



# INSPECTOR GENERAL

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SEPTEMBER 25, 2023

## **Cannon House Office Building Renewal Project's Punch List And Warranty Work Process Lacked Sufficient Oversight**

*Report No. OIG-AUD-2023-08*

## MISSION

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

## VISION

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



# Results in Brief

## *Cannon House Office Building Renewal Project's Punch List and Warranty Items Process Lacked Sufficient Oversight*

September 25, 2023

### Objective

Construction and contract audits are included in the Architect of the Capitol (AOC) Office of Inspector General (OIG) audit and evaluation plan. As such, the AOC OIG contracted with Cotton & Company Assurance and Advisory, LLC (Cotton) to conduct a performance audit of the punch list and warranty items for Phase 2 of the Cannon House Office Building Renewal (CHOBr) Project. Cotton evaluated and assessed contract compliance and resources used to complete the CHOBr Project's punch list and warranty work for Phase 2.

Cotton's policy requires that it obtain a management representation letter associated with the issuance of a performance audit. It requested a management representation letter from the AOC on August 15, 2023, a copy of which is included in [Appendix D](#). AOC management refused to sign the management representation letter that was provided and instead provided a letter, included as [Appendix E](#), stating that the information provided for the audit was complete and accurate.

### Findings

We determined that the CHOBr Project team did not provide sufficient oversight of the Phase 2 punch list and warranty items. We identified areas where the AOC should consider updating its internal controls for the review and approval process related to punch list and warranty work.

Specifically, we noted that the AOC failed to follow the contractual procedures for punch list items. We determined that, by not following the contractual process, the AOC was placed at risk of receiving products that were not finished in accordance with the contract design and requirements.

### *Findings (Cont'd)*

Additionally, since the U.S. House of Representative members and their staffs are the intended occupants and primary residents of finished spaces resulting from the CHOBr Project, there is an increased risk of unresolved punch list items that may not be remediated once occupancy occurs. Further, any punch list work completed after the Phase 2 warranty period ends will not be covered by the project's warranty.

We also found that the warranty list maintained for Phase 2 of the CHOBr Project was inaccurate and unreliable. The warranty list contained items of work that should have been completed during the normal scope of work and addressed during the project's punch list process. We also noted that warranty items were closed without maintaining sufficient documentation to determine if the issue was resolved. Further, the warranty list contained duplicate work items, which made it difficult to determine the total number of work items identified during the warranty review process.

### Recommendations

We made nine recommendations to address the identified areas of improvement. We recommend the following:

1. The Cannon House Office Building Renewal Project team align the punch list requirements with the Construction Manager as Constructor contract and specifications and resolve any discrepancies.
2. For the remaining contract phases (Phases 3 and 4), the Cannon House Office Building Renewal Project team update its written quality control procedures to ensure compliance with all requirements for punch list items prescribed in the Construction Manager as Constructor contract and specifications.



# Results in Brief

## *Cannon House Office Building Renewal Project's Punch List and Warranty Items Process Lacked Sufficient Oversight*

3. The Cannon House Office Building Renewal Project team conduct a review of all punch list items for Phase 2 to ensure it has properly identified each item and listed the correct status for each item (i.e., open or closed).
4. The Architect of the Capitol (AOC) consider tying the start of contractual warranty periods to Final Completion, rather than Substantial Completion, to ensure that the AOC does not lose warranty coverage on work completed after Substantial Completion, and to incentivize the timely completion of all work needed to meet Final Completion, including punch list items.
5. The Cannon House Office Building Renewal Project team ensure it maintains sufficient documentation for all punch list items, to accurately identify (1) the work completed to closeout punch list items, and (2) the individual who approved the completed work.
6. The Cannon House Office Building Renewal Project team review all items listed as warranty items for Phase 2 and ensure they are (1) properly categorized as punch list (also includes in-scope work), warranty or latent defect, (2) correctly recorded as open or closed and (3) sufficiently documented to support closed items, to include the work completed and the individual who approved.
7. For those items categorized as punch list (in-scope work) and completed during and/or after the warranty period, the Cannon House Office Building Renewal Project team should negotiate an extended warranty period with the Construction Manager as Constructor to the extent legally and administratively feasible.
8. The Cannon House Office Building Renewal Project team improve its process for managing warranty items to ensure the only items included on its warranty list are those that meet

the definition and description of a warranty item provided in the contract and specification requirements.

9. The Cannon House Office Building Renewal (CHOBr) Project team review all punch list items discovered during the one-year warranty inspection to determine how the quality control (QC) reviewers overlooked those items during prior inspections and whether the CHOBr Project team should make any improvements to the QC process to avoid future oversights.

## Management Comments

The AOC was provided an opportunity to comment in response to this report.

The AOC provided comments on September 6, 2023, see [Appendix F](#). AOC management agreed with our overall conclusion that the CHOBr Project's punch list and warranty items process lacked sufficient oversight. The report identified areas where the AOC can improve its oversight of the CHOBr Project's punch list and warranty work process. AOC management concurred with the AOC OIG's nine recommendations.

Please refer to the Recommendations Table on the following page.

## *Recommendations Table*

Management	Recommendations Unresolved	Recommendations Resolved	Recommendations Closed
Office of the Chief Engineer	None	1, 2, 3, 4, 5, 6, 7, 8 and 9	None

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

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



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**MEMORANDUM**

DATE: September 25, 2023

TO: Chere Rexroat  
Acting Architect of the Capitol

FROM: Christopher P. Failla, CIG  
Inspector General 

SUBJECT: Audit of the Cannon House Office Building Renewal  
Project's Punch List and Warranty Work Process Lacked  
Sufficient Oversight (Report No. OIG-AUD-2023-08)

The Architect of the Capitol (AOC) Office of Inspector General (OIG) is transmitting Cotton & Company Assurance and Advisory, LLC's (Cotton's) final report on the punch list and warranty work for Phase 2 of the Cannon House Office Building Renewal (CHOBr) Project (OIG-AUD-2023-08). Under contract AOCSSB22A0007 monitored by my officer, Cotton, an independent public accounting firm, performed the audit in accordance with *Generally Accepted Government Auditing Standards (GAGAS)*. In connection with the contract, we reviewed Cotton's report and related documentation. Our review disclosed no instances where Cotton did not comply with GAGAS.

Our report concluded that overall, the CHOBr Project's punch list and warranty work process lacked sufficient oversight. We determined that the CHOBr Project's Phase 2 punch list and warranty items were not always completed in compliance with the contract and specifications or aligned with the processes. This report includes two findings and nine recommendations which identified areas where the AOC can improve its oversight of the CHOBr Project's punch list and warranty work process and similar construction projects.

In response to our report findings, the AOC provided their comments and proposed corrective actions, see [Appendix F Management Comments](#). The AOC agreed with our report findings and recommendations, and we find the proposed corrective actions do meet the intent of our recommendations. The next step in the audit resolution process is for the AOC management to issue a Notice of Final Action that outlines the actions taken to implement the agreed upon recommendations. This notice is due one year from the date of this report, September 24, 2024.



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United States Government  
**MEMORANDUM**

We appreciate the courtesies extended to the staff during this audit. Please direct any questions to Sharmaine Carter, Senior Auditor, at 202.538.1830 or [Sharmaine.Carter@aoc.gov](mailto:Sharmaine.Carter@aoc.gov).

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# INTRODUCTION

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## Objective

This report presents the results of Cotton & Company Assurance and Advisory, LLC's (Cotton's), performance audit of the punch list and warranty work for Phase 2 of the Architect of the Capitol's (AOC's) Cannon House Office Building Renewal (CHOBr) Project. The objective of this audit was to evaluate and assess contract compliance and resources used to complete the punch list and warranty work for Phase 2 of the CHOBr Project. To accomplish the objective of this audit, we obtained an understanding of how the AOC managed the contractor's completion of punch list and warranty items for Phase 2, reviewed the CHOBr Project's scope of work to determine whether the punch list and warranty items reviewed related to completed work; and determined whether the AOC used any non-CHOBr Project resources or funds to complete any of the punch list or warranty items.

