



INSPECTOR GENERAL

MARCH 28, 2022

**Effects of COVID-19 and the Events
of January 6 Have Increased the
Cannon House Office Building
Renewal Project's Contracts by
\$5.6 Million and Further Increases are
Expected**

Report No. OIG-AUD-2022-02

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The OIG promotes efficiency and effectiveness to deter and prevent fraud, waste and mismanagement in AOC operations and programs. Through value added, transparent and independent audits, evaluations and investigations, we strive to positively affect the AOC and benefit the taxpayer while keeping the AOC and Congress fully informed.

VISION

The OIG is a high-performing team, promoting positive change and striving for continuous improvement in AOC management and operations. We foster an environment that inspires AOC workforce trust and confidence in our work.



Results in Brief

Effects of COVID-19 and the Events of January 6 Have Increased the CHOBBr Project's Contracts by \$5.6 Million and Further Increases are Expected

March 28, 2022

Objective

The Architect of the Capitol (AOC) Office of Inspector General (OIG) contracted with Cotton & Company Assurance and Advisory LLC (Cotton) to conduct an audit on the effects of COVID-19 and the events of January 6, 2021, on the Cannon House Office Building Renewal (CHOBBr) Project (Contract No. AOC13C2002). The CHOBBr Project team provided Cotton with an understanding of how COVID-19 and the events of January 6 have affected the CHOBBr Project. Cotton 1) assessed and validated the identified effects to include costs and scheduling; and 2) evaluated the risks these effects posed to the project and its completion. For the identified financial impacts, Cotton assessed whether the impacts were supported, reasonably calculated, allocable to the CHOBBr Project and attributable to COVID-19 or the events of January 6, 2021.

Cotton's policy requires that it obtain a management representation letter associated with the issuance of a performance audit. It requested a management representation letter from the AOC on March 15, 2022, a copy of which is included in this report as Appendix C. AOC management refused to sign the management representation letter that was provided and instead provided a letter, included as Appendix D, stating that the information provided for the audit was complete and accurate.

Audit Results

We determined that both COVID-19 and the events of January 6 have impacted the CHOBBr Project's cost, and schedule. Additionally, the CHOBBr Project team projects it will incur additional costs related to both COVID-19 and the events of January 6 in the future.

Our assessment included interviewing the CHOBBr Project team to identify impacts to the project's schedule and costs that occurred as a result of COVID-19 and the events of

January 6. We reviewed contract modifications and costs incurred for COVID-19 through August 31, 2021, and the events of January 6 through November 30, 2021, to determine if the impacts were supported, reasonably calculated, allocable to the CHOBBr Project, and attributable to COVID-19 or to the events of January 6. We also obtained and reviewed documentation for anticipated future impacts related to COVID-19 and the events of January 6 to determine if the impacts were supported and reasonably calculated.

COVID-19

As of August 31, 2021, the CHOBBr Project had increased the project costs through modifications to the project's contracts in the amount of \$3,232,328, against which the project incurred \$2,939,262 in COVID-19 related costs. Using assumptions made and estimates prepared by the CHOBBr Project team totaling \$2,156,000, we recalculated the potential impact and determined that an additional \$1,933,014 (after a \$222,986 reduction to the CHOBBr Project's \$2,156,000 estimate) in COVID-19 related cleaning costs may be incurred through the completion of Phase 3 in December 2022. While the CHOBBr Project team has not tracked specific project delays related to COVID-19, the pandemic has impacted the project's schedule.

COVID-19 continues to pose risks to both the project's schedule and costs. Two possible risks include supply chain issues and lost worker-days for positive/presumed positive COVID-19 cases and those quarantined. The CHOBBr Project team expects to experience increased project costs, and schedule impacts as a result of these risks and is working to mitigate the effects.



Results in Brief

Effects of COVID-19 and the Events of January 6 Have Increased the CHOBBr Project's Contracts by \$5.6 Million and Further Increases are Expected

Events of January 6

As of November 30, 2021, the CHOBBr Project had incurred \$2,042,034 in project costs related to the events of January 6. Although time impact analyses identified

44 days of delay that was a result of the events of January 6, the majority of the additional costs incurred funded acceleration work to recover this delay. Based on actual costs incurred to date, the CHOBBr Project may incur an additional \$720,000 to \$1,800,000 in monitoring costs through the end of Phase 4 that are related to enhanced security measures resulting from the January 6 events. Although additional security requirements could be implemented, which could potentially impact the project's cost or schedule, we did not identify any such requirements that were being considered.

In conclusion, the CHOBBr Project team's increased costs and estimates resulting from both the COVID-19 pandemic and events of January 6 of \$5,614,035, appear reasonable. Our review assisted the CHOBBr Project's team in reducing its costs and estimates by \$426,632 (i.e., \$26,473 reduction related to COVID-19 actual costs + \$222,986 reduction related to estimated Phase 3 COVID-19 cleaning costs + \$177,173 reduction related to escorting services not entirely attributable to January 6), which has and will continue to assist the AOC when requesting additional CHOBBr Project funding from Office of the Chief Financial Officer and, subsequently, the U.S. Congress.

cleaning costs expected to continue for the remainder of the project. The AOC will only reimburse projects' actual costs incurred. No recommendations were issued.

Management Comments

We provided the AOC an opportunity to comment in response to this report.

The AOC provided comments on March 22, 2022, see Appendix E. AOC management concurred with the report's findings and conclusions on actual costs. AOC management noted that the estimated costs provided to the Chief Financial Officer were for informational purposes only, since significant uncertainty surrounds future requirements and project impacts. The estimate included only the enhanced pandemic-related




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UNITED STATES GOVERNMENT

MEMORANDUM

DATE: March 28, 2022

TO: J. Brett Blanton
Architect of the Capitol

FROM: Christopher P. Failla, CIG
Inspector General 

SUBJECT: Effects of COVID-19 and the Events of January 6 Have
Increased the Cannon House Office Building Renewal
(CHOB) Project's Contracts by \$5.6 Million and Further
Increases are Expected (Report No. OIG-AUD-2022-02)

The Office of the Inspector General (OIG) is transmitting Cotton & Company Assurance and Advisory LLC's (Cotton) final audit report on the *Effects of COVID-19 and the Events of January 6*. The report presents the impact of COVID-19 and the events of January 6 on the CHOB Project's cost and schedule and its potential future risks. Under contract AOC19A3002-T007 monitored by my office, Cotton, an independent public accounting firm, performed the audit in accordance with auditing standards generally accepted in the United States of America. In connection with the contract, we reviewed Cotton's report and related documentation and inquired of its representatives. Although Cotton is responsible for the report dated March 28, 2022, and the conclusions expressed in the report, our review disclosed no instances where Cotton did not comply, in all material respects, with generally accepted government auditing standards.

Our report concludes that the CHOB Project team's increased costs and estimates resulting from both the COVID-19 pandemic and events of January 6 of \$5,614,035, appear reasonable. Our review assisted the CHOB Project's team in reducing its costs and estimates by \$426,632 (i.e., \$26,473 reduction related to COVID-19 actual costs + \$222,986 reduction related to estimated Phase 3 COVID-19 costs + \$177,173 reduction related to escorting services not entirely attributable to January 6), which has and will continue to assist the AOC when requesting additional CHOB Project funding from Office of the Chief Financial Officer and, subsequently, the U.S. Congress. AOC management concurs with the report's findings and conclusion on actual costs. No recommendations were issued.

