

# OVERSIGHT OF THE ARCHITECT OF THE CAPITOL'S OFFICE OF INSPECTOR GENERAL

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## HEARING BEFORE THE COMMITTEE ON HOUSE ADMINISTRATION HOUSE OF REPRESENTATIVES ONE HUNDRED FIFTEENTH CONGRESS FIRST SESSION

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MAY 24, 2017  
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## OVERSIGHT OF THE ARCHITECT OF THE CAPITOL'S OFFICE OF INSPECTOR GENERAL

WEDNESDAY, MAY 24, 2017

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON HOUSE ADMINISTRATION,  
*Washington, DC.*

The Committee met, pursuant to call, at 11:02 a.m., in Room 1310, Longworth House Office Building, Hon. Gregg Harper [Chairman of the Committee] presiding.

Present: Representatives Harper, Davis, Walker, Loudermilk, and Brady.

Staff Present: Sean Moran, Staff Director; Kim Betz, Deputy Staff Director/Policy and Oversight; Bob Sensenbrenner, General Counsel; Erin McCracken, Communications Director; C. Maggie Moore, Legislative Clerk; Ed Puccerella, Professional Staff; Jeff Orzechowski, Professional Staff; Rob Taggart, Deputy Legislative Clerk/Oversight; Jamie Fleet, Minority Democratic Staff Director; Eddie Flaherty, Minority Democratic Chief Clerk; and Teri Morgan, Minority Democratic Deputy Staff Director/Counsel.

The CHAIRMAN. I now call to order the Committee on House Administration, for purposes of today's hearing, the examining of the Architect of the Capitol and its Office of the Inspector General. The hearing record will remain open for 5 legislative days so members may submit any materials they wish to be included. A quorum is present, so we may proceed.

I would like to thank my colleagues and our witnesses for being here today. The Architect of the Capitol, Mr. Ayers, appeared before us in February.

Mr. Ayers, as you know, with a full panel of witnesses, it was difficult to have a broad discussion, and I appreciate your willingness to reappear today.

Mr. AYERS. Thank you.

The CHAIRMAN. Before going into my opening statement, I would like to take a moment to send our thoughts and prayers to the entire Architect family and the family of Matthew McClanahan. As most of you know, Matthew died on April 18 of this year while serving the United States Capitol. He was one of more than 2,100 Architect employees who work around the clock to maintain and preserve these historic buildings and grounds, and we all thank him for his service, and we pray for the family and their loss.

Mr. Ayers, thank you again for being here. When you testified in February, the Committee focused on the future challenges and priorities of the Architect of the Capitol. Today, I would like to direct our attention to a November 2016 report issued by the General Ac-

countability Office highlighting problems with the Architect of the Capitol's Office of the Inspector General. The report, as you know, led to the resignation of Mr. Mulshine, the former Inspector General, 1 month later.

Prior to 2007, the Architect of the Capitol had a single-person, nonstatutory inspector general. In December of 2007, as part of the Consolidated Appropriations Act for fiscal year 2008, Congress established the Architect of the Capitol's first Office of the Inspector General. Congress created the office in response to concerns about the delays and escalating construction costs associated with the Capitol Visitors Center. Congress established a statutory inspector general position to audit and report semiannually on management and operations issues and other issues as required.

Last November, the General Accountability Office, the GAO, issued a report on the Architect of the Capitol's Office of the IG operations, which raised some very serious concerns. GAO found that over a 4-year period, from 2012 through 2015, the Office of the IG completed only 14 audits, none of which included audits of large scale projects, such as the Cannon House Office Building's renovations.

As you know, the Cannon renovations are expected to occur over the next 10 years at a cost of approximately \$750 million. As the GAO reported, and I quote: OIG provided little assurance that AOC's most critical programs and contracts received adequate oversight, that audit resources were being applied to the most critical areas, and that the OIG's efforts would fully inform AOC's management of the Congress of any problems or deficiencies.

In addition, GAO reported serious concerns with both the auditing and investigative functions of the Architect Office of the IG during this time period. Specifically, GAO noted, and I quote: The OIG's lack of adequate audit planning, lack of criminal investigators, and reliance on AOC program offices to conduct investigations of alleged wrongdoing have contributed to a significant decline in its audit and investigative reports and reported monetary accomplishments.

This lack of transparency concerns this Committee and calls into question the veracity and completeness of information presented to Congress about project management.

GAO continued, as a result of the OIG's minimal audit report coverage, the Architect and the Congress may not be fully and currently informed about the operations of AOC's jurisdictions, offices, and major contracts.

I look forward to hearing the GAO report, discussing that, and the diminishment of the Office of the IG with our witnesses today. I would also like to use this hearing to develop a strategy to move the Office of the IG forward under the direction of Mr. Failla. And, again, I thank each of you for your appearances before our Committee today.

And I now recognize my colleague and the Ranking Member of this Committee, Mr. Brady, for an opening statement.

[The statement of The Chairman follows:]

Mr. BRADY. Thank you, Mr. Chairman. Again, it is a pleasure to be here with the Architect of the Capitol, Mr. Ayers, and the new Inspector General, and the GAO.

When I became Chairman of this Committee, I inherited an over-budgeted and behind schedule Capitol Visitors Center. Working with my colleague and my excellent Ranking Member, Vern Ehlers, we were able to partner with the Architect's office and get the project back on track. As a result of that work was the creation of the Inspector General's Office. So I know from experience what the CVC, the Capitol dome renovations, and now the Cannon rehab, how important an independent set of eyes can be when you are spending billions of taxpayers' dollars.

I appreciate, Mr. Chairman, your leadership on having these issues, and I look forward to hearing from our witnesses.

[The statement of Mr. Brady follows:]

The CHAIRMAN. The gentleman yields back. Thank you, Mr. Brady.

Does any other Member wish to be recognized for the purpose of an opening statement?

Seeing none, I would now like to introduce our witnesses.

First, let me introduce Stephen T. Ayers, who was officially appointed on May 13, 2010, to serve a 10-year term as the 11th Architect of the Capitol. The Architect is charged with the sizeable task of preserving historical buildings around the Capitol, throughout the Capitol Grounds, and ensuring the structural integrity and the safety for millions of visitors who travel here each year to experience firsthand the rich history of our Nation's government.

Under Mr. Ayers' leadership, the Architect oversaw the restoration of the U.S. Capitol dome, restoring it to its original splendor. He also led the restoration of the Ulysses S. Grant memorial, a campus-wide effort to restore and repair deteriorating stone facades, and launched the renewal of the Cannon House Office Building.

So we thank you, Mr. Ayers, for being with us today.

Mr. AYERS. Thank you, Mr. Chairman.

The CHAIRMAN. I also would like to introduce Christopher P. Failla, who was appointed on April the 17, 2017, a little more than a month ago, as the Architect of the Capitol's Inspector General. Before his appointment as the IG, Chris completed a 26-year Naval career and retired as a Navy captain. And we thank you for your service to our country, as well as you, Mr. Ayers. His final assignment with the Navy included three positions within the Department of Defense's IG Office, including director for the Technical Assessment Directorate, executive assistant for the deputy inspector general for Policy and Oversight, and the senior military advisor and office for DOD OIG. So thank you for being here today and for your service.

Now I would like to introduce from GAO, Beryl H. Davis. She is the director of Financial Management and Assurance at the Government Accountability Office, where her responsibilities include audits related to improper payments, grant management, agency internal controls, and Federal inspectors general. Ms. Davis previously served as vice-president of the standards and guidance for the Institute of Internal Auditors, as well as the director of audit services and management support for the city of Orlando. Ms. Davis is the author of the GAO report on the Architect of the Capitol's Office of Inspector General, which we will be discussing fur-

ther during today's hearing. And so thank you, Ms. Davis, for being here today.

Ms. DAVIS. Thank you.

The CHAIRMAN. The Committee has received each of your written testimonies. You will each have 5 minutes to present a summary of that submission. As you know, to help keep the time, we have a timing device there on your witness table. The device will emit a green light for 4 minutes and then will turn yellow when 1 minute remains. When the light turns red, it means that your time is out, and try to bring it in for a landing if you can at that time. Also, remember to hit your mike button to get started. And so, again, we thank each of you for joining us today.

And at this time, the Chair will now recognize the Architect of the Capitol, Stephen Ayers, for his testimony.

**STATEMENTS OF HON. STEPHEN T. AYERS, ARCHITECT OF THE CAPITOL; CHRISTOPHER P. FAILLA, INSPECTOR GENERAL, ARCHITECT OF THE CAPITOL; AND BERYL H. DAVIS, DIRECTOR OF FINANCIAL MANAGEMENT AND ASSURANCE, U.S. GOVERNMENT ACCOUNTABILITY OFFICE**

**STATEMENT OF HON. STEPHEN T. AYERS**

Mr. AYERS. Thank you, Mr. Chairman, and Ranking Member Brady, and Members of the Committee. I appreciate the opportunity today to testify and provide an overview of the Architect of the Capitol's Office of Inspector General. And we are incredibly pleased to have recently welcomed Chris Failla as our new statutory Inspector General. I believe that Mr. Failla's leadership and experience in several different roles, both in high pressure environments and others, perfectly aligns with my efforts to transform and strengthen our Office of Inspector General. And I can tell you, in his first 30 days, he has already made a positive impact.

The AOC Inspector General Act of 2007 afforded us the opportunity to improve and expand IG operations, and I remain fully supportive of this effort. And over the years, I have ensured that adequate resources are available to support the IG and the functioning of his office. In addition to providing these resources, I support the IG by setting policy as well as setting the tone with my leadership team to ensure that we fully support the IG and respect their independence.

I firmly believe that the IG's value-added and independent audits, evaluations, and investigations positively impact my agency's success. We empower all of our employees to join in the effort to improve our performance and the effectiveness of our agency. We require a high performing and engaged workforce to continue to deliver and improve upon the specialized services that we provide to the Congress and the American public.

We use a variety of communication channels to encourage AOC employees to use the inspector general hotline as well as other avenues to ensure they avail themselves of the services of the IG.

At a leadership level, when gaps or weaknesses in internal controls are identified or suggestions are made to improve our operations, we move quickly to address those in a timely manner. And I am proud to report to you today that we have addressed each and every one of the more than 360 recommendations put forth by our statutory inspector general to date.

As an example, in the AOC's fiscal year 2016 performance and accountability report, their inspector general identified that the management of concurrent construction projects is one of our key management challenges, and our leadership team understands the importance and complexity of this that is associated with managing more than a billion dollars in ongoing active construction work right now.

We have implemented sound strategies and used the best tools available to incorporate planning, risk assessment and risk mitigation, quality control techniques into our disciplined project management approach. We will continue our commitment to closing out all management challenges and opportunities, and ensure the projects that we oversee remain on schedule, within budget, and free of waste, fraud, and abuse.

Currently, we are working with the Inspector General on several ongoing audits and evaluations, as well as an agencywide risk assessment that recently kicked off. And by focusing on these types of efforts that increase our ability to mitigate risks, the IG is able to maximize its effectiveness and advance the agency's goals and objectives.

We believe that our partnership with the inspector general furthers our efforts to improve transparency and accountability, and reduce costs. And with your continued support and the support of our Inspector General, I am quite confident we can continue to carry out that mission.

Thank you, Mr. Chairman.

[The statement of Mr. Ayers follows:]

**Statement of the Honorable Stephen T. Ayers, FAIA, LEED AP  
Architect of the Capitol**

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**Architect of the Capitol**

**Statement before the Committee on House Administration  
United States House of Representatives**

May 24, 2017

Chairman Harper, Ranking Member Brady, and members of the Committee, I appreciate the opportunity to testify today and to provide an overview of the Architect of the Capitol's (AOC) Office of Inspector General (OIG).

I am pleased to have recently welcomed Christopher P. Failla as the AOC's third statutory Inspector General (IG). As I have done for each of the three statutory IGs we have hired, I led a nationwide search to seek out the best talent available and sought the expert advice and judgment of peer agencies. I am confident that Mr. Failla will be a valuable addition to the AOC and a leading force in our efforts to fulfill our mission to serve Congress and the Supreme Court, preserve America's Capitol and inspire memorable experiences for all who visit the buildings and grounds. Mr. Failla's leadership in several different roles and in high-pressure environments perfectly aligns with my efforts to transform and strengthen the OIG.

Before joining the AOC in 2017, Mr. Failla completed a 26-year naval career and retired as a Navy Captain. During his last assignment, he held three positions at the Department of Defense (DOD) Inspector General's office. He was detailed as the Director for the Technical Assessment Directorate, leading 19 engineers conducting inspections and evaluations on major acquisition defense programs, military facilities and overseeing hotline complaints and congressional inquiries in accordance with Council of Inspectors General on Integrity and Efficiency (CIGIE) guidelines. During his three years as Director, his directorate published 21 CIGIE Inspection and Evaluation reports on high-profile DOD programs such as the Joint Strike Fighter (JSF), F-18 Super Hornet, C-5, military ejection seats, ammunition data cards, the Recovery of Chemical Weapons Program (RCWP) and the Evolved Expendable Launch Vehicle (EELV) produced by ULA and Space X, along with inspecting nearly 30 military facilities around the world for health and safety violations. He also served as the Executive Assistant for the Deputy Inspector General for Policy and Oversight and served as the Senior Military Advisor and Senior Military Officer in the DOD Inspector General's office, leading 38 active duty and reserve officers and one enlisted member from all four services.

### **Fostering an Innovative and Empowered Workforce**

We are honored to be the builder and steward of the iconic landmarks of Capitol Hill, including the U.S. Capitol, U.S. Capitol Grounds, Capitol Visitor Center, House and Senate office buildings, Library of Congress, U.S. Supreme Court and the U.S. Botanic Garden. The AOC requires a high-performing and engaged workforce to continue to deliver and improve upon the services we provide. Transparency and accountability are tenets that require continuous improvement, and I believe that Mr. Failla has the leadership qualities needed to ensure that we continue to meet and exceed our high ethical and moral standards.

The AOC collaborated with Congress and strongly supported the Architect of the Capitol Inspector General Act of 2007 (AOC OIG Act). Prior to this statutory authority, the OIG lacked the efficiency and effectiveness to deter and prevent fraud, waste and abuse in AOC operations and programs. This AOC OIG Act afforded us the opportunity to expand OIG operations, and I have ensured that adequate resources are available to support the IG and his office. The addition of a Deputy IG, a Senior Executive Service level position, has significantly improved the OIG's oversight capabilities. And we encouraged the recruitment of engineering and construction-related technical expertise needed to align with the AOC's specialized operations.

