencies and included recommendations to improve the SDLC methodology, quality assurance, and project management of the FFS implementation process. The CAO agreed with the report's findings and recommendations and has implemented or is in the process of implementing all of the recommendations.

The House Needs To Follow A Structured Approach For Managing And Controlling System Development Life Cycle Activities Of Its Computer Systems (Report No. 95-CAO-20, dated July 18, 1995): This audit identified internal control weaknesses in the project management, requirements definition, and SDLC methodology related to the design of House information systems. The House has initiated action on all of the recommendations in this report.

Audit Of Financial Statements For The 15-Month Period Ended December 31, 1994 (Report No. 95-HOC-22, dated July 18, 1995): This financial audit identified 14 material weaknesses that could adversely affect the House's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The status of each recommendation affecting the financial operations in Report No. 95-HOC-22 is addressed in the *Audit Of Financial Statements For The Year Ended December 31, 1995* (Report No. 96-HOC-05).

Problems Plagued The House's Financial Operations (Report No. 95-CAO-16, dated July 18, 1995): This performance audit identified internal control weaknesses related to accounting policies, methods, and financial management systems. The status of each recommendation in Report No. 95-CAO-16 is addressed in the *Audit Of Financial Statements For The Year Ended December 31, 1995* (Report No. 96-HOC-05).

Proposed New Financial Management System Will Not Meet The House's Needs And Should Be Terminated (Report No. 95-CAO-02, dated May 12, 1995): This review evaluated the functional adequacy of the proposed Financial Management System and the SDLC procedures that were utilized in the development of the system. This report recommended that the system be terminated and also made recommendations to improve the SDLC practices within House Information Resources (HIR) as well as management oversight.

II. FINDINGS AND RECOMMENDATIONS

Finding A: The House Lacks One Integrated System For Managing Financial Management Activities

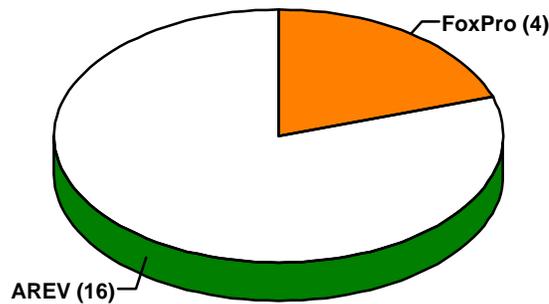
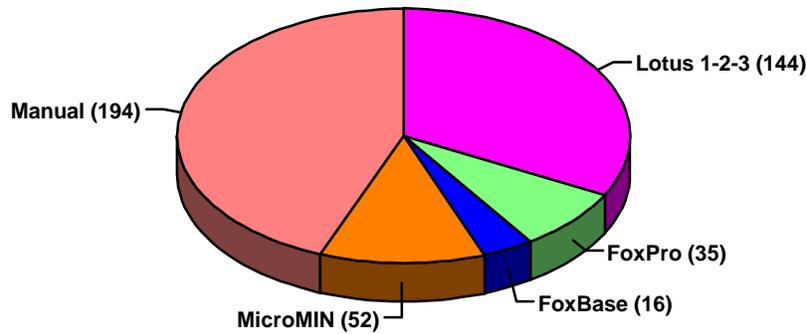
Multiple systems are used throughout the House to manage financial activities. The implementation and use of these stand alone systems have resulted in poor management of funds and increased costs of personnel time and the development, implementation, and maintenance of

systems. Member, Committee, and other House offices do not have access to use the House's new financial management system, FFS, to manage their financial activities. Therefore, they have continued to rely on their existing systems (i.e., those that were implemented before FFS) to manage their offices' finances.

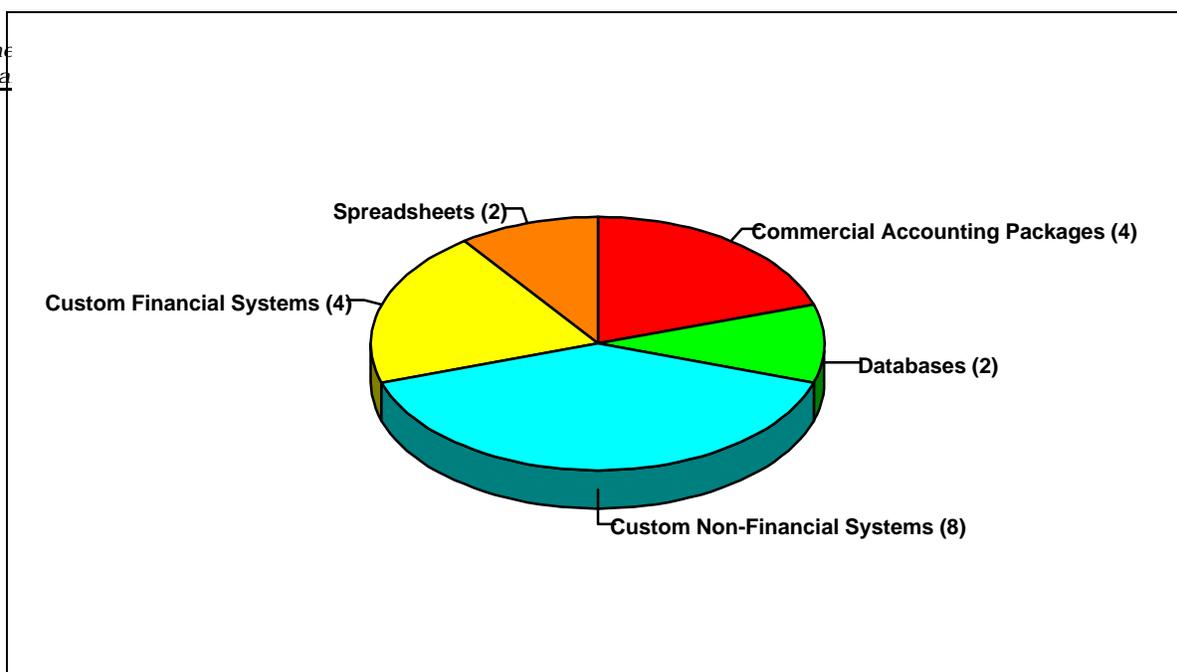
The Chief Financial Officer's (CFO) Act requires that managers eliminate duplicative and unnecessary systems to ensure adequate, consistent, and timely financial information. The Office of Management and Budget (OMB) Circular A-130 directs Federal administrators to share information systems whenever practical and to ensure that improvements to and new development of systems do not duplicate those already in existence. OMB Circular A-127 specifically directs agencies to establish a single integrated financial management system. While the CFO Act and the OMB Circulars are Executive Branch directives, they serve as useful benchmarks for all public managers and the standards are consistent with the CAO's emphasis on quality management through performance objectives and customer satisfaction.

Most Member and Committee offices use manual methods and automated spreadsheets for tracking their financial activities; the remainder use at least five different automated systems for tracking their financial activities

One of the recommendations most frequently voiced during both the Member and Committee/Clerk office focus group meetings was the need to have a single House-wide financial management system that supports central and individual office financial management activities. At least five different custom software packages are used by Member and Committee offices to manage their finances, and none of these packages is connected to FFS. These systems were developed and implemented by House Information Resources (HIR) and provide the means to track available funding, obligations and payments and to produce the forms required by the CAO for purchases and payments. Most of the Member and Committee offices have opted to use manual methods and/or spreadsheets to manage their funds and to produce the forms required by the CAO. Figures 1 and 2 present the number of Member and Committee offices, respectively, that use automated and manual means to manage their finances.



The implementation, continued use, and maintenance of these systems result in inefficient financial management practices and extra costs. Since the systems used by the Member and Committee offices are not connected to FFS, these offices do not have an effective method to determine the status of funding, obligations, or payments in a timely manner. As a result, these offices risk overspending their allowances and making poor business decisions. In fact, the 1995 and 1996 financial audits reported that some Member offices have overspent their allowances during the



past two years. Furthermore, additional costs are incurred by these offices in recording and tracking information on funding, obligations, and payments that is also entered into FFS and tracked by Finance. In addition, the CAO incurs additional costs for the development, implementation, and maintenance of HIR's custom systems while it implements FFS. These unnecessary costs can be minimized or eliminated if the CAO expands the use of FFS to Member and Committee offices to fill the needs that are currently being met by these other HIR systems.

The information on the Member and Committee/Clerk requirements and current systems collected during focus group meetings is presented in summary in Exhibits B and C, respectively. Exhibit D presents an analysis of how FFS can meet the Member, Committee, and other House offices' financial management systems requirements.

CAO offices use multiple systems for tracking their financial activities

Most of the CAO offices use different automated systems for tracking their financial activities while the remainder use automated spreadsheets for tracking their financial activities. Figure 3 presents the types of systems used and the number of offices that use these systems. These systems were acquired through HIR and from outside vendors over the past several years. The CAO offices use these systems to track available funding, receipt, asset, inventory, obligation, payment, and personnel information as well as information on the services or duties performed by their offices. For example, the Communications Group in HIR records and tracks all telephone charges paid on the behalf of Member, Committee, and other House offices and the status of reimbursement by these other House offices.

