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## General Assembly And Supporting Functions

## House of Representatives

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## Findings in the audit of the General Assembly and Supporting Functions, House of Representatives

Personnel Policies	The House of Representatives (House) provided pay raises to member and administrative staff that were not provided to Senate or other state employees. These raises totaled approximately \$425,000, representing approximately a 5 percent increase to employees, and were in addition to the 2 percent cost of living adjustment provided to all state employees paid less than \$70,000 per year. The House also allows its employees more generous annual leave benefits than those allowed to most other state employees.
Operating Policies and Procedures	The Committee on Administration and Accounts does not maintain formal written meeting minutes, as required by state law. The House lacks a formal written policy regarding the use and retention of e-mail correspondence and asserts that the Sunshine Law does not apply to records of individual members, but the law related to this matter is ambiguous. The House needs to obtain and retain adequate documentation for items identified as stolen. In May 2012, three laptops and two printers, totaling \$4,952, were identified as stolen and deleted from the general capital asset listing, but neither of the two representatives reporting the assets as stolen provided a police report and/or an affidavit stating the circumstances surrounding the theft.
Contingency Plan	The House has not reviewed and/or tested its contingency plan for resuming normal business operations and recovering computer systems and data in the event of a disaster or other disruptive event since 2007.

In the areas audited, the overall performance of this entity was **Good.\***

American Recovery and Reinvestment Act (Federal Stimulus)	The General Assembly and Supporting Functions, House of Representatives did not receive any federal stimulus monies during the audited time period.
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\*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

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# General Assembly and Supporting Functions, House of Representatives

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## THOMAS A. SCHWEICH

### Missouri State Auditor

Members of the General Assembly, House of Representatives  
Jefferson City, Missouri

We have audited certain operations of the General Assembly and Supporting Functions, House of Representatives, in fulfillment of our duties under Chapter 29, RSMo. The scope of our audit included, but was not necessarily limited to, the years ended June 30, 2012 and 2011. The objectives of our audit were to:

1. Evaluate the House of Representatives' internal controls over significant management and financial functions.
2. Evaluate the House of Representatives' compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the House of Representatives; analysis of comparative data obtained from external and/or internal sources; reviewing contracts specific to the House of Representatives' operations and significant within the context of the audit objectives; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the House of Representatives' management and was not subjected to the procedures applied in our audit of the House of Representatives.

For the areas audited, we identified (1) deficiencies in internal controls (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of the General Assembly and Supporting Functions, House of Representatives.



Thomas A. Schweich  
State Auditor

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# General Assembly and Supporting Functions, House of Representatives

## Management Advisory Report - State Auditor's Findings

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### 1. Personnel Policies

The House of Representatives (House) granted pay increases to employees which were not given to other state employees, and provided annual leave benefits greater than those allowed other state employees.

#### 1.1 Salary increases

The House provided pay raises to member and administrative staff that were not provided to Senate or other state employees. These raises occurred in November 2011 and August 2012, totaled approximately \$425,000, and represented approximately a 5 percent increase to employees. The House also provided a 2 percent cost of living adjustment (COLA) in July 2012, an increase that was provided to all state employees paid less than \$70,000 per year.

According to House management, the House cut costs and found efficiencies to generate savings with which to pay the salary increases. Although Chapter 21, RSMo, grants the House the authority to establish employee compensation, given the recent state budget constraints and that other state employees have generally not received such pay increases, the House should re-evaluate the reasonableness and necessity for these salary increases.

#### 1.2 Annual leave

The House allows annual leave benefits that are more generous than those allowed to most other state employees. House policy provides that its employees earn 10 hours of annual leave benefits per month during the first 5 years of service. After 5 years, employees earn annual leave at a rate of 14 hours per month. Most state employees earn 10 hours of annual leave per month during the first 10 years of service, with that rate increasing to 12 hour per month after 10 years of service, and to 14 hours per month after 15 years of service.

There appears to be no basis for the House to provide annual leave benefits to its employees that are more generous than those provided to most other state employees. In addition, the additional annual leave benefits provided to House employees results in increased cost to the state.

A similar condition was reported in previous audits of the House of Representatives.

### Recommendations

The House of Representatives:

- 1.1 Discontinue providing pay increases over and above those provided to other state employees in the future.
- 1.2 Reduce the annual leave benefits provided to employees to an amount equal to those provided to most other state employees.