We appreciate the courtesies extended to the staff during the audit. Please direct questions to Erica Wardley, Assistant Inspector General for Audits at 202.215.3395 or erica.wardley@aoc.gov.



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UNITED STATES GOVERNMENT

MEMORANDUM

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Introduction

Objective

This report presents the results of our audit of the effects of COVID-19 and the events of January 6 on the Architect of the Capitol's (AOC) Cannon House Office Building Renewal (CHOBBr) Project. The objective of this audit was to determine the effects of COVID-19 and the events of January 6, 2021, on the CHOBBr Project.

We conducted this performance audit in Washington, D.C. from August 2021 through February 2022, in accordance with Generally Accepted Government Auditing Standards (per the 2018 revision of the Government Accountability Office's [GAO's] *Government Auditing Standards*). 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 objectives.

We required the AOC to provide a management representation letter associated with the issuance of a performance audit report citing Generally Accepted Government Auditing Standards. The letter is intended to confirm representations, both oral and written, made to us during the audit. We requested a management representation letter from the AOC on March 15, 2022. A copy of this letter is included in this report as Appendix C. AOC management refused to sign the management representation letter that was provided and instead provided a letter, included as Appendix D, stating that the information provided for the audit was complete and accurate.

See Appendix A for a discussion of the scope and methodology, review of internal controls and prior audit coverage related to the objective.

Background

The Cannon House Office Building was designed in the Beaux Arts architectural style by Carrere and Hastings and built in 1906 for the AOC. It is part of the Capitol campus in Washington, D.C., and it is fully occupied by more than 2,000 people. It is one of a series of buildings occupied by the House of Representatives, with member suites, committee support offices and utility support space. The building has five stories and a full basement. There is a multi-level parking garage in the courtyard area housing approximately 300 vehicles, with automobile access from the south. The total square footage of the building—including the parking garage—is approximately 800,000 square feet.

The AOC undertook the CHOBr Project to ensure the building continues to provide space for members to perform their legislative business. The building has not received a comprehensive systems upgrade since the 1930s, and many of the building's systems are original. The CHOBr Project is scheduled to take approximately 10 years to complete, with five phases (0 through 4) aligned to fall between congressional move cycles.

The AOC entered into three base contracts for the CHOBr Project: Architect-Engineer (AE), Construction Manager as Agent (CMa), and Construction Manager as Constructor (CMc).¹ The primary and most substantial contract for each of the four phases was the contract with the CMc. The AOC contracted with a joint venture between two construction companies, Clark Construction Group and The Christman Company, to perform CMc services. The AOC awarded the base contract with the CMc on October 25, 2012. The CMc contract incorporates a guaranteed maximum price (GMP), or a cap on how much the owner (i.e., the U.S. government via the AOC) will pay the contractor. The scope of this contract is design assistance and pre-construction services, as well as additional contract options for a pre-installation phase (Option 0); four option periods of staged construction, each addressing roughly one of the four wings of the building; and a closeout option. Under this contract, the CMc is responsible for replacing or upgrading all major building systems, to include complete modernization to meet all applicable codes.

Over the past two years, the CHOBr Project's cost and schedule have been directly impacted by the COVID-19 pandemic and the events of January 6, 2021. The CHOBr Project team has requested additional funding from the AOC Office of the Chief Financial Officer (OCFO) to offset the project costs associated with both COVID-19 and the events of January 6. Per the CHOBr Project team, as of February 3, 2022, OCFO had not provided to the U.S. Congress a reimbursement request related to the events of January 6. However, on January 31, 2022, the Project received a \$2,573,315 reimbursement for costs incurred related to the COVID-19 pandemic.

As part of our audit, we reviewed appropriate project documentation and criteria, and interviewed members of the CHOBr Project team who were familiar with the effects of COVID-19 and the events of January 6 on the CHOBr Project.

¹ The AE contract (AOC10C0090) was awarded to Shalom Baranes Associates. The CMa contract (AOC13C1000) was awarded to a joint venture between McDonough Bolyard Peck and AECOM, and the CMc contract (AOC13C2002) was awarded to a joint venture between Clark Construction Group and The Christman Company.

COVID-19 Pandemic

On March 13, 2020, the U.S. Government declared a nationwide emergency due to the COVID-19 pandemic. Although work on the CHOBBr Project has continued throughout the pandemic, there were cost impacts to the project because of delays and protocols necessary to manage challenges and health issues due to COVID-19.

As of August 31, 2021, the CHOBBr Project team had identified \$3,232,328 in increased project costs related to COVID-19. The CHOBBr Project team added these costs to the project through modifications to the CMc contract or incurred the cleaning costs utilizing a contract administered by the AOC's Office of the Chief Security Officer (OCSO). Each of the modifications to the CMc's contract provided funding for increased COVID-19 cleaning costs. The AOC added the funding to a contract owner allowance set up specifically for COVID-19 related costs. The CMc then billed amounts against this allowance for costs incurred. The project costs that were incurred utilizing the contract administered by OCSO also related to COVID-19 cleaning costs, specifically the cleaning of the security screening trailer and after-hours cleaning of the administrative trailer. Agency-wide, the AOC received \$25 million in Coronavirus Aid, Relief, and Economic Security (CARES) Act funding.² Of this amount, the AOC allotted \$658,000 to the CHOBBr Project, which was depleted by October 2020. Once the CARES Act funding was fully expended, the CHOBBr Project began using Project Contingency funds to cover cleaning costs incurred by both the CMc and OCSO.

² Architect of the Capitol Office of Inspector General. (2020). *Architect of the Capitol Status of CARES Act Funding*. <https://www.oversight.gov/sites/default/files/oig-reports/AOC%20CARES%20Act%20Funding%20Status%20Report%20Final.pdf>

CHOB Project Modifications Related to COVID-19 as of August 31, 2021				
Party	Contract No.	Funding source	Modification No.	Amount
CMc	AOC13C2002	CARES Act	M069	\$ 658,000
CMc	AOC13C2002	Project Contingency	M072	256,000
CMc	AOC13C2002	Project Contingency	M076	800,000
CMc	AOC13C2002	Project Contingency	M080	1,000,000
CMc	AOC13C2002	Project Contingency	M091	(362,880)
CMc	AOC13C2002	Project Contingency	M087	697,789
OCSO	NA	Project Contingency	NA	103,363
OCSO	NA	Project Contingency	NA	80,056
TOTAL				<u>\$ 3,232,328</u>

Additionally, the CHOB Project team estimated that it would incur an additional \$2,156,000 in COVID-19 cleaning costs by the end of Phase 3, which is currently contractually scheduled for final completion on November 1, 2022.³

COVID-19 has also impacted the CHOB Project's schedule. Although the CHOB Project team has not identified a specific number of delay days attributable solely to COVID-19, the team has identified COVID-19 as one of the factors that caused the contractors to incur delays in completing the Phase 2 contractual substantial and final completion milestones. Despite these causes for delay, the AOC turned over all Phase 2 member suites for occupancy on schedule.

