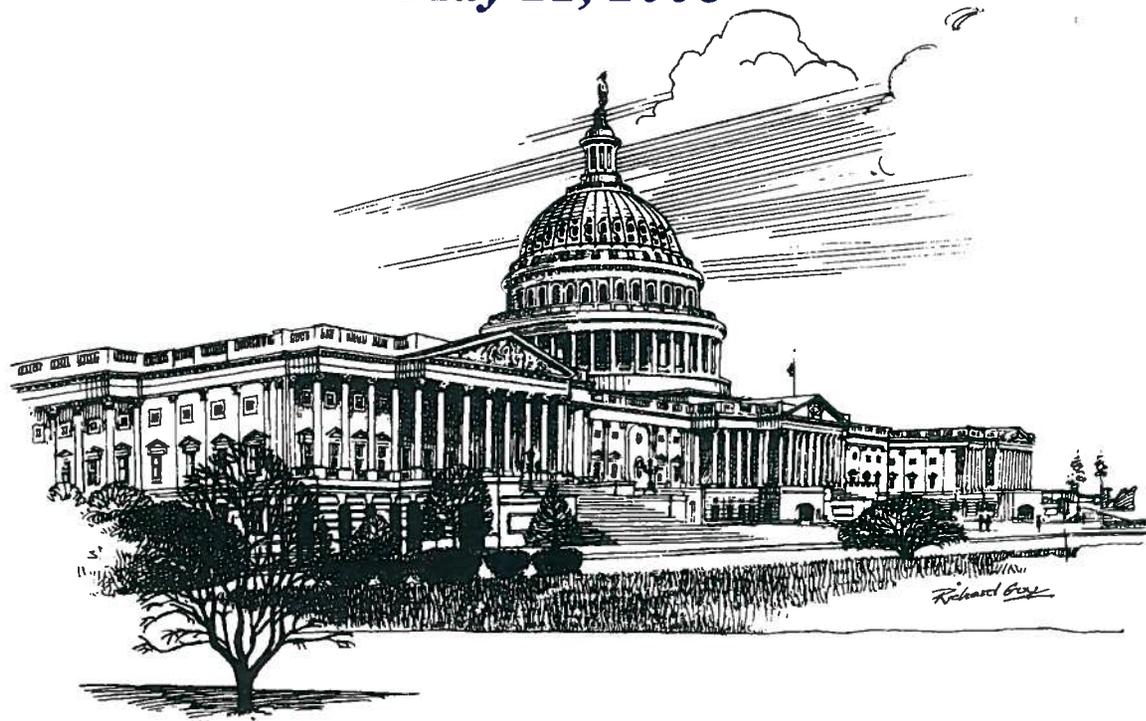




*Office of Inspector General
Special Report*

*Controls Over Shared Employees Need Significant Improvement
Report No. 08-CAO-07
May 21, 2008*



U.S. House of Representatives

Controls Over Shared Employees Need Significant Improvements

James J. Cornell
Inspector General

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

MEMORANDUM

TO: Daniel P. Beard
Chief Administrative Officer

FROM: James J. Cornell
Inspector General 

DATE: May 21, 2008

SUBJECT: Special Report – Controls Over Shared Employees Need Significant Improvement

This is the final report on our analysis of Controls Over Shared Employees. The objective of this review was to gather information on the use of shared employees by Member offices, specifically noting how the employment practices associated with shared employees aligned with current House policies and procedures and what, if any, risk they presented to the Members and the House as a whole. In this report, we identified that shared employee services are valuable to Congressional offices, but also place risk on the offices due to weak controls over their practices.

In response to our draft report, your office concurred with our findings and recommendations. Your response is incorporated in this final report and included as an appendix.

If you have any questions or require additional information regarding this report, please call me or Mike Benner at (202) 226-1250.