General Assembly and Supporting Functions,  
House of Representatives  
Management Advisory Report - State Auditor's Finding

## Auditee's Response

1.1 *The adjustments implemented in 2012 were executed under the direction of the previous Speaker's administration and the previous Chair of the Committee on Administration and Accounts. Neither of these individuals now serves in the House of Representatives. Current House administration agrees that a fundamental responsibility for good fiscal stewardship exists by management on behalf of all taxpayers, and will review this finding and take appropriate action as necessary.*

*During the audit period, the House increased minimum work requirements for all employees by 12.5% from a 35 hour work week to a 40 hour work week for full compensation, as recommended in previous audits. New technologies and process refinements have been enacted that substantially reduced administrative costs and increased transparency in the legislative process. The House has reduced administrative staff positions and implemented a Legislator Assistant sharing program to reduce personnel and cut costs to taxpayers.*

*These reductions allowed for House administration to re-invest a portion of savings in staff employees as one tool aimed at providing for long-term employee retention and development. These re-investments occurred even as the House returned more than \$700,000 in taxpayer funds. Prior to executing these decisions, previous House administration reviewed similar salary adjustments within other state agencies, and found salary adjustments made by management in those agencies as well.*

*While the Auditor expresses concern that the House's adjustments were done not as promotions, but as step adjustments, it is important to note that 60% of House employees are classified within one broad-banded "Legislator Assistant" position and do not have established classified positions into which they may be promoted. Therefore, these employees – whose average salary after the adjustments is \$27,459 – received step adjustments rather than promotions.*

1.2 *Current House administration will review this finding and take appropriate action as necessary.*

## 2. Operating Policies and Procedures

The Committee on Administration and Accounts does not maintain adequate documentation of its meetings. The House has not established a policy regarding e-mail use and retention, does not believe the Sunshine Law (Chapter 610, RSMo) applies to records of individual members, and does not adequately investigate instances of assets reported as stolen.



General Assembly and Supporting Functions,  
House of Representatives  
Management Advisory Report - State Auditor's Finding

## 2.1 Meeting minutes

The minutes of meetings of the Committee on Administration and Accounts are not adequate. Formal written minutes are not maintained for meetings. Typically, staff notes, agendas, and e-mails are maintained to support meetings.

Section 610.020.7, RSMo, requires minutes of open and closed meetings to be taken and retained by all governmental bodies including, but not limited to, the date, time, place, members present, members absent, and a record of votes taken. In addition, this committee generally has sole and complete control of all financial obligations and business affairs of the House, including prescribing rules governing the allotment of funds to individual members for the operation of their office and assigning all offices, chamber seats, and parking spaces for members. To provide complete transparency and full disclosure to the public, complete and accurate written minutes of the committee proceedings and decisions should be prepared and retained.

## 2.2 E-mail policy and retention

The House has not established a formal written policy regarding the use and retention of e-mail correspondence. Currently, the House does not require e-mail correspondence to be archived.

An e-mail policy needs to clearly define a record or specifically indicate that e-mail records are covered. While the legislature is exempted under Section 109.290, RSMo, and 15 CSR 30-45.010 from following the Secretary of State's Guidelines, Managing E-mail Records, the guidelines provide specific guidance regarding the definition of an electronic record and the need to retain such records. Without clear, specific, and adequate guidance, there may be inconsistencies in the understanding and implementation regarding records retention. Also, without archiving e-mail, either on the state or an in-house archiving system, the House has little assurance that applicable e-mail will be available if needed.

## 2.3 Open records

While it is the House's position that the Sunshine Law does not apply to records of individual members, the law related to this matter is ambiguous and no Missouri court has ruled on this specific issue.

Section 610.010(4), RSMo, defines a "public governmental body", in part, as, any legislative, administrative or governmental entity created by the Missouri Constitution or statutes of the state. The Sunshine Law defines a "public record", in part, as, any record whether written or electronically stored, retained by or of any public governmental body including any report, memorandum, or other document. Section 610.025, RSMo, also provides that any message relating to public business by electronic means should be concurrently transmitted to either the member's public office computer or the custodian of records in the same format.