The implementation, continued use, and maintenance of these systems by CAO offices result in inefficient financial management practices and unnecessary costs. Since the systems used by the CAO offices are not connected with other systems used at the House, these offices cannot

electronically share the information recorded in their systems with other offices at the House including Finance. For example, the Office of Procurement and Purchasing completes purchase orders and tracks purchases for Member, Committee, and other House offices using FFS; however, the offices making the purchases do not have access to FFS to determine when the order was placed, its amount or even the delivery date. This results in inefficient financial management practices for their offices and the CAO, because financial information is not available in a timely manner to the affected offices. As a result, offices can make uninformed business decisions. Furthermore, additional costs are incurred by these offices in recording and tracking their offices' financial information. Also, the offices involved with providing information technology incurred additional costs for the development, implementation, and maintenance of these systems concurrent with the implementation of FFS. Appendix E presents an analysis on how FFS could meet the CAO offices' financial management systems requirements.

At the beginning of the implementation of FFS, the CAO appropriately decided to delay expanding the use of FFS from Finance to Member, Committee, and other CAO offices until after the core components of FFS were established. This decision was made to focus the FFS Implementation Team's efforts on Finance to ensure success. In addition, before the implementation of FFS, the House did not have a single House-wide system available for these offices to use in managing their finances. Therefore, the Member, Committee, and CAO offices continued to use their own solutions using automated systems or manual procedures to support their financial management requirements. When offices did develop and implement automated financial management systems, these systems were implemented without any overall House coordination, including the review and approval by the FFS Steering Committee. Thus, they were not developed and implemented in an integrated manner.

Recommendations

We recommend that the Chief Administrative Officer:

1. Continue to take steps to implement a single, integrated financial management system that all offices can use to support the House's central financial management activities.
2. Perform further analysis and review of the Member, Committee, and other House offices' high-level financial management systems requirements presented in Exhibit D. This analysis should be used to:
 - Develop a comprehensive, detailed list of requirements for the Member, Committee, and other House offices.
 - Assess whether or not the functions of the core FFS components implemented on

- June 4, 1996 can meet the Member, Committee, and other House offices' requirements.
- Assess if additional FFS features to be implemented in the future, FFS add-on systems, or custom enhancements to FFS can meet the Member, Committee, and other House offices' requirements.
 - Develop alternatives for the requirements where solutions are not currently known.
3. Perform further analysis and review of the CAO offices' high-level financial management systems requirements presented in Exhibit E. This analysis should be used to:
- Develop a comprehensive, detailed list of requirements for the CAO offices.
 - Assess whether the functions of the core FFS components implemented on June 4, 1996 can meet the CAO offices' requirements.
 - Assess if additional FFS features to be implemented in the future, FFS add-on systems, or custom enhancements to FFS can meet CAO offices' requirements.
 - Develop alternatives for the requirements where solutions are not currently known.
4. Develop a proposal, for approval by the Committee on House Oversight, to prohibit the development and implementation of any new financial management systems without the review and approval of the FFS Steering Committee.

Management Response

On September 27, 1996, the CAO fully concurred with the finding and recommendations (see Appendix). In a December 20, 1996 meeting with the OIG, the Acting CAO reaffirmed concurrence with the finding and recommendations, and agreed to provide an action plan with target dates to the Inspector General by January 15, 1997.

Specifically, management will meet regularly with all the project leaders and provide a project liaison to support the leaders with necessary resources during the implementation of all 12 projects. Management will obtain approvals from the Committee on House Oversight and Steering Committee during the introduction of any new improvement to the FFS system or other financial management system. Management will also utilize user group discussions, supplemented by system prototype testing and computer test-bed trials to identify and evaluate specific improvements. One of the principal areas that needs review is the existence of some 18 individual accounting methods and spreadsheets being used in the different CAO offices. Many of these can

be standardized and the FFS system can be supplemented to bring all or most of the CAO offices into uniform methodology. This procedure is being followed already and will be formalized and submitted for Committee on House Oversight approval.

Office of Inspector General Comments

The CAO's planned actions are responsive to the issues we identified, and when we receive the individual action plans we will evaluate the plans to determine whether they will satisfy the intent of these recommendations.

Finding B: Financial Management Processes Are Redundant In All Member, Committee, And Other House Offices

The House's financial management activities include multiple processes and redundant data entry among the Member, Committee, and other House offices. The existing procedures used by Member, Committee, and other House offices to record and track budgets, receipts, purchases, and payments result in increased costs in personnel time and inefficient processes. This has not been addressed because the CAO has focused efforts on implementing FFS and the recommendations from the 1995 comprehensive House audit rather than reducing the number of financial management systems and processes.

The Government Performance and Results Act provides guidelines for improving the efficiency of Federal agencies through eliminating duplicative processes and systems. Further, OMB Circular A-130 instructs Federal managers to seek opportunities to improve the effectiveness of government programs through work process redesign and the judicious application of information technology. OMB Circular A-127 further stipulates that agencies are to analyze how new information systems and work processes can together enhance operations and improve financial management. This effort is underway in many public and private sector organizations that are striving to eliminate duplicative transaction processing and streamline their financial management functions. For example, many public and private sector finance departments have redesigned their processes, so that information is only entered once into their integrated systems and at the points of origination. In redesigning the payment processes, organizations the size of the House have eliminated manual tracking systems and have substantially curtailed paper-intensive processes.

Member, Committee, and other House offices use many different and sometimes overlapping processes to track their budgets, purchases, vouchers, and where applicable, receipts. For example, the process to record, issue, and track a payment at the House, involves redundant data entry and duplicate systems. Member, Committee, and other House offices enter payment data in their stand alone systems that are used by their offices to track their financial transactions. The payment information is then summarized onto a House payment voucher form for submission, along with the vendor invoice or travel receipt, to Finance for payment issuance. Once Finance receives the House payment voucher form, the data on the House payment voucher form is entered into FFS. When the office receives the monthly financial report from Finance that includes all payments issued, they manually enter the payment date, amount, and reference number of the payment either into their own financial management systems or onto manual ledgers to keep track of office expenditures. At the same time, Finance tracks payments using FFS.

Because of duplicative financial management processes and data entry, Member, Committee, and other House offices waste an inordinate amount of time tracking and processing the same financial transactions that are entered and maintained in FFS by Finance. Duplicate processes and data entry of financial information cost the House additional funds in both increased personnel time and the development, implementation and maintenance of systems.

Because the CAO has focused efforts on the implementation of FFS, the House's financial management procedures have not been redesigned and streamlined to minimize the number of steps involved in processing financial transactions. Also, in order to satisfy recommendations from the 1995 comprehensive House audit, including: *Problems Plagued The House's Financial Operations* (95-CAO-16, dated July 18, 1995) and *Proposed New Financial Management System Will Not Meet The House's Needs And Should Be Terminated* (95-CAO-02, dated May 12, 1995), and to support the use of FFS, the CAO made changes to organization structures and processes. In some instances, the resulting financial management processes are redundant either because they supplemented the processes and systems that were already in place or because they added another level of internal control. In other instances, House financial management processes are vestiges of the constraints on processing imposed by the previous financial management system. However, there is not one House-wide financial management system available to eliminate the redundant data entry and support streamlined processes. Although FFS is a House-wide, integrated financial management system, it has not been fully implemented in offices outside of Finance. Until this is accomplished Member, Committee, and other House offices will continue to lack reliable and efficient procedures as well as systems to track their budgets, purchases, payments, and receipts.

Recommendations

We recommend that the Chief Administrative Officer:

1. Redesign and streamline the financial management procedures of the House to minimize the number of steps in the House's financial management processes.
2. Expand the use of FFS to all House offices to minimize the redundant data entry into duplicate systems and to support new streamlined procedures.

Management Response

On September 27, 1996, the CAO fully concurred with the finding and recommendations (see Appendix). In a December 20, 1996 meeting with the OIG, the Acting CAO reaffirmed concurrence with the finding and recommendations, and agreed to provide an action plan with target dates to the Inspector General by January 15, 1997.

Specifically, management plans to conduct analyses to identify which of the existing systems can be simplified and streamlined, especially in connection with FFS. Those simplifications will be implemented following the same consensus and approval steps as other projects. This will require that some Member and Committee offices convert to a "standardized" accounting and budgeting system. Many of the financial administrators have voiced strong preferences for a particular existing module. Considerable time and discussion will be required of the new advisory team as well as by the existing advisory groups already in existence, especially the Committee advisory

group to the Committee on House Oversight, to reach a consensus on a new system.

Office of Inspector General Comments

The CAO's planned actions are responsive to the issues we identified, and when we receive the individual action plans we will evaluate the plans to determine whether they will satisfy the intent of these recommendations.

Finding C: Member, Committee, And Other House Offices Lack The Financial Information They Need To Manage Their Finances

Member, Committee, and other House offices still do not have timely access to the financial information they need to manage their offices. Paper reports are the primary means by which offices receive financial information from Finance and these reports are available only once a month. Without accurate, accessible and timely financial information, offices waste time in planning and monitoring expenses and ultimately, they risk making poor spending decisions. Finance needs to take immediate action to provide Member, Committee, and other House offices with online query access to FFS. However, in the interim, Finance needs to establish measures to more regularly provide the House with more timely financial information.

The guidelines outlined in OMB Circular A-130 require that agencies in the Executive Branch record, preserve, and make accessible sufficient information to ensure the management and accountability of programs. Furthermore, the CFO Act stipulates that financial management systems, practices, and reporting provide complete, consistent, reliable, and timely information, so that offices can efficiently manage programs and operations.

