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Audit of Architect of the Capitol's Cannon House Office Building Renewal Project's Contract Labor

OIG-AUD-2025-04

August 05, 2025



NDAA 5274 Notice

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Results in Brief



AUDIT OF ARCHITECT OF THE CAPITOL'S CANNON HOUSE OFFICE BUILDING RENEWAL PROJECT'S CONTRACT LABOR

AUGUST 05, 2025

OBJECTIVE

Construction audits are included in the Architect of the Capitol (AOC) Office of Inspector General (OIG) audit and evaluation work plan. As such, the AOC OIG contracted with Sikich to conduct a performance audit of the AOC's Cannon House Office Building Renewal (CHOBBr) Project's contract labor for Phases 3 and 4. Sikich reviewed project documentation to determine whether the contract labor for Phases 3 and 4 of the CHOBBr Project complied with the contract requirements and/or specifications and applicable federal laws and regulations.

AUDIT RESULTS

We determined that the contract labor for Phases 3 and 4 of the CHOBBr Project generally complied with the contract requirements and applicable federal laws and regulations. However, we were unable to determine if the sampled subcontractors' accounting systems complied with contract requirements and applicable federal laws and regulations, as four out of the five subcontractors did not respond to our accounting system questionnaire, thereby creating an audit scope limitation.

To determine whether contract labor for Phases 3 and 4 of the CHOBBr Project complied with applicable laws and regulations, we interviewed the Contracting Officer for the CHOBBr Construction Manager as Constructor (CMc) contract to gain an understanding of the CHOBBr Project team's review and approval process for

Audit Results (cont'd)

contract labor. We selected a judgmental sample of five subcontractors that worked on both Phases 3 and 4. We reviewed certified payroll submissions for a sample of subcontractors and validated that the certified payrolls complied with the Davis-Bacon Act. We also requested paystub information from the sampled subcontracts to ensure that the information displayed on the certified weekly payrolls reflected the actual amounts paid to employees. We also requested that the sampled subcontractors provide job descriptions for their labor categories and employee résumés to verify that the sampled employees satisfied the requirements that fall under the labor category used for payment. Finally, we created a questionnaire to assess (1) the subcontractors' accounting system and processes used to ensure compliance with contractual requirements, and (2) how the subcontractors account for labor provided for the CHOBBr Project.

Overall, we note that there is relatively little risk that the sampled subcontractors improperly billed the AOC for hours not worked on Phases 3 and 4 of the CHOBBr project, as four of the five sampled contracts were firm-fixed-price. However, if the subcontractors do not properly comply with contract requirements, they may maintain insufficient or unreliable data, which could cause difficulties in resolving future change orders, requests for equitable adjustments, or disputes.

RECOMMENDATIONS

We made two recommendations to AOC management to ensure subcontractors on AOC projects comply with contractual requirements:

1. We recommend that the Cannon House Office Building Renewal Project's contracting officials require the Construction Manager as Constructor to obtain an explanation on subcontractors' non-responsiveness to the Office of Inspector General's audit request.
2. We recommend that the Architect of the Capitol's contracting officials use contractual remedies to ensure compliance with the Examination of Records clause.

MANAGEMENT COMMENTS

The AOC provided comments on July 2, 2025, see [Appendix E](#). In its management comments, the AOC concurred with the AOC OIG's two recommendations.

Please see the Recommendations Table on the following page.

RECOMMENDATIONS TABLE

Management	Recommendations Open Unresolved	Recommendations Open Resolved	Recommendations Closed
Office of the Chief Engineer	None	1 and 2	None

The following categories are used to describe agency management's comments to individual recommendations:


- **Open Unresolved:** Management has not agreed to implement the recommendation or has not proposed actions that will address the recommendation.
- **Open Resolved:** Management agreed to implement the recommendation or has proposed actions that will address the underlying finding that generated the recommendation.
- **Closed:** OIG verified that the agreed upon corrective actions were implemented.



Inspector General

DATE: August 05, 2025

TO: Joseph A. Campbell, P.E.
Deputy Architect

FROM: Luiz A. Santos, CFE, PMP
Inspector General 

SUBJECT: Audit of the Architect of the Capitol's Cannon House Office Building Renewal Project's Contract Labor (OIG-AUD-2025-04)

The Architect of the Capitol (AOC) Office of Inspector General (OIG) is transmitting Sikich's final report on the performance audit of the AOC's Cannon House Office Building Renewal (CHOB) Project's Contract Labor for Phase 3 and 4 (OIG-AUD-2025-04). Under contract ACSSB22A0007 monitored by my office, Sikich, an independent public accounting firm, performed the performance audit in accordance with *Generally Accepted Government Auditing Standards* (GAGAS). In connection with the contract, we reviewed Sikich's report and related documentation. Our review disclosed no instances where Sikich did not comply with GAGAS.

Our report concluded that contract labor for Phases 3 and 4 of the CHOB Project complied with the contract requirements and applicable federal laws and regulations. However, we were unable to determine if the sampled subcontractors' accounting systems complied with contract requirements and applicable federal laws and regulations, as four out of five sampled subcontractors did not respond to our audit request, thereby creating an audit scope limitation. This report contains two recommendations aimed at addressing subcontractors' non-responsiveness to audit requests.

In response to our official draft report ([Appendix E](#)), you concurred with our recommendations. We feel the proposed corrective actions address our recommendations. The next step in the audit resolution process is for AOC management to issue a Notice of Final Action that outlines the actions taken to implement the agreed upon recommendations. This notice is due one year from the date of report finalization, August 05, 2026.

We appreciate the courtesies extended to the staff during the audit. If you have any questions, please contact me at 202.593.1948 or Luiz.Santos@aoc.gov. Alternatively, your staff may contact Erica Boyden, Assistant Inspector General for Audits, at 202.215.3395 or Erica.Boyden@aoc.gov.

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INTRODUCTION

Objective

This report presents the results of Sikich CPA LLC's (Sikich's)¹ performance audit of the contract labor for Phases 3 and 4 of the Cannon House Office Building Renewal (CHOB) Project. The objective of the audit was to determine whether the contract labor for Phases 3 and 4 of the CHOB Project complied with the contract requirements and/or specifications (henceforth referred to as "contract requirements") and applicable federal laws and regulations. To accomplish the audit objective, we reviewed the Davis-Bacon Act and the Construction Manager as Constructor's (CMc's) contract requirements for labor, obtained an understanding of the CHOB Project team's oversight process for contract labor, and selected a sample of subcontractors to determine if their accounting systems and labor complied with contract requirements and applicable federal laws and regulations.