The scope of OIG duties and responsibilities includes all AOC jurisdictions and programs. The OIG is independent in performing its duties to conduct audits, evaluations and reviews of AOC programs and activities. My leadership team fully supports the OIG. When the OIG identifies gaps or weaknesses in internal controls, or makes suggestions to improve AOC operations, we remain committed to moving quickly to address its findings and close out all recommendations in a timely manner. I also encourage Mr. Failla to continue to work cooperatively with Congress' oversight role.

Since the enactment of the AOC OIG Act, the OIG has issued more than 60 reports and 120 investigations. I am proud to report that we have addressed each and every one of the more than 360 recommendations put forth by the OIG within the specified timeframe. I fully support these value-added and independent audits, evaluations, and investigations and believe that they can positively impact the agency's five-year strategic plan and build trust with Congress and the American taxpayer.

The AOC empowers all employees to join in the effort to improve the performance and effectiveness of the agency. We encourage employees to use the OIG hotline, a confidential, toll-free hotline to report potential fraud, waste and abuse. In addition, we recently instituted a "SpeakUp" program, a confidential communication channel for employees to suggest changes and ideas, ask questions, express concerns and contact the AOC OIG.

Collaborating with agencies such as the Government Printing Office and the United States Equal Employment Opportunity Commission, the OIG participates in a peer review process to examine its investigative and audit operations. Most recently, in 2015 the National Credit Union Administration undertook a review of the OIG audit operations. The report positively concluded that the OIG's system of internal controls complies with best practices. We support and encourage the OIG's involvement in this independent process that has resulted in valuable improvements.

### **Promoting a Culture of Transparency and Accountability**

Recognizing the trust placed in us by Congress and the American people, the talented men and women of the AOC – 2,100 strong – proudly work 24 hours a day, seven days a week, 365 days a year to provide Congress and the U.S. Supreme Court with the facilities and infrastructure to conduct their business. The AOC OIG plays a valuable role in support of the core values – integrity, professionalism, teamwork, safety and pride – that drive our daily mission.

In the last two decades, our footprint has increased substantially, and today we operate and care for more than 17.4 million square feet across 36 facilities and 570 acres of grounds. Along with the sheer growth in size, the complexity of operating these facilities has undergone significant change. The number of people that work here has grown, and the number of people that visit has skyrocketed. The Capitol campus is home to thousands of daily occupants and has hosted approximately 4.5 million visitors from throughout the U.S. and around the world in Fiscal Year (FY) 2016.

Funded across 10 separate appropriations accounts within the Legislative Branch Subcommittee, each having specific facility and operational responsibilities, the AOC's annual budget is approximately \$620 million per year. We manage more than \$1 billion in active, concurrent construction projects and execute about 5,000 procurement actions per year, including purchase card and large construction contracts. Over the last five years, we have obligated approximately \$25 million in small business contracts as well.

Many of our projects are high-value and high-risk, making proper oversight essential to their successful execution. The AOC OIG has and continues to play a prominent role in ensuring that we are effective stewards of taxpayer dollars. Currently, we are coordinating with the OIG on several on-going audits and evaluations, as well as on an agency-wide risk assessment that will be used as an aid to future audit planning. By focusing on these types of efforts that increase our ability to mitigate risks, the OIG is able to maximize its effectiveness and advance the agency's goals and objectives. The OIG leads the agency's annual, independent financial audit, which received an unmodified or "clean" opinion on our financial statements for FY 2016. This marks the 12th consecutive year our expert management of federal funds received a clean audit opinion.

The OIG is also coordinating with our project teams to oversee major projects such as the first major restoration of the U.S. Capitol Dome and Rotunda in more than 50 years, the Cannon House Office Building Renewal project, the Rayburn House Office Building garage rehabilitation program and the Cogeneration project at the Capitol Power Plant.

Recently issued reports on the Cannon Renewal project and the Capitol Power Plant's Refrigeration Plant Revitalization project reinforced the AOC's effective management of these important and highly visible projects. The OIG provided recommended process improvements that will enhance our already robust management practices and be adopted and applied across our capital program.

### **Managing Concurrent Projects**

In the AOC's FY 2016 Performance and Accountability Report, the OIG identified the management of concurrent AOC construction projects as a key challenge for the agency. Our leadership understands the importance of the risks associated in managing our portfolio of diverse projects. We will continue our commitment to closing out all management challenges and opportunities and ensure these projects remain on schedule, within budget and free of waste, fraud and abuse.

The AOC's leadership uses the best tools available to incorporate effective planning, risk assessment and mitigation and quality control techniques into our disciplined approach to project management. We constantly monitor the status of key projects and ensure that clear and consistent communication among all parties takes place. In addition to regular updates to Congress, the AOC reports progress on key projects on our website and social media outlets to keep the public informed about what is completed, ongoing and planned.

In FY 2016, the AOC continued to improve our project management process. In particular, planning was improved through the use of better tools that anticipate construction management staffing requirements and estimate the resources needed on major projects earlier in the process. The AOC continued to employ formal project partnering on major restoration projects to ensure open communications between the government and contractor project teams, confirm shared project goal development and utilize timely issue resolution processes to solve problems, and identify effective and innovative solutions. Additional management challenges include: deteriorating condition of buildings and grounds; energy stewardship and sustainability; physical security of facilities; workplace safety and health; and retaining and attracting a skilled and engaged workforce.

### **Conclusion**

The Congress recently tasked the United States Government Accountability Office (GAO) to assess the OIG's oversight of the AOC. Their November 2016 report titled "Improvements to IG Oversight Needed for Architect of the Capitol Operations" determined that the OIG's planning did not include risk assessments or assigned

priorities for conducting audits consistent with standards of the CIGIE. The OIG agreed with the GAO's two recommendations and is moving quickly to address these deficiencies.

I believe the GAO report is another valuable tool that will further our efforts to improve transparency and accountability and reduce costs. The AOC strives to be a world-class organization providing superior service to our clients. We believe that our partnership with the AOC OIG furthers our goal to improve our operations and programs.

The continued support of Congress and this Committee help enable us to carry out our important mission.

The CHAIRMAN. Thank you, Mr. Ayers.  
The Chair now recognizes Christopher Failla for purposes of an opening statement.

**STATEMENT OF CHRISTOPHER P. FAILLA**

Mr. FAILLA. Thank you, Mr. Chairman.

Chairman Harper, Ranking Member Brady, Members of the Committee, I am pleased to testify today regarding the Office of Inspector General's oversight of the Architect of the Capitol. I am excited to be at the helm of the AOC OIG as its third statutory IG. Created in 2008, the OIG is a relative newcomer to the IG community, overseeing a legislative branch agency that is a hundred years old—excuse me—that is hundreds of years old. There is enormous potential to strengthen our organization to adeptly oversee the agency's programs and operations with independence and objectivity.

I joined the AOC after a 26-year career in Naval aviation, retiring as a Navy captain. My last assignment over the past 3 years was with the Department of Defense OIG, where I was the director for the Technical Assessment Directorate, leading 19 engineers who conducted CIGIE inspections and evaluations on major acquisition defense programs along with military facility safety inspections. I also oversaw hotline complaints and congressional inquiries.

This experience taught me that effective oversight requires audits with clearly defined objectives and criteria. I also learned how a successful inspector general's office should be staffed, run, and exercise its independence. This perspective, among others, will guide my efforts to have well-defined objectives and scope in order to increase the effectiveness of our audits and evaluations. While AOC projects are large, we will do our review work in smaller chunks and report earlier in the project or program lifecycle, providing recommendations that can still effect change.

Rather than monitoring the agency through the practice of being embedded and attending program meetings, we will be shifting to performing well-defined field work, with timelines for deliverables and changing our process to ensure transparency in our work and also enlist the help of subject matter experts where needed to lend credibility to our findings.

The OIG has done a tremendous amount of work in the absence of an IG to address the GAO recommendations. They have executed the acting IG strategic plan, contracted for an agencywide risk assessment, and a quality assurance review of the audit program.

The OIG has scheduled a CIGIE peer review for the investigative program, while issuing a revised fiscal year 2017 and 2018 audit plan, thereby answering all the GAO's concerns but one. That one issue concerns restoring criminal investigators with law enforcement authority.

The AOC needs a program that can perform complex criminal investigations involving contracting and procurement fraud in major programs and contracts. However, I am awaiting the results of the CIGIE peer review to help provide the information to make this decision.

In my first 30 days, I have noticed the need for realistic expectations in the face of our current resources and staffing. We are a

small staff required to oversee the useful spending of approximately \$1 billion of construction and improvements. This is a daunting task. I need to evaluate the leverage of contracting services, the need for additional staff, and prioritizing our work.

Despite these challenges, my office will continue to be a vital resource at an important time in the lifecycle of the U.S. Capitol by making the following changes: I have adjusted plans to devote more resources to focusing on the high-risk and high-impact activities of the agency. The initiatives and plans developed will transform the office and expand our in-house expertise. This means developing the right expertise to perform oversight work and increase our use of subject matter experts.

We will also perform stringent follow-up investigations of recommendations and embark on proactive evaluations. Additionally, I have committed to meeting regularly with committee staffers interested in OIG matters and with Speaker Ryan's Director of House Operations to provide informational updates on our work.

Currently, we have a number of exciting programs, audits, and initiatives underway. In April, we contracted with an independent certified public accountant firm to audit the AOC's 2017 financial statements. In May, we initiated an agencywide risk assessment to help identify and appropriately consider the AOC's risks. We will use the results of this risk assessment to assist us in future audit planning efforts.

We will continue to provide quarterly project status reports on the Cannon renewal project and on the Capitol Power Plant to the Appropriations Committees, and we are also planning—are in the planning phase of a focused audit on contract change orders on the Cannon renewal project, and expect issuing a report by the end of the fiscal year.

Additionally, with our review of the U.S. Capitol dome restoration project, payments completed are expected to be released this audit by the end of the third quarter. I am also planning an evaluation which will examine the possibility of product substitution on select projects.

Our investigative program will continue to monitor the live hotline center we stood up 2 years ago. We have developed a new hotline poster, which is on display across the AOC, and recently we have seen an uptick in hotline complaints, along with seeing the first use of the AOC Speak Up program to make confidential contact with the OIG.

My first 30 days has been a time of listening, constructive conversation with leadership, building on ongoing initiatives, and working to be responsive to stakeholder feedback. I will work hard to continue to improve our oversight capabilities to fight fraud, waste, and abuse. I see my office's presence, oversight, and reports as a deterrent to abuses as much as it is an office to find abuses.

My written statement provides expanded detail on the ongoing OIG work, and I will be happy to brief the Committee in further detail on any of our efforts. Thank you for the opportunity to address the Committee.

[The statement of Mr. Failla follows:]

**STATEMENT OF  
CHRISTOPHER P. FAILLA, INSPECTOR GENERAL  
ARCHITECT OF THE CAPITOL**

**Regarding Oversight of the Architect of the Capitol's Office of Inspector  
General**

**Committee on House Administration, U.S. House of Representatives**

**May 24, 2017**

**Introduction**

Chairman Harper, Ranking Member Brady, members of the Committee, I am pleased to submit this testimony regarding oversight of the Architect of the Capitol's Office of Inspector General (AOC OIG).

I am excited to be at the helm of the AOC OIG as its third statutory Inspector General. Created in 2008, the OIG is a relative newcomer to the Inspector General community, overseeing a legislative branch agency that is hundreds of years old. There is enormous potential to strengthen our organization to adeptly oversee the agency's programs and operations with independence and objectivity.

Today I will discuss my background, provide an update on ongoing initiatives and projects, and lay out my early blueprint for the office.

I joined AOC after a 26-year Career in Naval aviation, retiring as a Navy Captain. My last assignment over the past 3 years was with the Department of Defense OIG where I was the Director for the Technical Assessment Directorate, leading 19 engineers conducting inspections and evaluations on major acquisition defense programs, military facilities and overseeing hotline complaints and congressional inquiries. During these three years as Director, my directorate published 21 Council of the Inspector General on Integrity and Efficiency (CIGIE) Inspection and Evaluation reports on high profile DoD programs such as the Joint Strike Fighter, F-18 Super hornet, C-5, Military Ejection seats, Ammunition data cards, the Recovery of Chemical Weapons Program, and the Evolved Expendable Launch Vehicle produced by ULA and Space X

along with inspecting nearly 30 military facilities around the world for health and safety code violations. During this same period I also served as the Executive Assistant for the Deputy Inspector General for Policy and Oversight and served as the Senior Military Advisor and Senior Military Officer in the DoD Inspector General's office.

This experience taught me that effective oversight requires audits with clearly defined objectives and criteria. I also learned how a successful Inspector General's office should be staffed, run and exercise its independence even during the most difficult and pressure intensive audits.

This perspective, among others, will guide my efforts to have well-defined objectives and scope in order to increase the effectiveness of our audits and evaluations. While AOC projects are large, we will do our review work in smaller chunks and report earlier in the project or program lifecycle, providing recommendations that can effect change.

OIGs are most effective when they provide concrete recommendations to Congress and the agency on ways to improve the programs and operations they oversee. Rather than monitoring the agency through the practice of being embedded and attending program meetings we will be shifting to performing well-defined field work, with timelines for deliverables and changing our process to ensure transparency in our work and also enlist the help of Subject Matter Experts, where needed, to lend credibility to our findings and our staff.

Over the last five months, the OIG has done a tremendous amount of work in the absence of an IG to address GAO recommendation and execute the acting IG's strategic plan. During this time, on the recommendation of GAO, the OIG contracted with a firm with expertise in organizational risk reviews to conduct an agency-wide risk assessment, and a quality assurance review of the OIG audit program while scheduling a CIGIE peer review for the investigative program.

The OIG, on the recommendation of GAO, issued a revised FY 2017-2018 Audit Plan that better reflected AOC management challenges identified and Congressional requests.

In my first 30 days with the AOC OIG, I have noticed the need for realistic expectations in the face of our current resources and staffing. We are a small staff required to oversee the useful spending of about 1 Billion dollars of construction and improvements. This is a daunting task. I need to evaluate: leveraging contracting services, the need for additional staff, and prioritizing our work. We may need to be larger in staff and have additional expertise to provide a meaningful return on investment and to meet CIGIE standards.

Despite these challenges, my office will continue to be a vital resource at an important time in the lifecycle of the U.S. Capitol with the restoration of the Capitol Dome; the ongoing renovation of the Cannon House Office Building; the Rayburn Garage Rehabilitation Project and the revitalization of the Capitol Power Plant.