We conducted this performance audit in Washington, D.C. from October 2022 through April 2023 in accordance with generally accepted government auditing standards (GAGAS) (per the 2018 revision of the Government Accountability Office's [GAO's] *Government Auditing Standards*). These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

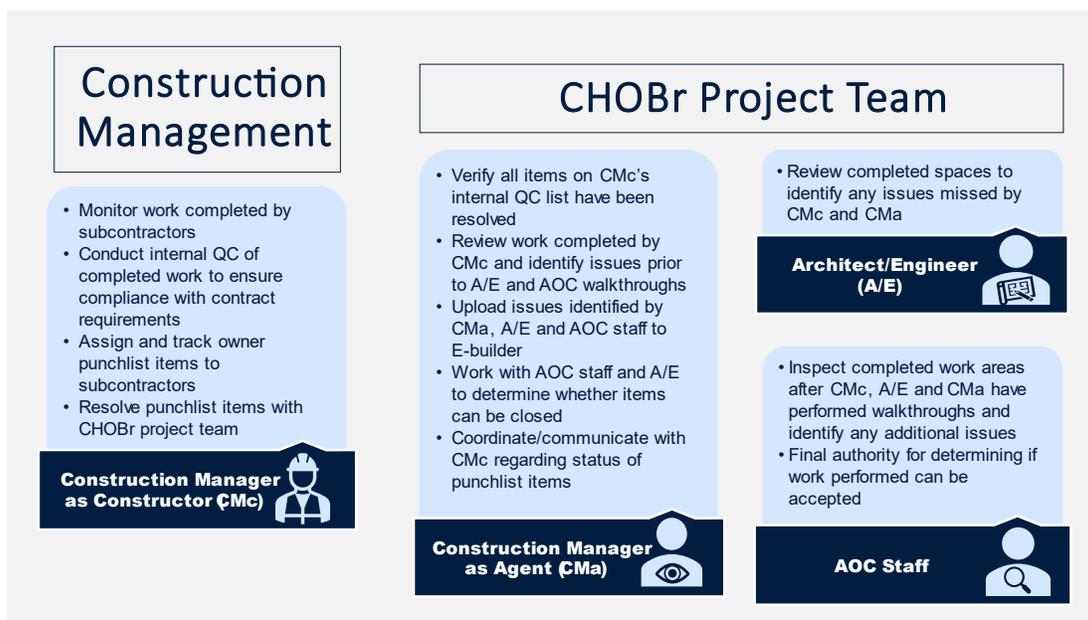
We required the AOC to provide a management representation letter associated with the issuance of a performance audit report citing GAGAS. The letter is intended to confirm representations, both oral and written, made to us during the audit. We requested a management representation letter from the AOC on August 15, 2023. A copy of this letter is included in [Appendix D](#). AOC management refused to sign the management representation letter that was provided and instead provided a letter, included as [Appendix E](#), stating that the information provided for the audit was complete and accurate.

Refer to [Appendix A](#) for a discussion of our scope and methodology and review of internal controls.

## Background

The CHOBr Project’s Construction Manager as Constructor (CMc) contract requires the CMc to provide a Quality Control (QC) team for the CHOBr Project work. This team consists of approximately six members and is separate from the CMc’s onsite production team. The QC team monitors the work that the CMc’s subcontractors perform and ensures that subcontractor work meets the Project’s standards. The CMc works in conjunction with the AOC’s CHOBr Project team — which comprises AOC staff, the Architect/Engineer (A/E), and the Construction Manager as Agent (CMA) — to set the standards for the project. Illustration 1 summarizes the QC roles and responsibilities.

**Illustration 1. Quality Control Roles and Responsibilities**



As part of the QC process, the CHOBr Project team set up mock-up areas or suites. The CMc’s QC team reviews the mock-up areas to ensure that work performed meets the project’s standards and once it obtains the AOC’s approval, the mock-up rooms are used as the standard for other rooms or suites that are similar in nature. The QC team generally references the mock-up areas when reviewing the quality of work that various tradespeople (e.g., those responsible for plaster and flooring) performed in other rooms or areas included in the CHOBr Project. There are some instances in which the mock-up areas do not cover all the work performed (e.g., work related to certain trades like historic preservation). In these instances, the CHOBr Project team uses specialized consultants to review the work performed and any other outstanding items to ensure these items meet the necessary standards.

Once construction is completed in an area or room, the QC team reviews the work and establishes an internal punch list identifying work items that do not meet the contract specifications or the standards established for the project. The team then assigns each item to the appropriate subcontractor. After the subcontractors have addressed items on the internal checklist, the CMA's Quality Assurance (QA) inspectors confirm whether work was performed and then notifies the AOC that the area or suite is ready for its review. Subsequently, the CMc and the CHOB Project team collectively review the area or suite. This review is also known as a pre-final inspection. The CMA team, which consists of QA inspectors for quality assurance, is responsible for conducting the first review of punch list items that the CMc and its subcontractors have completed. Once the CMA and A/E teams have both conducted their reviews, an AOC representative will review the completed work and either approve or reject it. The AOC compiles a list of issues identified during the pre-final inspection in a document known as the owner's punch list. The AOC stores the owner's punch list as well as supporting documentation like comments and photographs in its tracking system, e-Builder; however, for Phase 2 the project team used Prolog<sup>1</sup> Converge (Prolog).

Per the CMA, after the CHOB Project team has developed the owner's punch list, the CMc generally has approximately two weeks to address all the items identified in the punch list, although the CMc contract stipulates that the punch list work must be done within 60 days of achieving Substantial Completion. Because the CMc's subcontractors do not have access to AOC's systems, the CMc downloads the punch list and the necessary documentation and uploads these files to its punch list tracking software, Latista. The CMc reviews the punch list and assigns responsibility for each punch list item to the appropriate subcontractor. The subcontractors review the assigned work and either perform the work or mark it as disputed in Latista. Common reasons for subcontractor disputes include items that (1) are outside the scope of the subcontract or (2) are the result of issues the subcontractor believes are another subcontractor's responsibility. The CMc reviews any disputed items and determines the subcontractor's responsibility for the item(s). In addition to its original subcontractors, the CMc uses a subcontractor it refers to as the "punchout team" to address punch list items that may not be within the scope of any of the original subcontracts or that remain in dispute. If the punchout team performs punch list work as a result of a subcontractor's failure to remobilize, the CMc tracks costs related to the punchout team's work and back-charges the subcontractor for these costs. The

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<sup>1</sup> The AOC is in the process of phasing out Prolog, users are unable to enter new data into Prolog, however, the AOC is archiving Prolog data for Phase 0 to 2 and is working on identifying a solution that that will allow users to access data for these phases.

CHOBBr Project team informed us that, during Phase 2 of the CHOBBr Project, the CMc required much longer than the typical two-week period to address the items on the owner's punch list.

Once items have been addressed on the owner's punch list, the CMc updates the status of the work in the AOC's systems, then reviews the work with the AOC and the CMa to obtain the appropriate approvals for each item. After the AOC has approved an item, the CHOBBr Project team and CMc each mark the item as closed in their respective punch list tracking systems. During Phase 2 of the CHOBBr Project, the CMc and the CHOBBr Project team review the work as soon as an area or suite was considered complete.

If the CHOBBr Project team identifies deficiencies, they prepare and submit a condensed summary of items that the CMc must address before the AOC will accept the area. Once the CMc addresses all these items, the AOC conducts a final review to accept the items for substantial completion.<sup>2</sup> To meet the contractual substantial completion dates for Phase 2, the AOC classified all remaining work that did not impact stakeholder occupancy as "completion work." Based on our understanding, "completion work" (a non-contractual term) included items that the AOC had previously classified as punch list items.

After the CMc has addressed all the punch list items, the CHOBBr Project team generally performs an acceptance walkthrough, then the AOC takes possession of the area or room. As stated in the contract, the contractor warrants that work performed must conform to contract requirements and be free of any defect in equipment, material, or design furnished or workmanship performed by the contractor or any subcontractor or supplier at any tier.<sup>3</sup> The majority of the work performed under the CHOBBr Project has a one-year warranty period for material and workmanship. The contract may require extended warranties for certain items, which may have warranty periods ranging from 2-20 years.

In addition to issues that the occupants bring to the CHOBBr Project team's and CMc's attention, the CHOBBr Project team and CMc perform another review toward the end of the warranty period (10-12 months after substantial completion) to develop a list of warranty items. Once the CMc and the CHOBBr Project team have established this list, the CMc contacts the appropriate subcontractor(s) to address the warranty items. If

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<sup>2</sup> Substantial completion: The stage of project progress where the designated space is sufficiently complete in accordance with the contract documents to allow owner occupancy or utilize the space for its intended use.

