

# ARCHITECT OF THE CAPITOL OFFICE OF INSPECTOR GENERAL

## SEMIANNUAL REPORT TO CONGRESS

APRIL 1, 2012 - SEPTEMBER 30, 2012

ARCHITECT OF THE CAPITOL  
OFFICE OF INSPECTOR GENERAL  
FAIRCHILD BUILDING, SUITE 518  
499 SOUTH CAPITOL STREET, S.W.  
WASHINGTON, D.C. 20515



## ***Inspector General's Message***

I am pleased to submit the Architect of the Capitol (AOC) Office of Inspector General (OIG) Semiannual Report to Congress for the second half of Fiscal Year (FY) 2012. The work reported herein resulted from the tireless efforts of an OIG staff dedicated to promoting the economy and efficiency and preventing and detecting fraud, waste and abuse in AOC programs and operations.

The AOC is responsible to the United States Congress and Supreme Court for the maintenance, operation, construction, and preservation of the buildings and land throughout the Capitol Complex. The AOC also provides professional expertise for preserving architectural and artistic elements entrusted to its care. Customer feedback with high satisfaction ratings demonstrates the AOC's excellence in serving the needs and requirements of Congress and the Supreme Court.

At the Architect's request, we issued the OIG Statement of Management Opportunities and Performance Challenges. There was minimal progress in three of the five challenges over the past year. The AOC issued a comprehensive Ethics Order, resulting in significant positive changes and enabling the OIG to close the ethics challenge. Due to numerous findings in the contract arena, we have issued a new challenge on Procurement Policy and Voluntary Risk-Avoidance Initiatives. To improve the challenge areas, we are recommending that AOC managers responsible for addressing these deficiencies be held more accountable.

Since the OIG was established by the Architect of the Capitol Inspector General Act of 2007, we have carried out a dynamic and productive investigative program that demonstrates employee outreach efforts continue to be successful. Investigative efforts for this reporting period yielded \$314,350 in avoided costs. The number of OIG complaints reached a record high of 93, maintaining its persistent growth trend and leading to opening 14 new cases. The OIG issued 13 investigative reports and released three Management Advisory reports recommending improved internal controls to prevent fraud, waste or abuse within the AOC. The OIG continues to have a presence at each New Employee Orientation, and discuss its work at Chief Operating Officer Meetings. As a result of the sustained high-quality work and tremendous efforts of the OIG, AOC employees have confidence that when they report a concern, it will be objectively investigated and they will be protected.

In light of tight federal budgets, we focused our audit resources on advocating improvements to leave and payroll systems, inventory procedures and procurement. Between the Audits and Management Advisories we issued six reports with 57 recommendations to improve the efficiency of AOC operations and internal controls. The internal control gaps or weaknesses addressed by our recommendations can be corrected when the AOC takes positive corrective action. The AOC disagreed with two of our recommendations this reporting period which is discussed in section C.

The OIG spends a significant amount of time reviewing draft AOC policy and guidance documents and providing feedback to the Agency. We carefully review legal and other criteria in order to provide relevant and useful input. During this reporting period, we reviewed and commented on 13 new or revised policies, five of which resulted from OIG recommendations. Policies form the backbone of AOC's Internal Controls Program, thus it is important that they are clear, comprehensive and in compliance with applicable laws.

Congress approved our request for additional staff and since the last reporting period, we have hired an Attorney-Advisor, an Investigator and an Information Technology Auditor. These new staff members add to our collective skills and provide us with additional tools to serve the AOC, Congress and the taxpayers in our over-arching goal of eliminating fraud, waste and abuse, and promoting a productive and safe workplace. I am proud of what my office has accomplished during this reporting period and look forward to doing more good work with an increased staff of dedicated employees.



Carol M. Bates  
Inspector General



## **OUR MISSION**

The OIG promotes efficiency and effectiveness to deter and prevent fraud, waste and mismanagement in AOC operations and programs. We do this through value-added, transparent and independent audits, evaluations and investigations. We strive to positively impact the Agency and the taxpayer while keeping Congress fully informed.

## **OUR VISION**

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

## ***OIG Achievements***

### INVESTIGATIVE RESULTS

Financial recoveries (investigative recoveries, cost-avoidances, restitutions, fines and penalties, forfeitures and civil monetary action).....	\$314,350
Investigative cases opened .....	14
Investigative cases closed .....	13
Investigative cases referred/accepted for prosecution .....	1/0
Investigative cases pending acceptance for prosecution .....	2/2
Disciplinary actions resulting from OIG Administrative Investigation.....	5
Disciplinary actions pending from OIG Administrative Investigation.....	2

### AUDIT RESULTS

Audit, Evaluation, and Management Advisory Reports .....	6
OIG recommendations made this reporting period.....	57
Number of repeat findings from prior audits .....	2

#### Results of AOC OIG's Peer Review:

The Equal Employment Opportunity Commission OIG completed its Peer Review of the AOC OIG audit organization during this reporting period. We received a pass rating, the highest rating possible, indicating that the system of quality control for our audit organization has been suitably designed and complied with to provide reasonable assurance of performing and reporting in conformity with applicable professional standards.

***Fraud, Waste and Abuse  
Accept It – or Do Something About It!***

The Architect of the Capitol Inspector General Act of 2007, codified at 2 U.S.C. § 1808, established the OIG. This legislation applies some sections of the Inspector General Act of 1978, as amended, specifically Sections 4, 5 (other than Subsections (a)(13) and (e)(1)(B) thereof), 6 (other than Subsection (a)(7) and (8) thereof), and 7.



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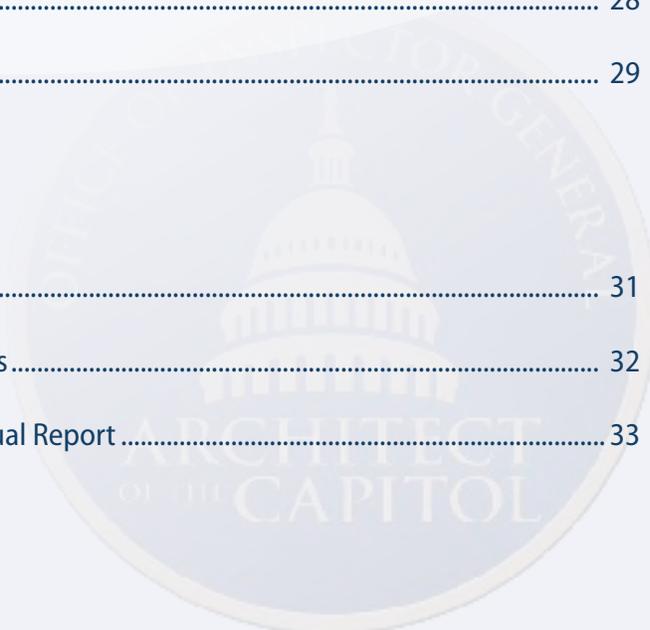
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## List of Acronyms Used by the Office of Inspector General

AOC	Architect of the Capitol (the Agency)
AMMD	Acquisition and Materials Management Division
Architect	The Architect of the Capitol, Agency Head
AUSA	Assistant United States Attorney
AWS	Alternative Work Schedule
CAO	Chief Administrative Officer
CFO	Chief Financial Officer
CIGIE	Council of Inspector General for Integrity and Efficiency
COO	Chief Operating Officer
COTR	Contracting Officer's Technical Representative
CPP	Capitol Power Plant
CWS	Compressed Work Schedule
CY	Calendar Year
DOJ	Department of Justice
DOL	Department of Labor
EEO	Equal Employment Opportunity
EEO/DP	Equal Employment Opportunity/Diversity Programs
EEOC	Equal Employment Opportunity Commission
FAM	Financial Audit Manual
FBI	Federal Bureau of Investigation
FECA	Federal Employees' Compensation Act
FISMA	Federal Information Security Management Act
FMLA	Family Medical Leave Act
FWS	Flexible Work Schedule
FY	Fiscal Year
GAO	Government Accountability Office
HCMD	Human Capital Management Division
HOB	House Office Buildings
IAFIS	Integrated Automated Fingerprint Identification System
IG	Inspector General
IMB	Inventory Management Branch
ITD	Information Technology Division
Kearney	Kearney & Company (AOC's Financial Statement Audit Firm)
LE	Law Enforcement
MA	Management Advisory
NFA	Notice of Final Action
NIST	National Institute of Standards and Technology
OGC	Office of General Counsel
OIG	Office of Inspector General
OOWCP	DOL Office of Worker's Compensation Programs
OPM	Office of Personnel Management
SAR	Semiannual Report to Congress
SAT	Senior Advisory Team
SOB	Senate Office Buildings
SPAM	Use of electronic messaging systems to send unsolicited messages
Statement	Inspector General Statement of Management Challenges and Performance Opportunities
USA	United States Attorney's Office
USBG	United States Botanic Garden
USCP	United States Capitol Police

# EXECUTIVE SUMMARY



This report covers the activities of the Office of Inspector General (OIG) for April 1 through September 30, 2012. The accomplishments and proactive initiatives identified below and described in detail in this report fulfill our mission to provide the Architect of the Capitol (AOC) with Inspector General Services that prevent and detect fraud, waste and abuse, and promote economy and efficiency in programs and operations:

- Issued, at the Architect’s request, the Inspector General Statement of Management Challenges and Performance Opportunities (Statement). We closed the previously reported ethics challenge, updated prior challenges, and included an additional challenge.
- Issued three Management Advisory Reports with recommendations to improve internal controls for the Family Medical Leave Act, verification of contractor employee employment eligibility, and implementation of a Drug Testing Program. Management disagreed with two OIG recommendations.
- Evaluated and reported 10 recommendations on the AOC information technology system owners’ compliance with system monitoring requirements.
- Issued an audit report with 16 recommendations to improve accountability over vehicles and heavy equipment and to improve inventory counts. The auditors detected \$313,000 worth of accounting errors in capital asset record keeping; the auditors also determined that the AOC has no written procedures for taking inventory.
- Reported on contractor compliance with AOC contract statements of work. We found weaknesses in statements of work. Without clear and complete statements of work, the AOC is at risk for not getting the goods or services it needs. The report included 12 recommendations to improve contracts and contract administration.
- Received a record 93 complaints alleging fraud, waste and abuse in AOC operations.
- Issued 13 investigative reports, five of which the allegations were not substantiated; one allegation was closed and referred to another agency, and seven consisted of substantiated allegations of varying natures such as:
  - Theft of Government property
  - Employee misconduct
  - False claim to obtain leave
  - Abuse of supervisory authority
  - Contractor employment of undocumented employees
- Reviewed and commented on 13 AOC draft Orders. Five of these were issued or revised in response to OIG recommendations.

