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

MEMORANDUM

TO: John W. Hainhart, IV
Inspector General

FROM: Jay Eagen
Chief Administrative Officer

SUBJECT: Draft Audit Report - Improvements Are Needed In House Mail Operations

DATE: JAN 20 1998

Thank you for the opportunity to comment on the Draft Audit Report - Improvements Are Needed In House Mail Operations. We have carefully reviewed the draft reports recommendations and are in general support of them. Our specific comments for each recommendation are provided below.

Finding A **Postal Operations' Security Procedures Need Improvement**

Recommendation 1 Direct Pitney Bowes, in concert with the Capitol Police, to develop an overall security plan. The plan should include provisions which:

Recommendation 1a ensure that mail is not left on the loading dock unsecured while awaiting screening (one option would be to provide a secure storage facility on the Ford House Office Building loading dock);

CONCUR In light of the recommendations by the Capitol Police in the June 1997 *Physical Security Survey Report of The Relocation of the House Child Care Center* and resulting discussions, the Sergeant-At-Arms and the CAO are jointly pursuing goals and issues addressed in this audit report to ensure the appropriate level of safety and security for the House.

Recommendation 1b require all mail, including newspapers and magazines, to be scanned by X-Ray;

CONCUR See response to Recommendation 1a, above. It must be noted that, in discussions with the Capitol Police, the CAO has found that GPO deliveries are secured at the point of origin. Further all mail from the U.S. Postal Service is scanned.

- Recommendation 1c** require the blast door to be closed at all times during scanning operations and when unscanned mail is present; and
- CONCUR** See response to Recommendation 1a, above. In the interim, when the February 14, 1997 *Survey Report on Security Measures for the House Child Care Center* was made available to Postal Operations, PBMS was immediately directed to implement this recommendation, and it has been monitored during daily inspections of the mailroom.
- Recommendation 1d** require USPS to deliver all packages to the P Street Facility for scanning.
- CONCUR** See response to Recommendation 1a, above.
- Recommendation 2** Develop contract oversight procedures which ensure contractor compliance with the security requirements, as defined in the above recommendation.
- CONCUR** As indicated in response to Finding D, Recommendation 3, the CO has developed contract oversight procedures which ensure contractor compliance with the contract requirements, including security requirements.
- Recommendation 3** Request the Architect of the Capitol to mechanize the blast door, and if deemed appropriate, build a secure storage facility on the Ford House Office Building loading dock.
- CONCUR** The CAO is in favor of a mechanized door and has asked the Architect to identify funds for mechanization. In light of the recommendations in the June 1997 *Physical Security Survey Report of The Relocation of the House Child Care Center* and CAO goals in response to Recommendation 1a, above, these recommendations will be addressed and implemented should they be deemed necessary.
- Recommendation 4** Expedite the implementation of Pitney Bowes' Disaster Recovery Plan and Emergency Personnel Staffing Contingency Plan.
- CONCUR** The CAO will direct PBMS to implement their disaster recovery plan in concert with additional plans as indicated in Response 5, below.
- Recommendation 5** Develop a disaster recovery/contingency plan that provides for the continuation of House mail operations and complements the plan developed by Pitney Bowes.

CONCUR The CAO will expedite the updating and implementation of a plan that integrates and complements the PBMS plan for approval by CHO and the Building Commission. Procedures will be established to describe courses of action according to the severity of the disasters.

Finding B: Additional Controls Are Needed Over Postage Meter

Recommendation 1 Direct Pitney Bowes to decrease the elapsed time setting on the password protect feature of the Paragon postage meter from five minutes to one minute.

CONCUR PBMS was directed to do this in a memo from the COR on September 22, 1997. PBMS responded on September 24, 1997 that it implemented the directive. This recommendation has been accomplished and should be considered closed.

Recommendation 2 Require Pitney Bowes to change the password on the password protect feature at least once every 90 days or immediately upon an employee's termination or reassignment.

CONCUR PBMS was directed to do this in a memo from the COR on September 22, 1997. PBMS responded on September 24, 1997 that it implemented the requirement. This recommendation has been accomplished and should be considered closed.

Recommendation 3 Direct Pitney Bowes to keep the backup meter locked except when it is in use.

CONCUR PBMS was directed to do this in a memo from the COR on September 22, 1997. PBMS responded on September 24, 1997 that it implemented the directive. This recommendation has been accomplished and should be considered closed.

Finding C: Resources Necessary to Provide Contract Oversight and Other Mail-related Services May be Improperly Allocated.

Recommendation 1 Conduct a staffing requirements analysis to determine the optimum number of personnel necessary for oversight of the postal services contract and adjust staff accordingly.

CONCUR The timeframe for conducting this analysis is dependent upon the CAO's strategic review of priority projects and work assignments, and the filling of the Associate Administrator position for Media and Support Services. Based on the

analysis, which should be completed within three months after the new Associate Administrator appointment, the CAO will make the appropriate recommendations to the Committee on House Oversight.