<sup>3</sup> Federal Acquisition Regulation (FAR) 52.246-21, Warranty of Construction (Mar 1994).

the subcontractor(s) dispute any of these items, the CMc discusses and negotiates with the CHOBr Project team during their periodic meetings. Because most of the locations relevant to warranty items are occupied, warranty work is not subject to a specific timeframe. The CMc and CHOBr Project teams work with the U.S. House of Representatives (House) to establish windows for completing warranty items. For example, the teams were able to complete most of the interior warranty items outstanding as of August 2022 during the August 2022 recess. However, any items that required a longer completion time were rescheduled for a later date.

## Internal Controls

We reviewed the CMA's summary of its quality assurance procedures for punch list and warranty work. This summary outlined the roles and responsibilities for the different parties involved in reviewing and approving punch list and warranty items. We met with and interviewed personnel from the CHOBr Project team and the CMc responsible for the oversight of the punch list and warranty work process to obtain a better understanding of each party's roles and responsibilities in performing this work. We determined that the controls over the punch list and warranty items for the CHOBr Project were not sufficient. As discussed in Findings A and B, the CHOBr Project team did not provide sufficient oversight of punch list items, and its warranty data were inaccurate and unreliable for Phase 2 of the CHOBr Project because the team did not enforce the requirements prescribed in the CMc contract and the specifications for punch list and warranty items.

## Criteria

To evaluate whether the punch list and warranty items for Phase 2 of the CHOBr Project complied with the contract, we relied on relevant criteria from the following sources (refer to [Appendix B](#) for criteria used for Findings A and B):

- Contract No. AOC13C2002, awarded to the CMc for the CHOBr Project issued October 25, 2012
- AOC Project No. 020245, Cannon House Office Building Renewal, Specifications, Phase 1 For Construction, dated May 6, 2016
- AOC Project No. 020245, Cannon House Office Building Renewal, Specifications, Phase 1-4 100 percent CD, dated December 4, 2015

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## AUDIT RESULTS

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The CHOBr Project team did not provide sufficient oversight of the Phase 2 punch list and warranty items. We determined that the CHOBr Project's Phase 2 punch list and warranty items were not always completed in compliance with the CMc contract and specifications or aligned with the processes described by the CHOBr Project team and CMc. Regarding Phase 2 punch list items, we found that (1) items were incorrectly marked as closed, (2) contract completion timeframes were missed and (3) inconsistent justifications to questioned punch list items were provided. Regarding Phase 2 warranty items, we found that items were (1) inappropriately identified as warranty items, (2) closed without support indicating the issue had been fixed (3) marked closed for issues not fixed and (4) identified as being inspected after the warranty period ended. As a result, we determined that the Phase 2 warranty data provided by the CHOBr project team was inaccurate and unreliable.

During our review, we conducted interviews of personnel from the CHOBr Project and CMc teams to document the review and approval process of punch list and warranty items from multiple perspectives. The CHOBr Project team provided the Prolog file that contained 8,041 punch list items and 599 warranty items. To determine whether the work performed for punch list and warranty items from Phase 2 complied with the contract, we selected a judgmental sample of 15 punch list items and 15 warranty items and reviewed their supporting documentation. Finally, we followed up with the CHOBr Project and CMc teams to gather additional documentation for discrepancies identified during our review. Because we selected a judgmental sample, the results of our testing cannot be projected to the population; however, based on the results of our review, we did identify additional issues with specific punch list and warranty items that were outside our sample. These issues are described in Findings A and B.

By not enforcing the requirements prescribed in the CMc contract and specifications for punch list items, the CHOBr Project team placed the AOC at risk of receiving products that were not finished in accordance with the contract design and requirements. House members and their staff are the intended occupants and primary residents of finished spaces for the CHOBr Project; thus, there is an increased risk that unresolved punch list items may not be remediated once occupancy occurs. Further, any punch list work completed after the Phase 2 warranty period ends (one year after substantial completion) will not be covered by the warranty. The CHOBr Project team's inconsistent responses regarding how to identify punch list items also

caused the auditors to question the accuracy and reliability of punch list items and their status within Prolog.

As stated, we determined that the CHOBr Project team's Phase 2 list of warranty items maintained in Prolog was inaccurate and unreliable. The list included issues identified as warranty items that were for in-scope work, which should have been identified and fixed as part of the punch list process, and issues that were moved from the Final Completion<sup>4</sup> list and transferred to the warranty list. Warranty issues were closed without sufficient documentation to validate the resolution of the issue, increasing the probability that the problem was never fixed. The list also contained duplicate entries for the same issue, which makes it difficult to verify the actual number of issues.

As such, we made nine recommendations to improve the CHOBr Project team's oversight of the punch list and warranty items for the remaining phases of the CHOBr Project.

## **Additional Observations**

As discussed in the Internal Controls section, we conducted interviews with all parties involved in reviewing and approving punch list and warranty items for Phase 2 of the CHOBr Project. We conducted these interviews before we tested the supporting documentation for the items sampled for our audit so we would have a better understanding of the review and approval process. The Background section is primarily based on the information obtained during our interviews.

When we requested explanations as to why the CHOBr Project team had classified certain items as warranty items, although the description of the items appeared to be for issues that would have been present during the punch list process, the CHOBr Project team's responses were delayed. We allowed the delays because we anticipated receiving detailed and specific responses for each sampled item; however, the CHOBr Project team submitted generic responses that lacked specificity for each warranty item as requested and anticipated. These generic responses make it difficult to identify the root cause of the issue and make relevant recommendations to address the issue.

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<sup>4</sup> Marks the ultimate conclusion of a construction project. It signifies that all work, including both major and minor tasks, has been finished in accordance with the contract requirements.

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## FINDING A

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### **Insufficient Oversight of CHOBr Project Phase 2 Punch List Items**

The CHOBr Project team did not comply with the CMc contract and project specifications or align with the described process for identifying and managing punch list items, which resulted in the team’s insufficient oversight of Phase 2 punch list items.

The CMc began construction for Phase 2 of the CHOBr Project in January 2019, with a planned substantial completion date of August 31, 2020, and a planned contract completion date of November 1, 2020. Under its contract, the CMc was required to identify all punch list items by the substantial completion date and finish work related to close-out activities within 60 days (i.e., by the contract completion date).

The CMc achieved substantial completion for Phase 2 on November 1, 2020, which shifted the planned contract completion date to December 31, 2020. The CMc and CHOBr Project team tracked punch list items for Phase 2 of the construction project in Prolog. Although the CMc achieved substantial completion on November 1, 2020, several punch list items currently remain open, and the CMc and CHOBr Project teams are still in the process of resolving these items.

The process described in the Background section is based primarily on interviews we conducted to document our understanding of the Phase 2 punch list process. The CHOBr Project team also provided a document that summarized QC procedures for the project. The document identified key positions and the roles and responsibilities of those positions. In addition, the document included procedures that outline the steps of the punch list process. However, the document neither identified contractual timelines for completing the punch list items nor the documentation necessary to close out punch list items.

On January 17, 2023, the AOC provided us with an exported Prolog file. The Prolog file contained a total of 8,041 punch list items for Phase 2, of which all but seven were marked “Closed.”

As part of our work to determine whether the punch list work performed for Phase 2 of the CHOBr Project complied with the contract terms and conditions, we selected a judgmental sample of 15 punch list items, 14 of which were marked “Closed” and

one of which was marked “Open.” We requested the CHOBr Project team provide documentation to support the work performed. Table 1 summarizes the results of our testing.

