

GAO

Testimony

Before the Chairman, Subcommittee on  
Interior, Environment, and Related  
Agencies, Committee on Appropriations,  
House of Representatives

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KENNEDY CENTER

Stronger Oversight of Fire  
Safety Issues, Construction  
Projects, and Financial  
Management Needed

Statement of Mark L. Goldstein, Director  
Physical Infrastructure Issues



**GAO**  
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**Highlights**

Highlights of [GAO-05-516T](#), a testimony before the Subcommittee on Interior, Environment, and Related Agencies, Committee on Appropriations, House of Representatives.

## Why GAO Did This Study

Since fiscal year 1995, the John F. Kennedy Center for the Performing Arts (Kennedy Center) has received nearly \$203 million in federal funds to complete capital projects and intends to request an additional \$43 million in appropriations through fiscal year 2008. The Kennedy Center's Comprehensive Building Plan identifies these capital projects as necessary to renovate the Center and to meet or exceed relevant life safety and disabled access regulations. GAO was asked to examine (1) the progress the Center has made in completing key capital projects within estimated costs and the information it has communicated about this progress to key stakeholders; and (2) the status of the Center's plans to address fire life safety and disabled access requirements.

## What GAO Recommends

GAO makes recommendations to the Chairman of the Kennedy Center Board of Trustees including increasing oversight and better complying with fire safety code. The Kennedy Center agrees that more oversight would be useful, but it is unsure what the best mechanism would be for providing such oversight. Furthermore, the Kennedy Center believes that it is in compliance with fire code, but agrees to seek third party review of its approach in addressing certain fire code deficiencies.

[www.gao.gov/cgi-bin/getrpt?GAO-05-516T](http://www.gao.gov/cgi-bin/getrpt?GAO-05-516T).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Mark L. Goldstein at (202) 512-2834 or [goldsteinm@gao.gov](mailto:goldsteinm@gao.gov).

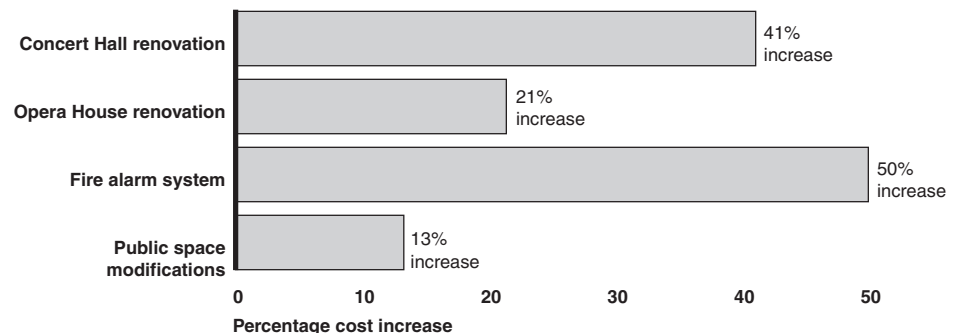
# KENNEDY CENTER

## Stronger Oversight of Fire Safety Issues, Construction Projects, and Financial Management Needed

### What GAO Found

The Kennedy Center has achieved its goal of renovating the Opera House, Concert Hall, and plaza-level public spaces, and installed a building wide fire alarm system, but each of these projects exceeded its budget estimates, sometimes by substantial amounts. Project cost growth resulted from modifications made during the renovation process, due, in part, to the Kennedy Center's lack of knowledge of the building's site conditions. Unexpected site conditions and related challenges make renovation projects, like those undertaken by the Kennedy Center, difficult to complete. Modifications led to overtime charges paid to meet tight construction schedules. Also, the Center may have paid higher costs than necessary by negotiating the value of contract modifications after work was completed. The Kennedy Center lacks comprehensive policies and procedures related to capital improvements that could impact its ability to safeguard federal funds. Furthermore, our review of communication documents showed that Kennedy Center management did not always provide timely or accurate information on project cost growth and delays to its Board of Trustees or Congress.

**Cost Over Initial Budgets for Selected Kennedy Center Projects**  
Projects



Source: GAO analysis of Kennedy Center data.

The Kennedy Center has worked to address fire life safety deficiencies, and improvements are ongoing, but after requesting and obtaining funds from Congress the Kennedy Center decided against its plan to meet fire safety code requirements by installing sprinklers and smoke evacuation systems in the Grand Foyer, the Hall of States, and the Hall of Nations. Furthermore, the Kennedy Center did not have its decisions independently reviewed nor did it clearly inform its Board or Congress that it was not spending the funds as planned. Two additional areas of concern are (1) doors in critical areas do not provide adequate protection from fire, and (2) the Millennium Stages have exit deficiencies and lack sprinkler and smoke evacuation systems required by code. The Kennedy Center has complied with disabled access requirements in renovated areas of the Center.

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Mr. Chairman, Ranking Minority Member, and Members of the Subcommittee:

Thank you for the opportunity to testify before you today on our work related to the management and oversight of capital projects at the John F. Kennedy Center for the Performing Arts (Kennedy Center). Since fiscal year 1995, the Kennedy Center has received almost \$203 million<sup>1</sup> in federal funds for capital repairs and alterations included in its comprehensive building plans (CBP). Kennedy Center officials said that additional appropriations totaling \$43 million through fiscal year 2008 are needed to complete the planned projects. For more than a decade, we have identified shortcomings in, and made recommendations to improve, the Kennedy Center's construction, planning, and management processes. In the 1990s, we reported that the Kennedy Center did not have sufficient staff capability to effectively manage its planned capital improvements.<sup>2</sup> In 2003, we reported that the Kennedy Center needed to strengthen the management and oversight of large construction projects, such as the garage expansion and renovation project.<sup>3</sup> In 2004, we reported that the Kennedy Center had implemented most of the projects in its CBP but would likely not complete its plan by 2008, given the number and size of the renovation projects that remained to be done, anticipated future appropriations, and the likelihood that project budgets may increase as designs are completed.<sup>4</sup>

Today my testimony will discuss (1) the progress the Kennedy Center has made in completing key capital projects—such as the renovation of the Opera House, Concert Hall, and its plaza-level public spaces, and installation of a building wide fire alarm system—within estimated costs and how it has communicated the information about this progress to its

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<sup>1</sup>This includes a \$35.3 million beginning balance, the value of transfers from the National Park Service and Smithsonian Institution, and approximately \$167.6 million in federal appropriations.

<sup>2</sup>GAO, *Kennedy Center: Information on the Capital Improvement Program*, [GAO/GGD-93-46](#) (Washington, D.C.: February 1993) and GAO, *Kennedy Center: Information on Facility Management Capability*, [GAO/GGD-98-56](#) (Washington, D.C.: March 25, 1998).

<sup>3</sup>GAO, *Kennedy Center: Improvements Needed to Strengthen the Management and Oversight of the Construction Process*, [GAO-03-823](#) (Washington, D.C.: Sept. 5, 2003).

<sup>4</sup>GAO, *Kennedy Center: More Information on Project Status and Budgets Needed to Understand the Impact of Future Funding Decisions*, [GAO-04-933](#) (Washington, D.C.: Sept. 15, 2004).

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Board of Trustees and Congress, and (2) the Kennedy Center's status with regard to fire life safety and disabled access requirements. My statement is based on our report that we will issue later this month. Our report will include additional information on best practices for project management that could help the Kennedy Center improve its capital projects planning and management process. In summary, we found the following:

- Although the Kennedy Center has achieved its goal of renovating the Opera House, Concert Hall, and its plaza-level public spaces, and installed a building wide fire alarm system, each of these projects exceeded its budget estimates by amounts ranging from 13 to 50 percent, and it does not appear that Kennedy Center officials always timely or accurately communicated the cost growth and delays to its Board of Trustees or Congress. Cost growth in these projects resulted from unanticipated modifications made during the renovation process and condensed schedules. Such modifications were necessary, in part, because the Kennedy Center lacked knowledge of the building's site conditions. The project modifications, in turn, led to overtime charges paid to meet tight construction schedules. For example, the Kennedy Center paid \$560,000 in overtime charges during the Opera House renovation to complete the work on schedule. The Kennedy Center also may have paid higher costs to contractors than necessary by routinely negotiating the value of project modifications after contractors had already completed the work. In addition, the absence of comprehensive policies and procedures across the project management, contracting, and finance departments has impeded effective project management and diminished the oversight of federal funds. Finally, our review of the communications documentation showed that the Kennedy Center management did not always timely or accurately communicate cost overruns and schedule changes to its Board of Trustees or Congress. For example, the Concert Hall renovation resulted in cost growth of \$6.2 million, or 41 percent, over the original budget; however, Kennedy Center officials repeatedly testified before Congress, several years after renovations were complete, that the project was completed within budget estimates.
- The Kennedy Center does not appear to meet some fire safety code requirements but has complied with, and exceeded in some instances, disabled access requirements in renovated areas of the Center. After requesting and obtaining funds from Congress to address fire code deficiencies, such as the need for fire suppression systems, the Kennedy Center decided against its plan to meet fire safety code requirements by installing sprinklers and smoke evacuation systems in the Grand Foyer, the Hall of States, and the Hall of Nations. The Kennedy Center reversed its decision to install these systems without having its decision



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independently reviewed or clearly informing its Board or Congress that it was not spending the funds as planned.<sup>5</sup> To identify and mitigate fire protection issues concerning exit paths through the Grand Foyer, the Hall of States, and the Hall of Nations, the Kennedy Center commissioned and used the results of a fire-modeling study. The Kennedy Center has not implemented some of the study's recommendations, nor did it seek peer review of the study even though the fire code provides for third party validation and support for a study's assumptions and conditions. Third-party validation is particularly important in this instance because the Kennedy Center's fire safety decisions are not subject to external review. In addition, we identified two deficiencies, based on fire code, that are of immediate concern. First, the doors in critical areas such as the fire pump room and the Fire Command Center do not provide adequate separation from fire as outlined in the fire safety code. Second, fire-safety related problems exist with the Millennium Stages. The stages located at the ends of the Grand Foyer could pose exit problems in the event of fire (see fig. 8).<sup>6</sup> Furthermore, the Millennium Stages do not have sprinkler and smoke control systems as required by fire code. Officials from the Kennedy Center said that they believe that all fire safety code requirements are being met but agreed to add fire protective doors and document their key decisions. Regarding disabled access projects, we concluded that the Kennedy Center meets or exceeds the requirements outlined in the Americans with Disabilities Act<sup>7</sup> (ADA) based on our independent expert's review. For example, disabled patrons can now access all tiers of the Concert Hall and Opera House and ushers receive special training for assisting disabled patrons.