Member, Committee, and other House offices lack timely data on their current available funding balances, obligations, and disbursement data. Currently, these offices receive summary information on their available funding and obligations, and detailed information on disbursements once a month through hard-copy reports provided by Finance. These reports are supposed to be distributed approximately two weeks after the close of the period for which information is presented in the reports. However, they are often issued later than two weeks. In addition, except for occasionally receiving reports for purchases and asking Finance questions, these reports are the sole source of information from Finance for these offices to use in managing their financial activities. Although the information contained in the reports on available funding is useful to these offices, it is not timely enough to be used in making obligation and spending decisions. Furthermore, the summary data on obligations does not provide enough detail to be useful for Member, Committee, and other House offices to determine the specific purchase orders that have been approved and processed, because the monthly report only provides a total obligated amount for each major expense category. The disbursement data contained in the monthly report is very useful for offices. However, since the information is only available on a monthly basis, its usefulness to Member, Committee, and other House offices is reduced.

As a result of insufficient and untimely information, Members are in jeopardy of overspending their allowances, because the information is out-of-date. In fact, some Members have overspent their allowances during the two prior financial audit periods (calendar years 1994 and 1995). Furthermore, without sufficient and timely access to financial information Member, Committee, and other House offices are making business decisions on limited and out-of-date information. At the beginning of the implementation of FFS, the CAO decided to delay the expansion of access

to FFS by Member, Committee, and other House offices until the core functions of FFS were established. However, Finance has not established interim means to provide more timely information to Member, Committee, and other House offices during the month before the monthly reports are available. For example, Finance does not provide financial information on a daily or weekly basis.

Recommendations

We recommend that the Chief Administrative Officer direct the FFS Implementation Team to:

1. Expeditiously grant Member, Committee, and other House offices online access to the financial information in FFS that directly relates to their offices.
2. Provide purchasing and disbursement reports to Member, Committee, and other House offices on a daily or weekly basis until online access is provided. At a minimum, the purchasing reports should include information on purchase orders (obligations) processed and unliquidated obligations. These reports should include at least the following items:
 - Obligation document number.
 - Transaction date.
 - Vendor name.
 - Expense type.
 - Obligated amount.

At a minimum, the disbursement reports should include information on payments made to vendors, reimbursements made to employees, and transfers between offices. Information on payment vouchers that have been approved by Finance and entered into FFS but for which no check has been cut should also be provided. The reports should include at least the following items:

- Document number.
- Transaction date.
- Vendor or employee name.
- Expense type.

- Expense amount.
- Check number.
- Payment date.

The standard reports available from FFS should be utilized to provide these interim reports. However, if a standard report is not available through FFS, a custom report should be developed and implemented.

3. Modify the monthly reports to contain detailed information on obligations entered into FFS to reserve funds. The report should include at least the following items:
 - Obligation document number.
 - Transaction date.
 - Vendor name.
 - Expense type.
 - Obligated amount.

Management Response

On September 27, 1996, the CAO fully concurred with the finding and recommendations (see Appendix). In a December 20, 1996 meeting with the OIG, the Acting CAO reaffirmed concurrence with the finding and recommendations, and agreed to provide an action plan with target dates to the Inspector General by January 15, 1997.

Management indicated that providing access to FFS for Member, Committee, and House offices has been discussed for several months, and a formal project could bring the concept on-line quickly. Security issues are an important part of this rapid access capability and they must be carefully thought through. Key Member offices will be involved in the consensus building steps. Additionally, several software packages are being explored that could provide reporting capabilities on a short-term basis until the FFS system can go on-line with this data. Implementation of the reporting capacity could occur early in the 105th Congress. This enhancement to FFS has been discussed at working group levels and assigning the task as one of the recommendations to be given an action plan will assure an expedited schedule for implementation.

Office of Inspector General Comments

The CAO's planned actions are responsive to the issues we identified, and when we receive the individual action plans we will evaluate the plans to determine whether they will satisfy the intent of these recommendations.

Finding D: The CAO Lacks A Structured Method For Establishing And Communicating Financial Management Policies, Procedures, Or Information On Systems

The CAO needs to place a high priority on establishing policies and procedures that meet the financial management needs of Member, Committee, and other House offices. Policy changes have cost the House time and money as Member, Committee, and other House offices have had to adjust their procedures, processes, and systems to the new directives after the fact. The CAO lacks a structured method for communicating effective financial management policies, procedures, and systems information.

According to Federal criteria outlined in OMB Circular A-130, decisions that relate to information systems should consider users' needs, and the integration of data and functions to promote the management and accountability of programs. OMB Circular A-130 also stipulates that agencies should provide for coordinated decision making to bring together perspectives from across an agency. This coordination may take place in an agency-wide management or information resources management committee. Such groups include functional users, managers of financial and human resources and information resources management specialists. While these directives are most applicable to agencies that are modifying established financial management systems and processes, as compared to the House, which is developing them for the first time, these directives should serve as the goal and a comparative benchmark as the House continues to improve its financial management practices.

Effective financial management policies, procedures, and systems begin with a structured method for establishing and communicating changes. Before most public and private finance organizations establish new policies, procedures, and systems, they consider the needs of and impact of the changes on their users. Many times the users' needs and insights on the impact of new changes are collected through interviews and focus group meetings. These finance organizations also assist and train their users to understand the new policies, procedures, and systems. Once the new policies, procedures, or systems are implemented, most private and public finance organizations also monitor the use of the new policies, procedures, and systems to assess whether they are working effectively and meeting the organization's objectives. They also continue their two-way communication with users to evaluate the new policies, procedures, and systems in order to determine if they efficiently and effectively support their offices.

Member, Committee, and other House offices were neither aware of the timing and impact of the implementation of FFS nor were they apprised of the capabilities of the system. Although the CAO meant for the implementation to be transparent to end users, it was not because of the increased time it took to produce monthly financial reports and for Finance to process voucher forms. In addition, CAO personnel were trained to enter transactions into FFS but were not given opportunities to contribute to modifying work flows. Furthermore, other financial systems were developed for Members and Committees without knowledge of their compatibility with FFS or of

procedural changes being instituted in Finance which would effect the usefulness of these systems. Changes were also made to inter-office administrative procedures and systems without determining and documenting the requirements of Member, Committee, and other House offices and without effectively communicating the changes to the affected offices.

When new policies, procedures, and systems are established that do not support Member, Committee, and other House offices' requirements, unnecessary costs are incurred after the fact to determine what those needs are and how to best meet them. Valuable time is wasted as well, in that it takes additional time for the House offices that support Member, Committee, and other House offices to perform their duties. For example, changes in Finance's procedures relating to the Communications Group in HIR were made without the Communications Group's input or full knowledge. This negatively impacted that office's ability to execute its duties. Specifically, every month the Communications Group submits voucher forms to Finance for payment of phone service in approximately 1,300 Member, Committee and other House offices. Before submitting vouchers, Communications staff carefully review the phone bills for accuracy and ensure that incorrect fees or charges (e.g., state tax) are not assessed. Late fees are customarily included on the bills and paid by the House. Prior to the implementation of FFS, Communications received daily payment information electronically from Finance. This allowed them to compare actual payment dates and amounts to phone bills and to prepare vouchers for subsequent months that only reflected the amount outstanding. Without up-to-date payment information, the Communications Group has to call Finance or to devise other methods of determining the accurate amount due for service and late fees. Additionally, the Communications Group along with the Client Services Group is responsible for responding to telecommunications vendor inquiries. Thus, when FFS was first implemented Communications neither had direct access to the information needed to process phone bills and respond to vendor concerns nor had they been given sufficient time and information to develop alternative procedures. As a consequence, it took longer for the Communications Group to process and track Member, Committee, and other House offices phone bills. The overall results of uncoordinated financial management decision making and lack of input from users (i.e., Member, Committee, and other House offices) are ineffective policies, procedures, and systems and the risk that over time these offices will ultimately lose confidence and respect for CAO decisions.

Exhibit F presents the high level financial management policy requirements expressed by Member and Committee offices during focus group meetings. These are specific examples of House users' needs that have not been collected, analyzed, or considered for implementation by the CAO.

The CAO needs to place high priority on developing a structured approach for establishing and communicating financial management policies, procedures, and systems information. Because of the aggressive schedule for implementing FFS and the limited resources available to support that implementation, the CAO did not actively seek requirements from Member, Committee, and other House offices or consider their insights on how changes in policies, procedures, and systems

would impact their current operations and systems. As a result, the CAO implemented new policies, procedures, and systems without this input. For example, new procurement and purchasing procedures were implemented by the CAO in 1995. They added internal controls but lengthened the amount of time it took to order goods through Media and Support Services. Then, when FFS was implemented, this process was extended further because purchase orders were to be entered into FFS as well as processed on paper. Another example of systems being implemented without user input is the decision to replace the Lotus accounting system with Foxpro, when Foxpro development currently has not been completed and currently does not fully meet the needs of committees. In addition, the CAO has not dedicated the time to assist and train its users in understanding and implementing the changes to financial management policies, procedures, and information systems.

Recommendations

We recommend that the Chief Administrative Officer:

1. Conduct user requirements analyses prior to implementing any future financial management policies, procedures, and phases of FFS or any other House information systems.
2. Establish a financial users' group and meet regularly to provide an avenue for users to contribute to and be updated about the implementation of FFS or any other new systems. Such a group should include representatives from Member, Committee, and other House offices and could also serve as an ongoing forum for exchanging information and ideas concerning financial management.
3. Offer training to staff when new policies, procedures, and systems are instituted as is currently done with budget preparation.

Management Response

On September 27, 1996, the CAO fully concurred with the finding and recommendations (see Appendix). In a December 20, 1996 meeting with the OIG, the Acting CAO reaffirmed concurrence with the finding and recommendations, and agreed to provide an action plan with target dates to the Inspector General by January 15, 1997.

