

**STATEMENT OF
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Regarding Oversight of the Renovations of the Cannon House Office Building

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

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Introduction

Chairperson Lofgren, Ranking Member Davis and members of the Committee, I am pleased to submit this testimony regarding oversight of the Cannon House Office Building Renewal Project.

I am excited to be at the helm of the Architect of the Capitol (AOC) Office of Inspector General (OIG) as its third statutory Inspector General. Created in 2008, the OIG is a relative newcomer to the Inspector General (IG) community, overseeing a legislative branch agency that is over two centuries old. I want to thank the committee for its continued support during my two and half years as the IG and for seeing the enormous potential an IG brings to strengthen our organizations by adeptly overseeing the agency's programs and operations with independence and objectivity.

When I last testified in May 2017, my office was riddled with vacancies, had an employee morale problem, and was recovering from a less than flattering Government Accountability Office (GAO) report. Since that time, the office has addressed all of the GAO recommendations, filled the many vacancies as well as realigned jobs and created new billets to drive mission efficiency and effectiveness. Our current OIG operates independent of the agency and is a model for legislative IGs with a staff devoted to the mission. We are an active voice and participant with the Counsel of Inspectors General on Integrity and Efficiency (CIGIE). Additionally, we have stood up a new Inspection and Evaluation division, passed three CIGIE peer reviews, produced six quarterly/semiannual Cannon Renewal Project reviews for Congress and closed eight audits, five evaluations, and 43 investigations as well as produced a comprehensive sexual harassment inquiry covering the last 10 years of harassment claims at the AOC. Additionally, we have announced two new evaluations with final reports due in April 2020 and have 10 ongoing investigations, eight ongoing complaints, and three ongoing audits. Finally, we are currently conducting a CIGIE audit peer review of the Library of Congress OIG and are acting as the contracting officer's technical representative for the ongoing financial statement and Cannon Renewal Project Modification audits conducted by an independent auditor.

Today's hearing will discuss the oversight that my audit division has done of the Cannon Renewal Project.

At the beginning of summer 2018, due to staffing issues in the Audit division, I was forced to suspend an audit on the Cannon Renewal Project and find another way to provide oversight of this \$752.7 million dollar construction project.

Since that time, and with the help of many congressional oversight committees including the Committee on House Administration, we have grown the audit staff from two to five auditors and most recently completed a yearlong search for an independent contractor to aid us in conducting construction audits. I am happy to report that we are now partnered with Cotton & Company LLP to begin two construction audits for the Cannon Renewal Project this year. The first of these two audits was announced August 13, 2019, and is scheduled to have a final report published in April 2020. The objective of this audit is to assess the effectiveness of contract modifications. Specifically, the audit will determine whether change orders, which have in part driven Phase 1 costs to increase by approximately \$38 million, were reasonable, authorized, supported and complied with contract requirements. The scope of the audit will include contract modifications from the project's preconstruction services or Phase 0 and Phase 1. Our second audit will have Cotton & Company LLP auditing the Cannon Renewal Project's invoices. Our objective here is to assess the AOC's review of the Cannon Renewal Project's invoices for Phases 1 and 2 to ensure the costs and payments were made in accordance with contract requirements, AOC policies and procedures, and industry standards.

Our goal with this newly formed relationship is to conduct two construction audits per year under this contract until the Cannon Renewal Project is completed. These audits will account for 50 percent of my audits for the year. Other audit areas could assess the Cannon Renewal Project's labor costs and look for product substitution or include any other guidance the committee wishes for us to review.

In addition to these new construction audits, the Audit division has fulfilled the obligation placed upon it by the Explanatory Statement accompanying the Fiscal Year 2016 Legislative Branch Appropriations Act that instructed the AOC OIG to provide the committee a report on the Cannon Renewal Project quarterly and which has since been changed to semiannually. Prior to my arrival, the office had only produced one quarterly report. Since my arrival, we have provided six reports, all on time, and have our seventh due out this month covering a six-month period ending in June 2019.

In these reports, we provide an assessment of seven categories that we feel would be important to the committee. These seven categories are: safety, security, schedule, budget, client satisfaction, contract management and risk management. Within these reports over the last two years, we cautioned about growing cost stemming from change modifications and client requests, usage of personnel from other jurisdictions to supplement contractor work, and the use of contingency funds from other phases to supplement the costs of prior phases.

Additionally, when it was discovered that Phase 1 was trending over budget, we requested the AOC provide the OIG with a recovery plan that would keep the project within the planned

\$752.7 million budget. The OIG contracted to have this recovery plan reviewed by the U.S. Army Corp of Engineers. After many delays and changing delivery dates by the contractor and the AOC, the recovery plan was provided post Phase 1 completion and was of no value and therefore not reviewed. In July 2019, the OIG requested an estimated cost update of the Cannon Renewal Project and received a new working estimate on July 5, 2019. In preparation for this hearing, the AOC has become much more transparent with the OIG and has shared that the project was trending to run \$75 to \$100 million over budget or 10-15 percent above original cost estimates. Current briefings that I have had with the Cannon project managers have the project increase at approximately \$79 million or 10.5 percent. The AOC OIG believes that this is a conservative estimate, especially with Request for Equitable Adjustments estimated in Phase 1 possibly adding as much as \$26 million to this estimate. The contingency rate currently set at nine percent is expected to increase as well. The final percentage rate will not be known until the final risk assessment is completed by MBP-AECOM and Hulett & Associates, which is expected in the fall of 2019.

My staff and I have reviewed a draft Cannon Renewal Project Budget estimate with Cannon Renewal project managers line item by line item and have found little or no room for descoping the project further without affecting schedule, security or staffing.

In closing, the AOC OIG has placed an emphasis on our audit work to oversee the Cannon Renewal Project and believes continuation of our Cannon Semiannual reports to Congress will be an effective tool to provide transparency. Additionally, I am very excited to have Cotton & Company LLP conducting a minimum of two construction audits of the Cannon Renewal Project per year and aiding the OIG in fulfilling our obligation to provide oversight of this important and costly project. My written statement provides expanded details of the accomplishments and ongoing OIG work being completed by my relatively small IG office 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. I look forward to answering your questions.