The Kennedy Center has begun to take steps to improve its management of capital projects, such as the hiring of new staff, updating its CBP, and drafting a policies and procedures manual. However, we were unable to

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<sup>5</sup>In accordance with fire code, the Kennedy Center conducted an egress and fire modeling study to determine if occupants could safely exit the building in the event of a fire. The modeling study predicted that patrons would be able to escape the Center safely in the event of a fire before conditions became untenable provided that the Kennedy Center took steps to minimize evacuation delays and limit storage of combustible materials. The study also recommended that the Kennedy Center install sprinklers in the Millennium Stages for added protection.

<sup>6</sup>Fire code defines means of egress as a continuous and unobstructed way of travel from any point in a building to a public way consisting of three separate and distinct parts: (1) the exit access, (2) the exit, and (3) the exit discharge.

<sup>7</sup>42 U.S.C. § 12101 et. seq.

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gauge the impact of some of these changes as they are relatively recent in nature or still in development.

GAO makes recommendations to the Chairman of the Kennedy Center Board of Trustees including increasing oversight and better complying with fire safety code. The Kennedy Center agrees that more oversight would be useful, but it is unsure what the best mechanism would be for providing such oversight. Furthermore, the Kennedy Center believes that it is in compliance with fire code, but agrees to seek third party review of its approach in addressing certain fire code deficiencies.

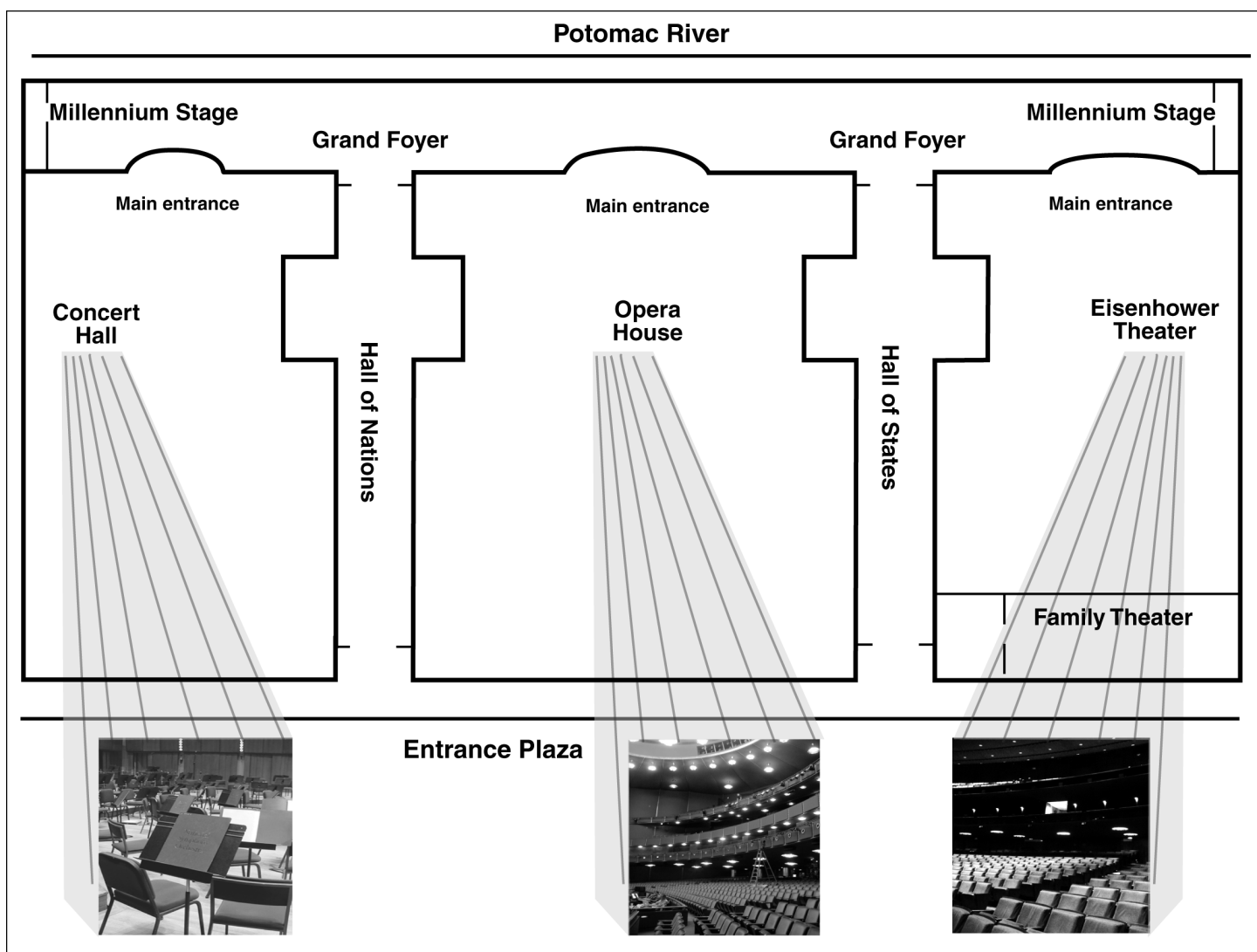
We conducted our review from August 2004 through March 2005 in accordance with generally accepted government auditing standards.

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## Background

The Kennedy Center opened in 1971 and is located on 17 acres along the Potomac River in Washington, D.C. The Center houses four major theaters and several smaller theaters, five public halls or galleries, educational facilities, rehearsal spaces, offices, and meeting rooms in about 1.1 million square feet of space. The plaza level, which is the primary focus for patrons and tourists, includes three main theaters, the Grand Foyer, the Hall of States, and the Hall of Nations. Access to other areas, such as the roof terrace level, is provided through the Grand Foyer, the Hall of States, and the Hall of Nations. Figure 1 provides a diagram of the Kennedy Center's plaza level.

**Figure 1: Kennedy Center's Plaza-Level Public Spaces and Theaters**



Sources: Kennedy Center and GAO (photos).

In 1994, legislation was enacted that gave the Kennedy Center's Board of Trustees sole responsibility for carrying out capital improvements at the Kennedy Center.<sup>8</sup> One purpose of the legislation was to provide autonomy

<sup>8</sup>The Kennedy Center's Board of Trustees currently consists of 23 government positions, including congressional members, as well as 36 general trustees appointed by the President of the United States. Each general trustee serves a term of 6 years.

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for the overall management of the Kennedy Center, including better control over its capital projects, and to renovate the Center. The legislation further required the Board of Trustees to develop and annually update a CBP.<sup>9</sup>

In response to the 1994 legislation, the Center published its first CBP in 1995 describing the goals of the renovation, including addressing deficiencies in fire life safety and disabled access codes, through actions such as installing sprinklers throughout the Center, replacing inefficient building systems, and improving visitor services. The law the Kennedy Center follows with regard to facility construction or alteration requires that the Center be in compliance with nationally recognized model building codes and other applicable nationally recognized fire safety codes to the maximum extent feasible.<sup>10</sup> As in the case of other federal agencies, the Kennedy Center is the authority having jurisdiction for making a final determination on whether the Center is complying with fire safety code.<sup>11</sup> The Kennedy Center's policy on building codes states that, where feasible, the Center will comply with the International Building Code (2003),<sup>12</sup> International Fire Code (2003),<sup>13</sup> and selected provisions of NFPA 101 (2003).<sup>14</sup> In 1995, the Kennedy Center anticipated undertaking critical fire life safety projects by the end of fiscal year 1999. However, to minimize disruption to performances, the Kennedy Center changed its approach to making capital improvements. Rather than undertaking broad-scale projects that could disrupt the entire Center, the Kennedy Center chose to implement renovations incrementally while keeping the rest of the Center open and operating. For example, rather than installing a new sprinkler system for fire suppression throughout the entire Center, which would have closed multiple theaters simultaneously, the Center is installing sprinklers in each theater as it is renovated. Thus, only one theater is closed at a time. According to Center officials, this approach minimizes the disruptions to ongoing operations in other areas of the Kennedy Center

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<sup>9</sup>20 U.S.C. § 76j(a)(1)(F).

<sup>10</sup>40 U.S.C. § 3312.

<sup>11</sup>For purposes of certain laws, the Kennedy Center is treated as a federal agency.