General Assembly and Supporting Functions,  
House of Representatives  
Management Advisory Report - State Auditor's Finding

We are cognizant of the need to keep certain records confidential. For example, to protect the interests of private citizens records related to whistleblower complaints and allegations of improprieties should be exempted from public disclosure. However, other correspondence clearly relating to the conduct of public business should be subject to public scrutiny. Section 610.011, RSMo, states it is public policy that Chapter 610 should be liberally construed. Currently, legislation is pending that expands the requirements of the Sunshine Law. It is a double standard for the legislature to impose additional requirements on other public governmental bodies while enjoying a blanket exemption from the Sunshine Law. The legislature should take this opportunity to bring individual members under the umbrella of the law while carving out legitimate and necessary exceptions to public disclosure.

## 2.4 Missing assets

The House needs to obtain and retain adequate documentation for items identified as stolen.

In May 2012, the House deleted three laptops, totaling \$4,311, and two printers, totaling \$641, which had been identified as stolen, from the general capital asset listing. Two representatives had previously reported to House personnel that these assets were stolen from their respective district offices. Although House personnel requested these members to furnish a copy of a police report and/or an affidavit stating the circumstances surrounding the theft, neither representative submitted the requested information and no further follow-up action was taken by House personnel.

To ensure capital assets are properly safeguarded, the House should ensure adequate documentation is obtained and maintained for items identified as stolen, including documentation regarding any follow-up action taken.

A similar condition was reported in our prior audit report.

## Recommendations

The House of Representatives:

- 2.1 Ensure the Committee on Administration and Accounts maintains formal written meeting minutes.
- 2.2 Establish an e-mail policy and archiving system.
- 2.3 Amend the Sunshine Law so that it clearly applies to individual members while carving out legitimate and necessary exceptions to public disclosure.
- 2.4 Ensure adequate documentation is obtained and maintained to support removing capital assets identified as stolen from the general capital asset listing.



General Assembly and Supporting Functions,  
House of Representatives  
Management Advisory Report - State Auditor's Finding

## Auditee's Response

- 2.1 *Current House administration agrees that documentation of the actions and decisions of the Committee on Administration and Accounts should provide the public with clear, organized and concise information as to the managerial decisions of the Committee.*
- 2.2 *Current House administration will review this finding and take appropriate action as necessary.*
- 2.3 *The House of Representatives recognizes the expressed concerns and continues to follow the established statutory and case law on this matter.*
- 2.4 *Current House administration agrees with the recommendation and will review the process and procedures for documenting stolen assets.*

## 3. Contingency Plan

Since 2007, the House has not reviewed and/or tested its contingency plan for resuming normal business operations and recovering computer systems and data in the event of a disaster or other disruptive event.

The House relies on its computer system for various activities, including, but not limited to, bill tracking, hearing schedules, distribution of notices, timekeeping, and capital asset tracking. According to the Director of Information Systems, the contingency plan has not been periodically tested because there have been no significant changes, until recently, in the architecture or infrastructure of the computer system. However, since the House upgraded its computer system in the past year, reviewing and testing the contingency plan is planned after the 2013 legislative session.

According to accepted standards<sup>1</sup>, contingency planning for information systems is part of an overall organizational program for achieving continuity of operations for mission/business operations. Contingency planning addresses both information system restoration and implementation of alternative mission/business processes when systems are comprised.

A formal, written contingency plan should be prepared, periodically tested, and updated as needed, to specify actions required to re-establish critical business functions and computer systems. In the case of a disaster or other disruptive event, such documentation can reduce confusion and provide a framework for the uninterrupted continuance of operation.

<sup>1</sup> "NIST Special Publication 800-53 Revision 3, Recommended Security Controls for Federal Information Systems and Organizations,"<<http://csrc.nist.gov/publications/PubsSPs.html>>, accessed April 12, 2012



General Assembly and Supporting Functions,  
House of Representatives  
Management Advisory Report - State Auditor's Finding

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## Recommendation

The House periodically test, evaluate, and update its contingency plan as needed.

## Auditee's Response

*Current House administration agrees that contingency planning should be periodically tested and evaluated. A complete test of our disaster recovery plan relies on the availability of servers and network equipment which duplicate our production environment. Beginning in 2007 the House has utilized retired, end of life cycle network and server equipment for this purpose. Since the cost to duplicate our production environment was prohibitive, and no significant changes to our environment planned until the 2013 legislative session, the decision was made to forestall a complete test of our disaster recovery plan until the end of the 2013 legislative session.*

*The House has implemented a substantially re-developed and highly-integrated technology system to eliminate redundant and inefficient processes, reducing on-going costs and increasing transparency. At each new phase of implementation, we tested our ability to backup and restore mission critical data. Additionally, we periodically load backups of our production data into our test environment to ensure data integrity.*

*The House continually reviews requirements for saving and restoring data and modifies our backup strategy accordingly. With the final discontinuation of our legacy AS/400 Bill Tracking system, and the installation of a new VOIP phone system occurring in 2012, current House administration is planning to initiate a full contingency planning review and exercise upon the conclusion of the 2013 legislative session.*

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# General Assembly and Supporting Functions, House of Representatives

## Organization and Statistical Information

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Legislative power in Missouri is vested by Article III, Section 1, Missouri Constitution, in the General Assembly, more commonly known as the legislature, composed of the Senate and the House of Representatives (House).

