

February 2006

ARCHITECT OF THE CAPITOL

Management Challenges Remain





Highlights of [GAO-06-290](#), a report to congressional committees

Why GAO Did This Study

The Architect of the Capitol (AOC) is responsible for the maintenance, renovation, and new construction of the Capitol Hill complex, which comprises more than three dozen facilities and consists of nine jurisdictions, such as the U.S. Capitol and the Senate and House Office Buildings. In 2003, at the request of Congress, GAO issued a management review of AOC that contained recommendations in seven areas to help AOC become more strategic and accountable. GAO reported on AOC's progress in implementing those recommendations in January and August 2004. In 2005 and 2006, GAO briefed Congress on AOC's recent progress in implementing GAO's recommendations and on issues related to AOC's project and facilities management. This report summarizes GAO's (1) assessment of AOC's progress in implementing previous GAO recommendations and in improving project and facilities management and (2) delineation of remaining management challenges.

What GAO Recommends

The implementation status of recommendations made in our previous reports along with recommendations made following our recent reviews of project and facilities management is summarized in this report. In commenting on this report, AOC generally agreed with its content.

www.gao.gov/cgi-bin/getrpt?GAO-06-290.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Patricia A. Dalton at (202) 512-2834 or daltonp@gao.gov.

ARCHITECT OF THE CAPITOL Management Challenges Remain

What GAO Found

Overall, AOC is making progress in implementing GAO's previous recommendations and in improving project and facilities management. For example, AOC has implemented 21 of 54 recommendations, established a central organization for managing major projects, and completed assessments of nearly all of the agency's facilities, for use in developing a comprehensive facility maintenance and building renewal plan. AOC has also begun initiatives to develop meaningful performance measures and to restructure its project management information systems to provide better data for monitoring and reporting. These initiatives, though encouraging, are in their early stages, and it is too early to determine their success. In recent briefings provided to AOC management and congressional staff, GAO made additional recommendations to improve the accountability and effectiveness of AOC's project and facilities management initiatives.

AOC has made progress in some areas, but still has a significant amount of work ahead to achieve its ultimate goal of establishing a strong strategic management and accountability framework. Specifically, it has not completed initiatives to address two critical issues—communication with external stakeholders and development of internal controls—identified in previous GAO recommendations or in independent audits of AOC's 2003 and 2004 balance sheets. These issues affect a wide range of AOC operations. For example, communication with congressional stakeholders is essential to establish and clarify service and expectation levels. Internal controls, such as a reliable cost accounting system, sound procurement practices, and a comprehensive information security program, are necessary to, respectively, improve project and facilities management, strengthen the integrity of AOC's procurement processes, and effectively safeguard AOC's data and information assets.

Leadership support is vital to ensure that needed improvements are given urgent attention; this support is also essential to ensure that improvements that have already been made are continuously evaluated and refined as needed. However, the key leadership positions of Chief Operating Officer, Chief Financial Officer, Chief Administrative Officer, Director of the Capitol Power Plant, Director of Congressional and External Relations, and Director of Planning and Project Management are currently vacant. Furthermore, the term for the current Architect of the Capitol will expire in less than a year. AOC is at a critical juncture in its efforts to become more strategic and accountable. Quickly filling the vacant management positions with qualified people is essential for AOC to sustain and extend its recent improvements and to have a cohesive management team in place in the event of a turnover in the Architect of the Capitol position. AOC is now attempting to fill the vacant leadership positions, and, to mitigate the impact of these vacancies, it recently appointed an Acting Chief Operating Officer—who is also temporarily serving as the Acting Chief Financial Officer—and an Acting Chief Administrative Officer to help guide the agency's improvement efforts.

Contents

Letter

	1
Results in Brief	4
Progress Made on Prior Recommendations but AOC Has Not Implemented Some Key Recommendations in Critical Areas	6
Progress and Challenges in Project Management	10
Progress and Challenges in Facilities Management	11
Agency Comments and Our Evaluation	12

Appendixes

Appendix I: Summary of AOC's Progress on General Management Review Recommendations	13
Appendix II: Progress and Challenges in Improving Project Management	20
Recommendations in September 2005 Briefing	22
Appendix III: Progress and Challenges in Improving Facilities Management	24
Recommendations Made in December 2005 and January 2006 Briefings	27
Appendix IV: Status of AOC's Progress on Recommendations	28
Appendix V: Major Contributors	48

Table

Table 1: Current Status of Recommendations	28
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Abbreviations

AOC	Architect of the Capitol
CAFM	computer-aided facility management
CAO	chief administrative officer
CFO	chief financial officer
COO	chief operating officer
CPP	capitol power plant
CVC	capitol visitor center
EA	enterprise architecture
FCA	facility condition assessment
FTE	full-time equivalent
IT	information technology
OIRM	Office of Information and Resource Management

Contents

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United States Government Accountability Office
Washington, D.C. 20548

February 21, 2006

The Honorable Jerry Lewis
Chairman
The Honorable David Obey
Ranking Minority Member
Committee on Appropriations
United States House of Representatives

The Honorable Wayne Allard
Chairman
The Honorable Richard Durbin
Ranking Minority Member
Subcommittee on the Legislative Branch
Committee on Appropriations
United States Senate

The Honorable Trent Lott
Chairman
The Honorable Christopher J. Dodd
Ranking Minority Member
Committee on Rules and Administration
United States Senate

The Architect of the Capitol (AOC) is responsible for the maintenance, renovation, and new construction of the Capitol Hill complex, which comprises more than three dozen facilities, nearly 15 million square feet of space, and 370 acres of ground developed over 200 years. Organizationally, AOC consists of a centralized staff that perform administrative functions and staff who oversee nine “jurisdictions” or operational units that handle their own day-to-day operations. AOC’s jurisdictions include the buildings and grounds of the U.S. Capitol, the Library of Congress, and the Supreme Court; the House and Senate Office Buildings; the Capitol Power Plant (CPP); the Botanic Garden, and Security Programs. AOC operates in a challenging environment: the agency must preserve and modernize these high-profile, historic buildings while meeting the needs of Congress—including its leadership, committees, individual members, and staffs—and the visiting public. AOC has managed major projects at the Library of Congress, the Supreme Court, and CPP, and is currently managing the construction of the Capitol Visitor Center (CVC)—the largest increment of growth in the history of the Capitol. However, Senate and House Appropriations Committees have raised concerns about management

shortcomings at AOC.¹ For example, in 2001, the Senate Appropriations Committee cited several management issues, including a lack of strategic planning, inadequate financial and project management controls, and an unacceptably high level of worker injuries.

To address congressional concerns, AOC has been working for several years to transform itself into a more strategic and accountable organization and to improve worker safety. This transformation is a long-term effort that involves a fundamental change in AOC's culture. For example, AOC faces the challenge of how best to marshal its jurisdiction-based resources to address the strategic planning and other functional issues that cut across the organization. AOC also faces the challenge of how to shift from reacting to problems as they arise to proactively preventing problems by identifying and addressing their root causes. Changes of this magnitude require the sustained commitment of the agency's top leadership.

In January 2003, at the request of Congress, we issued a management review of AOC that contained recommendations that were intended to assist AOC in establishing a strategic management and accountability framework to drive its agency transformation efforts and address long-standing program issues, such as project management and worker safety.² In February 2003, Congress further directed us to monitor AOC's progress in implementing these recommendations and to assess the plan prepared by AOC's Chief Operating Officer (COO) for describing the policies, procedures, and actions to carry out the responsibilities of that position.³ In response to these mandates, we issued two reports in January 2004 and August 2004, which concluded the following:⁴

- AOC was making progress on all recommendations. For example, to improve project management, AOC created a clearly defined, well-

¹Sen. Rep. No. 107-37, at 28-29 (2001) and H.R. Conf. Rpt. No. 107-148, at 73 (2001).

²GAO, *Architect of the Capitol: Management and Accountability Framework Needed for Organizational Transformation*, [GAO-03-231](#) (Washington, D.C.: Jan. 17, 2003).

³H.R. Conf. Rep. No. 108-10, at 1225 (2003); Consolidated Appropriations Resolution, 2003, Pub. L. No. 108-7, Sec. 1203 of Div. H, 117 Stat. 11, 373-374 (2003).

⁴GAO, *Architect of the Capitol: Status Report on Implementation of Management Review Recommendations*, [GAO-04-299](#) (Washington, D.C.: Jan. 30, 2004) and GAO, *Architect of the Capitol: Midyear Status Report on Implementation of Management Review Recommendations*, [GAO-04-966](#) (Washington, D.C.: Aug. 31, 2004).

documented, and transparent process for evaluating and prioritizing projects. To improve worker safety, AOC developed several broad performance measures, including two measures of the extent to which unsafe conditions exist within AOC and two measures to assess employees' perception of safety.

- AOC's progress on individual recommendations, while commendable, represented only initial steps toward the agency's goal of becoming a more strategic and accountable organization. Substantial work remained to achieve sustained, long-term management improvements, and greater effort would be needed to expedite these improvements.
- Sustained commitment and assertive involvement of AOC's leadership would be key to addressing AOC's long-standing weaknesses and instilling lasting change.
- The COO's plan—issued in December 2003—included action items related to several critical areas of improvement, such as strategic planning, organizational management and structure, project management, customer service, and communications. However, the plan was not sufficiently detailed to guide and communicate the agency's performance and progress in these areas.

Our most recent efforts to monitor AOC's progress included an evaluation of (1) the agency's overall progress in responding to our recommendations in seven areas—strategic management, human capital management, project management, worker safety, recycling, financial management, and information technology (IT) management; (2) issues related to project management, including the extent to which AOC meets its original budget and schedule targets for major construction projects (i.e., projects over \$250,000), and the initiatives that AOC is implementing to improve project management;⁵ and (3) issues related to facilities management, including the extent to which AOC tracks facilities management performance and the initiatives that AOC is implementing to improve facilities management. We provided briefings to our congressional requesters on the results of our work in September and December 2005 and January 2006. This report summarizes those briefings and supplements the information presented in

⁵Excluding four projects—constructing the Capitol Visitor Center, modernizing the Supreme Court, expanding the West Refrigeration Plant, and increasing Perimeter Security.

the briefings with examples from our other recent work related to AOC's CVC project and financial management efforts.

To evaluate AOC's progress in responding to our recommendations, we interviewed AOC officials responsible for implementing the recommendations and analyzed documents related to AOC's actions. To assess AOC's progress and challenges in improving project management, we interviewed AOC officials, analyzed project budget and schedule data, and conducted seven project case studies.⁶ To assess AOC's progress and challenges in improving facilities management, we interviewed AOC officials, interviewed officials from comparable organizations (including the Smithsonian Institution, the state capitol complexes of Iowa and Virginia, and the University of Virginia), compared the performance measures for facilities management that AOC currently tracks with those used by industry associations and similar institutions, and analyzed information about facilities management initiatives at AOC. We conducted our work on the three reviews from December 2004 through January 2006 in accordance with generally accepted government auditing standards.

Results in Brief

Overall, AOC is making progress in fulfilling some previous recommendations and in improving project management and facilities management. For example, AOC has implemented 21 of 54 recommendations made in previous reports (primarily related to strategic management, human capital management, worker safety, and recycling, although work remains to be done in each of these areas), established a central organization dedicated to managing major projects, and completed assessments of nearly all of the agency's facilities, which will enable AOC to better monitor the condition of its facilities and develop a comprehensive plan for facility maintenance and building renewal. Furthermore, AOC has initiatives for additional improvements planned or underway, such as a "Strategic Performance Initiative"—a year-long effort to develop and implement meaningful performance measures and link these measures to daily activities and resource requirements. AOC is also

⁶Most of the projects used as case studies began before AOC had begun to apply best practices to project management in 2002, and all began before many current initiatives had been implemented. Therefore, these case studies may not reflect AOC's current way of managing projects. However, since major projects take from five to eight years to complete, those project that were initiated after 2002 would not be far enough along in the construction process to evaluate the effect of best practices on AOC project management.

evaluating its project management information systems to provide better data and replacing the existing computer-aided facility management (CAFM) system to enhance tracking and reporting capabilities. AOC's progress is encouraging but, since these initiatives are in their early stages, it is too early to determine their success.

Despite progress in some areas, AOC still has a significant amount of work ahead to reach its ultimate goal of establishing a strong strategic management and accountability framework. Specifically, two critical issues—communication with external stakeholders and internal controls—underlie challenges that have been highlighted in previous GAO recommendations or in independent audits of AOC's 2003 and 2004 balance sheets, such as:

- developing and implementing an effective communication strategy with congressional stakeholders;
- establishing a strong foundation of financial accountability and control, including an effective internal control framework and cost accounting system;
- establishing sound procurement practices; and
- improving IT management, including information security.