We conducted this performance audit in Washington, D.C., from October 2024 through March 2025, in accordance with *Generally Accepted Government Auditing Standards* (GAGAS) (per the 2018 revision of the Government Accountability Office's *Government Auditing Standards*). These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective, except for the scope limitation discussed in the Audit Results section of this report. As a result of this scope limitation, we were unable to determine if the sampled subcontractors' accounting systems complied with contract requirements.

Background

The Architect of the Capitol (AOC) awarded a Guaranteed Maximum Price (GMP)² contract to the CMc for the CHOB Project on October 25, 2012. The CHOB CMc contract is divided into five distinct phases (0 through 4). Phase 0 primarily addressed infrastructure and temporary swing space construction, while Phases 1 through 4 each address construction in one of the building's four wings. Under this contract, the CMc is the CHOB Project's general contractor.

As the general contractor, the CMc provides a wide range of design phase services and construction work for all phases. The CMc also holds all of the construction subcontracts and is

¹ Effective December 14, 2023, the firm amended its legal name from "Cotton & Company Assurance and Advisory, LLC" to "Sikich CPA LLC" (herein referred to as "Sikich").

² A Guaranteed Maximum Price (GMP) contract is a construction contract in which the contractor agrees to complete the project for a set price, with the maximum price being the agreed-upon cap. The owner is only required to pay up to this cap, regardless of how much the project actually costs the contractor. This creates a defined cost for the owner but also puts the onus of any cost overruns on the contractor. Definition extracted from the [American Institute of Architects](#) website.

responsible for supervising and coordinating the work, including all means, methods, techniques, sequences, and procedures used to achieve construction milestones.

The CMc contract includes labor rates for various construction management-related disciplines, and the AOC reimburses the CMc for such efforts through the general conditions portion of the contract. The contract allows the CMc to self-perform construction; however, the CMc usually subcontracts the construction work to firms with expertise in the particular discipline required for the construction project. These subcontracts are firm-fixed-price (including labor) and are embedded into the CMc's GMP for each phase. The AOC awarded the CMc \$135,636,708 and \$174,586,490 for Phases 3 and 4, respectively. Phases 3 and 4 are concurrently ongoing.

The CMc is responsible for incorporating all relevant laws, regulations, and provisions into all subcontracts related to construction work. According to a list that the AOC provided, as of October 25, 2024, the CMc had engaged a total of 59 subcontractors for Phases 3 and 4.

Contract Labor Review and Approval Process

The CMc submits payment application³ requests to the AOC monthly. The construction portion of the payment applications is based on the percentage of work performed during the month. In addition to the monthly payment applications, the CMc also submits a weekly certified payroll for any self-performed work and for all subcontractors. The Construction Manager as Agent (CMA)⁴ is responsible for reviewing the payment applications to ensure that the payment application is sufficiently supported and reflects the actual progress on the project. Additionally, on a monthly basis, the CMA randomly selects two employees present on site to determine whether the wages reported in the certified payroll submissions comply with applicable laws and regulations.

The CMA acts on behalf of the AOC to collect, review, and maintain all certified payrolls and perform site labor interviews. The CMA reviews the certified payrolls for compliance with contractual documents and applicable requirements. Specifically, the review process includes verifying the completeness and accuracy of the payroll information, checking for discrepancies, and ensuring that all required information is included. If the CMA identifies any discrepancies, it notifies the CMc; the CMc and/or the relevant subcontractor(s) review the discrepancies, and the CMc returns the revised payroll to the CMA for additional review.

The CMA also conducts monthly site labor interviews of at least two random employees present onsite to verify that the wage information stated on the certified payrolls complies with the Davis-Bacon Act wage rate decision issued by the Secretary of Labor⁵ and to validate whether the employee actually received the stated wage. The CMA works with the CMc to resolve any

³ A payment application is a detailed request for payment that includes supporting documentation to verify the work completed and materials used.

⁴ The CMA is a contractor that the AOC selects to act as its designated agent during pre-design, design, construction and closeout. The CMA maintains a working relationship with the AOC and its clients, as well as with the architect-engineers, CMc, construction subcontractors, and other consultants supporting the AOC.

⁵ Under the Davis-Bacon Act, contractors and subcontractors performing work on federal or D.C. contracts must pay their laborers and mechanics employed under the contract no less than the locally prevailing wages and fringe benefits for corresponding work on similar projects in the area. The Davis-Bacon Act directs the Department of Labor to determine such locally prevailing wage rates. See [Fact Sheet #66: The Davis-Bacon and Related Acts](#)

discrepancies it identifies. Once the CMA confirms that the payrolls are accurate and in compliance with the applicable wage rate, it documents the site labor interviews and maintains copies of this documentation.

Review of Internal Controls

We reviewed the CHOBBr Project team's internal controls to obtain an understanding of the process for reviewing and approving contract labor. As part of our review, we interviewed the Contracting Officer (CO) for the CMc contract, obtained weekly certified payrolls and documentation related to the CMA's review of the payrolls, and reviewed the contract documentation to identify federal laws and regulations applicable to contract labor.

Based on the results of our testing, we determined that the CHOBBr Project team's review and approval process is sufficient to provide reasonable assurance that the reported and paid wages are in compliance with requirements under the Davis-Bacon Act.

Criteria

To determine whether the contract labor for Phases 3 and 4 of the CHOBBr Project complied with the contract requirements and applicable federal laws and regulations, we relied on relevant criteria within the CMc and sampled subcontractors' contracts, see Appendix C: *Detailed Criteria for Report*.