Management stated that regular presentations, discussions and consensus-gathering sessions will be scheduled with a new advisory group, as each separate project proceeds along its action plan schedule. With respect to conducting user group forums, three users' groups already exist (Financial Counseling's Member and Committee groups and Internal Control's FFS group) and relevant members of each will form the new team to help develop appropriate specifications. A

staff person with the responsibility to offer training to staff has just completed training work and has already drafted a recommended financial administrator certification program. Close coordination with all the project teams will be necessary to ensure that relevant CAO staff and all financial administrators are trained prior to the implementation of each new change.

Office of Inspector General Comments

The CAO's planned actions are responsive to the issues we identified, and when we receive the individual action plans we will evaluate the plans to determine whether they will satisfy the intent of these recommendations.

**Core Components Of FFS Implemented
On June 4, 1996**

Subsystem/ Custom Interface/Custom Report	General Functions Implemented
General Systems Subsystem	<ul style="list-style-type: none"> • Define system-wide accounting codes such as organization, program, and budget object codes. • Maintain vendor and customer information. • Enter and approve documents. • Determine the status of documents. • Establish overage and underage tolerance limits for the difference between payments and obligations.
Budget Execution Subsystem	<ul style="list-style-type: none"> • Record available appropriation amounts. • Distribute appropriations to various budget levels. • Perform spending control on obligation and expenditure transactions. • Track obligated, expended, and available funding amounts. • Reprogram funds between budget levels.
General Ledger Subsystem	<ul style="list-style-type: none"> • Establish general ledger accounts in compliance with the U.S. Standard General Ledger. • Post debit and credit entries for FFS transactions. • Maintain general ledger account balances. • Maintain an audit trail of FFS budget and financial transactions. • Reclassify budget and financial transactions.
Project Cost Accounting Subsystem	<ul style="list-style-type: none"> • Establish allowance amounts for Member and Committee offices. • Perform spending control on obligation and expenditure transactions for Member and Committee offices. • Transfer funds between Official Mail Allowances and Official Representational Allowances.
Planning Subsystem	<ul style="list-style-type: none"> • Record planned obligation amounts. • Record planned disbursement amounts. • Track planned-to-actual obligation amounts. • Track planned-to-actual disbursement amounts.
Purchasing Subsystem	<ul style="list-style-type: none"> • Record obligations for purchase orders.
Accounts Payable Subsystem	<ul style="list-style-type: none"> • Record payments for goods and services. • Liquidate obligations. • Check overage and underage tolerance when liquidating obligations. • Establish recurring payments for district office and car lease payments.
Automated Disbursements Subsystem	<ul style="list-style-type: none"> • Select payments for disbursement. • Group payments to the same vendor into one check. • Print checks to disburse funds. • Cancel and reissue checks. • Process manual checks.

**Core Components Of FFS Implemented
On June 4, 1996**

Subsystem/ Custom Interface/Custom Report	General Functions Implemented
	<ul style="list-style-type: none"> • Produce tapes and reports containing information on printed checks for reconciliation with Treasury.
Accounts Receivable Subsystem	<ul style="list-style-type: none"> • Record collection of expenditure refund and revenue.
Custom Office Telephone Support Interface	<ul style="list-style-type: none"> • Reimburse House Information Resources' Communications Group for telephone services provided to Member, Committee and other House offices. • Charge Member, Committee and other House offices for telephone services received.
Custom Office Supply Service Interface	<ul style="list-style-type: none"> • Reimburse Office Supply Service for goods sold to Member, Committee and other House offices. • Charge Member, Committee and other House offices for goods purchased.
Custom Office Equipment Services Interface	<ul style="list-style-type: none"> • Reimburse Office Systems Management for equipment sold to Member, Committee and other House offices. • Charge Member, Committee and other House offices for goods purchased.
Custom Photography Office Interface	<ul style="list-style-type: none"> • Reimburse the Photography Office for services provided to Member, Committee and other House offices. • Charge Member, Committee and other House offices for services received.
Custom General Services Administration Interface	<ul style="list-style-type: none"> • Record payments to the General Services Administration for offices rented by Members in Federal buildings. • Charge Member offices for office rental charges.
Custom Payroll Interface	<ul style="list-style-type: none"> • Record payroll expenses in FFS. • Record employee withholdings and deposits of government benefit contributions. • Record disbursements of employee withholdings and deposits of government benefit contributions.
Custom Reports	<ul style="list-style-type: none"> • Produce Monthly Financial Statements. • Produce Statement of Disbursements.

Financial Management Requirements That Are Most Critical

- Timely payment processing and reporting.
- The ability to track (preferably online) payments from the time the voucher form is prepared through the disbursement of funds by the Office of Finance.
- Online access to the financial system used in the Office of Finance.
- Ability to export financial data to a spreadsheet or other software that can be used to develop custom reports.
- Ability to track office budget by the three main components: Payroll, Official Expenses, and Mail.

Systems' Assessment

System Features Offices Liked	System Features Offices Didn't Like	Essential System Features	Additional Features Needed
Lotus 1-2-3			
<ul style="list-style-type: none"> • Macros make the system flexible. • System allows users to create custom reports. • Data can be exported to spreadsheets for further manipulation. • Budget categories are the same as in the Office of Finance. • Proven reliability. 	<ul style="list-style-type: none"> • Balance sheet option is not needed or used. Members are not concerned with this type of data. 	<ul style="list-style-type: none"> • Voucher and form generation. • One time entry of financial data. • Journal entry and editing. • Manipulation of data, ability to sort on any field. • Payment date for voucher tracking. • Preparation and printing of Clerk Hire forms. • Tracking of employee statistics. • Mail expenses budget category. 	<ul style="list-style-type: none"> • Need to have more budget sub-categories for expenses.
FoxPro			
<ul style="list-style-type: none"> • System is user-friendly and easy to use. • Voucher preparation is especially easy. • Low maintenance requirement, with respect to House Information Resources. 	<ul style="list-style-type: none"> • Unable to combine different budget categories in a single report. • No payroll or Clerk Hire processing capabilities. • Data cannot be exported to spreadsheets. • There are a number of bugs. 	<ul style="list-style-type: none"> • Need to add ability to break out the three components of the Member's budget: Payroll, Mail, and Official Expenses. • Need to add password protection to prevent unauthorized access to data. • Need to add the ability to export data to spreadsheets. 	
MicroMIN			
<ul style="list-style-type: none"> • Voucher preparation and tracking features are good. • Reporting feature includes all needed reports. 	<ul style="list-style-type: none"> • Budget categories are different from those used in the Office of Finance. • System has not been modified to track the Member's Representational Allowance as a whole. • Phone book is not used by most offices. 	<ul style="list-style-type: none"> • Need to add the ability to export data to spreadsheets. • Need to add the ability to track mail expenses. 	

Common Business Processes And Financial Management Concerns

Budgeting

- Available funding is tracked according to the Member's Representational Allowance.
- Each office records the total amount of the allowance.
- Actual spending is tracked by budget category.
- Obligated funds are also tracked.

Planning

- Spending priorities are established and actual spending is compared to current office budgets.
- Spending projections are developed monthly and annually, mostly by manual means.
- Spending projections are developed for projecting the effect of large purchases on the overall budget.
- Extensive financial plans are not prepared due to the limited duration of legislative terms.
- Formal budgets are prepared internally for office use only.

Purchasing Through House Offices

- The current purchasing process takes approximately three months from issuing a requisition memo to having the Office of Finance cut a payment check.
- Purchasing office equipment or district office furniture takes so long that often staff will make purchases on personal credit cards and then submit a voucher for reimbursement.
- Purchases from Office Supply Services are much smoother; they deliver the items and we always get a copy of the purchase order and a receipt or bill of goods with the order.
- Because Office Systems Management does not provide offices copies of purchase orders, it is very difficult to verify received goods.

Purchasing From External Sources

- The approval process for direct purchases of computer equipment takes so long that it is a useless option. No office can wait that long to get office equipment, so they continue to purchase these items via Office Systems Management.
- For recurring services like bottled water or subscriptions, an account is established directly with a provider.
- Slow payment by the Office of Finance makes service stoppage a real problem.
- Without the purchase order, offices do not know how much to obligate for purchases. When a bill comes, they do not know if it is an accurate statement of what was ordered.

Expenditures

- Member offices prepare vouchers for travel, training, and certain mail expenses.
- Vouchered mail expenses include: folding, printing, stuffing, express mail, FEDEX, overseas mailing, and stamps.
- A single, internally generated voucher form is used for all vouchered expenditures.
- Travel vouchers are processed in the shortest time, but still take a minimum of seven days to be processed by the Office of Finance.
- Vendors call frequently asking for payment information. Tracking the status of payments is very difficult.
- Lack of a standard tax exemption form causes offices to have to battle with some vendors to remove inappropriate taxes from bills.

Non-Vouchered Expenditures

- These expenses are manually tracked.
- Office Systems Management doesn't inform offices about which vendor provides maintenance for equipment, so offices sometimes do not know who to call when equipment requires service.

Reporting

- The Monthly Financial Statement from the Office of Finance does not arrive timely and should be supplemented with a paid voucher listing that offices can have in their hands by the fifth day of every month.

Financial Management Requirements That Are Most Critical

- Ability to export financial data to a spreadsheet or other software that can be used to develop custom reports.
- The ability to track (preferably online) payments from the time the voucher form is prepared through the disbursement of funds by the Office of Finance.
- Ability to participate in the planning and development of any new financial system, including involvement in the naming of budget categories.
- Ability to receive timely and accurate reports from external sources and to generate both custom and standard reports with reliable data in them.
- A more efficient and streamlined procurement process.