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

Controls Over Shared Employees Need Significant Improvements

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Controls Over Shared Employees Need Significant Improvements

➤➤➤ Executive Summary

Summary of Results

- **Services are Valuable to Member Offices** – Most Chiefs of Staff said the financial, information technology and administrative services provided by shared employees were well worth the cost, given the experience and level of personal service provided.
- **Services Provided by Shared Employees Varied from Office to Office** – In the financial arena, in addition to accounting and payroll functions, some offices rely on their shared employee for purchasing office supplies and equipment, providing ethics interpretations, and negotiating district office or automobile leases. IT shared employees serve as office organizational unit administrators, exchange administrators and/or IT purchasing agents. Administrative shared employees serve as office managers, handle a full range of telephone services, and/or provide general office assistance.
- **Nature of the Relationship Places House and Members at Risk** – Although shared employees are compensated through the House payroll, their relationship with some offices is more like that of a vendor providing services than an employee. In some instances, shared employees have other shared employees do their work for a period of time, resulting in official duties being performed by individuals with no employment or contractual relationship with the Member offices.
- **Practices of Some Shared Employees Appear to Violate Current Laws and House Rules** – Laws and Rules governing subletting of work, contracting, telecommuting and record keeping do not appear to be followed by shared employees.
- **Inappropriate Level of Trust in Shared Employees and Inadequate Separation of Duties Puts Some Member Offices at Significant Risk of Financial Loss** – Allowing shared employees to make purchases for the office, prepare and sign reimbursement vouchers and process payroll transactions with, in some cases, little or no oversight, violated basic internal control principles and provides an opportunity for fraud and misappropriation of government resources.
- **Policies and Procedures do not Adequately Address Shared Employees** – Roles of shared employees have evolved over the past few years, resulting in current practices that are either not in conformance with or addressed by current House policies and procedures.

Note: For purposes of this analysis, “shared employees” are those performing independent, separate work for three or more offices concurrently. Please see **Background** for a more detailed explanation.

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➤➤➤ Executive Summary (Continued)

Recommendations Summary

We recommend that the Committee on House Administration (CHA) take steps directly or through the Chief Administrative Officer (CAO) to:

- Develop *Official Guidelines for Shared Employees* that address specific employment limitations and conditions based on current employment laws, House rules and other CHA guidance. The guidelines should include topics such as: supervision, job-sharing, subcontracting, telecommuting, information security, record storage, use of personal equipment, and reporting employment changes. All shared employees should sign an acknowledgement that they have read the guidelines and understand that non-compliance with them could result in disciplinary action to include termination of House employment.
- Explore options for augmenting House provided financial services to Member and Committee offices that will both enhance the control environment and reduce the administrative burden on the individual offices.
- Prohibit shared employees from serving as both House employees and contractors to the House.
- Have the Chief Administrative Officer of the House provide Member and Committee offices with quarterly reports identifying the full scope of employment for all of their shared employees.
- Require shared employees to file Financial Disclosure statements, regardless of House compensation earned. In addition, depending on the nature of their functions, background investigations may be appropriate. These steps will help the House identify potential conflicts of interest and avoid undue risk.
- Advise Members to utilize separation of duties internal controls in their office's financial functions and provide them examples of what has happened when controls have not been in place.
- Review and update, as appropriate, the content of the New Member Orientation, especially as it applies to shared employees. Any changes made to strengthen controls over shared employees should stress the current risk to Members and how the change will help mitigate that risk.

In response to our draft report, the Chief Administrative Officer concurred with our findings and recommendations. His response is included as an appendix.

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➤➤➤ Results of Analysis

Observation 1: Nature of the Relationship with Shared Employees Places the House and Members at Risk

What We Found: Member offices differed in how they viewed shared employees. Several treated the shared employee as just another employee in the office, while others treated them more as a contractor providing a service, despite the fact that all the shared employees were listed on the Members' payroll for the months they were reimbursed for services. Several Chiefs of Staff (CoS) said hiring a shared employee to handle the office's financial functions was recommended at the New Member Orientation, by another CoS, or at party caucus meetings for new Members. Two CoS said shared employees were passing out business cards along with descriptions of services provided at meetings for new Members. Most of the shared employees charged a flat monthly fee, regardless of the amount of effort expended. The fee sometimes varied between offices if a Member's office used the shared employee for a broader range of functions. The practice of charging a flat fee, regardless of the work performed conflicts with House Rules XXIII(8)(a) which states: "A Member, Delegate, resident Commissioner, or officer of the House may not retain an employee who does not perform duties for the offices of the employing authority commensurate with the compensation he receives." The charging of flat fees creates potential situations where a shared employee's level of effort in any given month may be below the level of compensation that the office provides.