Since arriving a little over 30 days ago, I have been meeting with Jurisdiction heads and Committee Staffers, listening intently to their concerns, answering their questions and sharing with them my Inspector General ideologies while I try to restore their trust and confidence in the OIG.

Thus far, I have seen a need to adjust plans that devotes more resources to focusing on high-risk and high-impact activities of the agency. The initiatives and plans we developed will transform the office and expand our in-house expertise. I talked earlier about being an independent and objective office. That means developing the right expertise to perform oversight work and increase our use of subject matter experts. We will also perform stringent follow up to recommendations and embark on proactive evaluations.

These follow ups reminds all auditees that once a report is published the work is not completed and the Inspector General will be ensuring the recommendations agreed to are implemented.

We are working to improve our investigative program and have requested that the CIGIE perform a peer review of the AOC's Investigative Program. This will better inform me on areas for improvement to this part of my office and also help me to make a number of decisions on the direction of the investigative program including whether to restore criminal investigators with

law enforcement authority. As pointed out in the aforementioned GAO report, the AOC needs a program that can perform complex criminal investigations involving contracting and procurement fraud in major programs and contracts. This cannot be done by the U.S. Capitol Police in accordance with CIGIE investigative standards.

With all of these challenges I am excited about the work ahead of us and I would like to highlight what you can expect from my office in the coming months.

### **Ongoing Work and Major Initiatives in Progress**

#### **Risk Assessment**

We initiated an agency-wide risk assessment to help identify and appropriately consider the AOC's risks — that is, the events or matters that could keep the AOC from accomplishing its goals and objectives. We will use the results of the risk scan to assist us in future audit planning efforts. On March 27, 2017, we issued a revised Audit Plan for FY 2017-2018 in order to focus more on high-impact areas of AOC programs and operations.

#### **Quarterly Reports**

During this reporting period, we issued two quarterly project status reports. These reports were mandated by the Explanatory Statement accompanying the FY 2016 Legislative Branch Appropriations Act, P.L. 114-113, Division I, which requires the OIG to provide quarterly status updates on the Cannon Renewal Project to the House Committee on Appropriations and on the Capitol Power Plant to the Committees on Appropriations.

- The first of these reports was issued on December 19, 2016, and covered the Cannon Renewal Project's activities from January 1, 2014 through September 30, 2016. This report contained a summary of the key project milestones and also provided the results of our first audit report for the Cannon Renewal Project issued June 24, 2016. This audit focused on whether the AOC adequately designed the Partnering Fee Plan (PFP), Project Management Plan (PMP) and

Tower Crane Procurement Plan. We found that they were all appropriately executed and also made recommendations for improvements to the project management team's monitoring procedures for areas we identified as requiring improvements.

- o Our second quarterly report addressed the Refrigeration Plant Revitalization (RPR) Project, one of two major construction initiatives underway at the Capitol Power Plant. The AOC completed RPR Phases 1, 2A and 2B, and 3S, and our status update provided a review of RPR Phase 3A, including the cost and schedule. In particular, the update focused on the AOC's Final Cost-Schedule Risk Analysis for RPR Phase 3A, dated June 13, 2016. Our report recommended that once the project was fully funded, the AOC should review and update its milestones, taking the risk assessment into account, and review its risk analysis procedures to ensure that they provide the most accurate and up-to-date reconciled cost estimates to risk assessors.

#### **Fiscal Year 2016 Financial Statements Audit**

We contracted with the independent certified public accounting firm Kearney & Company (Kearney) to audit the AOC's financial statement for the year ending September 30, 2016. The contract required the audit be conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States.

Kearney issued an unmodified opinion for the FY 2016 financial statements and identified four areas that needed improvements. Kearney identified a material weakness pertaining to improvements to project cost capitalization analysis; the AOC did not properly represent amounts that should be treated as operating expenses. Kearney also noted a significant deficiency in that the AOC did not have a system in place to detect reconciliation misstatements on the financial statements. We will continue to use Kearney to audit the FY 2017 AOC Financial Statements, which we initiated in April 2017.

**Cannon House Office Building Renewal Project**

We are continuing to perform audit work of the AOC's efforts to complete the Cannon Renewal Project within the established timelines and budget. The Cannon Renewal Project is a \$752.7 million multi-phase and multi-year (from 2015 through 2024) renovation project, requiring urgent work to replace major, outdated building systems and components, while preserving this historic building and improving its safety conditions. Dating back to 1908, the Cannon Building is the oldest congressional office building, other than the U.S. Capitol, on the Capitol campus. Cannon occupied by members of the U.S. House of Representatives and includes a combination of member suites, committee hearing rooms, support offices, food services, and facility and utility space. Over 2,000 people normally occupy the 800,000 square foot building that contains five stories, a full basement and a multi-level parking garage.

Our current focus is to evaluate the project's contract modification procedures. We expect this report to be issued in the fourth quarter of FY 2017.

Further, we will provide Congress with quarterly updates on cost, schedule, and barriers to completion if any.

**U.S. Capitol Dome Restoration Project – Payments**

The U.S. Capitol Dome Restoration Project was initiated to repair the deterioration of the Dome and Rotunda. The Dome Restoration Project includes three stages to repair the damage and deterioration: (i) the Dome exterior, (ii) the Dome interior (also known as the "Interstitial Space"), and (iii) the Rotunda. All three phases were substantially completed as of March 31, 2017.

Our overall objective is to review procedures to ensure that project costs are in accordance with contract specifications and that payments are accurate and adequately supported. We expect this report to be issued in the third quarter of FY 2017.

**Product Substitution**

Product substitution refers to vendors knowingly and willfully making substitutions of substandard, used, or counterfeit products or materials. Product substitution is particularly common in contracts that call for the use of expensive, high-grade materials where contractors might substitute less expensive, similar although inferior products in place of those that meet specifications.

We are planning an evaluation that will review product substitution for select construction projects. Our primary objective is to examine contractor compliance with contract terms specifically related to equipment and materials furnished for the projects. We will also evaluate quality assurance related to the risks of product substitution and/or the use of substandard materials. An expected outcome of this review is the identification of practices that can be shared across the AOC to reduce, if not prevent, product substitution.

**Investigative Program**

We are working to improve our investigative program and scheduled a CIGIE, Investigation Committee perform a peer review of the AOC's Investigative Program. The review will commence in July 2017.

Two years ago we stood up a live hotline center to receive complaints of suspected fraud, waste or abuse. With this program, the OIG provides a comprehensive experience for AOC employees, contractor employees and the public who can anonymously call in their complaints. The hotline center is operated by trained specialists provided through an OIG partnership with the Louisiana State University. Hotline specialists are online to gain a better understanding of callers' complaints to speed the OIG's consideration and response, and the center takes calls toll free at 1.877.489.8583. All calls to the hotline are confidential, and callers have the option to remain anonymous.

**Continuing Improvements in the OIG**

The OIG has addressed the recent review of the organization by GAO. GAO made two recommendations and the recommendations and our actions to address the recommendations are as follows:

***GAO Recommendation:*** To provide increased oversight of AOC and to keep the Architect and Congress fully and currently informed, we recommend that the AOC OIG revise and implement policies and procedures to provide audit reports that are based on planning that includes an assessment of risk and the assignment of priorities, consistent with requirements *in CIGIE's Quality Standards for Federal Offices of Inspector General*.

***OIG's Actions:*** The OIG took action to implement GAO's recommendation regarding development and planning of audits based on assessment of risk and the assignment of priorities that are consistent with the requirements of CIGIE's *Quality Standards for Federal Offices of Inspector General*.

**Revised Audit Policy.** The OIG revised its audit policy to include a more detailed OIG annual audit planning process that includes an assessment of risk and assignment of priorities. The OIG will meet this requirement by developing an audit plan that will take into consideration the *OIG Strategic Plan*, the *AOC Strategic Plan*, the *AOC Annual Performance Plan*, the annual financial statements audit, as well as other OIG audits and work products. New audit ideas may also be supported by discussions with Congressional staff, AOC program officials, research on new legislation or current events, and reviews of current and past work, including the status of significant recommendations. A memo will be sent to AOC Management in August of each year seeking their input on key programs or operations that may warrant OIG audit attention in the coming year. After the office of audits has developed the preliminary audit plan, they will collaborate with the AOC OIG office of investigations to ensure the audit plan considers risks identified in OIG investigations.

**Updated Annual Audit Plan.** The OIG issued and revised the FY 2017 and 2018 Annual Audit Plan to reflect changes in management challenges identified by AOC, Congressional requests, and results of audit and investigation work.

**Independent Risk Assessment of AOC Programs and Operations.** As discussed earlier, the OIG contracted with an independent public accounting firm to conduct an agency-level risk assessment of AOC operations and programs. The IPA will provide the OIG a comprehensive list of risks ranked by impact upon the agency's overall mission and by each jurisdiction. The OIG will use this as one of its tools for developing future audit work based on risk. OIG plans to use this risk assessment when future audit plans are developed.

***GAO Recommendation:*** To reduce the risk that fraud, waste, and abuse and criminal activities are not detected or fully addressed, we recommend that (1) the AOC OIG work with CIGIE to obtain a peer review from another federal OIG of the AOC OIG's overall investigative operations, including consideration of the OIG's reliance on investigations performed by other entities, and (2) make any needed changes in its operating procedures based on the results of the review to help ensure that investigations of AOC are conducted in accordance with CIGIE standards for investigations and to AOC IG Act requirements.

***OIG's Actions:*** The OIG has scheduled to have an external peer review of AOC investigative operations by another OIG to begin in July 2017. This external peer review will also include assessing the AOC OIG's reliance on other OIGs and the U.S. Capitol Police to complete certain types of investigations.

**Conclusion**

My first 30 days has been a time of listening, constructive conversations with leadership, building on ongoing initiatives, and working to be responsive to stakeholder feedback. I will work hard to continue to improve our oversight capabilities. I will be happy to brief the Committee in further detail on any of our efforts and I thank you for the opportunity to address the Committee.

The CHAIRMAN. Thank you, Mr. Failla.  
And now we will hear testimony from Ms. Davis. You are recognized for 5 minutes. And thank you again for being here.

**STATEMENT OF BERYL H. DAVIS**

Ms. DAVIS. Thank you.

Chairman Harper, Ranking Member Brady, and Members of the Committee, I am pleased to be here today to discuss GAO's report issued in November 2016. This report addresses the extent to which the Office of Inspector General developed plans and policies for oversight of the Architect of the Capitol's jurisdictions, offices, and major contracts during fiscal years 2012 through 2015, and the extent to which such oversight was provided.

The Architect of the Capitol is responsible for the maintenance, operation, and preservation of the buildings and grounds that make up the U.S. Capitol complex. Overall, AOC programs are managed by 10 jurisdictions, supported by the Capitol Construction and Operations, which is made up of nine central offices. Contracting plays a central role in helping the AOC achieve its mission in managing projects.

During the time of our audit, there were four large ongoing mega projects, with an estimated combined cost of over \$1 billion.

As the Chairman noted, the AOC Office of Inspector General was established by the AOC Inspector General Act of 2007 as an independent and objective office to conduct and supervise audits and investigations relating to the AOC and to keep the AOC and the Congress fully and currently informed about problems and deficiencies related to the administration of programs and operations of the AOC. The office was established in part because of congressional concerns about time delays and cost overruns during the construction of the Capitol Visitors Center, which was open to the public in 2008.

GAO's recent audit determined that the office's audit planning during this period did not include an assessment of the AOC's risks or the assignment of priorities for conducting audits consistent with standards of the Council of the Inspectors General on Integrity and Efficiency, also known as CIGIE. Instead, the inspector general at that time emphasized a continuous review of mega projects, which the inspector general defined as an effort to alert the Architect and the Congress of contract management issues as they occurred. This approach and the prior inspector general's efforts did not result in any audit reports of Capitol mega projects during the 4-year period we reviewed. Further, the office provided only one audit report of a Capitol jurisdiction program during the 4-year period.

During this period, the office also reported a decline in total audit reports and monetary accomplishments and potential dollar savings. In large part, because of the office's insufficient audit planning, a limited number of audit reports were produced and there was a lack of coverage of the Capitol's mega projects. As a result, AOC management and the Congress may not have been fully and currently informed about potential problems and deficiencies relating to the administration of programs and operations of the AOC during the 4-year period.

Our November 2016 report also addressed our view of the Inspector General's changes to the office's investigative operations. In fiscal year 2014, the Inspector General at the time removed the Office of Inspector General's law enforcement authority and the investigators' responsibility to complete criminal investigations. Instead, the office investigators had responsibility for administrative investigations and relied primarily on another entity to perform criminal investigations, and on occasion other AOC program offices to perform their own investigations.

The Office of Inspector General has responsibility for ensuring the investigations comply with CIGIE standards for investigations, which other entities are not subject to. These office changes contributed in part to a significant decline in investigative reports and monetary accomplishments reported by the office. Monetary accomplishments for investigations declined from \$445,000 in fiscal year 2013 to \$7,000 in fiscal year 2015.

GAO made two recommendations to the Architect of the Capitol Office of Inspector General in its report. The first was to revise and implement policies and procedures to provide audit reports based on planning that include risk assessment and assignment of priorities consistent with CIGIE standards. The second was to obtain a peer review from another Federal Office of Inspector General of the office's overall investigative operations, including consideration of its reliance on investigations performed by other entities, and to make any needed changes based on the results of such review.

The former inspector general agreed with our recommendations and stated that the office would implement them. We were recently provided with information on the office's efforts to address our recommendations, which we are in the process of analyzing.

Chairman Harper, Ranking Member Brady, and Members of the Committee, this concludes my prepared remarks. I look forward to answering any questions you may have.

[The statement of Ms. Davis follows:]

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United States Government Accountability Office



Testimony  
Before the Committee on House  
Administration, House of  
Representatives

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## INSPECTORS GENERAL

### Improvements Needed to IG Oversight of Architect of the Capitol Operations

Statement of Beryl H. Davis  
Director, Financial Management and Assurance

# GAO Highlights

Highlights of GAO-17-666T, a testimony to Committee on House Administration, House of Representatives

## Why GAO Did This Study

AOC is responsible for the maintenance, operation, and preservation of the buildings and grounds that make up the U.S. Capitol complex, including the U.S. Capitol Building, the House and Senate Office Buildings, the Library of Congress, the Supreme Court, and U.S. Botanic Garden, among other facilities. The AOC OIG was established by statute in 2007, in part because of congressional concerns about time delays and cost overruns during construction of the Capitol Visitor Center. Since 2008, there have been three IGs officially appointed with the most recent being appointed in April 2017.