## ACTIVITY THIS REPORTING PERIOD

### A. Inspector General (IG) Statement of Management Challenges and Performance Opportunities

Our third Statement of Management Opportunities and Performance Challenges included the four challenges reported last year and an additional challenge concerning procurement policy. Although the AOC is facing budget challenges, it is not repeated in the Statement.

Our Statement is based on the results of the OIG’s audit, evaluation and investigative efforts. The OIG believes there are challenges that require management’s attention. We closed one challenge from last year, after the AOC published a comprehensive Ethics Order. Based on our work, we have added a new challenge: the need to improve procurement policy. The five challenges are:

- Enhancing Internal Controls
- Policy Atrophy and Enforcement
- Procurement Policy (new this year)
- Delays in Implementing OIG Recommendations
- Improving Human Capital Management

#### Enhancing Internal Controls

In 2002, the AOC was required by law to develop and maintain an accounting and financial management system, including financial reporting and internal controls framework, that complies with applicable federal accounting principles, requirements and standards. In the Agency’s first Accountability Report in 2003, it reported its intention to design and implement such a program, an objective it reiterated in subsequent Accountability Reports.

In the years since, the AOC has not completed the necessary steps to implement this program. The AOC drafted an initial Internal Controls Order, updated it in 2009 and it is now being revised, to more closely follow Office of Management and Budget (OMB) requirements and guidance for internal controls programs. In March 2012, the AOC decided to modify its Senior Advisory Team (SAT) make-up to align with internal control implementation guidance

and engage representing process owners. The AOC needs to issue the revised Order as soon as possible, and involve process owners to move internal controls from a paperwork exercise to a fully functioning Agency program.

#### Policy Atrophy and Enforcement

AOC policies, or “Orders,” are a key component of the Internal Controls Program. Although the AOC has issued many new or revised Orders during FY 2012 to clarify or enforce policies, significant improvements are still needed, as we have identified Orders that are outdated, ambiguous and/or difficult to find, and some have expectations and standards that conflict with other published Orders.

In September 2011, the Architect issued a “policy on policies,” establishing the author’s accountability for accuracy, training, implementation support and enforcement of each Order. It also established accountability for policy oversight and compliance within the Office of Primary Responsibility and made AOC Office and Jurisdiction Heads responsible for implementing and enforcing AOC policy in their jurisdictions. This new Order represents a significant departure from past practices in which there were no means to ensure compliance.

The OIG has issued numerous reports with recommendations to improve insufficient policies.



Furthermore, a more comprehensive notification process, combined with implementation training will ensure notice and understanding of all policies by employees. Improved Orders which are easy to find and hold employees accountable to implement and enforce, will contribute to the successful implementation of the AOC Internal Controls Program.

### Procurement Policy

Procurement policy is identified as a new challenge area with a significant opportunity for improvement. Unlike other federal agencies, the AOC has written procurement guidance in the form of Standard Operating Procedures, none of which constitute AOC policy. As a result, most AOC staff does not have access to this guidance, and it is not enforceable as a policy.

There are other tools available to the AOC to promote efficiency and deter fraud in AOC contracts, including the contractor Mandatory Disclosure Program, but the AOC elected not to use this prevention and detection tool. The OIG also believes that the AOC should develop a Suspension and Debarment (S&D) process to provide improved contract remedies for unscrupulous or ineffective contractors.

### Delays in Implementing OIG Recommendations

The AOC has made some progress on responding to and implementing OIG recommendations in a timely manner. AOC management concurred with the findings in the annual Financial Statements Audit, and either concurred with, or suggested a suitable alternative action for, most OIG audit, evaluation and management advisory reports. Implementation of the corrective actions has been slow. The AOC has identified and purchased software to track and manage the resolution of all OIG recommendations. Use by AOC resolution officials has been minimal. We have also recommended that AOC management engage its Collective Bargaining Units for comment

on policy changes from OIG recommendations early in the resolution process, rather than wait until the deadline approaches.

There are signs of improvement. In FY 2012, the AOC issued most Management Decisions and Notices of Final Action on time. Positive change does not come from resolutions on paper, but from implementing the corrective actions. We continue to find that orders put in place to correct findings are not complete, clear, or followed. The AOC needs to hold managers accountable for implementing corrective actions the Agency has accepted.

### Improving Human Capital Management

Investigation and audit results have identified Human Capital Management Division (HCMD) policies that are outdated, incomplete or inconsistent. Some AOC employees have been designated as “temporary” in excess of 10 years and have not received any mid-year or annual evaluation, despite a law requiring that the performance evaluation system include all AOC employees. The AOC prepared a draft policy on an appraisal system but it has not yet been implemented. The OIG has also received complaints from temporary employees who are reluctant to speak candidly about management practices or unwilling to submit a harassment complaint for fear of being terminated.

The OIG has identified deficiencies in the AOC’s disciplinary processes. We also found that though HCMD has a “Drug Free Workplace” policy, provisions for employee drug testing and other safety initiatives were never implemented, and managers who suspect workplace substance abuse have no tools to validate suspicions. The OIG recommended that the AOC establish an independent Equal Employment Opportunity (EEO) office, separate from HCMD, reporting directly to the Architect or COO. Following a contracted study, the Agency elected to continue to keep the EEO/DP office within HCMD, which is contrary to the EEO placement in most other federal agencies.

## B. Audit, Evaluation and Management Advisory Reports

During this reporting period, the OIG issued six reports: (i) two audits, (ii) one evaluation and (iii) three management advisories. These reports included a total of 57 recommendations

to improve AOC internal management controls and operations. We also have a number of audits in process and will report the results in upcoming semiannual reports (SARs).

### Issued OIG Reports

Report Number	Report Title	Number of Recommendations
E – 2012 – 02	Information Technology Division and System Owners’ Compliance with the Requirements for Information System Monitoring	10
A – 2012 – 04	Accountability Over Vehicles and Heavy Equipment	16
A – 2012 – 05	Contractors’ Compliance with Statements of Work for Contracts Valued Between \$100,001 and \$1 Million	12
MA (I) – 2012 – 03	Recommended Improvements to AOC Processes for Authorization of Family Medical Leave Act	5
MA (I) – 2012 – 04	Recommended Improvements to AOC Processes for Verification of Contractor’s Compliance with Worker Employment Eligibility	8
MA (I) – 2012 – 05	Recommendation to Update and Implement AOC Order 900-1, Drug Free Workplace Policy	6

Note: None of the reports issued during this reporting period included Questioned or Unsupported Costs or Recommendations for Funds Put to Better Use.



## Summaries of Issued OIG Reports

### **Audits**

#### **A–2012–04 Accountability Over Vehicles and Heavy Equipment**

We contracted with CliftonLarsonAllen, LLP (CLA), to perform an audit of AOC vehicles and heavy equipment. The objective was to determine compliance with AOC Orders on property and inventory, and the existence of the items on AOC’s inventory. Tests were conducted on vehicles and heavy equipment valued at more than \$25,000.

The auditors took a two-way approach to confirm inventory records. They examined inventory records and then determined if that property existed. And while the auditors were on site, they selected a piece of equipment, noted its property number, and checked this information against the available records to determine if the item was in fact listed as part of the inventory.

The auditors found that three pieces of equipment valued at approximately \$313,000 could not be located or otherwise accounted for. After researching these missing items, AOC representatives concluded that they were traded in on new items, although the contract for the new items did not include any trade-in information. The auditors also noted other instances of non-compliance with AOC inventory and property Orders, including non-compliance with the requirement that each jurisdiction or office appoint a Custodial Property Officer (CPO) who is accountable for property. The auditors concluded that central staff responsible for compliance with inventory and property Orders could be more proactive in ensuring that inventory records are accurate.

The report included 16 recommendations to improve internal controls over vehicles and heavy equipment. If implemented, these actions should eliminate the reported deficiencies in internal controls and improve accountability.

In its response to the draft report, AOC management generally concurred with all but one of the recommendations. The AOC response maintains that Orders already include information needed for performing inventories and reconciliations. The auditors did not agree, and continue to recommend that the AOC develop a detailed standard operating procedure for performing inventories and reconciliations. In response to the recommendation to improve Inventory Management Branch (IMB) oversight of the program, the AOC noted that current policy requires that IMB staff verify inventory. The auditors, however, disagree that the current practice is sufficiently effective in light of the inventory errors found during testing, and continue to recommend improved IMB oversight. For the recommendations with which the AOC concurred, the AOC’s planned actions generally meet the recommendations’ intent. The AOC Management Decision is due in March 2013.

