

Statement of
The Honorable Ed Cassidy
Chief Administrative Officer
United States House of Representatives
Before the
House Appropriations Subcommittee on Legislative Branch
February 25, 2015

Chairman Graves, Ranking Member Wasserman Schultz and members of the subcommittee, I appreciate the opportunity to appear before you today on behalf of the entire team of outstanding men and women who serve the House in the office of the Chief Administrative Officer.

We look forward to collaborating with you on this budget request in order to tackle the many issues and challenges facing us in fiscal year 2016.

It has been my pleasure to work closely with this subcommittee in various capacities for many years, and I have always appreciated your strong support for the House officers and other institutional entities that serve the House.

As the principal manager of House finances, information technology, physical property and a wide range of administrative and support services, the Chief Administrative Office continually strives to carry out its responsibilities as efficiently and effectually as possible.

That imperative will grow even more compelling this year as the CAO launches costly – but absolutely essential – initiatives in enterprise risk management, internal controls, cyber security, and inventory modernization, among others.

In order to free up funds needed to execute these high priority initiatives during an era of limited resources, we in the CAO have no choice but to work smarter and cheaper whenever and wherever we can do so without compromising essential levels of support to the House.

The Chief Administrative Officer's FY 2016 budget request is \$117,165,000 which is \$4,065,000 or 3.6% above the Consolidated and Further Continuing Appropriations Act, 2015 per Public Law 113-235. An increase of \$2,155,000 or 3.4% in personnel reflects the FY 2016 COLA, longevities and overtime. A proposed increase of \$2,301,000 in non-personnel costs would fully fund annual maintenance and licensing costs including the VMware Renewal, contractor support for Internal Controls and Privacy and Safety programs, House-wide subscriptions, and other key projects such as the Identity Access Management (IAM). These increases are partially offset by \$391,000 in savings on the purchase and storage of office furniture.

ANNUAL FINANCIAL AUDIT

Mr. Chairman, before highlighting briefly a number of ongoing and planned activities, I am pleased to report that shortly after last year's hearing before this subcommittee the CAO received its 16th consecutive clean audit opinion on the House's financial accounts for the fiscal year ending September 30, 2013. We welcome the opportunity that annual, independent audits conducted by outside accounting firms offer for the House's financial managers to measure themselves against established standards and guidelines for financial reporting.

Each year we gain valuable insight from these audits and have incorporated numerous "lessons learned" into our procedures going forward. During the past year, for example, we have automated four key financial statements (replacing manual spreadsheets), and added enhanced reporting and analytical tools to PeopleSoft in order to address previous audit findings.

FINANCIAL MANAGEMENT

Inventory Reform

Late last spring, the CAO began the first top-to-bottom review of its inventory procedures in decades. First, a private contractor independently inventoried all CAO equipment assets. Then, fourteen different inventory processes used in various CAO units were evaluated and will be replaced by five standardized processes to be implemented uniformly across the CAO in 2015. Once functioning successfully within the CAO, the new processes will be made available to the rest of the House officers and institutional support entities in 2016 - and then eventually rolled out to all Member, Committee and Leadership offices for use in the 115th Congress.

Budget Planning and Execution

With this Subcommittee's support, the CAO has purchased the Hyperion Budget and Planning suite of software to work in concert with the House's primary financial application, PeopleSoft. Once implemented, Hyperion will offer the House community a faster, more efficient tool to plan office budgets with real-time numbers that can easily be adjusted to an office's changing circumstances. It features web-based planning, budgeting and forecasting functionality that integrates planning processes, reduces cycle time, improves predictability and allows for scenario-based analyses.

The delivery of the Hyperion Budget and Planning module will be rolled out in phases, starting with the CAO's Office of Budget Policy and Planning, and all House Fiscal Year offices. Phase 2 will be an expanded rollout which will enable Member, Committee and Leadership offices and other non-CAO offices to replace their existing Congressional Accounting and Personnel System (CAPS) budgeting functionality with a far superior online tool.