Systems' Assessment

System Features Offices Liked	System Features Offices Didn't Like	Essential System Features	Additional Features Needed
AREV			
<ul style="list-style-type: none"> • Travel order and travel reporting functions are great. • The breakout by budget categories is flexible and customizable. • Reports required by the Committee on House Oversight are generated by the system. • The Personnel System, especially its salary history and percentage information, is useful. 	<ul style="list-style-type: none"> • Some of the information in the Personnel System is redundant or does not fully meet some Committees' needs so it is tracked manually. • There is only one House Information Resources support person that works on AREV so response time to support calls can be slow. • The system lacks the ability to track overtime or to report on franked mail. • Notes for travel orders cannot be copied over to the next set of travel orders and must be manually retyped. • Titles and office names are outdated. 	<ul style="list-style-type: none"> • Ability to prepare all reports required by the Committee on House Oversight. 	<ul style="list-style-type: none"> • The ability to project impact of pay raises and cost of living adjustments on the budget. • The ability to perform what-if analyses on the budget based on changes in expenditures that could occur in the future. • The ability to copy notes from one set of travel orders to another. • The ability to export data to a spreadsheet for additional analysis and report generation.
Excel			
<ul style="list-style-type: none"> • All of the functions needed can be done within the system. • Flexible report generation. 	<ul style="list-style-type: none"> • Requires the manual entry of data into a separate report template to generate reports. • Used only for tracking expenses, not for travel order processing or voucher form preparation or tracking. 	<ul style="list-style-type: none"> • Data can be easily manipulated. 	<ul style="list-style-type: none"> • A better reporting function. • A common system for all financial data, currently use a separate system for preparing vouchers that cannot share data with Excel. • The ability to perform online tracking of vouchers.

Common Business Processes And Financial Management Concerns

Budgeting

- Committees prepare two, one-year budgets annually.
- Offices track available funding, actual spending, and obligated funds.
- Reports from the Office of Finance should match the format required by the Committee on House Oversight.

Planning

- Committees track their budgets by several specific categories, not by the broad categories used by the Office of Finance.
- The Office of Finance should adapt to its customers' needs.

Purchasing Through House Offices

- Purchasing items through Office Systems Management is challenging to track because once an approved requisition form is sent to Office Systems Management the Committee office has no way of knowing what items have been ordered, what the price of those items was, or when to expect delivery.
- We have no understanding of why processing orders takes so long.
- Orders are usually delivered to a single address regardless of where we requested the delivery to occur.
- A copy of purchase orders that have been processed would help offices track the actual price charged for items ordered and know what items were actually ordered.
- Office Supply Services always provides a copy of the purchase order for special orders, and receipts are given when supplies are purchased from them directly.
- Credits for equipment or services returned or mistakenly charged by House offices take too long to process. One office had to wait 15 months to receive its credit. It often requires substantial justification to get a credit issued.

Purchasing From External Sources

- Purchasing directly from vendors often requires that a staff member pay fees or deposits to get timely service started.
- A listing of software that is available from House-wide site licensing agreements should be posted on the House network to avoid direct purchases of software at retail that could be bought at a lower price or used at no cost.
- More information on vendors, the equipment they offer, and their prices should be provided to House offices so they can make better decisions about what equipment to buy and from whom.
- A form stating our tax exempt status is needed.

Expenditures

- Offices prepare vouchers for travel, training, and items and services purchased directly from outside vendors. The vouchers are then sent to the Office of Finance for payment.
- Slow payment by the Office of Finance can cause a cut-off of services.
- Tracking payments is difficult because checks are disbursed for the total amount owed to a vendor. It is difficult to determine from the Office of Finance the specific bills that were paid. Sometimes one office's account is credited with several other offices' payments as the check only has the first account being paid on it, e.g., American Express accounts.
- Reimbursements to staff can take months if payments are to be mailed to different addresses.
- It often takes months to get vendor or personnel address changes made.
- If your counselor in the Office of Finance is out of the office, your vouchers do not get processed.

Non-Vouchered Expenditures

- For the internal purchase of services, a receipt is usually the only record of what was bought or what service was provided.
- House Information Resources, House Recording and Photography Studios send a statement of charges for services provided, but the statements are often several months behind and are not itemized. The statements only state the total amount of the charges for a given period. Sometimes these charges are in error, and we have to go back to that office and request a credit.

Common Business Processes And Financial Management Concerns

Reporting

- Committee offices prepare a variety of internal and external reports in order to maintain control of their budgets.
- Reports received from the Office of Finance do not correspond to the information required on reports to the Committee on House Oversight.

FFS Gap Analysis High Level Financial Management Systems Requirements of Member, Committee, and Other House Offices				
Requirement Description	Met with Core FFS Components Implemented at the House*		Met with Other FFS Subsystems, Add-on Systems or Custom Enhancements**	
	Fully/Partially/Not at All	How	Potentially/Unknown	How
Member Offices				
<i>Budget Execution</i>				
<ul style="list-style-type: none"> Ability to track the amount of funds spent, obligated and funds available for each of the three budget components: Payroll, Mail, and Official Expenses. 	Fully ¹	Project Cost Accounting		
<i>Purchasing</i>				
<ul style="list-style-type: none"> Ability to track status of purchase orders. 	Fully ²	General Systems, Purchasing		
<i>Accounts Payable</i>				
<ul style="list-style-type: none"> Timely³ disbursement of vouchers. 	Fully	Accounts Payable, Automated Disbursements		
<ul style="list-style-type: none"> Ability to record and track expenditures by payee and expense type in a timely³ manner. 	Fully ²	Accounts Payable, General Ledger		
<ul style="list-style-type: none"> Ability to have timely³ access to disbursement information. 	Fully	Automated		

¹ This requirement can be met using the core FFS components implemented at the House; however, additional system setup may be necessary.

² The financial transaction aspect of this requirement can be fully met with core FFS components implemented at the House, not the manual processes related to this function.

³ The listed subsystem meets the requirement; however, timeliness is dependent on processes and procedures outside of the system.

* This column indicates whether the core FFS components implemented at the House could meet the requirement. The core FFS components are presented in Exhibit A.

** The analysis of system functionality was based on documentation already obtained by the House from software vendors. Examples of other FFS subsystems are Inventory and Travel. Examples of add-on systems are Procurement Desktop and report writing applications. Examples of custom enhancements are custom reports and interfaces.

Note: these are general recommendations which should be thoroughly analyzed to determine the best method to meet the users' requirements.

FFS Gap Analysis				
High Level Financial Management Systems Requirements of Member, Committee, and Other House Offices				
Requirement Description	Met with Core FFS Components Implemented at the House*		Met with Other FFS Subsystems, Add-on Systems or Custom Enhancements**	
	Fully/Partially/Not at All	How	Potentially/Unknown	How
		Disbursements		
<ul style="list-style-type: none"> Ability to track the status of payment vouchers from the point they are prepared or entered into the offices' systems through the disbursement of funds by the Office of Finance. 	Partially	General Systems, Accounts Payable, Automated Disbursements	Unknown	
<ul style="list-style-type: none"> Ability to have online access to check on status of payments and expenses. 	Fully ²	General Systems, Accounts Payable		
<ul style="list-style-type: none"> Ability to have online access to check the Office of Finance's status of processing payment voucher forms. 	Not at all		Unknown	
<ul style="list-style-type: none"> Ability to track and manipulate Clerk Hire and payroll data in a system. 	Not at all		Potentially	Add-on system
<ul style="list-style-type: none"> Ability to rely on timely³ processing of all vouchers with timely³ reporting on disbursements made for a given period. 	Fully	Accounts Payable, Automated Disbursements		
<i>Asset Management</i>				
<ul style="list-style-type: none"> Ability to receive up-to-date information from Office Systems Management on the status and contents of maintenance contracts for equipment used in Members' offices. 	Not at all		Unknown	

² The financial transaction aspect of this requirement can be fully met with core FFS components implemented at the House, not the manual processes related to this function.

³ The listed subsystem meets the requirement; however, timeliness is dependent on processes and procedures outside of the system.

* This column indicates whether the core FFS components implemented at the House could meet the requirement. The core FFS components are presented in Exhibit A.

** The analysis of system functionality was based on documentation already obtained by the House from software vendors. Examples of other FFS subsystems are Inventory and Travel. Examples of add-on systems are Procurement Desktop and report writing applications. Examples of custom enhancements are custom reports and interfaces.

Note: these are general recommendations which should be thoroughly analyzed to determine the best method to meet the users' requirements.

FFS Gap Analysis				
High Level Financial Management Systems Requirements of Member, Committee, and Other House Offices				
Requirement Description	Met with Core FFS Components Implemented at the House*		Met with Other FFS Subsystems, Add-on Systems or Custom Enhancements**	
	Fully/Partially/Not at All	How	Potentially/Unknown	How
<i>Reports</i>				
• Ability to obtain monthly expense reports from the Office of Finance in a timely ³ manner.	Fully	Custom reports		
• Ability to reconcile internally generated financial data to the Office of Finance’s Monthly Financial Statements and ability to provide timely feedback to the Office of Finance.	Not at all		Unknown	
• Ability to generate automated, ad hoc financial reports, sorted for example by budget category with future or projected spending data.	Not at all		Potentially	Add-on system
• Ability to export financial data to other systems such as spreadsheets.	Not at all		Potentially	Add-on system
• Ability to generate reports by budget category with future or projected spending data.	Not at all		Potentially	Add-on system
<i>General Systems</i>				
• Ability to rely on the accuracy of financial data in the internally maintained systems and data from the Office of Finance, Office Systems Management, and other offices.	Partially	All subsystems--as data extends to FFS	Unknown	

³ The listed subsystem meets the requirement; however, timeliness is dependent on processes and procedures outside of the system.