- CMc, Contract No. AOC13C2002 issued October 25, 2012, and sampled subcontractors' contract clauses:
 - 52-215-10, Examination of Records (2004)
- Incorporated Federal Acquisition Regulation (FAR) clauses:
 - 52.215-2, Audit and Records-Negotiation (Oct 2010)
 - 52.222-6, Davis-Bacon Act (July 2005)
 - 52.222-8, Payrolls and Basic Records (June 2010)
 - 52.222-10, Compliance with Copeland Act Requirements (Feb 1998)
 - 52.222-11, Subcontracts (Labor Standards) (July 2005)
 - 52.222-13, Compliance with Davis-Bacon and Related Act Regulations (Feb 1998)

AUDIT RESULTS

Generally, we determined that the contract labor for Phases 3 and 4 of the CHOBr Project complied with the contract requirements and applicable federal laws and regulations. However, we were unable to determine if the sampled subcontractors' accounting systems complied with contract requirements and applicable federal laws and regulations, as four of the five sampled subcontractors did not respond to our audit request, thereby creating an audit scope limitation.

To determine whether contract labor for Phases 3 and 4 of the CHOBr Project complied with applicable laws and regulations, we interviewed the CO for the CHOBr CMc contract to gain an understanding of the CHOBr Project team's review and approval process for contract labor. The CO stated that, at the beginning of each phase, the CO provides the CMc with the current Davis-Bacon Act wage rate decision letter issued by the Secretary of Labor. The letter specifies wage rates and fringe benefits for the various labor categories used during construction. The wage rate decision letter that is current as of the beginning of the phase applies to all construction labor provided during the period. We obtained the wage rate decision letters for Phases 3 and 4 and noted that the letters were dated March 13, 2020, and March 25, 2022, respectively, which coincided with the start for each phase. The CO further stated that the CMc collects certified payroll data from its subcontractors on a weekly basis and submits this data to the AOC for review. The CMA acts on behalf of the AOC to ensure that the CMc and subcontractor payrolls comply with contract requirements and applicable laws and regulations. Based on our review and interviews, we concluded that the CHOBr Project team's policies and procedures are sufficient to provide reasonable assurance that contract labor complies with the Davis-Bacon Act.

We also reviewed certified payroll submissions for a sample of subcontractors. We obtained a listing of the subcontractors engaged during Phases 3 and 4 of the CHOBr Project. The list contained a total of 59 subcontractors for Phases 3 and 4, 40 of which worked on both phases. We selected a judgmental sample of five subcontractors that worked on both Phases 3 and 4. In selecting our sample, we ensured that each subcontractor covered a different discipline. Table 1 lists the subcontractors sampled for our audit.

Table 1: Subcontractors Sampled to Assess Davis-Bacon Act Compliance

Subcontractor Name	Subcontractor Scope of Work
Anchor Construction Corporation	Earthwork, Water Distribution, Sanitary Sewage Utilities, Storm Drainage Utilities
Christman Mid-Atlantic Constructors, LLC	Concrete Formwork, Concrete Reinforcement & Embedded Assemblies, Cast in Place Concrete
Mona Electric Group, Inc.	Electrical
Punch Out Team, Inc.	Carpentry Labor
Superior Iron Works, Inc.	Structural Steel, Steel Joists, Steel Deck, Metal Fabrications, Metal Fabrications for Fall Protection, Bicycle Racks

We obtained and reviewed the subcontracts for each sampled subcontractor to ensure that the subcontracts included the relevant laws and regulations from the CMc contract. We requested that the CMc identify the weeks each of the sampled subcontractors were present onsite, as

shown in Table 2. We used the number of weeks each subcontractor was present onsite to determine the number of weekly certified payrolls to test for each subcontractor during Phases 3 and 4, with a range from one to three weeks' payroll(s).

Table 2: Number of Weeks Sampled

Subcontractor	Onsite Weeks Phase 3	Weeks Sampled Phase 3	Onsite Weeks Phase 4	Weeks Sampled Phase 4
Anchor Construction Corporation	15	1	14	1
Christman Mid-Atlantic Constructors, LLC	111	3	91	3
Mona Electric Group, Inc.	112	3	109	3
Punch Out Team, Inc.	36	2	19	1
Superior Iron Works, Inc.	109	3	84	3
Total Sampled Payroll		12		11

As shown in Table 3, we determined that the certified payrolls sampled for the purposes of our audit were in compliance with the Davis-Bacon Act.

Table 3: Was Weekly Certified Payroll in Compliance with Davis-Bacon Act?

Sampled Week	Phase	Anchor Construction Corporation ^a	Christman Mid-Atlantic Constructors, LLC	Mona Electric Group, Inc.	Punch Out Team, Inc. ^a	Superior Iron Works, Inc.
4/11/2021	3	-	Yes	Yes	Yes	Yes
6/12/2022	3	-	Yes	Yes	-	Yes
2/19/2023	3	Yes	Yes	Yes	Yes	Yes
5/7/2023	4	-	Yes	Yes	-	Yes
12/17/2023	4	-	Yes	Yes	-	Yes
10/13/2024	4	Yes	Yes	Yes	Yes	Yes

^a Noted subcontractors' payroll weeks not selected for sample testing with a dash (-). See *Table 2 Number of Weeks Sampled* for the number of subcontractor weeks selected for testing.

In addition to validating that the certified payrolls complied with the Davis-Bacon Act, we requested paystub information from the sampled subcontracts to ensure that the information displayed on the certified weekly payrolls reflected the actual amount paid to employees. We reconciled the information from the certified weekly payrolls to the employee paystubs and followed up with each of the sampled subcontractors to obtain a better understanding of how they translated information on the employee paystubs to the certified payrolls, as this process was different for each sampled subcontractor. The monthly interviews that the CMA conducts do not include reconciling information from the employee paystubs to the certified payrolls. However, we concluded that the information displayed on the certified payrolls reflected the actual amounts paid to employees.

We also requested that the sampled subcontractors provide job descriptions for their labor categories and employee résumés to verify that the sampled employees satisfied the requirements that fall under the labor category used for payment. Two of the five subcontractors

were able to provide detailed job descriptions and résumés demonstrating the sampled employees had the skills and qualifications included in the labor category used for payment. One subcontractor did not maintain job descriptions or résumés; instead, it stated that it relies on the workers' union to select the most qualified personnel for the required labor category. Two subcontractors were unable to provide job descriptions or any documentation to demonstrate their employees had the skills and qualifications included in the labor category used for payment. We did not note any exceptions because the subcontracts did not contain any specific provisions that required the subcontractors to maintain such documentation.

