



Office of Inspector General

Statement of Management Opportunities and Performance Challenges 2017

Introduction

As part of the agency's Performance and Accountability Report (PAR) for Fiscal Year (FY) 2017, the Architect of the Capitol Stephen T. Ayers requested an Inspector General's (IG) Statement of Management Opportunities and Performance Challenges (Statement). As has been the case for every Architect of the Capitol (AOC) PAR since FY 2010, the AOC Office of Inspector General (OIG) provides this Statement for information and for inclusion in the upcoming PAR. This document identifies the AOC's most significant challenges and opportunities for improvement. The Statement is based on our observations, audits and investigative efforts, as well as on the AOC Financial Statements Audit. We appreciate this opportunity to provide the AOC with our unique perspective on areas that need increased management attention and decisive action.

While recognizing the AOC's accomplishments in executing its core mission amid fiscal uncertainty and constraints, the AOC must continue to make progress in the six Management Challenge areas identified in the 2016 Performance and Accountability Report (Deteriorating Condition of Grounds and Buildings, Energy Stewardship and Sustainability, Physical Security of Facilities, Workplace Safety and Health, Managing Concurrent Projects and Retaining and Attracting a Skilled and Engaged Workforce). From our vantage point, much progress has been made in these six areas to date, but emphasis on continuing to improve and ultimately eliminate these Management Challenges should remain. In addition to these six continuing challenges, the AOC OIG has identified additional management challenges that not only impact the AOC personnel and management, but also limit the effectiveness of the OIG to carry out its duties, which ultimately benefit the AOC.

The AOC OIG exists to promote efficiencies and economies along with preventing and reporting fraud, waste and abuse through inspections, evaluations, audits and investigations. In addition, we are a key tool for the Architect as we offer objective recommendations to better utilize resources and report any deficiencies that hinder the mission of the AOC. In recent months the OIG has engaged in several key efforts, including outreach strategies and conducting an independent AOC risk assessment, to aid the AOC in achieving its mission.

The OIG believes that focusing senior leadership attention on this Statement will help improve service delivery, promote economy and efficiency, and also reduce the potential for fraud, waste and abuse in the AOC operations. These challenges are summarized and discussed below.

Additional OIG-Observed Management and Performance Challenges

1. Internal Controls Structure
2. A Single Source AOC Liaison Managing Concurrent Projects
3. Data Quality For Monitoring
4. Cyber Security
5. Lack of Whistleblower Protection

Internal Controls Structure

The AOC had made improvements in this area and this was no longer considered a management challenge. However, although the AOC began the process of implementing Enterprise Risk Management, the independent certified public accounting firm that performed the audits of AOC's Financial Statements for the years ending September 30, 2015 and 2016 found internal control weaknesses over financial reporting. Specifically, they found a material and significant internal control weaknesses for FY 2016. Implementing a strong internal control structure is central to preventing any hindrance to AOC's mission.

A Single Source AOC Liaison Managing Concurrent Projects

We identify having a single person serve as liaison for multiple construction projects is a challenge to the AOC as well as the OIG. AOC's Planning and Project Management Office provides project management services for all AOC construction projects and has one person serving as liaison for all projects. As the gatekeeper, this person receives all requests for documentation, scheduling interviews, and is responsible for providing answers to key questions relating to audits, evaluations, and other inquiries. We identified this as a management challenge because the OIG, the Government Accountability Office (GAO), and other government agencies need access to timely and relevant information. Further, these agencies need to be able to freely meet and ask AOC employees and contractors questions without having information vetted and the audit liaison present at these meetings. This creates an impediment to obtaining time-sensitive information and may inhibit personnel from freely answering questions. The Congress has charged agencies with providing timely, relevant, and accurate information to assist them in making informed decisions.