* This column indicates whether the core FFS components implemented at the House could meet the requirement. The core FFS components are presented in Exhibit A.

** The analysis of system functionality was based on documentation already obtained by the House from software vendors. Examples of other FFS subsystems are Inventory and Travel. Examples of add-on systems are Procurement Desktop and report writing applications. Examples of custom enhancements are custom reports and interfaces.

Note: these are general recommendations which should be thoroughly analyzed to determine the best method to meet the users’ requirements.

FFS Gap Analysis				
High Level Financial Management Systems Requirements of Member, Committee, and Other House Offices				
Requirement Description	Met with Core FFS Components Implemented at the House*		Met with Other FFS Subsystems, Add-on Systems or Custom Enhancements**	
	Fully/Partially/Not at All	How	Potentially/Unknown	How
Committee and Other House Offices				
<i>Budget Preparation and Planning</i>				
• Ability to plan and forecast budgetary, spending, and personnel funding requests.	Not at all		Unknown	
<i>Budget Execution</i>				
• Ability to have a single set of budget categories (Budget Object Classes) that is standardized based on Committee and Officer needs and used by the Office of Finance.	Fully	General Systems		
• Ability to track the amount of funds spent, funds obligated, and funds available based on several budget categories.	Fully ^{1 2}	Budget Execution, Project Cost Accounting		
<i>Purchasing</i>				
• Ability to establish an obligation.	Fully ¹	Purchasing		
• Ability to track requisitions and purchases.	Fully ^{1 2}	Purchasing		
• Online access to check the status of purchases.	Fully ²	General Systems, Purchasing		
<i>Accounts Payable</i>				
• Ability to track the status of payments and expenses.	Fully ²	General Systems,		

¹ This requirement can be met using the core FFS components implemented at the House; however, additional system setup may be necessary.

² The financial transaction aspect of this requirement can be fully met with core FFS components implemented at the House, not the manual processes related to this function.

² The financial transaction aspect of this requirement can be fully met with core FFS components implemented at the House, not the manual processes related to this function.

FFS Gap Analysis				
High Level Financial Management Systems Requirements of Member, Committee, and Other House Offices				
Requirement Description	Met with Core FFS Components Implemented at the House*		Met with Other FFS Subsystems, Add-on Systems or Custom Enhancements**	
	Fully/Partially/Not at All	How	Potentially/Unknown	How
		Accounts Payable		
<ul style="list-style-type: none"> Ability to determine the status of voucher forms. 	Not at all		Unknown	
<ul style="list-style-type: none"> Online access to check the status of payments. 	Fully ²	General Systems, Accounts Payable		
<ul style="list-style-type: none"> Ability to prepare voucher and travel order forms online. 	Not at all		Unknown	
<ul style="list-style-type: none"> Ability to process payments and travel reimbursements online. 	Partially	Accounts Payable	Potentially	Travel Subsystem
<i>Reports</i>				
<ul style="list-style-type: none"> Ability to export financial data to other systems such as spreadsheets. 	Not at all		Potentially	Add-on system, Custom enhancement
<ul style="list-style-type: none"> Ability to generate and receive accurate⁴ and current spending reports. 	Fully	Accounts Payable, Automated Disbursements		
<ul style="list-style-type: none"> Ability to generate automated, ad hoc financial reports, sorted for example by budget category with future or projected spending data. 	Not at all		Potentially	Add-on system
<ul style="list-style-type: none"> Ability to generate reports required by the Committee on House Oversight. 	Not at all		Potentially	Add-on system
<i>General Systems</i>				
<ul style="list-style-type: none"> Ability to enter data into the system once and have it maintained by the system and retrieved into any other related subsystems when accessed. 	Fully	All subsystems		
<ul style="list-style-type: none"> Ability to rely on the accuracy⁴ of financial data in the internally maintained 	Partially	All subsystems--as	Unknown	

⁴ To a large degree, the accuracy of the data contained in a system is dependent upon accurate data entry.

⁴ To a large degree, the accuracy of the data contained in a system is dependent upon accurate data entry

FFS Gap Analysis				
High Level Financial Management Systems Requirements of Member, Committee, and Other House Offices				
Requirement Description	Met with Core FFS Components Implemented at the House*		Met with Other FFS Subsystems, Add-on Systems or Custom Enhancements**	
	Fully/Partially/Not at All	How	Potentially/Unknown	How
systems and data from the Office of Finance, Office Systems Management, and other offices.		data extends to FFS		
<i>Miscellaneous</i>				
<ul style="list-style-type: none"> Ability to obtain current descriptions for the codes listed in Office Systems Management for purchases and maintenance contracts. 	Not at all		Unknown	

FFS Gap Analysis					
High Level Financial Management Systems Requirements of CAO Offices					
Requirement Description	Offices*	Met with Core FFS Components Implemented at the House**		Met with Other FFS Subsystems, Add-on Systems or Custom Enhancements***	
		Fully/Partially/Not at All	How	Potentially/Unknown	How
<i>Budget Preparation and Planning</i>					
• Ability to prepare budget plans for individual CAO offices and the whole CAO office for current and future fiscal years.	CAO	Partially	Planning	Unknown	
• Ability to prepare timely budget projections for individual CAO offices and consolidated projections for the whole CAO office for current and future fiscal years.	CAO	Not at all		Unknown	
• Ability to set up approved CAO budgets online.	CAO	Fully	Budget Execution		
• Ability to prepare timely budget projections for current and future fiscal years.	HIR, HR, MSS, P&D, OPP	Not at all		Unknown	
• Ability to set up approved budget online.	HIR, HR, MSS, P&D, OPP	Fully	Budget Execution		
• Ability to prepare annual and multi-year financial plans.	HIR, MSS	Partially	Planning	Unknown	
• The Integration group should be able to track the cost of software package development.	HIR	Partially	Project Cost Accounting	Potentially	Cost Accounting or Add-on systems
• The Client Services group should be able to track the costs of services provided by service category.	HIR	Partially	Project Cost Accounting	Potentially	Cost Accounting or Add-on systems
• Ability to prepare and to distribute financial projections internally.	HR	Not at all		Unknown	
• The Policy and Administration group should be able to consolidate budget information, financial projections, and financial reports for all Human Resources groups as necessary.	HR	Partially	Budget Execution	Unknown	
• The Day Care Center should be able to create flexible budgets based on different levels of tuition.	MSS	Not at all		Potentially	Add-on system

FFS Gap Analysis					
High Level Financial Management Systems Requirements of CAO Offices					
Requirement Description	Offices*	Met with Core FFS Components Implemented at the House**		Met with Other FFS Subsystems, Add-on Systems or Custom Enhancements***	
		Fully/Partially/Not at All	How	Potentially/Unknown	How
• Office Systems Management should be able to prepare current and future financial projections based on changes in obligations.	MSS	Not at all		Unknown	
• Ability to prepare financial projections and plans.	OPP	Partially	Planning	Unknown	
<i>Budget Execution</i>					
• Ability to query up-to-date budget information online.	HIR, HR, MSS, P&D, OPP	Fully	Budget Execution		
• Ability to track the amount of funds spent, funds obligated, and funds available.	CAO, HR, MSS, P&D, OPP	Fully ²	Budget Execution		
• Ability to provide for online confirmation of funds availability prior to the issuance of a commitment, obligation, or expenditure.	CAO, HR, MSS, P&D, OPP	Fully	Budget Execution		
• Ability to update funds availability to help prevent the incurrence of commitment, obligations, or expenditures in excess of available fund balance.	CAO, HR, MSS, P&D	Fully	Budget Execution		
• Ability to consolidate budget information, financial projections, and financial reporting for all CAO offices for current fiscal years.	CAO	Partially	Budget Execution, General Ledger	Unknown	
• Ability to determine the status of reprogramming requests.	HIR, HR, OPP	Fully ²	General Systems, Budget Execution		
• Ability to track the amount of funds spent, funds obligated, and funds available at levels detailed enough to perform internal	HIR	Fully ²	Budget Execution		

² The financial transaction aspect of this requirement can be fully met with core FFS components implemented at the House, not the manual processes related to this function.

² The financial transaction aspect of this requirement can be fully met with core FFS components implemented at the House, not the manual processes related to this function.

FFS Gap Analysis					
High Level Financial Management Systems Requirements of CAO Offices					
Requirement Description	Offices*	Met with Core FFS Components Implemented at the House**		Met with Other FFS Subsystems, Add-on Systems or Custom Enhancements***	
		Fully/Partially/Not at All	How	Potentially/Unknown	How
planning and management.					
<ul style="list-style-type: none"> Ability to provide for online confirmation of funds availability prior to the issuance of a commitment, obligation, or expenditure at levels detailed enough to provide for internal planning and management. 	HIR	Fully	Budget Execution		
<ul style="list-style-type: none"> The Office of the Associate Administrator should be able to consolidate and distribute budget information, financial projections, and financial reporting, including detailed budget data by group. 	HIR	Partially	Budget Execution	Unknown	
<ul style="list-style-type: none"> The Office of the Associate Administrator should be able to use a system that provides uniform coding of all financial information. 	HIR	Fully	General Systems		
<ul style="list-style-type: none"> The Office of Associate Administrator should be able to track and consolidate budget information and financial projections and to receive financial reports. 	MSS, P&D	Partially	Budget Execution	Unknown	
<ul style="list-style-type: none"> Office Supply Services should be able to access up-to-the-minute information on the funds availability in the Members' accounts. 	MSS	Fully ¹	Budget Execution, Project Cost Accounting		
<ul style="list-style-type: none"> Ability to access information on funds availability, including obligations and commitments for all House offices. 	OPP	Fully ¹	Budget Execution, Project Cost Accounting		
<ul style="list-style-type: none"> Ability to access information on multi-year purchases made by Member, Committee, and House Officer offices. 	OPP	Not at all		Potentially	Custom enhancement, Add-on system
<i>Purchasing</i>					
<ul style="list-style-type: none"> Ability to establish an obligation. 	CAO, HIR, HR,	Fully ¹	Purchasing		

1

This requirement can be met using the core FFS components implemented at the House; however, additional system setup may be necessary.