These issues affect a wide range of AOC operations. For example, communication with congressional stakeholders is essential to establish and clarify service and expectation levels and to obtain input on AOC's initiatives. An effective cost accounting system is necessary for several project and facilities management improvements, such as developing a method to more accurately account for project costs and establishing and tracking performance measures for facilities management costs. Sound procurement practices are critical to improve the integrity of AOC's project management and other procurement processes. Finally, improved IT management is necessary to effectively safeguard AOC's data and information assets.

Leadership support is vital to ensure that needed improvements are given urgent attention; this support is also essential to ensure that improvements that have already been made are continuously evaluated and refined, as needed. However, the senior leadership positions of COO, the Chief Financial Officer (CFO), the Chief Administrative Officer (CAO), and the

Director of the CPP are currently open. Other key management positions have been created recently, but are currently vacant, such as the Director of Congressional and External Relations and the Director of Planning and Project Management. Furthermore, the term for the current Architect of the Capitol will expire in less than one year. The agency is at a critical juncture in its transformation efforts. It is essential for AOC to quickly fill the management positions that are currently vacant to sustain improvements that have already been achieved, support further transformation efforts, and have a cohesive management team in place in the event of a turnover in the position of the Architect of the Capitol. AOC is in the process of hiring for the positions that are currently open. To help mitigate the impact of so many vacancies in key leadership positions, AOC recently appointed an Acting COO—who is also temporarily serving as the Acting CFO—and an Acting CAO to help guide the agency until the positions are filled. Once a permanent COO is in place, it will be particularly important for this person to provide strategic direction for AOC, including updating the COO action plan to help guide and communicate the agency’s transformation efforts.

We provided a draft of this report to AOC for review and comment. AOC officials provided oral comments in which they generally agreed with the content of this report that includes the implementation status of recommendations made to AOC in our previous reports and those recommendations made based on our recent reviews of project management and facilities management. AOC also provided technical corrections, which we have incorporated, as appropriate.

The following summarizes our three briefings, augmented with examples from other recent work.

Progress Made on Prior Recommendations but AOC Has Not Implemented Some Key Recommendations in Critical Areas

AOC has implemented 21 of 54 recommendations that span seven areas—strategic management, human capital management, project management, worker safety, recycling, financial management, and IT management. The agency is making progress primarily in the areas of strategic management, human capital management, project management (covered in the next section), worker safety, and recycling. For example, to improve strategic management, AOC released accountability reports in fiscal years 2003 and 2004, developed a summary document to track key performance goals, established processes for obtaining employee and customer feedback, and initiated several new methods for communicating with employees. However, AOC has not implemented a key recommendation related to

communicating with external stakeholders—to develop protocols that establish and clarify service and expectation levels with congressional stakeholders. AOC’s Acting COO recognizes the importance of communication with congressional members and staff. Since October 2005, the Acting COO has met regularly with congressional stakeholders, including Appropriations Committee staff, and is developing further strategies to improve communication with congressional stakeholders. AOC is also hiring a Director of Congressional and External Relations who will be responsible for developing and maintaining positive relations with congressional members and staff.⁷

In addition, to strengthen human capital management, AOC has, among other things, linked its employee evaluation system to mission-critical goals, established monthly management meetings to share and assess data from employee relations offices, and identified a number of ways to collect, report, and analyze workforce data. However, with a large portion of employees with knowledge in specific trades eligible for immediate retirement, AOC leadership needs to ensure progress continues to identify current and future workforce gaps and develop strategies to address these gaps. To improve worker safety, AOC has made progress in developing safety policies, implementing a system to track investigations of incidents and follow up, completing a job hazard analysis process to report hazards, and establishing a safety-training curriculum that fully supports the goals of the safety policies. From fiscal year 2000 to 2005, AOC’s injury and illness rate declined from 17.9 to 5.7 injuries or illnesses per 100 employees. However, until AOC’s safety policies are fully implemented, the agency will not have a comprehensive picture of safety hazards. To improve recycling, AOC has significantly expanded the recycling program; developed a clear mission, goals, and performance measures for the program; and issued an environmental program plan. However, the agency still needs to evaluate the impact of the new performance measures on its current evaluation criteria and make any necessary changes.

While AOC has made progress in financial management, substantial work remains to fulfill recommendations related to this area. For example, AOC had independent audits of its balance sheets for fiscal years 2003 and 2004

⁷This function was previously carried out by AOC’s Chief of Staff. Upon the departure of the Chief of Staff, AOC changed the title of the position to Director of Congressional and External Relations.

conducted.⁸ AOC received an unqualified or “clean” opinion of the balance sheets, but the audits identified a number of material weaknesses related to internal controls. For example, the audit for fiscal year 2004 found that AOC’s procurement system lacked controls to ensure that contract modifications were properly executed prior to initiation of the work, project costs were properly classified, and contract executed amounts were compared to contract value. Similarly, our separate, ongoing monitoring of the CVC project showed that AOC needed to take additional steps to ensure that it was: (1) receiving reasonable prices for proposed contract modifications, (2) obtaining adequate support for contractors’ requests for reimbursement of incurred costs, (3) adequately overseeing its contractors’ performance, and (4) taking appropriate steps to see that contractors were not doing work before it was appropriately authorized under approved contractual arrangements.⁹ AOC is working to correct these weaknesses.

To further improve financial management, AOC is developing an agencywide internal control framework and a cost accounting system, which are essential to improving accountability across all AOC operations. The internal control framework initiative is scheduled to be implemented by June 30, 2006, while the cost accounting system is scheduled to be implemented by September 30, 2006. However, this schedule is likely to be delayed by a lack of funding and qualified staffing resources. At the beginning of fiscal year 2006, AOC requested the contractors leading these initiatives to significantly scale back their development efforts, citing a lack of fiscal year 2006 funding resources. At that time, the Office of the CFO estimated that 10 positions—including senior manager level positions to help lead these initiatives—would be needed to implement the initiatives on schedule. AOC recently transferred authority to fill some of the positions from within AOC and reprogrammed funds to help continue these initiatives; as of January 2006, the contractors have resumed their development efforts. However, AOC transferred authority for only 4 of the estimated 10 positions, none of which were at the senior manager level.¹⁰

⁸The audits were limited in scope to the balance sheet and related notes. A full-scope audit of a complete set of its financial statements and related note disclosures for fiscal year 2005 is currently under way.

⁹GAO, *Capitol Visitor Center: Priority Attention Needed to Manage Schedules and Contracts*, [GAO-05-714T](#) (Washington, D.C.: May 17, 2005).

¹⁰AOC plans to provide the remaining six positions in fiscal years 2007 and 2008.

As of February 8, 2006, AOC had posted vacancy announcements to fill three of the four positions, but filling these positions could take several months.¹¹ Leadership support—especially from the Architect, COO, and CFO—is critical to ensure that these important initiatives are appropriately funded, staffed, and monitored. Until these initiatives are implemented and operating effectively, AOC faces substantial risk in financial management.

AOC also has begun several initiatives to improve IT management, but substantial work remains, particularly in information security. To improve information security, AOC has issued a policy and a plan for performing risk assessments, issued and implemented an IT security training policy, and developed a plan to monitor and evaluate the effectiveness of IT security policies and controls. However, AOC has yet to establish and implement key information security practices, such as completing risk assessments on all of its major applications, documenting the identified risks in system security plans, and developing and implementing appropriate security controls to mitigate the risks—including developing contingency plans for all systems and applications. Until AOC implements key information security practices, it will be challenged to effectively safeguard its data and information assets.

As part of our review of AOC's progress in responding to previous recommendations, we followed up on our recommendation related to the COO action plan—issued by AOC's previous COO in December 2003. In August 2004, we found that the plan was not sufficiently detailed to guide and communicate the agency's performance and progress and recommended that the Architect of the Capitol and the COO consult with members of Congress and key committees on the specific information regarding AOC's plans, policies, procedures, actions, and proposed organizational changes in order to enhance the usefulness of the COO action plan. The COO subsequently departed AOC and, despite the absence of a permanent COO, the agency has been continuing to follow the steps laid out in the action plan. For example, AOC has made progress in addressing elements of AOC project management that were recommended to be included in the action plan and has consulted with congressional stakeholders on project management initiatives, such as prioritizing projects and establishing a new project management organization.

¹¹The posted positions include two Senior Accountant positions and one Junior Accountant position.

According to AOC officials, the action plan will be updated when a permanent COO is in place.

Appendix I provides a more complete summary of AOC's progress in responding to recommendations. Appendix IV lists all 54 recommendations from previous reports—as well as recommendations from the recent project management and facilities management reviews—and details AOC's progress on each recommendation.

Progress and Challenges in Project Management

According to AOC, 84 major construction projects (all 41 projects that were completed since January 1, 2003, in addition to all 43 active projects) were meeting budget targets as of September 2005. However, in some cases, AOC's budget targets included higher construction contingency allowances than are typical for industry or AOC's guidance. Furthermore, the budget status of projects constructed "in house" by AOC's Construction Branch (rather than by contractors) could not be accurately determined because overhead costs for the branch may not have been charged to the appropriate project. AOC officials believe they are using appropriate contingency allowances, but acknowledged that estimating and accounting for the costs of projects could be improved. AOC also reported that about half of the projects were behind schedule based on the original estimated contract completion date, in part because of scope changes and unforeseen conditions. However, additional measures that reflect the customer's needs, such as the "beneficial occupancy date," could provide a more complete picture of AOC's schedule performance.

AOC has initiatives—such as establishing an organization dedicated to managing major construction projects and reinstating a quarterly report on the budget and schedule progress of projects—that should improve project management and related communications with congressional stakeholders. However, AOC's major construction projects generally take between 5 and eight years to complete, so it is too early to determine the results of AOC's initiatives to improve project management. Meanwhile, better internal controls are needed to improve management and accountability, particularly in establishing and tracking budget targets, revising guidance manuals, and implementing controls concerning the quality of reports. We made recommendations aimed at improving internal controls in these areas, and AOC has made progress on these recommendations since we provided the briefings in September 2005. For example, AOC has begun an internal review of its Construction Branch

operations and included a “beneficial occupancy date” in tracking project schedules.

Appendix II provides a more complete summary of AOC’s progress in improving project management.

Progress and Challenges in Facilities Management

AOC tracks performance measures for the quality and timeliness of its facilities management services, but does not track comprehensive cost measures or evaluate (“benchmark”) its performance against that of any similar facilities management organizations. AOC’s current measures show that AOC’s customers are satisfied with the quality of AOC’s services and that AOC is meeting or exceeding the targets for its timeliness measures. However, the timeliness measures could be improved to better represent the amount of time required for—and spent on—specific tasks. Industry best practices that would improve accountability and provide useful information on trends in costs include developing and tracking cost performance measures and benchmarking performance against that of other organizations. AOC officials plan to develop cost measures after the completion of the new cost accounting system and the installation of a new CAFM system.

To improve facilities management, AOC has several initiatives, including assessing the condition of its facilities to develop a comprehensive plan for facility maintenance and building renewal and switching to a new CAFM system that should enhance AOC’s tracking and reporting capabilities. These initiatives can help improve AOC’s ability to develop facilities management cost measures to facilitate the benchmarking of performance, as well as improve overall facilities management. However, assessing facility conditions has brought to light the magnitude of AOC’s deferred maintenance and other projects—at least \$2.6 billion over nine years as initially estimated by an AOC contractor (and now being validated by AOC)—and the challenge of funding these projects. In addition, the new CAFM system will not be fully effective until, among other things, it is linked to the planned cost accounting system, the development and implementation of which has been delayed. In our briefings in December 2005 and January 2006, we made recommendations aimed at improving AOC’s facilities management performance measures and the effectiveness of the new computer system.

Appendix III provides a more complete summary of AOC’s progress in improving facilities management.

Agency Comments and Our Evaluation

We provided the Architect of the Capitol a draft of this report for review and comment. We received oral comments from AOC officials stating that they generally agreed with the content of the information presented in this report—including the implementation status of recommendations made to AOC in our previous reports and recommendations based on our recent reviews of project and facilities management. AOC officials emphasized that GAO’s findings regarding project management largely reflected past problems and that AOC’s new Project Management Organization (now a division within AOC) is proceeding with a number of initiatives that are targeted to correct past problems and has plans to start additional initiatives. AOC officials also provided technical corrections to the report, which we have incorporated, as appropriate.

We are sending copies of this report to the appropriate congressional committees. We are also sending this report to the Architect of the Capitol. We will make copies available to others upon request. In addition, this report will be available at no cost on the GAO Web site at <http://www.gao.gov>. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. If you or your staff have any questions about this report, you may contact me at (202) 512-2834 or at daltonp@gao.gov, or Sara Vermillion at (202) 512-9913 or at vermillions@gao.gov. Major contributors to this report are listed in appendix V.



Patricia A. Dalton
Managing Director,
Physical Infrastructure Team

Summary of AOC's Progress on General Management Review Recommendations

Under the congressional mandate to monitor the Architect of the Capitol's (AOC) progress, we evaluated AOC's response to 54 recommendations in seven areas: strategic management, human capital management, project management, worker safety, recycling, financial management, and information technology (IT) management. We provided briefings on our work in September 2005. Appendix IV lists all 54 recommendations and details AOC's progress on each recommendation. Appendix IV also includes the most recent recommendations resulting from our review of AOC's project management and facilities management.