**Table 1. Summary of Judgmental Sample of Punch List Items**

Information from Prolog			Information from Supporting Documents	Testing Result				
Number	Inspection Date	Closed/ Open	Date Item Closed	A	B	C	D	E
638	8/13/2020	Closed	9/2/2020	X				
796	8/18/2020	Closed	9/29/2020			X		
4487	10/16/2020	Closed	2/19/2021			X	X	
4819	10/20/2020	Closed	11/2/2020	X				
4911	10/22/2020	Closed	10/29/2020	X				
6382	11/7/2020	Closed	N/A		X	X		
7024	12/10/2020	Closed	1/28/2021			X	X	
7944	1/12/2021	Closed	2/18/2021			X	X	X
8140	2/3/2021	Closed	N/A		X	X		X
8470	2/17/2021	Closed	3/31/2021			X	X	X
8975	3/30/2021	Closed	4/15/2021				X	X
9093	4/8/2021	Closed	5/3/2021				X	X
9473	6/24/2021	Closed	11/2/2021			X	X	X
9536	8/6/2021	Closed	8/24/2021			X		X
9602	9/1/2021	Open	N/A			X		X

Testing Result:

- (A) No issues identified.
- (B) Items incorrectly closed out.
- (C) Documented items completed after the 30-day deadline or still open after this deadline.
- (D) Items completed more than 60 days after substantial completion.
- (E) Inconsistent responses to auditors’ inquiries.

The following describes our findings pertaining to the five Testing Results categories:

- (A) No issues identified:** We did not identify any issues for three of the 15 sampled punch list items that the CHOBr Project team had marked as “Closed” in Prolog.
- (B) Items incorrectly closed out:** We determined that the CHOBr Project team should not have closed two of the 15 sampled punch list items marked as “Closed” in Prolog. Based on the documentation we reviewed, the CHOBr Project team did not receive or maintain any documentation to support that the

CMc had corrected these issues before the CHOBr Project team marked the items as “Closed” in Prolog.

The CHOBr Project team confirmed that it should not have closed out these items, stating that the items were “incorrectly closed out by an individual who is no longer on the project.”

**(C) Documented items completed after the 30-day deadline or still open after this deadline:** According to the contract specifications:

*Documented items that are deficient, non-conforming, incomplete, need correction, **punch list** and similar are to be addressed/resolved by the Contractor quickly and without delay... Each item is to be resolved within 30 days of being documented [emphasis added].*

We identified 10 instances in which (1) a sampled item was marked “Closed” but the CMc had not resolved the item within 30 days as contractually required or (2) the sampled item was still marked “Open” after this deadline had passed. Additionally, we noted that the CHOBr Project team had marked one of the sampled punch list items as “Closed” within the 30-day period. However, upon reviewing the documentation, we determined that the CMc had not performed any work to resolve the issue. Instead, the CHOBr Project team had marked the item as “Closed” and moved it to the Phase 3 punch list. According to the responses provided by the CMa, Prolog only provided the CMc or CHOBr Project teams the ability to mark items as “Closed” or “Open,” and did not allow for an alternative status to indicate the issue had been moved to another phase. According to the contract specifications:

*When it will take longer than 30 days to resolve the item, formal documentation should be sent to Architect and Architect (CMa) with the reason for delayed corrective action and an Architect acceptable path forward to resolve the item.*

The CHOBr Project team did not provide any written documentation to support any of these sampled items. We were only able to obtain a sample item’s closed date by reviewing supporting documentation provided for each sample. Therefore, we were unable to identify the number of instances this occurred for the unsampled population as the Prolog file the CHOBr Project team provided only identified the date an issue was identified but not the date each issue was closed.

**(D) Items completed more than 60 days after substantial completion:** The CMc contract states that the CMc must complete punch list activities within 60 days of achieving substantial completion. This contradicts the 30-day deadline for punch list work completion that is identified in the contract specifications. The CHOBr project team stated that the contract requirements would take precedent in this case. Because the CMc achieved substantial completion for Phase 2 on November 1, 2020, per the contract requirements, it should have completed all punch list activities by December 31, 2020. However, our sample included seven instances in which the CMc completed the work after December 31, 2020.

While we did not test specific punch list items beyond our sample, we determined that issues related to untimely completion of punch list work on Phase 2 extended beyond our sample.

The AOC Contracting Officer, overseeing the CMc contract, issued a letter to the CMc on January 14, 2021, notifying it that substantial completion for Phase 2 was awarded, effective November 1, 2020. This letter also stated that AOC anticipated completion of all contract activities within 30 days of the date of the letter. The timeline outlined in this letter, resulted in the CMc having 104<sup>5</sup> days to complete punch list work after substantial completion, an extension of 44 days beyond the contractual deadline. However, the punch list work was not completed by this deadline. On October 8, 2021, 341 days after substantial completion was achieved, the AOC Contracting Officer sent an email to the CMc, revoking Substantial Completion, because the CMc "...did not meet the obligations outlined in the [Substantial Completion] letter that all punch lists shall be completed within 30 days of receipt of the issuance of the [Substantial Completion] letter. [CMc] still has open pending punch list items..." The AOC reversed the decision to rescind Substantial Completion, based on the determination that Substantial Completion was contractually defined, and ultimately relied on beneficial occupancy, not on the completion of the punch list items. Nevertheless, this highlights the seriousness of the issues related to the timely completion of the punch list items.

The AOC provided several reasons for the delay in completing the punch list items. The first reason was that the AOC allowed a "significant quantity" of punch list items when awarding Substantial Completion to ensure AOC could

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<sup>5</sup> 104 days between November 1, 2020, and February 13, 2021.

take possession of the space in time for Congress to occupy. This was due, in part, to the impacts the Coronavirus Disease 2019 pandemic had on the project. Second, the events of January 6 created various challenges,<sup>6</sup> which impacted the CMc's ability to complete the punch list work. Last, once the Phase 2 spaces were occupied, the CMc had difficulty in accessing the space to complete the work.

Despite the delay in completing the punch list items, the Phase 2 one-year warranty period, which covers most of the Phase 2 work, was not extended.<sup>7</sup> As a result, the AOC realized reduced, or no warranty coverage, on work that was not completed timely.

**(E) Inconsistent responses to auditors' inquiries:** When we began testing the sampled punch list items, we requested clarification regarding why the CHOBr Project team had identified certain items as punch list items given the description of the items in Prolog. In response to our inquiries, the CHOBr Project team provided the following explanation for at least four of the sampled punch list items:

*The Project uses the terms 'Deficiency,' 'Punch List,' and 'Warranty' to describe the time at which an item requiring corrective action was identified, not necessarily the nature of the specific item. A deficiency is noted for any corrective action required prior to a pre-final inspection, a punch list item is noted for corrective action identified during a pre-final inspection, and a warranty item is noted for corrective action identified after the pre-final inspection.*

This explanation does not align with the description of punch list items that the CHOBr Project team provided during our interviews. Disregarding the nature of the work, and classifying items solely based on the date of inspection would have resulted in eight of the 15 sampled punch list items being incorrectly identified as warranty items because the team identified the items 60 days after substantial completion.

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<sup>6</sup> Along with preparation for the Presidential Inauguration, the events of January 6<sup>th</sup> lead to heightened security which brought national guard presence around the city and additional barricades around the U.S. Capitol.

<sup>7</sup> The one-year warranty extends 1 year from Substantial Completion. Therefore, the warranty period for Phase 2 expired on 10/31/2021.

As previously noted, the contract required the CMc to complete punch list activities for Phase 2 by December 31, 2020. However, we found that the CHOBr Project team and other AOC staff continued to identify punch list items for Phase 2 far beyond the required completion date. Although the CMc completed work on most of these punch list items, seven items remain open and unresolved to date, which is more than two and a half years after the required completion date.

## **Conclusion**

By not complying and enforcing the requirements prescribed in the CMc contract and specifications for punch list items, the CHOBr Project team placed the AOC at risk of receiving products that were not finished in accordance with the contract design and requirements. Further, all punch list work completed after the Phase 2 warranty period ends (one year after substantial completion) will not be covered by the warranty.

The CHOBr Project team's inconsistent responses regarding how to identify punch list items also caused the auditors to question the accuracy and reliability of punch list items and their status within Prolog.

## **Recommendations**

### ***Recommendation 1***

We recommend that the Cannon House Office Building Renewal Project team align the punch list requirements with the Construction Manager as Constructor contract and specifications and resolve any discrepancies.

### ***Recommendation 1 – AOC Comment***

We concur. The AOC will perform the recommended reconciliation and will resolve any discrepancies if necessary.

Anticipated Completion: December 2023

### ***Recommendation 1 – OIG Comment***

We recognize the AOC's concurrence with the recommendation. The AOC will compare requirements in the contract and specifications and resolve any discrepancies. The AOC's actions appear to be responsive to the recommendation. Therefore, the recommendation is considered resolved but open. The recommendation will be closed upon completion and verification of the proposed actions.