Recommendation 2 Review the feasibility of merging mailing Services with HIR's list processing function and, if determined feasible, develop a proposal, for approval by the Committee on House Oversight, to consolidate this function.

CONCUR Upon completion of the CAO's strategic review of priority projects, an analysis will be made. Based on the analysis, which should be completed within three months after the new AA appointment, the CAO will make the appropriate recommendations to the Committee on House Oversight.

Recommendation 3 Review and revise, as necessary, any position descriptions to accurately reflect current duties and responsibilities.

CONCUR The position descriptions have been updated to accurately reflect current duties and responsibilities. This recommendation has been accomplished and should be considered closed.

Finding D: Contractual Requirements Need Clarification

Recommendation 1 We recommend that the Chief Administrative Officer: work with Pitney Bowes to ensure appropriate analyses (e.g., workload trends, delivery schedules, and staffing assignments) are used to identify ways to minimize mail delivery delays.

CONCUR The CAO will direct PBMS to continue their analysis in order to further minimize mail delivery delays.

Recommendation 2 We recommend that the Chief Administrative Officer: Review the current terms of the contract to determine where the terms need to be revised or clarified.

CONCUR As a result of this review, the CAO will amend the existing contract or specify language clarifications in a new contract.

Recommendation 3 We recommend that the Chief Administrative Officer: Develop contract oversight procedures which ensure contractor compliance with the contract requirements.

CONCUR Contract oversight procedures will be developed to ensure contractor compliance with the contract requirements, including security requirements: A contract administration plan will be implemented by January 31, 1998 with formal documented procedures that will amplify present procedures, including daily COR inspections, bi-weekly meetings between PBMS and CO/COR, and alternate bi-weekly meetings between Postal Operations and Procurement & Purchasing staff. In addition, three of Postal Operations staff have now received COR training. The CO and COR are notified of delays in processing either in person, by phone or at the bi-weekly contract meetings.

Approval for the subcontracting of janitorial services was given by the CO on September 23, 1997.

Finding E: Missing or Incorrect Bar Codes Can Cause Improper Charges

Recommendation 1 Develop a proposal, for approval by the Committee on House Oversight, that would require Postal Operations to return to the sender any outgoing mail that does not have bar codes printed on the envelope.

CONCUR The CAO will develop a proposal, for approval by the Committee on House Oversight, requiring Postal Operations to return to the sender any outgoing mail which does not have bar codes printed on envelopes.

Recommendation 2 Establish procedures that, on a sample basis, routinely test the bar codes on all House franked postage originating from Washington, D.C. to ensure the accuracy of the bar codes.

CONCUR On October 17, 1997, the COR established written procedures to, on a sample basis, routinely test the bar codes on all House franked postage originating from Washington, D.C. to ensure the accuracy of the bar codes.

When Postal Operations discovered an error in a barcode during flat mail processing, Postal Operations decided to institute random checks of letter mail. The CAO has discussed with GPO the need to prevent these printing errors and was assured that procedures are in place. The goal is to check for accuracy at the source and ensure that each new press run or new bar code die is tested.

This recommendation has been accomplished and should be considered closed.

Finding F: Additional Controls are Needed Over Fee-paid Mail

Recommendation 1 Establish procedures that require tracking incomplete fee-paid item received by Postal Operations and Pitney Bowes

CONCUR The CAO had established, documented and implemented procedures to require tracking incomplete fee-paid items received by Postal Operations and Pitney Bowes in May 1997. This recommendation has been accomplished and should be considered closed.

Recommendation 2 Establish procedures that require Postal Operations to make daily deposits of fees received on fee-paid items.

CONCUR The CAO established a policy on October 20, 1997 that established procedures to require deposits of fees received on fee-paid items to be made within one business day of receipt. This recommendation has been accomplished and should be considered closed.

Finding G: Postage Meter Expenses Are Not Reported In Accordance With Accrual Based Accounting

Recommendation We recommend that the Chief Administrative Officer direct Postal Operations to provide, on a monthly basis, the actual cost of metered mail to Finance. Once received, Finance can then use this information to reflect the actual amount of metered mail expense

CONCUR The CAO agrees that material amounts of metered mail would need to be accounted for properly. However, as an alternative corrective action, the CAO is currently in the final stages of moving from metering to the frank as the manner of postage payment for all its offices. When that is complete, there will be only one remaining user of the meter and that money amount is immaterial. Therefore, accrual of metered mail is not necessary.

III. Other Matters

Recommendation We recommend that the Chief Administrative Officer distribute a "Postal

Patron” letter reminding Members to place inside mail into the inside mailboxes pursuant to the Members’ Congressional Handbook and Committees’ Congressional Handbook. For items that are too bulky or too numerous to fit into the inside mail boxes, offices should be instructed to make arrangements with Pitney Bowes to pick up these items at the Members’ or Committees’ office.

Concur

The CAO will circulate a memorandum to all House offices outlining options and actions an office may utilize under such circumstances.