In November 2016, GAO issued a report on AOC OIG that addressed, among other things, the extent to which the AOC OIG developed plans and policies for oversight of AOC's jurisdictions, offices, and major contracts during fiscal years 2012 through 2015, and the extent to which oversight was provided.

This testimony is based on GAO's November 2016 report (GAO-17-25).

## What GAO Recommends

GAO made two recommendations in its November 2016 report. AOC OIG agreed with the recommendations and subsequently provided additional information, which GAO is in the process of analyzing.

View GAO-17-666T. For more information, contact Beryl H. Davis at (202) 512-2823 or davisbh@gao.gov

May 24, 2017

## INSPECTORS GENERAL

### Improvements Needed to IG Oversight of Architect of the Capitol Operations

#### What GAO Found

In November 2016 GAO reported that the Architect of the Capitol (AOC) Office of Inspector General's (OIG) audit planning from fiscal year 2012 through 2015 did not include either risk assessments or assigned priorities for conducting audits consistent with Council of the Inspectors General on Integrity and Efficiency (CIGIE) standards. In addition, the OIG did not adopt the CIGIE standards in its policies and procedures. Instead, for fiscal years 2014 and 2015, the former AOC Inspector General (IG) emphasized "continuous review," which he defined as an effort to alert AOC and the Congress of contract management issues as they occurred. This approach and prior efforts did not result in any audit reports of AOC's mega projects during fiscal years 2012 through 2015. The OIG also reported a decline in total audit reports and monetary accomplishments during fiscal years 2014 and 2015 (see table). Further, the OIG provided only one audit report of an AOC jurisdiction program during the 4-year period. Because of incomplete plans, a limited number of audit reports, and the lack of audit reports of AOC's mega projects, AOC and the Congress did not have the full benefit of OIG findings and recommendations and were not kept fully and currently informed of possible AOC problems and deficiencies during the 4-year period. Therefore, GAO recommended that the OIG revise and implement policies and procedures to provide audit reports based on planning that includes risk assessment and assignment of priorities consistent with CIGIE standards.

In fiscal year 2014, the former IG removed the OIG's law enforcement authority and the OIG investigators' responsibility to complete criminal investigations. Instead, in November 2016, GAO reported that the OIG's investigators have responsibility for administrative investigations and rely primarily on the U.S. Capitol Police (USCP) to perform criminal investigations, and on occasion, other AOC offices perform their own investigations. USCP and AOC program offices are not subject to CIGIE standards for investigation. The OIG is required to follow CIGIE standards for investigations, which contain, among other things, explicit requirements for investigator independence, objectivity, and due professional care. These changes in investigative operations contributed in part to a decline in investigative reports and monetary accomplishments. As a result, GAO recommended that the IG obtain a peer review from another federal OIG of overall investigative operations, including consideration of the OIG's reliance on investigations performed by other entities on the OIG's behalf, and to make any needed changes based on the results of such review.

Reports of Audits and Investigations, Other Reports, and Monetary Accomplishments, Fiscal Years 2012 through 2015

Fiscal year	Audit reports	Investigative reports	Other reports	Reported monetary accomplishments (Dollars)
2012	4	23	7	1,032,485
2013	5	30	1	444,930
2014	3	12	7	242,610
2015	2	11	1	7,260

Source: GAO analysis of Architect of the Capitol Office of Inspector General-reported data. | GAO-17-666T

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Chairman Harper, Ranking Member Brady, and Members of the Committee:

The Architect of the Capitol (AOC) is responsible for the maintenance, operation, and preservation of the buildings and grounds that make up the U.S. Capitol complex, including the Capitol Building, the House and Senate Office Buildings, the Library of Congress, the Supreme Court, and U.S. Botanic Garden, among other facilities. Overall, AOC programs are managed by 10 jurisdictions supported by its Capitol Construction and Operations, which is made up of nine central offices. All of the jurisdictions and offices report to the Architect.<sup>1</sup> Contracting also plays a central role in helping AOC achieve its mission. The AOC Office of Inspector General (OIG) was established by the AOC Inspector General Act of 2007 (AOC IG Act) as an independent and objective office to conduct and supervise audits and investigations relating to the AOC;<sup>2</sup> to provide leadership and coordination and to recommend policies to promote economy, efficiency, and effectiveness; and to keep AOC and the Congress fully and currently informed about problems and deficiencies relating to the administration of programs and operations of AOC.<sup>3</sup> The AOC OIG was established in part because of congressional concerns about time delays and cost overruns during the construction of the Capitol Visitor Center, which was opened to the public in 2008.

Today, my statement will discuss the extent to which the AOC OIG developed plans and policies for oversight of AOC's jurisdictions, offices, and major contracts during fiscal years 2012 through 2015, and the extent to which oversight was provided. My statement is based on our November 2016 report on AOC OIG's oversight of AOC.<sup>4</sup> For the November 2016 report, we reviewed AOC OIG's statutory requirements,

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<sup>1</sup>The Architect of the Capitol is the title of both the agency and the AOC head. For purposes of this testimony, Architect is used to refer to the head of AOC.

<sup>2</sup>Audits are independent, objective assessments of the stewardship, performance, or cost of an agency's policies, programs, or operations. Investigations can involve allegations of criminal, civil, or administrative misconduct, and can result in criminal prosecutions, fines, civil monetary penalties, administrative sanctions, and personnel actions.

<sup>3</sup>Pub. L. No. 110-161, div. H, title I, § 1301, 121 Stat. 1844, 2240 (Dec. 26, 2007), classified at 2 U.S.C. § 1808.

<sup>4</sup>GAO, *Inspectors General: Improvements to IG Oversight Needed for Architect of the Capitol Operations*, GAO-17-25, (Washington, D.C. Nov. 4, 2016).

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the OIG's policies and procedures and applicable Council of the Inspectors General on Integrity and Efficiency (CIGIE) standards. More detailed information on our objectives, scope, and methodology for that work can be found in the issued report. We conducted the work on which this statement is based in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the 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 a reasonable basis for our findings and conclusions based on our audit objective.

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### **OIG's Insufficient Audit Planning and Changes to Investigative Operations Limited OIG Oversight**

In our November 2016 report, we reported that the OIG's strategic and annual audit plans for the 4-year period we reviewed did not include an assessment of AOC's risks and did not establish priorities for providing audit reports. CIGIE standards state that because resources are rarely sufficient to meet all requirements, audit planning should include an assessment of risk and an assignment of priorities to help ensure optimum use of OIG resources. In addition, the former AOC Inspector General (IG) eliminated all criminal investigator positions, leaving the OIG investigators with no responsibility to complete investigations of allegations of criminal wrongdoing, which the former OIG instead referred to the U.S. Capitol Police (USCP) for investigation.<sup>5</sup> Also, although the OIG is responsible for addressing fraud, waste, and abuse under AOC policy, we found instances where other AOC offices investigated such allegations of wrongdoing within their own offices. The OIG's lack of adequate audit planning, lack of criminal investigators, and reliance on AOC program offices to conduct investigations of alleged wrongdoing contributed to a significant decline in its audit and investigative reports and reported monetary accomplishments. As a result, we found that AOC management and the Congress may not be fully and currently informed about potential problems and deficiencies relating to the administration of programs and operations of AOC.

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<sup>5</sup>For purposes of this testimony, we are referring to the AOC IG who was appointed in September 2013 and retired December 2016, as the "former" IG. In April 2017, a new IG was appointed.

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**Insufficient Planning  
Limited Audit Oversight**

The OIG's *Audit Standard Operating Procedures Manual* requires a risk analysis—using input from AOC management and the Congress, as well as audit leads developed during the past year—to identify the most viable audits based on risk and potential payback. However, we reported in November 2016 that the OIG's strategic and annual audit plans for the 4-year period we reviewed did not include an assessment of risk.<sup>6</sup> In addition, neither the OIG's plans nor its policies included the assignment of priorities to help ensure the effective use of OIG resources in providing audit reports. While the OIG's policies included the CIGIE's standards for investigations, the OIG had not adopted CIGIE's *Quality Standards for Federal Offices of Inspector General* or developed comparable policies and procedures on planning that include both risk assessment and assigned priorities. In interviews with the former IG at the time of our review, he explained that instead of formal plans with an assessment of risk and an assignment of priorities, the OIG relied on a process of "continuous review" defined by him as an effort to alert AOC and the Congress to cost overruns, delays, and other contract management issues as they occurred.

We also reported in November 2016 that, in large part because of the OIG's insufficient audit planning, the OIG provided no audit reports on AOC's "mega projects" — AOC's classification of its largest construction and rehabilitation projects, which, during the period we reviewed had an estimated combined cost of over \$1.1 billion<sup>7</sup> — and the OIG provided limited audit oversight of AOC's jurisdictions and offices during the 4-year period we reviewed.<sup>8</sup> According to OIG officials, the OIG staff performed continuous review by attending AOC's weekly progress meetings for both the Capitol Dome restoration and Cannon House Office Building renewal mega projects. However, without audit reports developed from plans based on an independent assessment of AOC's risks and with assigned priorities, the OIG provided little assurance that AOC's most critical programs and contracts received adequate oversight, that audit resources

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<sup>6</sup>GAO-17-25.

<sup>7</sup>According to AOC officials, at the end of fiscal year 2015 AOC had four ongoing mega projects with a combined estimated cost in total approximately \$1.1 billion.

<sup>8</sup>After the 4-year period we reviewed, the OIG issued *Audit of Capitol Dome Rehabilitation Project*, A-2016-02 (Washington, D.C.: Nov. 23, 2015), which was reissued on July 11, 2016, to include agency comments in accordance with *Government Auditing Standards*, and issued *Cannon House Office Building Renewal Project*, A-2016-01 (Washington, D.C.: June 24, 2016).

were being applied to the most critical areas, and that the OIG's efforts would fully inform AOC management and the Congress of any problems or deficiencies.

In addition, we reported that the lack of sufficient planning contributed to the minimal audit coverage of the jurisdictions and offices responsible for providing AOC's programs and support services during fiscal years 2012 through 2015. (See table 1.)

**Table 1: Architect of the Capitol (AOC) Office of Inspector General (OIG) Audit Reports Issued Fiscal Years 2012 through 2015**

	Fiscal year 2012	Fiscal year 2013	Fiscal year 2014	Fiscal year 2015	Total
<b>AOC jurisdictions</b>					
Capitol Building	0	0	0	0	0
Capitol Grounds	0	0	0	0	0
Capitol Police Buildings, Grounds, and Security	0	0	0	0	0
House Office Buildings	0	0	0	0	0
Senate Office Buildings	0	0	0	0	0
Library Buildings and Grounds	0	0	0	0	0
Supreme Court Building and Grounds	0	0	0	0	0
Utilities and Capitol Power Plant	0	0	0	0	0
U.S. Botanic Garden	0	0	0	0	0
U.S. Capitol Visitor Center	0	0	0	1	1
Total audits of AOC jurisdictions	0	0	0	1	1
<b>AOC Capitol Construction and Operations Offices</b>					
Chief Administrative Officer	3	4	1	0	8
Chief Financial Officer	1	1	1	1	4 <sup>a</sup>
Chief Operating Officer	0	0	0	0	0
Communications and Congressional Relations	0	0	0	0	0
General Counsel	0	0	0	0	0
Planning and Project Management	0	0	0	0	0
Safety, Fire, and Environmental Programs	0	0	1	0	1
Office of the Attending Physician	0	0	0	0	0
Inspector General	NA	NA	NA	NA	NA
Total audits of Capitol Construction and Operations	4	5	3	1	13
Total audits of AOC	4	5	3	2	14

Legend: NA = not applicable.

Source: GAO analysis of AOC OIG audit reports issued during fiscal years 2012 through 2015. | GAO-17-666T

Note: OIG audit report coverage does not include OIG evaluations or other reviews not performed under Government Auditing Standards.

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\*Audits of AOC's financial statements are performed by an independent public accountant.

As a result of these findings, we recommended that the OIG revise and implement policies and procedures to provide audit reports that are based on planning that includes an assessment of risk and the assignment of priorities, consistent with requirements in CIGIE's Quality Standards for Federal Offices of Inspector General. In commenting on a draft of the November 2016 report, the AOC OIG acknowledged our findings on audit planning and the number of audit reports on AOC's major construction projects and jurisdictions and stated that the OIG had moved away from an approach that appeared to simply monitor projects and would incorporate a more formal risk assessment and prioritization process into its audit planning.

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**Insufficient OIG Planning  
Contributed to a Decline in  
OIG Audits and Monetary  
Accomplishments**

In November 2016, we reported that due in part to the former IG's emphasis on performing continuous reviews rather than planned audit reports, the audit accomplishments reported by the AOC OIG had declined significantly in recent years. To illustrate, the OIG completed a total of nine audit reports and two evaluations in fiscal years 2012 and 2013, with reported monetary accomplishments of approximately \$324,000. In fiscal years 2014 and 2015, the OIG completed five audit reports and three other reviews, with reported monetary accomplishments of approximately \$54,000, or approximately 14 percent of the 4-year total.<sup>9</sup> (See table 2.)

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<sup>9</sup>The first statutory AOC IG was appointed by the Architect in August 2008 and retired in August 2013. The former IG was appointed September 2013 and retired December 2016. The OIG's evaluations are not performed under *Government Auditing Standards*. According to OIG policies, evaluations are completed under CIGIE *Quality Standards for Inspection and Evaluation* and are defined as systemic and independent assessments of the design, implementation, or results of an agency's operations, programs, or policies. Other OIG reviews were completed without any specified standards.

**Table 2: Office of Inspector General Audit Reports and Reports of Evaluations and Other Reports Issued and Related Reported Monetary Accomplishments, Fiscal Years 2012 through 2015**

Fiscal year	Audit reports	Reports of evaluations and other reviews	Total reports	Reported monetary accomplishments (dollars)
2012	4	2	6	324,000
2013	5	0	5	0
2014	3	2	5	54,000
2015	2	1	3	0
<b>Total</b>	<b>14</b>	<b>5</b>	<b>19</b>	<b>378,000</b>

Source: GAO analysis of Architect of the Capitol Office of Inspector General semiannual reports. | GAO-17-666T

Note: Monetary accomplishments include potential savings amounts from audits and other reviews.