Events of January 6

On January 6, 2021, rioters stormed the U.S. Capitol Building in an attempt to prevent the U.S. Congress from counting Electoral College votes and formalizing President Joe Biden's election. Subsequently, the Capitol campus was locked down while congressional members and their staff were evacuated or sheltered-in-place as rioters occupied and vandalized the U.S. Capitol for several hours. The Cannon House Office Building is part of the Capitol campus and is situated less than one-

³ Via informal comment, the CHOB Project team informed us that the AOC has chosen to define final completion for the CHOB Project differently than it would on other AOC projects. Per the CHOB Project team, "Limited exterior façade work, construction yard restoration including plantings, minor commissioning items and potentially areas affected by unforeseen conditions will continue into fall of the following year."

quarter of a mile from the U.S. Capitol. Although no damage was done to the Cannon House Office Building itself, the events of January 6 impacted the CHOBr Project.

As of August 31, 2021, the CHOBr Project team had identified \$2,082,087 in increased project costs related to the events of January 6. The CHOBr Project team added these costs to the project through modifications to the CMc, CMa and AE contracts.

CHOBr Project Modifications Related to the Events of January 6 as of August 31, 2021				
Contractor	Contract No.	Funding Source	Modification No.	Amount
CMc	AOC13C2002	Project Contingency	M090	\$ 1,634,471
CMa	AOC13C1000	CMa Budget	M047	143,001
CMa	AOC13C1000	CMa Budget	M049	85,429
CMa	AOC13C1000	CMa Budget	M053	50,000
CMa	AOC13C1000	CMa Budget	M054	130,267
AE	AOC10C0090	AE Budget	M086	10,000
AE	AOC10C0090	AE Budget	M091	20,000
AE	AOC10C0090	AE Budget	M092	(15)
AE	AOC10C0090	AE Budget	M099	8,934
TOTAL				<u>\$ 2,082,087</u>

The events of January 6 led to the following work stoppages:

- January 6, 2021, from approximately 3:30pm to January 7, 2021 at 6:00am, at which point all work was suspended for the day;
- January 13, 2021 to January 20, 2021, for Inauguration Day security precautions; and
- February 2, 2021 to February 3, 2021, for the Lying in Honor Ceremony for Officer Brian Sicknick (exterior work suspended).

The CHOBr Project team stated that during a typical Inauguration, work would be stopped for only one day (i.e., Inauguration Day itself), but also noted that the 2017 Inauguration stopped work for four days. The National Guard occupied part of the Phase 3 wing until March 5, 2021, and there was an increase in security restrictions on the project site. The CMc prepared time impact analyses, which the CHOBr Project team reviewed and approved. The time impact analyses also identified delays that had occurred prior to the events of January 6. As a result of the events of January 6, the CHOBr Project team and the CMc determined they were unable to mitigate

those delays without acceleration. In total, the analyses identified 44 days of delay caused by the events of January 6. The CHOBr Project team awarded contract modifications to the CMc and AE for acceleration costs to recover these delay days amounting to approximately \$1.67 million, noted as modifications M086, M090, M091, M092 and M099. The CHOBr Project team also awarded contract modifications to the CMa for monitoring and escorting services on the project site, which included Modifications 058 and 061. These modifications were awarded after August 31, 2021, and were provided to us during the audit, along with support for costs incurred through November 30, 2021.

Internal Controls

The subject matter of this performance audit does not involve repeatable processes around which internal controls would be built (e.g., the change order process). We therefore determined that internal controls are not significant to the objectives of this audit and did not document our understating of internal controls.

Criteria

When determining whether the identified impacts were supported, reasonably calculated, allocable to the CHOBr Project, and attributable to COVID-19 or the events of January 6, we used the following sources.

- The CMc contract (#AOC13C2002), including the following modifications:

Modification Numbers	Purpose
<ul style="list-style-type: none"> ○ M069 ○ M072 ○ M076 ○ M080 ○ M087 	Allowances for COVID-19 cleaning costs (Contract Line Item Number [CLIN] 49)
<ul style="list-style-type: none"> ○ M091 	To de-obligate \$362,880 from CLIN 49
<ul style="list-style-type: none"> ○ M090 	To fund acceleration and recovery based on impacts to the project schedule shown in time impact analyses*.

*Per the CHOBr Project team, these time impact analyses include the effects of the events of January 6, but also, due to the effects of pre-January 6 delays, the CHOBr Project team and the CMc were unable to mitigate the previous delays without acceleration.

- The CMa contract (#AOC13C1000), including the following modifications:

Modification Numbers	Purpose
<ul style="list-style-type: none"> ○ M047 ○ M049 ○ M053 ○ M054 ○ M058 ○ M061 	Door monitoring and escorting services

- The AE contract (#AOC10C0090), including the following modifications:

Modification Numbers	Purpose
<ul style="list-style-type: none"> ○ M086 ○ M091 ○ M092 ○ M099 	Acceleration support* related to the acceleration modification awarded to the CMc (see M090 above)

*This AE acceleration support is related to the acceleration awarded to the CMc via M090 (see above). Therefore, it also includes delays occurring before the events of January 6.

Audit Results

As of August 31, 2021, the CHOBr Project had increased the project costs through at least six modifications to the project's contracts in the amount of \$3,232,328, against which the project actually incurred \$2,939,262 in COVID-19 related costs. Using assumptions made and estimates prepared by the CHOBr Project team totaling \$2,156,000, we recalculated the potential impact and determined that an additional \$1,933,014 (after a \$222,986 reduction to the CHOBr Project's \$2,156,000 estimate) in COVID-19 related cleaning costs may be incurred through the completion of Phase 3. While the CHOBr Project team has not tracked specific project delays related to COVID-19, the pandemic has impacted the project's schedule. As detailed below, COVID-19 continues to pose risks to the project's cost and schedule.

Moreover, as of November 30, 2021, the CHOBr Project had actually incurred \$2,042,034 in project costs related to the events of January 6, which were the result of 11 contract modifications. Although time impact analyses identified 44 days of delay that were a result of the events of January 6, the majority of the additional costs incurred funded acceleration work to recover this delay. Based on actual costs incurred to date, the CHOBr Project may incur an additional \$720,000 to \$1,800,000 in monitoring costs through the end of Phase 4 that are related to enhanced security measures resulting from the January 6 events. Although additional security requirements could be implemented, which could potentially impact the project's cost or schedule, we did not identify any such requirements that were being considered.