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***Recommendation 2***

We recommend that, for the remaining contract phases (Phases 3 and 4), the Cannon House Office Building Renewal Project team update its written quality control procedures to ensure compliance with all requirements for punch list items prescribed in the Construction Manager as Constructor contract and specifications.

***Recommendation 2 – AOC Comment***

We concur. The AOC will review its existing process related to quality control (i.e., punch list related procedures) and reconcile with the [Construction Manager as Constructor] CMC contract and specifications to update where necessary.

Anticipated Completion: December 2023

***Recommendation 2 – OIG Comment***

We recognize the AOC's concurrence with the recommendation. The AOC will review its existing quality control process and reconcile it with requirements in the CMC contract and specifications. The AOC's actions appear to be responsive to the recommendation. Therefore, the recommendation is considered resolved but open. The recommendation will be closed upon completion and verification of the proposed actions.

***Recommendation 3***

We recommend that the Cannon House Office Building Renewal Project team conduct a review of all punch list items for Phase 2 to ensure it has properly identified each item and listed the correct status for each item (i.e., open or closed).

***Recommendation 3 – AOC Comment***

We concur. The AOC, to the extent administratively possible, will develop a methodology to review the Phase 2 punch list and perform the requested scope by the OIG. Additional resources may be required.

Anticipated Completion: June 2024

***Recommendation 3 – OIG Comment***

We recognize the AOC's concurrence with the recommendation. AOC will review the Phase 2 punch list to ensure that it properly classified items as punch list with the correct status. The AOC's actions appear to be responsive to the recommendation. Therefore, the recommendation is considered resolved but open. The recommendation will be closed upon completion and verification of the proposed actions.

***Recommendation 4***

We recommend that the Architect of the Capitol (AOC) consider tying the start of contractual warranty periods to Final Completion, rather than Substantial Completion, to ensure that the AOC does not lose warranty coverage on work completed after Substantial Completion, and to incentivize the timely completion of all work needed to meet Final Completion, including punch list items.

***Recommendation 4 – AOC Comment***

We concur. The AOC will consider pursuing this recommendation to the extent legally and administratively possible.

Anticipated Completion: August 2024

***Recommendation 4 – OIG Comment***

We recognize the AOC's concurrence with the recommendation. The AOC will work on tying the warranty coverage to Final Completion rather than Substantial Completion. The AOC's actions appear to be responsive to the recommendation. Therefore, the recommendation is considered resolved but open. The recommendation will be closed upon completion and verification of the proposed actions.

***Recommendation 5***

We recommend that the Cannon House Office Building Renewal Project team ensure it maintains sufficient documentation for all punch list items, to accurately identify (1) the work completed to closeout punch list items and (2) the individual who approved the completed work.

***Recommendation 5 – AOC Comment***

We concur. To the extent administratively possible the AOC will determine and issue guidance on the appropriate level of documentation that should be retained to do the following: accurately identify (1) the work completed to close out punch list items, and (2) the individual who approved the completed work. Additional resources may be required. Anticipated Completion: June 2024

***Recommendation 5 – OIG Comment***

We recognize the AOC's concurrence with the recommendation. The AOC will issue guidance on the level of documentation its personnel should retain. The AOC's actions appear to be responsive to the recommendation. Therefore, the recommendation is considered resolved but open. The recommendation will be closed upon completion and verification of the proposed actions.

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## **FINDING B**

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### **Inaccurate and Unreliable CHOBr Project Phase 2 Warranty Information**

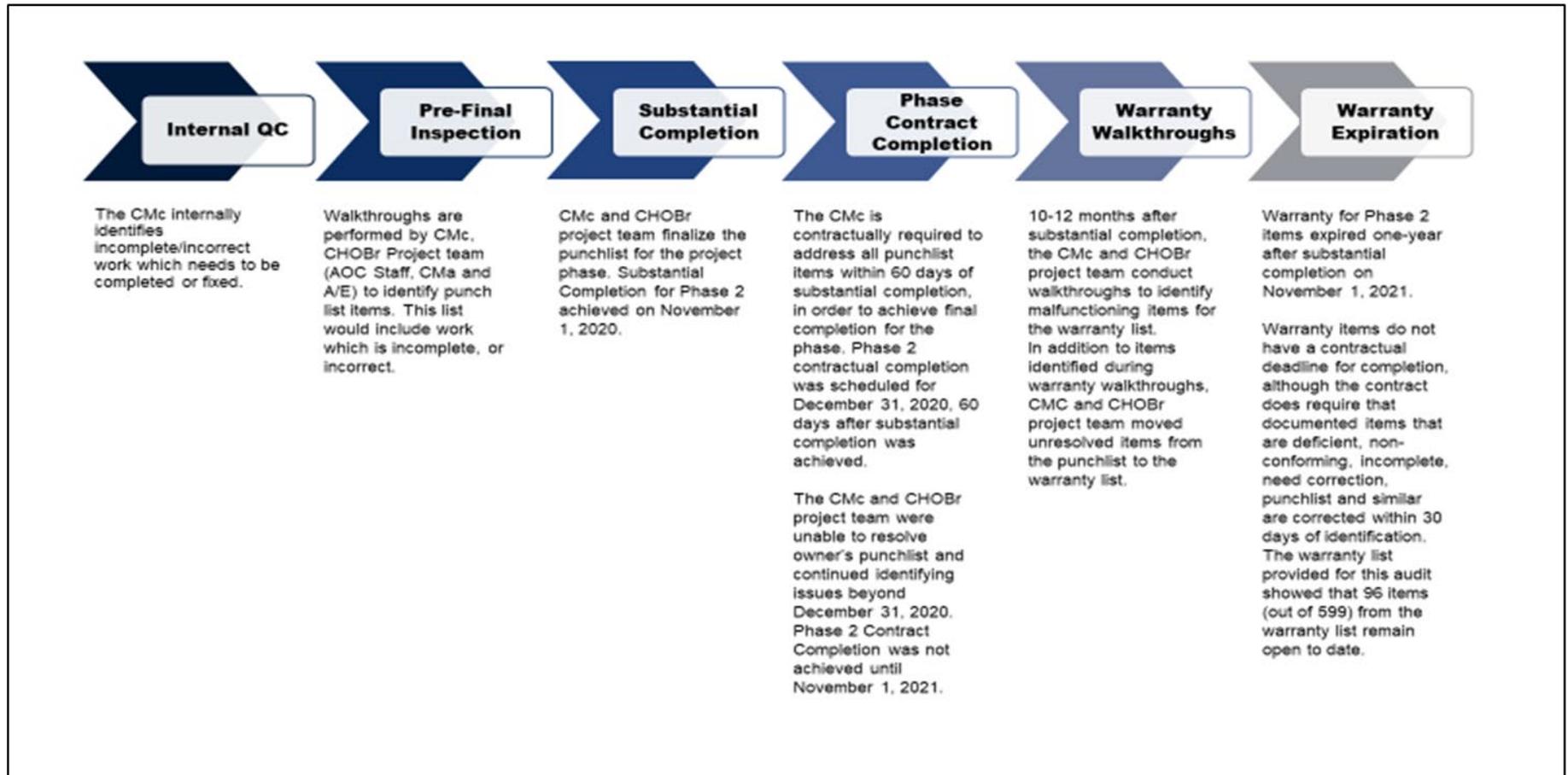
The CHOBr Project team did not provide sufficient oversight of warranty items for Phase 2 because they did not comply with the requirements prescribed in the CMc contract specifications or align with the described process for warranty items. Therefore, we concluded that the CHOBr Project's Phase 2 warranty list was inaccurate and unreliable.

The CHOBr Project is divided into five distinct phases (0 through 4). The CMc is responsible for replacing or upgrading all major building systems, including performing a complete modernization effort to ensure the building meets all applicable codes. The CMc began construction for Phase 2 of the CHOBr Project in January 2019. It achieved substantial completion status on November 1, 2020, and final completion status on November 30, 2021. The contractual warranty period expired on October 31, 2021, one year after substantial completion.

Most of the installation work the CMc performed was covered by a one-year warranty for material and workmanship. This contractual warranty provides the owner with protection and the ability to force the contractor, at the contractor's own expense, to provide corrective measures for work that malfunctioned after the owner initially accepted it.