AOC has implemented 21 of 54 recommendations and is making progress primarily in the areas of strategic management, human capital management, project management (discussed in detail in app. II), worker safety, and recycling, although work remains in all of these areas. While AOC has also made progress in financial management and IT management, substantial work remains to fulfill recommendations related to these areas, particularly in financial management. Many of the recommendations that have not been implemented require significant organizational changes; leadership support for these changes is vital to ensure their success as well as the continued success of initiatives that AOC has in place.

Strategic Management

Strategic management recommendations were designed to help AOC improve strategic planning efforts and organizational alignment, establish meaningful performance measures, obtain feedback from employees and customers, improve internal and external communications, and strengthen the relationship between AOC and congressional stakeholders. In response, AOC released accountability reports for fiscal years 2003 and 2004 and developed a summary document to track performance for each of its strategic goals. The agency has also established processes for obtaining feedback from employees and customers, which should improve communications with these groups. To further improve communication with employees, AOC has implemented a variety of communication methods to convey information to employees, including a weekly newsletter on project updates, policy announcements, management and communication tips, and other agencywide messages. However, AOC still needs to improve communication with external stakeholders. For example, AOC has not fully implemented protocols to establish and clarify service and expectation levels with congressional stakeholders. Without such protocols, neither AOC nor congressional stakeholders can be assured that agency efforts and resources are targeted to their highest priorities. The Acting Chief Operating Officer (COO) recognizes the importance of

communication with congressional members and staff. Since October 2005, the Acting COO has been meeting regularly with congressional stakeholders, including Appropriations Committee staff, and is developing further strategies to improve communication with congressional stakeholders. AOC is also in the process of hiring a Director of Congressional and External Relations who will be responsible for developing and maintaining positive relations with congressional members and staff. In addition, AOC has not developed a comprehensive set of outcome-based and performance-based measures that would enable AOC and Congress to assess AOC's progress. AOC has developed a document—the "AOC dashboard"—that includes several high-level indicators to track performance for each of its strategic goals as well as a target goal for each indicator. The dashboard is a positive step that needs further development as AOC revises its goals and objectives and assign measures to each area in fiscal year 2006.

Human Capital Management

Human capital management recommendations were aimed at strengthening AOC's human capital policies and performance. In response, AOC implemented a performance management approach by developing strategic goals and measuring performance and linked its employee evaluation system to mission-critical goals. In addition, AOC management has improved the way it gathers and assesses data from employee relations offices by holding monthly meetings to share and discuss data, make recommendations, and take action. AOC has also identified a number of ways to collect, report, and analyze workforce data and has developed a report that forecasts future workforce needs. However, with a large portion of employees with knowledge in specific trades eligible for immediate retirement, AOC leadership needs to ensure progress continues to complete ongoing efforts to identify gaps in current and future workforce needs and develop strategies to address these gaps. Completing these efforts should further improve its employee evaluation system and AOC's ability to strategically plan for future workforce needs.

Worker Safety

Worker safety recommendations were designed to enhance AOC's ongoing efforts to establish a strategy for the worker safety program by developing performance measures for safety goals and objectives, establish policies for reporting hazards, establish a system for conducting investigations and follow-up, and implement a safety-training curriculum. In response, AOC has developed 23 of 35 specialized safety policies; implemented a system to track investigations of incidents and follow-up; completed a job hazard

analysis process to report hazards; and established training that supports the goals of the safety policies. Overall, AOC's injury and illness rate declined from 17.9 in fiscal year 2000 to 5.7 in fiscal year 2005. However, until AOC fully implements the specialized safety policies, particularly a policy on hazard assessment and control, the agency will not be able to develop a comprehensive picture of AOC hazards. During our Capitol Visitor Center (CVC) monitoring work, we noted that worker injury rates for the CVC construction site were higher than the rates for comparable sites and that gaps existed in the management of worker safety at the CVC site. AOC has taken action to address this issue; the injury and illness rate for the CVC project declined from 9.1 in 2003 and 12.2 in 2004, to 5.9 for the first 10 months of 2005—below the 2003 industry average of 6.1.

Recycling

Recycling recommendations were designed to help AOC adopt a strategic approach to recycling by developing a mission and goals for the recycling program, establishing performance measures for the program, examining the roles and responsibilities of recycling staff, and holding staff accountable for achieving goals. In response, AOC has developed a clear mission, goals, and performance measures for AOC's recycling program and issued an environmental program plan. AOC has also included recycling tasks in recycling staff position descriptions and recycling objectives in AOC's evaluation system for recycling managers. However, AOC still needs to evaluate the impact of the new performance measures on its current evaluation criteria and make any necessary changes.

According to AOC officials, the AOC recycling program has undergone significant expansion over the past five years, while at the same time becoming more efficient. Initially consisting of recycling of paper, cans, bottles, and scrap metal, the AOC recycling program has now been expanded to include items such as toner cartridges, carpeting, concrete, ceiling tiles, batteries, pallets, wooden spools, hard plastics, and electronic wastes such as computers. The program has also been expanded by increasing the number of locations at which recycling is taking place. The paper recycling program has maintained a "zero percent off-specification" (formerly referred to as "contamination") rate for the past two years, down from historical contamination rates as high as 50 percent.

Financial Management

Financial management recommendations were aimed at helping AOC improve financial management by institutionalizing sound financial management practices; strengthening accountability and control through

senior management's visible support for efforts to prepare auditable financial statements and implement internal controls; and enhancing the successful development of appropriate cost accounting and meaningful financial, cost, and performance reporting. AOC made progress in financial accountability by issuing its initial agencywide accountability reports in December 2004 and February 2006, in which the results of audits covering AOC's fiscal year 2003 and 2004 balance sheets, respectively, were presented; requesting a full-scope audit of a complete set of its financial statements and related note disclosures for fiscal year 2005; and beginning development of an AOC-wide internal control framework and a cost accounting system. While these initiatives reflect progress, until they are implemented AOC will continue to face significant risk in financial management and program operations.

The AOC received an unqualified or "clean" opinion on its balance sheet for fiscal year 2003 and its comparative balance sheet for fiscal years 2003/2004. However, the *Independent Auditor's Report on Internal Control* for fiscal year 2003 noted a number of internal control weaknesses that AOC has been working to correct, including weaknesses in the areas of: capitalizing work-in-process expenses, allocating overhead to project costs, accounts payable cutoff, capital and operating leases, payroll record retention, and IT controls. As reported in AOC's *2004 Accountability Report*, the AOC has fully addressed six out of seven material weaknesses identified in the fiscal year 2003 auditor's report. The fiscal year 2004 auditor's report identified weaknesses in the areas of: internal control assessments, annual leave processing, timekeeping controls, procurement system controls for contracts, procurement processes for capital and operating leases, and IT security.

To further improve financial management, AOC is developing an agencywide internal control framework and a cost accounting system, which are essential to improving accountability across all AOC operations; however, it is unlikely that these initiatives will be completed by their scheduled implementation dates of June 30, 2006, and September 30, 2006. During fiscal year 2005, AOC approved the establishment of an AOC-wide internal control framework. AOC began developing a process to formally evaluate, document, and recommend improvements on the effectiveness of the design and operations of its internal control structure. In developing this framework, AOC has begun to identify key financial and operational processes, updating process documentation and flowcharts, perform risk analyses, update and benchmark controls, and document any identified deficiencies. In addition, in an effort to move AOC's financial system from a

budget-based system to a performance-based system, AOC is developing a cost accounting system, which would align goals, activities, and outputs; it would also improve systems and reporting across the agency, including project management and facilities management. AOC plans to implement the new performance-based system in phases to make an orderly transition from the current budget-based financial system. Those plans include pilot deployment of an interim cost structure for managers through fiscal year 2006, followed by the development of a structure for general and administrative cost reporting, and the development of a structure for jurisdictional services in fiscal year 2007. However, AOC's schedule for implementing these key initiatives is likely to be delayed by a lack of funding and qualified staff resources. At the beginning of fiscal year 2006, AOC requested the contractors leading the internal control and cost accounting initiatives to significantly scale back their development efforts, citing a lack of fiscal year 2006 funding resources. At that time, the Office of the Chief Financial Officer (CFO) estimated that 10 positions—including senior manager level positions to help lead these initiatives—would be needed to implement the initiatives on schedule. AOC recently transferred authority to fill some of the positions from within AOC and reprogrammed funds to help continue these initiatives; as of January 2006, the contractors have resumed their development efforts. However, AOC transferred authority for only four of the estimated 10 positions—none were at the senior manager level.¹ As of February 8, 2006, AOC had posted three of the four vacancy announcements (two Senior Accountant positions and one Junior Accountant position), but filling these positions could take several months. Leadership support—especially from the Architect of the Capitol, COO, and CFO—is critical to ensure that these important initiatives are appropriately funded, staffed, and monitored. Until these initiatives are implemented and operating effectively, AOC faces substantial risk in financial management.

In total, the extent of progress on the financial management reporting improvement efforts has been limited. Successful completion of the development and implementation of these important financial management initiatives will require additional AOC funding and qualified staff, close monitoring, and strong and visible support of these initiatives by AOC leadership. AOC will continue to face significant risk in financial management and its program operations until these key accountability and management control initiatives are fully implemented.

¹AOC plans to provide the remaining six positions in fiscal years 2007 and 2008.

IT Management

IT management recommendations were designed to help AOC adopt an agencywide approach to information management by: developing and implementing IT investment management processes to support informed executive decision making; developing, implementing, and maintaining an enterprise architecture² to guide and constrain IT investments throughout AOC; and establishing and implementing an information security program. In response, AOC established a Director of the Office of Information and Resource Management to manage IT across the agency. AOC has also taken important initial steps to address the management and structure needed to establish a sound IT investment management process, such as assigning roles, responsibilities, and the authority needed to manage its IT investment portfolio. AOC, moreover, is in the process of instituting an approval process and mechanism to screen all proposed IT projects using standardized criteria. Further, AOC has established the management structure for developing, implementing, and maintaining an enterprise architecture, such as designating a chief enterprise architect to guide architecture development and maintenance and developing an updated version of its architecture that was approved by the senior policy committee, which includes senior representatives from across the agency. In addition, AOC has established some aspects of an effective information security program, such as issuing a policy and a plan for performing risk assessments; issuing and implementing an IT security training policy; and developing a plan to monitor and evaluate the effectiveness of IT security policies and controls.

However, more work remains to be done to fully implement our recommendations. In particular, AOC has yet to fully develop and implement important key steps in their IT investment management process, such as developing an overall approach to portfolio management that incorporates existing and proposed projects into the investment decision making process and documenting and implementing a sound investment control process to monitor all current and proposed IT

²An enterprise architecture can be viewed as a link between an organization's strategic plan and the program and supporting system implementation investments that it intends to pursue to systematically achieve its strategic goals and outcomes. As such, the architecture is basically a blueprint, defined largely by interrelated models, that describes (in both business and technological terms) an entity's "as is" or current environment, its "to be" or future environment, and its investment plan for transitioning from the current to the future environment. The use of such a blueprint is a recognized hallmark of organizations that effectively leverage technology in the transformation and modernization of business operations and supporting systems.

investments. Furthermore, AOC has yet to establish and implement key practices associated with developing, implementing, and maintaining an enterprise architecture, such as ensuring that the architecture addresses security and ensuring that metrics are used to measure progress, quality, compliance, and return on investment. Moreover, as stated above, the agency has yet to establish and implement key information security practices, such as completing risk assessments on all of its major applications, documenting the identified risks in system security plans, and developing and implementing appropriate security controls to mitigate the risks—including developing contingency plans for all systems and applications. Until AOC completes and implements plans for improvement that are consistent with all our recommendations, it will be challenged in its ability to effectively use IT to optimize mission performance.

COO Action Plan

As part of our progress review, we followed up on our recommendation related to the COO action plan—issued by AOC's previous COO in December 2003—which recommended that the Architect of the Capitol and the COO consult with members of Congress and key committees on the specific information regarding AOC's plans, policies, procedures, actions, and proposed organizational changes in order to enhance the usefulness of the COO action plan. The agency has been continuing to follow the steps laid out in the action plan, despite the absence of a permanent COO. For example, AOC has made progress in addressing elements of AOC project management that were recommended to be included in the action plan. According to AOC officials, the action plan will be updated when a permanent COO is in place.

Progress and Challenges in Improving Project Management

To evaluate AOC's efforts to improve project management, we (1) determined the extent to which AOC is meeting its original budget and schedule targets for major construction projects (projects costing over \$250,000, not including four construction projects—building the CVC, modernizing the Supreme Court, expanding the West Refrigeration Plant, and increasing Perimeter Security) and (2) identified initiatives that AOC is implementing to improve project management and challenges that remain. We provided briefings on this work in September 2005.