<sup>12</sup>International Code Council, *International Building Code 2003*.

<sup>13</sup>International Code Council, *International Fire Code 2003*.

<sup>14</sup>National Fire Protection Association, *Life Safety Code 101* (Quincy, Massachusetts: 2003).

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that could result in lost revenue. When the Opera House was renovated, for example, it was closed for almost a year but performances continued in all of the other theaters.

The Kennedy Center is a bureau of the Smithsonian Institution. The John F. Kennedy Center Act Amendments of 1994 (Kennedy Center Act) designates the Kennedy Center as a “federal entity” for purposes of the Inspector General Act of 1978, as amended, (IG Act).<sup>15</sup> The Kennedy Center Act states that only federally appropriated funds are subject to the requirements of a federal entity under the IG Act. The Kennedy Center Act authorizes the Smithsonian Institution’s Office of the Inspector General (Smithsonian OIG) to audit and investigate activities of the Kennedy Center involving federally appropriated funds, on a reimbursable basis, if requested by the Kennedy Center Board of Trustees. To date, the Kennedy Center has not requested the Smithsonian OIG to conduct an audit or investigation of its activities.

The Kennedy Center conducts capital projects primarily through three offices—Project Management, Contracts, and Finance. Figure 2 illustrates the organization of these three offices within the Kennedy Center. The Kennedy Center receives federal appropriations annually for capital repair and restoration to implement its CBP and for the operations, maintenance, and security of the facility. In fiscal year 2005, the Kennedy Center received approximately \$16.1 million in federal funds for capital improvement projects, and \$16.9 million for operations, maintenance, and security of the facility.<sup>16</sup> The Kennedy Center receives appropriated funds to support its CBP as a lump sum and not on an individual project by project basis. In addition, the Kennedy Center’s appropriated funds for capital projects remain available until expended. Federal appropriations represent less than half of the Kennedy Center’s total revenue. The Kennedy Center generates the majority of its revenues from performances

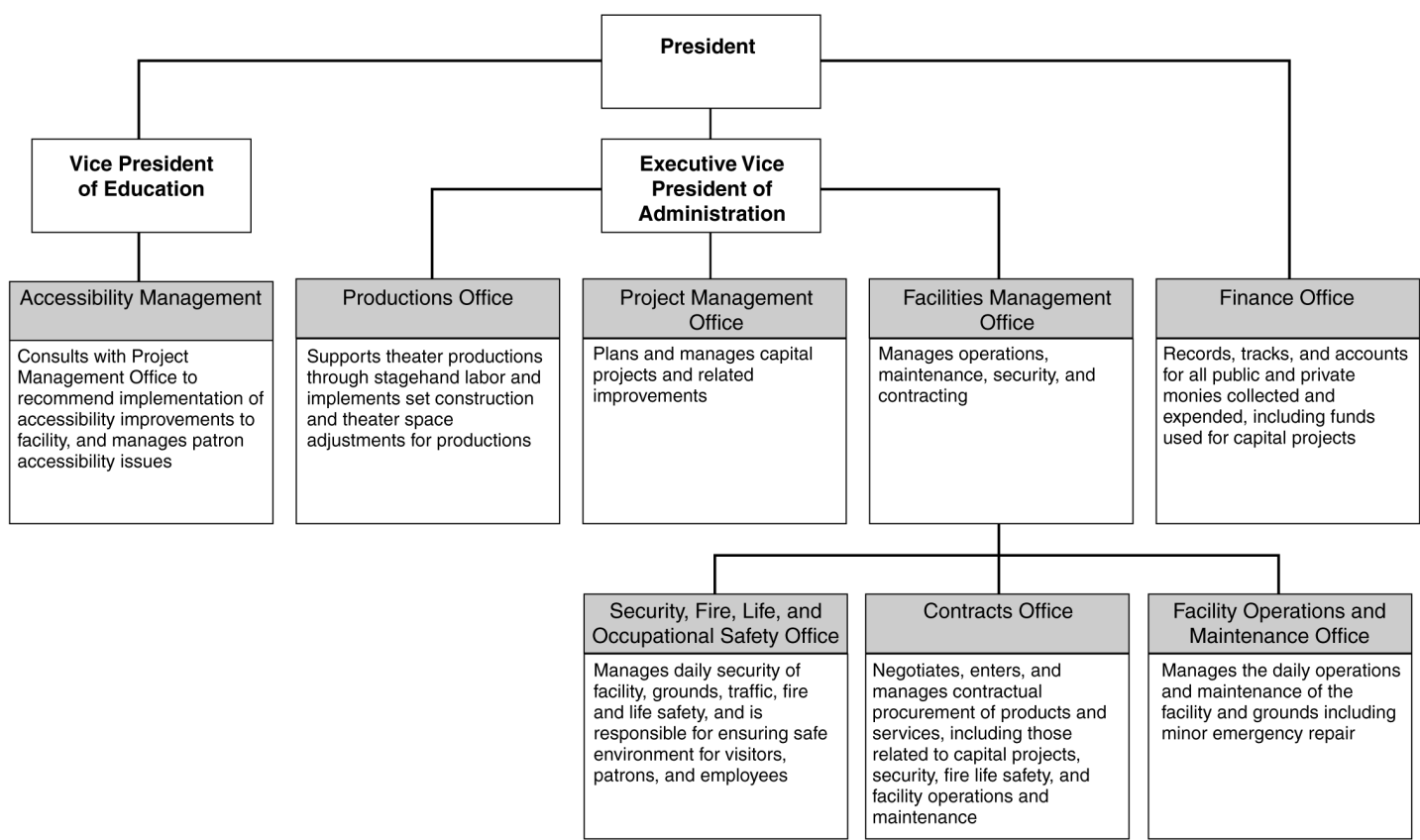
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<sup>15</sup>20 U.S.C. § 761 (d).

<sup>16</sup>The Kennedy Center’s appropriation for fiscal year 2005 is contained in the Consolidated Appropriations Act of 2005, P.L. 108-447, 118 Stat. 2809 (2004). P.L. 108-447 appropriated to the Kennedy Center \$16,334,000 for capital improvements and \$17,152,000 for operations and maintenance. There are two rescissions in the 2005 appropriations act that reduced the final amount provided to the Kennedy Center for capital improvements and operations and maintenance. The first is an across-the-board rescission of 0.594 percent for Interior and Other Related Agencies, which applied to the Kennedy Center. The second is an additional across-the-board rescission of 0.8 percent for most agencies, which also applied to the Kennedy Center.

at the Center, contributions, and investments. Federal funds, not the Kennedy Center’s private funds, are used for capital improvements in the CBP. Federal appropriations are not used for performance-related expenses. The Kennedy Center’s total operating expenses in fiscal year 2003 were about \$118 million.

**Figure 2: Kennedy Center Organization of Selected Positions and Offices**



Source: GAO analysis of Kennedy Center data.

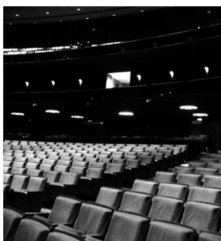
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## Key Capital Projects Completed, but Costs Exceeded Budget Estimates and Were Not Always Reported Timely or Accurately

The Kennedy Center has completed many renovation projects (see fig. 3), but each of the projects we reviewed exceeded its budget due to contract modifications that added work to projects. Many changes were necessary because the Kennedy Center did not have good knowledge of the building's site conditions. Additionally, the absence of comprehensive policies and procedures has impeded effective management of federal funds. Finally, the information on cost growth and delays has not always been timely or accurately communicated to the Kennedy Center Board of Trustees or Congress.



**Figure 3: Scope of Key Kennedy Center Capital Projects**

| Project                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    | <p><b>Concert Hall Renovation</b> - completed 1997</p> <p>Work encompassed comprehensive renovation with the goal of improving access for disabled persons. The auditorium aisles were widened and ramps installed to provide access for the disabled. Renovation also included installation of a sprinkler system; architectural refurbishment of wall, floor, and ceiling finishes; and acoustical enhancements.</p>                                                                                                                                                                                |
|    | <p><b>Opera House Renovation</b> - completed 2003</p> <p>Work involved complete rehabilitation with the goal of improving access for disabled persons. The seating and interior finishes were replaced and fire life safety and disabled access issues were addressed. Dressing room areas were renovated in accordance with Americans with Disabilities Act Guidelines. The renovation also included installation of a sprinkler and fire alarm system; architectural refurbishment of wall, floor, and ceiling finishes; and repairs to plumbing, heating/cooling, power, and lighting systems.</p> |
|   | <p><b>Eisenhower Theater Renovation</b> - planned for 2007</p> <p>A comprehensive renovation is being considered, including improvements to disabled access and fire life safety.</p>                                                                                                                                                                                                                                                                                                                                                                                                                 |
|  | <p><b>Fire Alarm System Replacement</b> - completed 2004</p> <p>Work involved installation of a new fire alarm system throughout the facility. Components of the system include manual pull stations, smoke detectors, water flow switches, strobe notification devices, and speakers. The system connects to a central monitoring station where emergency personnel can determine the exact location of an alarm.</p>                                                                                                                                                                                |
|  | <p><b>Public Space Modifications</b> - completed 2004</p> <p>Work in Grand Foyer, Hall of States, and Hall of Nations consisted of four phases: (1) installation of new wall finishes; (2) installation of new carpet; (3) installation of disabled access ramps to theater lobbies, and public space seating; (4) installation of assisted listening device desk, information desk, and information screens.</p>                                                                                                                                                                                     |

Sources: Kennedy Center and GAO (photos).