Finally, we created a questionnaire to assess (1) the subcontractors' accounting system and processes used to ensure compliance with contract requirements, and (2) how the subcontractors account for labor provided for the CHOB Project.

Audit Scope Limitation

Four of the five sampled subcontractors did not respond to our accounting system questionnaire, which created an audit scope limitation. An audit scope limitation restricts the auditor's ability to fully assess an organization's performance. Without sufficient evidence, we were unable to assess the sampled subcontractors' accounting systems and processes used to ensure contract compliance or evaluate how the subcontractors account for the CHOB Project's contract labor.

Each of the sampled subcontracts contained language requiring the contractor and subcontractor to comply with the Davis-Bacon Act (i.e., FAR 52.222-6, Construction Wage Rate Requirements). The CO confirmed that these requirements applied to all subcontractors, regardless of the contract type (e.g., firm fixed price or time and materials).

As part of our methodology to assess the policies and procedures the subcontractors implemented, we submitted a questionnaire to the sampled subcontractors (see Appendix B: *Subcontractor Accounting System Questionnaire*). The purpose of the questionnaire was to assess the subcontractors' accounting systems and processes used to ensure contract compliance, and how the subcontractors account for the CHOB Project's contract labor. However, four of the five subcontractors did not provide responses to our questionnaire (see Table 4). While the AOC is not a party to any of the subcontracts, subcontract clause AOC 52.215-10, Examination of Records, provides the AOC with the right to examine any books, accounting procedures, and practices. Therefore, subcontractors should be regularly reminded that it is vital to respond to requests made by AOC and/or any duly authorized representative.

Table 4: Did the Subcontractor Respond to the Accounting System Questionnaire?

Subcontractor Name	Responded to Accounting System Questionnaire
Anchor Construction Corporation	No
Christman Mid-Atlantic Constructors, LLC	No
Mona Electric Group, Inc.	Yes
Punch Out Team, Inc.	No
Superior Iron Works, Inc.	No

Scope limitations in performance audits can significantly hinder an auditor's ability to provide meaningful and useful findings. Auditee's unwillingness to provide necessary information or access impacts the auditor's objectivity, credibility of the audit report, and the effectiveness of the audit in identifying and addressing issues. Therefore, it is pertinent that the AOC's subcontractors comply with government's right to examine any books, accounting procedures, and practices.

Conclusion

As stated, we determined that the contract labor for Phases 3 and 4 of the CHOB Project complied with the contract requirements and applicable federal laws and regulations. However, we were unable to assess the sampled subcontractors' accounting systems (scope limitation). Overall, we note that there is relatively little risk that the subcontractors improperly billed the AOC for hours not worked on the project, as four of the five sampled contracts were firm-fixed-price. However, if the subcontractors do not properly comply with these contract requirements, they may maintain insufficient or unreliable data, which could cause difficulties in resolving future change orders, requests for equitable adjustments, or disputes.

Recommendations

Recommendation 1

We recommend that the Cannon House Office Building Renewal Project's contracting officials require the Construction Manager as Constructor to obtain an explanation on subcontractors' non-responsiveness to the Office of Inspector General's audit request.

Recommendation 1 – AOC Comment

AOC concurs. The AOC sent the Construction Manager as Constructor a letter requiring they obtain an explanation on subcontractors' non-responsiveness to the Office of Inspector General's audit request.

Completed: June 30, 2025

Recommendation 1 – OIG Comment

We recognize the AOC's concurrence with the recommendation. The AOC's actions appear to be responsive to the recommendation. Therefore, the recommendation is considered resolved but open. The recommendation will be closed upon verification of the AOC's actions.

Recommendation 2

We recommend that the Architect of the Capitol's contracting officials use contractual remedies to ensure compliance with the Examination of Records clause.

Recommendation 2 – AOC Comment

AOC concurs. The AOC's Office of the Chief Engineer will coordinate with AOC's Acquisition and Material Management Division to ensure that when required, contractual remedies are utilized when the Examination of Records Clause is leveraged.

Anticipated Completion: December 2025

Recommendation 2 – OIG Comment

We recognize the AOC's concurrence with the recommendation. The AOC's actions appear to be responsive to the recommendation. Therefore, the recommendation is considered resolved but open. The recommendation will be closed upon completion and verification of the proposed actions.

Sikich CPA LLC

July 30, 2025

APPENDIX A

Scope and Methodology

The scope of this performance audit was to determine whether the contract labor for Phases 3 and 4 of the CHOBr Project, between January 3, 2021 and December 8, 2024, complied with the contract requirements and/or specifications and applicable federal laws and regulations. We conducted this performance audit in Washington, D.C., from October 2024 through March 2025, in accordance with GAGAS. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective, with the exception of the audit scope limitation discussed in the Audit Results section of this report. As a result of this scope limitation, we were unable to determine if the sampled subcontractors' accounting systems complied with contract requirements.

We reviewed contractual documentation to identify the laws and regulations applicable to contract labor. Construction labor for the CHOBr Project is subject to the Davis-Bacon Act. The CMc is responsible for ensuring that the AOC incorporates the Davis-Bacon Act, along with other applicable laws and regulations, into all subcontracts. We met with the CHOBr Project team to obtain a better understanding of the review and approval process for contract labor.

We requested that the CMc provide a list of subcontractors it engaged for Phases 3 and 4 of the CHOBr Project. The CMc engaged a total of 59 subcontractors during Phases 3 and 4, 40 of which worked on both phases. We selected a judgmental sample of five subcontractors that worked on both phases. We reviewed the subcontracts for the sampled subcontractors to ensure that the subcontracts contained the relevant laws and regulations identified in the CMc contract. We also sampled weekly certified payrolls to ensure that the data reported for the sampled subcontractors complied with the Davis-Bacon Act. We sampled employees and requested job descriptions for their labor categories and employee résumés to verify that the sampled employees satisfied the requirements for their labor categories. Finally, we ensured that the amount reported on the certified payroll reconciled to the amount actually paid to each employee.

Use of Computer-Processed Data

We did not use computer-processed data to perform this audit.