#### **A-2012-05 Contractors’ Compliance with Statements of Work for Contracts Valued Between \$100,001 and \$1 Million**

Our objective was to determine whether AOC contracts with a value of between \$100,001 and \$1 million contain clearly defined statements of work (SOW) with measurable quality controls to ensure that AOC requirements were met. Although we found that AOC contractors are gen-



erally in compliance with SOWs, there are three areas where improvement is needed in AOC practices.

We reviewed 25 SOWs and found that eight did not adequately identify the AOC's work requirements. We found that neither the Contracting Officers (CO) nor the Contracting Office's Technical Representatives (COTR) were enforcing contract requirements in six of the sampled contracts. We also found that Acquisition and Material Management Division employees were not enforcing AOC Orders and division standard operating procedures. We determined that for some contracts, the COs did not check the Excluded Parties List before contract award. We also found contract files that were incomplete or were missing required documents. In one instance, out-of-scope work was added to an existing contract without competition. The modification was for \$473,489, which was a 121 percent price increase. Because there was no competition, we could not determine potential cost savings had this work been put out for bid. Another SOW was not clear about a particular task. The AOC and contractor did not agree on the performance method; which lead to an additional cost of \$50,647.

Our report included 12 recommendations to improve statements of work, enforcing contract terms, improved contract administration, and also for the AOC to issue an overall Contracting Order. The AOC currently has Orders for Government Purchase Cards and Small Purchases, but no Order for contracts in excess of \$100,000.

In its response, the AOC concurred with the recommendations and described actions that it intends to take or has already taken. We carefully reviewed the AOC response and believe that in all but two recommendations, the response adequately meets the intent of the recommendation. We believe that the AOC needs to issue more guidance on how to write and formulate a SOW to avoid these irregularities and the AOC Orders

need to include requirements to ensure COs and COTRs enforce contract terms. The Management Decision is due in March 2013.

## **Evaluations**

### **E-2012-02 Information Technology Division and System Owners' Compliance with the Requirements for Information System Monitoring**

We contracted with CLA to perform an evaluation of the AOC system owners' compliance with the AOC Information Security Orders, specifically, the extent of compliance with system monitoring requirements. The AOC is not required to follow National Institute of Standards and Technology publications or comply with the Federal Information Security Management Act but used these in developing its Information Security Orders.

The report included 10 recommendations to improve the AOC Orders and compliance with those Orders. The AOC agreed with most but not all of the recommendations. The CLA auditors carefully reviewed the AOC response and reiterated that all recommendations should be implemented. Although the report did not include a recommendation to change the system owners, the AOC determined that the Chief Information Officer should be the system owner for all AOC



IT Systems. The AOC Management Decision, due in November 2012, should include the actions the AOC intends to take on the recommendations.

### **Management Advisories**

#### **MA (I)-12-03 Recommended Improvements to AOC Processes for Authorization of Family Medical Leave Act**

We issued this report to rectify several weaknesses in internal controls that were found during our work on Preliminary Inquiry 12-05-I. In this report, we identified four internal control weaknesses and issued five recommendations to address the deficiencies in the AOC's Family Medical Leave Act (FMLA) Program.

We found that the AOC's policies for FMLA approval did not adequately document the requirement to obtain a written leave request, and also lacked a timeline and checklist for the submittal of FMLA documents. In this case, the lack of clarity enabled a leave award that was 11 weeks longer than medical documentation warranted and allowed the employee to dictate how FMLA would be implemented. Further, this manipulation of the FMLA processes allowed the employee to claim a medical condition as the reason

for his/her resignation on the Office of Personnel Management's (OPM) Standard Form 50, rather than correctly citing the resignation as impending removal for misconduct.

Recommendations made in our advisory included the need to augment AOC's Leave Order by updating forms and adding checklists and timelines when submitting FMLA documents. We also recommended that the AOC base its FMLA leave year on a rolling year, according to which the first day of the use of FMLA leave would be the start date (employing offices may use a calendar year (CY), fiscal or rolling year for this benefit; the AOC uses a CY). We further recommended that the AOC seek guidance from OPM on whether the AOC's current appeals process satisfies the requirements to use the Form 50 codes for removal or resignation in lieu of removal.

In its response to the draft report, the AOC concurred with two of our recommendations, but did not agree with our recommendation to consult with OPM on the appeals process. The AOC response did not agree with our recommendation to add an internal control for this program by aligning FMLA with a rolling rather than a calendar year, citing undefined potential administrative burdens. The AOC's Management Decision is due in November 2012.

#### **MA (I)-12-04 Recommended Improvements to AOC Processes for Verification of Contractor's Compliance with Worker Employment Eligibility**

The OIG initiated Investigation 12-09-I based on indicators that a subcontractor was using undocumented workers on-site at the Capitol complex. The contract employees submitted fraudulent documentation to their employer to gain employment. The AOC, through a government contract clause, properly directed the prime contractor to use the E-Verify System to verify that all employees were eligible for employment on a federal contract. This contract clause directed the prime



contractor to “flow down” the E-Verify clause to its subcontractors. The clause was handed down to the first-tier subcontractor but not the second-tier subcontractor, and although registered with E-Verify, the second-tier subcontractor failed to use the system.

The investigation determined that the subcontractor used three undocumented workers who had received site badges and two additional undocumented workers who worked on-site but were never badged as required by the contract. Our report recommended improved internal controls and government oversight to reduce the risk of undocumented workers performing work on the Capitol complex. These improved controls, combined with increased government oversight, should help prevent identity fraud. In its response to the draft report, the AOC did not concur or non-concur with the recommendations and requested some clarification and wording changes, which

were adopted in the final report. The AOC’s Management Decision is due in January 2013.

### **MA (I)-12-05 Recommendation to Update and Implement AOC Order 900-1, Drug Free Workplace Policy**

Our investigation 12-06-I reported that several AOC employees were suspected of possessing, using and distributing controlled substances, hereinafter referred to as “illegal drugs,” and alcohol. In reviewing current policy, we discovered that the AOC issued a “Drug Free Workplace Policy” in 1989 that was not fully implemented. Specifically, the AOC did not implement the drug testing section of the Order.

The OIG identified two internal control weaknesses related to the AOC’s handling of illegal drug and alcohol use issues, and made six recommendations to improve the program. The recom-

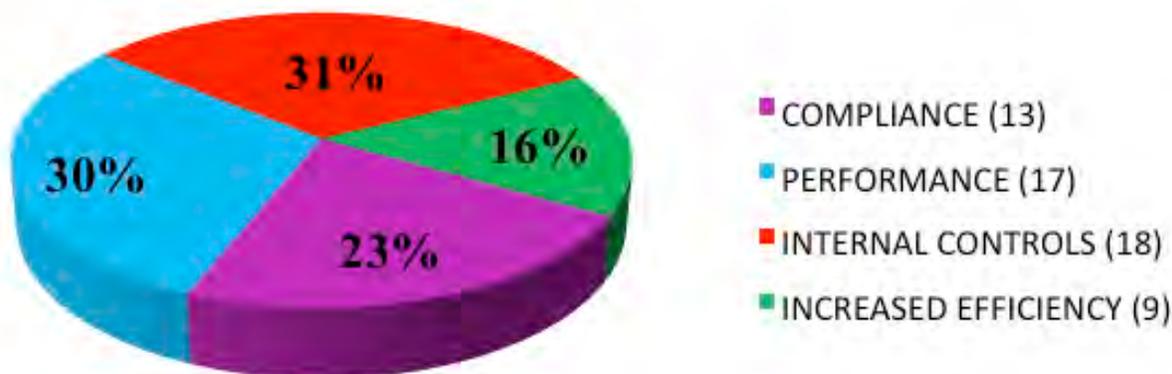


mendations include updating the Order and implementing a drug and alcohol testing program.

In its response to the draft report the AOC neither concurred nor non-concurred with our recommendation to implement drug testing, citing a prior effort to implement testing that was not acted on at the direction of a congressional oversight committee. The AOC's response statement was not clear about whether or not it would reopen this discussion. The AOC also cited difficulties in funding and obtaining Union approval of a drug testing program as barriers to its implementation. The AOC's Management Decision is due in March 2013.

### **Recommendations Issued**

The 57 recommendations in the six reports issued during this reporting period cover four areas: establishing internal controls, complying with existing orders and procedures, increasing efficiency and implementing performance enhancing recommendations. In categorizing the recommendations, we recognize that a single recommendation can impact multiple areas. For example, an improved internal control can also improve compliance, produce a more efficient use of appropriated funds and/or enhance performance. Rather than repeat recommendations, we selected the category in which the recommendation has the greatest impact.



### **Audits and Evaluations in Progress**

We are continuing our focus on audits of procurement as well as human resources functions, including payroll within the AOC. We are also expanding audit coverage to inventory and property accountability. With the presence of an Information Technology (IT) Auditor on the OIG staff, we are gathering data to begin a risk assessment of the AOC IT Division, with a focus on information system security. Work in process includes:

- A determination of whether COTRs are maintaining documents and performing their duties in accordance with COTR Appointment Letter requirements. We are drafting this report and will release it to AOC management for response and comments. Upon receipt of AOC comments, we will issue the final report.
- The determination that AOC must pay hazardous duty pay in some circumstances. We are finalizing this report.
- An evaluation of compliance with requirements to give each AOC employee a timely performance appraisal. This evaluation is in the initial stages.
- A Financial Statements Audit, with the OIG as the COTR. The FY 2012 audit is well underway. The contractor plans to finish its work in late November and we anticipate issuing the final report in December 2012.