The CHOBr Project team does not maintain written documentation regarding how it identifies, tracks, and resolves warranty items; however, we interviewed the CHOBr Project team and CMc personnel who were involved in the warranty process to determine how the AOC implemented this process. Per their process, the CHOBr Project team and the CMc perform a review 10 to 12 months after the CMc completes a phase to identify any issues that may have arisen since the CHOBr Project team initially accepted the work. The CHOBr Project team tracks any issues uncovered during the review as warranty items using the Prolog system. Unlike punch list items, which the CMc is contractually required to complete within 60 days after achieving substantial completion, the contract does not specify a deadline or timeframe for completing warranty items. Illustration 2 summarizes the punch list and warranty items timeline.

**Illustration 2. Phase 2 Punch List and Warranty Work Timeline**



However, as noted in Finding A, the contract specifications do require that “documented items that are deficient, non-conforming, incomplete, need correction, punch list and similar are to be addressed/resolved by the Contractor quickly and without delay... Each item is to be resolved within 30 days of being documented.”

On January 17, 2023, the CHOBr Project team provided an exported Prolog file. The Prolog file contained a total of 599 warranty items for Phase 2, 503 of which were marked as “Closed” and 96 of which were marked as “Open.”

To determine whether the warranty work performed for Phase 2 of the CHOBr Project complied with the contract terms and conditions, we selected a judgmental sample of 15 warranty items, 10 of which were marked as “Closed” and five of which were marked as “Open.” We also requested the CHOBr Project team provide documentation to support the work performed. Table 2 summarizes the results of our testing. In addition to the sample, we used the information provided in response to our sample, and the explanation and documentation of the warranty process provided by the CHOBr project team to evaluate specific elements of the complete warranty list, such as the initial inspection dates, and the description of each warranty item.

**Table 2. Summary of Judgmental Sample of Warranty Items**

Information from Prolog			Information from Supporting Documents	Testing Result			
Number	Inspection Date	Closed/Open	Date Item Closed	A	B	C	D
9458	11/3/2021	Closed	5/10/2022	X			
9803	11/3/2021	Closed	3/22/2022	X			
10079	11/3/2021	Closed	2/8/2022				
10130	11/3/2021	Open	N/A	X			
10186	12/2/2021	Closed	12/17/2021	X		X	X
10187	12/2/2021	Open	N/A	X			X
10192	12/2/2021	Open	N/A	X			X
10200	12/2/2021	Open	N/A	X			X
10209	12/2/2021	Open	N/A	X			X
10210	12/2/2021	Closed	12/21/2021	X			X
10215	12/2/2021	Closed	3/17/2022	X		X	X
10218	12/2/2021	Closed	3/22/2022	X	X		X
10233	12/2/2021	Closed	3/22/2022	X	X		X
10241	12/2/2021	Closed	8/29/2022	X		X	X
10243	12/2/2021	Closed	12/9/2021	X		X	X

Testing Result:

(A) Items incorrectly identified as warranty item in Prolog.

- (B) Item closed without sufficient documentation.
- (C) Closed items overstated in Prolog.
- (D) Items incorrectly moved from the substantial completion list to the warranty list.

The following describes our findings pertaining to the four Testing Results categories:

**(A) Items incorrectly identified as warranty work in Prolog:** We reviewed the description for each of the sampled items and determined that 14 of the 15 sampled items should have been identified as punch list work and corrected prior to the warranty process. The CMc's contractual warranty stipulates the following:

*...work performed under this contract conforms to the contract requirements and is free of any defect in equipment, material, or design furnished, or workmanship performed by the Contractor or any subcontractor or supplier at any tier.*

While this definition could in theory apply to any issue identified during the punch list process, that is not the intent of the warranty process. The warranty is designed to protect the AOC if completed and accepted work contains a defect and results in the work product failing shortly after acceptance or if that work is nonconforming. During our interviews, the CHOBBr Project team identified cracking plaster as a common warranty item. If the CMc installed plaster as part of its scope of work, and it passed the punch list inspection process, it would be accepted. However, if this plaster developed cracks during the one-year warranty period, the CMc would be required to fix the cracks as part of the contractual warranty process. In other words, the CMc warrants that the installed plaster is not defective and will not crack within one year of substantial completion. If the CMc had failed to properly install the plaster, the CMc would be required to repair it as a part of its original scope of work and not contractual warranty.

Specifically, the 14 sample items appeared to relate to incomplete, incorrect or missing in-scope work. The CHOBBr Project team should have identified these items as punch list items and required the CMc to complete the work related to these items during the substantial and final completion periods of the project, rather than classifying these items as warranty items. When work is completed for the first time as warranty items, it essentially means that AOC does not receive its contractual one-year warranty of that work, since the warranty will expire shortly after, or in some cases has already expired, at the time the work is completed.

The following are examples of warranty items that appeared to relate to incomplete, incorrect or missing in-scope work:

*Storage Incomplete. Contract work remains. Remove plywood, finish work.*

*Sump discharge not per contract drawings. Existing pipe was not removed and was instead tied to [a] new discharge line creating multiple direction.*

*BASNET - FCU -AHU-03's OA VAV (VAV-CBMN2) was not specified on drawings, yet is programmed in the logic. Please remove coil from graphics and valve command from logic.*

We inquired with the CHOBr Project team as to why it would have identified incomplete or incorrectly performed in-scope work during the warranty inspections — which it performed 10 to 12 months after the CMc completed Phase 2 — rather than during the inspections performed during the substantial and final completion of the phase. In response, the CHOBr Project team stated the following:

*[CMc]'s quality control process is robust and endeavors to provide a complete finished product at the time of Substantial Completion (pre-final inspection). Despite these efforts, a small amount of inconspicuous items may go undetected by subcontractors and [CMc] during their quality control reviews as well as follow on Quality Assurance inspections by the Architect and Owner. This is not atypical for projects of this size and complexity, however, [CMc] has not wavered in their commitment to perform any contract work that is identified as incomplete regardless of the timing at which it has been identified.*

We also inquired with the CHOBr Project team as to why it had classified the 14 sample items as warranty items in Prolog. In response, the CHOBr Project team stated the following:

*The Project uses the terms 'Deficiency,' 'Punch List,' and 'Warranty' to describe the time at which an item requiring corrective action was identified, not necessarily the nature of the specific item. A deficiency is noted for any corrective action required prior to a pre-final inspection, a punch list item is noted for corrective action identified during a pre-*

*final inspection, and a warranty item is noted for corrective action identified after the pre-final inspection.*

This explanation does not comply with the contractual intent of the warranty, nor does it align with the description of warranty items that the CHOBr Project team provided during the interviews. Moreover, this explanation does not align with the information in Prolog. For example, we identified 3,443 items in Prolog that had an initial inspection date after the date of the pre-final inspection<sup>8</sup> that the CHOBr Project team had categorized as punch list work.

In response to our questions related to one of the sampled punch list items, the CHOBr Project team also stated the following:

*One of the definitions for Substantial Completion is the “Interior finishes complete and ready for Architect inspections to create punch list” per Specification section 003100, so it would not be unusual for a punch list item to be identified after the Substantial Completion date...*

The pre-final inspection takes place prior to substantial completion; thus, the statement that “*it would not be unusual for a punch list item to be identified after the substantial completion date*” contradicts the CHOBr Project team’s earlier assertion that it uses the term “warranty item” to refer to corrective actions identified after the pre-final inspection.

Additionally, within Prolog, the description of work for 11 of these 15 items stated that the item was “Moved from phase 2 final completion log.” In other words, the CHOBr Project team had identified these items during the final completion inspection and had included the items in the list of work that the CMc needed to complete to achieve final completion status. However, the CHOBr Project team subsequently removed the items from the final completion requirements and instead listed them as warranty items in Prolog.

Below are a few examples of items that the CHOBr Project team moved from the final completion log to the list of warranty items:

*Install rainwater scupper, conductor head and downspout at the stone parapet at the west end of the courtyard gutter. 8/18: [CMc] stated that*

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<sup>8</sup> The CHOBr Project team is required to complete its pre-final inspection prior to substantial completion. We therefore calculated the 3,443 punch list items by identifying any punch list item with an initial inspection date after the substantial completion date of November 1, 2020.