COVID-19 Pandemic

Cost Incurred as of August 31, 2021 – As noted above, the CHOBr Project team identified \$3,232,328 in increased costs related to the COVID-19 pandemic, at the start of the audit. The AOC funded \$658,000 of this amount from CARES Act appropriations, then obligated the remaining \$2,574,328 using Project Contingency funding. We reviewed the support for these amounts to determine how much had been expended. We found that the project had actually incurred \$2,939,262 in increased costs due to COVID-19 through August 31, 2021. Per the CHOBr Project team's most recent reimbursement request submitted to OCFO in November 2021, it requested reimbursements totaling \$2,573,315. On January 31, 2022, OCFO provided a \$2,573,315 COVID-19 pandemic-related reimbursement to the CHOBr Project. The following table details the amounts billed against the modifications for COVID-19 funding:

COVID-19 Billings				
Contractor	Mod. No.	Amount	Total Billings (Per AOC)	Difference
CMc	M069	\$ 658,000	\$ 656,798	\$ 1,202
CMc	M072	256,000	216,984	39,016
CMc	M076	800,000	826,535	(26,535)
CMc	M080	1,000,000	650,803	349,197
CMc	M091	(362,880)	N/A	N/A
CMc	M087	697,789	432,209	265,580
OCSO	N/A	103,363	102,350	1,013
OCSO	N/A	80,056	80,056	-
	Subtotals	\$ 3,232,328	\$ 2,965,735	
	Adjustment	=	(26,473)	
	TOTALS	\$ 3,232,328	\$ 2,939,262	

We noted the following with regard to these amounts:

- M091
 - This modification for \$(362,880) de-obligated the remaining unused funding under modifications M069, M072, M076 and M080. The amounts are shown for these modifications in the Difference column above total \$362,880. Per the CHOBr Project team, it transferred the

de-obligated \$362,880 from Phase 2 to Phase 3 Project Contingency, although not necessarily to be used for COVID-19 cleaning costs.

- M087
 - As of August 31, 2021, the CMc was still submitting billings against this modification.
- OCSO
 - The CHOBr Project team transferred the remaining \$1,013 in OCSO funding to Phase 3 Project Contingency. The AOC stated that this amount “will be used for future project requirements but not limited to COVID-19.” Per reimbursement request documentation submitted to OCFO, the CHOBr Project team did not request reimbursement for the \$1,013 in its request to OCFO.
- Adjustment of Net \$(26,473)
 - **\$40,486.** One of the amounts billed against Modification M069 involved an \$80,972 materials premium that the CMc attributed to COVID-19 supply chain issues. The CMc proposed that it charge 50 percent of the premium (i.e., \$40,486) to a CMc contingency account and the other 50 percent to an owner’s (i.e., the AOC’s) allowance account. The CMc billed \$40,086 against Modification M069. However, the \$40,086 charged to the owner’s allowance account constitutes increased project costs related to COVID-19. We included the additional \$40,086 when calculating the total impact to the project.
 - **\$(63,684).** We requested invoices to support amounts that the CMc billed against Modification M080 for cleaning costs on a cost-reimbursable basis. The CMc provided invoices to support some of the billed amounts, as well as a memorandum detailing a \$(58,345) credit that the CMc owed to the AOC. This credit represented the entire billed amount that the CMc did not support with an invoice. The CMc stated it will issue the credit to the AOC because the total amount billed by one of the CMc’s cleaning companies was less than the amount that the CMc billed to the AOC. However, the \$(58,345) credit does not include the CMc markup of 9.15 percent. Therefore, the actual costs

associated with COVID-19 should be reduced by \$63,684 (i.e., \$58,345 + the \$5,339 markup). Per the CHOBr Project team, as of March 28, 2022, the \$58,345 and the \$5,339 markup relate to an accounting error and will be resolved at a future date.

- **\$(3,275)**. The AOC's M069 billings summary reported the amount of one cleaning invoice as \$3,000 greater than the amount included in the supporting invoice. Therefore, the actual costs associated with COVID-19, including the CMc markup of 9.15 percent, should be reduced by \$3,275 (i.e., \$3,000 + the \$275 markup).

The table below summarizes the COVID-19 incurred costs by cost type:

COVID-19 Billings – By Cost Type		
Cost Type	Total	Notes
Cleaning / Protocol Monitoring	\$2,744,645	COVID-19 cleaning and protocol monitoring
Materials Premium / Expedition	112,941	Costs resulting from the need to expedite materials or pay premiums for materials that were unavailable due to the COVID-19 pandemic
Project Trailer Improvements	49,966	Improvements to project trailer to prevent the spread of COVID-19
CMc Direct Costs	31,710	Costs (labor, rentals and materials) related to COVID-19 that the CMc incurred
TOTAL	<u>\$2,939,262</u>	

Projected Costs – The CHOBr Project team also provided an estimate of Phase 3 COVID-19-related costs that it expected to incur between June 2021 and December 2022, as follows:

Estimated Phase 3 COVID-19 Costs	
Cost Type	Total
Cleaning / Protocol Monitoring	\$ 2,099,000
CMc Direct Costs	57,000
Subtotal	\$ 2,156,000
Adjustment	(222,986)
TOTAL	<u>\$ 1,933,014</u>

For informational (i.e., not reimbursement) purposes, the CHOBr Project team included in its OCFO request an estimated “To Be Obligated” amount of \$2,200,000 (rounded up from \$2,156,000) for Phase 3. We recalculated the estimated costs based on the assumptions that the CHOBr Project team provided. Based on these recalculations, we determined that the projected cleaning costs were \$1,933,014, or \$222,986 lower than the estimate provided by the CHOBr Project team. The CHOBr Project team agreed with our recalculation but noted that this estimate is subject to change based on future changes in the pandemic conditions.

In addition to the funds provided for informational purposes for Phase 3, the Project team also provided an estimate of \$1,500,000 for Phase 4. Per the OCFO request, like the Phase 3 estimate, the \$1,500,000 appears to cover cleaning/protocol monitoring and CMc direct costs.

Schedule Impacts – The CHOBr Project team has not identified a specific number of delay days related to the COVID-19 pandemic. However, the project has experienced lost worker-days due to COVID-19, as well as delays in project milestones that were at least partially associated with COVID-19.

The Phase 2 substantial and final completions dates were originally scheduled for August 31, 2020, and November 1, 2020, respectively. In June 2020, the AOC and the CMc modified the contract to update the substantial completion date to October 15, 2020, and the final completion date to November 27, 2020. The CMc did not meet either of the modified milestones; it achieved substantial completion on November 1, 2020, and final completion on November 30, 2021 (i.e., more than one year after the original final completion date). However, the CMc’s inability to meet the substantial and final completion dates did not impact member suite turnover or certificate of occupancy attainment. The AOC Fire Marshal issued a Temporary Certificate of Occupancy for the Phase 2 wing on November 25, 2020, thus enabling members to successfully occupy all 32 member suites on schedule. The CHOBr Project team has identified COVID-19 as one of the reasons for the CMc’s delay in meeting these milestones. In particular, as of November 30, 2020, the CHOBr Project team had identified 1,922 lost worker-days for the CMc and its subcontractors due to positive/presumed positive COVID-19

cases and individuals who needed to be quarantined due to close contacts with personnel with positive/presumed positive individuals.

In the *Semiannual Report to the Inspector General* covering July 1, 2021 to December 31, 2021, the CHOBr Project team noted that Phase 3's current forecasted final completion date is January 10, 2023 (i.e., approximately two months after the contractual final completion date of November 1, 2022). Per the CHOBr Project team, this is due to supply chain issues and delays in acquiring fifth floor window materials, which the team directly attributes to the COVID-19 pandemic.