At the time of our briefings, AOC reported that all recent major projects were meeting budget targets. However, AOC's budget targets are based on cost estimates that include construction contingencies that are sometimes 5 percent higher than both industry standards and AOC's own guidance.¹ Although higher budget targets reduce the need for AOC to request additional funds to complete projects, higher targets could also reduce the incentive for AOC to prudently manage project funds and tie up excess funds that could be used for other capital projects. For example, 41 projects completed from January 2003 to April 2005 had excess funding totaling about \$5.5 million. In addition, the overhead costs of projects constructed "in house" by AOC's Construction Branch (rather than by contractors) may not have been accurately charged to the correct project because these charges do not receive the same level of review as those of outside contractors. According to AOC officials, using a contingency higher than 10 or 15 percent requires documented rationale for why the percentage is higher than prescribed by AOC guidance. AOC officials stated that they believe that their contingency allowances are appropriate for the environment in which AOC operates, but acknowledged that estimating and accounting for the costs of projects could be improved.

AOC also reported that about half of recent projects were behind schedule based on the original estimated contract completion date, in part because of scope changes, unforeseen conditions, and changes in jurisdictions' (the customers') priorities. However, additional measures that reflect the customers' needs, such as the "beneficial occupancy date" could provide a more complete assessment of AOC's schedule performance. Since our

¹A "contingency" is project funding set aside or planned to cover events that may or may not occur. The Construction Management Association of America cites construction contingencies of up to 15 percent as appropriate for renovation work, which is typically done by AOC. AOC guidance also specifies a contingency of 15 percent.

briefings, AOC has tracked the beneficial occupancy date, as well as the original estimated contract completion date.

AOC has initiatives in several areas—planning, project management organization and accountability, and communication—that are designed to improve project management. For example, AOC continues to refine its planning process to identify, develop, and prioritize capital projects. The most recent refinements include adding the results of completed facility condition assessments and using two new criteria to evaluate projects—“urgency” and “type of project.” AOC also implemented a Project Management Organization to align project and construction management to provide “cradle to grave” project oversight. Under this new organization, AOC is:

- using “jurisdictional executives” as liaisons with jurisdictions;
- tracking performance measures for budget and completion dates and quality of project design;
- using a governmentwide system to evaluate and record contractor performance;
- maintaining central files for key project documentation to improve access and accountability; and
- enforcing liquidated damages against contractors on delayed projects to motivate them to meet contract commitments.²

Finally, AOC has reinstated a quarterly report to Congress to communicate the budget and schedule status of ongoing projects.

While these initiatives are promising, AOC faces the challenge of developing better internal controls to improve management oversight and accountability. Meeting this challenge will improve the chances of success for AOC’s initiatives. For example, AOC’s planning process would benefit from more complete information on the initial scope of projects. For the

²AOC is required by law to include a liquidated damages provision in all construction contracts over \$50,000. Liquidated damages are assessed against a contractor for a delay when the contractor is responsible for the delay. The damages are based on a daily rate and the number of days that the project’s completion is delayed.

new Project Management Organization, AOC has not implemented a customer satisfaction survey to track the quality of construction services, fully clarified staff roles and responsibilities, or updated guidance manuals. The quarterly report does not accurately reflect the performance of projects constructed by AOC's Construction Branch because the agency does not have a method for calculating current working estimates for this branch. Furthermore, the quarterly report must be compiled manually because AOC's information systems do not adequately support project management and reporting needs.

Recommendations in September 2005 Briefing

To improve internal controls related to project management, we recommended that AOC:

- develop a method to establish and track more accurate budget targets, which could include tracking and reporting on the accuracy of cost estimates compared with bids, the accuracy of project budgets compared with final project costs, the amount of excess project funds and how these funds are used, and cost data for the Construction Branch;
- expedite the development of a customer satisfaction survey for construction services;
- clarify the roles and responsibilities of staff in the new Project Management Organization;
- revise project management guidance manuals; and
- develop or modify information systems to provide needed cost and schedule data on projects and track reasons for changes across all projects.

AOC generally agreed with our recommendations and, since September 2005, has made progress in addressing these recommendations by

- developing and tracking new cost measures on a monthly basis,
- piloting the use of a project closeout sheet to verify reallocation of excess funds,
- initiating an internal review of AOC's Construction Branch's operations,

Appendix II
Progress and Challenges in Improving
Project Management

-
- initiating the development of a customer satisfaction survey for construction services,
 - communicating and clarifying staff roles through regular staff meetings, and
 - analyzing the Project Management Organization's information needs to determine the requirements for a new or revised information system.

Progress and Challenges in Improving Facilities Management

To evaluate AOC's efforts to improve facilities management, we reviewed (1) the extent to which AOC tracks facilities management performance and (2) the initiatives AOC is implementing to improve facilities management and the challenges that remain.¹ We provided briefings on our work in December 2005 and January 2006.

AOC tracks performance measures for quality and timeliness of facility management services; these measures indicate that AOC's customers are satisfied with the quality of AOC's services and that AOC is providing the services in a timely manner. For example, in 2004, all but one of AOC's quality ratings were above 80 percent and almost half were above 90 percent. AOC is also meeting or exceeding its timeliness targets. For example, in September 2005, AOC closed 88 percent of the demand work orders that were closable that month and completed 95 percent of the orders in less than 30 days.² However, AOC's timeliness measures could be improved to better represent the amount of time required for specific tasks. AOC uses a standard timeliness measure of 30 days for all tasks, even though many tasks take less time to complete. For example, the Senate jurisdiction allots 24 hours for decorative paint repair, 1 week to paint an entire area, and 2 weeks to refinish furniture. The Smithsonian Institution, an organization with characteristics similar to AOC, tracks multiple time frames that are more relevant for specific tasks, such as 24 hours, 3 days, and within 30 days. Not tracking more specific timeliness measures hinders AOC in accurately determining whether tasks are completed in a timely manner, and identifying which tasks may need additional resources.

AOC does not track comprehensive cost performance measures or evaluate (or "benchmark") its performance with that of similar facilities management organizations. While AOC has the capability to track a limited number of annual complex-wide cost measures, it does not comprehensively and routinely track specific cost measures, such as the cost per square foot of cleaning or maintenance and repairs. By not tracking these performance measures, AOC cannot understand how those costs compare with those of similar institutions, or identify how its costs

¹Facilities management includes operations and maintenance, facilities planning, and facilities support service functions.

²Demand work orders usually involve a specific request for service made to an AOC Service Center. Work orders, which may be planned (preventive maintenance work order) or unplanned (demand work order), are sheets that detail a task to be completed. Usually this involves the maintenance or repair of a particular building or equipment.

may be increasing or decreasing over time. However, to track cost performance measures, AOC must first develop and implement a cost accounting system. As discussed earlier in this report, development and implementation of this cost accounting system has been delayed due to lack of adequate resources and personnel. Furthermore, while AOC internally compares the performance of individual jurisdictions in areas such as customer satisfaction and timeliness, the agency does not benchmark its performance against that of external organizations. Even though AOC's facilities are somewhat unusual, benchmarking could help identify areas where costs may be high or cost trends differ. AOC officials told us that the agency has implemented cost accounting pilot initiatives in several jurisdictions and acknowledge that benchmarking performance against that of comparable external organizations would be beneficial.

AOC has several initiatives under way that should help improve its ability to develop and track cost performance measures and benchmark performance.

- *Conducting facility assessments to develop a comprehensive plan for facility maintenance and building renewal:* The Facility Condition Assessment (FCA) initiative establishes an ongoing process for monitoring facility conditions and enables AOC to develop a comprehensive plan for facility maintenance and building renewal. FCAs help AOC prioritize projects for budget requests and increase AOC's accountability, since they enable AOC to directly link facility needs and budget plans. AOC has completed all but two FCAs—for the Library of Congress Building and Grounds and the Supreme Court. While FCAs have enabled AOC to develop a comprehensive plan for facility maintenance and building renewal, the assessments have also documented the magnitude of AOC's deferred maintenance and other projects—\$2.6 billion over nine years—and the challenge of funding these projects. Funding for only a limited number of these projects has been integrated into AOC's Capital Improvement Plan process. According to AOC officials, they plan to discuss funding needs with appropriators as part of the Capital Improvement Plan process, using the FCA results to help appropriators better understand the funding needs.
- *Switching to a new Computer-Aided Facility Management (CAFM) system to enhance tracking and reporting capabilities:* AOC uses its current CAFM system to track demand work orders, but does not consistently track preventive maintenance work orders (even though

the current system is capable of tracking these work orders).³ By not tracking preventive maintenance work orders, AOC cannot compare how much preventive maintenance jurisdictions are performing with how much is recommended. AOC is replacing its existing CAFM system because the vendor is phasing out support for that system. According to AOC officials, the new system will have improved tracking and reporting capabilities, which will make it easier for the jurisdictions to use the system to track preventive maintenance work orders, as well as develop cost performance measures. However, the new CAFM system must be used in conjunction with a new cost accounting system (as noted above, development and implementation of this system has been delayed) before AOC will be able to fully utilize data provided by the new CAFM system.

- *Consolidating service contracts to save money on contract administration:* AOC jurisdictions consolidate contracts for some services, such as elevator maintenance and hazardous waste disposal. Currently, 20 percent of services conducted in multiple jurisdictions are under consolidated contracts. Contract consolidation can save money because the administrative functions for the contract are centralized; AOC could also gain from additional economies of scale. AOC officials acknowledge that there are additional opportunities for consolidation, including window cleaning and fire alarm testing and certification.
- *Standardizing facility inspection practices to make inspections consistent across jurisdictions:* AOC has a comprehensive, jurisdictionwide inspection program. For example, over 95 percent of AOC's assets are being inspected through modes such as FCAs and Night Custodial Inspections. Although jurisdictions currently conduct inspections independently using their own procedures, AOC plans to evaluate the inspections and merge them into a comprehensive inspection manual that standardizes the preferred inspection procedures across jurisdictions. According to AOC officials, the standardization of inspections across jurisdictions will help ensure that inspections are performed consistently across jurisdictions and that they are completed as efficiently as possible using a minimum of resources.

³According to AOC officials, preventive maintenance data for the House, Senate, and Capitol jurisdictions have been loaded into the current CAFM system.

**Recommendations
Made in December
2005 and January 2006
Briefings**

To improve how AOC measures its performance in the areas of timeliness and cost, the agency should:

- develop and track more specific timeliness measures that more accurately reflect the amount of time required to complete tasks;
- develop the capability to comprehensively and routinely track cost measures; and
- benchmark appropriate existing and new performance measures against those of similar institutions, such as the Smithsonian Institution and state capitols.

AOC should use the new CAFM system to track preventive maintenance and demand work orders across all jurisdictions, including the time taken to complete work orders.

AOC generally agreed with our findings and the areas identified for improvement, such as developing cost measures, benchmarking, and tracking preventive maintenance work orders. AOC officials noted that they also had identified these areas and have taken steps toward implementing improvements.

Status of AOC's Progress on Recommendations

The following table includes all recommendations made as part of our general management review. In addition, the table includes new recommendations resulting from our reviews of project management and facilities management. For recommendations that have been implemented, the "status" column includes the month and year of the GAO report that acknowledges the completion of that recommendation.