FFS Gap Analysis					
High Level Financial Management Systems Requirements of CAO Offices					
Requirement Description	Offices*	Met with Core FFS Components Implemented at the House**		Met with Other FFS Subsystems, Add-on Systems or Custom Enhancements***	
		Fully/Partially/Not at All	How	Potentially/Unknown	How
	MSS, P&D				
• Ability to determine online the status of purchase order preparation and approval.	CAO, HIR, HR, MSS, P&D, OPP	Partially	General Systems, Purchasing	Potentially	Add-on system
• Ability to track information on approvals of purchase orders.	CAO	Fully ²	General Systems, Purchasing		
• Ability to enter and maintain vendor information.	CAO	Fully	General Systems		
• Ability to prepare a requisition form online.	HIR, HR, MSS, P&D	Partially	Purchasing	Potentially	Add-on system
• Ability to prepare a purchase order with a correct year of service.	HIR	Fully	Purchasing		
• Ability to prepare receiving reports.	HIR, MSS, P&D, OPP	Fully ¹	Purchasing		
• Ability to prepare receiving reports for all ordered goods, including special orders.	HR	Fully ¹	Purchasing		
• Ability to prepare a purchase order.	MSS, P&D, OPP	Partially	Purchasing	Potentially	Add-on system
• Ability to prepare and approve a requisition form online.	OPP	Partially	Purchasing	Potentially	Add-on system
• Ability to establish and approve obligations.	OPP	Fully ¹	Purchasing		
<i>Accounts Payable</i>					
• Ability to prepare payment vouchers online.	CAO, P&D	Partially	Accounts Payable	Potentially	Add-on system

¹ This requirement can be met using the core FFS components implemented at the House; however, additional system setup may be necessary.

² The financial transaction aspect of this requirement can be fully met with core FFS components implemented at the House, not the manual processes related to this function.

FFS Gap Analysis					
High Level Financial Management Systems Requirements of CAO Offices					
Requirement Description	Offices*	Met with Core FFS Components Implemented at the House**		Met with Other FFS Subsystems, Add-on Systems or Custom Enhancements***	
		Fully/Partially/Not at All	How	Potentially/Unknown	How
• Ability to determine the status of a payment.	CAO, HIR, HR, MSS, P&D, OPP	Fully ²	General Systems, Accounts Payable, Automated Disbursements		
• Timely ³ disbursement of vouchers.	CAO, HIR, HR, MSS, P&D, OPP	Fully	Accounts Payable, Automated Disbursements		
• Ability to track information on approvals of payments.	CAO	Fully ²	General Systems, Accounts Payable		
• Ability to prepare voucher forms online.	HIR, HR, OPP	Partially	Accounts Payable	Potentially	Add-on system
• Ability to enter and maintain vendor information.	HIR, MSS, P&D, OPP	Fully	General Systems		
• Ability to maintain customer information.	HIR, MSS, P&D	Fully ¹	General Systems		
• The Communications group should be able to record payments for telephone charges made from the Communications account on behalf of Members, Committees, and House offices and the reimbursements back to Communications' account.	HIR	Partially	Accounts Payable, Accounts Receivable	Potentially	Custom enhancement

¹ This requirement can be met using the core FFS components implemented at the House; however, additional system setup may be necessary.

² The financial transaction aspect of this requirement can be fully met with core FFS components implemented at the House, not the manual processes related to this function.

³ The listed subsystem meets the requirement; however, timeliness is dependent on processes and procedures outside of the system.

¹ This requirement can be met using the core FFS components implemented at the House; however, additional system setup may be necessary.

² The financial transaction aspect of this requirement can be fully met with core FFS components implemented at the House, not the manual processes related to this function.

FFS Gap Analysis					
High Level Financial Management Systems Requirements of CAO Offices					
Requirement Description	Offices*	Met with Core FFS Components Implemented at the House**		Met with Other FFS Subsystems, Add-on Systems or Custom Enhancements***	
		Fully/Partially/Not at All	How	Potentially/Unknown	How
<ul style="list-style-type: none"> The Communications group should be able to track and accumulate information on penalties and late fees included in payments. 	HIR	Fully ^{1 2}	Accounts Payable		
<ul style="list-style-type: none"> The Communications group should be able to update vendor tables regularly without having to change historical data. 	HIR	Fully	General Systems		
<ul style="list-style-type: none"> Personnel and Benefits should be able to record and classify payments for personnel and benefits and be able to obtain current balances for the related accounts. 	HR	Fully	Accounts Payable, Accounts Receivable, General Ledger, Custom Interface		
<ul style="list-style-type: none"> Personnel and Benefits should be able to prepare a report listing salary and benefits payments broken down by name and social security number. The related benefits report should be broken down by government and employee contribution. 	HR	Partially	Accounts Payable, General Ledger	Potentially	Add-on system Custom enhancement
<ul style="list-style-type: none"> Ability to prepare vouchers. 	MSS	Partially	Accounts Payable	Potentially	Add-on system
<ul style="list-style-type: none"> The Food Services group should be able to access up-to-the-minute information on the detailed breakout of all expenditures. 	MSS	Fully	General Ledger		
<ul style="list-style-type: none"> Office Supply Services should be able to enter several addresses for one vendor. 	MSS	Fully	General Systems		
<ul style="list-style-type: none"> Office Supply Services should be able to enter payments that are reasonably different from the existing obligation. Specifically, FFS should be set to allow greater tolerance for differences between a payment and its obligation, particularly when the payment is less than the obligation. 	MSS	Fully ¹	General Systems, Accounts Payable		

1

This requirement can be met using the core FFS components implemented at the House; however, additional system setup may be necessary.

FFS Gap Analysis					
High Level Financial Management Systems Requirements of CAO Offices					
Requirement Description	Offices*	Met with Core FFS Components Implemented at the House**		Met with Other FFS Subsystems, Add-on Systems or Custom Enhancements***	
		Fully/Partially/Not at All	How	Potentially/Unknown	How
• Ability to summarize and generate vendor performance information.	OPP	Not at all		Potentially	Custom enhancement
• Ability to record and track accounts payable.	OPP	Fully ²	Accounts Payable, General Systems		
<i>Accounts Receivable</i>					
• Ability to generate billing information.	HIR, MSS	Fully ¹	Accounts Receivable		
• Ability to record cash receipts and update the funding balance to reflect the revenue.	HIR, MSS, P&D	Fully	Accounts Receivable, Budget Execution		
• Ability to record, track, and analyze accounts receivable.	HIR	Fully ^{1 2}	Accounts Receivable		
• The Communications group should be able to interface telephone charge information into a general accounting system for charge backs and have the ability to track transfers into their accounts.	HIR	Fully ^{1 2}	Custom Interface, General Ledger		
• The Communications group should be able to determine the status of receipts/account balances.	HIR	Fully ²	General Systems, Budget Execution, General Ledger		
• Ability to record and track accounts receivable and cash receipts.	MSS, P&D, OPP	Fully ^{1 2}	Accounts Receivable		
• Media Services (Photography and Communications Media), Office Systems Management, and Office Supply Services should be able to	MSS	Fully	Custom Interface, General Ledger		

² The financial transaction aspect of this requirement can be fully met with core FFS components implemented at the House, not the manual processes related to this function.

¹ This requirement can be met using the core FFS components implemented at the House; however, additional system setup may be necessary.

² The financial transaction aspect of this requirement can be fully met with core FFS components implemented at the House, not the manual processes related to this function.

FFS Gap Analysis High Level Financial Management Systems Requirements of CAO Offices					
Requirement Description	Offices*	Met with Core FFS Components Implemented at the House**		Met with Other FFS Subsystems, Add-on Systems or Custom Enhancements***	
		Fully/Partially/Not at All	How	Potentially/Unknown	How
interface a general accounting system to charge Members' accounts for their services.					
<ul style="list-style-type: none"> Office Systems Management should be able to access detailed information on the three-year installment programs. 	MSS	Partially	Accounts Receivable	Potentially	Add-on system
<ul style="list-style-type: none"> Office Supply Services should be able to record accounting transactions in the general ledger. 	MSS	Fully	General Ledger		
<ul style="list-style-type: none"> Procurement and Purchasing should be able to identify and record amounts receivable from privatized business centers (e.g., Barber and Beauty Shop) as accounts receivable prior to the receipt of money. 	OPP	Fully ¹	Accounts Receivable		
<i>Asset Management</i>					
<ul style="list-style-type: none"> Ability to track inventory and to maintain an inventory log. 	HIR, MSS	Not at all		Potentially	Inventory Subsystem
<ul style="list-style-type: none"> Ability to track fixed assets. 	HIR, MSS	Not at all		Potentially	Fixed Assets Subsystem
<ul style="list-style-type: none"> Office Systems Management should be able to record depreciation on capital assets. 	MSS	Partially	General Ledger	Potentially	Fixed Assets Subsystem
<ul style="list-style-type: none"> Office Supply Services should be able to determine a reorder point for its inventory. 	MSS	Not at all		Potentially	Inventory Subsystem
<ul style="list-style-type: none"> Ability to access equipment and furnishing inventory data online by object classes. 	OPP	Not at all		Potentially	Fixed Assets Subsystem
<i>General Ledger</i>					

¹ This requirement can be met using the core FFS components implemented at the House; however, additional system setup may be necessary.