## C. Report Resolution

### **Purpose for Report Resolution**

“Report Resolution” is a systematic process to assure timely and appropriate management decision making in response to OIG report recommendations. The Agency determines the corrective action(s) needed to resolve audit findings and recommendations. Corrective action is essential in improving the economy and efficiency of AOC operations. Report resolution includes a complete record of all actions taken on OIG recommendations.

### **The Report Resolution Process**

The OIG issues audit, evaluation and management advisory reports in draft form. This provides an important opportunity to obtain the views of management, and also offers management an opportunity to comment on the draft findings and recommendations. When the draft report is issued, the transmittal letter includes the date the response is expected by the OIG. We generally provide management a 30-day response period for draft reports. Following receipt of AOC management comments, the reports

are issued in final form, with all management comments included. Management then has six months to make a “Management Decision” on each recommendation. For those recommendations on which there is agreement, management then has six additional months to complete the recommendation and issue a “Notice of Final Action” (NFA).

### **Management Decisions on Two Recommendations with which the OIG Disagrees**

#### **MA (I)-2012-01 (Investigation) Policy, Inventory Management and Disposition of AOC Furniture**

We issued this Management Advisory due to a void in AOC policy on furniture management, gaps in the inventory management process and a lack of guidance and controls on disposing of office furnishings in the Senate Office Buildings (SOB). This report identified a lack of adequate storage facilities for the furniture and questioned whether it was cost effective to continue to store many of these furnishings at government expense, rather than allowing government redistribution or disposal.

<b>Report Resolution Summary</b>	
Management Decisions received: initial and revised	4
Recommendations included in the Management Decisions	21
Recommendations with which the AOC concurred	18
Recommendations with which the AOC did not concur and OIG continues to disagree	2
Notices of Final Action issued to OIG	4
Number of recommendations with AOC Action reported as complete	22
Recommendations open over one year after report issued	1

The AOC issued its Management Decision and noted that some actions were already complete. We did not concur with all of the AOC’s decisions. The AOC addressed the concerns and issued a revised Management Decision indicating that it concurred with eight of the nine recommendations. The AOC plans to issue a revised Standard Operating Procedure (SOP) by December 2012 to improve furniture accountability. The AOC did not concur with our recommendation to improve controls when furniture is returned from use to inventory, and furniture return procedures were not addressed in the proposed SOP. We continue to note that there is a gap in policy with regard to accountability for returned furniture. The OIG is encouraged by the Management Decision to install GPS trackers in its furniture delivery trucks, and to include furniture with an initial value of \$1,500 and greater in its inventory. These new initiatives will mitigate the internal control weaknesses identified in our advisory.



### **MA (I)-11-01(Investigation) Improvements to Equal Employment Opportunity and Diversity Programs Office and to Internal Controls for Timekeeping**

This report was based on the discovery of internal control weaknesses during an investigation that involved supervisory-level professional misconduct and time card fraud. In this advisory, we issued 12 recommendations to address the policy weaknesses and inadequate timekeeping procedures, to strengthen the independence of the Equal Employment Opportunity/Diversity Programs (EEO/DP) Office, to improve Agency ethics and to improve communication channels between AOC employees and senior management. The AOC had no written policy or clear expectations concerning an unprofessional relationship between a supervisor and

an employee. During our investigation, we spoke with a number of AOC employees who indicated that they lacked trust in AOC’s EEO/DP investigative capability, particularly its ability to investigate sexual harassment issues. We recommended that the EEO/DP Office not be subordinate to the Human Capital Management Division (HCMD), but rather, that it be given an increased level of independence and stature by reporting directly to the Architect or the Chief Operating Officer.

The AOC issued a Management Decision on these matters and then updated it. In the initial and updated decision, the AOC concurred with 11 of the 12 recommendations, but did not agree to move the EEO/DP Office out from under HCMD. We disagree with the AOC’s

Management Decision and our rationale for disagreement follows:

- The AOC’s EEO placement within HCMD is not in conformance with most other federal agencies, and it places the AOC workforce at a disadvantage when filing discrimination and harassment complaints. The Council of Federal EEO and Civil Rights Executives has stated the following on the placement of EEO offices within an Human Resources Department: “Neutrality, objectivity and impartiality in the processing of discrimination complaints are virtually impossible under these circumstances since the personnel or human resources staff in most cases advise and assist managers in taking the personnel actions claimed to be discriminatory.” This report stated that agency internal grievance processes (EEO) be placed under the immediate supervision of the agency head. We stand by our original recommendation that the EEO office be moved out from under HCMD control.

## D. Investigations

The OIG has statutory authority and responsibility to investigate criminal and administrative allegations of fraud, waste and abuse relating to AOC programs and operations. The past six months have marked another very busy investigative period, primed by a continuing rise in Hotline reporting from the public, as well as numerous reports brought by concerned employees and managers. To assist with the rising workload, we received permanent funding authority to hire a third GS-1811 criminal investigator.

As the OIG has been conducting investigations for only three years, the baseline of expected investigative work has not yet been fully established. The number of credible complaints continues to rise each successive SAR period. Each non-frivolous complaint requires investigative testing, which typically involves reviewing documents and initial interviews. Only through this testing process can limited investigative resources be reserved for those full-fledged investigations that have the highest likelihood of improving AOC efficiency and effectiveness.

### *Investigative Case Openings Holding Steady*

Investigative case openings remained strong and steady, with 14 new investigations this period, compared to 15 in the previous six-month period. The heavy workload reflects the success of the OIG Outreach Program (see section F). AOC employees are increasingly better educated on the types of investigations the OIG has conducted in the past and what to look for. Similarly, the AOC has focused increased emphasis on “Accountability and Transparency” on its Internet home page. The general public and contractors doing business with the AOC now have increased access to report their concerns through the IG Hotline reporting process on the AOC home page (<http://www.aoc.gov/office-of-inspector-general>). This AOC transparency initiative demonstrates confidence in both the fairness

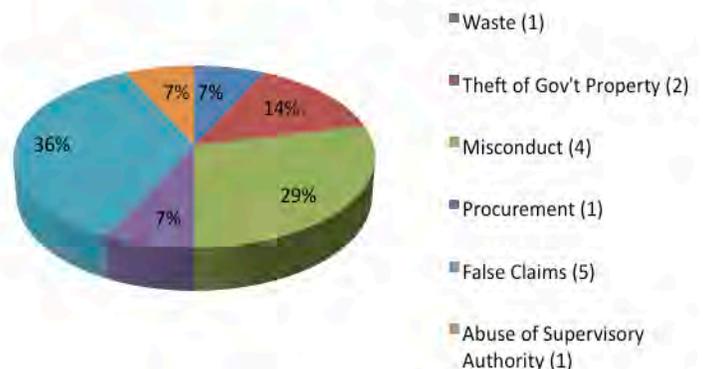
and the independence of the OIG investigative program. The chart below compares investigative case openings this SAR period compared to the previous two SAR periods.



### *Types of Investigations Opened*

Of the 14 investigations opened, we noted a rise in allegations of false claims under the Family Medical Leave Act (FMLA) and the Federal Employees Compensation Act (FECA) programs. If any of the employee documentation is proven fraudulent, it would constitute a violation of federal criminal law for which we will seek prosecution through the U.S. Attorney. The other investigations opened this period focused on theft of government property and employee misconduct. The OIG continued joint criminal investigations with several other federal law enforcement agencies, and also opened a contract fraud investigation related to false documentation submitted by a contractor. Outcomes concerning these ongoing investigations will be reported in an upcoming SAR.

### **Cases Opened By Type Of Allegation**



### Investigative Case Closings Rise

We closed 13 investigations, up from 10, in the previous reporting period. The six-month trend in investigations completed in the current reporting period reflects a 23 percent increase over the first half of the fiscal year. The OIG seeks to issue investigative reports in a timely manner to ensure that management has the information it needs to revise procedures and close gaps in internal controls. Similarly, disciplinary actions have a stronger deterrent effect for the workforce when they are issued closer to the date of the employee misconduct. Even with this internal emphasis on closing cases in a timely manner, a backlog of nine ongoing investigations remains and many complaints have not yet been adequately evaluated.

The chart below reflects a concerted focus on completing timely investigative reports to ensure AOC managers have the actionable information they need to respond to substantiated misconduct. Serious employee misconduct, such as theft of government property, can be addressed as a result of the OIG reports, even if the thefts do not reach the minimum dollar threshold required for criminal prosecution by the Department of Justice (DOJ).

### Types of Investigations Closed

Although the types of investigations closed were similar to the types of cases opened during this reporting period, there was an increase in investigations that were focused on abuse of supervisory authority and employee misconduct, and the majority of these involved administrative rather than criminal violations. We conducted and closed a narcotics investigation that had first been reported to the United States Capitol Police (USCP). However, because the evidence was insufficient to gain a criminal prosecution, we elected to conduct this as an administrative investigation to provide management with the information needed to assess the drug-use climate, to evaluate safety factors, and to take disciplinary action for the use of illegal drugs — a violation of law and AOC policy.

**Cases Closed By Type of Allegation**



**Investigations Closed By SAR Period**



### Investigative Initiatives, Statistics and Results

OIG special agents continued their arming authority through Special Deputation provided by the United States Marshals Service. The investigators complete mandatory firearms qualification on a quarterly basis through the Federal Law Enforcement Training Center (FLETC) in Cheltenham, MD.

We initiated a partnership training agreement with another small federal OIG, the Corporation for National and Community Service, to share costs for required firearms, safety procedures and the use of force training.

The OIG has been engaged in several multi-month, joint-agency criminal investigations with other federal law enforcement agencies. Our continued partnership with the USCP Criminal Investigations Division has been beneficial and of tremendous assistance to the OIG in comparing raw investigative intelligence, coordinating interviews and evaluating video surveillance evidence.