As an employee, shared employees are granted employer benefits at taxpayer expense, which are not provided to contractors, such as government subsidized health care, federal retirement, matching contributions to a Thrift Savings Program account, and the employer portion of payroll taxes. In addition, employees have less restricted access to facilities, resources and other House personnel than contractors. Operating similar to a vendor, shared employees have greater flexibility to establish their own hours, set fees for services, subcontract their work out to others, and define what tasks they will or will not perform. Allowing shared employees to operate without clearly defined roles and guidelines exposes House leadership to complaints and criticism from both regular employees and contractors working for the House.

Because shared employees work for multiple offices and most offices do not view them as an integral part of the staff, they operate fairly independently. Within the offices we contacted, there was no management or oversight of their shared employee's day-to-day work to ensure accuracy, nor was anyone ensuring the shared employee maintained his/her competency, attended appropriate training or stayed current on House policies and procedures. There was also no evidence of a mechanism to ensure shared employees were made aware of changes to House policies and procedures in a timely manner.

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Criteria We Used: *House Rules and GAO Standards*

- *House Rules XXIII, Code Of Official Conduct*, defines conduct for House employees.
- CHA Guidelines discussed in the *House Ethics Manual 2008 ed.* prohibit House employees from subletting any portion of their official duties to someone else.
- In a GAO best practices report on Human Capital, entitled *Practices that Empowered and Involved Employees*, GAO identified training in job skills, along with training in teamwork and communications as important to employee development.

Concerns We Have:

The current structure does not provide for accountability of shared employees to follow established House rules and procedures, nor is there a means to readily detect or prevent actions that are not in the best interest of the House or Member office being served.

Several offices we spoke with were aware their shared employee worked for other offices, but did not know how many or which ones. If a shared employee becomes overloaded by working for too many offices, he/she could delegate the work to other people unknown to the Member's office. These other people may or may not have an employment agreement with that Member's office and should not have access to the information. By not knowing who the other offices are that a shared employee works for, there could be situations where a conflict of interest exists, especially in the IT arena. The conflict of interest could exist between two of the Members the shared employee works for or it could be between functions the shared employee performs, such as financial functions for both the Member as a congressional representative as well as the Member as a political candidate.

There is no method in place to ensure a shared employee possesses the skills needed for the role defined which leaves Member offices with a "hit or miss" prospect when hiring a shared employee. Two of the CoS mentioned other offices that had been through more than one financial shared employee trying to find a right fit. The "trial and error" method can lead to additional rework costs and disruption of office functions for a Member's office. Without a minimum expectation of skills and ability or a standard level of service, Member offices do not have a basis to determine if they are getting the best value for taxpayer dollars with their shared employees; especially since shared employees can negotiate their fees and amount of service they provide to the office. The fees charged by one shared employee may be the same as another, but the level and quality of service could vary greatly.

Several CoS felt it was more beneficial to have the full-time staff devoted to constituency issues rather than have someone split their time between financial or IT functions and constituency issues. In addition, they felt the knowledge and experience their shared employee brought to the office, especially the new Member offices, was invaluable in helping the office get established and running.

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While some CoS were open to the idea of having a pool of House employees available to handle financial and IT functions at an hourly rate, the CoS we spoke with who utilized a shared employee wanted to maintain the type of single, accountable, point-of-contact relationship they currently had, rather than having whoever was available at the time from a shared pool. While we recognize this concern, we believe a centrally managed pool of shared employees could both meet the need and reduce the risk.

Without a clearly defined relationship with employers, shared employees are currently able to have all the freedom of an independent contractor with all the benefits of a highly paid government employee, placing their employing offices at great risk.