Project Risks Posed by COVID-19 – The risks that COVID-19 poses to the project are constantly evolving. Based on our review of the impacts that COVID-19 has had on the project to date, we have identified two possible risks that could impact the project's cost and schedule going forward.

Supply Chain Issues. The construction industry has faced significant supply chain issues as a result of the COVID-19 pandemic. These issues have resulted in significant price increases for project materials and have impacted entities' ability to source materials in a timely manner. As of August 31, 2021, the CHOBr Project team had only identified \$112,941 in cost increases due to supply chain issues. However, it is possible that the project could experience future cost increases resulting from disruptions to the supply chain.

Delay Days. As previously discussed, the CHOBr Project team has experienced schedule impacts due to lost worker-days for positive/presumed positive COVID-19 cases and individuals who need to be quarantined due to close contacts with personnel with positive/presumed positive individuals. The project continues to be at risk of experiencing lost worker-days for positive cases in the future; however, it is also at risk of incurring lost worker-days and impacts to the project schedule due to vaccine mandates that may impact the CMc and its subcontractors.

On September 9, 2021, President Joe Biden issued his *Executive Order on Ensuring Adequate COVID Safety Protocols for Federal Contractors*, which required many federal contractors to ensure that all of their workforce personnel on federal contracts were vaccinated. Because the executive order only applies to executive-branch agencies and the AOC is a legislative branch

agency, the AOC is exempt from this requirement. However, the COVID-19 vaccine mandate could still impact the CMc and its subcontractors. For example, if Clark Construction Group, The Christman Company or any of their subcontractors receive contracts to perform work for an executive-branch agency (i.e., become a covered contractor), it could impact their ability to provide labor for the CHOBr Project because all of a covered contractor's employees must be vaccinated, regardless of whether they are working on the covered contract. Both Clark Construction Group and The Christman Company have completed or are completing construction projects for executive-branch agencies. It is also possible that the government could institute a future vaccine requirement that impacts the legislative branch. While there is currently no vaccine mandate in place at the federal level impacting Clark Construction Group or The Christman Company, if enacted, such a mandate could impact the CMc's ability to meet project completion dates. The CHOBr Project team noted that it had not requested any information from the CMc regarding the vaccination rates of its employees or those of its subcontractors on the CHOBr Project, and the CMc is not required to provide this information. However, we reviewed a recently updated compilation of surveys⁴ and noted that 55 percent of construction industry workers are vaccinated, while another 10 percent plan to get vaccinated. Of the remaining workers, 11 percent are unsure whether they will get vaccinated, and 24 percent do not plan to get vaccinated. The CMc's average daily manpower was approximately 270 workers from September to November 2021. If the government implements a vaccine mandate, this total could fall by 65 to 95 workers. Per the CHOBr Project team, neither it nor the AOC has provided guidance to the CMc regarding vaccinations for its workers.

The CHOBr Project team is assessing the risks to the project as well. It has identified similar risks to the ones discussed in this report, pertaining to labor availability and vaccine requirements, supply chain issues, inflation and design changes resulting from COVID-19. The CHOBr Project team expects to experience increased project costs, and schedule impacts as a result of these risks, and is working to mitigate the effects.

⁴ *The U.S. vaccine dashboard*. (2021, November 11). Morning Consult. Retrieved December 1, 2021 from <https://morningconsult.com/covid19-vaccine-dashboard/>

Events of January 6

Cost Incurred as of November 30, 2021 – As noted within the Background section above, as of August 31, 2021, the CHOBr Project team initially identified \$2,082,087 in increased costs related to the events of January 6. During the audit, the CHOBr Project team provided additional contract modifications in the amount of \$299,620 through November 30, 2021. The AOC funded the amounts related to the CMc contract through Project Contingency funding and the amounts related to the CMA and AE through their remaining budgets. We reviewed the support for these amounts to determine how much of the amounts had been expended.

Events of January 6 Billings					
Contractor	Mod. No.	Orig. Mod. Amount	Subseq. Mod. Amount	Total Billings	Diff.
CMc	M090	\$ 1,634,471	-	\$ 1,634,471	-
CMA	M047	143,001	-	143,001	-
CMA	M049	85,429	-	85,429	-
CMA	M053	50,000	-	50,000	-
CMA	M054	130,267	-	130,267	-
CMA	M058	-	\$ 115,762	115,762	-
CMA	M061	-	183,858	21,358	\$ 162,500
AE	M086	10,000	-	10,000	-
AE	M091	20,000	-	20,000	-
AE	M092	(15)	-	(15)	-
AE	M099	8,934	-	8,934	-
Subtotals		\$ 2,082,087	\$ 299,620	\$ 2,219,207	
Adjustment		-	-	(177,173)	
TOTALS		\$ 2,082,087	\$ 299,620	\$ 2,042,034	

We noted the following with regard to these amounts:

- CMc
 - Modification M090 is the result of an AOC-approved change order for acceleration to recover from impacts to the schedule caused by the events of January 6.

- CMa
 - The CHOBr Project team notified us that as of November 30, 2021, the AOC had executed two more modifications totaling \$299,620 (M058 and M061) for CMa escorting and monitoring services. Like the original four modifications provided (i.e., M047, M049, M053 and M054), these modification amounts relate to escorting and door-monitoring services.⁵ After our inquiry, the AOC determined that the CMa's escorting services are not fully attributable to the events of January 6. The CHOBr Project had not separately tracked the portion of the escorting service costs that were attributable to the events of January 6.⁶ As a result, we identified \$177,173 in escorting service costs that were billed against the modifications, which were not entirely related to the events of January 6.
- AE
 - The AE's approved modification amounts relate to acceleration to recover from impacts to the schedule caused by the events of January 6.

In summary, of the \$2,381,707 (\$2,082,087 + \$299,620) in funding for costs related to the events of January 6, the contractors have billed the AOC for a total of \$2,042,034. Per the CHOBr Project team's most recent reimbursement request submitted to OCFO, it has requested reimbursements totaling \$2,042,034 (after revising the amount to remove the escorting costs not fully

⁵ The U.S. Capitol Police (USCP) and House Sergeant-at-Arms mandated the locking mechanism changes for the occupied side doors of stair 7, thus resulting in the procurement of CMa monitoring services.