We had the opportunity to jointly conduct an investigation with the USCP that focused on potential security weaknesses involving contractors working on Capitol Hill who had been “badged” but who had used fraudulent work documentation such as “Green Cards” and Social Security numbers. Together we were able to identify the security weaknesses and provide recommendations to prevent the employment of undocumented workers on Capitol Hill in the future.

Finally, the OIG proposed and received support for the creation of a working group to explore options for sharing the costs of computer forensics. This working group is composed of staff members from several other legislative branch OIGs, who do not have the resources to establish full-time forensics capability. Yet,

nearly every investigation involves the examination of some cyber data or hardware, including e-mail, hard drives, thumb drives and/or mobile devices such as cell phones and notebooks. The working group is considering whether a shared agency contract could provide this capability for at least some legislative branch OIG investigators and analysts.

The following table provides a summary of investigative efforts and results during this six-month reporting period:

### Investigative Results and Statistics

Item	Quantity
<b>A: Criminal Investigations Referred to the United States Attorney for Prosecution Consideration</b>	
Referred to U.S. Attorney	1
Declined (Insufficient Dollar Loss to U.S. Government)	1
Pending Decisions (or Accepted for Prosecution)	2
<b>B: Subpoenas Issued in Support of OIG Investigations</b>	
OIG Subpoenas Issued and Served	6
Grand Jury Subpoenas Served	0
<b>C: Disciplinary Actions Resulting from OIG Administrative Investigations</b>	
Employee Removals/Resignations/Retirements (in lieu of)	5
Employee Suspensions	0
Employee Reprimands/Warnings/Counseling	0
Allegations Not Substantiated or Disproven by OIG	5
Actions Pending	2
<b>E: Cost Avoidance, Savings and Recoveries Resulting From OIG Investigations</b>	
*Cost Avoidance from Employee Removals/Resignations	\$ 314,350
*Savings from Employee Salaries during Suspensions	0
Administrative Repayment Determinations	0
Court Ordered Fines/Forfeitures/Restitution	0
OIG Recovery of Stolen Government Property/Funds	0
<b>Total</b>	<b>\$ 314,350</b>
<i>*Using the AOC average salary of \$62,870 per employee per year; or \$242 per workday for suspensions. The one-year cost avoidance method is used by other federal OIGs to conservatively estimate the positive impact and savings from investigations that result in the removal or resignation of employees engaged in misconduct in the workplace, or who submit fraudulent Workers' Compensation claims.</i>	

## Summaries of Issued Investigative Reports

### I-2012-06 and I-2012-17 – Distribution and Use of Illicit Drugs and Making Physical Threats to Co-workers

A confidential report indicated that an AOC employee provided phencyclidine (PCP) to an AOC co-worker. The employee who inhaled the PCP-laced cigarette subsequently required medical attention. The OIG investigation substantiated that both employees violated AOC orders by using, possessing or distributing controlled substances while at work and in government facilities in the Capitol complex. The investigation also determined that the PCP provider had communicated threats to two other AOC employees. We coordinated the investigation with the USCP, and investigative findings were referred to the United States Attorney’s (USA) Office for the District of Columbia for criminal prosecution. The USA declined criminal prosecution and referred the matter back to the AOC for administrative remedies.



Management disciplinary action concerning the substantiated employee misconduct is pending. Based on control weaknesses raised by this investigation, the OIG issued Management Advisory MA(I)-2012-05, which recommended that the policy on drugs in the workplace be updated and that a drug testing program be initiated for the AOC workforce.

*The OIG employed the use of a Scientific Content Analysis Survey (SCAN), an investigative tool, which queried 34 AOC employees about possible illegal drug use in their organization. While the majority of these employees stated they would not come forward due to misgivings about being labeled as “snitches,” seven of 22 respondents recommended that AOC should use drug screening/urinalysis programs to identify drug users. Some of them expressed resentment and/or discomfort at being pulled into an investigation over issues that were solvable via the use of an effective drug testing program. Finally, some of them expressed safety concerns (“I don’t want to be working around anyone on drugs. I have three kids and a wife to go home to safely.”)*

### I-2012-08 – Sale of Pirated DVDs: Not Substantiated

The OIG initiated an investigation based on information received from a confidential source who alleged that an AOC employee was selling pirated digital video and music discs to AOC employees and other legislative branch staff working on Capitol Hill. Investigative methods and witness interviews were conducted but did not substantiate the allegations. The AOC employee and reported sales associates were interviewed and they denied selling pirated DVDs. The employee stated that he had exchanged movies with co-workers from time to time, but none were sold, nor were they pirated DVDs.

### **I-2012-09 – Subcontractor Employed Undocumented Workers on a Construction Contract**

The OIG identified internal control weaknesses that led to the badging of several undocumented contract workers who were employed on a contract on Capitol Grounds. Those workers engaged in identity fraud to mislead their employer. The AOC included an E-Verify clause in the contract with the prime contractor; however, the subcontractor did not use E-Verify to determine whether his employees were authorized to work. This investigation determined that five subcontractor employees would have received non-passing scores had they been checked by their employer in E-Verify. Recommendations to reduce risks on future AOC contracts are outlined in OIG Management Advisory MA (I)-2012-04.

*AOC Contract Clause 52.204-4 Personal Identity Verification of Contractor Personnel (March 2011)*

*(a) By entering into this contract, the Contractor agrees to comply with all Federal laws that apply to the Contractor's activities, including but not limited to the U.S. Citizenship and Immigration Services' requirement to maintain a signed copy of I-9 Employment Eligibility Verification for each employee in accordance with 8 U.S.C. 1324(a).*

*(b) The Employment Eligibility Verification Program (E-Verify), operated by the Department of Homeland Security and the Social Security Administration, allows U.S. employers to verify name, date of birth, and Social Security Number, as well as immigration information for non-citizens, against Federal databases in order to verify the employment eligibility of both citizen and non-citizen new hires. All contractors receiving AOC contracts shall use this program to verify the status of their personnel. Information about*

*the program can be obtained at [www.dhs.gov/E-Verify](http://www.dhs.gov/E-Verify) or by calling 1-888-464-4218.*

The OIG investigation determined that the subcontractor did not violate any criminal laws because the non-compliance was a result of his ignorance of the E-Verify contract requirement and not of his intent to deceive. Similarly, we found no evidence to suggest that the company knowingly hired undocumented employees on this contract. They assumed that because the workers had obtained badges from the USCP (following an FBI criminal history check), they must have been authorized for employment. For that reason, these investigative findings were not referred to the USA Office for the District of Columbia for criminal prosecution. The OIG referred the criminal allegations concerning the subcontractor employees' use of counterfeit documentation (Green Cards and Social Security numbers) to Immigration and Customs Enforcement and to the Social Security Administration OIG.

### **I-2012-11 – Stolen Copper: Referred to the USCP**

The OIG conducted a preliminary inquiry based on a report that approximately \$3,900 worth of AOC-owned copper (scrap and a roll of copper hardware cloth) was stolen from the Capitol Complex. The OIG conducted several interviews and requested proxy card readings and video recordings from the USCP, Physical Security Division. The USCP cited its authority in Title 2, United States Code 1961 - Section 1961, Policing of Capitol Buildings and Grounds, and assumed primary investigative responsibility. The USCP has not requested investigative assistance from the OIG.

### **I-2012-13 – AOC Employee Has Personal Credit Card Account Stolen**

The OIG conducted a preliminary inquiry to determine the circumstances under which an AOC employee had fraudulent credit card charges placed to his personal iTunes account, an account that was required in order to use the AOC-issued

iPhone. The credit card account used to make the unauthorized purchases had been open for only a few days, and the employee had not shared the personal data that was used to make the fraudulent charges. The employee had concerns that the account number may have been intercepted through the government iPhone linkage by an AOC employee or contractor. The inquiry determined that these illegal charges were most likely made by an overseas fraud scam that was operating from Viet Nam. The employee immediately closed the credit card account and the fraudulent charges were removed from the employee's iTunes account.

#### **I-2012-14 – Suspected Abuse of Supervisory Authority: Not Substantiated**

An anonymous OIG Hotline complaint reported numerous concerns about an AOC supervisor. The OIG conducted an extensive examination of the anonymous allegations identified in this multi-page and multi-incident complaint. A review of the records and interviews with several witnesses did not reveal any information that supported the charge of abuse of supervisory authority. One primary witness named in the complaint, allegedly a victim of the abuse, declined to be interviewed or to cooperate with the OIG in resolving this matter out of fear of reprisal. As a result, the OIG determined that there was insufficient corroboration of the anonymous allegations to warrant further investigation.

#### **I-2012-16 – Suspected Use of AOC Computers and Resources to Operate Private Business: Not Substantiated**

The OIG conducted a preliminary inquiry based on a Hotline complaint to determine if an AOC employee had been using AOC computers and resources to run a personal graphic design business while on duty. We found evidence that the employee produced flyers and posters, but interviews revealed that these projects had been done

as a morale-boosting effort at the direction of management. The work was not done for profit, nor was it part of the employee's personal business.

#### **I-2012-19 – Abuse of Authority: Violations of AOC Order on Proposed Employee Removal**

The OIG received a complaint from an employee who had been placed on paid administrative leave for several months prior to receiving a letter proposing removal for both conduct and performance issues. The employee was proposed for removal without progressive discipline, such as documentation of verbal counseling, written warnings, suspensions or performance improvement plans. The OIG initiated an Inquiry to determine whether AOC policy on discipline and removal was being followed.