Table 1: Current Status of Recommendations

GAO Recommendation	Status
Strategic management	
<p>1. Improve strategic planning and organizational alignment by involving key congressional and other external stakeholders in AOC's strategic planning efforts and in any organizational changes that may result from these efforts. Jan. 2003</p>	<p>Making progress: AOC has involved congressional and other stakeholders in strategic planning efforts and organizational changes. For example, AOC sought input and guidance from congressional stakeholders and GAO on its efforts to align its activities, core processes, and resources with its mission and strategic goals, which resulted in a revised organizational structure. In addition, AOC has shared its strategic plan and its performance plan with its congressional and other stakeholders and has received guidance on how to improve future reports. AOC has also worked with congressional and other stakeholders on several management changes such as instituting a Capitol Visitor's Center Executive Director and a Director of Congressional and External Relations. In a November 2005 letter to appropriators, the Architect of the Capitol provided an update on several key strategic planning efforts and plans for fiscal year 2006. The Acting COO currently provides periodic briefings to congressional stakeholders including information on updates to the strategic plan. AOC is in the process of hiring a permanent COO, who will be responsible for continuing to consult with Congress on AOC's strategic planning efforts and organizational changes.</p>
<p>2. To strengthen the relationship between AOC and its congressional and other stakeholders, we recommend that the Architect of the Capitol direct the COO to actively consult with Congress on the design and implementation of meaningful outcome-based and performance-based measures that are useful to both AOC and Congress. This will enable AOC and Congress to assess AOC's progress. Aug. 2004</p>	<p>Making progress: Although AOC has not developed a comprehensive set of performance measures, the agency has developed a document—the AOC dashboard—that summarizes performance in each of its strategic focus areas: project management, facilities management, human capital management, and organizational excellence. The dashboard includes several high-level indicators to track performance for each of the strategic goals as well as a target goal for each indicator. AOC plans to revise goals and objectives and assign measures to each area in fiscal year 2006. AOC is in the process of hiring a permanent COO, who will be responsible for consulting with Congress and communicating AOC's progress on the design and implementation of a comprehensive set of outcome-based and performance-based measures.</p>

**Appendix IV
Status of AOC's Progress on
Recommendations**

(Continued From Previous Page)

GAO Recommendation	Status
<p>3. Develop a comprehensive strategy to improve internal and external communications by providing opportunities for routine employee input and feedback. Jan. 2003</p>	<p>Implemented February 2006: AOC has established a process for obtaining employee input and feedback and finalized a process manual for employee feedback. The process manual provides guidance for obtaining employee feedback using a four-step approach: identifying concerns, obtaining data, giving feedback, and following up on results. The process manual also details responsibilities for staff and provides an implementation plan. While AOC has provided opportunities for routine employee feedback, it is important for AOC to collect a consistent and comprehensive set of data on a regular basis in order to monitor progress against an established baseline.</p>
<p>4. Gather and analyze employee feedback from focus groups or surveys before fiscal year 2005, as well as communicate how it is taking actions to address any identified employee concerns. Jan. 2004</p>	<p>Implemented February 2006: AOC held focus group sessions in September 2004 and has communicated planned actions to employees by issuing three brochures. According to AOC, it has begun to implement several of the planned actions and will continue to communicate with employees as each action plan is implemented. In addition, AOC has issued a focus group guide that outlines procedures for conducting focus groups and reporting on the results.</p>
<p>5. To improve communications with employees, we recommend that the Architect of the Capitol direct the COO to fully and effectively implement the basic framework as defined in its communications plan and process manuals, and finalize its draft employee feedback manual to assure that the current progress already made is maintained. Aug. 2004</p>	<p>Implemented February 2006: AOC implemented the basic framework in its communications plan through a variety of communication methods to convey information to employees including a weekly newsletter on project updates, policy announcements, management and communication tips, and other agencywide messages. AOC has also distributed a process manual for employee feedback.</p>
<p>6. Develop a comprehensive strategy to improve internal and external communications by completing the development of congressional protocols by involving stakeholders. Jan. 2003</p>	<p>Making progress: According to AOC officials, the protocols that AOC drafted were not considered to be viable by congressional stakeholders. AOC is developing an alternative to formal protocols by documenting internal procedures for communicating with congressional staff such as returning calls within 24 hours and written requests within 5 days. AOC's Acting COO/CFO explained that this effort would help clarify service and expectation levels.</p>
<p>7. Conduct a pilot of its congressional protocols in one or more of its jurisdictions to determine how well its protocols would work in addressing customer requests for service, while balancing the need of multiple requests with the strategic plan and corresponding project priorities of the agency. Jan. 2004</p>	
<p>8. Develop a comprehensive strategy to improve internal and external communications by improving annual accountability reporting through annual performance planning and reporting. Jan. 2003</p>	<p>Implemented February 2006: AOC has fulfilled our recommendation through the release of its fiscal year 2003 accountability report and its plans to publish its fiscal year 2004 accountability report and fiscal year 2005 performance and accountability report. In addition, AOC released a performance plan in April 2005 that details steps to achieve its strategic goals and objectives. AOC staff, AOC Audit Committee staff, GAO, and other congressional stakeholders are involved in the development of these reports. AOC plans to monitor the progress toward meeting milestones outlined in its performance plan through monthly assessment meetings.</p>

**Appendix IV
Status of AOC's Progress on
Recommendations**

(Continued From Previous Page)

GAO Recommendation	Status
9. Develop a comprehensive strategy to improve internal and external communications by continuing to regularly measure customer satisfaction AOC-wide. Jan. 2003	Implemented January 2004^a: AOC fulfilled our recommendation by implementing the annual building services customer satisfaction survey. Information from the survey will be incorporated into AOC's business plan and will be useful in monitoring the quality of AOC's services and the progress of AOC's improvement initiatives.
10. To strengthen the relationship between AOC and its congressional and other stakeholders, we recommend that the Architect of the Capitol direct the COO to expedite the release of the 2003 building services customer satisfaction survey, as a transparency and accountability mechanism and to provide Congress and other stakeholders assurance that actions are being taken in response to their feedback. Aug. 2004	Implemented February 2006: AOC has fulfilled our recommendation by releasing the results of the 2003 building services customer satisfaction survey in its 2004 report. The report tracked customer satisfaction between 2002 and 2004. In addition, AOC provided customers with letters detailing actions planned to address their concerns.
11. Establish action-oriented implementation goals over the long term and a time line with milestone dates to track the organization's progress towards achieving those implementation goals. The Architect of the Capitol should work with key congressional and other stakeholders to develop plans. Jan. 2003	Implemented January 2004^a: AOC fulfilled our recommendation by issuing its draft performance plan in March 2003, which was prepared to satisfy a congressional requirement for the development of a management improvement plan. This draft performance plan for fiscal years 2003-2007 established action-oriented implementation goals over the long term and a time line with milestone dates to track the organization's progress toward achieving those goals.

**Appendix IV
Status of AOC's Progress on
Recommendations**

(Continued From Previous Page)

GAO Recommendation	Status
<p>12. To enhance the usefulness of the COO action plan, we recommend that the Architect of the Capitol and the COO consult with members of Congress and key committees on the specific information regarding AOC's plans, policies, procedures, actions, and proposed organizational changes. As part of this effort, the Architect and the COO should work with Congress to determine Congress's information needs and the timing and format of delivery of that information that will best meet Congress's needs. Furthermore, consistent with our findings and recommendations with respect to congressional and other stakeholder involvement in general and the Capitol complex master plan in particular, as well as our original January 2003 management review, specific emphasis should be placed on AOC's project management. Particular issues to be discussed could include how: AOC's projects' priorities are determined; AOC monitors and controls project cost, quality, and timeliness; AOC uses lessons learned from projects and seeks to incorporate best practices; project management accountability is assigned and managed; and AOC determines the best mix of in-house and contractor support when designing projects. Subsequent COO action plans and status reports will likely be most helpful to Congress to the extent that they are rigorously specific as to the problem or issue that needs to be addressed, the actions that are being taken in response, the progress to date, and milestones for additional actions.</p> <p>Aug. 2004</p>	<p>Making progress: AOC cannot fully implement this recommendation until a permanent COO is in place. In the interim, AOC has made initial progress in addressing elements of AOC project management that were recommended to be included in the action plan. For example, AOC has implemented a process to prioritize projects. To monitor projects, AOC has issued quarterly reports to Congress on the cost and schedule of active projects, including real-time performance metrics and budgetary-risk forecasting, based on feedback from congressional staff. To benefit from lessons learned, AOC has developed a design services survey and has plans to implement a construction services survey. To improve accountability, AOC has established a project management organization with a project manager dedicated to each project from start to finish. AOC's Director of Project Management holds periodic briefings with congressional staff in order to better understand their information needs as it relates to project reporting. In addition, project performance measures are included in a document called the AOC dashboard that summarizes performance in each of its strategic focus areas.</p> <p>Once a permanent COO is in place, AOC leadership needs to complete an action plan that addresses items outlined in this recommendation. Time frames, action items, issues, progress, and milestones on each of these items should be included as key elements in the action plan. GAO continues to believe that it is critical for the new COO to actively consult with members of Congress and key committees on the development and implementation of this plan, including providing specific information on AOC's plans, policies, procedures, actions, and proposed organizational changes.</p>
<p>13. Further refine its employee feedback efforts by establishing a method(s) to collect consistent and comprehensive information on a regular basis and to allow AOC to track results over time against an established baseline.</p> <p>Oct. 2005</p>	<p>Making progress: AOC has established the results of its 2004 focus groups as a baseline for its work environment assessment. According to AOC, its Quality Management group will issue a specific guide to consistently follow up the work environment assessment as a separate effort from the regular annual employee feedback research. AOC does not plan to follow up on its focus groups for at least three years.</p>
<p>14. Improve its communications strategy for employee feedback (as documented in its employee feedback manual) to ensure that employees and external stakeholders receive an adequate level of detail about employee feedback initiative results and related agency actions in a timely manner. The communications strategy should also emphasize the need to summarize the documents and provide a consistent level of detail.</p> <p>Oct. 2005</p>	<p>Making progress: AOC's Quality Management group has prepared a second version of the employee feedback process manual to reflect GAO recommendations on stakeholder communication. As of December 2005, the manual is undergoing review by the quality council prior to being submitted for signature.</p>

Appendix IV
Status of AOC's Progress on
Recommendations

(Continued From Previous Page)

GAO Recommendation	Status
Human Capital Management	
15. Strengthen performance measurement and strategic human capital management by developing annual goals and measuring performance. Jan. 2003	Implemented February 2006: AOC has implemented a performance management approach that includes strategic planning, annual performance planning and reporting, and assessment of AOC's progress in meeting agencywide milestones and measures. AOC has identified four strategic goals: facilities management, project management, human capital management, and organizational excellence. AOC has also identified a number of measures to monitor and evaluate performance, and these measures will serve as the basis for employees' annual performance goals as well as the assessment of AOC's overall success in meeting its strategic goals. The measures include quality facility management; projects delivered on time, on budget, and of high quality; highly skilled and motivated employees; and effects of managerial oversight. In addition, AOC has developed a document—the AOC dashboard—that summarizes performance in each of its strategic focus areas: project management, facilities management, human capital management, and organizational excellence. The dashboard includes several high-level indicators to track performance for each of the strategic goals as well as a target goal for each indicator.
16. Strengthen performance measurement and strategic human capital management by creating "a line of sight" linking AOC's senior executive and employee performance management systems to mission-critical goals. Jan. 2003	Implemented February 2006: AOC has fulfilled this recommendation. AOC's senior executive performance management system and its employee performance evaluation system are linked to AOC's mission-critical goals. Employees are expected to ensure completion of a performance plan that outlines performance standards for each critical task related to the employee's position. The employee's performance is evaluated against the established performance plan as it relates to AOC's strategic goals and objectives. The employee is given a rating of "outstanding," "fully successful," or "unsuccessful" for each element, as well as a summary rating.
17. Strengthen performance measurement and strategic human capital management by establishing agencywide core and technical competencies and holding employees accountable for these competencies as a part of the performance management system. Jan. 2003	Making progress: AOC has identified core competencies for all positions. AOC is in the process of developing competencies for all AOC employees through the use of a skills survey. AOC's Workforce Planning and Management Office will compare the survey results with established competencies before including the competencies in its evaluation system.
18. Strengthen performance measurement and strategic human capital management by developing the capacity to collect and analyze workforce data. Jan. 2003	Making progress: AOC's Workforce Planning and Management Office has identified numerous ways to collect, report, and analyze workforce data. Several data sources have been identified and used for analysis, resulting in reports on the agency's workforce, such as retirement reports. AOC plans to use the information in these reports for agencywide planning. AOC has developed a system to report and monitor full-time equivalents (FTEs). However, GAO continues to have concerns about the reliability of the data AOC is collecting, particularly related to AOC's ability to estimate, track, and report on FTEs.
19. Strengthen performance measurement and strategic human capital management by identifying current and future workforce needs and developing strategies to fill gaps. Jan. 2003	Making progress: AOC's Workforce Planning and Management Office recently developed a report on agencywide retirement that forecasts future workforce needs on the basis of anticipated retirements, turnover trends, and historical hiring practices. AOC plans to use the report's findings to identify gaps in current and future workforce needs. AOC needs to develop strategies to address workforce gaps.