**IG Changes to Investigative Operations Resulted in Limited Oversight**

In our November 2016 report, we reported that in fiscal year 2014 the former IG removed the OIG's law enforcement authority and eliminated criminal investigator positions. As a result, the OIG no longer has staff with the explicit responsibility to complete investigations of potential criminal wrongdoing and refers such cases to USCP for investigation. Also, we found instances where the OIG referred certain allegations of wrongdoing involving potential fraud, waste, and abuse to the AOC program offices for investigation. Neither USCP nor AOC program offices are subject to CIGIE's *Quality Standards for Investigations* when performing investigations or to AOC IG Act requirements for protecting complainants' identities. The OIG is subject to CIGIE's standards that require investigations to be objective, independent, and consistent with due professional care, and to AOC IG Act requirements that complainants' identities be protected. The Standards contain, among other things, explicit requirements for investigator independence, objectivity, and due professional care. USCP officials stated at the time of our review that USCP personnel have extensive training in performing criminal investigations. Although USCP is not subject to CIGIE's investigative standards, USCP officials stated that the requirements in CIGIE's investigative standards are required for all of its criminal investigations and are integral to USCP directives, processes, policies, and procedures.<sup>10</sup>

<sup>10</sup>We did not assess and therefore made no conclusions regarding whether USCP's policies and procedures align with CIGIE standards or how referrals were handled. Our November 2016 report focused on the AOC OIG's responsibilities for investigations of potential criminal allegations.

In November 2016, we reported that although the OIG continues to perform investigations, the former IG's changes in investigative operations have contributed in part to a significant decline in the investigative reports and monetary accomplishments reported. (See table 3.)

**Table 3: Decline in Architect of the Capitol Office of Inspector General Investigative Reports and Related Reported Monetary Accomplishments, Fiscal Years 2012 through 2015**

Fiscal year	Investigative reports	Management advisories	Reported investigative monetary accomplishments (dollars)	Percentage of 4-year total of monetary accomplishments
2012	23	5	708,485	52.5
2013	30	1	444,930	33.0
2014	12	5	188,610	14.0
2015	11	0	7,260	0.5
<b>Total</b>	<b>76</b>	<b>11</b>	<b>1,349,285</b>	<b>100.0</b>

Source: GAO analysis of Architect of the Capitol Office of Inspector General semiannual reports. | GAO-17-666T

Note: Monetary accomplishments are savings to the Architect of the Capitol as specified in individual investigative reports.

In addition, these changes have increased the risk that (1) criminal and other improper activities may not be detected and (2) potential cases of fraud, waste, and abuse may not be fully and independently investigated and may not be reported to AOC management and the Congress. Based on these findings, we recommended that (1) the AOC OIG work with CIGIE to obtain a peer review from another federal OIG of the AOC OIG's overall investigative operations, including consideration of the OIG's reliance on investigations performed by other entities, and (2) make any needed changes in its operating procedures based on the results of the review to help ensure that investigations of AOC are conducted in accordance with CIGIE standards for investigations and AOC IG Act requirements. In commenting on a draft of our November 2016 report, the AOC OIG agreed with our recommendation and stated that the OIG would implement it.

AOC OIG has provided us additional information on its efforts to address our recommendations, which we are in the process of analyzing.

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Chairman Harper, Ranking Member Brady, and Members of the Committee, this completes my prepared statement. I would be pleased to respond to any questions that you may have at this time.

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**GAO Contacts and  
Staff  
Acknowledgments**

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The CHAIRMAN. Thank you very much, Ms. Davis, for your testimony, and each of you for the testimony that you have given.

We now have a time for our Committee Members to ask questions of each of you. Each Member is allotted 5 minutes to question the witness. To help each Member track their time, we will use the same timing device that you have seen. And I will now begin by recognizing myself for 5 minutes.

There is so much raised in this report and things that are here. And just to kind of set the parameters, nobody ever likes surprises, and so when you go into the report and you read things that you weren't aware of, that is something that causes a little bit of concern. But I will start, if I may, with you, Mr. Ayers, to ask you some questions on some of the things that are here.

I want to talk for a moment about the decision that is in the report about removing the criminal investigators. Did that—how was that decision made? Was that—obviously, you knew about the decision being made, I assume. Were you informed by the previous IG that that was going to be the new plan?

Mr. AYERS. Yes, Mr. Chairman, I was. And from a big picture perspective, you know, Mr. Failla's our third statutory Inspector General. And I can recall our first statutory Inspector General, Ms. Carol Bates, initially told me upon her arrival that she did not believe that deputization of our investigators was appropriate. I know about a year into her term, she changed her mind on that and informed me that she changed her mind, and sought deputization of our investigators from the Justice Department, and received it. And then our second statutory Inspector General rescinded that. So I am aware of all of those comings and goings.

And I believe, whether they are criminal investigators or administrative or whether they carry weapons or don't is solely and completely an Inspector General decision, and I haven't influenced them or asked them to take one action or another.

The CHAIRMAN. So do you—Mr. Failla, at this point, do you support having criminal investigators, or you said that is something you are evaluating now?

Mr. FAILLA. Yes, sir, I am evaluating that. I am leaning in that direction. I believe that the AOC needs those folks to do proper fraud, bribery, et cetera, types of investigations that are in accordance with CIGIE standards for investigations.

The CHAIRMAN. Okay.

Mr. FAILLA. I want to see what the peer review says about my investigators. I am obviously new and I am still—

The CHAIRMAN. Sure.

Mr. FAILLA [continuing]. Learning my people, and I think it is wise to understand the folks that you have doing that job before making that decision. And I will—it is not a decision I take lightly, especially with the carrying of firearms around folks here at the Capitol and also the people within the AOC, but at the same time, I think there are mitigating things I can do as the IG to ensure the safety of people and also not an intimidation factor, if you will, be present.

The CHAIRMAN. You know, one of the concerns and one of the things that you have raised, Mr. Ayers, in your testimony, certainly in your written testimony and certainly your job, is you worry

about waste, fraud, and abuse. Now, waste is more negligent, abuse could be negligence or some criminal, but fraud is criminal. So how do you properly go to see if there is any fraud without a criminal investigator? So that is—I know that is going to be part of your understanding and your thought process here.

Ms. Davis, did you find in your report that one of the key reasons to not have criminal investigators or do away with them was because other employees were uncomfortable with the weapons in the office, or did I misread something?

Ms. DAVIS. There was some information that we came across about, you know, concerns about having firearms, but that really was not the focus of our recommendation—

The CHAIRMAN. Sure.

Ms. DAVIS [continuing]. And the reason we made the recommendation.

The CHAIRMAN. Right.

Ms. DAVIS. Our reason was, of course, the responsibility of the Inspector General to look at issues related to fraud, waste, and abuse.

The CHAIRMAN. Is it your opinion that the office would be more properly run, better oversight by the IG, if they had criminal investigators? Is that your opinion?

Ms. DAVIS. We could not provide that opinion. And, in fact, our recommendation really focuses on having a peer review.

The CHAIRMAN. Sure.

Ms. DAVIS. And that peer review would be—the peer reviewers would be in a better position to really make that determination.

The CHAIRMAN. Gotcha. And we may come back to this, but my time is almost expired.

So I will now recognize the Ranking Member, Mr. Brady, for 5 minutes for questions.

Mr. BRADY. Thank you, Mr. Chairman. First of all, for the record, I need to say I am a big fan of Mr. Ayers. I think you are doing a great job, and I thank you for your service.

Mr. AYERS. Thank you.

Mr. BRADY. Could you just tell me a little update on the Cannon Office Building, you know, what the phases are and how we are—how far we have to go and when will it be completed?

Mr. AYERS. I would be happy to, Mr. Brady. Thank you. So the complete renewal of the Cannon House Office Building is essentially scheduled to be complete in five different phases. The first phase was work in the basement level, and that took about a year and a half to 2 years. That work is now complete. It was complete on budget and on schedule.

We now moved into Phase 1 on the congressional election cycle, and we are well into Phase 1. Phase 1 is progressing on budget and on schedule as well. All of our indicators and all of our analysis tell us that that trend of remaining on budget and on schedule will continue.

The next phase of that—of course, the phase we are currently in is the west wing of the Cannon building. And we will see some important work come up in the next month where a temporary roof will go over the fifth floor, and we will then demolish the entire

fifth floor of the building and construct a new fifth floor over the next year and a half or so.

The next phase, during the next congressional move cycle, will happen on the north side of the building. That will take 2 years, 2 years on the east side, and then 2 years on the south side, and we will be complete. It is going very well for us.

Mr. BRADY. So a total of maybe like 4 years?

Mr. AYERS. Eight years.

Mr. BRADY. Eight years. Well, I hope it is—I hope it works out. I guess we will have to have a—I know it is a major headache for you because you have to move all the offices back and forth, but I guess it will be a prime piece of real estate to move back into once it is done. But you are moving them back in, phasing people back in, though, right, as you are working?

Mr. AYERS. That is correct. So we are—the west phase now is completely abandoned and we are demolishing all of the mechanical, electrical systems in the west wing of that building. When that is finished, we will move Members from Cannon, Longworth, and Rayburn back into that phase, and at the same time, we will empty the north wing of the building.

Mr. BRADY. Thank you.

Mr. FAILLA, are you auditing that? Are you—do you have your eyes on that, making sure that everything is being done properly and correctly?

Mr. FAILLA. Yes, sir. We are—

Mr. BRADY. I mean, that is a pretty big project for you to jump right into, right? I mean—

Mr. FAILLA. There was—before I got here, there was some oversight of the Cannon renewal project. We do provide quarterly updates to the approps committees on that, so I have folks that are in there providing quarterly reports. And we are preparing to kick off an audit of contract change reports, which often drive costs, often drive schedule, making changes to the contract. So we are going to look at that currently and hopefully have a report done by the end of the fiscal year on the contract change process.

Mr. BRADY. Thank you.

And, Ms. Davis, thank you for your service. I have no questions for you, but I don't want to leave you out. Thank you.

Ms. DAVIS. Thank you.

Mr. BRADY. Thank you, Mr. Chairman.

The CHAIRMAN. The gentleman yields back.

The Chair will now recognize the gentleman from North Carolina, Mr. Walker, for 5 minutes for questions.

Mr. WALKER. Thank you, Mr. Chairman. I would like to thank the panel for being here today for questions.

Let me start with Mr. Ayers, if I could, please. The purpose in creating the independent IG within the Architect of the Capitol office was to keep Congress and the AOC informed of risk, issues, and management challenges. During the fiscal years of 2012 through 2015, the AOC OIG, let me shell that out, Architect of the Capitol Office of the Inspector General, failed to issue a single audit on any of the mega projects under construction by the AOC, which have an estimated combined cost of over \$1.5 billion, as I am not telling you anything you don't know here.

But my question for you is, were you concerned about the lack of independent audits, and did you raise these concerns with anyone during those times?

Mr. AYERS. Thank you, Mr. Walker. I certainly did, and I certainly have concern about that. And so let's talk about the big picture for a moment, the 8 years that we have had a statutory Inspector General. During the first 5 years of having a statutory Inspector General, no major projects, in fact, no construction projects, no projects at all were reviewed or audited or investigated by the IG.

When our second statutory Inspector General came into office, I challenged him, you have to turn this ship away from the variety of small, important but small financial audits and churn that you are doing and move this office to follow the money and start auditing major construction projects, as I believe that the Congress desired in setting up this act.

I know that Inspector General worked hard to move in that direction. It was a very difficult transition from auditing financial work and credit card purchases to doing multimillion-dollar contracts, and we are now beginning to see the results of righting that ship. And we have the Capitol Power Plant cogeneration system audit under our belt, two on the Capitol dome under our belt, on the Cannon building under our belt. And our new Inspector General fully embraces this focus of auditing major projects.

Mr. WALKER. Thank you. Thank you for that answer. And to use your words as you were talking, you said it was a very difficult transition. Was that due in any part because you were hindered in your ability to prioritize these projects?

Mr. AYERS. I think it was due in part to the skill set of the people that worked there at the time. I think it was due in part to lack of leadership and direction and really pushing this agenda forward in a strong way.

Mr. WALKER. Okay. I appreciate your answer there.

Mr. FAILLA, what changes are necessary with respect to the OIG's current audit or investigative processes? Could you speak to that?

Mr. FAILLA. So as Mr. Ayers said, I don't—when the office was set up, its focus was not on producing mega project audits. It was set up very differently than it is acting today. It focused much on the fraud investigations, the investigations in that arm, and not solely on mega project audits.

Today, we are trying to bring in the folks that can do that work, viz the people that were hired. I currently have two vacancies in my office, one for an auditor, and I am advertising for that person to be a construction auditor so they can do proper audit work in the large construction areas.

Mr. WALKER. All right. Well, you are making a nice transition. We seem to be talking a lot about the past. Let's have a question about the future.

How do you intend to partner with other stakeholders and oversight entities, such as this Committee, in conducting your work moving forward? Do you have a vision forecast? Can you share a little bit of that?

Mr. FAILLA. Yes, sir. So I have—in my first 30 days here, I have met with all the Committee's staffers, I have met with all the juris-

diction heads within the AOC. I have worn holes in my shoes walking around the AOC to get to know people, understand the issues, find out what projects are going on, and also to discuss with the Committee Members what their expectations of me are. I plan to meet monthly and quarterly with some and provide updates as requested, but in my meetings, I will always have an agenda, I will go over what we are currently investigating or looking at and provide them updates on the Cannon project and any other projects that we are currently in the process of doing.

Mr. WALKER. Thank you, panel.

Mr. Chairman, I yield back.

The CHAIRMAN. The gentleman yields back.

The Chair will now recognize the gentleman from Georgia, Mr. Loudermilk, for 5 minutes.

Mr. LOUDERMILK. Thank you, Mr. Chairman. I appreciate all the witnesses being here today.

Mr. Ayers, just a couple of questions to clarify. I have heard a lot of numbers out here. How much was the cost overrun to the CVC? I have read \$400 million, I have read \$200 million. How much was that?

Mr. AYERS. I would suspect it was \$200 million, approximately.

Mr. LOUDERMILK. Okay. And how behind schedule was it in the completion?

Mr. AYERS. Approximately 2 years.

Mr. LOUDERMILK. Two years? Okay. I have read several. I just wanted to be clear to make sure that we were on that.

With that information in mind, \$200 million over, 2 years behind schedule, what is different now to ensure that the Cannon renewal project, which is already \$752.7 million, is going to stay within budget, hopefully under budget, hopefully on schedule? How are you going to ensure that? And what is different between now and the CVC?

Mr. AYERS. I think there are a number of factors that go into that. First, every project's success, I believe, is first determined on developing what the project is, the scope of the project. And once you have that scope nailed down and don't change it until construction is complete, that ensures success.

Mr. LOUDERMILK. So were there changes mid—

Mr. AYERS. There were—

Mr. LOUDERMILK [continuing]. Midway through the CVC project?

Mr. AYERS. Hundreds of millions of dollars of changes on the Capitol Visitors Center project throughout the job.