*this work will be complete by 9/1. (Moved from phase 2 final completion log)*

*Install screens in roof drain outlets. 8/18: [CMc] stated that this work will be complete by 9/1. 9/29: Debris has accumulated again in the roof drain outlets. (Moved from phase 2 final completion log)*

*There is no noticeable slope to promote drainage in the gutter slab adjacent to the parapet in the SE corner of the building at the roof of Stair 7 as shown on drawing A146-2 and detail 2 of drawing A311-2. See attached photo for location of continuously flat roof. (Moved from phase 2 final completion log)*

Not only did the CHOBr Project team identify these items prior to the warranty inspection, the items do not appear to involve work that would fall under the intent of the warranty process. The CHOBr Project team therefore should not have identified these items as warranty items in Prolog.

**(B) Item closed without sufficient documentation:** As previously noted, 10 of the 15 sampled items were marked as “Closed” in Prolog. We reviewed the documentation provided for these 10 items to gain an understanding of the work the CMc performed to resolve and close each of these issues. The items were identified by the CHOBr Project team and were subsequently closed in Prolog per the CHOBr Project team’s instructions. For two of the items, the CHOBr Project team was unable to provide any documentation detailing what work the CMc performed or how the team resolved and accepted the issue. The CHOBr Project team provided the following responses for each item:

*Item 1: [CMc]’s recollection is that the dent was repaired, verified to be corrected, and closed.*

*Item 2: [CMc]’s recollection is that the flashing was installed per the Contract Documents, verified to be correct, and subsequently closed.*

**(C) Closed items overstated in Prolog:** Of the 10 sampled items marked as “Closed” in Prolog, the CHOBr Project team provided documentation that showed four of the items were marked “Closed” because they were duplicate records for other items in Prolog. The CHOBr Project team provided documentation to support the duplicate items; however, we noted that, in all four instances, the original work item was still classified as “Open,” and the only work performed to date was to close the duplicate listing in Prolog.

According to the responses provided by the CMA, Prolog only provided CMC or CHOBr Project team the ability to mark items as “Closed” or “Open”. Along with other deficiencies in Prolog (e.g., inability to enter a date for when an item was closed, allowing items to be closed without inspector name, etc.), the inability to mark duplicate items as “Void” or any other designation makes it difficult to determine the number of actual punch list items for Phase 2 or the number of items closed because work was performed to address the issue versus the item being closed because it was identified as a duplicate item.

**(D) Items incorrectly moved from the substantial completion list to the warranty list:** As discussed in Testing Result A, the description of work in the Prolog for 11 of the 15 sampled warranty items contained the phrase “Moved from phase 2 final completion log.” We reviewed the Prolog file and identified an additional 48 warranty items marked with the same phrase (approximately 10<sup>9</sup> percent of the total warranty items for Phase 2). According to the Prolog file, the CHOBr Project team first inspected these items on December 2, 2021; however, we noted that the description for some of the work items contained dates that appeared to contradict this inspection date. The dates noted in the work description did not specify the year; however, because the CHOBr Project team had moved these items from the final completion log (final completion date for Phase 2 was November 30, 2021), the team had likely identified the items in 2020 or 2021 (i.e., before the warranty inspection dates).

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<sup>9</sup> (Sample 11 + Additional 48) / Total Population 599 = 9.8 percent

The following are several examples of descriptions for warranty items that were not included in our sample:

*Install metal stud wall, sheathing, AVB, and flashing at west end of north façade. 5/11: [CMc] has started this work but without direction from the Design Team. An RFI was to have been issued for clarification. 6/30: [CMc]to provide RFI 1100 R1 with clarifications requested by SBA. 9/14. 8/18: [CMc]stated that this work would be complete by 9/14. 9/29: This work is underway. (Moved from phase 2 final completion log)*

*Install slip resistant steel sill plate at doors C5BN1A and C5BN1B 7/28: 9/14: Plate installed at door C5BN1A but not at C5BN1B. (Moved from phase 2 final completion log)*

*Install terracotta (baguettes) at the bathroom exhaust fan area. 8/18: [CMc]stated that the material is on site and the installation will be complete by 9/14. (Moved from phase 2 final completion log)*

The inspection date for each of these items was listed as December 2, 2021, which was more than a month after the Phase 2 warranty period ended. However, this appears to have been the date the CHOBBr Project team moved these items from the final completion list to the list of warranty items in Prolog rather than the actual inspection date.

Moreover, all 599 items listed on the warranty list have an initial inspection date after the end of the one-year warranty period of October 31, 2021. This indicates that either the initial inspection date is incorrect and cannot be relied upon, or the inspections took place after the end of the warranty period and put the AOC at risk of not having the work completed. Further, once this work was completed, the AOC would lose any warranty coverage on the completed work.

We also received inconsistent responses regarding when the warranty period started, and how many separate one-year warranty periods there were in Phase 2. During our fieldwork, we were informed that there was a single one-year warranty period, which started on the date of Substantial Completion. This is supported in the substantial completion letter issued by the AOC Contracting Officer on January 14, 2021, which stated that the warranty period for Phase 2 shall extend one year from November 1, 2020, the date of Substantial Completion. In response to our discussion draft report,

the One Team<sup>10</sup> response stated there were multiple one-year warranty periods staggered for different spaces, based on when the AOC took possession of each space. The AOC subsequently confirmed that there was only a single one-year warranty for the entire Phase 2 scope, which began on November 1, 2020 (Substantial Completion), and ended on October 31, 2021.

The CHOBr Project team and the CMc do not have a formalized process in place for documenting, tracking and resolving warranty items. Additionally, the CHOBr Project team explained that it identifies items as either “punch list” or “warranty” based on when it identifies the issue rather than based on the nature of the issue.

## Conclusion

The list of warranty items that the CHOBr Project team maintains in Prolog includes items that do not comply with the definition and description of a warranty item provided in the contract and specification requirements. Further, the warranty list is inconsistent with the process that the CHOBr Project team described to the audit team in our interviews and does not align with the varying explanations provided for the discrepancies identified. Therefore, we found the list of warranty items that the CHOBr Project team maintains in Prolog for Phase 2 of the project to be inaccurate and unreliable. The following are other effects of this issue:

- Including items on the warranty list that the CMc should have completed as in-scope work may result in the AOC losing the contractual warranty coverage on this work once it is completed.
- Closing items on the warranty list without sufficient documentation and notations increases the AOC’s risk of incorrect closures. Without sufficient documentation, the CHOBr Project team will be unable to validate whether the CMc appropriately corrected the issues identified.
- Including duplicate items on the warranty list makes it difficult to verify the number of outstanding issues as well as gauge the CMc’s progress in closing out warranty items. The accuracy and reliability of the warranty list are compromised when items are duplicated and inappropriately marked as “Closed.”

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<sup>10</sup> One Team consists of the following entities: CMc, CMa and the A/E firm.

When the CMc completes in-scope work at the end of the warranty phase, or as a warranty item after the warranty identification period has ended, the AOC may lose its ability to enforce the warranty on this work. Attempting to identify punch list-type work during the warranty inspection is also difficult since the spaces are occupied. This difficulty increases the chance that issues will not be identified or that the CMc can dispute that they are responsible for needed corrections. This approach would ultimately cost the AOC additional resources and funds for any necessary repairs or corrections.

## **Recommendations**

### ***Recommendation 6***

We recommend that the Cannon House Office Building Renewal Project team review all items listed as warranty items for Phase 2 and ensure they are (1) properly categorized as punch list (also includes in-scope work), warranty or latent defect, (2) correctly recorded as open or closed and (3) sufficiently documented to support closed items, to include the work completed and the individual who approved.

### ***Recommendation 6 – AOC Comment***

We concur. The AOC, to the extent administratively possible, will develop a methodology to review the Phase 2 warranty items and perform the requested scope by the OIG. Additional resources may be required.

Anticipated Completion: June 2024

### ***Recommendation 6 – OIG Comment***

We recognize the AOC's concurrence with the recommendation. The AOC will develop a methodology to review items classified as warranty items. The AOC's actions appear to be responsive to the recommendation. Therefore, the recommendation is considered resolved but open. The recommendation will be closed upon completion and verification of the proposed actions.