Procurement Processes

At the CAO's request, the Inspector General is currently conducting a comprehensive review of our procurement policies, processes, practices and resources. The IG's advisory should be complete by early spring and we will move quickly to implement any recommendations resulting from this timely review. We will also select a new Chief Procurement Officer shortly, and award a competitively bid contract for a cradle-to-grave automated contract management system to replace outdated manual processes. Each of these efforts will help ensure the Chief Administrative Office maximizes value received while minimizing transaction costs and facilitating fair and open competition among those seeking to do business with the House.

Official Expense Reimbursement

In 2014, the E-Voucher pilot program was opened up to all Member, Committee and Leadership offices, and several hundred are now participating. This program has helped the CAO reduce average processing time for expense reimbursements to an all-time best of less than three business days.

Payroll Processing

In an effort to strengthen financial management while also strengthening House security, the CAO recently began requiring House offices hiring new employees to submit Payroll Action Forms at least two business days prior to an employee's first day of work. In addition to reducing payroll errors, this change has also made it possible for the first time to hold off on processing requests for House ID's, phone numbers, parking permits, etc., until the issuing office confirms a new employee's payroll status with the Payroll and Benefits office.

INFORMATION TECHNOLOGY

Strengthened Management

Late in 2014, the CAO established the new position of Deputy Chief Information Officer (DCIO) to serve as day-to-day chief operating officer of House Information Resources (HIR), and appointed to the post a proven IT senior executive with extensive private sector and governmental experience in enterprise architecture, change management, applications development and end-user service delivery.

Risk Management

The CAO has directed the development of a National Institute of Standards and Technology (NIST)-based approach to enterprise risk management that will be used to assess and authorize

(A&A) major technology-based systems and processes going forward. Standing up this capability will require a significant culture change within our organization while also consuming considerable time, effort, energy and financial resources across the CAO. But a commitment to rigorous risk management is absolutely essential to ensuring that our critical systems are chosen, designed and operated with the controls necessary to protect the confidentiality, integrity, and availability of House systems and data. Moreover, this high priority effort should enable the CAO to address numerous outstanding findings of the Inspector General, the House's outside auditors and the CAO's Office of Internal Controls.

Cyber Security

We are continually evaluating cyber security threats and risks to the House network as both the quantity and sophistication of intrusion attempts and spyware detected by the CAO's Information Systems Security Office continue to grow.

The CAO's House Information Security program (INFOSEC) provides two types of services: back office and customer facing. Back office services include firewall protection, intrusion detection, malware threat mitigation, web filters, patch management, technology review and evaluation, compliance and audits, and incident management. Customer facing services include security and awareness training; SecurID services; foreign travel mobile device scanning; and defining, publishing and communicating policies and standards.

Information Security systems address an ever changing threat environment and therefore must be updated constantly to ensure continued secure operations of the House network. Additional funds are requested for on-going Information Security support for the coordination of required certification and accreditation (C&A) activities related to applications and general support systems, system security plan updates, increasing cyber security demands, and forensics requirements.

Because we recognize that effective cyber defense depends to a large degree on end-users knowing what they can/must do to help - and then doing those things consistently - in collaboration with the Committee on House Administration we have taken several steps recently to increase the overall security posture of the House:

- A new password policy has been put in place to further strengthen our network authentication process by requiring stronger passwords that must be changed more frequently.
- We have expanded the CAO's security awareness program and will now require all new staff to complete mandatory training within 60 days of hire to supplement the annual refresher training required of all staff once per calendar year.

- We have extended the reach of our secure configuration management program allowing us to ensure that all systems connected to the House network operate in a manner consistent with security best practices.
- We have hired a full-time cyber communications professional to make our cyber training materials and programs even more effective.

Data Storage

In 2014 the CAO awarded multi-million dollar competitively-bid contracts to replace the primary servers used to store most House data and applications. The new servers will be House equipment, located in House facilities.

Concurrently, at the request of the Subcommittee – and with the next round of data storage replacements in mind – we also issued a Request for Proposal seeking industry bids to provide large-scale, off-site data center capacity for a potential legislative branch consolidated data center. We share the Subcommittee’s view that eliminating the need to sporadically invest enormous sums expanding/modernizing individual agency data centers could create a more predictable and sustainable appropriations trajectory while enabling participating agencies to pay only for the capacity they need at any given time.