Mr. LOUDERMILK. Was this because of structural design or you encountered things that you didn't anticipate, rocks, you know, things—I grew up in a construction family, so—okay.

Mr. AYERS. All of those things, number one; and, two, I think the most seminal change in that project was 9/11 happened after we were already—we had already awarded all of our construction projects and started construction. That required a complete redesign of all mechanical, electrical, and security systems in the building.

Mr. LOUDERMILK. Okay.

Mr. AYERS. It was a massive change after we had already awarded contracts. That is the worst thing that could happen.

Mr. LOUDERMILK. So with that significant change, it would seem it would be—because you are changing a major project midstream, effective auditing and oversight seems to be it would be more important then.

What I was looking for is a more active IG is—in your opinion, will that play a factor in helping to complete this project, with providing Congress and you with what may be happening, not at the surface level, but be able to audit, be able to investigate?

Mr. AYERS. Yes, Mr. Loudermilk, I think it absolutely will. Not only our inspector general is reviewing the project, but the Government Accountability Office is fully embedded on this project and keeping the Congress and me informed of what is going on. And so making sure that leadership and management is fully aware of the challenges that are present and the budget and schedule metrics on a job is important to the success of it.

Mr. LOUDERMILK. Is there more transparency now than there was maybe with the Capitol Visitors Center?

Mr. AYERS. I think that is probably a true statement, and let me give you a couple of examples of that. We meet every 30 days with the relevant committees and stakeholders on this project. That committee makes the important decisions of what happens on the job. We also issue all of the relevant committees a very detailed monthly report on all of the activities on the project. You can clearly see where money goes, what the risks are, how we are abating those risks, what the schedule is, and what the budget is in that monthly report, and we send to this Committee leadership as well as the Appropriations Committee. So everyone is fully and concurrently aware of what is happening.

Mr. LOUDERMILK. Okay. And, of course, for Mr. Failla, this is in preparation if we have another round of questioning, because as I heard multiple numbers on CVC, I have heard three different pronunciations of your name. What is the proper pronunciation?

Mr. FAILLA. The proper pronunciation is Failla.

Mr. LOUDERMILK. Failla. All right.

Mr. FAILLA. I go by a lot of nicknames. Failla works also, sir.

Mr. LOUDERMILK. Well, I have found out after being in this office, I have a whole lot more names out there, a lot of them that we can't speak of in this Committee. But thank you for your service.

And I will yield back at this time, anticipating some more questions.

The CHAIRMAN. The gentleman from Georgia yields back.

I now recognize the Vice Chairman of the Committee, Mr. Davis, for 5 minutes.

Mr. DAVIS. Thank you, Mr. Chairman. And I can also reiterate, many do call him names that we can't pronounce here.

But, Mr. Failla, Failla. Right? Thank you. Failla. There goes my time. Glad you asked that question, Barry. I will come back to you, Mr. Failla.

But, Mr. Ayers, thank you for what your office does. You have so many good employees. A few were up in my office yesterday, and they are always very responsive. And I would like you to relay my thanks to the many men and women who work for the AOC for the job that they do keeping this campus as up-to-date and as beautiful

as it is for, not just Members of Congress, but for the millions of people who come to our Nation's Capitol each year.

With that in mind, we see the CVC as a great, wonderful opportunity to bring many tourists in each year, but not without its problems in the building process, not without its problems as we move ahead and look at other projects like Cannon. And that is where we come in as the House Administration Committee. You have been the AOC and the deputy before that, right?

Mr. AYERS. That is correct.

Mr. DAVIS. Okay. Were you surprised? I mean, please, were you surprised by the GAO findings that we have talked about today?

Mr. AYERS. This particular GAO report?

Mr. DAVIS. Yeah.

Mr. AYERS. I certainly wasn't surprised by the law enforcement discussion. I was certainly fully aware of that, and I know the back and forth of—

Mr. DAVIS. What about—

Mr. AYERS [continuing]. Deputizing. On the other portion—

Mr. DAVIS. What the information, the quality of information that you were receiving from the OIG?

Mr. AYERS. I am certainly aware that our past IG took a completely different approach than the previous IG, and so it was no surprise to me to see that an accounting of the number of reports issued was very significantly different. That was not a surprise to me.

It was a surprise to me to learn that perhaps some of our stakeholders are not being fully informed and kept up-to-date on the activities of the Office of Inspector General.

Mr. DAVIS. Did you express any concerns?

Mr. AYERS. Absolutely. Yes.

Mr. DAVIS. Who did you express those concerns to?

Mr. AYERS. To the Inspector General.

Mr. DAVIS. To the Inspector General? To this Committee at all?

Mr. AYERS. Not to this Committee, no.

Mr. DAVIS. Okay. The last Inspector General came from where?

Mr. AYERS. He was the Deputy General Counsel in the Architect's Office of General Counsel.

Mr. DAVIS. So somebody that worked within your agency under your supervision?

Mr. AYERS. Correct.

Mr. DAVIS. Did you select him?

Mr. AYERS. I did select him.

Mr. DAVIS. Okay. Okay.

Mr. AYERS. He was not selected—he was not the first selectee. That is an important point. I have heard some criticism about that in the past, and not many people know that we actually offered that job to someone different than that IG, and we were not able to seal a deal with that applicant and we went to this one.

Mr. DAVIS. Okay. When you saw a precipitous decline of monetary accomplishments associated with the changing practices of the last IG, did that alarm you?

Mr. AYERS. It certainly alarmed me when I saw that in the GAO report. And I also would see that in the semiannual reports to Congress that the IG submitted every 6 months.

Mr. DAVIS. Okay.

Mr. AYERS. So I was aware of that, I saw that, but I also know I don't—I urged the IG—as you know, I can't direct the IG to do anything—but I urged them to stop looking at all of the things you were looking at in the past and look at the big construction projects and the more than 5,000 procurement actions that we take every year.

Mr. DAVIS. Sure. And that is exactly what we want your focus to be. And we also want you to communicate with us. We are here to help. We appreciate what you do, but it is frustrations we have with the process that we are talking about today and that was mentioned in the GAO study that bring you here today—

Mr. AYERS. Yes.

Mr. DAVIS [continuing]. And cause frustration, I am sure, for you too. But we want to work with you and we need open communication.

Mr. Failla, thank you. I am not going to subpoena your shoes you wore out. Okay? But they told me I could, but I am not going to do that.

Mr. FAILLA. It is true.

Mr. DAVIS. You have got a tough job in front of you. Obviously, there wasn't much communication with this Committee from your predecessor. We just established that. I would urge you to understand that we are here to work with you to make sure projects get finished on time, but to also make sure that if there are concerns, there are issues, that we get them addressed. And I don't think that happened in the past, and I would urge you in your new position to make sure it happens in the future.

And with that, I saw my red light. I yield back no balance of my time.

The CHAIRMAN. The gentleman yields back.

I would like to ask a couple of follow-up questions, if I may, in this. And as we go through that, and, Mr. Ayers, you have said that you—while you don't obviously interfere with what the work of the IG is, you do express concerns that you have. But you are the person who appoints or names that person to be the IG and you also have removal authority if they aren't doing their job. Is that correct?

Mr. AYERS. That is correct.

The CHAIRMAN. Okay. And so you expressed some of these issues with the previous—Mr. Mulshine, the previous IG. And what was his response when you had those conversations with him?

Mr. AYERS. He fully understood the concerns, and often spoke about the challenges that he might be facing in his ability to move the office in this direction and righting the ship towards that goal. And we would have open conversations about the challenges and the expectations of me and the expectations of Congress.

The CHAIRMAN. This, of course, was obviously a pattern or a problem for a number of years. Did it never rise to the level that you felt removal was necessary?

Mr. AYERS. It did not.

The CHAIRMAN. Okay. All right.

Ms. DAVIS. I had another question I wanted to ask you. In that November 2016 report, GAO noted that because of the OIG's insuf-

ficient audit planning, the OIG provided no audit reports of the AOC's mega projects with an estimated combined cost of over \$1.1 billion, and the OIG provided limited audit oversight of the AOC's jurisdictions and offices. So we know we have discussed that in this hearing.

I guess the biggest thing would be is, do you have any sense at this point whether or not those have been corrected in the followup and whether or not the OIG has adopted the CIGIE quality standards for Federal inspectors general?

Ms. DAVIS. I do not have that information. I will say that the inspector general at the time did agree with the recommendations that we made. And based on some comments that have been made here today, I understand that progress is being made in addressing our recommendations, but we have not done an analysis of the operations or the activities at this point.

The CHAIRMAN. And you do anticipate to do an analysis or further review. Would that be correct?

Ms. DAVIS. We will do a followup of the recommendations, yes.

The CHAIRMAN. And when might that be?

Ms. DAVIS. With—I would say in the next few months would be reasonable.

The CHAIRMAN. Okay. Certainly, before the end of the year, you would have looked at this—

Ms. DAVIS. Yes.

The CHAIRMAN [continuing]. And done another—

Ms. DAVIS. Yes. Absolutely.

The CHAIRMAN [continuing]. Review. Would that be correct?

Let me ask you how—for you, how important are those—are those standards to an office?

Ms. DAVIS. They are standards that are established by CIGIE for looking at the risk assessment or performing a risk assessment and determining, you know, what jobs need to be placed in priority, is extremely important. And I say that because often offices will have a peer review, the peer review will be based on particular engagements, and those engagements will only be reviewed during a peer review. However, when GAO goes in to conduct an audit, we look a little bit more broadly at whether or not the audit coverage that is intended is actually there and effective. So that is important to make sure that the audit coverage is based on prioritization of risks and that, you know, that work is being done.

The CHAIRMAN. Well, we will look forward to a future followup on these issues as well.

And certainly, I can think of incredible responsibilities that your office has, Mr. Ayers. This is—you know, it is a daunting task that you have to juggle these even multiple mega projects, but all of the things that have to be done. Our objective here is to provide our oversight that we need to do. We are also here to help, and it is better for us if we know when there is an issue, rather than read about it in a GAO report. I think that is best for everybody.

And, Mr. Failla, if you have any questions, we are all available to help in any way we can. We wish you the best. You are almost—you are like the person that—almost like the dog that caught the car, you know. So here you are. So we wish you the best. That is a very challenging job you have.

Mr. Brady, any followup for you?

Mr. Loudermilk, do you have any follow-up questions before we adjourn?

Mr. LOUDERMILK. Yes, if I may, Mr. Chairman.

Mr. Failla, or Failla. I even asked, and then I pronounced it wrong. Just a couple questions for you and one for Ms. Davis. As I was looking at the numbers on the CVC, originally anticipated to be \$295 million, ended up being \$600 million, I mean, that is almost enough to build another structure. I mean, that is a significant increase.

Considering the Cannon renewal and other major projects, we have the Rayburn parking, there are several other things going on, do you feel in your current position, do you have the proper amount of tools, resources, authority, and flexibility to do your job properly?

Mr. FAILLA. When I first came onboard here, looking at the number of FTE that we have to do, the work that we need to do and the oversight that we need to do, I do not feel that we have enough personnel to do it.

Mr. LOUDERMILK. Okay.

Mr. FAILLA. Currently, my office, and this is no fault of anyone else's, but we had a death before I arrived. We lost one of our more experienced auditors, so we are trying to fill that position now. My deputy and lead counsel has accepted a position at AbilityOne as the next IG there, so that position is vacant. So I have no second nor counsel. And my AIG for audit had back surgery last Thursday, and he is going to be convalescing up to 6 weeks.

I have a very small office to begin with, and I am already well behind in trying to do the things that I am being asked to do. So that is where the reprioritization comes in. I am trying to take on the things that are important, continue to do the quarterly audits that have been mandated by us, but also trying to get a project or two out, and do them in smaller scoped projects that my folks that I have onboard can handle, get things done that we can effect change on and show results and bring back stuff.

I think what happened in the—previously, in the way the process was working with the IG, I don't want you to think that he wasn't and the folks in my office weren't doing their job or doing work. They were. They were just doing it in a different way. They were reporting on things as of running kind of project and commentary. If they saw something, they would tell project managers that this seemed to be a problem and they had a recommendation for them, but they weren't putting it into reports. I think that is what the change has to be and is going to be with my office.

Mr. LOUDERMILK. Does the lack of criminal investigatory powers inhibit your ability to effectively do the job?

Mr. FAILLA. I think it concerns me, for sure, to fight fraud and to look at the criminal aspects that could be taking place, bribery, et cetera, things like that, where we could stop it. And I am leaning in that direction to bringing back criminal investigators.

Mr. LOUDERMILK. Thank you.

Mr. FAILLA. I would like to say that a criminal investigator is not a gun.

Mr. LOUDERMILK. Right. Exactly.

Mr. FAILLA. And that is the kind of big point I would like to make about it. It doesn't necessarily mean it is a gun. And my folks, you know, when I get to know them a little better and after this peer review and I can make that decision freely and wisely, I will have things in place that ensure that folks within the AOC are not—never intimidated nor see a gun.

Mr. LOUDERMILK. Well, and I would reemphasize that many investigators in the criminal field, especially forensic investigators dealing with information technology never carry a gun, never—they are digging through computer files, they are digging—their investigation is done tracking documents. And so I appreciate you bringing that up.

Ms. DAVIS, basically the same question, but from your opinion, does Mr. Failla have, or Failla, have the tools, the resources, the authority, and the flexibility he needs to ensure that his job can be done effectively?

Ms. DAVIS. I would like very much to answer that question, but I don't have the knowledge to answer that question, or we have not done research in that area.

Mr. LOUDERMILK. Okay. If you would let us know at the point that you have the opportunity to do that, I appreciate it, because our objective is to see the success of these projects and of the office.

And I may close with this, Mr. Chairman: Recently, we had a bridge that made national news in Georgia, in Atlanta, burned down. The initial estimates—and it was a major interstate, created a lot of problems. The original estimate is that it was going to take 6 months to build that. It is open. It was just a matter of weeks to not only repair it, but actually do other road improvements.

I was on the phone with a contractor, I said, how did we do this so fast? He said, basically the Federal Government got out of the way.

I would hope that maybe we would take a look at some of the restrictions and obstacles that we face, and maybe a 10-year project could end up being a 5-year project if we didn't restrict our own selves.

So with that, Mr. Chairman, I thank you. I yield back.

The CHAIRMAN. The gentleman yields back.

Without objection, all Members will have 5 legislative days to submit to the Chair additional written questions for the witnesses, which we would forward to you and ask that you respond as promptly as you can to those so that those answers can be made a part of the record.