Data Quality for Monitoring

The nature of the AOC and its construction projects introduces challenges typically not encountered by other agencies. AOC projects have unique and complex characteristics with a large volume of multifaceted data. However, these major projects require a uniform project management infrastructure capable of supporting extensive regulatory, financial, management and other stakeholder reporting requirements. The AOC needs to improve data quality for monitoring of project costs. The quality of data, or lack thereof, has a direct and substantial impact on the effectiveness of agency operations. AOC reports are available to provide status of funds and budgeted information but they do not provide enough detail. Data may be misrepresented, incomplete, unrecognized, not validated, or simply inaccurate; therefore, an effective project reporting system is vital to increase the transparency and accuracy of information used for decision-making and for ensuring compliance with regulations, acts and contractual requirements.

Cyber Security

The AOC is responsible for the maintenance, operations, development and preservation of the U.S. Capitol Complex. Additionally, it is responsible for effectively managing the information technology (IT) used in AOC operations. Information and communications technology has evolved significantly over the last half century, and is ubiquitous and increasingly integral to most facets of AOC programs and operations. The result is that IT devices and components are generally interdependent, and disruption of one may affect many others.

Recent and well publicized data breaches at the Office of Personnel Management and Equifax underscore the importance of securing sensitive data, and clearly demonstrate that the AOC is also vulnerable. Sophisticated attacks can result in significant releases of information and potential damage to the AOC's IT infrastructure, as well as the security of the Capitol complex.

In an era of ever-increasing cyber threats, the major challenges the AOC faces are the effective application of security policies and practices and the implementation of cyber security. The AOC must continue to emphasize protection of its own data and IT systems, while marshaling the necessary resources and tools to protect privacy and defend AOC IT systems from intrusion, attacks and unauthorized access for the foreseeable future.

Lack of Whistleblower Protection

In the past six months we received and developed a total of 41 complaints, which is 18 more than we reported during the last six months. This is very encouraging, and we attribute the increase in reported complaints to new leadership and initiatives in the OIG. Our revamped outreach initiatives have led to a newfound confidence in the AOC workforce that when they report allegations of fraud, waste, and abuse, their concerns will be taken seriously, acknowledged, and

given full consideration, and they need not fear that the OIG will release their identity without their permission.

In spite of this shift, we also received 15 complaints from confidential witnesses still in fear of repercussions for reporting concerns. While it is encouraging to see an increase in the willingness to report fraud, waste, and abuse, without the enactment of a statutory legislative branch whistleblower protection program, leadership has the responsibility to ensure employee confidence in reporting programs, to encourage employees to report AOC crimes or administrative violations, and to provide a safe work environment after reporting violations. In order to do this, the AOC should reward integrity (doing the right thing) and emphasize to management that employees who see something, then say something are not reprimanded against.

Employees should never be in fear of retribution after reporting a crime or violation to the OIG; this leads to a decrease in the effectiveness of the OIG's Hotline program, the AOC's Speak-up program and the ability of the OIG to conduct meaningful investigations into fraud, waste and abuse, and ultimately diminishes deterrence. It will take only a single instance of reprisal to cause a chilling effect on the reporting of information, and for these complaint numbers to fall.

Conclusion

All Federal agencies have areas where improvements are needed. This Statement, as seen from the IG's perspective, should be taken in that context. The AOC has much to be proud of as it has reduced or eliminated previous years' challenges. The progress being made in the 2016 six management challenges is very encouraging, as is the Chief Financial Officer's transparency in having independent Financial Statement Audits conducted yearly. The AOC has carefully considered and implemented OIG recommendations in a timely manner, and the fact that there are only two outstanding recommendations awaiting resolution is very positive.

The additional five management challenges included above will improve AOC's efforts to prevent and detect fraud, waste and abuse and will also improve the effectiveness, efficiency and economy of its operations and overall mission.

As the OIG finds additional specific challenges through our efforts and the upcoming results of an independent risk assessment commissioned by our office, we will engage management with findings and recommendations via audits, inspections, evaluations and investigations. The intent of our findings and recommendations is to improve the effectiveness, efficiency and economy of AOC's operations as an aid to meeting its overall mission, and to support the Architect of the Capitol in rooting out fraud, waste, and abuse throughout his agency.