**Appendix IV
Status of AOC's Progress on
Recommendations**

(Continued From Previous Page)

GAO Recommendation	Status
20. Strengthen AOC's human capital policies, procedures, and processes by continuing to develop and implement agencywide human capital policies and procedures and holding management and employees accountable for following these policies and procedures. Jan. 2003	Implemented February 2006: AOC has approved a policy development schedule to revise human capital policies as part of its human capital plan. In addition, AOC developed a document for supervisors, <i>Supervisors' Tools of the Trade</i> , which provides supplemental guidance on human capital policies as needed. Supervisors are rated for performance in human capital management as part of AOC's evaluation system. However, it is important that AOC continue to monitor whether supervisors and managers are fairly administering the policies as the revisions are implemented.
21. Strengthen AOC's human capital policies, procedures, and processes by assessing ways in which AOC management could better gather and analyze data from the various employee relations offices and employee advisory council while maintaining employee confidentiality. Jan. 2003	Implemented February 2006: AOC has fulfilled this recommendation by holding monthly meetings between the Human Resources Director, Equal Employment Opportunity and Conciliation Program Director, the chair of the employee advisory council and the employment council, and the employee assistance program manager and the Deputy Chief of Staff to review and discuss employee relations data. The group makes recommendations to senior management based on findings and takes action on the items. According to AOC, the importance of maintaining employee confidentiality is emphasized at each meeting.
22. To improve communications with employees, we recommend that the Architect of the Capitol direct the COO to conduct an analysis of both AOC management and employee needs with respect to resolving employee concerns and issues, as well as assessing the capacity of existing offices to fulfill those needs. Aug. 2004	Closed – not implemented: Although AOC has not completed an assessment of the capacity of existing offices to resolve employee concerns and issues and does not plan to do so, the agency has implemented a variety of mechanisms to resolve employee concerns and issues. According to AOC, multiple offices and programs address employee concerns and issues, including the Equal Employment Office, the Employee Assistance Programs, the standard grievance process, and the external Office of Compliance process. In addition, AOC holds monthly meetings between representatives of these offices to review and discuss employee relations data. The group makes recommendations to senior management based on findings and takes action on the items. Employees in bargaining units are also represented by the union and have a process in place to resolve individual employee issues. In October 2005, AOC issued a brochure to all employees on all Equal Employment Office policies and the available programs. In addition, AOC is currently developing a proposal that would establish a mediation program as part of AOC's operational business strategy. After implementing the pilot program, AOC plans to assess its use and effectiveness and make any needed modifications before making it a permanent program and expanding the group of trained mediators. AOC should continue to monitor the effectiveness of the programs through employee feedback.
23. Establish a direct reporting relationship between the ombudsperson and the Architect of the Capitol consistent with professional standards. Jan. 2003	Implemented February 2006: AOC has not had an ombudsperson on staff for several years. According to AOC, if an ombudsperson is needed, a direct reporting relationship between the ombudsperson and the Architect would be established once hired.

**Appendix IV
Status of AOC's Progress on
Recommendations**

(Continued From Previous Page)

GAO Recommendation	Status
Worker safety	
24. Identify performance measures for safety goals and objectives, including measures for how AOC will implement the 43 specialized safety programs and how superintendents and employees will be held accountable for achieving results. ^a Jan. 2003	Making progress: Although AOC has made significant progress to develop written safety policies, full implementation of the safety policies has not occurred. As of December 2005, 23 of AOC's 35 safety policies have been written and approved by the Architect's office. The AOC has developed workbooks to help AOC staff implement the safety policies. AOC plans to include a schedule for releasing the remaining safety policies in the Office of Safety and Health Program Plan. GAO will continue to monitor the progress of the safety policies.
25. Establish clearly defined and documented policies and procedures for reporting hazards similar to those that apply to injury and illness reporting. Jan. 2003	Making progress: AOC has completed a job hazard analysis (JHA) process including describing the steps associated with each job task, identifying potential hazards associated with each task, developing appropriate controls to eliminate or reduce the hazards, developing a training program to perform JHAs, and assisting first-line supervisors with performing qualitative JHAs. In addition, AOC has completed a "step-by-step plan" that provides a general approach for jurisdictions to manage implementation of the JHA process. Finally, AOC has included a telephone number for reporting hazards in its monthly safety newsletters, which are distributed AOC-wide. AOC is currently in the process of finalizing its hazard assessment and control policy for distribution to agency reviewers.
26. Establish a consistent AOC-wide system for conducting investigations and follow-up. Jan. 2003	Implemented February 2006: AOC fulfilled this recommendation with the approval of its interim incident notification, investigation, and reporting policy. AOC also implemented the incident analysis module, a component of the facility management assistant program. This module provides an electronic recordkeeping approach to track the investigation of incidents associated with AOC personnel and property. In addition, the module interfaces with the facility management assistant program by creating a deficiency report when corrective actions associated with an incident are identified. Moreover, an AOC-wide incident investigation form has been implemented across the jurisdictions. Finally, lessons learned are shared in a number of ways, including through AOC's safety support group.
27. Establish a safety-training curriculum that fully supports all of the goals of the safety program and further evaluate the effectiveness of the training provided. Jan. 2003	Implemented February 2006: AOC has fulfilled this recommendation in establishing training that supports the goals of the current safety policies. For example, during the implementation review process, AOC revalidated training requirements against regulatory requirements. Moreover, Safety Policy Managers have worked with the Human Resources Management Division (HRMD) to ensure that training required by upcoming policies has been identified. In addition, AOC has completed a training workbook exercise to assess the overall impact of required safety policy training on its budget. Also, central staff safety professionals continue to audit training courses and provide feedback to course instructors. Finally, the AOC has been using injury and illness data to identify training needs.
28. Assign clear responsibility for tracking and recording training received by AOC employees, including maintaining an inventory of employees' certifications and licenses. Jan. 2003	Making progress: AOC has chosen a data management system—AVUE—that will, among other things, track and record the training, licensing, and certification requirements received by employees. Safety personnel have met with AVUE designers to ensure that the designers fully understand AOC's safety training needs. AOC is working with AVUE to obtain a delivery schedule.

**Appendix IV
Status of AOC's Progress on
Recommendations**

(Continued From Previous Page)

GAO Recommendation	Status
29. Clarify and explore the possibility of expanding the role of the Office of the Attending Physician (OAP) in helping AOC meet its safety goals, consistent with the broad responsibilities laid out in the 1998 Memorandum of Understanding between AOC and OAP. Jan. 2003	Implemented February 2006: AOC has fulfilled this recommendation by working with OAP to ensure that the lists of medical surveillance program participants are current. In addition, OAP is providing reports to AOC jurisdictions when employees are either (1) due or (2) past due for their medical surveillance exams. AOC is also drafting a document on the scope of medical surveillance services to better define and communicate the agency's requirements to OAP to ensure a common understanding and set of expectations.
30. Establish a senior management work group that will routinely discuss workers' compensation cases and costs, and develop strategies to reduce these injuries and costs. Jan. 2003	Implemented August 2004^b: AOC has fulfilled this recommendation by developing performance measures to assess the long-term impact and trends of workers' compensation injuries and costs. In addition, through the Safety, Health, and Environment Council (SHEC), safety and human resource officials are exchanging information and data in order to control workers' compensation injuries and costs. Finally, through SHEC, the relationship between safety and workers' compensation injuries and illnesses is being promoted.
31. To enhance worker safety performance measures at AOC, the Architect of the Capitol should direct the COO to expand upon its safety perception survey by developing a more rigorous methodological approach and collecting such information on a more regular basis. Aug. 2004	Making progress: AOC plans to include safety-related questions as part of an agencywide work environment assessment. AOC's Quality Management group is currently developing a guide for conducting the work environment assessment. The worker safety questions should be designed to elicit full and honest views on worker safety.
Recycling	
32. Develop a clear mission and goals for AOC's recycling program with input from key congressional stakeholders as part of its proposed environmental master plan. AOC may want to establish reasonable goals based on the total waste stream—information it plans to obtain as part of its long-term environmental management plan—that could potentially be recycled. Jan. 2003	Implemented February 2006: AOC has fulfilled this recommendation. AOC drafted a mission statement, goals, and performance measures for its recycling program and shared this draft with congressional stakeholders. The mission for the recycling program is to foster an environment that encourages recycling by the legislative branch staff through convenient and efficient programs, resulting in the diversion of wastes from the solid waste stream. AOC established three main goals for its recycling program: (1) increase overall recycling rates by diverting office wastes, (2) increase overall recycling tonnage by diverting non-office wastes, and (3) improving communication and coordination among interested Legislative Branch agencies by establishing a recycling working group by the end of fiscal year 2006.
33. To further assist AOC in developing a more strategic approach for its recycling programs and to ensure that congressional input is obtained when it would be most useful, we recommend that the Architect of the Capitol direct the COO to obtain preliminary input from congressional stakeholders on its environmental program plan—particularly as the plan relates to the mission and goals of AOC's recycling programs—prior to the completion of the plan. Aug. 2004	Implemented February 2006: AOC has fulfilled this recommendation. AOC relied on input from internal and external stakeholders, including congressional stakeholders, to assist in the development of the mission, goals, and performance measures as part of its recycling program.

**Appendix IV
Status of AOC's Progress on
Recommendations**

(Continued From Previous Page)

GAO Recommendation	Status
34. Develop a performance measurement, monitoring, and evaluation system that supports accomplishing AOC's recycling mission and goals. Jan. 2003	Making progress: AOC submitted performance measures that support the recycling program mission and goals to congressional stakeholders on November 3, 2005. AOC plans to evaluate the impact of the new performance measures on its current evaluation criteria and will make changes as needed in 2006. Recycling managers are currently rated in AOC's evaluation system for success in several recycling-related tasks. In addition, AOC has an environmental services indefinite-delivery, indefinite-quantity contract that, according to AOC, will allow for the quick procurement of consultant services and other services in support of the implementation plan.
35. Examine the roles and responsibilities of AOC's recycling program staff to ensure that they are performing the right jobs with the necessary authority, and holding the staff accountable for achieving program and agency results through AOC's performance management system. Jan. 2003	Making progress: AOC has included recycling tasks in position descriptions and has included recycling responsibilities for supervisors in its evaluation system. For example, the performance evaluation system includes recycling objectives in the ratings of recycling managers. In addition, AOC has included recycling as an objective in its business plan for the House and Senate. AOC plans to evaluate the impact of the new performance measures on its current evaluation criteria and will make changes as needed in 2006.
Financial management	
36. Continue to improve AOC's approach to financial management by developing strategies to institutionalize financial management practices that will support budgeting, financial, and program management at AOC. Such strategies could include developing performance goals and measures and associated roles aimed at increasing the accountability of nonfinancial managers and staff, such as jurisdictional superintendents, program managers, and other AOC staff—whose support is critical to the success of AOC's financial management initiatives—and ensuring that these staff received the training needed to effectively carry out their roles and responsibilities. Jan. 2003	Making progress: AOC continues to make progress institutionalizing financial management best practices to support efforts to improve budgeting, financial management, and program management. AOC continued its efforts to annually produce audited financial statements and took action in March 2005 to authorize the development of an AOC-wide internal control framework. To date, AOC reports that it has partially completed the development of this framework. Also, important work has begun to identify changes to systems, procedures, and reporting methods needed to implement a new financial, cost, and performance reporting system (the cost accounting system), which is intended to provide operating managers with timely and useful information to enhance their management and oversight. However, AOC's progress has been slower than originally anticipated and insufficient resources have delayed implementation of these initiatives. As a result, significant work remains to be done to successfully implement many of the initiatives and, collectively, to institutionalize the range of financial management best practices envisioned by this recommendation. To do so, it is imperative that adequate resources be continually identified and provided to implement and maintain these improvement efforts. The initiatives represent significant cultural and operational changes that will directly affect many of AOC's operations. Successfully dealing with these changes will require strong and visible senior management support to help ensure that the initiatives' implementation is effectively monitored and that, if necessary, actions are taken to keep the implementation on track. The Office of the CFO has thus far relied extensively on contractor support to plan and initiate actions needed to implement many of these initiatives. By not having AOC staff resources actively involved in the planning stages of these important accountability initiatives serves to limit the transfer of institutional knowledge that was developed by the contractor to the AOC staff.

**Appendix IV
Status of AOC's Progress on
Recommendations**

(Continued From Previous Page)

GAO Recommendation	Status
37. To help strengthen and sustain AOC's emerging foundation of financial accountability and control, we recommend that the Architect of the Capitol, the COO, the Chief Financial Officer, and other senior management provide strong and visible support for efforts to prepare auditable financial statements and implement an effective internal control framework by monitoring the implementation and related milestones for each effort, ensuring the commitment to and support to for each effort by participating AOC units, and acting to resolve any impediments that may arise. Aug. 2004	<p>Making progress: Organizationally, AOC made progress in strengthening its foundation of financial accountability and control by issuing its first and second agency-wide accountability reports in December 2004 and 2005, in which the results of audits covering AOC's fiscal year 2003 and 2004 balance sheets, respectively, were presented; requesting a full scope audit of a complete set of financial statements and related footnote disclosures for fiscal year 2005; beginning the development of an AOC-wide internal control framework.</p> <p>However, the extent of this progress has been limited because (1) the scope of the follow-up financial audit, which was originally planned to cover all of AOC's financial statements, was again limited to AOC's balance sheet, (2) the internal control framework, which was initially planned to be designed and authorized by the start of fiscal 2005, was authorized for development in March 2005, and (3) due to a lack of fiscal year 2006 resources, development and implementation work on the internal control framework has been delayed. Based on what we have learned, we believe AOC's schedule for full implementation of this framework (June 2006) will likely slip. While these initiatives reflect a degree of progress, until they are implemented AOC will continue to face increased risk in financial management and in its program operations.</p> <p>The AOC received an unqualified or "clean" opinion on its balance sheets for fiscal years 2003 and 2004. However, both of these audits identified a number of internal control weaknesses that AOC has been working to correct, the 2003 auditor's report included weaknesses in the areas of: capitalizing work-in-process expenses, allocating overhead to project costs, accounts payable cutoff, capital and operating leases, payroll record retention, and information technology controls. As reported in AOC's <i>2004 Accountability Report</i>, the AOC has fully addressed six out of seven material weaknesses reported in the 2003 report. In the fiscal year 2004 auditor's report, the auditor's reported weaknesses in the areas of: (1) Internal Control Assessments – AOC lacks a formal and systematic process to assess and evaluate the design and operation of internal controls, (2) Annual Leave – AOC lacks controls to ensure differences in leave balances across systems were identified, manual adjustments were approved, monitored, and reversed upon system posting, and leave earning rates were consistent with years in service, (3) Timekeeping Controls – AOC did not have effective controls over time and attendance processing to detect time charge modifications after supervisory approval had been made, to require employees and supervisors to regularly sign and attest to the accuracy of timesheets, (4) Construction Work-In-Process (this weakness was also reported in the fiscal year 2003 audit report of the CVC Base Building) – AOC does not maintain a formal system that ensures execution of a contract or modification before the initiation of work, (5) Capital and Operating Leases – AOC does not have an effective policy to timely identify the execution or modification of lease agreements and perform the requisite analyses to determine if they are capital or operating leases for financial reporting, and (6) Information Technology Controls – AOC does not have an</p>