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Observation 2: Practices of Some Shared Employees Appear to Violate Current Laws and House Rules

What We Found: Several financial and IT shared employees have developed teaming arrangements where they collectively and interchangeably cover the work of multiple Member offices. In several instances, such arrangements have resulted in individuals performing official financial or IT duties for a Member while not being in either a paid employee or contractor status for that Member. Some shared employees have even expressed that they were hired by and work under the direction of another shared employee, even though this other shared employee is not on the payroll of several of the offices they service. This situation appears to violate one statutory provision and two House policies. 2 U.S.C. § 101 states that: no employee of Congress, either in the Senate or House, shall sublet to, or hire, another to do or perform any part of the duties or work attached to the position to which he was appointed.” Also the Members Handbook states that the pay from each employing authority shall reflect the duties actually performed for each employing authority. In addition the House Ethics Manual, in the section entitled Staff Rights and Duties, states that employees are prohibited from subletting their official duties to someone else. See House Rule XXIII(8)(a).

Shared employees generally do not perform their functions in House buildings; rather, they pick up work from Member offices and process it off-site. Telecommuting is an arrangement where employees perform work at a private residence or office other than the Member’s office and it requires a signed Telecommuting Agreement. None of the offices we spoke with had written agreements with their shared employees. Several shared employees utilize a commercial office as their alternate work site. This is not in accordance with the CHA Telecommuting Policy, which states that employees are prohibited from using an alternative worksite that is a political, campaign or commercial office. The Telecommuting policy also states that the telecommuting employee may only use computer hardware and software supplied by the House. None of the offices said they purchased equipment for their shared employees; thus, it appeared the employees used personal equipment in violation of the policy. House Information Resources (HIR) monitors the security of House information systems and sets policy for the security of sensitive information, which by definition includes House financial information. HISPOL 11 provides a number of very specific security requirements that remote users are to comply with. Shared employees’ remote work stations that are not part of the House equipment inventory fall outside of HIR’s current monitoring processes. In addition the use of either personal or commercial office space for shared employee duties, creates situations where the House may become subject to workers’ compensation and Congressional Accountability Act claims under the OSHAct (2 U.S.C. §1341) due to unsafe working conditions.

Several Member Offices do not keep copies of vouchers on hand, but allow the shared employee to store copies of the vouchers at

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the shared employee's personal residence or private office. This is contrary to the guidance in the House Model Employee Handbook, which states it is imperative that the Member Office have immediate access to all office files and other property. Shared employees that have outside businesses that provide other services to Members, also have a staff identification badge, which grants them greater access to House buildings, personnel and services than either the general public or contractors have; such as access to New Member Orientation sessions. This appears to violate the House Ethics Manual, which states that an employee of the House may not use his or her official position for personal gain, including any gain that would accrue to an individual in the form of outside employment activities. In addition, House Ethics Rules preclude employees from using information gained through employment as a means for making private profit. House Rule XXIII(3) also states "A ...employee of the House may not receive compensation and may not permit compensation to accrue to his benefit interest from any source, the receipt of which would occur by virtue of influence improperly exerted from his position in Congress".

Criteria We Used: *House Rules and US Code*

- *2 U.S.C. , The Congress* , outlines the role of Congress in the United States Code.
- *House Rules XXIII, Code Of Official Conduct*, defines conduct for House employees.
- *The Member's Handbook* defines a House of Representatives employee as a person appointed to a position of employment by an authorized employing authority. It also stipulates that an employee's pay shall reflect the duties actually performed for the employing authority.
- Guidelines of CHA found in the *House Ethics Manual 2008 ed.* prohibiting house employees from subletting any portion of their official duties to someone else
- The CHA's *Telecommuting Policy*, defines telecommuting and states that employees are prohibited from using an alternate work site that is a political, campaign, or commercial office.
- *The House's Model Employee Handbook* states,
 - "...it is imperative that the [Member] Office have immediate access to all Office files....".
 - precludes employees from using information gained through employment as a means for making private profit.
- House Information Systems Policies (HISPOL 11), Information Security Policy for Telecommuting.

Concerns We Have: Apparent or perceived violations of Laws and House rules reflect poorly on the Members and the House. The shared employee teaming arrangements can by-pass the current controls in place to ensure accountability. These

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arrangements allow an unauthorized person to complete a shared employees' work, in apparent violation of current law and CHA guidance that prohibit the subletting of official duties.