APPENDIX B

Subcontractor Accounting System Questionnaire

Architect of the Capitol (AOC)
Performance Audit of the AOC's Cannon House Office Building Renewal (CHOBrr)
Project Contract Labor
Insert Subcontractor Name

- (1) What type of accounting system do you utilize for work performed at AOC (including system name, vendor, etc.)? Do you use separate systems for government and commercial work or the same?

Answer:

- (2) Can you describe the controls in place to separate direct and indirect costs?

Answer:

- (3) How does your accounting system allocate indirect costs to intermediate and final cost objectives?

Answer:

- (4) Is your accounting system able to identify employees' labor by intermediate and final cost objectives?

Answer:

- (5) Is your accounting system able to distribute direct and indirect labor to the appropriate cost objectives?

Answer:

- (6) Can you explain the controls in place to ensure that costs considered unallowable per FAR 31 are not charged to government contracts?

Answer:

- (7) Can you describe the controls in place to segregate preconstruction costs from construction costs?

Answer:

- (8) Can you describe the controls in place to ensure that the wages offered to employees are in compliance with the Davis-Bacon Act?
a. Explain the steps taken to correct any non-compliance.

Answer:

Architect of the Capitol (AOC)
Performance Audit of the AOC's Cannon House Office Building Renewal (CHOB)
Project Contract Labor
Insert Subcontractor Name

(9) Describe the steps taken to prepare the certified payroll submitted to AOC/CMc.

Answer:

(10) How often do you process payroll (i.e. weekly, bi-weekly, monthly, etc.)?

Answer:

(11) Are employees paid physical checks, or do you use direct deposit? If both, can you provide an estimated split between the two?

Answer:

(12) Do you perform any validation testing to ensure that the employee has worked enough hours to qualify for overtime? If so, explain the steps undertaken:

Answer:

APPENDIX C

Detailed Criteria for Report

Source:	Section and/or Article	Description
CMc, Contract No. AOC13C2002, issued October 25, 2012 and sampled subcontractors' contract clauses	AOC 52-215-10, Examination of Records (2004)	<p>(a) The Contractor agrees that the Architect of the Capitol or any duly authorized representatives shall, until the expiration of 3 years after final payment under this contract, have access to and the right to examine any books, accounting procedures and practices documents, papers, records and other data regardless of whether such items are in written form, in the form of computer data or in any other form and other supporting evidence, involving transactions related to this contract or compliance with any clause or certification thereunder.</p> <p>(b) The Contractor further agrees to include in all its subcontracts hereunder a provision to the effect that subcontractor agrees that the Architect of the Capitol or any authorized representatives shall, until the expiration of 3 years after final payment under the subcontract, have access to and the right to examine books, documents, papers, records other data regardless of whether such items are in written form, in the form of computer data or in any other form, and other supporting evidence, involving transactions related to the subcontract or compliance with any clause or certification thereunder.</p> <p>(c) The term subcontract as used in this clause excludes purchase orders not exceeding \$10,000.</p>
	FAR 52.215-2, Audit and Records-Negotiation (Oct 2010)	<p>(a) As used in this clause, "records" includes books, documents, accounting procedures and practices, and other data, regardless of type and regardless of whether such items are in written form, in the form of computer data, or in any other form.</p> <p>(b) Examination of costs. If this is a cost-reimbursement, incentive, time-and-materials, labor-hour, or price redeterminable contract, or any combination of these, the Contractor shall maintain and the Contracting Officer, or an authorized representative of the Contracting Officer, shall have the right to examine and audit all records and other evidence sufficient to reflect properly all costs claimed to have been incurred or anticipated to be incurred directly or indirectly in performance of this contract. This right of examination shall include inspection at all reasonable times of the Contractor's plants, or parts of them, engaged in performing the contract.</p> <p>(c) Certified cost or pricing data. If the Contractor has been required to submit certified cost or pricing data in connection with any pricing action relating to this contract, the Contracting Officer, or an authorized representative of the Contracting Officer, in order to evaluate the accuracy, completeness, and currency of the certified cost or pricing data, shall have the right to examine and audit all of the Contractor's records, including computations and projections, related to</p> <p>(1) The proposal for the contract, subcontract, or modification;</p> <p>(2) The discussions conducted on the proposal(s), including those related to negotiating;</p>

Source:	Section and/or Article	Description
		<p>(3) Pricing of the contract, subcontract, or modification; or</p> <p>(4) Performance of the contract, subcontract or modification.</p> <p>(d) Comptroller General.-- (1) The Comptroller General of the United States, or an authorized representative, shall have access to and the right to examine any of the Contractor's directly pertinent records involving transactions related to this contract or a subcontract hereunder and to interview any current employee regarding such transactions.</p> <p>(2) This paragraph may not be construed to require the Contractor or subcontractor to create or maintain any record that the Contractor or subcontractor does not maintain in the ordinary course of business or pursuant to a provision of law.</p> <p>(e) Reports. If the Contractor is required to furnish cost, funding, or performance reports, the Contracting Officer or an authorized representative of the Contracting Officer shall have the right to examine and audit the supporting records and materials, for the purpose of evaluating--</p> <p>(1) The effectiveness of the Contractor's policies and procedures to produce data compatible with the objectives of these reports; and</p> <p>(2) The data reported.</p> <p>(f) Availability. The Contractor shall make available at its office at all reasonable times the records, materials, and other evidence described in paragraphs (a), (b), (c), (d), and (e) of this clause, for examination, audit, or reproduction, until 3 years after final payment under this contract or for any shorter period specified in Subpart 4.7, Contractor Records Retention, of the Federal Acquisition Regulation (FAR), or for any longer period required by statute or by other clauses of this contract. In addition--</p> <p>(1) If this contract is completely or partially terminated, the Contractor shall make available the records relating to the work terminated until 3 years after any resulting final termination settlement; and</p> <p>(2) The Contractor shall make available records relating to appeals under the Disputes clause or to litigation or the settlement of claims arising under or relating to this contract until such appeals, litigation, or claims are finally resolved.</p> <p>(g) The Contractor shall insert a clause containing all the terms of this clause, including this paragraph (g), in all subcontracts under this contract that exceed the simplified acquisition threshold, and--</p> <p>(1) That are cost-reimbursement, incentive, time-and-materials, labor-hour, or price-redeterminable type or any combination of these;</p> <p>(2) For which certified cost or pricing data are required; or</p> <p>(3) That require the subcontractor to furnish reports as discussed in paragraph (e) of this clause.</p> <p>The clause may be altered only as necessary to identify properly the contracting parties and the Contracting Officer under the Government prime contract.</p>