**Appendix IV
Status of AOC's Progress on
Recommendations**

(Continued From Previous Page)

GAO Recommendation	Status
38. To enhance the successful development of useful financial, cost, and performance reporting for major operating units and appropriate cost accounting, we recommend that the Architect of the Capitol direct the COO and the Chief Financial Officer to work with operating managers to assess the usefulness of financial-statement-level information, take an active role in AOC near-term efforts to develop agencywide performance measures, and review all available options to determine whether substantial work can begin, prior to fiscal year 2006, on the analyses needed to identify changes necessary to implement useful cost accounting at AOC. Aug. 2004	<p data-bbox="721 510 1515 562">effective information system security program resulting in weaknesses in their information system control environment.</p> <p data-bbox="721 590 1515 720">With regard to the specific focus of this recommendation—the need for visible and strong senior management support for audit and internal control initiatives—senior management will need to increase its focus on managing and overseeing these important accountability and control initiatives that are in process in order to help ensure their success.</p> <p data-bbox="721 730 1515 1073">Making progress: Organizationally, AOC has made progress in developing a cost accounting system and useful financial and performance reports for major operating units. The Office of the CFO reports progress in conducting analyses designed to identify the changes needed to improve cost and performance-based management, systems, and reporting methods. The analyses—performed by outside contractors—assessed the current cost and reporting systems and made recommendations related to defining common lines of business and activities, identifying activity-related outputs, and linking activities and outputs to strategic goals and performance outcomes. Acknowledging that financial-statement-level information was not directly useful to line managers, the Office of the CFO has met with the jurisdictions to identify financial-related information and reports that managers can use to enhance their operational management and oversight.</p> <p data-bbox="721 1129 1515 1631">AOC management was briefed on the results of the analyses and related recommendations and plans to implement the new performance-based system in phases to make an orderly transition from the current budget-based financial system. Those plans include pilot deployment of an interim cost structure for managers through fiscal year 2006, followed by the development of a structure for General and Administrative cost reporting, and development of a structure for jurisdictional services in fiscal year 2007. Currently, due to lack of fiscal year 2006 resources all work being performed by the contractor has been delayed. AOC plans to resume work using in-house staff whose positions have been funded and approved, but currently these positions remain unfilled. AOC plans to request fiscal year 2007 funds to continue involvement of the contractor to work with this staff going forward on an “as needed” basis. It is likely that this shortage of resources will delay the scheduled date (9/30/2006) for full system implementation. With regard to the focus of this recommendation—that the COO and the CFO work with operating managers on each of these initiatives—the Acting COO/CFO will need to closely monitor and oversee the development of these initiatives and work to ensure that managers use the information to improve their operational management and oversight.</p>

**Appendix IV
Status of AOC's Progress on
Recommendations**

(Continued From Previous Page)

GAO Recommendation	Status
<p>39. To enhance the successful development of useful financial, cost, and performance reporting for major operating units and appropriate cost accounting, we recommend that the Architect of the Capitol direct the COO and the CFO to have senior management visibly demonstrate its continuing commitment to and support for making AOC-wide system, procedural, and cultural changes necessary to provide managers with timely financial, cost, and performance information by monitoring the efforts' implementation and related milestones, ensuring the commitment to and support for the efforts by participating AOC units, and acting to resolve any impediments that may arise. Aug. 2004</p>	<p>Making progress: As noted in our analysis of AOC's progress in implementing the previous recommendation, AOC has made progress in efforts to develop cost accounting and useful financial, cost, and performance reporting for major operating units. However, with regard to the focus of this recommendation—the need for senior management to visibly demonstrate its continuing commitment to and support for the changes needed to implement these important management initiatives by monitoring implementation efforts, ensuring the commitment and support of participating AOC units, and acting to resolve any impediments that may arise—AOC senior management will need to take concerted action to visibly demonstrate its commitment and support to making the AOC-wide system, procedural, and cultural changes necessary to provide managers with timely financial, cost, and performance information needed to improve their oversight and management of operations.</p> <p>With many of AOC's top leadership positions currently vacant, including the COO, the CFO, the Director of Congressional and External Relations, and the Director of Planning and Project Management, AOC will have difficulties in the short-term effectively achieving the level of leadership called for by this recommendation. Furthermore, the term for the current Architect of the Capitol will expire in less than a year. In an attempt to mitigate the impact of so many vacancies in key leadership positions, AOC recently appointed an Acting COO, and asked this individual to also temporarily fill the position of the Acting CFO to guide the agency's transformation efforts until qualified permanent candidates can be hired. It is essential for AOC to quickly fill the management positions that are currently vacant to sustain improvements that have already been achieved, support further transformation efforts, and have a cohesive management team in place in the event of a turnover in the position of the Architect of the Capitol.</p>
Information technology management	
<p>40. Establish a chief information officer or comparable senior executive, with the responsibility, authority, and adequate resources for managing IT across the agency, who is a full participant in AOC's senior decision making processes and has clearly defined roles, responsibilities, and accountabilities. Jan. 2003</p>	<p>Implemented January 2004^a: AOC fulfilled this recommendation by issuing a centralized IT management policy that assigned a senior executive—namely, the Office of Information and Resource Management (OIRM) director—the role, responsibility and authority for managing IT across the agency, including the development, management, and oversight of IT. In addition, the policy made the OIRM director a key participant in executive decision making, such as serving as the principal adviser to the Architect of the Capitol in applying IT to improve business processes. The OIRM director's role also includes controlling AOC's IT budget and chairing the IT project management board.</p>

**Appendix IV
Status of AOC's Progress on
Recommendations**

(Continued From Previous Page)

GAO Recommendation	Status
<p>41. Develop and implement IT investment management processes with the full support and participation of AOC's senior leadership. Specifically, the Architect of the Capitol must develop a plan for developing and implementing the investment management processes, as appropriate, that are outlined in our IT investment management guide. At a minimum, the plan should specify measurable tasks, goals, time frames, and resources required to develop and implement the processes. The Architect of the Capitol should focus first on the management processes associated with controlling existing projects and establishing the management structures to effectively implement an IT management process. Jan. 2003</p>	<p>Making progress: The AOC IT investment review board charter was approved by the Deputy Chief of Staff in July 2004. This board includes senior-level managers across the agency. AOC reports that it is in the process of implementing a project review board to oversee all IT projects and to monitor schedules, costs, and risks. AOC recently approved a new IT investment management policy which describes the roles and authority of the boards involved in overseeing IT investments such as the Enterprise Architecture Executive Steering committee and the Business Systems Modernization Office. The IT investment management policy also describes the process for requesting funding and monitoring such investments. AOC has taken important initial steps to address the management and structure needed to establish a sound IT investment management process, such as assigning roles, responsibilities and the authority needed to manage its IT investment portfolio. However, the agency has yet to provide a plan that lays out its efforts to implement the processes and to control existing investments which includes specifying the measurable tasks, goals, time frames, and resources.</p>
<p>42. Plan for and implement those practices in our IT investment management guide associated with corporate, portfolio-based investment decision making, such as (1) implementing criteria to select investments that will best support the organization's strategic goals, objectives, and mission, (2) using these criteria to consistently analyze and prioritize all IT investments, (3) ensuring that the optimal investment portfolio with manageable risks and returns is selected and funded, and (4) overseeing each investment within the portfolio to ensure that it achieves its cost, benefit, schedule, and risk expectations. Jan. 2004</p>	<p>Making progress: AOC reports that, to prioritize investments, it is using an IT request form to quantify investment requests by their urgency, value, and risk. Although AOC is in the process of instituting an approval process and mechanism to screen all proposed IT projects using standardized criteria, it has yet to fully develop and implement important key steps in their IT investment process. For example, AOC has yet to develop an overall approach to portfolio management that incorporates existing and proposed projects into the investment decision-making process and document and implement a sound investment control process to monitor all their current and proposed IT investments.</p>

**Appendix IV
Status of AOC's Progress on
Recommendations**

(Continued From Previous Page)

GAO Recommendation	Status
<p>43. Develop, implement, and maintain an enterprise architecture (EA) to guide and constrain IT projects throughout AOC. The Architect of the Capitol should implement the practices, as appropriate, as outlined in the Chief Information Officer Council's architecture management guide. As a first step, the Architect of the Capitol should establish the management structure for developing, implementing, and maintaining an EA by implementing the following actions: developing an agencywide policy statement providing a clear mandate for developing, implementing, and maintaining the architecture; establishing an executive body composed of stakeholders from AOC mission-critical program offices to guide the strategy for developing the EA and ensure agency support and resources for it; and designating an individual who serves as a chief enterprise architect to develop policy, lead the development of the EA, and manage it as a formal program.</p> <p>Jan. 2003</p>	<p>Making progress: AOC has (1) developed a written and approved agencywide IT policy that provides for developing, implementing, and maintaining an EA; (2) assigned responsibility for guiding EA development and obtaining approval of the EA from the agency's senior leadership team, which includes senior representatives from across the agency, such as the Director of Congressional and External Relations, the Chief Administrative Officer, and the superintendents of the House and Senate offices and of the Capitol buildings; (3) designated a chief enterprise architect, who is responsible for EA development and maintenance; and (4) developed an architecture that was approved by the senior leadership team on November 1, 2004. However, the EA is not yet complete, although AOC's plans call for evolving the architecture through a series of incremental versions. According to AOC officials, the other practices needed to effectively develop, implement, and maintain the architecture, contained in relevant guidance, such as GAO's enterprise architecture management maturity framework, have not yet been implemented. For example, AOC has not developed and implemented, among other things, communications, configuration, quality, and risk management plans; employed an independent verification and validation (IV&V) contractor; or developed metrics for measuring and reporting EA compliance. According to AOC, it has recently awarded a contract to a qualified vendor to work with its Chief Enterprise Architect and Business Systems Modernization Office in performing an IV&V of AOC's EA against GAO's framework for assessing and improving enterprise architecture. Work under the contract began, according to AOC, in January 2006 and will continue through April 2006.</p>
<p>44. Plan for and implement the practices in our architecture management guide associated with leveraging an EA for organizational transformation, such as (1) ensuring that adequate resources are devoted to the program (funding, people, tools, and technology); (2) ensuring that the architecture describes both the "as is" and the "to be" environments in terms of performance; (3) ensuring that architecture business, performance, information and data, applications and services, and technology descriptions address security; and (4) ensuring that metrics are used to measure EA progress, quality, compliance, and return on investment.</p> <p>Jan. 2004</p>	<p>Making progress: According to AOC, in December 2005, the executive steering committee approved its updated EA (EAFY06). In developing the architecture, AOC used the federal enterprise architecture framework and this version contains both an "as is" and a "to be" architectural description and a sequencing plan. However, the architecture does not include all the elements of a well-defined architecture. For example, the "as is" and "to be" descriptions do not address security as laid out in AOC's security plan. AOC officials stated that the alignment between the EA and security system development life cycle is in progress. AOC also stated that it plans to continue to refine and expand on the architecture, based on the agency's goals, objectives, and business needs. Further, AOC stated that, once selected, the verification and validation contractor will measure EA progress, quality, compliance, and return on investment using metrics.</p>

**Appendix IV
Status of AOC's Progress on
Recommendations**

(Continued From Previous Page)

GAO Recommendation	Status
<p>45. Require disciplined and rigorous processes for managing the development and acquisition of IT systems and implement the processes throughout AOC. Specifically, these processes should include the following: quality assurance processes, including developing a quality assurance plan and identifying applicable process and product standards that will be used in developing and assessing project processes and products; configuration management processes, including establishing a repository or configuration management system to maintain and control configuration management items; risk management processes, including developing a project risk management plan, identifying and prioritizing potential problems, implementing risk mitigation strategies, as required, and tracking and reporting progress against the plans; and contract tracking and oversight processes, including developing a plan for tracking contractor activities, measuring contractor performance and conducting periodic reviews, and conducting internal reviews of tracking and oversight activities.</p> <p>Jan. 2003</p>	<p>Making progress: In August 2005, AOC completed its new IT investment management policy. In the policy, AOC states that the system development lifecycle is used throughout the investment management process to provide guidance and documentation support for the project. In addition, AOC officials said that its draft system development lifecycle guidelines address acquisition processes such as configuration management and risk management and that its quality assurance processes have been developed and are being refined to ensure the use of standardized project documentation. However, we have not received evidence that these acquisition processes have been implemented throughout the agency.</p>