[The information follows:]

Question for the Record  
Committee on House Administration  
U.S. House of Representatives

Oversight of the Architect of the Capitol's Office of Inspector General  
May 24, 2017

Questions from the Majority:

**1. How often were you briefed on the status of audits and investigations by the previous IGs and are you expecting to be briefed regularly by Mr. Failla?**

- a. Did the previous IG brief you on the IG's strategic and/or annual work plan?
- b. Did you ever request an annual work plan?
- c. Have you been briefed on the work plan developed by Mr. Failla?

*Response:* Maintaining a strong working relationship with the Inspector General (IG) is important to me. The IG and I have regularly scheduled monthly meetings to discuss the status of audits and investigations. This has been my practice since the first IG selection in 2008 and a practice that will continue. In addition to these meetings, the IG and I regularly update each other when an important issue arises.

The OIG is independent in performing its duties to conduct audits, evaluations and reviews of AOC programs and activities. Every year the IG solicits input and prepares and distributes an audit plan. Their approach is to use information based on audits, evaluations and investigations; Congressional mandates and priorities; challenges AOC has identified; and government-wide areas the Government Accountability Office has identified as high-risk. The last audit plan was issued on March 27, 2017. The current IG has informed me that he plans to make adjustments to the plan after a risk assessment is complete. The risk assessment is currently underway.

**2. Does the IG have access to copies of your internal planning documents, including any master plans for the campus, long-range construction plans or other long-term plans as they prepared their audit plans?**

*Response:* Yes, the Inspector General has access to any and all documents needed to conduct their business.

**3. In your testimony to the Committee, you stated you were not surprised by many of the GAO findings on the OIG's lack of criminal investigators. Did you also have prior concerns with the quality and consistency of the information you were receiving from the OIG?**

*Response:* The previous Inspector General invested time and resources to transform the office by conducting strategic planning sessions and producing a three-year strategic business plan designed to move this office in a different direction. The strategic plan was a tool that he hoped would guide their work and priorities. I recognized this would take time, realignment of resources, training and personnel changes. As a result, I expected fewer reports from his office but believe this effort can help to improve the quality and consistency of the OIG's audits, investigations and reports. Most importantly, this transformation will enable the office to undertake the work intended by Congress.

**4. In your testimony before the Committee, you acknowledged you were aware of the precipitous decline of monetary accomplishments associated with the changing practices of the former IG.**

- a. Did the decline in monetary accomplishments by the OIG alarm or concern you?**
- b. Have you discussed with Mr. Failla a process for improving communication between the OIG and your office?**

*Response:* I challenged the previous IG to increase the OIG's focus on auditing major construction projects that have bigger risks for the agency. We have started to see this shift, and I believe that Mr. Failla will continue this essential transformation effort. Communication with the IG remains strong and my leadership team fully supports the OIG and is committed to maintaining a strong working relationship.

**5. You testified before the Committee that you urged the IG to look at the big construction projects and the more than 5,000 procurement actions the AOC takes each year, but testified you believed you were not empowered to direct the IG to do anything. Did you share your concerns with anyone inside or outside the AOC? How do you intend to ensure the AOC is a steward of taxpayer dollars?**

*Response:* Regular communication with Congressional stakeholders is extremely important to maintain effective operations. Twice a year, I transmit the Architect of the Capitol Inspector General's Semiannual Report to Congress. The report provides updates on current or closed audits and investigations as well as important policy or strategic issues. Once the reports are transmitted, I follow up with committees of jurisdiction to ensure they received copies and to see if they have any questions or concerns. In addition, the OIG has been meeting regularly with congressional stakeholders.

**6. When the former IG eliminated criminal investigations and investigators and instead decided to rely on the USCP to do all AOC criminal investigations of wrongdoing, you served as both the direct supervisor of the IG and Member of the USCP Board.**

- a. Did you see this as a potential conflict of interest? If not, why not?
- b. As a Member of the Capitol Police Board, were you briefed, consulted, or informed of any ongoing or active USCP investigation of the AOC or any AOC employee or contractor?
- c. Do you believe you should recuse yourself from any USCP investigations of the AOC that come before the USCP Board should that occur?

*Response:* I do not consider the IG's increased reliance on the USCP to be a potential conflict of interest for me as a member of the Capitol Police Board (Board). The USCP has the legal duty to enforce the criminal laws and make arrests on the Capitol campus, which includes any Architect of the Capitol (AOC) employee caught violating the law. Accordingly, the potential has always existed for the USCP to conduct a criminal investigation of an AOC employee regardless of whether the OIG employs criminal investigators.

I do not recall ever being briefed, consulted or informed of any ongoing/active USCP investigation of the AOC, any AOC employee or contractor while I was a member of the Board.

The Architect has long served as both the agency head of the AOC and as a member of the Board, and I believe the Architect can continue to fulfill both roles effectively and consistent with one another. Of course, I would recuse myself from any matter if I felt that I could not be objective.

**7. In cases of suspected waste, fraud, or abuse, do you think such cases are best addressed by the individual program offices, by the OIG, or by the AOC Office of General Counsel?**

*Response:* In cases of suspected fraud, waste and abuse, I think it is best addressed by the Inspector General.

- 8. How does your office determine when an issue should be referred to the OIG rather than handled within an AOC program office? Were you aware audits conducted during 2014, 2015, and 2016 were conducted using a process of “continuous review,” which is not a Generally Accepted Government Auditing Standards (GAGAS) approved form of audit?**
- a. Who approved this practice? Did you notify Congress?**
  - b. Did you see this process as consistent with the AOC IG’s statutory authority to conduct audits and investigations?**
  - c. Were you or Congress ever alerted to issues identified by continuous review?**
  - d. How will you ensure that the current IG follows audit and investigation standards set by GAGAS and the Council of the Inspectors General on Integrity and Efficiency (CIGIE)?**

*Response:* The OIG has complete and total independence in what and how they conduct reviews and investigations. Employees at all levels are encouraged to report allegations of waste, fraud and abuse or criminal conduct to the OIG.

The OIG has had successful Council of Inspector General on Integrity and Efficiency (CIGIE) peer reviews of their audit program and plans to have a peer review of their investigative program. In addition, the Government Accountability Office made a commitment at the hearing to follow-up on the recommendations in their report. I believe these efforts will help the OIG follow generally accepted government auditing standards.

- 9. Not one of the audits initiated between 2012 and 2016 was based on a risk analysis. How will you ensure this practice does not continue? What policies or procedures are in place to ensure that risk is appropriately integrated into audit planning?**
- a. As a consumer of OIG audit information, what areas would you like the AOC-OIG to focus on, and where do you think the OIG audits can affect and improve AOC operations?**

*Response:* The OIG is currently conducting a risk assessment of AOC operations. The current Inspector General has informed me that the risk assessment will be used to help the OIG identify work and prepare for their annual work plan.

I think the OIG should continue to look at high-value and high-risk projects to ensure the successful execution of these projects.

- 10. Given that the AOC has the ability to terminate the Inspector General, what would give you cause to exercise this authority?**

*Response:* Generally speaking, I would consider removing the IG from office if I concluded that the IG had lost independence or objectivity, was not operating ethically, had become ineffective without reasonable prospects of improvement or if Congress had lost confidence in the IG. In the event it became necessary to remove the IG from office, I would promptly inform Congress of my reasons for such removal in accordance with 2 U.S.C. § 1808(c)(2).

**11. At what point would you notify Congress if you had concerns about the OIG, but the concerns did not rise to the level warranting removal of the IG?**

*Response:* I regularly update congressional stakeholders on AOC operations, and immediately raise any concerns I have.

**12. What were your observations of the Office of the Inspector General prior to Mr. Failla's arrival?**

*Response:* The AOC collaborated with Congress and strongly supported the Architect of the Capitol Inspector General Act of 2007 (AOC OIG Act). Prior to this statutory authority, the OIG lacked the efficiency and effectiveness to deter and prevent fraud, waste and abuse in AOC operations and programs. This AOC OIG Act afforded us the opportunity to expand OIG operations, and I have ensured that adequate resources are available to support the IG and his office. The AOC requires a high-performing and engaged workforce to continue to deliver and improve upon the services we provide. Transparency and accountability are tenets that require continuous improvement, and I believe that Mr. Failla has the leadership qualities needed to ensure that we continue to meet and exceed our high ethical and moral standards.

**13. What changes would you like to see in the OIG to improve the products you receive from the OIG?**

*Response:* The Office of the Inspector General should continue to refocus their work on design and construction projects to ensure we complete our projects on time and within budget.

**Questions from the Minority:**

**1. Part of your responsibilities include maintenance of the Capitol grounds. Would it be possible for a bike share program such as Capital bikeshare to be able to establish bike docks in locations on the grounds of the Capitol complex? Do you see any impediments to allowing such a program on Capitol complex grounds? Are there any plans to allow for the establishment of a bike share program on the grounds of the Capitol complex?**

*Response:* The AOC is committed to improving bicycling access to the U.S. Capitol campus. Recently, we installed several new bike racks on the House and Senate oval lawn panels on the East Front of the U.S. Capitol that increased available space for bike parking. We will continue to work with stakeholders such as the Congressional Bike Caucus and the U.S. Capitol Police to identify additional measures that may be feasible for furthering our shared goals.



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July 12, 2017

The Honorable Gregg Harper  
 Chairman  
 Committee on House Administration  
 U.S. House of Representatives  
 Washington, DC 20515

Dear Mr. Chairman:

It was my pleasure testifying during the Committee on House Administration's May 24, 2017 hearing entitled, "Oversight of the Architect of the Capitol's Office of Inspector General". It is an honor to have the Committee interested in the work of the Office of the Inspector General and to answer the Committee's additional questions for the record. Please find below my answers for the record.

**Questions from the Majority:**

1. *How much of the AOC OIG work has been initiated because of either statutory requirements for ongoing audits or at the request of others in the AOC management under the previous AOC Inspector General, and do you expect this percentage to change going forward?*

The Architect of the Capitol (AOC) Office of Inspector General (OIG) was established by statute in 2007 for the purpose of conducting and supervising audits and investigations relating to the AOC while providing leadership and coordination and recommending policies to promote economy, efficiency and effectiveness and provide a means of keeping the Architect and the Congress fully and currently informed about problems and deficiencies related to the administration of programs and operations of the AOC. Therefore, all of the ongoing audits being conducted are statutorily required. Additionally, the AOC OIG provides quarterly reports as mandated by the Explanatory Statement accompanying the Fiscal Year (FY) 2016 Legislative Branch Appropriations Act, P.L. 114-113, Division I, which requires the OIG to provide quarterly status updates on the Cannon Renewal Project to the House Committee on Appropriations and on the Capitol Power Plant to the Committee on Appropriations. Although no further language was repeated in the FY 2017 Legislative Branch Appropriations Act, we are continuing to provide updates to the appropriate Committees on these two projects.

Annually, the AOC OIG has conducted oversight of the AOC's fiscal year financial statement audits conducted by the independent certified public accounting firm Kearney and Company (Kearney) and

will continue to supply that support to the AOC for each financial statement audit conducted in the future.

It is very hard to put a percentage on audits that will be conducted in the future that are received from AOC management. To my knowledge, one previous audit with-in the last year was conducted at the behest of AOC management. That audit was the recently released “*Audit of Information Technology (IT) Property Accountability*” OIG Report A-2017-02 of May 8, 2017. However, I welcome suggestions and collaboration from AOC management that point out areas of possible fraud, waste, and abuse or areas where economy and efficiencies can be found and will continue to accept these suggestions and weigh the additional work with the current audit annual plan and the benefit and impact that the audit would bring to the AOC. As well, I appreciate and will consider suggestions and collaboration from Committee staffs that point out areas of possible fraud, waste, and abuse or areas where economy and efficiencies can be found and will weigh those audits equally against my annual Audit Plan and the benefits and impact that the audit would bring to the AOC.

2. *Considering the size of your current organization and the scope and size of the work performed by the AOC, do you feel you have the resources necessary to effectively and independently combat waste, fraud, and abuse in the programs and operations of the AOC.*

Due to the amount of oversight required of this office, I do not feel it is properly staffed and the use of the given Full Time Equivalent (FTE) employees and the hired employees’ talents did not have the forethought for the types of audits the office is now expected to perform. In order to fill this gap, I have changed the position description (PD) for my open audit position and I am attempting to hire an auditor with greater construction audit experience. Also, I have asked for help from other agency Inspector-Generals and advertised for a detail opportunity with the AOC OIG. I have been contacted by Mr. Wayne Stone, the Acting IG from the Intelligence Community, who is willing to provide me an auditor for a one year detail at no cost to the AOC. We are in the process of completing all administrative requirements to finalize this detail, but I do not see this as a permanent solution to the lack of auditors at the AOC OIG. Additionally, the lack of a Quality Assurance Specialist to perform Independent Reference Reviews (IRR) and to provide additional quality assurance of products and Yellow, Blue and Silver book standards adherence, which is required by the CIGIE, is lacking. This has also been noted in my office’s independent Quality Assurance Audit review. In order to remedy this gap, I have created the position and it is currently being advertised, however the funding for this position is coming out of my operations budget and I will be required to request additional funding in the future to fill this necessary position.

#### **Questions from the Minority:**

1. *What steps have you taken or can you take that safeguard the independent nature of your office since the AOC appointed you and can terminate you?*

As a 26 year military officer and veteran I hold my integrity as one of my most treasured attributes and I will never tarnish that reputation by not being independent. Thus, I have made it my policy that every Hotline complaint, or contact made to this office concerning fraud, waste, or abuse or economies and efficiencies will be tested for validity and either closed, referred, or investigated. Additionally, I am meeting regularly with all Committees that have oversight of the AOC and keeping them informed on all

audits and actions I am taking and will alert these Committees immediately of any independence issue I experience.

Since arriving at the AOC in April, I have not felt any independence issues or pressures from AOC leadership and I have been given free rein to develop my Audit Plans, pick the AOC projects to audit and provide Committees with information. The Architect has been very accommodating of all changes I have begun to make and when I alerted him to what I felt was the appearance of a lack of independence in our Semiannual Report titling he accepted the change without hesitation. Additionally, as required in the IG Empowerment act of 2008, I am working to post Audit reports that have recommendations to the AOC website along with posting of the Semiannual report to Congress to provide transparency in the work being accomplished at the AOC IG.

*2. What is the current organizational structure and how does that structure further the mission of your office and how does it differ from your predecessor?*

Currently, the AOC OIG has 10 FTE positions including myself. These positions are: Deputy Inspector General & Counsel SR, Assistant Inspector General for Audits (AIGA) GS-15, two auditors GS-14, Investigator-In-Charge GS-15, Investigator GS-14, Administrative Officer GS-12, Management & Program Analyst GS-13, and General Engineer GS-15. This structure does not differ from my predecessor's organizational structure. However, I do not feel it is properly staffed and the use of the given FTE and the hired employees' talents did not have the foresight for the types of audits the office is now expected to perform.