FFS Gap Analysis					
High Level Financial Management Systems Requirements of CAO Offices					
Requirement Description	Offices*	Met with Core FFS Components Implemented at the House**		Met with Other FFS Subsystems, Add-on Systems or Custom Enhancements***	
		Fully/Partially/Not at All	How	Potentially/Unknown	How
<ul style="list-style-type: none"> Ability to record and classify accounting transactions. 	HIR, MSS, OPP	Fully	General Ledger		
<i>Reporting</i>					
<ul style="list-style-type: none"> Ability to generate automated, ad hoc financial reports. For example, those containing budgetary and spending data. 	CAO, HIR, HR, OPP	Not at all		Potentially	Add-on system
<ul style="list-style-type: none"> Ability to reconcile internal financial data to the Office of Finance's Monthly Financial Statements and the ability to provide timely feedback to the Office of Finance. 	CAO, HIR, HR, MSS, P&D, OPP	Not at all		Unknown	
<ul style="list-style-type: none"> Ability to customize and manipulate financial data. 	HIR, HR, MSS, P&D, OPP	Not at all		Potentially	Add-on system
<ul style="list-style-type: none"> The Communications group should be able to download financial system information and customize it. 	HIR	Not at all		Potentially	Add-on system Custom enhancement
<ul style="list-style-type: none"> Access to itemized reports of all monthly expenditures (e.g., equipment, supplies, telecommunications, maintenance) issued by Office Systems Management, Office Supply Services, and Communications regularly for purchases or services acquired from these offices. 	HR	Not at all		Unknown	
<ul style="list-style-type: none"> Office Supply Services should be able to customize the financial data they record and track it according to their needs (reporting on vendor statistics, performing vendor analysis, producing various financial statements). 	MSS	Not at all		Potentially	Add-on system
<ul style="list-style-type: none"> Office Supply Services should be able to generate reports to Members showing every item they ordered. 	MSS	Not at all		Potentially	Inventory Subsystem
<ul style="list-style-type: none"> Ability to prepare automated, ad hoc budgetary and spending reports for the Office of the Associate Administrator and 	P&D	Not at all		Potentially	Add-on system

FFS Gap Analysis					
High Level Financial Management Systems Requirements of CAO Offices					
Requirement Description	Offices*	Met with Core FFS Components Implemented at the House**		Met with Other FFS Subsystems, Add-on Systems or Custom Enhancements***	
		Fully/Partially/Not at All	How	Potentially/Unknown	How
consolidated financial reports.					
<ul style="list-style-type: none"> Ability to prepare consolidated reports on different financial indicators. 	OPP	Not at all		Potentially	Add-on system
<i>General Systems</i>					
<ul style="list-style-type: none"> Ability to record and track the financial impact of all transactions which affect the availability of funds. 	CAO, HIR, HR, MSS, P&D	Fully ²	Budget Execution		

2

The financial transaction aspect of this requirement can be fully met with core FFS components implemented at the House, not the manual processes related to this function.

**FFS Gap Analysis
High Level Financial Management Policy Requirements**

Requirement Description
Member Offices
<ul style="list-style-type: none"> • Ability to have a timely and efficient procurement and purchasing processes. • Ability to have a single set of budget categories (Budget Object Classes) that are standardized based on office needs and used by the Office of Finance. • Ability to have a timely voucher processing reporting on disbursements for a given period.
Committee Offices and the Clerk of the House
<ul style="list-style-type: none"> • Ability to participate in the naming of budget categories. • Ability to use a timely, streamlined purchasing process and an explanation of that process. • Ability to receive timely responses from Office Systems Management (OSM) about maintenance contracts for the equipment used in Committee and Officer offices, such as up-to-date information about the vendors, i.e., who to call, where to call, and what is and is not covered. • Ability to receive reports (e.g., Monthly Financial Statement), from the Office of Finance that are current and consistent with the reporting format required by the Committee on House Oversight, (e.g., Committee Statement of Expenses). • Explanation of codes currently used in the Monthly Financial Statement by the Office of Finance. • Ability to have knowledge of and to participate in the planning and implementation of any financial management systems. • A single system that is used by all House offices for financial management.
CAO Offices
<ul style="list-style-type: none"> • Additional lead time and greater latitude in determining the content of the fiscal year budget during the budget preparation process. • Access to the documentation pertaining to the systems in use in the offices, including FFS. • In systems currently being used, Office Supply Services should be able to backup information daily and to recover data, if lost.

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
Internal Controls and Continuous Improvement 

SUBJECT: Draft Audit Report - Standard Financial Management Systems,
Processes and Policies

DATE: September 27, 1996

Thank you for 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, please contact me.

Many of the implementation projects are linked to the establishment of user specifications. The coordination and early planning for each project will run in parallel with the user group discussions and will include regular contact and joint development of the final specifications in association with the user groups. Projects will begin in October and extend, in some cases, throughout 1997. The individual action plans for each of the 12 projects will be prepared by October 18, 1996, and contain detailed schedules, including the frequency and timing of coordination with other relevant projects. Additional discussion of the overall approach to addressing the Recommendations is contained in the "Concept Plan for Continued Implementation of the New House Financial Management System" which has been submitted to the FFS Steering Committee and the Committee on House Oversight.

Recommendation 1 Concur. We intend to implement all aspects of this recommendation and will provide an action plan with target dates to the Inspector General by October 18, 1996. Management will meet regularly with all the project leaders and provide project liaison to support the leaders with necessary resources during the implementation of all 12 projects. Management will obtain approvals from the CHO,

I.G., CAO and Steering Committee during the introduction of any new improvement to the FFS system or other financial system.

Recommendation 2 Concur. We intend to implement all aspects of this recommendation and will provide an action plan with target dates to the Inspector General by October 18, 1996. The user group discussions, supplemented by system prototype testing and computer test bed trials, will be used extensively as specific improvements are identified and evaluated by the project teams.

Recommendation 3 Concur. We intend to implement all aspects of this recommendation and will provide an action plan with target dates to the Inspector General by October 18, 1996. One of the principal areas that needs review is the existence of some 18 individual accounting methods and spread sheets being used in the different CAO offices. Many of these can be standardized and the FFS system can be supplemented to bring all or most of the CAO offices into uniform methodology.

Recommendation 4 Concur. We intend to implement all aspects of this recommendation and will provide an action plan with target dates to the Inspector General by October 18, 1996. This procedure is being followed already and will be formalized and submitted for CHO approval.

Recommendation 5 Concur. We intend to implement all aspects of this recommendation and will provide an action plan with target dates to the Inspector General by October 18, 1996. Simultaneously with the work to develop individual improvements to the FFS system, analyses will be conducted to identify which of the existing systems can be simplified and streamlined, especially in connection with FFS capabilities. Those simplifications will be implemented following the same consensus and approval steps as other projects.

Recommendation 6 Concur. We intend to implement all aspects of this recommendation and will provide an action plan with target dates to the Inspector General by October 18, 1996. This will require that some Member and Committee offices convert to a "standardized" accounting and budgeting system. Many of the financial administrators have voiced strong preferences for a particular existing module. Considerable time and discussion will be required of the new advisory team as well as by the existing advisory groups already in existence, especially the Committee advisory group to the CHO, to reach a consensus on a new system.

Recommendation 7 Concur. We intend to implement all aspects of this recommendation and will provide an action plan with target dates to the Inspector General by October 18, 1996. This new access has been discussed for several months, a formal project could bring the concept on-line quickly. Security issues are an important part of this rapid access capability and they must be carefully thought through. Key Member offices will be involved in the consensus building steps.

Recommendation 8 Concur. We intend to implement all aspects of this recommendation and will provide an action plan with target dates to the Inspector General by October 18, 1996. Several software packages are being explored that could provide this capability on a short-term basis until the FFS system can go on-line with this data. Implementation of the reporting capacity could coincide with the commencement of the 105th Congress.

Recommendation 9 Concur. We intend to implement all aspects of this recommendation and will provide an action plan with target dates to the Inspector General by October 18, 1996. This enhancement to FFS has been discussed at working group levels and assigning the task as one of the Recommendations to be given an action plan will assure an expedited schedule for implementation.

Recommendation 10 Concur. We intend to implement all aspects of this recommendation and will provide an action plan with target dates to the Inspector General by October 18, 1996. Regular presentations, discussions and consensus-gathering sessions will be scheduled with the new advisory group, as each separate project proceeds along its action plan schedule.

Recommendation 11 Concur. We intend to implement all aspects of this recommendation and will provide an action plan with target dates to the Inspector General by October 18, 1996. Three users' groups already exist (Financial Counseling's Member and Committee groups and Internal Control's FFS group) and relevant members of each will form the new team to help develop appropriate specifications.

Recommendation 12 Concur. We intend to implement all aspects of this recommendation and will provide an action plan with target dates to the Inspector General by October 18, 1996. The staff person with this responsibility has just completed training work which prepares her for this assignment and has already drafted a recommended financial administrator certification program. Close coordination with all the project teams will be necessary to ensure that relevant CAO staff and all financial administrators are trained prior to the implementation of each new change.