In addition, by not requiring shared employees to work on site or sign a telecommuting agreement the Member offices put themselves at greater risk in several areas. The shared employees may be using a location that is specifically prohibited for telecommuting, such as a commercial site. The use of other than approved House equipment by shared employees could result in data being lost or systems being compromised. Having Member financial information processed and stored in unapproved and non-monitored locations creates both political and security risks for the Members. Improper telecommuting arrangements may create a legal liability risk in the instance that a shared employee injures himself or herself while working for a Member in an unsafe home or personal office.

Shared employees that use their official positions, influence or access to Members, their staff and/or staff forums to obtain additional income, are in apparent violation of House rules. This could particularly apply to shared employees using New Member Orientation to obtain future employers, since other service providers are not granted that same opportunity.

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Observation 3: Inappropriate Level of Trust Placed in Shared Employees and Lack of Separation of Duties Puts Some Member Offices at Significant Risk of Financial Loss

What We Found: Some offices tasked their shared employee with:

- preparing, signing and submitting vouchers for expenditures against the MRA, (Authorization function)
- entering expenditure data into the Congressional Accounting and Personnel System, (Recording function)
- receiving shipments of office supplies and equipment at their private office or residence off campus, (Custody of asset)
- preparing and submitting paperwork for new hires, (Authorization function)
- preparing monthly statements of expenditures and reconciling budget and expenditure data (Recording function)

Often times, these duties were performed with little or no oversight of the shared employee and the original records of transactions (vouchers) were kept by the shared employee. For some offices, this meant their shared employee made purchases, had the purchase delivered to their private office or residence instead of the Member office, filled out the voucher requesting reimbursement, signed and submitted the voucher, entered the reimbursement into the accounting system, prepared the monthly summary report of MRA expenditures, by category, and kept the records of the individual transactions.

Criteria We Used: *House Rules and GAO Standards*

- *Members Handbook* section on *Seeking Reimbursement/Vouchers* states
 - Members are required to certify and document all expenses before funds may be disbursed from the MRA.
- *GAO Standards for Internal Control in the Federal Government* describe procedures for the segregation of duties:
 - Key duties and responsibilities need to be divided or segregated among different people to reduce the risk of error or fraud. This should include separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets. No one individual should control all key aspects of a transaction or event.
 - Three general categories of functions must be separated; Authorization function, Recording function, Custody of asset directly or indirectly.

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Concerns We Have: With no separation of duties in the office's financial functions and inadequate compensating internal controls, the shared employee has the means and opportunity to commit fraud by submitting false claims for reimbursement, purchasing office equipment or supplies and keeping a portion of what was ordered, or creating improper payments in the payroll system. While the shared employees we met were generally very dedicated and conscientious; there have been instances in government where individuals with comparable positions of trust manipulated their positions to misappropriate federal assets and defraud the government to the surprise of their employer. In fact, one former shared employee with a range of authority common to many in her position recently pled guilty to fraudulently obtaining funds in her personal bank account. She had submitted multiple false requests for reimbursements to three Member offices The Member's Representational Allowance for these three offices suffered a total loss of over \$169,000.

In addition, the lack of supervisory reviews and monitoring of transactions (such as vouchers and expenditures) and the receipt of supplies and equipment do not provide an adequate system of internal controls over MRA expenditures.

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Observation 4: Policies and Procedures do not Adequately Address Shared Employees

What We Found: Offices we contacted did not provide shared employees with written annual performance appraisals, although they indicated they provided them for their full-time employees. A couple of offices that treated shared employees like any other employee had paid the shared employee a year-end bonus. Other offices that indicated they viewed their shared employees as contractors said they had not and would not consider paying them a bonus.

Several of the offices allowed their shared employee to maintain copies of vouchers and other documentation off-site. Both the filing practices and the period of retention varied amongst the shared employees. It was also not clear if the shared employees were taking proper safeguards when disposing of office records (paper or electronic) that may contain sensitive or personal data.

None of the offices we spoke with said they purchased equipment for the shared employees; as such, we could not determine who provides the equipment, supplies and resources they use to conduct House functions and what steps are taken to ensure the information is properly safeguarded when they are away from their workstations and when they send files over the internet.

In an effort to avoid perceived delays due to House delivery screening procedures, several offices had their shared employee purchase items on a personal credit card and ship them to an off-site private office or residence, from which the shared employee would by-pass normal delivery screening and carry the item through security.