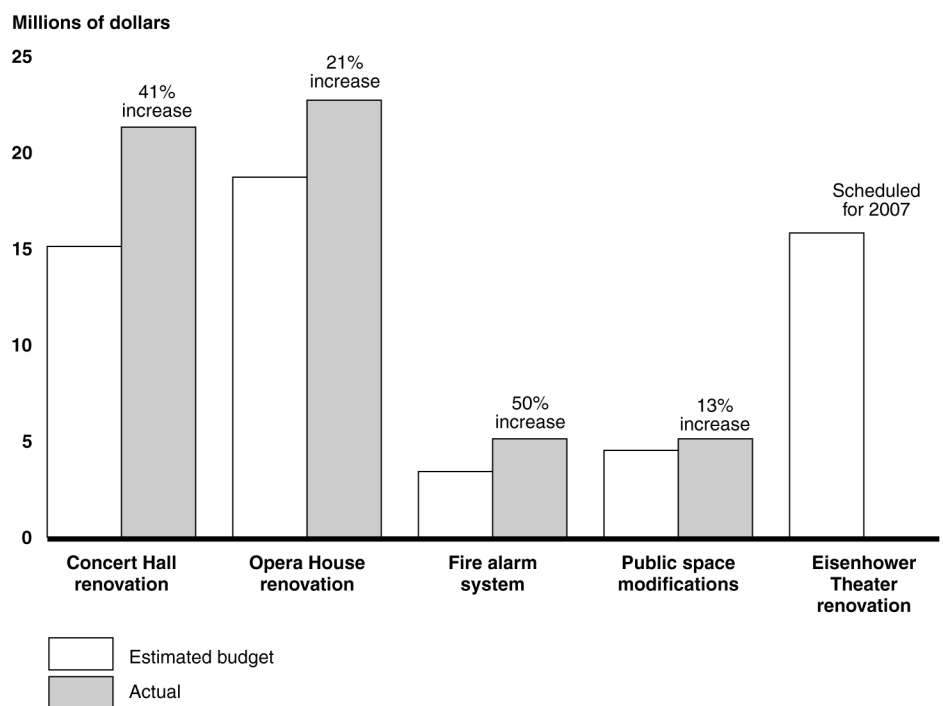
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## Kennedy Center Has Completed Many Renovations, but Contract Modifications Increased Project Costs

The Kennedy Center has completed renovations to the Opera House, Concert Hall, and its plaza-level public spaces and installed a building wide fire alarm system, but the actual costs of the projects we reviewed exceeded the original budgeted costs. Specifically, costs exceeded budget estimates by about 41 percent for the Concert Hall renovation, 21 percent for the Opera House renovation, 50 percent for the fire alarm system renovation, and 13 percent for the plaza-level public space renovations (see fig. 4). These findings are consistent with our finding, reported in 2003, that the costs of the Kennedy Center's garage expansion and site improvements projects greatly exceeded the estimates.<sup>17</sup>

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**Figure 4: Budgeted and Actual Costs for Selected Kennedy Center Capital Projects**



Source: GAO analysis of Kennedy Center data.

Renovation projects like those undertaken by the Kennedy Center are difficult to complete due to associated challenges with refurbishing as opposed to new construction. For example, according to the Kennedy

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<sup>17</sup> [GAO-03-823](#).

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Center, renovation projects are susceptible to cost increases stemming from unexpected site conditions. This is consistent with our finding that a primary cause of cost growth in the projects we evaluated were contract modifications resulting from the Kennedy Center's lack of knowledge of the building's existing conditions. The Kennedy Center lacked knowledge of site conditions because (1) it does not have as-built drawings<sup>18</sup> that show how building components were originally constructed and (2) schedule and building conditions at times limited the Center's ability to conduct detailed investigations during project design stages. According to a Kennedy Center official, given the nature of construction, installed work often differs from what is indicated on the original architectural plans, sometimes in significant ways. Without accurate drawings, designers could not ascertain certain current building conditions, and inaccuracies were inadvertently built into project plans and designs.

Architects and engineers additionally lacked sufficient access to the project sites during the design phase. According to Kennedy Center officials, because the Kennedy Center focused on maximizing its theaters' operating time, designers were at times limited in their ability to survey the project site and document its condition. This type of exploration often requires the removal of some portion of the existing finishes to see what is behind them. Because invasive surveys were not completed, designers did not identify utilities and structural components shielded behind walls, floors, and ceilings. In cases where the unforeseen conditions affected construction, contract modifications were needed. Kennedy Center officials said that they did not allow exploratory design work in order to preserve the building's aesthetics. Kennedy Center officials indicated that they are working to improve the design of future projects by using noninvasive exploratory methods, such as X-ray technology, to better ascertain site conditions.

According to the Kennedy Center, about \$1 million of the Concert Hall's contract modifications and \$1.5 million of the Opera House's contract modifications were the result of actual conditions that differed from those shown on design drawings. In the Opera House renovation, the Kennedy Center attributed the following unexpected site conditions to absent as-built drawings and resulting in contract modifications: (1) the ceiling crawl space was not as large as the drawings indicated, (2) steel reinforcement

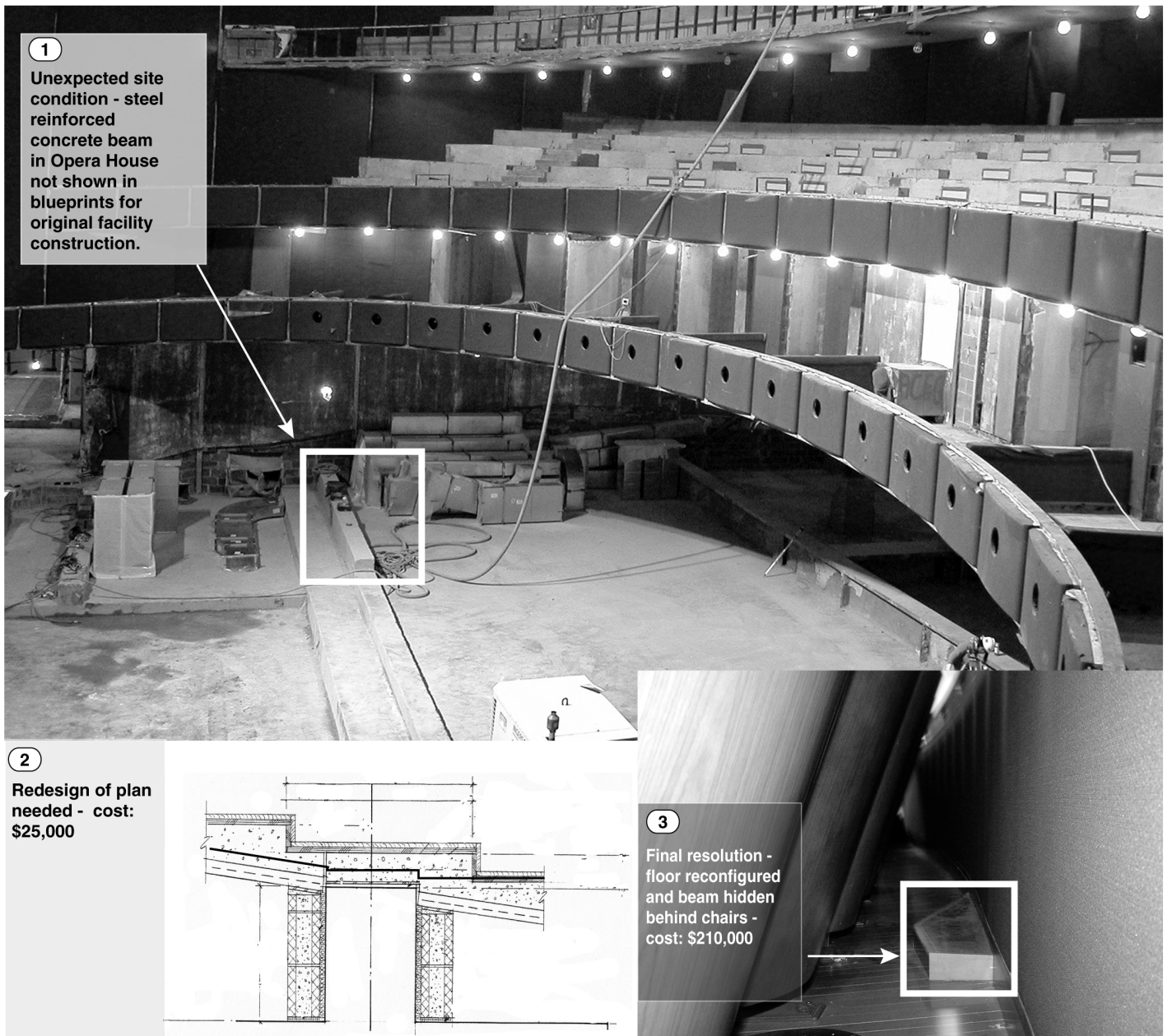
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<sup>18</sup> As-built or record drawings show the work as it was actually installed, which is often different from how it was designed to be installed or built.

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that was not shown on the drawings existed in the balconies, and (3) a large steel-reinforced concrete beam in the orchestra floor was not depicted on existing drawings. Figure 5 provides a description of the concrete beam and shows how it contributed to cost growth on the Opera House renovation project.