⁶ Per the CHOBr Project team, the House Superintendent has required construction workers to be escorted when they enter occupied member suites and certain other spaces since the beginning of the project. After the events of January 6, the USCP required escorts for contractor work in some additional areas. However, the CHOBr Project team did not separately track the USCP-required escorting from the House Superintendent-required escorting, which is why it chose to remove the escorting costs from its January 6 OCFO reimbursement request. If the CHOBr Project team chooses to start tracking the USCP-required escorting, it could result in increased costs attributable to the events of January 6.

attributable to the events of January 6 – see CMa section above). However, as of February 3, 2022, OCFO had not provided the events of January 6-related reimbursement requests to the U.S. Congress. The table below summarizes the January 6 billings by cost type:

Events of January 6 Billings – By Cost Type		
Cost Type	Total	Notes
Acceleration	\$ 1,673,390	CMc and AE acceleration
Door Monitoring	368,644	CMa door monitoring
TOTAL	\$ 2,042,034	

Projected Costs – The CHOBr Project team also provided an estimate of January 6-related costs that it expected to incur through the anticipated end of Phase 3 in December 2022 (Note: As discussed in the COVID-19 Pandemic section, the CHOBr Project team currently expects the CMc to achieve Phase 3 final completion on January 10, 2023. Since this is only a portion of the month, for estimation purposes, we only included projected costs up to the last full month – December 2022). Because the CHOBr Project team expects to incur door-monitoring costs throughout the remainder of the project, we used the provided estimate to project the impact to Phase 4 as well:

Projected Impact of CMa Door Monitoring Costs			
Phase	Months Remaining in Phase (As of 1/1/2022)	Estimated Monthly Costs	Total Impact
Phase 3	12*	\$ 20,000 – 50,000	\$ 240,000 – 600,000
Phase 4	24*	20,000 – 50,000	480,000 – 1,200,000
		GRAND TOTAL	\$ 720,000 – 1,800,000

*The AOC typically schedules the final completion date for the CHOBr Project's phases in early November (e.g., November 1, 2022, for Phase 3 and early November 2024 for Phase 4 [the AOC has not yet scheduled an exact date for Phase 4 final completion]). The CHOBr Project team indicated that it expects the CMc to achieve Phase 3 final completion on January 10, 2023. For Phase 3 estimation purposes, we included only up until the last full month (i.e., December 2022), and for consistency, we assumed a final completion date in late December 2024 when calculating the impact for Phase 4.

The CHOBr Project team provided a monthly estimate of \$20,000 to \$50,000 for monitoring services. We used this estimate to provide a range of potential future project costs. We also reviewed actual costs for monitoring services that the CHOBr Project incurred from February to November 2021 and noted that

the CHOBr Project team incurred an average of \$36,864 in monitoring costs each month during this period. This could indicate that the actual future costs incurred are likely to be close to the middle of the range calculated above.

Schedule Impacts – The events of January 6 resulted in 44 delay days for the CHOBr Project (refer to the Background section for more information regarding what caused the delays). However, through the acceleration detailed above, the CHOBr Project team and the CMc were able to resolve these delay days.

The 44 delay days occurred entirely in January through March 2021. The CHOBr Project team did not identify any project delays after March 2021 that were the result of the events of January 6. Although the government has implemented increased security, training and drill requirements on the Capitol campus as a result of the events of January 6, these requirements have not resulted in a delay to the CHOBr Project.

Project Risks Posed by the Events of January 6 – We researched statements, legislation at various stages and policy guidance that has been disseminated by various stakeholders, such as the U.S. Congress, USCP and Task Force 1-6 (i.e., the team tasked by the Speaker of the House with identifying actions or decisions that could be taken immediately or in the near-term to improve the security of the Capitol, members and staff), to identify any pending or proposed actions that could impact the cost or schedule for the CHOBr Project. Additionally, we interviewed CHOBr Project team members to identify any new requirements that the CHOBr Project team has implemented or anticipates implementing as a result of the events of January 6 that may impact the project's cost or schedule. With the exception of the ongoing monitoring services discussed above, we did not identify any future risks to the project's cost or schedule relating to the events of January 6.

Conclusion

COVID-19 Pandemic

As of August 31, 2021, the CHOBr Project team identified \$3,232,328 in increased costs related to the COVID-19 pandemic. A total of \$2,965,735 has been billed, noting \$656,798 was funded by the CARES Act, leaving the remaining \$2,308,937 billed against these modifications (Note: The CMc was still invoicing

against one of the modifications). Of this amount, we identified adjustments that resulted in a net \$26,473 reduction, due to overbilling for COVID-19 cleanings and a materials premium not considered by the CHOBr Project team in its calculation.

In November 2021, the CHOBr Project team submitted to OCFO a reimbursement request totaling \$2,573,315 to offset obligations/payments resulting from the COVID-19 pandemic. The requested amount equals the total contract modifications/funds issued for COVID-19, less the CARES Act funding received, less the unspent OCSO funds that were transferred to Phase 3.⁷ We recognize that the requested amount is higher than the total incurred costs audited (\$2,308,937); however, the request was submitted to OCFO a few months after the cost records were provided to us, during which time the project continued to incur costs related to COVID-19. On January 31, 2022, OCFO provided a \$2,573,315 COVID-19 pandemic-related reimbursement to the CHOBr Project.

We also noted that, for informational (i.e., not reimbursement) purposes, the reimbursement requests included “To Be Obligated” amounts of \$2,200,000 (rounded up from \$2,156,000 – see COVID-19 Projected Costs section) for Phase 3 and \$1,500,000 for Phase 4. During our review of these estimates, we noted that the supporting calculations for the \$2,156,000 estimate should be reduced by \$222,986 to \$1,933,014.

COVID-19 continues to pose risks to both the project’s schedule and costs, as noted in this report (e.g., the CHOBr Project team currently forecasts that due to delays attributable to the COVID-19 pandemic, the CMc will not achieve final completion until January 10, 2023, which is approximately two months after the contractually scheduled date of November 1, 2022). The CHOBr Project team expects to experience increased project costs, and schedule impacts as a result of these risks, and is working to mitigate the effects.

Events of January 6

The CHOBr Project team increased CHOBr Project contracts by \$2,381,707, in response to the events of January 6. As of November 30, 2021, it had incurred \$2,219,207 in costs against these modifications. Through discussions with the CHOBr Project team, it was determined that \$177,173 of these costs were for escorting services which were not entirely attributable to the events of January 6.

⁷ Total Funds \$3,232,328 – CARES Act Funds \$658,000 – Unspent OCSO Funds \$1,013 = \$2,573,315

We therefore determined that \$2,042,034 in costs had been incurred that were the direct result of the events of January 6. In November 2021, the CHOBBr Project team submitted a request for \$2,082,087 in additional funding due to the events of January 6 to OCFO. Following our discussions with the CHOBBr Project team, a revised request was submitted to OCFO in January 2022 for \$2,042,034. The amount requested was supported by the incurred costs we reviewed. In addition, the CHOBBr Project team estimated that it will incur an additional \$720,000 to \$1,800,000 through the end of Phase 4 related to the enhanced security requirements put in place in response to the events of January 6.

Although the events of January 6 did result in a potential 44-day delay to the project, these days were recovered through acceleration amounting to approximately \$1.67 million.⁸ We did not identify future risks to the project's schedule as a result of the events of January 6.

Overall, the CHOBBr Project team's increased costs and estimates resulting from both the COVID-19 pandemic and events of January 6 of \$5,614,035, appear reasonable. This figure was calculated using contract modifications amounting to \$3,232,328 for COVID-19 and \$2,381,707 for January 6 totaling \$5,614,035. Our review assisted the CHOBBr Project's team in reducing its costs and estimates by \$426,632 (i.e., \$26,473 reduction related to COVID-19 actual costs + \$222,986 reduction related to estimated Phase 3 COVID-19 costs + \$177,173 reduction related to escorting services not entirely attributable to January 6), which has and will continue to assist the AOC when requesting additional CHOBBr Project funding from OCFO and, subsequently, the U.S. Congress.