**Appendix IV
Status of AOC's Progress on
Recommendations**

(Continued From Previous Page)

GAO Recommendation	Status
<p>46. Establish and implement an information security program. Specifically, the Architect of the Capitol should establish an information security program by taking the following steps: designate a security officer and provide him or her with the authority and resources to implement an agencywide security program; develop and implement policy and guidance to perform risk assessments continually; use the results of the risk assessments to develop and implement appropriate controls; develop policies for security training and awareness and provide the training; and monitor and evaluate policy and control effectiveness. Jan. 2003</p>	<p>Making progress: AOC has (1) designated a security officer with the authority to implement an agencywide security program; developed a security plan (dated September 2004); and, according to AOC officials, assigned resources (funding and staff) to implement the security program; (2) developed and issued a policy for performing risk assessments as well as a plan for performing risk assessments on its 50 major applications by March 2008; (3) acquired risk assessment technology to assess and manage the technical controls on all AOC general support system; (4) developed and issued a policy for IT security training and completed the annual awareness training for all employees, but has not implemented training based on user roles and responsibilities; and (5) developed a plan to monitor and evaluate the effectiveness of policies and controls.</p> <p>However, AOC does not have any systems certified and accredited and has not completed risk assessments on all of its major applications; documented the identified risks in system security plans; and developed controls to mitigate the risks, such as developing contingency plans for all systems. According to AOC, its certification and accreditation process has been planned, resourced, and initiated and phase I, which addresses the general support systems and mission critical applications, is expected to be completed by the second quarter of fiscal year 2006. However, in the interim, AOC's internal systems and applications remain potentially vulnerable and AOC has not developed and implemented a risk-mitigation strategy to carry it through this interim period. AOC stated that they believe that their strong perimeter defenses (i.e., firewalls) and polices will help carry the agency through the interim while they mitigate internal risks. According to AOC, it cannot evaluate the effectiveness of IT security controls until it determines if its security policies meet the minimum security standards established by the Chief Information Officers Council and National Institute of Science and Technology's Federal Information Technology Security Assessment Framework. AOC officials stated that a self assessment of its IT security polices was conducted and documented. They also added that they plan to mitigate the results of the findings through a plan of action and milestones. However, no time frame was provided.</p>

**Appendix IV
Status of AOC's Progress on
Recommendations**

(Continued From Previous Page)

Project management

GAO Recommendation

Status

47. Develop a Capitol complex master plan and complete condition assessments of all buildings and facilities under the jurisdiction of AOC.
Jan. 2003

Making progress: AOC is currently developing the Capitol complex master plan and has completed facility assessments for most of the facilities within the complex. The Capitol complex master plan has three components: (1) vision statement, (2) framework (concept) plan and (3) jurisdiction plans. The draft vision statement has been completed. The framework plan is in progress. An expert advisory panel reviewed the vision statement in December 2004 and the draft concept plan in March 2005, and the planning models are being refined and expanded in response to the panel's input. Jurisdiction plans have been launched in each jurisdiction except the Supreme Court. The master plan is scheduled for completion by the end of 2006. The draft will be prepared in the spring of 2006, and extensive consultations will occur in the spring, summer, and fall of 2006 before the master plan is finalized.

AOC has completed all facility condition assessments except those for the Library of Congress and the Supreme Court. AOC has not received funding for the Library assessment and plans to conduct the assessment for the Supreme Court after renovations are completed.

48. In order to improve Capitol complex master planning efforts, we recommend that the Architect of the Capitol, with support from the COO, lead efforts to ensure that congressional and other stakeholders are engaged early and throughout the development of the Capitol complex master plan.
Aug. 2004

Making progress: AOC has involved congressional stakeholders and AOC stakeholders in the development of the Capitol complex master plan. For example, the House Jurisdiction plan was accelerated ahead of the remaining master plan because of early funding provided by the House. According to AOC, throughout this process, there was extensive consultation with House leadership, congressional members, staff, and stakeholders. In addition, briefings were conducted at standing meetings between AOC and House leaders and consultations with AOC staff were conducted. GAO will continue to monitor stakeholder involvement throughout the development of the master plan.

49. Develop a process for assigning project priorities that is based on clearly defined, well-documented, consistently applied, and transparent criteria.
Jan. 2003

Implemented February 2006: AOC has fulfilled this recommendation. AOC implemented a program development process in 2003 that rated projects in five categories: (1) historic preservation and stewardship, (2) fire, life, safety, and code compliance, (3) impact on mission, (4) economics, and (5) security, with a score from 1 to 100. In the spring of 2004, AOC improved the program development process by establishing extensive procedures designed to ensure that project scopes fully met both customer needs and all criteria and standards. The project evaluation criteria are currently being expanded to include urgency (such as immediate, high, medium, or low) and classification of a project (such as deferred maintenance or capital improvement). This expansion of the evaluation criteria results from information being received from FCAs. In September 2005, the AOC's project prioritization panel will evaluate these recommended changes. Assuming approval, they will be applied to projects in the fiscal year 2007 budget submission and fully implemented effective with the project call of 2006.

**Appendix IV
Status of AOC's Progress on
Recommendations**

(Continued From Previous Page)

GAO Recommendation	Status
50. In order to improve the process for prioritizing projects, we recommend that the Architect of the Capitol, with support from the COO, lead efforts to ensure that AOC informs and obtains agreement from congressional and other stakeholders on how and why specific projects are submitted for funding. Aug. 2004	Making progress: AOC has held and continues to hold regular briefings with congressional staff since developing a program development process. According to AOC officials, the agency has received positive feedback and a high level of support for the process. As we reported previously, although the prioritization process is a useful tool, it does not address the underlying need to inform and get agreement from congressional and other stakeholders on how and why AOC submits projects for funding.
51. Develop tools to effectively communicate priorities and progress of projects, as a part of a broader communication strategy. Jan. 2003	Making progress: AOC has developed and communicated the program development process prioritization procedures to all parties through various means, including regular briefings to congressional stakeholders. AOC has also developed quarterly status reports on the budget and schedule status of projects that are released to congressional appropriators. However, AOC still needs to develop a method to more accurately account for overhead costs charged by its construction branch and calculate current working estimates for projects constructed by the branch. AOC is currently conducting a peer review of Construction Branch operations. In addition, AOC needs to automate the generation of the quarterly report to provide timely and accurate data.
52. Define project-management-related performance measures to achieve mission-critical strategic and annual performance goals. Jan. 2003	Making progress: AOC has reported on construction schedule and budget performance measures. AOC also established a survey and performance measures on the quality of design and project management services. AOC is developing a similar survey of performance measures for quality of construction services.
53. To strengthen the relationship between AOC and its congressional and other stakeholders, we recommend that the Architect of the Capitol direct the COO to work with Congress on the design and implementation of a transparent process to facilitate an understanding between AOC and its congressional stakeholders about how AOC targets its efforts and resources to the highest project priorities and how strategic and tactical decisions and trade-offs are made. Aug. 2004	Making progress: In 2003, AOC implemented a program development process that rated projects in five categories: (1) historic preservation and stewardship, (2) fire, life, safety, and code compliance, (3) impact on mission, (4) economics, and (5) security, with a score from 1 to 100. Through this process, AOC created its first capital improvement plan in 2004 and a fiscal year 2005 line item construction program that included consideration of these ratings. In the spring of 2004, AOC improved the program development process by establishing extensive procedures designed to ensure that project scopes fully met both customer needs and all criteria and standards requirements. In addition, AOC enhanced procedures for determining project costs, and these improvements were reflected in the procedures used in determining the fiscal year 2006 line item construction program. AOC recently approved a predesign manual to help ensure correct project scopes. The COO will be responsible for continuing to work with AOC's congressional stakeholders as this process is refined.
54. Align project management staff and resources with AOC's mission-critical goals. Jan. 2003	Implemented February 2006: AOC has fulfilled this recommendation. In October 2005, AOC implemented a project management organization. The organization includes 32 personnel with responsibilities for project management, construction management, and inspection. The organization is focused on "cradle-to-grave" project delivery. Duties considered to be "collateral," such as design reviews, are being reassigned to other AOC officials outside of the new organization.

**Appendix IV
Status of AOC's Progress on
Recommendations**

(Continued From Previous Page)

GAO Recommendation	Status
55. Develop a method to establish and track more accurate budget targets. This method could include tracking and reporting on the following to help AOC refine targets: Accuracy of cost estimates compared to bids, Accuracy of budget compared to final project costs, Amount of excess project funds and how funds are used, Cost data for the Construction Branch, including current working estimates. Sept. 2005	Making progress: AOC has established two measures, which will be tracked on a monthly basis, to help develop more accurate budget targets. These measures are: (1) ratio of the government estimate to the average of the bid amounts and (2) the contract award cost versus the government estimate. AOC is also planning to add an additional measure for the accuracy of the budget compared to final project costs. In addition, AOC's project management organization is piloting the use of a project closeout sheet that project managers are required to complete at the conclusion of each project. The sheet, among other things, requires the project manager to list a final project cost and the amount of money available to give back to the jurisdiction. Finally, AOC is examining what plans, tools, and measures are used to conduct construction branch work as part of an ongoing internal review of construction branch operations.
56. Expedite the development of a customer satisfaction survey for construction services. Sept. 2005	Making progress: AOC is developing a customer satisfaction survey for construction services which AOC expects to be completed by the end of the first quarter of calendar year 2006.
57. Clarify roles and responsibilities of staff, including the role of Jurisdictional Executives and responsibility for developing Programs of Requirements. Sept. 2005	Making progress: According to an AOC official, AOC's new organizational structure has been approved. However, position descriptions are still undergoing an internal review that is not expected to be completed until the middle of next year. However, AOC is clarifying roles of the newly aligned project management organization through regular staff meetings. AOC has developed a project development document that, once approved, will be used to define the roles of planning and project managers.
58. Revise project management manuals to reflect changes in how AOC plans for, designs, and constructs projects; develop management controls to ensure compliance with manuals. Sept. 2005	Making progress: Currently, AOC revises its project management and pre-design manuals revisions every two years and the manuals were last revised in 2004. The pre-design manual will be updated once the project development document used to clarify the roles of planning and project managers is approved. AOC does not plan to revise the project management manual until the end of 2006.
59. Develop or modify information systems to provide needed cost schedule data on projects and track reasons for changes across all projects. Sept. 2005	Making progress: AOC has created a steering group (the Project Information Center Business Reengineering Task Force, which meets every 2 weeks) to conduct an enterprise architecture analysis—a requirements analysis of its information system. According to AOC, the task force will identify AOC's information system needs, then AOC will determine if the system needs replacement, modification, or better support. AOC plans to include a funding request in its fiscal year 2007 budget request for whatever course of action is recommended.
Facilities management	
60. To improve how AOC measures its performance in the areas of timeliness and cost, the agency should: develop more specific timeliness measures that more accurately reflect the amount of time required to complete tasks, develop the capability to comprehensively and routinely track cost performance measures, and benchmark performance measures against those of similar institutions, such as the Smithsonian Institution and state capitols. Dec. 2005	New

**Appendix IV
Status of AOC's Progress on
Recommendations**

(Continued From Previous Page)

GAO Recommendation	Status
61. Use the new CAFM system to track preventive maintenance and demand work orders across all jurisdictions, including the time taken to complete work orders. Dec. 2005	New

^aGAO, *Architect of the Capitol: Status Report on Implementation of Management Review Recommendations*, [GAO-04-299](#) (Washington, D.C.: Jan. 30, 2004).

^bGAO, *Architect of the Capitol: Midyear Status Report on Implementation of Management Review Recommendations*, [GAO-04-966](#) (Washington, D.C.: Aug. 31, 2004).

Major Contributors

Shirley L. Abel
William B. Bates
Carole J. Cimitile
John C. Craig
George A. Depaoli
Tamera L. Dorland
Sharon E. Dyer
Elizabeth R. Eisenstadt
Elena P. Epps
Brett S. Fallavollita
Denise M. Fantone
Kara A. Finnegan-Irving
Jeanette M. Franzel
Mark L. Goldstein
Randolph C. Hite
Neelaxi Lakhmani
Steven G. Lozano
Kieran McCarthy
Susan Michal-Smith
Amanda K. Miller
Sara Ann Moessbauer
John J. Reilly, Jr.
William H. Roach, Jr.
Matthew C. Rosenberg
Kris Trueblood
Sarah E. Veale
William F. Wadsworth

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Washington, D.C. 20548