**Figure 5: Opera House Unforeseen Site Condition**



Source: GAO analysis of Kennedy Center data.

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In attempting to maintain its construction schedule while minimizing the impact on its performance schedules, the Kennedy Center incurred a considerable amount of overtime charges. As the Kennedy Center relies on proceeds from ticket sales, programs, and contributions, Center managers sought to limit the disruption to major performance venues, such as the Opera House and Concert Hall. In planning the Opera House renovation, for example, the Kennedy Center set a firm goal of completing work by December 2003 to ensure that the work would be completed in time to host the annual Kennedy Center Honors.<sup>19</sup> Over \$560,000 of the \$4 million cost growth for the Opera House renovation resulted from overtime pay to contractors completing the renovations.

The Kennedy Center also may have paid contractors more than necessary because it routinely negotiated the value of project modifications after contractors had already completed the work. For example, contractors performed about \$2.2 million worth of work in the Concert Hall renovation and about \$2.1 million worth of work in the Opera House rehabilitation without negotiating the value of the modifications with the Kennedy Center beforehand. Kennedy Center officials said that this was necessary to maintain tight schedules. The practice of establishing cost after work has been completed is discouraged in federal contracting regulations. Our previous work has shown that contractors have limited incentive to control costs until firm prices are negotiated for contract changes, and the government does not have an opportunity to consider more efficient construction methods or management controls if work is completed before the price is established.<sup>20</sup>

In an attempt to reduce risk to the Kennedy Center, it has entered into a contract for theater renovation work that shifts much of the project's risk to the contractor. Under this "construction manager at-risk" arrangement, a construction management contractor will be hired to participate in the design process and will then be responsible for hiring contractors to do the construction. The construction management contractor will be at risk from the standpoint of being responsible to the Kennedy Center for managing the construction according to the established cost, schedule,

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<sup>19</sup>Begun in 1978, the Kennedy Center Honors is an annual ceremony that recognizes artists with lifetime achievement awards. The ceremony also serves as a major fundraising event.

<sup>20</sup>GAO, *NASA Procurement: Challenges Remain in Implementing Improvement Reforms*, [GAO/NSIAD-94-179](#) (Washington, D.C.: Aug. 18, 1994).

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and scope. However, this method may not reduce costs because contractors will increase their price to cover the risk shifted to them.

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**Lack of Clearly Designed, Comprehensive Policies and Procedures Undermined Effective Project Management**

While it was beyond the scope of this engagement to conduct a comprehensive financial review of the Kennedy Center's procurement process, we found some deficiencies in procurement operations for capital improvement projects. During a review of a limited selection of the Kennedy Center's capital expenditures, we found that the Center did not maintain complete and accurate financial records which could impact safeguarding of federal funds. These deficiencies can be attributed, in part, to the Center's lack of a comprehensive set of documented policies and procedures to guide the various activities related to the acquisition of goods and services for its capital improvements program. As a result, the Kennedy Center may not be able to properly account for or report financial transactions to Congress and other interested parties.

According to the guidance for federal agencies<sup>21</sup> contained in the Joint Financial Management Improvement Program's (JFMIP) *Framework for Federal Financial Management Systems and Office of Management and Budget (OMB) Circular No. A-127, Financial Management Systems*, effective financial management depends on appropriate control of financial transactions and timely recording of financial information in a manner that satisfies multiple users. Requirements for internal controls over financial operations can be found in both OMB Circular No. A-123, *Management Accountability and Control*, and GAO's *Standards for Internal Controls in the Federal Government*.<sup>22</sup> Federal agencies are required to establish financial controls; ensure reliable and timely information is obtained and maintained; and produce accurate, consistent, and complete financial data to enable cost-effective mission achievement and risk mitigation. The Kennedy Center's policy is to rely on contractor invoices to establish the dates the services were performed and make specific reference to the invoices in its receipt certifications. Because the Center does not record the date or period that services were performed at the time of occurrence, it is unable to establish and maintain reliable up to date accounting records. This lack of real-time data hampers the Center's

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<sup>21</sup>The Kennedy Center is an independent establishment of the executive branch of government as defined in OMB Circular A-127 and, as such, is subject to OMB guidance regarding financial management and internal controls.

<sup>22</sup>[GAO/AIMD-00-21.3.1](#), Nov. 1999.

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ability to prepare reliable quarterly financial reports regarding the status of funds and budget execution and to manage project costs. When status reports are required, construction costs could be recognized before invoices are received by recording an estimate of costs incurred based on a percentage of completion of the projects that are in progress, or some other systematic process that approximates actual up to date costs.

OMB guidance and GAO standards for internal controls state that agencies need to properly document their transactions. The documentation should be clear and complete and show sufficient information to adequately account for the disbursement. During our review of a selection of 224 Kennedy Center capital expenditures—dating from September 2000 to September 2004—we found that 63 of the contractor invoices (28 percent) paid by the Center did not contain enough detailed information to support their accuracy and validity. Furthermore, without current and accurate information to substantiate payments, the Kennedy Center may be hampered in its ability to detect erroneous or improper payments. For example, we found a duplicate payment that may have been prevented if the Center had better information available.

Of the invoices that lacked sufficient detail, nearly all were related to services the Center received from the U.S. Army Corps of Engineers. The Center's transactions with the U.S. Army Corps of Engineers are governed by the Economy Act (31 U.S.C. 1535 and 1536), which authorizes an agency acquiring goods or services from another agency to reimburse the performing agency only for its actual costs of providing the goods or services. The Kennedy Center did not have sufficient procedures in place to ensure that it was being charged for costs consistent with its Economy Act agreement. We found, for example, that invoices from the U.S. Army Corps of Engineers generally identified separate total amounts for the agreed-upon services (as billed by the Corps' contractors) and overhead and labor costs incurred by the Corps, but that the invoices did not provide any details regarding the basis for the claimed costs, such as overhead rates. We were unable to determine, from either the Corps invoices submitted to the Kennedy Center for reimbursement or the information accompanying them, whether the costs being claimed for work performed were for actual costs consistent with the Economy Act agreement. This lack of detail on invoices subjects the Kennedy Center to risk of paying the Corps amounts inconsistent with the Corps' actual costs, as agreed to.



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In response to a GAO recommendation,<sup>23</sup> the Project Management Office initiated the development of a policy and procedure manual that is currently in draft form. The manual begins the process of outlining roles and responsibilities for the project management staff and defining standard operating procedures for managing projects. However, the Kennedy Center has not completed this manual, nor has it formalized its contractual and financial management policies and procedures. This makes it difficult for people in the different Kennedy Center departments to understand their role and requirements in the oversight of federal funds. In working to improve its management capabilities, the Kennedy Center hired a Contracts Chief in March 2003, and is seeking an additional contracting officer. Also, in March 2004 the Kennedy Center hired a Director of Capital Projects to lead the Project Management Office.

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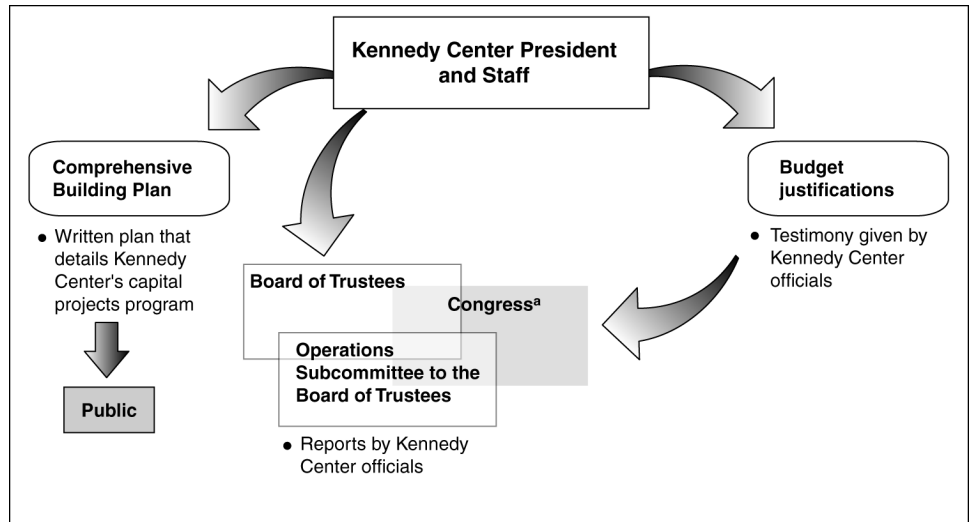
**The Kennedy Center Did Not Always Timely or Accurately Communicate Cost Growth and Schedule Delays to Its Board or Congress**

The Kennedy Center uses several communication methods, both internal and external to the organization, to convey information about its capital projects, and we found that the Center sometimes provided untimely or inaccurate information on projects. Figure 6 illustrates the main mechanisms the Kennedy Center uses to communicate information about project schedules, costs, and status to Congress, its Board of Trustees, and the public. The legislation that authorized the Kennedy Center Board of Trustees to carry out capital improvement projects required the Board to develop and annually update a CBP. However, the Kennedy Center has not consistently updated the CBP on an annual basis. The Kennedy Center provides budget justifications and receives federal funding annually for capital improvement projects based on its CBP, and testifies before various congressional committees when requested. According to the Kennedy Center, the Center's Board of Trustees oversees the President of the Kennedy Center on the overall management and direction of the Center. Within the Board of Trustees, the Operations Committee is responsible for ensuring the appropriate use of federal funds for capital projects and efficient management of the operations and maintenance of the Center. In doing that, it reviews plans for capital expenditures identified in the CBP and receives status reports on projects as they are planned and implemented.