We conducted a review of all available documentation pertaining to the employee's performance history, and also interviewed personnel who had knowledge of the issues associated with the removal. The OIG evaluated the intended removal documentation against AOC Discipline Policy.

Our investigation determined that the policy was not followed for the employee's removal action, and that the removal demonstrated selective enforcement of policy. A comparison to other personnel actions taken revealed a departure from the norm in this planned disciplinary action.

No specific AOC employee was cited for violations of policy; rather, the multiple findings in this Inquiry resulted in the issuance of draft OIG Management Advisory MA (I)-2012-06. This report will be issued as final and management's

*“The AOC has a little work to do when it comes to their disciplinary procedures.” – Quote from an AOC manager who was interviewed as a witness in I-2012-19, explaining why existing AOC policy was not fully complied with.*

views will be reported in the next SAR.

### **I-2012-20 – AOC Employee Submits Fraudulent Doctor’s Excuse to Justify Paid Sick Leave**

The OIG received a complaint from an individual who requested confidentiality. The complainant overheard discussion of the fact that an AOC employee had submitted a fraudulent doctor’s excuse to cover three days of paid sick leave. According to the complainant, the employee had not been to any doctor and the doctor’s excuse was falsified. The OIG determined that the doctor’s excuse was indeed forged and calculated that the loss to the government for the payment of 27 hours of unjustified sick leave was \$786 in salary, plus \$334 in benefits. Disciplinary action against the employee is pending.

### **I-2012-21 – Theft of Government Building Materials for Personal Use**

The OIG received a Hotline tip that an employee had been stealing screws, discarded plastic containers subsequently used as crabbing buoys, cleaning supplies, marble tile, gallons of paint and office supplies. The caller stated that the employee acted as if the AOC was the employee’s “own personal Staples, Lowe’s or Home Depot.”

OIG surveillance confirmed evidence of the thefts. The 13-year employee admitted to stealing nuts, bolts and screws to repair a boat trailer, along with cleaning supplies. The employee also admitted stealing government paint and three boxes of marble tile for use in his home. Contrary to the employee’s testimony, an OIG consensual search at the residence revealed that the employee had stolen at least eight boxes of new marble tile valued at \$100 per box, which was installed in the employee’s home. Due to the dollar value threshold, investigative results were not referred to the U.S. Attorney for prosecution consideration. The employee resigned his/her government position.

*A 13-year employee’s reasons for taking home AOC hardware and building materials rather than buying it at the store:*

*Employee: I’m too lazy to stop [at the store]. Just like, you know, going home, and I’m like, “Man, I don’t –”*

*OIG Investigator: You probably pass about four or five Home Depots and Lowe’s, don’t you?*

*Employee: I pass one Lowe’s, yeah, just one Lowe’s, no Home Depot.*

*OIG Investigator: It takes you, what, 15, 20 minutes to go in there and get what you need, go in there and get it and bring it back out.*

*Employee: Well, which is not so much. It’s just a hassle, and I’m lazy, to get off the highway and pull over.*

### **I-2012-23 – Waste of Government Property: Not Substantiated**

The OIG received a complaint from a private citizen who reported that loading dock replacement parts, with a reported value of over \$10,000, were thrown into dumpsters as trash. The OIG investigated why a large steel drum and steel loading dock replacement door slats were cut up and disposed of as junk.

OIG interviews determined that the metal drum was actually a commercial garage door counter balance, which had been stored on the loading dock as a spare part in case a truck damaged the existing door. In 2012, the AOC installed new doors eliminating the need for the spare drum and slats. In July 2012, AOC management directed that the steel parts be cut into manageable size pieces as metal scrap and the steel was properly recycled.

This report of alleged gross waste of government property in new condition was the product of miscommunication. No waste occurred because

upon the installation of new doors, these items were no longer useful spares and they were properly recycled. Nonetheless, the reporting of what appeared to be waste is commendable.

### **I-2012-24 – Suspected Abuse of Supervisory Authority: Not Substantiated**

An anonymous OIG Hotline complaint alleged misconduct by two AOC senior supervisors. The complainant claimed that one supervisor took reimbursement checks for recycled materials for personal use. Further, the complainant alleged that the second supervisor used AOC's Government Purchase Card (GPC) for his/her own personal use. Following interviews and a review of government records, the OIG found no basis for determining that the allegations were credible. The AOC process for vendor repayment for recycled materials does not easily enable theft or embezzlement. The second supervisor did not have a GPC assigned in his/her name.

### ***Management Action Updates (Action Resulting From Investigations Reported in Previous SARs)***

#### **I-11-12 – Employee on Workers' Compensation Permanently Relocated to North Carolina and Started New Employment There**

The OIG initiated an investigation after learning that a disabled AOC employee had moved from the Washington D.C. commuting area and was involved in regular employment in North Carolina (NC). The employment in NC was similar to his former position as a facility inspector at AOC. This employee also allegedly had other unreported employment and other sources of income, and had received over \$571,000 of Workers' Compensation payments since 2001. The investigation determined that although the employee was properly declaring the income from his current job, he did not declare approximately \$8,000 of income earned as an electrician while receiving

Workers' Compensation during 2002 and 2003, and also failed to report the income from remodeling and "flipping" a property for profit, on Department of Labor (DOL) forms.

**Updated Information:** The AOC did not offer "light duty" to this employee because it would not have been beneficial (financially or in a work-related sense) to do so. The employee remains on the DOL records with continuing FECA benefits.

#### **I-11-15 – Pattern of Recurring Thefts of Government Cleaning Supplies**

The OIG initiated an investigation based on information received from an anonymous caller who reported that an AOC employee had stolen, from unlocked storage facilities, cleaning supplies that are used by AOC contractors to stock and clean basements in Capitol complex buildings. This investigation substantiated that the employee unlawfully removed government property (toilet paper, paper towels, window cleaners, liquid cleaners and mops) for personal use and distributed the remainder of the stolen property to friends and relatives. The total value of the items taken from 2005 to 2011 was conservatively estimated to be \$18,338, based on the employee's statements during the interview.

**Updated Information:** An administrative hearing recommended removal. The employee resigned from federal service prior to the final removal notice.

#### **I-12-03 – Theft of Excess Copper to Sell to Recyclers**

We opened an investigation in response to allegations that three night-shift employees were stealing scrap copper as well as other excess property for use in their private businesses, in addition to engaging in other acts of misconduct per AOC policy, such as sleeping on the job, failing to disclose outside employment, stealing flags, borrowing AOC tools, etc. While many of

the allegations made in this case were substantiated through a preliminary investigation, the OIG chose to close the inquiry because the existing internal controls on scrap metal recyclables were inadequate and some of the allegations were dated; it also appeared that AOC managers either condoned, or did not expressly prohibit, the various acts of misconduct reported, such as taking extended meal periods and sleeping on the job. The OIG determined that these systemic weaknesses required immediate management attention and that a more extensive inquiry to document purported misconduct would not be useful until management expectations were clearly defined and communicated.

**Updated Information:** The two temporary employees were terminated. The permanent employee resigned prior to the completion of the proposed removal action.

#### **I-12-07 – Falsification of Electrician Training, Qualifications and Past Employment by AOC Electrical Worker**

We received an anonymous letter indicating that an AOC electrical worker had falsified prior work experience on his/her AOC employment application and resume. We determined that the employee had inflated the scope of his electrical worker duties at a prior employer, and that there were in fact no public records to demonstrate that the electrical company cited on the employment application ever existed. The employee also claimed to have an electrical training certificate from a local community college, but records showed only that two non-credit continuing education classes were completed. The U.S. Attorney declined criminal prosecution, but instead offered the employee immunity from criminal prosecution to secure his assistance in probing the matter further. The employee was immediately relieved of all assigned electrician duties and placed on administrative leave pending the final Management Decision.

**Updated Information:** The employee was removed from federal service because information provided on the employment application was determined to be false.



## E. Hotline and Complaint Management

### *Complaints Rising Rapidly*

During the first six months of Fiscal Year 2012, OIG complaints jumped 32 percent (from 60 to 79). This current six-month period continued that strong growth pattern with 93 new complaints recorded, or a rise in complaints of 18 percent over the prior SAR period. This steady increase in complaints is at least partly due to a coordinated OIG outreach effort to the AOC workforce. The OIG has made every effort to heighten the awareness of AOC employees, who now recognize the indicators of fraud, waste and abuse and feel confident that the OIG will evaluate their claims fairly and without management influence. In addition, other Legislative Branch agencies have come to recognize the Inspector General's role within the AOC and they also call our office with concerns, as do people who have been referred from other federal law enforcement agencies. Finally, the public knows how to reach this office thanks to the OIG contact and Hotline reporting information posted on the AOC's website. This reporting transparency allows the OIG to alert AOC management to potential problems before they can escalate. The following chart reflects the quantity of complaint reporting for this SAR period as compared to the previous two SAR periods:



*Note:* This table does not include calls requesting information only, SPAM or other obviously frivolous calls or e-mail that we received and processed.

### *Complaint Reporting Methods*

E-mail increasingly tends to be the primary method for complaint reporting. Fewer Hotline complaints arrive via the Intranet and Internet websites, as growing numbers of AOC managers and employees are sending e-mail messages directly to the OIG office. The OIG developed and announced a secure e-mail process that allows employees to communicate, using a private e-mail account, with OIG staff outside the AOC e-mail network. This has clearly enhanced the important need for privacy for both the workforce and the OIG. This continuing pattern of employee and management confidence in our office's independent investigative procedures and timely reporting of actionable investigative products is a notable trend.

Of the 93 total complaints we received during this period, 27 came from Hotline e-mail or a direct e-mail to an OIG staff member. The second most popular reporting method was by phone. The following chart reflects the reporting methods by which we received our complaints.

