

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

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

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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.

- 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.