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<sup>23</sup> [GAO-03-823](#).

**Figure 6: Kennedy Center Communication Methods**



Source: GAO analysis of Kennedy Center data.

<sup>a</sup>Members of Congress serve on the Kennedy Center Board of Trustees and the Operations Subcommittee.

Our analysis of officially documented communication using these mechanisms showed certain inconsistencies in the information the Kennedy Center presented. For example, in its fiscal year 2001 budget request, which according to a Kennedy Center official was prepared in 1999, the Kennedy Center management reported that it planned to obligate \$23.3 million for capital repairs. Operations Committee meetings held over the course of fiscal year 2001 reported revised obligation amounts ranging between \$41.6 and \$44.4 million. The amount actually obligated was \$36.4 million. While planned obligations can change over time, the reasons for these differences are not clear because the Kennedy Center did not include sufficient project-level budget information in its budget justifications to Congress. Rather, as we reported in September 2004, projects are grouped into broad budget categories, which do not include budget information for specific projects.<sup>24</sup> As a result, it is difficult to understand or have stakeholders hold the Kennedy Center accountable for true project costs and schedules, compare the data presented through the various communications mechanisms, or determine if funds were used as intended.

<sup>24</sup>[GAO-04-933](#).

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The following examples illustrate untimely and inaccurate communication on the projects we reviewed:

- *Concert Hall.* Kennedy Center officials testified to Congress in 1999, 2000, and 2001, that the Concert Hall rehabilitation—completed in 1997—was “on time and on budget.” However, this is inconsistent with a September 1997 Operations Committee Meeting status report that states the project experienced extraordinary interior design changes, all of which were unbudgeted and contributed to a cost increase of almost \$1.2 million. Also, our analysis of Kennedy Center project documents shows that the project cost \$6.2 million more than its initial budget of \$15.1 million.
- *Fire suppression sprinklers.* The Fiscal Year 2005 Budget Justification and the 2004 CBP continue to emphasize that the Kennedy Center intends to install sprinkler systems throughout the entire facility. However, we determined as part of our review, and verified through interviews with Kennedy Center officials, that the Center does not intend to install sprinklers in the large parts of the Kennedy Center, specifically, the Grand Foyer, the Hall of States, and the Hall of Nations.
- *Fire Alarm system.* References to improving the building fire alarm system are included in Kennedy Center Budget Justifications for fiscal years 1995 through 2005. Language in these budget justifications refers to project phases, but start and completion dates change from year to year without explanation. For example, the completion date for the project was reported as being scheduled in fiscal year 2002 in the Kennedy Center’s Fiscal Year 2003 Budget Justification, but the Center’s 2005 Budget Justification listed the project as being scheduled for completion in fiscal year 2004.<sup>25</sup> Reasons for the project’s delay were not evident in the records that we reviewed.

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### Poor Record Retention Makes It Impossible to Determine How Much the Building Plan Has Changed Since 1995

According to a Kennedy Center official, the Center does not have a formal records retention policy, and the Kennedy Center did not retain complete project budget information previous to the 2002 CBP. CBP updates also do not provide historical data, such as budget information for past projects or how changes to those budgets affected the overall plan. Because the Kennedy Center lacks records, GAO could not determine how any cost and schedule changes affected the overall implementation of the 1995 CBP or if federal funds were used as originally anticipated. However, our

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<sup>25</sup>Fire alarm system installation was substantially completed in February 2004.

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finding that several of the major projects from that time went over their budget estimates suggests that funds must have been reallocated. Information on reallocations, reconciliation of estimates to actual spending, and other project-level accounting of federal funds is not routinely reported to the Board or Congress. In addition, project records for the Concert Hall renovation were incomplete and the as-built drawings for the Kennedy Center were missing.

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## **Kennedy Center Does Not Appear to Meet Some Fire Safety Code Requirements but Exceeds Access Requirements**

Based on an independent expert's assessment, we determined that the Kennedy Center does not appear to meet some fire safety code requirements. After requesting and obtaining funds from Congress to meet fire code deficiencies, such as a lack of fire suppression sprinklers, as well as other needs, the Kennedy Center decided against its plan to meet fire safety code requirements and chose not to install sprinklers and smoke evacuation systems in the Grand Foyer, the Hall of States, and the Hall of Nations. The Kennedy Center reversed its decision to install these systems without having its decisions independently reviewed or clearly informing its Board or Congress that it was not spending the funds as planned. According to our independent expert, the Kennedy Center has met or exceeded disabled access requirements as part of its renovation.

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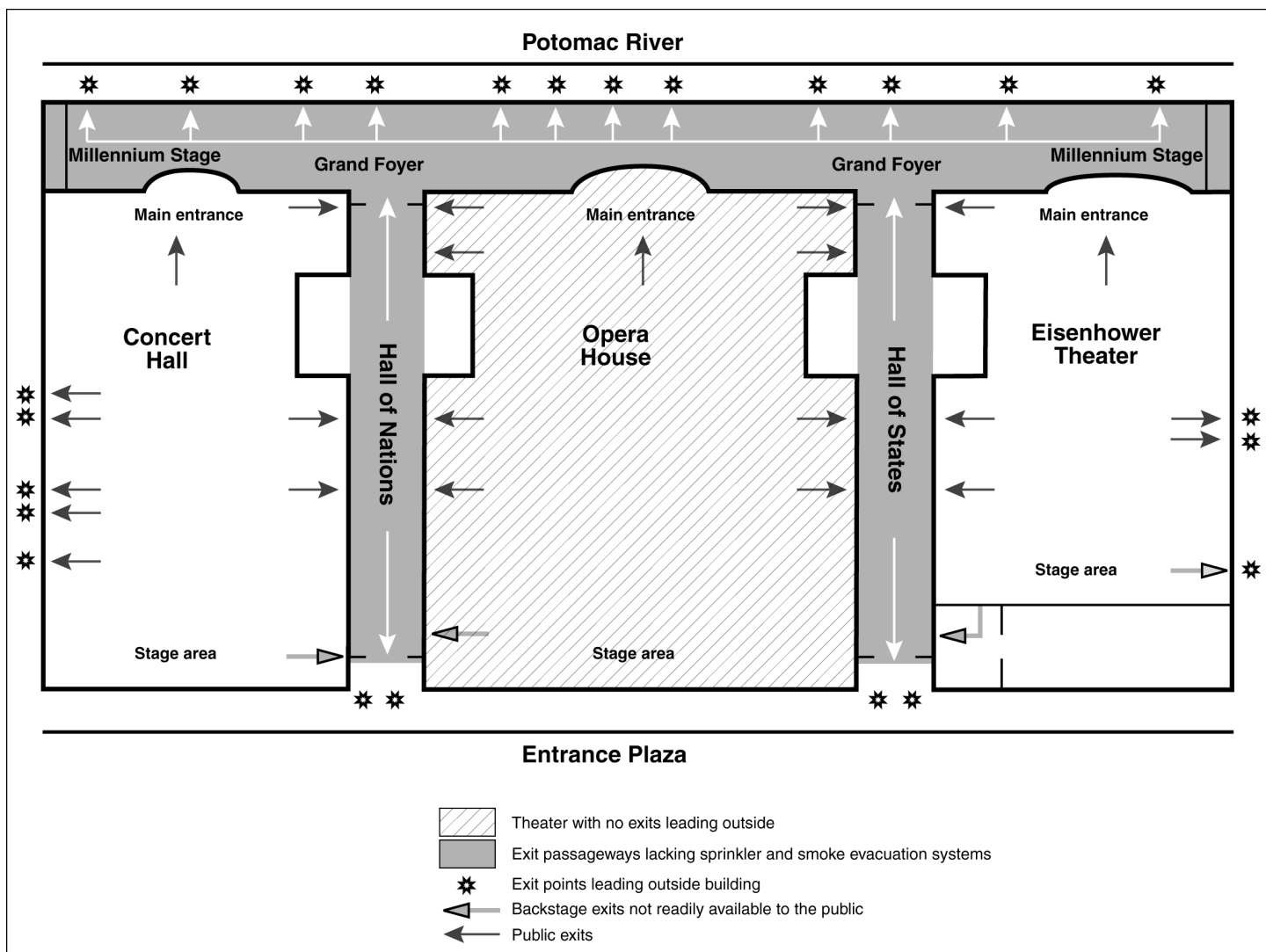
## The Kennedy Center Does Not Appear to Comply with Fire Safety Code

While the Kennedy Center has worked to address fire life safety deficiencies, and improvements are ongoing, based on an assessment performed by an independent expert hired by GAO, we found that the Kennedy Center does not appear to meet some fire life safety requirements.<sup>26</sup> Over the past decade, several internal Kennedy Center reports have also identified other fire life safety deficiencies—such as exit paths that might not protect occupants from fire—in the Grand Foyer, the Hall of States, and the Hall of Nations (see fig. 7).

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<sup>26</sup>UNICCO Government Services, Inc., Life Safety, *Fire Alarm System and ADA Assessment of the John F. Kennedy Center For The Performing Arts* (Centreville, VA: 2005).

Figure 7: Exit Routes from the Kennedy Center's Major Theaters



Source: Kennedy Center.