Shared employees are generally not required to file Financial Disclosure forms, which would reveal potential conflicts of interest, unless they receive basic pay at a rate equal to or greater than 120 percent of the basic pay for a GS-15 for at least 60 days during any calendar year. One shared employee acknowledged that he purposefully did not have his pay exceed this level, effectively avoiding this disclosure requirement.

We identified several other practices involving shared employees that presented risk to the House and were not clearly addressed in current House policies and procedures. They include the following: 1) One shared employee, who also operates a business, has access to Document Direct, the system to track the status of vouchers that is not available to other House contractors. 2) Several shared employees have House e-mail accounts, but correspond with House entities through the use of separate business e-mail accounts. 3) Two Member offices have provided Finance with letters authorizing access to the office's financial records for three and four shared employees – some of which are not on their payroll. 4) Shared employees are not monitored for attendance at required House training, including annual ethics training and security training. 5) Shared employees may not be included in the Drug Free Workplace plan. 6) It is unclear who is to contact shared employees if the House enters contingency operations.

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Criteria We Used:

- The CHA's *Telecommuting Policy* defines telecommuting and states that employees are prohibited from using an alternate work site that is a political, campaign, or commercial office.
- In a GAO best practices report on Human Capital, entitled *Practices that Empowered and Involved Employees*, GAO identified training in job skills, along with training in teamwork and communications, as important to employee development.
- GAO standards also prescribe access restrictions to and accountability for resources and records. This guidance stipulates that access to resources and records should be limited to authorized individuals, and accountability for the record custody and use should be assigned and maintained. Periodic comparison of resources with the recorded accountability should be made to help reduce the risk of errors, fraud, misuse, or unauthorized alteration.
- House Information Systems Policies (HISPOL 2, 10 and 11) provide detailed guidance on safeguarding House sensitive, telecommunications and contractor held information.

Concerns We Have: Without the establishment of clearly defined operational responsibilities and limits on the authority of shared employees, Members and the House are assuming significant, avoidable risk associated with the inadvertent or unauthorized use of House information. The absence of a financial disclosure requirement for all shared employees also puts Members and the House at risk of employees with conflicts of interests. Members and the House may also be at risk of claims for either discriminatory practices or special treatment, having some employees miss mandatory training or not being prepared to respond timely if the House enters contingency operations. Regarding the use of non-House equipment, Members and the House face risk if the equipment is not properly purchased, configured, updated, secured and disposed of.

During the course of our review of shared employees, we identified several areas of concern with the methods used to contract for shared support services. We plan to review these matters in more detail in a separate audit.

Controls Over Shared Employees Need Significant Improvements

Recommendations:

We recommend that the Committee on House Administration (CHA) take steps directly or through the Chief Administrative Officer (CAO) to:

- Develop *Official Guidelines for Shared Employees* that address specific employment limitations and conditions based on current employment laws, House rules and other CHA guidance. The guidelines should include topics such as: supervision, job-sharing, subcontracting, telecommuting, information security, record storage, use of personal equipment, and reporting employment changes. All shared employees should sign an acknowledgement that they have read the guidelines and understand that non-compliance with them could result in disciplinary action to include termination of House employment.
- Explore options for augmenting House provided financial services to Member and Committee offices that will both enhance the control environment and reduce the administrative burden on the individual offices.
- Prohibit shared employees from serving as both House employees and contractors to the House.
- Have the Chief Administrative Officer of the House provide Member and Committee offices with quarterly reports identifying the full scope of employment for all of their shared employees.
- Require shared employees to file Financial Disclosure statements, regardless of House compensation earned. In addition, depending on the nature of their functions, background investigations may be appropriate. These steps will help the House identify potential conflicts of interest and avoid undue risk.
- Advise Members to utilize separation of duties internal controls in their office's financial functions and provide them examples of what has happened when controls have not been in place.
- Review and update, as appropriate, the content of the New Member Orientation, especially as it applies to shared employees. Any changes made to strengthen controls over shared employees should stress the current risk to Members and how the change will help mitigate that risk.

In response to our draft report, the Chief Administrative Officer concurred with our findings and recommendations. His response is included as an appendix.