An independent study the CAO commissioned at the Subcommittee’s direction in 2013 determined that data centers supporting Legislative Branch entities such as the House, Library of Congress, Government Printing Office, Government Accountability Office, Architect of the Capitol, and the Congressional Budget Office were at significant risk due to aged and inadequately maintained critical infrastructure. The study also estimated the cost of improving and maintaining legislative branch agency facilities at current industry standards to be more than two billion dollars over a 20 year period. That study and a subsequent Request for Information (RFI) estimated that leasing data center facilities could potentially save taxpayers in excess of one billion dollars over the same 20 year period.

As the Subcommittee is aware, government agencies as well as private enterprises are rapidly moving applications and data from traditional facilities to cloud services in an effort to reduce the costs of meeting ever-increasing capacity requirements. Accordingly, as we work to develop the future data center models and recommendations you have requested, the CAO is actively considering the potential role that cloud-based storage solutions could play given the particular legal and technical challenges associated with maintaining much House data.

VMware Renewal

Among the largest increases requested in the CAO’s FY 2016 Budget Request is \$1.5 million to fund the renewal of the House’s VMware Enterprise License Agreement (ELA), which will expire

and must be renewed in September, 2016. The VMware ELA is funded every five years. This license was last renewed at a cost of (\$1.591M) during FY 2011.

The VMware licensing agreement covers licensing for all CAO virtual servers which host the vast majority of 1,400 House managed Windows and Linux servers and provides all House offices with servers for business critical files, CMS operations, websites, as well as Microsoft Exchange and AirWatch services that support email and mobile access for House offices.

LOGISTICS

Cannon Renewal/O'Neill Occupancy

In preparation for a top-to-bottom renovation of Cannon over the next decade, the CAO has now moved more than 200 committee and institutional support staff from offices in the Cannon, Longworth and Rayburn buildings into the Thomas P. O'Neill, Jr. Federal Building. Another four hundred or more staffers will follow later this year and next, as their former office spaces are converted to three room suites to be occupied by Members displaced during each phase of the Cannon renewal.

Transition/NMO

As 2014 drew to a close, many CAO units were tasked with supporting the recent transition from the 113th Congress to the 114th, and ensuring that newly arrived freshman Members got up and running as quickly and smoothly as possible. For example, Payroll and Benefits on-boarded nearly one thousand new staff members, Logistics moved 189 Member offices in just a few weeks, while the CAO's Office of Administrative Counsel reviewed and approved more than 900 district office leases.

Hearing Room Upgrades

All Members appreciate that much of the most important work of the House is done by its committees. With strong support from this Subcommittee as well as the Committee on House Administration, the CAO and the House Superintendent (AOC) worked together in 2014 to step up the replacement of obsolete and malfunctioning audio/visual equipment in committee hearing rooms and heavily-used larger meeting spaces in the House office buildings. Those projects frequently include related work to abate asbestos and/or ensure compliance with the Americans with Disabilities Act. With the Subcommittee's continued support, we anticipate completing several more much-needed hearing room upgrades in FY 16.

INTERNAL CAO MANAGEMENT

Privacy Program

In 2014, the CAO established a new Director of Privacy position and named a veteran House attorney to the post. We now have a senior-level official focused exclusively on ensuring that appropriate safeguards are developed and function effectively across the wide range of CAO programs and systems that handle personally identifiable information (PII) of Members, staff, constituents and vendors.

In addition, we have worked with industry leading providers to ensure that credit monitoring and identity theft protection can be provided timely to Members and staff in the event their PII is compromised in a breach of House systems.

Leave Management

With the assistance of HIR, our Human Resources team recently developed and rolled out the CAO's first automated leave management (request/approval/tracking) system. The new system replaces the paper files, manual spreadsheets and thousands of e-mails previously required to manage annual leave, sick leave and overtime for more than 600 employees in dozens of CAO offices and work units. By making it easier to track leave requests and access personal leave balances quickly and accurately, it's not surprising the automated system has been well received by managers and employees alike.

CLOSING REMARKS

Mr. Chairman and Ranking Member Wasserman Schultz, thank you again for the opportunity to testify today. Please be assured that our entire CAO team remains committed to providing House Members and staff the tools and resources they need to work efficiently, effectively and securely.

I look forward to working with the Committee and would be pleased to answer any questions you may have.