COTTON & COMPANY ASSURANCE AND ADVISORY LLC



Jason Boberg, CPA, CFE
Partner
March 28, 2022

⁸ Approximately \$1.67 million = (CMc) M090 \$1,634,471 + (AE) M086 \$10,000 + M091 \$20,000 - M092 \$15 + M099 \$8,935

Appendix A

Scope and Methodology

The scope of this performance audit was the effects of COVID-19 and the events of January 6 on the CHOB Project, encompassing the CMc contract (#AOC13C2002), the CMA contract (#AOC13C1000), and the AE contract (#AOC10C0090). We conducted this performance audit of the CHOB Project, located in Washington, D.C., from August 2021 through February 2022, in accordance with Generally Accepted Government Auditing Standards (per the 2018 revision of GAO's *Government Auditing Standards*). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

We interviewed the CHOB Project team to identify impacts to the project's schedule and costs that occurred as a result of COVID-19 and the events of January 6 (Note: Initially, the CHOB Project team provided us with COVID-19 and January 6 information as of August 31, 2021. However, upon our inquiry regarding the attribution of escorting costs to the events of January 6, the CHOB Project team provided us with January 6 information as of November 30, 2021). We obtained and reviewed documentation for these impacts to determine if the impacts were supported, reasonably calculated, allocable to the CHOB Project, and attributable to COVID-19 or to the events of January 6. We also obtained and reviewed documentation for any anticipated future impacts related to COVID-19 and the events of January 6 to determine if the impacts were supported and reasonably calculated. In addition, we identified any potential measures related to COVID-19 and the events of January 6 that could impact the CHOB Project's costs and schedule (e.g., the implementation of a COVID-19 vaccine mandate or the installation of fencing around the Cannon Building).

Construction and contract audits are included in the OIG audit and evaluation plan.

Review of Internal Controls

Government Auditing Standards require auditors to obtain an understanding of internal controls that are significant within the context of the audit objectives. For internal controls deemed significant within the context of the audit objectives, auditors should assess whether the internal control has been properly designed and

implemented, as well as perform procedures designed to obtain sufficient and appropriate evidence to support their assessment about the effectiveness of those controls. Information system controls are often an integral part of an entity's internal control. The effectiveness of significant internal controls is frequently dependent on the effectiveness of information system controls. Thus, when obtaining an understanding of internal controls significant to the audit objectives, auditors should also determine whether it is necessary to evaluate information system controls.

The subject matter of this performance audit does not involve repeatable processes around which internal controls will be built. Therefore, we determined that internal control is not significant to the audit objectives and did not review internal controls.

Use of Computer-Processed Data

We did not use a material amount of computer-processed data to perform this audit.

Prior Coverage

During the last five years, the GAO issued two updates to its previous report on the AOC's efforts to revise the CHOBBr Project's cost and schedule estimates. In addition, the AOC OIG issued reports on its performance audits of: 1) three CHOBBr Project plans, 2) CHOBBr Project contract modifications, 3) CHOBBr Project contract invoices, 4) CHOBBr Project reimbursable costs and 5) CHOBBr Project subcontractor bids and awards.

GAO

Report No. GAO-19-712T, "Efforts Are Ongoing to Update Cannon House Office Building's Renovation Cost and Schedule Estimates," dated September 10, 2019:

In March 2014, the GAO issued a report recommending that the AOC incorporate additional leading practices from the GAO's Cost Estimating and Assessment Guide into its cost-estimating guidance and submit the confidence levels of project estimates (including the CHOBBr Project) to Congress. As part of its monitoring of the CHOBBr Project, the GAO issued Report No. GAO-19-712T, noting that the AOC had implemented the recommendations from the March 2014 report. The GAO also noted that the AOC was updating its CHOBBr Project cost estimate by undertaking an Integrated Cost Schedule Risk Analysis (ICSRA).

Note: The AOC completed the ICSRA in December 2019. The 90 percent confidence level for the revised budget estimates total costs for the CHOBr Project to be \$890.1 million, or approximately \$137.4 million over the original budget of \$752.7 million.

Report No. GAO-21-105363, “Efforts Have Begun to Update Cannon House Office Building’s Renovation Cost and Schedule Estimates,” dated August 5, 2021:

This report serves to notify stakeholders that AOC is currently working to update its ICSRA (Expected Completion: December 2021). The GAO notes that two unknown risks materialized after the completion of the December 2019 ICSRA: COVID-19 and the January 2021 security events.

AOC OIG

Report No. A-2016-01, “Cannon House Office Building Renewal Project,” dated June 24, 2016:

The AOC Chief Operating Officer requested that the AOC OIG review the CHOBr Project’s Partnering Fee Plan (PFP), Project Management Plan (PMP), and Tower Crane Procurement Plan. In its review of the PFP, PMP, and Tower Crane Procurement Plan, the AOC OIG found no significant issues in the execution of the plans. With regard to the Change Management Plan section of the PMP, the AOC OIG recommended that the CHOBr Project team further define approval responsibilities for “Priority 2 Urgent Changes” and “Priority 3 Mandatory Tier 3” (Note: The CHOBr Project team no longer uses this terminology in the current version of the Change Management Plan).

Report No. OIG-AUD-2020-04, “Audit of the Cannon House Office Building Renewal Project’s Contract Modifications,” dated May 29, 2020:

The AOC OIG contracted with Cotton & Company LLP to examine contract modifications and PCOs that the AOC’s CMc submitted on the CHOBr Project. We determined that overall, the contract modification process for the CHOBr Project was effective. However, we identified \$102,189 in unallowable costs included in approved PCOs, as well as 19 PCO proposals that did not contain the required level of cost detail. In addition, we found that the CHOBr Project team did not always retain cost analysis documentation as part of the PCO review and approval process.

Report No. OIG-AUD-2020-05, “Audit of the Cannon House Office Building Renewal Project’s Contract Invoices,” dated August 25, 2020:

The AOC OIG contracted with Cotton & Company LLP to examine invoices (also known as pay applications) that the AOC’s CMc submitted on the CHOBr Project. We determined that the CHOBr Project team’s review and approval process for the CHOBr Project invoices during Option Periods 1 and 2 was adequate, that the costs reviewed were allowable and supported, and that the costs reviewed appeared to be reasonable. However, we also determined that the CHOBr Project team’s review and approval process did not adhere to the CMc contract requirements. The CMc contract terms and conditions for the construction phases reflected a fully cost-reimbursable GMP contract with an option to convert to a firm-fixed-price contract, but the CHOBr Project team administered the CMc contract as a hybrid cost-reimbursable/firm-fixed-price GMP contract.

Report No. OIG-AUD-2021-04, “Audit of the Cannon House Office Building Renewal Project’s Reimbursable Costs,” dated June 8, 2021:

The AOC OIG contracted with Cotton & Company LLP to examine reimbursable costs that the AOC’s CMc invoiced for its work on the CHOBr Project. We determined that overall, the CMc billed, and the AOC paid for CHOBr Project Phase 1 and Phase 2 reimbursable costs in accordance with the CMc contract terms and conditions, and the costs were generally allowable, allocable, supportable, and reasonable. We also determined that the CHOBr Project team’s review and approval process for reimbursable costs was adequate overall. However, we concluded that the CHOBr Project team needs to strengthen its review and approval process for these costs and ensure support documentation for all reimbursed costs is sufficient, maintained, and readily available for examination. In its report, we noted \$54,246 in unallowable costs, \$234,383 in questioned legal costs, and \$286,933 in costs questioned because no or insufficient supporting documentation was provided during the audit.