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Background

The Chief Administrative Officer's staff estimates there are 20 shared employees providing 131 Member and Committee offices some type of financial services, nine shared employees supporting 55 Member offices' information technology needs, and 21 shared employees performing miscellaneous other types of administrative functions (grants coordinator, photographer, counsel, legislative assistant, communications director, etc.) for 92 Member and Committee offices.

For purposes of our analysis, a shared employee is one who works for three or more offices, independent of each other, performing non-legislative, support type functions, such as financial or information technology support. We did not consider employees who work for a caucus or non-standing committee of the House (i.e. Hispanic Caucus or Republican Study Committee) to be "shared employees," even though their salary is paid for by the Members of the caucus or committee. The reason they were not considered is because they perform work for the caucus or committee as a whole and their actions are not directed by any single Member – they report to and work for the caucus or committee and each of the Members have equal access to the work product.

Objective

The Committee on House Administration asked the Office of Inspector General to gather information on the use of shared employees by Member offices, specifically noting how the employment practices associated with shared employees aligned with current House policies and procedures and what, if any, risk they presented to the Members and the House as a whole.

Scope

We reviewed activity related to shared employees of the House as defined above for the period January 2005 to April 2007. Our data reflects the period of May 2007 to October 2007. We include updated criteria from the 2008 ed. of the House Ethics Manual.

Methodology

Our non-audit services consisted of identifying current House policies and procedures, gathering data on shared employees reviewing other related OIG work and performing a limited risk analysis. We did not follow all the steps that would be associated with a performance audit. As part of our data gathering, we used disbursement data to compile a list of Member offices that had the term "shared employee" in the descriptor field for the disbursement. We contacted 15 of those offices to schedule interviews and met with 11 Chiefs of Staff. We also interviewed ten shared employees, staff of the Franking Commission and the CAO Administrative Counsel.

Controls Over Shared Employees Need Significant Improvements

Appendix

Daniel P. Beard
Chief Administrative Officer

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

MEMORANDUM

To: James J. Cornell
Inspector General

From: Daniel P. Beard
Chief Administrative Officer

Subject: CAO responses to the Draft Report *Controls Over Shared Employees Need Significant Improvements*

Date: MAY 20 2008

Thank you for the opportunity to comment on the subject Report. We have carefully reviewed the report's observations and recommendations and concur with each of them.

The following is a brief response to the recommendations made in the report:

Recommendation 1: Develop Official Guidelines for Shared Employees that address specific employment limitations and conditions based on current employment laws, House rules and other CHA guidance.

CONCUR The CAO concurs and would need to develop and publish the Guidelines regarding Shared Employees which could include topic areas such as: supervision, job-sharing, and subcontracting.

Recommendation 2: Explore options for augmenting House provided financial services to Member and Committee Offices that will both enhance the control environment and reduce the administrative burden on the individual offices.

CONCUR The CAO agrees to explore options to augment the House regarding financial services provided to Member and Committee Offices.

Recommendation 3: Prohibit shared employees from serving as both House employees and contractors to the House.

CONCUR The CAO agrees with the intent of this recommendation and would need to explore options on implementation.

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Recommendation 4: Have the Chief Administrative Officer of the House provide Member and Committee offices with quarterly reports identifying the full scope of employment for all of their shared employees.

CONCUR The CAO agrees with the need to provide the quarterly reports and would need to develop the reports for the Members and Committee Offices.

Recommendation 5: Require shared employees to file Financial Disclosure statements, regardless of House compensation earned. In addition, depending on the nature of their functions, background investigations may be appropriate. These steps will help the House identify potential conflicts of interest and avoid undue risk.

CONCUR The CAO agrees with this recommendation and could process the background investigations.

Recommendation 6: Advise Members to utilize separation of duties internal controls in their office's financial functions and provide them examples of what has happened when controls have not been in place.

CONCUR Action for this recommendation could be included in the New Member Orientation and considered for potential inclusion in the Official Guidelines for Shared Employees.

Recommendation 7: Review and update, as appropriate, the content of the New Member Orientation, especially as it applies to shared employees. Any changes made to strengthen controls over shared employees should stress the current risk to Members and how the change will help mitigate that risk.

CONCUR The CAO agrees with this recommendation.