NFPA 101 allows two approaches for dealing with fire safety issues: an entity can adhere directly to the fire safety code (also called a prescriptive approach), such as installing sprinklers or smoke evacuation systems, or it can provide an alternative that allows people to exit the building safely in case of fire (also called a performance-based approach). The Kennedy Center chose the second approach and commissioned an egress and fire

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modeling study in 2003 to address the exit issue, specifically as it pertained to the discharge of occupants from the facility.<sup>27</sup> Due to the results of this study, the Kennedy Center did not implement its earlier plan of installing a fire suppression system and smoke evacuation system in the Grand Foyer, the Hall of States, and the Hall of Nations.

The modeling study indicates that, in the event of a fire, the time needed for evacuation would be less than the time it would take for these exit pathways to become untenable, provided certain steps are taken. These steps include (1) installing sprinklers at the Millennium Stages and (2) developing and implementing a program to manage the storage of scenery, props, and other combustible materials. With input from our independent expert, we concluded that the above steps have not been taken and thereby invalidate the study's assumptions. Since the Kennedy Center does not meet the conditions upon which the study was based, it appears to fall short of providing the level of protection intended by the code. Furthermore, Kennedy Center stakeholders, such as the Board of Trustees, have not accepted and adopted the terms of the study as described in NFPA 101. The Kennedy Center has not documented these determinations, but Kennedy Center officials said that the key decisions would be documented at the end of the fire life safety improvements at the Center.

We also identified two additional deficiencies, based on NFPA 101, that are of immediate concern. First, there are no fire rated doors in some areas, such as the fire pump room and the Fire Command Center. These locations contain key emergency systems that would need protection in the event of a fire. Second, several fire-safety related problems were evident with the Millennium Stages. The stages are located at the ends of the Grand Foyer, a configuration that poses an exit deficiency because it does not provide two different, marked exit routes for occupants (see fig. 8). Additionally, NFPA 101 indicates that the stages must have a smoke control system that is integrated with a sprinkler system and smoke detectors over the stage area. These systems have not been installed.

Officials from the Kennedy Center said that they believe that all fire safety code requirements are being met but agreed to make some changes. For example, the Kennedy Center said that it would install fire protective doors on the fire pump room and the Fire Command Center, and that it

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<sup>27</sup>Ehrenkrantz Eckstut & Kuhn Architects, PC, *Egress and Fire Modeling Study of the Grand Foyer, Hall of States, and Hall of Nations* (Washington, D.C., 2003).

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would document its key decisions once its Life Safety Improvement Program was completed.

**Figure 8: Millennium Stage Located at the End of the Grand Foyer Outside of the Eisenhower Theater**



Source: GAO photo.

The curtains along the side of the Millennium Stage obscure emergency exits when closed.



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## The Kennedy Center Chose Not To Install Sprinklers Throughout the Center, But Did Not Consult Independent Experts or Clearly Inform Key Stakeholders

After requesting the necessary funds from Congress to meet fire code deficiencies, the Kennedy Center decided not to install sprinklers and smoke evacuation systems in the plaza-level public spaces as initially planned based on the findings of the modeling study. In an October 2002 meeting with its Trustees, the Kennedy Center reported that design and first stages of construction of the sprinkler and smoke evacuation systems would be completed in 2003. The Kennedy Center no longer plans to install sprinklers in the Grand Foyer, the Hall of Nations, the Hall of States, or at the Millennium Stages. Recent Kennedy Center documents continue to state that the funds will be spent to install sprinkler systems throughout the Center.

Furthermore, in deciding not to install sprinklers and smoke evacuation systems in the plaza-level public spaces, the Kennedy Center did not consult any independent experts, such as the General Services Administration's (GSA) Fire Protection Engineer for the National Capital Region, or any other recognized expert about whether this was an appropriate choice. In contrast, NFPA 101 provides for peer review of modeling studies of this nature. In addition, our independent expert and GSA officials also stated that it is prevailing professional practice to seek external peer review of a modeling study of this nature. GSA officials said that other federal entities occasionally consult with them regarding how to approach difficult code issues, but that the Kennedy Center has not done so about this exit deficiency.

Peer review may be particularly important for the Kennedy Center for two reasons. First, the Center lacks sufficient on-staff expertise to adequately interpret and evaluate this type of modeling study. The Kennedy Center official who is principally responsible for making fire life safety code compliance decisions said that he does not have formal training or certification in engineering or fire protection planning and that he is not qualified to evaluate modeling studies. Second, the Kennedy Center's fire safety decisions are not subject to external review. In contrast, GSA requires a registered fire protection engineer to be heavily involved in fire safety code compliance decisions for its federal properties, and its Office of Inspector General (OIG) has the authority to review GSA's approach to fire safety issues and policies. A GSA Fire Protection Engineer said that the OIG has provided useful guidance on these issues. Specifically, a 1999 GSA OIG report concluded that the National Capital Region Safety, Environment and Fire Protection Branch generally has taken adequate

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measures to meet the mission and goals of its fire safety program, but made a recommendation for improving building fire safety assessments.<sup>28</sup> As previously mentioned, the Smithsonian OIG has authority to conduct reviews at the Kennedy Center relating to the expenditure of federal funds, but the Kennedy Center has not requested assistance from the Smithsonian OIG or any other federal accountability office in gaining assurance that the Center is taking prudent steps relating to fire safety decisions. Private sector entities are accountable to the local fire marshal's assessment of their compliance with fire safety code. In addition, the Kennedy Center Act authorizes the Kennedy Center Board of Trustees to utilize or employ the services of any agency or instrumentality of the federal government or the District of Columbia on a reimbursable basis. The Kennedy Center has not sought assistance, as authorized by law, from relevant federal or District of Columbia officials on fire safety code compliance.

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### The Kennedy Center Has Improved Disabled Access to Fully Renovated Theaters and Public Spaces

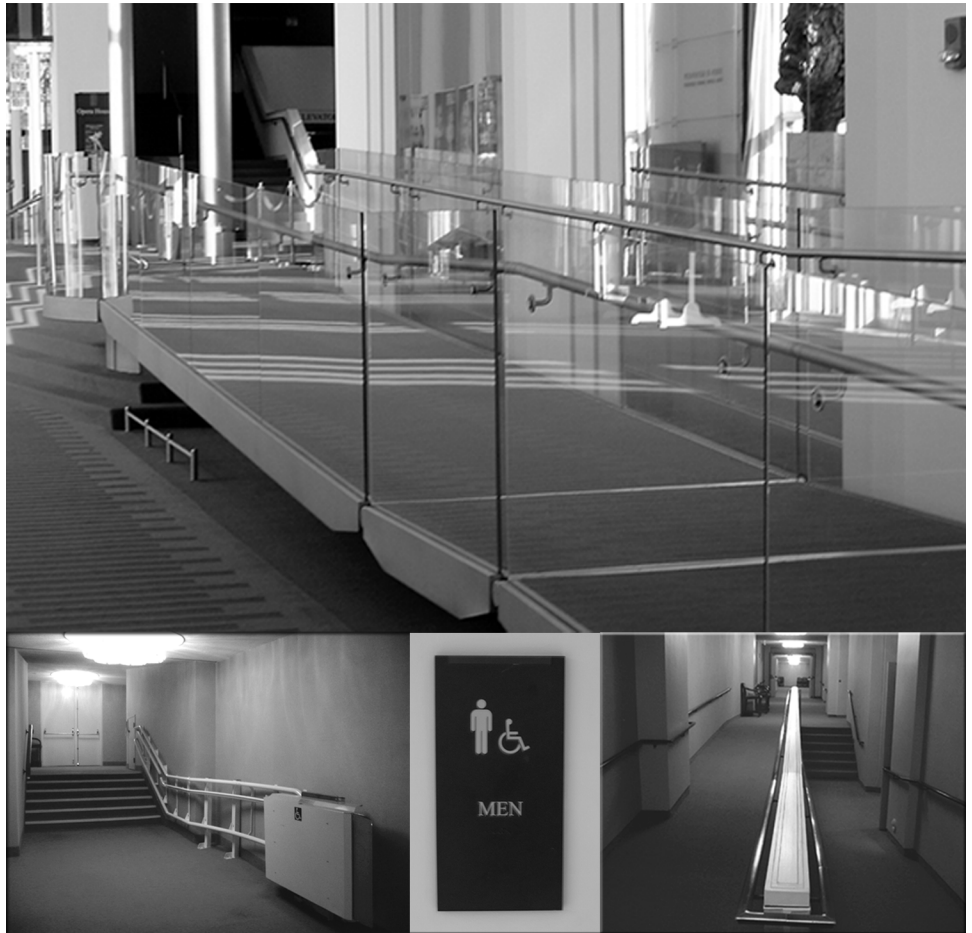
Our independent expert concluded that the Kennedy Center's compliance with regulations outlined in ADA has generally met or exceeded the requirements of the act in the theaters and public spaces that have been renovated. The Kennedy Center has added numerous ramps, improved signage, and renovated several bathrooms and elevators to meet ADA requirements (see fig. 9). In an attempt to make the Center as accessible as possible to disabled patrons, visitors, and employees, the Kennedy Center has made all levels of the renovated Concert Hall and Opera House accessible to wheelchairs.

Additionally, the Kennedy Center has hired and trained specialized personnel to assist patrons and visitors with disabilities. An Accessibility Manager position is staffed and the Kennedy Center provides special training to numerous "access" ushers, who help patrons navigate their way to their seats. In addition, the Kennedy Center's Office of Accessibility provides details of its special access services over the phone, and the Kennedy Center's Web site provides access information and maps showing entrances, restrooms, and other services for the disabled.