Report No. OIG-AUD-2021-05, “Audit of the Cannon House Office Building Renewal Project’s Subcontractor Bids and Awards,” dated August 30, 2021:

The AOC OIG contracted with Cotton & Company LLP to review the subcontractor bid and award process used by the AOC’s CMc during its work on the CHOBr Project. We determined that the Phase 1 and Phase 2 contracts

that the CMc awarded to the subcontractors: 1) were awarded in accordance with the solicitation requirements and AOC's policies and procedures; 2) align with industry standards; and 3) were supported by the subcontractors' bids. We also determined that the CHOBr Project team's review and approval process for subcontractor bids and awards was adequate overall. However, we concluded that while the CHOBr Project team did review the CMc's selection of subcontractors, it did not approve these subcontractor selections as required by the contract, and the team needs to improve its process for documenting subcontractor bid and award reviews.

Appendix B

Announcement Memorandum




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: July 16, 2021

TO: J. Brett Blanton
Architect of the Capitol

FROM: Christopher P. Failla, CIG
Inspector General 

SUBJECT: Announcement Memo for the Audit of the Effects of COVID-19 and the Events of January 6 on the Architect of the Capitol's (AOC) Cannon House Office Building Renewal (CHOB) Project (2021-AUD-010-A)

This memorandum serves as notification that the Office of Inspector General is working with the independent audit and accounting firm, Cotton & Company LLP, to initiate a performance audit of the effects of COVID-19 and the events of January 6 on the AOC's CHOB Project. The objective of the audit is to determine the effects of the COVID-19 and January 6 events on the CHOB Project.

We will contact your office next week to set up an audit entrance conference. If you have any questions, please contact Erica Wardley at 202.215.3395 or erica.wardley@aoc.gov, or Paul Braxton at 202.449.2740 or paul.braxton@aoc.gov.

Distribution List:

Peter Bahm, Chief of Staff
Mary Jean Pajak, Deputy Chief of Staff
Pete Mueller, Chief Engineer
Antonio Edmonds, Acting Chief of Operations
David Wilder, Superintendent, House Office Buildings

Appendix C

Cotton & Company's Management Representation Letter

Insert AOC letterhead

[Date of Report and Completion of the Performance Audit]

Christopher P. Failla
Inspector General
Architect of the Capitol
Office of Inspector General
499 S Capitol St. SW, Suite 518
Washington, DC 20515

Attention: Mr. Failla

We are providing this representation letter in connection with Cotton & Company's performance audit of the effects of COVID-19 and the events of January 6 on the Architect of the Capitol's (AOC) Cannon House Office Building Renewal (CHOB) Project.

Certain representations in this letter are described as being limited to matters that are significant. Significance is defined as the relative importance of a matter within the context in which it is being considered, including quantitative and qualitative factors. Such factors include the magnitude of the matter in relation to the subject matter of the audit, the nature and effect of the matter, the relevance of the matter, the needs and interests of an objective third party with knowledge of the relevant information, and the impact of the matter to the audited program or activity. Items are considered significant regardless of size if they involve an omission or misstatement of information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. The term "significant" is comparable to the term "material" as used in the context of financial statement engagements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves, as of [date of report]:

Our Responsibilities

- We acknowledge our responsibility for the sufficiency of the subject matter in achieving its objectives. Specifically, management is responsible for ensuring that it has sufficiently considered the effects of COVID-19 and the events of January 6 on the CHOB Project.

Information Provided

- We assert that the information provided to you for this audit is complete and accurate to the best of our knowledge.
- We assert that all costs attributed to either the COVID-19 pandemic or the events of January 6 are, in fact, a result of those events.
- We assert that we have no knowledge of any information regarding fraud, instances of noncompliance with laws or regulations, or any pending or threatened litigation related to the effects of COVID-19 and the events of January 6 on the CHOB Project.
- We assert that we are not aware of any matters that management believes would invalidate the auditor's conclusions.

[Responsible Party and Title]
Architect of the Capitol

[Responsible Party and Title]
Architect of the Capitol

cc: Jason Boberg, Cotton & Company

Appendix D

AOC's Management Representation Letter



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

March 22, 2022

Christopher P. Failla
Inspector General
Architect of the Capitol
Office of Inspector General
499 S Capitol St. SW, Suite 518
Washington, DC 20515

Dear Mr. Failla:

The Architect of the Capitol (AOC) provides this letter as requested concerning the Office of Inspector General performance audit of the effects of COVID-19 and the events of January 6 on the Cannon House Office Building Renewal Project (Project No. 2021-AUD-010-A).

The information provided by the AOC as part of this audit is complete and accurate to the best of its knowledge.

Sincerely,

Peter W. Mueller, P.E., PMP
Chief Engineer

Doc. No. 220315-18-01

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: March 22, 2022

TO: Christopher P. Failla
Inspector General

FROM: J. Brett Blanton 
Architect of the Capitol

SUBJECT: The Effects of COVID-19 and the Events of January 6 Have Increased the Architect of the Capitol's Cannon House Office Building Renewal Project Cost by \$5.6 Million (Project No. 2021-AUD-010-A)

Thank you for the opportunity to review and comment on the Office of Inspector General (OIG) official draft of the subject audit report. The Architect of the Capitol (AOC) concurs with the report's findings and conclusion on actual costs. The estimated costs provided to the Chief Financial Officer were for informational purposes only, since significant uncertainty surrounds future requirements and project impacts. The estimate included only the enhanced pandemic-related cleaning costs expected to continue for the remainder of the project. The AOC will only reimburse projects' actual costs incurred.

The results of the AOC's Integrated Cost Schedule Risk Assessment shared with the OIG in January 2022 identified cost and schedule impacts due to pandemic-related cost escalation, material inflation costs, supply chain delivery issues, labor shortages and schedule issues for the remainder of the project. These costs were in addition to those associated with the enhanced cleaning identified in OIG's draft report. Please note that the Cannon House Office Building Renewal (CHOB) project costs will likely increase far more significantly than indicated in OIG's draft report from economic conditions and other factors mentioned above. The AOC expects these costs to become apparent when we award the Phase 4 contract in the next several months.

Doc. No. 220315-18-01

Acronyms and Abbreviations

AE	Architect-Engineer
AOC	Architect of the Capitol
CARES	Coronavirus Aid, Relief, and Economic Security
CHOB	Cannon House Office Building Renewal
CLIN	Contract Line Item Number
CMA	Construction Manager as Agent
CMc	Construction Manager as Constructor
Cotton	Cotton & Company Assurance and Advisory LLC
GAO	Government Accountability Office
GMP	Guaranteed Maximum Price
ICSRA	Integrated Cost Schedule Risk Analysis
OCFO	Office of the Chief Financial Officer
OCSO	Office of the Chief Security Officer
OIG	Office of Inspector General
PFP	Partnering Fee Plan
USCP	U.S. Capitol Police



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