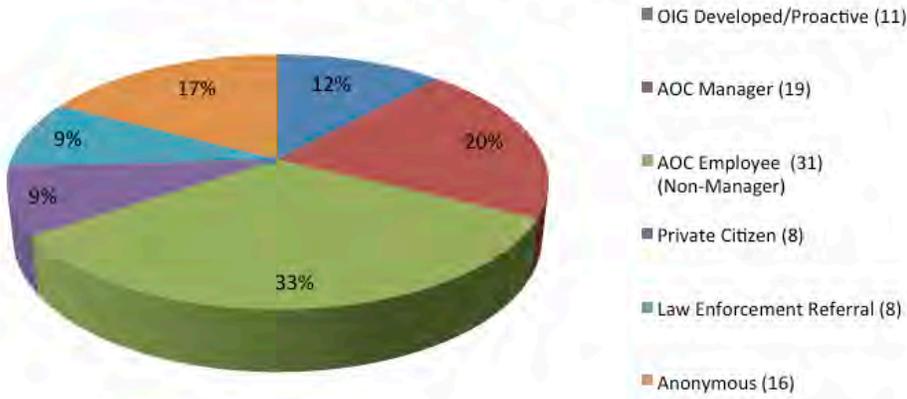
### Complaints By Reporting Type



### Complaint Reporting Categories

The above complaints were received from people in the following reporting categories:

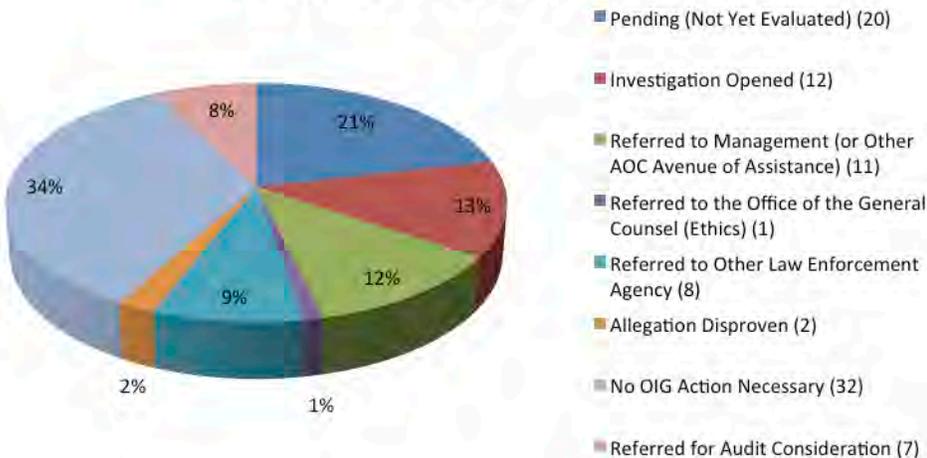
#### Complaints By Reporting Category



### Complaint Disposition

Finally, the OIG dealt with all of these concerns through the following primary means. It is important to note that the number of complaints that have not yet been tested or evaluated due to lack of investigative resources continues to climb.

#### Disposition of Complaints



## F. OIG Outreach and Education

### *Knowledge Gap*

The inaugural OIG Strategic Plan identified a serious gap between AOC employee and management understanding of the objective of establishing a Statutory Inspector General within the AOC in 2007. As a new department within an old and established institution we had invested many of the initial start-up efforts and staff time in establishing the requisite internal procedures and policies, and in rapidly reaching a preliminary operating capability. This initial capacity primarily involved issuing timely written products (audits and investigations), and also providing recommendations to improve agency efficiency and effectiveness.

As a result, despite existing for over four years, much of the AOC workforce remained unaware of precise OIG responsibilities, including the kinds of complaints we address, what our duties are and how they are carried out, and how audit targets are selected. Many also did not understand the OIG’s mandate to report to Congress as required by the Inspector General Act of 1978 (as amended), or the reason that summaries of our reports are issued to Congress and the public in the form of this Semi-annual Report.

To close this knowledge gap, the Inspector General approved a three-pronged approach to rapidly increase understanding of the role and duties of the new statutory IG. This approach included the following integrated components into a seamless and coordinated strategy:

- Publication and widespread availability of written materials
- Workforce training and education
- Electronic knowledge dissemination through the Internet and the AOC employee Intranet

### *OIG Written Materials*

The OIG initiated a comprehensive review of all written materials and upgraded its brochures and pamphlets on OIG services. However, part of the reason for the lack of awareness of the OIG’s purpose and activities was the OIG’s physical location in the Fairchild Building, which separated this office from the majority of the AOC workforce. To remedy this distance barrier, the AOC’s Chief Human Capital Officer (CHCO) supported the establishment of an OIG information-sharing bulletin board in the Ford Building. This OIG “public information center” is adjacent to the AOC’s human resources customer service office, a place commonly visited by most AOC employees for a variety of reasons. Numerous OIG written materials are available at this site, and we have noted an increasing interest in the OIG’s work and objectives through the discernible need to regularly restock certain OIG publications, including the Semiannual Report to Congress.

### *Workforce Training and Education*

In August 2012, after the approval and endorsement of the Architect, we began offering Fraud Awareness Briefings (FABs) to the AOC workforce. In just two months, the OIG has made 10 presentations to 252 employees. These employees represented multiple jurisdictions and offices, including: House Office Buildings, Library Buildings and Grounds, Office of Security Programs, Capitol Building, Capitol Visitor Center, and Congressional Affairs and External Relations. In the upcoming SAR, we will report on this training initiative, breaking it down by jurisdiction and also including the number of employees who have been made aware of both the risks of fraud, waste and abuse and the importance of prompt reporting. Included in this training is a brief overview of the OIG’s purpose and the reason it was established by Congress.

### *Electronic Dissemination*

Similarly, the OIG has improved the access to information through both the Internet and the AOC internal Intranet. We have upgraded the process of reporting fraud, waste and abuse, and developed three separate Hotline reporting procedures that allow employees, contractors and the public to report with their full identity, as confidential sources, or anonymously, if that is preferred. This

virtual information availability has greatly improved access to the OIG, and has also improved both the quantity and quality of our Hotline reporting. Those who use our electronic Hotline receive immediate confirmation of OIG receipt, and we make every effort to stay in touch with the reporters to keep them abreast of OIG actions.



## G. Legislative and Regulatory Review

We invest a significant amount of OIG resources in reviewing AOC draft guidance documents, sometimes through multiple reviews, as part of our requirement to comment on proposed legislation and policy. The OIG role is to provide remarks or suggestions to ensure that the AOC's Orders, or policy updates, do not negatively impact on Agency economy and efficiency. Indeed,

some of these Orders result directly from OIG recommendations to improve internal controls. We consider our review to be an integral part of our proactive effort to prevent fraud, waste and abuse. During this reporting period, we reviewed and commented on 13 Orders or other policy or guidance documents, five of which were issued or updated as a result of our recommendations.

### Number of AOC Orders Reviewed in the Semiannual Report



## New or Revised Orders Resulting from OIG Recommendations

Document	Title	Description
AOC Draft Order 31-1	Monitoring Policy of External Third Parties of AOC's Financial Systems	This order was issued as a Standard Operating Procedure to monitor the AOC Financial System contract.
AOC Order 34-07-01	Acquisition Planning	This Order prescribes policies and procedures to use Acquisition Planning processes on AOC procurements.
AOC Draft Order 34-45-02	Government-Owned Personal Property and Inventory Management	This Order will combine two AOC Orders, one on personal property and the other on inventory. It will provide the key information in one place, using one set of terms.
Form 4-1	AOC Policy Action Request Form	This form is issued to kick off reviews of new or updated AOC policy/Orders.
AOC Order 610-1	Modified Maxi-Flex Policy	The AOC obtained authority for Alternative Work Schedules in Fiscal Year 2010. This is one in a series of new or updated Orders that implement the work schedules.

## Other New or Revised Orders Reviewed this Reporting Period

Document	Title	Description
Charter	AOC Audit & Advisory Committee Charter	The Architect updated the charter to revise the committee's work as the AOC financial reporting processes are now mature.
Memorandum of Understanding (MOU)	MOU between the AOC and Department of Labor (DOL)	This MOU is for the DOL's work on behalf of AOC to manage worker's compensation claims.

Policy Statement	Equal Employment Opportunity and Sexual Harassment Policy Statements	Each year the Architect issues these statements that lay out the Agency's policy and support for Equal Employment Opportunity and affirms AOC's stance on Sexual Harassment.
AOC Order 310-1	Employment of Relatives	This updated Order include restrictions when relatives work for the AOC.
Policy 11-4	AOC Fire Code	This policy defines, establishes and designates fire and life safety codes and standards to use in AOC buildings.
AOC Order 4-14	Correspondence Management Record Form	The AOC uses this form to document review for documents that the Architect issues.
Policy Memorandum 610-5	Work Breaks	This document gives supervisors and employees information and ground rules for employee paid break periods.
Standard Operating Procedure	Time Clock Guidance and Standard Operating Procedures (SOP)	The AOC recently implemented Time Clocks to record work hours for most of its employees. This SOP is intended to ensure time clock business rules are the same though out the Agency.

# Architect of the Capitol and Office of Inspector General

## A. Architect of the Capitol

Permanent authority for the care and maintenance of the United States Capitol was established by the Act of August 15, 1876 (19 Stat. 147; 2 U.S.C. 1811–1812). The AOC is responsible to the United States Congress for the maintenance, operation, development and preservation of 16.5 million square feet of buildings and more than 450 acres of land throughout the Capitol complex. This includes the Capitol, the House and Senate office buildings, Capitol Visitor Center, the Library of Congress buildings, the Supreme Court building, the USBG, the Capitol Power Plant, and other facilities. The AOC also provides professional expertise with regard to the preservation of architectural and artistic elements entrusted to its care, and provides recommendations concerning design, construction and maintenance of the facilities and grounds.

