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Independent House Audit

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The House of Representatives wasted tens of millions of dollars a year because of unnecessary administrative costs and sloppy personnel practices, according to an independent audit that discovered several lawmakers overspent their official allowances and employees may have used office charge cards for personal items.

In a summary of the audit, scheduled for presentation to the House this morning, the firm Price Waterhouse & Co. described the House's system for controlling internal costs as broken and its culture geared more to taking care of members than keeping a lid on spending.

"The House generally operated in a way that erred on the side of providing members with the services they wanted without regard to economy," the auditing firm said.

The audit, commissioned by the new Republican leadership of the House, covered the period from October 1993 through December 1994 and examined big-ticket expenses such as a \$5 million computer system "that did not meet House needs" as well as more prosaic items such as 350 charge card purchases for \$31,000 worth of personal items.

The firm said it found no evidence that the House Finance Office had paid for the items or had reimbursed members or staff for the purchases.

Tony Blankley, spokesman for House Speaker Newt Gingrich (R-Ga.), said his reading of the audit of the Democratic-controlled House showed accounting procedures that "in the past were just an unholy mess."

In what could be its most explosive finding, Price Waterhouse said it identified at least 12 and perhaps many as 20 members who did not comply with House regulations on spending.

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Finds Millions Wasted, Controls Limited

The auditor said records in the House Finance Office indicated that the members

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— Price Waterhouse & Co.

overspent their official allowances, received "adjustments" to their allowances that were not properly documented and failed to list official credit card debts exceeding \$10,000 on their financial disclosure statements.

Price Waterhouse said the identities of those members and its own documentation

would be sealed and given to the chairman and ranking minority member of the House Oversight Committee, which will be briefed on the audit by the firm and the House inspector general today.

The audit is in effect two reviews of House operations, a performance audit that examined whether people and property are used economically and a financial audit that looked at the internal controls on spending.

The performance audit concluded that because the House does not expose its spending to full public review, there are no real incentives to avoid excessive costs. In addition, catering to members' needs resulted in "high overhead fixed costs for activities with highly variable usage," the summary said.

Price Waterhouse said it will recommend turning some House services over to private firms, making some employees part-time and streamlining other functions. In addition to

the computer that did not meet House needs, unnecessary administrative costs included nearly \$3 million for leasing "outdated" equipment; \$1.2 million in duplicated services and payments; and \$76,000 in salary and benefit overpayments.

Lost savings included \$5.1 million for employees who worked at peak times instead of seasonal shifts; \$4.1 million for wages higher than comparable jobs in private industry; and nearly \$2 million for unnecessary services.

Price Waterhouse targeted one bastion of patronage, the office of the sergeant at arms, which includes doorkeepers and parking lot attendants, saying it was "overstaffed and overpaid compared to the work performed."

Gingrich's leadership team has already ordered a number of reforms, and Blankley said others will be made as the House follows the audit's list of 81 findings and 226 recommendations "wherever it takes us."