Source:	Section and/or Article	Description
	FAR 52.222-6, Davis Bacon Act (July 2005)	<p>(a) Definition. -"Site of the work"- (1) Means –</p> <ul style="list-style-type: none"> (i) The primary site of the work. The physical place or places where the construction called for in the contract will remain when work on it is completed; and (ii) The secondary site of the work, if any. Any other site where a significant portion of the building or work is constructed, provided that such site is – <ul style="list-style-type: none"> (A) Located in the United States; and (B) Established specifically for the performance of the contract or project; <p>(2) Except as provided in paragraph (3) of this definition, includes any fabrication plants, mobile factories, batch plants, borrow pits, job headquarters, tool yards, etc., provided -</p> <ul style="list-style-type: none"> (i) They are dedicated exclusively, or nearly so, to performance of the contract or project; and (ii) They are adjacent or virtually adjacent to the "primary site of the work" as defined in paragraph (a)(1)(i), or the "secondary site of the work" as defined in paragraph (a)(1)(ii) of this definition; <p>(3) Does not include permanent home offices, branch plant establishments, fabrication plants, or tool yards of a Contractor or subcontractor whose locations and continuance in operation are determined wholly without regard to a particular Federal contract or project. In addition, fabrication plants, batch plants, borrow pits, job headquarters, yards, etc., of a commercial or material supplier which are established by a supplier of materials for the project before opening of bids and not on the Project site, are not included in the "site of the work". Such permanent, previously established facilities are not a part of the "site of the work" even if the operations for a period of time may be dedicated exclusively or nearly so, to the performance of a contract.</p> <p>(b)(1) All laborers and mechanics employed or working upon the site of the work will be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by regulations issued by the Secretary of Labor under the Copeland Act (29 CFR part 3)), the full amount of wages and bona fide fringe benefits (or cash equivalents thereof) due at time of payment computed at rates not less than those contained in the wage determination of the Secretary of Labor which is attached hereto and made a part hereof, or as may be incorporated for a secondary site of the work, regardless of any contractual relationship which may be alleged to exist between the Contractor and such laborers and mechanics. Any wage determination incorporated for a secondary site of the work shall be effective from the first day on which work under the contract was performed at that site and shall be incorporated without any adjustment in contract price or estimated cost. Laborers employed by the construction Contractor or construction subcontractor that are transporting portions of the building or work between the secondary site of the work and the primary site of the work shall be paid in accordance with the wage determination applicable to the primary site of the work.</p>

Source:	Section and/or Article	Description
		<p><i>(2) Contributions made or costs reasonably anticipated for bona fide fringe benefits under section 1(b)(2) of the Davis-Bacon Act on behalf of laborers or mechanics are considered wages paid to such laborers or mechanics, subject to the provisions of paragraph (e) of this clause; also, regular contributions made or costs incurred for more than a weekly period (but not less often than quarterly) under plans, funds, or programs which cover the particular weekly period, are deemed to be constructively made or incurred during such period.</i></p> <p><i>(3) Such laborers and mechanics shall be paid not less than the appropriate wage rate and fringe benefits in the wage determination for the classification of work actually performed, without regard to skill, except as provided in the clause entitled Apprentices and Trainees. Laborers or mechanics performing work in more than one classification may be compensated at the rate specified for each classification for the time actually worked therein; provided that the employer's payroll records accurately set forth the time spent in each classification in which work is performed.</i></p> <p><i>(4) The wage determination (including any additional classifications and wage rates conformed under paragraph (c) of this clause) and the Davis-Bacon poster (WH-1321) shall be posted at all times by the Contractor and its subcontractors at the primary site of the work and the secondary site of the work, if any, in a prominent and accessible place where it can be easily seen by the workers.</i></p> <p><i>(c)(1) The Contracting Officer shall require that any class of laborers or mechanics which is not listed in the wage determination and which is to be employed under the contract shall be classified in conformance with the wage determination. The Contracting Officer shall approve an additional classification and wage rate and fringe benefits therefor only when all the following criteria have been met:</i></p> <ul style="list-style-type: none"> <i>(i) The work to be performed by the classification requested is not performed by a classification in the wage determination.</i> <i>(ii) The classification is utilized in the area by the construction industry.</i> <i>(iii) The proposed wage rate, including any bona fide fringe benefits, bears a reasonable relationship to the wage rates contained in the wage determination.</i> <p><i>(2) If the Contractor and the laborers and mechanics to be employed in the classification (if known), or their representatives, and the Contracting Officer agree on the classification and wage rate (including the amount designated for fringe benefits, where appropriate), a report of the action taken shall be sent by the Contracting Officer to the Administrator of the:</i></p> <p><i>Wage and Hour Division Employment Standards Administration U.S. Department of Labor Washington, DC 20210</i></p> <p><i>The Administrator or an authorized representative will approve, modify, or disapprove every additional classification action within 30 days of receipt and</i></p>