The House consists of 163 members elected for 2-year terms at each general election. A representative must be at least 24 years of age, a qualified voter of the state for 2 years, and of the district he/she represents for 1 year. The speaker of the House is the presiding officer. The House convenes annually on the first Wednesday following the first Monday in January and adjourns on May 30, with no consideration of bills after 6:00 P.M. on the first Friday after the second Monday in May.

Top House leadership positions include the speaker, speaker pro tem, majority floor leader, and minority floor leader. The speaker and speaker pro tem are allowed to hire a chief of staff and the majority floor leader is allowed to hire an additional administrative assistant.

For the 2 years ended June 30, 2012, Representatives received the following compensation:

Position	Year Ended June 30,	
	2012	2011
Speaker of the House	\$ 38,415	38,415
Speaker pro tem and floor leaders	37,415	37,415
All remaining representatives	35,915	35,915

Each representative is paid a per diem each day the House is in attendance at the legislative session. In addition, representatives are reimbursed for each mile traveled when commuting to and from Jefferson City for each week the legislature is in session. For the 2 years ended June 30, 2012, Representatives were authorized the following per diem and mileage reimbursement:

Effective Dates	Per Diems	Mileage Rate
July 2010 to September 2010	\$ 103.20	.37
October 2010 to September 2011	98.40	.37
October 2011 to June 2012	104.00	.37

For the 2 years ended June 30, 2012, representatives also received a \$700 monthly allowance to be utilized in the performance of their official duties. These allowances are subject to the limitations imposed by the appropriation authorizing these expenditures, and may be used for items including, but not limited to, office furniture and equipment; office supplies; postage; non-



## General Assembly and Supporting Functions, House of Representatives Organization and Statistical Information

session travel expenses; and district office rent, utilities, and staff compensation.

The House determines its own rules and procedures and rules may not be dispensed with, except by unanimous consent or concurrence by a constitutional majority, and the House is required to keep a daily journal (or record) of its proceedings.

The House is presided over by the speaker, chosen by the members, and in the absence of the speaker by the speaker pro tem. The speaker has general supervision and control over all employees of the House. Former Representative Ron Richard served as speaker from January 2009 to December 2010, Former Representative Steven Tilley served as speaker from January 2011 to August 2012. Representative Timothy Jones has served as Speaker since September 2012.

The speaker also appoints and approves members to the Administration and Accounts Committee which controls the financial obligations and business affairs of the House. The committee also prescribes rules governing the expenditure of funds allotted to individual members for the operation of their offices. Former Representative Kenny Jones served as Chairman of the Administration and Accounts Committee from July 2010 until January 2011. Representative Mike McGhee has served as Chairman of the committee since January 2011.

The chief clerk is elected by House members and serves as the chief administrator of the House. He is responsible for maintaining the financial records of the House and overseeing its operations. Adam Crumbliss has served as Chief Clerk since July 2006.

The House is organized into seven divisions consisting of: administration, appropriations, communications, information systems, operations, procedures, and research. At June 30, 2012, the House had 90 full-time employees, 135 legislative assistants, and 23 part-time and session employees.

American Recovery and  
Reinvestment Act 2009  
(Federal Stimulus)

The House of Representatives did not receive any federal stimulus monies during the 2 years ended June 30, 2012.