In order to further the mission of the AOC OIG, I have changed the PD for my open audit position and I am attempting to hire an auditor with greater construction audit experience. My review of the work required, leads me to assess that the AOC OIG needs two additional auditors. As a temporary solution, I have asked for help from other Inspector General's and advertised a detail opportunity through the Council of the Inspectors General on Integrity and Efficiency (CIGIE). I have been contacted by Mr. Wayne Stone, the acting IG from the Intelligence Community, who is willing to provide me an auditor for a one year detail at no cost to the AOC. I am in the process of completing all administrative requirements to finalize this detail, but I do not see this as a permanent solution to the lack of auditors at the AOC OIG.

Additionally, I have assessed that a Quality Assurance Specialist (QAS) to perform Independent Reference Reviews and to provide additional quality assurance of products to adherence to Yellow, Blue and Silver book standards is needed. This missing FTE has also been noted in my office's independent Quality Assurance Audit review. In order to remedy this gap, I have created the position and it is currently advertised, however the funding for this position is coming out of my operations budget and I will be required to request additional funding in the future to fill this necessary position.

I have also required current employees to take on other assigned roles and I am making the office less stove-piped. The General Engineer now has the responsibility to provide the quarterly reports on the Cannon Renewal Project and the Capitol Power Plant in addition to his technical advice and support to audits and investigations. AOC OIG investigators are completing CIGIE Inspection and Evaluation classes to assist in conducting those evaluations along with the QAS, while the

Management Program Analyst is conducting follow-up investigations of past audits to ensure compliance with previously agreed to audit recommendations.

3. *Are you planning to reinstate your offices law enforcement authority and ability to complete criminal investigations instead of relying on the Capitol Police? If not, why and how does that square with the Capitol Police not having to abide by the standards set forth by the Council of the Inspectors General on Integrity and Efficiency? Are these not the same standards that you are required to follow for investigations?*

I am considering the reinstatement of my investigators to allow them to have law enforcement authority. Currently, these investigators can only conduct administrative investigations and have to refer any criminal activities such as theft or drug use in the AOC to the U.S. Capitol Police but they are unable to have them conduct fraud, waste or abuse criminal investigations because they do not follow CIGIE standards for investigations. This hampers my office's ability to combat serious fraud, waste and abuse within the AOC. As I have stated in my testimony, although I am 90 percent sure that this is the direction I will go, I am waiting on the results of a peer review of the Investigative program that is scheduled with the Federal Housing Finance Agency OIG and the completion of a safety assessment of my office spaces for storing of law enforcement equipment. I will also have to make this decision based what funds are provided in my operations budget, as the current budget does not account for law enforcement equipment and training. If I cannot support it financially, I cannot reinstate them until I have the budget for it.

4. *Do you have Auditing Experience?*

I would not consider myself an auditor, however during my three years as a Director and the Senior Military Advisor to the Department of Defense Inspector General, my directorate conducted over 20 Investigations and Evaluations to CIGIE Standards (Blue book standards). These standards do not differ very much from the Generally Accepted Government Auditing Standards (GAGAS) standards (Yellow book standards). Being dual hatted in my roles at the DOD OIG, I sat in on audit reviews by the IG and was often asked my opinion on findings and recommendations to the military services. Additionally, I was qualified as an Aerospace 9100 Lead Auditor for Quality Assurance Standards (AS9100) and reviewed numerous quality assurance audits conducted by my office. I feel very comfortable in my ability to oversee my office's audits.

*How many people in your organization have auditing experience or are auditors? Do you feel you have enough auditors to carry out your duties?*

The AOC OIG has three auditor positions; AIGA GS-15 and two GS-14 auditors. My review of the work required of the AOC OIG leads me to assess the AOC OIG needs two additional auditors. As a temporary solution, I have asked for help from other agency Inspector Generals and advertised a detail opportunity. I have been contacted by Mr. Wayne Stone, the acting IG from the Intelligence Community, who is willing to provide me an auditor for a one year detail at no cost to the AOC. I am in the process of completing all administrative requirements to finalize this detail, but I do not see this as a permanent solution to the lack of auditors at the AOC OIG.

5. *I see that you have an engineer within your organizational structure, how does that fit within your organization? What is their purpose and how is that position necessary to fulfilling your duties?*

The AOC/OIG engineer provides independent technical advice and support to audits and investigations of the construction, restoration and maintenance of the buildings and other infrastructure under the AOC's jurisdiction. Having this position adds expert credibility to OIG findings and recommendations, especially when these are challenged by the consultants and contractors that AOC engages. For example, the OIG engineer may review project feasibility studies, plans, specifications or materials testing to determine whether a project meets its functional, quality or safety requirements. Further, the OIG engineer may review construction schedules, cost estimates, contract modifications and progress data to determine if a project is on track and within budget, and how contractors mitigate the potential construction risks.

Since arriving as the AOC IG, I have increased the role of the AOC OIG engineer to be more than just a consultant (which could have been just as easily contracted for each construction audit). I have assigned this person individual construction related audits that they will head and this position will be responsible to compile, review and produce the quarterly reports as mandated by the Explanatory Statement accompanying the FY 2016 Legislative Branch Appropriations Act, P.L. 114-113, Division I, which requires the AOC OIG to provide quarterly status updates on the Cannon Renewal Project to the House Committee on Appropriations and on the Capitol Power Plant to the Committees on Appropriations.

6. *Have you developed an audit plan for this fiscal year?*

Upon my arrival at the AOC OIG I inherited a 2017-18 Audit Plan created by the Acting IG that was developed following the Government Accountability Office report on my office that noted the lack of an adequate yearly Audit Plan that was developed utilizing an assessment of AOC risks and that did not establish priorities for providing audit reports. The Audit Plan was conceived by the Acting IG and the OIG staff on what they felt would be the most impactful audits to the AOC that could be accomplished with the number of auditors and type of auditors employed in the AOC. I have reviewed this Audit Plan and have had to make adjustments based on my own assessment of risk to the AOC and what would bring value to the AOC and also what could be accomplished with the number of vacancies in the OIG Audit department due to the unfortunate death of one of the OIG auditors. This Audit Plan will take us to the end of the FY.

*How do you prioritize audit projects?*

I prioritize all audits based on risk to the AOC, value of the audit to the AOC, OIG employee availability and ability and if unavailability or inability exist, if the work can be contracted to outside audit agencies better able to conduct the work. These factors along with budget availability and proper timing of audit and impact to the auditee contribute to my audit prioritization.

*7. Does your Audit plan Include risk assessments?*

By October 1, 2017, I expect to develop an Audit Plan for FY18-19 that will take into account our currently underway contracted Independent Risk Assessment that will help highlight AOC risk areas and rank them based on risk and impact. The current FY17-18 Audit Plan is based on both my own assessment of risk and that of the previous Acting IG's.

*8. Are any audits being conducted on any of the AOC's mega projects?*

The AOC OIG is completing an audit on the Capitol Dome Renovation Project that reconciles payments. An exit briefing was given to AOC management on 26 June and a final report should be issued in August 2017.

On May 30, 2017, the AOC OIG announced an audit of the Cannon Renewal Project's preconstruction service to Phase 0. This audit will assess the effectiveness of contract modifications. We expect our audit to provide assurances that change orders are reasonable, authorized, supported and comply with contract requirements.

Additionally, I have added to the Audit Plan the follow-up evaluation of the "Evaluation of Compliance with Internal Management Controls for Contractor Security Credentials (E-11-1), issued March 30, 2011. Our overall objectives for this follow-up are to assess the Human Capital Management Division's implementation of recommendations made in E-11-1 and whether these implementations have resulted in improved contractor badge return rates and to assess the Acquisition and Materials Management Division's revision of its Contracting Officer Representative (COR) designation memoranda language for sufficiency regarding COR responsibilities for return of contractor badges, and whether changes have resulted in improved contractor badge return rates.

Concurrently, the AOC OIG is in the planning stages for conducting an evaluation of Product Substitution. This evaluation will most likely require outside Subject Matter Experts in Product Substitution recognition.

*9. How will you ensure that the recommendations that your office lays out in its audit report of IT property accountability for the AOC will be fulfilled?*

We will perform a follow up audit to determine whether AOC implemented the recommendations and these recommendations corrected the issues.

*Have you asked the AOC for a timeline on when they plan to have the recommendations implemented? If not, will your office be conducting a follow up?*

Our Audit Policy requires AOC Management to provide a Management Decision no later than six months after the date the final report is issued. Further, AOC Management has to submit notice of final action within one year of issuance of final report.

10. You mention in the same audit report issued May of this year that a contractor is being used to assist the inventory control division. Do you know if the contractor mentioned in your most recent report is the same contractor described in the OIGs 2014 management challenges?

Yes, AOC awarded the contract to Evolver in FY 2011 with 4 option years (5 yr. contract). Using a re-compete process, AOC awarded Evolver the contract base contract again in 2016 with four option years.

*If so, why didn't your office make any recommendations concerning the AOCs usage of an entity that has clearly not been effective? The contractor mentioned in 2014 was flagged by the OIG for inaccuracies and inadequate tracking leading to lost assets.*

AOC management stated they had made progress in inventory management and used interns to conduct a physical inventory. We focused our audit objective on determining whether accountable Information Technology (IT) property had been properly identified and recorded. We found that the property database was not accurate or up to date because of inaccurate, missing or incomplete information and Information Technology Division (ITD's) ability to implement the requirements of AOC Order 8-4, which establishes the appointment of jurisdiction staff to track and account for IT assets. Our recommendations were made to AOC as they provide oversight over the contractor's action. During our follow up if we identify that this problem still exists, we will look at oversight over the contract as well as contractor performance in meeting the requirements established in the contract statement of work.

*Do you know how much money the AOC spends on the outside contractor to assist with its IT asset management?*

The contract with Evolver is for performance management involving IT services, this covers IT asset management, as well as operating the IT help desk. The contract is for a base year beginning February 2016 and four option years through January 2021 for a total amount of \$15,052,044.09. However, the agreeable ceiling for this Blanket Purchase Agreement is \$26.5M, a slight increase from the \$26.4M from 2011 to 2016.

AOC: Information Technology Technical Services Support

Date of Award & Completion	2 January 2011 to 2 January 2016
Project Name & Contract Type	Information Technology Support Services; FFP
Client/Agency	Architect of the Capitol, Information Technology Division
Client Project Manager/Point of Contact	Name: Angela Clark, AOC ITD Deputy CIO/Director Phone Number: 202-226-9105 Email Address: aclark@aac.gov
Dollar Value of Contract	\$ 26.4 million

Year	Yearly Price
Base Year Total Price	\$2,719,536.29
Option Year 1 Total Price	\$2,956,614.91
Option Year 2 Total Price	\$3,039,400.13
Option Year 3 Total Price	\$3,124,503.33
Option Year 4 Total Price	\$3,211,989.43
<b>GRAND TOTAL</b>	<b>\$15,052,044.09</b>

11. *Do you know when was the last semiannual report from the OIG to Congress?*

The AOC OIG submitted the last Semiannual Report (SAR) to Congress on May 1, 2017. This report covered the period from October 1, 2017, through March 30, 2017. As requested and agreed to by the Council of Inspector Generals, a copy was sent to Senator Grassley and Senator Johnson's office one day after the end of the period. The Architect sent copies of the SAR to the Chairman of the AOC oversight Committees on May 12, 2017.

12. *Will you submit a semiannual report to congress on October 31st of this year?*

Yes. As it has every six months, my office will submit the SAR to the Architect of the Capitol and to Senator Grassley and Senator Johnson. The Architect will then submit the report to the AOC oversight Committees.

13. *Are you currently looking to fill any additional positions in the OIG and if so what are the positions? Are these positions full time employees or outside contractors? When did you start your search and when do you hope to have these positions filled?*

Yes, the AOC OIG had two full time vacancies upon my arrival. These vacancies were due to the death of an AOC OIG auditor and the departure of the Deputy Inspector General & Counsel. I immediately began revising the position description (PD) for the auditor to hire an employee with skills and talents to conduct construction audits. Over the last two weeks I have been conducting interviews for these position with interview panels made up of myself and other Legislative IG employees. The auditor position has not yet been filled, however I expect to have an employee on board by August 2017. Unfortunately, the selected candidate for Deputy Inspector General and Counsel has declined the offer and I will need to advertise this position once again.

My review of the work required by the AOC OIG led me to assess the AOC OIG needs two additional auditors. As a temporary solution, I have asked for help from other Inspector General agencies and advertised a detail opportunity. I have been contacted by Mr. Wayne Stone, the acting IG from the Intelligence Community, who is willing to provide me an auditor for a one year detail at no cost to the AOC. I am in the process of completing all administrative requirements to finalize this detail, but I do not see this as a permanent solution to the lack of auditors at the AOC OIG. With an

FTE plus up or additional operational funding for these positions in future budgets, I will start a search for two additional auditors.

Additionally, a Quality Assurance Specialist to perform Independent Reference Reviews and provided additional quality assurance of products and adherence to Yellow, Blue and Silver book standards is needed. This missing FTE has also been noted in my office's independent Quality Assurance Audit review. In order to remedy this gap, I have created the position and it is currently advertised, however the funding for this position is coming out of my operations budget and I will be required to request additional funding in the future to fill this necessary position. I hope to conduct interviews mid-July and have this employee as an AOC OIG employee by mid-August 2017.

Sincerely,



Christopher P. Failla  
Inspector General

cc: The Honorable Stephen T. Ayers, FAIA, LEED AP, Architect of the Capitol  
Christine A. Merdon, PE, CCM, Chief Operating Officer

The CHAIRMAN. Before I adjourn the hearing, I want to take a moment to congratulate one of our Committee Members. This week marks the 10th anniversary of Mr. Brady's service as the Ranking Democratic Member or Chairman of this Committee. While Mr. Brady and I, maybe sometimes we need an interpreter, but we—we may disagree, we come from obviously different political backgrounds, but I can think of no one that I respect more or we—even when we disagree, it is friendly, and he has become a dear friend. So we want to congratulate you, Mr. Brady, on that service. Thank you so much.

Mr. BRADY. No pizza?

The CHAIRMAN. And all—thank you.

Mr. BRADY. Thank you.

The CHAIRMAN. But thank you all for being here.

Without objection, the hearing is adjourned.

[Whereupon, at 12:02 p.m., the Committee was adjourned.]