The AOC is also responsible for the upkeep and improvement of the Capitol grounds, and the arrangement of inaugural ceremonies and other ceremonies held in the building or on the grounds. Legislation has been enacted over the years to place additional buildings and grounds under the

jurisdiction of the AOC.

The Architect performs his duties in connection with the Senate side of the Capitol, the Senate Office Buildings and the operation of the Senate restaurants subject to the approval of the Senate Committee on Rules and Administration. In matters of general policy in connection with the House Office Buildings, his activities are subject to the approval and direction of the House Office Building Commission. The Architect is under the direction of the Speaker in matters concerning the House side of the Capitol; with respect to many administrative matters affecting operations on the House side of the Capitol complex he is subject to the oversight of the Committee on House Administration. He is responsible for the care and repair of works of art in the Capitol under the direction of the Joint Committee on the Library; in addition, the Architect is responsible for the maintenance and restoration of murals and other architectural elements throughout the Capitol complex. The AOC also serves as the Acting Director of the United States Botanic Garden under the Joint Committee on the Library.





## B. Office of Inspector General

The Architect of the Capitol Inspector General Act of 2007, codified at 2 U.S.C. § 1808, established the OIG. This legislation applies some sections of the Inspector General Act of 1978, as amended, specifically Sections 4, 5 (other than Subsections (a)(13) and (e)(1)(B) thereof), 6 (other than Subsection (a)(7) and (8) thereof), and 7. The OIG mission is to:

1. Conduct, supervise, and coordinate audits and investigations relating to AOC programs and operations;
2. Review existing and proposed legislation and regulations that impact AOC programs and operations, and comment in the Semiannual Report regarding the impact on the economy and, efficiency, or the prevention and detection of fraud and abuse of such legislation and regulations;
3. Recommend policies for AOC activities to promote economy and efficiency, or prevent and detect fraud and abuse in its programs and operations; and
4. Provide a means of keeping the AOC and the Congress fully and currently informed about problems and deficiencies relating to the administration of Agency programs and operations, and the need for and progress of corrective action. This is generally done by issuing a Semiannual Report to Congress.

The AOC OIG, by law, is a member of the Council of Inspectors General for Integrity and Efficiency (CIGIE).

## Personnel Update

The OIG welcomed three experienced and talented staff members. We are pleased to announce the hiring of Attorney Advisor (Kimberly Mahaney), Criminal Investigator (Scott Anderson) and IT Auditor, (Annika Moje).

### Kimberly Mahaney, Attorney Advisor

Kimberly Mahaney previously served as an Assistant General Counsel at the Government Printing Office (GPO). As an Assistant General Counsel, Ms. Mahaney handled a wide variety of issues, including employment litigation, appropriations law and other administrative matters. Ms. Mahaney previously worked at the House of Representatives as Associate Administrative Counsel, where she dealt with a broad range of legislative, legal, financial, technology, management and administrative issues. She was also a District Attorney for the Cuyahoga County Prosecutor's office in Cleveland, Ohio, and in that capacity investigated, prepared for and tried over 100 cases before judge or jury. Ms. Mahaney received her bachelor's degree from the State University of New York at Albany and her law degree from the University of Toledo in Ohio.

### Scott Anderson, Criminal Investigator

Scott Anderson previously served as a Special Agent, OIG Defense Intelligence Agency (DIA). In that capacity, he was a procurement fraud team member responsible for conducting worldwide procurement fraud investigations, providing oversight and safeguarding billions of dollars in

Department of Defense, DIA intelligence acquisitions. Mr. Anderson is a retired U.S. Army Warrant Officer and United States Army Criminal Investigation Command (USACIDC) Special Agent Supervisor, who served as the Special Agent-in-Charge at multiple USACIDC units. He received his bachelor's degree from the University of New York and a master's degree in economics from the University of Oklahoma.

### Annika Moje, CISA, IT Auditor

Annika Moje is a Certified Information Systems Auditor (CISA) with over 20 years of experience in information technology, 10 of which have been in the information technology audit function. Prior to joining the AOC OIG, Ms. Moje served as Management Analyst in the House of Representatives OIG, performing management advisories for information technology and House Chief Administrative Officer (CAO) programs. In addition, Ms. Moje was the primary developer and consultant for the DHS/DOJ/NIST FISMA continuous monitoring initiative, as well as an IT Audit Director at ULLICO Insurance Company and Accume Partners. She has significant experience in software development, database administration, financial systems implementation and information systems auditing. Ms. Moje received a bachelor of science degree cum laude in finance from the University of Wilmington, and completed required accounting coursework at Northern Virginia Community College for a certified public accountant (CPA) qualifying candidate.



# APPENDICIES

## Appendix 1

### Management Decisions for Audit, Evaluation, Follow-Up and Management Advisory Reports

Category	No. of Reports	Questioned Costs (Note 1)	Funds Put to Better Use (Note 1)
A. Audit reports for which no Management Decision was issued by the start of the reporting period	3	\$0	\$0
B. Reports issued during the reporting period	6	\$0	\$0
Subtotals (A+B)	9	\$0	\$0
C. Reports for which a Management Decision was issued during the reporting period	3	\$0	\$0
(i) Dollar value of disallowed costs	0	\$0	\$0
(ii) Dollar value of costs not disallowed	0	\$0	\$0
D. Reports for which no Management Decision was issued by the end of the reporting period	6	\$0	\$0
E. Reports for which no Management Decision was made within six months of issuance	1 (Note 2)	\$0	\$0

*Note 1.* None of our reports included Questioned or Unsupported Costs or Recommendations for Funds Put to Better Use.

*Note 2.* Given the long-standing internal control material deficiency, the AOC felt it was important to delay its Management Decision on the FY 2011 Financial Statements Audit, A – 2012 – 02. The AOC conducted a notice of finding and recommendation review to determine the status of corrective actions and if necessary, make a decision on future action. The result of this extra effort was that the AOC developed its vision to move the internal controls program forward, noting that this program was a multi-year effort.

## Appendix 2

### Inspector General Reporting Requirements

IG Act Reporting Requirements	Description	Page No.
Section 4(a)(2)	Review of legislation and regulations	25-27
Section 5(a)(1)	Significant problems, abuses and deficiencies	None
Section 5(a)(2)	Recommendations with respect to significant problems, abuses and deficiencies	None
Section 5(a)(3)	Prior significant recommendations not yet implemented	None
Section 5(a)(4)	Matters referred for prosecution	14
Section 5(a)(5)	Summary of instances where information was refused	None
Section 5(a)(6)	Listing of audit reports issued during the reporting period showing the dollar value of questioned and unsupported costs and recommendations of funds put to better use	4
Section 5(a)(7)	Summary of each particularly significant report	5-9, 15-19
Section 5(a)(8)	Statistical table showing number of reports and total dollar value of questioned costs	4
Section 5(a)(9)	Statistical table showing number of reports and total dollar value of recommendations that funds be put to better use	4
Section 5(a)(10)	Summary of each audit issued before this reporting period for which no Management Decision was made by end of the reporting period	None
Section 5(a)(11)	Significant revised Management Decisions	10-11
Section 5(a)(12)	Significant Management Decisions with which the Inspector General disagrees	10-11

### Appendix 3

## Definitions of Terms Used in this Semiannual Report

Term	Definition
Questioned Cost	A cost that is questioned because (i) of an alleged violation of a provision of a law, regulation, contract or other agreement or document governing the expenditure of funds; (ii) the cost is not supported by adequate documentation; or (iii) the expenditure of funds for the intended purpose is unnecessary or unreasonable.
Unsupported Cost	A cost that the OIG questioned because it was not supported by adequate documentation at the time of the audit.
Disallowed Cost	A questioned cost that management, in a Management Decision, has sustained or agreed should not be charged to the Government.
Funds Put To Better Use	A recommendation made that funds could be used more efficiently if management took actions to implement and complete the recommendation.
Management Decision	Management’s evaluation of the findings and recommendations included in an audit or investigative report and the issuance of a decision by management, including actions the Agency plans to take in response to the recommendations.
Final Action	A notice from management that all actions that are described in a Management Decision with respect to an audit or investigative findings and recommendations are complete. If management concluded that no actions were necessary, final action occurs when a management decision is issued.

## TO REPORT FRAUD, WASTE, AND ABUSE

### **Confidential Toll Free Hotline**

**877.489.8583 or 202.593.1067**

### **Confidential AOC OIG Web Site Hotline Report**

[http://www.aoc.gov/aoc/oig\\_hotline.cfm](http://www.aoc.gov/aoc/oig_hotline.cfm) (WWW from Home)

<http://aochome.aoc.gov/about-aoc/oig-hotline.cfm> (AOC Intranet)

**E-Mail:** [Hotline@aoc-oig.org](mailto:Hotline@aoc-oig.org)

**Phone:** 202.593.1948

**Visit:** Fairchild Building, Suite 518

499 South Capitol St. SW

Washington, D.C. 20515

The OIG extends our appreciation for the OIG staff photograph to Charles Badal, AOC Photographer.



**We welcome any feedback, comments, concerns, or suggestions on this report.  
Please send any comments to [OfficeoftheInspectorGeneral@aoc.gov](mailto:OfficeoftheInspectorGeneral@aoc.gov).**

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***Fraud, Waste & Abuse  
Accept it – Or, Do Something About it!***