## Appendix A

General Assembly and Supporting Functions  
 House of Representatives  
 House of Representatives Revolving Fund  
 Comparative Statement of Receipts, Disbursements, and Changes in Cash  
 and Investments

	Year Ended June 30,	
	2012	2011
<b>RECEIPTS</b>		
Vendor refunds	\$ 120	0
Recovery costs	<u>12,473</u>	<u>17,247</u>
Total Receipts	<u><u>12,593</u></u>	<u><u>17,247</u></u>
<b>DISBURSEMENTS</b>		
Supplies	117	52
Professional services	886	9,615
Miscellaneous expense	12,171	11,188
Refunds	0	93
Transfers to General Revenue Fund	<u>2,068</u>	<u>0</u>
Total Disbursements	<u><u>15,242</u></u>	<u><u>20,948</u></u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(2,649)</u>	<u>(3,701)</u>
CASH AND INVESTMENTS, JULY 1	<u>7,068</u>	<u>10,769</u>
CASH AND INVESTMENTS, JUNE 30	<u><u>\$ 4,419</u></u>	<u><u>7,068</u></u>

Appendix B

General Assembly and Supporting Functions

House of Representatives

Comparative Statement of Appropriations and Expenditures

	Year Ended June 30,					
	2012			2011		
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
<b>GENERAL REVENUE FUND</b>						
House contingent expenses	\$ 10,657,028	10,341,170	315,858	10,977,028	10,625,655	351,373
Representatives' expense vouchers	1,369,200	990,886	378,314	1,369,200	1,291,227	77,973
Representatives' salaries	5,861,145	5,779,706	81,439	5,861,145	5,801,717	59,428
Representatives' mileage	395,491	395,491	0	440,491	338,284	102,207
Representatives' per diem	1,290,960	1,290,960	0	1,290,960	1,142,834	148,126
Total General Revenue Fund	<u>19,573,824</u>	<u>18,798,213</u>	<u>775,611</u>	<u>19,938,824</u>	<u>19,199,717</u>	<u>739,107</u>
<b>HOUSE OF REPRESENTATIVES REVOLVING FUND</b>						
Contingent expenses	45,000	13,174	31,826	45,000	20,948	24,052
Total All Funds	<u>\$ 19,618,824</u>	<u>18,811,387</u>	<u>807,437</u>	<u>19,983,824</u>	<u>19,220,665</u>	<u>763,159</u>

## Appendix C

### General Assembly and Supporting Functions

#### House of Representatives

#### Comparative Statement of Expenditures (From Appropriations)

	Year Ended June 30,				
	2012	2011	2010	2009	2008
Salaries and wages	\$ 14,523,612	14,720,068	14,991,878	14,546,462	13,870,507
Legislative daily travel allowance	1,347,054	1,142,834	1,151,248	988,499	998,942
Travel, in state	569,478	535,648	665,461	727,906	730,159
Travel, out-of-state	7,209	16,008	44,363	73,109	78,359
Supplies	546,555	1,148,653	1,232,238	847,167	775,694
Professional development	44,252	40,122	69,283	69,183	86,476
Communication services and supplies	198,067	208,097	248,928	315,820	329,656
Services:					
Professional services	670,226	714,308	843,163	1,013,402	952,564
Housekeeping and janitorial	125,942	133,494	133,288	92,444	120,164
Maintenance and repair	308,580	93,096	111,480	122,428	89,282
Equipment:					
Computer equipment	344,644	364,788	568,308	390,451	376,969
Motorized equipment	0	0	0	16,502	0
Office equipment	16,741	22,844	35,652	67,066	50,133
Other equipment	24,162	956	7,936	2,432	3,116
Property and improvements	30,257	18,321	13,509	35,934	18,703
Debt service	2,252	0	0	0	0
Building lease payments	0	7,998	11,292	11,292	11,292
Equipment rental and leases	0	0	250	250	0
Agency provided food	10,904	14,580	10,168	11,604	10,518
Miscellaneous	41,452	38,757	47,490	57,929	55,360
Refunds	0	93	0	0	150
Total	\$ <u>18,811,387</u>	<u>19,220,665</u>	<u>20,185,935</u>	<u>19,389,880</u>	<u>18,558,044</u>

## Appendix D

### General Assembly and Supporting Functions House of Representatives Statement of Changes in General Capital Assets

	Equipment	Vehicles	Software	Total
Balance, July 1, 2010	\$ 1,397,098	20,760	0	1,417,858
Additions	238,152	0	34,294	272,446
Dispositions	(118,154)	0	0	(118,154)
Balance, June 30, 2011	1,517,096	20,760	34,294	1,572,150
Additions	132,104	0	42,000	174,104
Dispositions	(117,214)	0	0	(117,214)
Balance, June 30, 2012	\$ <u>1,531,986</u>	<u>20,760</u>	<u>76,294</u>	<u>1,629,040</u>