Source:	Section and/or Article	Description
		<p><i>so advise the Contracting Officer or will notify the Contracting Officer within the 30-day period that additional time is necessary.</i></p> <p><i>(3) In the event the Contractor, the laborers or mechanics to be employed in the classification, or their representatives, and the Contracting Officer do not agree on the proposed classification and wage rate (including the amount designated for fringe benefits, where appropriate), the Contracting Officer shall refer the questions, including the views of all interested parties and the recommendation of the Contracting Officer, to the Administrator of the Wage and Hour Division for determination. The Administrator, or an authorized representative, will issue a determination within 30 days of receipt and so advise the Contracting Officer or will notify the Contracting Officer within the 30-day period that additional time is necessary.</i></p> <p><i>(4) The wage rate (including fringe benefits, where appropriate) determined pursuant to paragraphs (c)(2) and (c)(3) of this clause shall be paid to all workers performing work in the classification under this contract from the first day on which work is performed in the classification.</i></p> <p><i>(d) Whenever the minimum wage rate prescribed in the contract for a class of laborers or mechanics includes a fringe benefit which is not expressed as an hourly rate, the Contractor shall either pay the benefit as stated in the wage determination or shall pay another bona fide fringe benefit or an hourly cash equivalent thereof.</i></p> <p><i>(e) If the Contractor does not make payments to a trustee or other third person, the Contractor may consider as part of the wages of any laborer or mechanic the amount of any costs reasonably anticipated in providing bona fide fringe benefits under a plan or program; provided, That the Secretary of Labor has found, upon the written request of the Contractor, that the applicable standards of the Davis-Bacon Act have been met. The Secretary of Labor may require the Contractor to set aside in a separate account assets for the meeting of obligations under the plan or program.</i></p>
	<p>FAR 52.222-8, Payrolls and Basic Records (June 2010)</p>	<p><i>(a) Payrolls and basic records relating thereto shall be maintained by the Contractor during the course of the work and preserved for a period of 3 years thereafter for all laborers and mechanics working at the site of the work. Such records shall contain the name, address, and social security number of each such worker, his or her correct classification, hourly rates of wages paid (including rates of contributions or costs anticipated for bona fide fringe benefits or cash equivalents thereof of the types described in section 1(b)(2)(B) of the Davis-Bacon Act), daily and weekly number of hours worked, deductions made, and actual wages paid. Whenever the Secretary of Labor has found, under paragraph (d) of the clause entitled Davis-Bacon Act, that the wages of any laborer or mechanic include the amount of any costs reasonably anticipated in providing benefits under a plan or program described in section 1(b)(2)(B) of the Davis- Bacon Act, the Contractor shall maintain records which show that the commitment to provide such benefits is enforceable, that the plan or program is financially responsible, and that the plan or program has been communicated in writing to the laborers or mechanics affected, and records which show the costs anticipated or the actual cost incurred in providing such benefits. Contractors employing apprentices or trainees under approved programs shall maintain written evidence of the registration of apprenticeship programs and certification of</i></p>

Source:	Section and/or Article	Description
		<p><i>trainee programs, the registration of the apprentices and trainees, and the ratios and wage rates prescribed in the applicable programs.</i></p> <p><i>(b)(1) The Contractor shall submit weekly for each week in which any contract work is performed a copy of all payrolls to the Contracting Officer. The payrolls submitted shall set out accurately and completely all of the information required to be maintained under paragraph (a) of this clause, except that full social security numbers and home addresses shall not be included on weekly transmittals. Instead the payrolls shall only need to include an individually identifying number for each employee (e.g., the last four digits of the employee's social security number). The required weekly payroll information may be submitted in any form desired. Optional Form WH-347 is available for this purpose and may be obtained from the U.S. Department of Labor Wage and Hour Division website at http://www.dol.gov/whd/forms/wh347.pdf. The Prime Contractor is responsible for the submission of copies of payrolls by all subcontractors. Contractors and subcontractors shall maintain the full social security number and current address of each covered worker, and shall provide them upon request to the Contracting Officer, the Contractor, or the Wage and Hour Division of the Department of Labor for purposes of an investigation or audit of compliance with prevailing wage requirements. It is not a violation of this section for a Prime Contractor to require a subcontractor to provide addresses and social security numbers to the Prime Contractor for its own records, without weekly submission to the Contracting Officer.</i></p> <p><i>(2) Each payroll submitted shall be accompanied by a "Statement of Compliance," signed by the Contractor or subcontractor or his or her agent who pays or supervises the payment of the persons employed under the contract and shall certify</i></p> <ul style="list-style-type: none"> <i>(i) That the payroll for the payroll period contains the information required to be maintained under paragraph (a) of this clause and that such information is correct and complete;</i> <i>(ii) That each laborer or mechanic (including each helper, apprentice, and trainee) employed on the contract during the payroll period has been paid the full weekly wages earned, without rebate, either directly or indirectly, and that no deductions have been made either directly or indirectly from the full wages earned, other than permissible deductions as set forth in the Regulations, 29 CFR Part 3; and</i> <i>(iii) That each laborer or mechanic has been paid not less than the applicable wage rates and fringe benefits or cash equivalents for the classification of work performed, as specified in the applicable wage determination incorporated into the contract.</i> <p><i>(3) The weekly submission of a properly executed certification set forth on the reverse side of Optional Form WH-347 shall satisfy the requirement for submission of the "Statement of Compliance" required by paragraph (b)(2) of this clause.</i></p> <p><i>(4) The falsification of any of the certifications in this clause may subject the Contractor or subcontractor to civil or criminal prosecution under Section 1001 of Title 18 and Section 3729 of Title 31 of the United States Code.</i></p>

Source:	Section and/or Article	Description
		<p>(c) The Contractor or subcontractor shall make the records required under paragraph (a) of this clause available for inspection, copying, or transcription by the Contracting Officer or authorized representatives of the Contracting Officer or the Department of Labor. The Contractor or subcontractor shall permit the Contracting Officer or representatives of the Contracting Officer or the Department of Labor to interview employees during working hours on the job. If the Contractor or subcontractor fails to submit required records or to make them available, the Contracting Officer may, after written notice to the Contractor, take such action as may be necessary to cause the suspension of any further payment. Furthermore, failure to submit the required records upon request or to make such records available may be grounds for debarment action pursuant to 29 CFR 5.12.</p>
	FAR 52.222-10, Compliance with Copeland Act Requirements (Feb 1988)	<p>The Contractor shall comply with the requirements of 29 CFR Part 3, which are hereby incorporated by reference in this contract.</p>
	FAR 52.222-11, Subcontracts (Labor Standards) (July 2005)	<p>(a) Definition. "Construction, alteration or repair", as used in this clause, means all types of work done by laborers and mechanics employed by the construction Contractor or construction subcontractor on a particular building or work at the site thereof, including without limitation –</p> <p>(1) Altering, remodeling, installation (if appropriate) on the site of the work of items fabricated off-site;</p> <p>(2) Painting and decorating;</p> <p>(3) Manufacturing or furnishing of materials, articles, supplies, or equipment on the site of the building or work;</p> <p>(4) Transportation of materials and supplies between the site of the work within the meaning of paragraphs (a)(1)(i) and (ii) of the "site of the work" as defined in the FAR clause at 52.222-6, Davis-Bacon Act of this contract, and a facility which is dedicated to the construction of the building or work and is deemed part of the "site of the work" within the meaning of paragraph (2) of the "site of work" definition; and</p> <p>(5) Transportation of portions of the building or work between a secondary site where a significant portion of the building or work is constructed, which is part of the "site of the work" definition in paragraph (a)(1)(ii) of the FAR clause at 52.222-6, Davis-Bacon Act, and the physical place or places where the building or work will remain (paragraph (a)(1)(i) of the FAR clause at 52.222-6, in the "site of the work" definition).</p> <p>(b) The Contractor shall insert in any subcontracts for construction, alterations and repairs within the United States the clauses entitled--</p> <p>(1) Davis-Bacon Act;</p> <p>(2) Contract Work Hours and Safety Standards Act - Overtime Compensation (if the clause is included in this contract);</p> <p>(3) Apprentices and Trainees;</p> <p>(4) Payrolls and Basic Records;</p> <p>(5) Compliance with Copeland Act Requirements;</p> <p>(6) Withholding of Funds;</p> <p>(7) Subcontracts (Labor Standards);</p> <p>(8) Contract Termination-Debarment;</p>