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<sup>28</sup>General Services Administration National Capital Region Office of Inspector General, *Audit of National Capitol Region Fire Safety Program*, Report Number: A995174/P/W/R99530 (Washington, D.C.: Sept. 10, 1999).

**Figure 9: Selected Access for the Disabled Improvements to the Kennedy Center as Part of the Comprehensive Building Plan**



Source: GAO photos.

ADA improvements at the Kennedy Center include (clockwise from top) disabled access ramp in the Grand Foyer leading to the Opera House, disabled access ramp in passageway, ADA-compliant signage, and wheelchair lift.

The areas that the Kennedy Center has not yet renovated have fewer ADA improvements. For example, the Eisenhower and Terrace Theaters have limited wheelchair access. The Kennedy Center plans to make additional ADA improvements Center-wide as part of its CBP, but the Terrace Theater upgrades have been deferred until after fiscal year 2008.

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## External Oversight of Kennedy Center Is Limited

Oversight of the Kennedy Center's management of capital projects is limited in that the Kennedy Center has not requested the Smithsonian OIG to conduct audits and has not fully complied with the requirements of the IG Act. The Smithsonian Inspector General said that his office would respond to an audit request by the Kennedy Center and has conducted similar audit work for other external organizations. While the IG Act does not require the Kennedy Center to establish an OIG, the Center is required to report annually to Congress and OMB on its audit and investigative activities.<sup>29</sup> However, Kennedy Center officials said that they were unaware of this requirement but plan to start complying with it this year. As previously discussed, the Kennedy Center Act authorizes the Kennedy Center Board of Trustees to utilize or employ the services of any agency or instrumentality of the federal government or the District of Columbia on a reimbursable basis. To date, the Kennedy Center has not sought such external assistance.

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## Conclusions

In summary, Mr. Chairman, the Kennedy Center has made major capital improvements to the Center since taking over management control in 1995, but inadequate management and oversight have at times undermined assurance over processes and programs for fire safety, construction, and financial management. Of immediate concern are questions about the Kennedy Center's compliance with some fire safety codes. Taking steps to better address fire life safety issues can only heighten confidence of the Kennedy Center and Congress that visitors are enjoying world-class performances in a safe facility. Questions also remain about the management of construction costs and accounting procedures associated with recording and paying for the renovations. Overtime charges resulting in part from aggressive schedules, a lack of comprehensive information about the construction sites, and a practice of negotiating the value of contract changes after the completion of contract work, helped drive the cost of each project we reviewed over budget.

Although the Kennedy Center has taken steps to improve project management, key mechanisms to ensure accountability and sound financial management practices in spending federal funds remain absent or only partially implemented. Specifically, without more detailed, transparent, and timely information on how funds have been budgeted and

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<sup>29</sup>See Inspector General Act of 1978, as amended, 5 U.S.C. § App. 3, section 8G, and 2004 List of Federal Entities, 70 Fed. Reg. 4157 (Jan. 28, 2005).

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spent, the Kennedy Center's Board and Congress will lack timely and accurate information on projects and thus will lack reasonable assurance that the Kennedy Center is deploying its resources as intended. In addition, the Kennedy Center has never made use of any other federal accountability office—the Smithsonian OIG or another qualified entity—to review the management of programs employing federal funds. Establishing a continuing relationship with an OIG and a federal fire safety expert could help the center to minimize risks that future capital projects will encounter planning problems, budget overruns, or fire safety code deficiencies.

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## Recommendations

1. We recommend that the Chairman of the Board of Trustees for the Kennedy Center exercise greater oversight of the Center's management through the Board of Trustees. The Kennedy Center should work with the Smithsonian OIG, or another independent federal government oversight organization, to provide strategic and annual audit plans for ongoing oversight of the Kennedy Center's use of federal funds based on an analysis of risk, safety, and vulnerability to internal control weaknesses. These plans should also specify the audits to be provided on a reimbursable basis by the Smithsonian OIG or another independent federal government oversight organization.
2. To ensure the safety of the Kennedy Center, we recommend that the Chairman of the Board of Trustees direct the President of the Kennedy Center to implement the following two recommendations:
  - a. Take steps to better comply with the fire safety code. At a minimum, these steps should include fully implementing the conditions of the modeling study, ensuring that doors in key areas provide adequate separation from fire, and addressing the code deficiencies at the Millennium Stages.
  - b. Promptly seek peer review by a knowledgeable third party of the egress and fire modeling study used as a substitute for prescriptive code solutions and implement any recommendations. Additionally, consult with recognized experts, such as GSA, to determine whether the Kennedy Center is fully adhering to prevailing professional practices regarding fire life safety issues.
3. To improve the Kennedy Center's management of capital projects, we recommend that the Chairman of the Board of Trustees direct the

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President of the Kennedy Center to implement the following five recommendations:

- a. Provide more timely and accurate information about capital projects by detailing their budget, scope, cost, and schedule, and providing to stakeholders an annual reconciliation of the status of all planned, delayed, eliminated, and actual projects.
- b. Take steps to control cost growth and schedule changes in future capital projects by setting more flexible schedules and improving its management of contract modifications.
- c. Strengthen the Kennedy Center's financial management controls by designing and implementing comprehensive contract, financial, and project management policies and procedures in accordance with prescribed federal guidance. These policies and procedures should ensure that
  - the Project Management Office prepares inspection reports, or similar documents, when services are performed that include a description of the services performed and the date(s) or period of performance and use this information to verify the validity of contractors' invoices;
  - complete, up to date costs for construction and other services are recognized and used to prepare quarterly financial reports and manage project costs;
  - reasonable efforts are made to match invoices with inspection reports and previously paid invoices to prevent or detect duplicate payments;
  - contractors' invoices meet minimum requirements and contain sufficient detailed information to clearly support the accuracy and validity of invoices; and
  - for Economy Act transactions, payments to other federal agencies are for actual costs consistent with the Economy Act agreement.
- d. Establish and enforce a documents retention policy that allows for accountability of the Kennedy Center's federal funds;

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- e. Have relevant Kennedy Center offices develop as-built drawings and better track future changes to the Center.
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## Agency Comments

We provided these findings and recommendations in a draft of our upcoming report to the Kennedy Center for its review and comment. The Kennedy Center disagreed with several of our recommendations and agreed with others. The Kennedy Center agrees that more oversight would be useful, but it is unsure what the best mechanism would be for providing such oversight. The Kennedy Center also believes that it is in compliance with fire code, but agreed to seek a third-party review of its approach to addressing certain fire code deficiencies. The Kennedy Center agreed that it should improve its information about capital projects, its document retention practices, and its knowledge of site conditions at the Center. However, it disagreed that it needed to strengthen its financial controls in some of the ways that we have recommended. For example, it believes that its information is up to date and plans to fully comply with the Economy Act. We carefully reviewed the Kennedy Center's concerns and overall we still believe that the Center needs to better comply with fire safety code and strengthen its management controls. The Kennedy Center also provided technical comments that we incorporated as appropriate.

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## Scope and Methodology

We conducted our review from August 2004 through March 2005 in accordance with generally accepted government auditing standards. During our work, we reviewed files for five of the largest projects—the renovation of the Concert Hall, Opera House, Eisenhower Theater, Plaza-Level Public Spaces, and installation of a new Fire Alarm system—to the extent that they existed. These projects represent the three largest theaters at the Kennedy Center, the largest public spaces, and the most expensive fire life safety improvement completed to date. Files that we reviewed included the Kennedy Center's audited financial statements, federal authorization and appropriation laws; other related laws, contractor invoices; project, contracting, and finance files; minutes from the Board of Trustees meetings; minutes and agendas of the Board's Operations Subcommittee meetings; the CBP's published since 1995; annual Kennedy Center budget justifications to Congress since 1995; and testimonies before Congress over this same period. We also interviewed numerous Kennedy Center senior managers and officials in the Project Management, Contracts, Finance, and President's Offices, and officials from the Smithsonian OIG, GSA National Capital Region, and the D.C. Fire Marshal. Furthermore, our staff of licensed professional engineers toured the site, and we contracted with an independent expert to assess the

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Kennedy Center's compliance with applicable fire life safety code and disabled access requirements.<sup>30</sup> For our analysis of the Kennedy Center's compliance with the fire life safety code, we took the Center's ongoing and planned fire life safety upgrades into consideration when identifying deficiencies, and we did not identify deficiencies where upgrades or improvements were planned.

Mr. Chairman, this concludes my prepared statement. I would be pleased to respond to any questions that you or the other Members of the Subcommittee may have.

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## GAO Contacts and Staff Acknowledgments

For further information about this testimony, please contact me at (202) 512-2834 or [goldsteinm@gao.gov](mailto:goldsteinm@gao.gov). Michael Armes, Lindsay Bach, Chris Bonham, Matt Cail, Keith Cunningham, John Davis, George Depaoli, Tim Dinapoli, Terrell Dorn, Edda Emmanuelli-Perez, Colin Fallon, Susan Fleming, Brandon Haller, John Krump, Julie Phillips, Theresa Patrizio, Robert Preshlock, Susan Michal-Smith, and Carrie Wilks also made key contributions to this statement.

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<sup>30</sup>UNICCO Government Services, Inc., Life Safety, *Fire Alarm System and ADA Assessment of the John F. Kennedy Center For The Performing Arts* (Centreville, VA: 2005).



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