Source:	Section and/or Article	Description
		<p>(9) <i>Disputes Concerning Labor Standards;</i> (10) <i>Compliance with Davis-Bacon and Related Act Regulations; and</i> (11) <i>Certification of Eligibility.</i></p> <p>(c) <i>The prime Contractor shall be responsible for compliance by any subcontractor or lower tier subcontractor performing construction within the United States with all the contract clauses cited in paragraph (b).</i></p> <p>(d)(1) <i>Within 14 days after award of the contract, the Contractor shall deliver to the Contracting Officer a completed Standard Form (SF) 1413, Statement and Acknowledgment, for each subcontract for construction within the United States, including the subcontractor's signed and dated acknowledgment that the clauses set forth in paragraph (b) of this clause have been included in the subcontract. (2) Within 14 days after the award of any subsequently awarded subcontract the Contractor shall deliver to the Contracting Officer an updated completed SF 1413 for such additional subcontract.</i></p> <p>(e) <i>The Contractor shall insert the substance of this clause, including this paragraph (e) in all subcontracts for construction within the United States.</i></p>
	FAR 52.222-13, Compliance with Davis-Bacon and Related Act Regulations (Feb 1988)	<p><i>All rulings and interpretations of the Davis-Bacon and Related Acts contained in 29 CFR parts 1, 3, and 5 are hereby incorporated by reference in this contract.</i></p>

APPENDIX D

Notification Letter



Office of Inspector General
Fairchild Bldg.
499 S. Capitol St., SW, Suite 518
Washington, D.C. 20515
202.593.1948
www.aoc.gov

United States Government

MEMORANDUM

DATE: September 10, 2024

TO: Joseph R. DiPietro, P.E.
Acting Assistant to the Architect and Chief of Operations

FROM: Christopher P. Failla, *CPG CFE*
Inspector General *[Signature]*

SUBJECT: Announcement Memorandum for the Performance Audit of the Architect of the Capitol's Cannon House Office Building Renewal (CHOB) Project's Contract Labor (2024-AUD-005-A)

This memorandum serves as notification that the Office of Inspector General is working with the independent audit and accounting firm, Sikich CPA LLC, to initiate an audit of the CHOB Project's contract labor. The objective of the audit is to determine if the CHOB Project's Phase 3 and 4 contract labor complied with the contract requirements and/or specifications and applicable federal laws and regulations.

We will be in contact with your office to set up an audit entrance conference. If you have any questions, please contact Nikki Robinson, Senior Auditor, at 202.437.5324 or Nikki.Robinson@aoc.gov.

Distribution List:

Patrick Briggs, Chief of Staff
Hajira Shariff, Acting Executive Officer
Chere Rexroat, Chief Engineer
Joseph Yates, Superintendent, House Office Buildings
Tom Costello, Deputy Chief Engineer
Angela Freeman, General Counsel
Stephen Titus, Project Executive

APPENDIX E

Management Comments



Architect of the Capitol
U.S. Capitol, Room SB-16
Washington, DC 20515
202.228.1793
www.aoc.gov

United States Government

MEMORANDUM

DATE: July 2, 2025

TO: Dr. Michael Rich
Deputy Inspector General

FROM: Joseph Campbell *Joseph Campbell*
Deputy Architect of the Capitol

SUBJECT: OIG's Audit of the Cannon House Office Building Renewal (CHOB) Contract Labor (2024-AUD-005-A).

Thank you for the opportunity to review and comment on the Office of Inspector General's (OIG) Audit of Contract Labor on CHOB. The Architect of the Capitol (AOC) is pleased the OIG determined that the CHOB Project team's review and approval process is sufficient to ensure the reported and paid wages are in compliance with requirements under the Davis-Bacon Act. AOC's responses to OIG's two recommendations can be found below:

Recommendation 1

We recommend that the Cannon House Office Building Renewal Project's contracting officials require the Construction Manager as Constructor to obtain an explanation on subcontractors' non-responsiveness to the Office of Inspector General's audit request.

AOC Response

We concur. AOC sent the Construction Manager as Constructor a letter requiring they obtain an explanation on subcontractors' non-responsiveness to the Office of Inspector General's audit request.

Completed: June 30, 2025

Recommendation 2

We recommend that the Architect of the Capitol's contracting officials use contractual remedies to ensure compliance with the Examination of Records clause.

AOC Response

We concur. AOC's Office of the Chief Engineer will coordinate with AOC's Acquisition and Material Management Division to ensure that when required, contractual remedies are utilized when the Examination of Records Clause is leveraged.

Anticipated Completion: December 2025

Doc. No. 250627-18-01

ACRONYMS AND ABBREVIATIONS

AOC	Architect of the Capitol
CHOBr	Cannon House Office Building Renewal
CMa	Construction Manager as Agent
CMc	Construction Manager as Constructor
CO	Contracting Officer
FAR	Federal Acquisition Regulation
GAGAS	Generally Accepted Government Auditing Standards
GMP	Guaranteed Maximum Price
OIG	Office of Inspector General
Sikich	Sikich CPA LLC