### ***Recommendation 7***

We recommend for those items categorized as punch list (in-scope work) and completed during and/or after the warranty period, that the Cannon House Office Building Renewal Project team should negotiate an extended warranty period with the Construction Manager as Constructor to the extent legally and administratively feasible.

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***Recommendation 7 – AOC Comment***

We concur. The AOC will determine if the OIG’s recommended approach is feasible. We anticipate this to be an additional cost to the CHOBr Project.

Anticipated Completion: April 2024

***Recommendation 7 – OIG Comment***

We recognize the AOC’s concurrence with the recommendation. If the AOC determines that it is feasible, the AOC will consider negotiating an extended warranty period. The AOC’s actions appear to be responsive to the recommendation. Therefore, the recommendation is considered resolved but open. The recommendation will be closed upon completion and verification of the proposed actions.

***Recommendation 8***

We recommend that the Cannon House Office Building Renewal Project team improve its process for managing warranty items to ensure the only items included on its warranty list are those that meet the definition and description of a warranty item provided in the contract and specification requirements.

***Recommendation 8 – AOC Comment***

We concur. The AOC will review its existing process for managing warranty items and update it, where necessary, to ensure the list includes only warranty items, as defined by contract and specification requirements.

Anticipated Completion: December 2024

***Recommendation 8 – OIG Comment***

We recognize the AOC’s concurrence with the recommendation. The AOC will review its existing process for managing warranty items to ensure that it only includes items contractual and specification definition of warranty. The AOC’s actions appear to be responsive to the recommendation. Therefore, the recommendation is considered resolved but open. The recommendation will be closed upon completion and verification of the proposed actions.

***Recommendation 9***

We recommend that the Cannon House Office Building Renewal (CHOBr) Project team determine how the quality control (QC) reviewers overlooked those items during prior inspections and whether the CHOBr Project team should make any improvements to the QC process to avoid future oversights.

***Recommendation 9 – AOC Comment***

We concur. The AOC, to the extent administratively possible, will develop a methodology to review punch list items and perform the requested scope by the OIG. Additional resources may be required.

Anticipated Completion: April 2024

***Recommendation 9 – OIG Comment***

We recognize the AOC's concurrence with the recommendation. The AOC's actions appear to be responsive to the recommendation. The AOC will work on developing a methodology that can be used to distinguish between punch list and warranty items. Therefore, the recommendation is considered resolved but open. The recommendation will be closed upon completion and verification of the proposed actions.

COTTON & COMPANY ASSURANCE AND ADVISORY LLC



Jason Boberg, CPA, CFE

Partner

September 20, 2023

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## APPENDIX A

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### Scope and Methodology

The scope of this performance audit was to evaluate and assess contract compliance and resources used to complete the punch list and warranty items for Phase 2 of the CHOBr Project. We conducted this performance audit in Washington, DC, from October 2022 to April 2023 in accordance with GAGAS (per the 2018 revision of GAO's *Government Auditing Standards*). These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We reviewed the CHOBr Project's documented policies for punch list and warranty items. We discussed and documented the CHOBr Project team's and CMC's roles and responsibilities regarding reviewing and approving punch list and warranty items. In addition, we obtained an exported Prolog file dated January 7, 2023, that contained data that the AOC tracks regarding various issues that arose during Phase 2 of the CHOBr Project. The Prolog file contained a total of 10,291 items categorized as punch list, warranty work, commissioning issues and deficient items. Most relevant to our audit, the Prolog file contained 8,041 punch list items and 599 warranty items. Each item within the Prolog file was marked as "0" or "1," where "0" indicated the item was unresolved and remained open and "1" indicated the CHOBr Project team and the CMC considered the item as resolved and closed. Out of the 8,041 punch list items listed in the Prolog file, 8,034 items were marked as closed and seven items remained open. In contrast, out of the 599 warranty items listed in the Prolog file, 503 were marked as closed and 96 items remained open.

Once we separated punch list and warranty items from the other work items included in the Prolog file, we used a risk-based approach to develop a judgmental sample of for both the punch list items and the warranty items. We considered the following risk when selecting our sample:

- Through interviews with former AOC project members and information provided by the OIG, we identified allegations that:
  - Work that should have been completed prior to Substantial Completion was instead incorporated into the punch list and warranty lists.

- Official warranty and punch list items did not contain all the deficient items found on the project.

We reviewed the description of items classified as punch list and warranty items to develop a list of key words like “Incomplete,” “Contract,” “Rework,” “Move” and so forth. We used the list of key words to narrow the list of punch list and warranty items and ultimately selected a judgmental sample of 15 punch list items and 15 warranty items and ensured that our sample included a mix of “Open” and “Closed” items. We requested that the AOC provide supporting documentation maintained in Prolog and tested the documentation to assess contract compliance and determine the resources used to complete the project. Based on the testing results of our sample, we expanded our results to obtain sufficient coverage of both the punch list and warranty list items to reach our overall determinations.

## **Review of Internal Controls**

*Government Auditing Standards* requires auditors to obtain an understanding of internal controls that are significant within the context of the audit objectives. For internal controls deemed significant within the context of the audit objectives, auditors should assess whether the internal controls have been properly designed and implemented as well as perform procedures designed to obtain sufficient and appropriate evidence to support their assessment regarding the effectiveness of those controls. Information system controls are often an integral part of an entity’s internal control. The effectiveness of significant internal controls is frequently dependent on the effectiveness of the information system controls. Thus, when obtaining an understanding of internal controls significant to the audit objectives, auditors should also determine whether it is necessary to evaluate the information system controls. We determined that, to achieve the objectives of this audit, the evaluation of information system controls was not necessary.

We reviewed the CMA’s summary of its quality assurance procedures for punch list and warranty items. This summary outlined the roles and responsibilities for the different parties involved in reviewing and approving punch list and warranty items. We also interviewed personnel from the CHOBr Project team and the CMc to obtain a better understanding of each party’s roles and responsibilities in performing this work. We determined that the controls over the punch list and warranty items for the CHOBr Project were not sufficient as discussed in Findings A and B.

## **Use of Computer-Processed Data**

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

## Prior Coverage

In the past five years, work surrounding the CHOBr Project has included multiple OIG CHOBr Semiannual Reports to Congress and other audit work performed by the Audit Division. GAO also issued several other reports in the previous five years examining project cost and schedule estimates as well as the identification of AOC construction projects and AOC contract methods and processes. In 2021, the AOC OIG issued a report after conducting an evaluation of the CHOBr Project's Construction Inspection Approval Process.

### ***AOC OIG***

Report No. 2020-0001-IE-P, *Evaluation of the Cannon House Office Building Renewal Project's Construction Inspection Approval Process*, dated November 2, 2021:

*The OIG conducted this inspection and evaluation, and, overall, found that the AOC's quality management program improved greatly between Phases 1 and 2 following the identification of program weaknesses and remedial actions to better strengthen the program. Appropriate staffing levels of QA inspectors, better engagement between AOC and contractor personnel, more aggressive inspection scheduling efforts and adequate management tools all contributed to a massive decrease in punch-list items for Phase 2, thereby enabling the AOC to achieve better project efficiency and quality. However, the OIG also concluded that, without continuous monitoring of ongoing and completed-phase work, this success would not have been achieved.*

While the subject of the OIG's report, and our report, both address aspects of the CHOBr project's quality control, the objective, and therefore methodology, of the two reports differ in several key aspects. Additionally, the OIG conducted the inspection and evaluation while Phase 2 was on-going, and therefore did not have access to the same set of data that we obtained during the current audit.

## APPENDIX B

### Detailed Criteria for Report

SOURCE:	SECTION AND/OR ARTICLE	DESCRIPTION	FINDING NO.
<p><b>Contract No. AOC13C2002: Contract awarded to Clark/Christman, A Joint Venture, on October 25, 2012, for the Construction Management as Constructor (CMc) for the Cannon House Office Building Renewal Project.</b></p>	<p><b>FAR 52.246-21, Warranty of Construction (Mar 1994)</b></p>	<p><i>(a) In addition to any other warranties in this contract, the Contractor warrants, except as provided in paragraph (i) of this clause, that work performed under this contract conforms to the contract requirements and is free of any defect in equipment, material, or design furnished, or workmanship performed by the Contractor or any subcontractor or supplier at any tier.</i></p> <p><i>(b) This warranty shall continue for a period of 1 year from the date of final acceptance of the work. If the Government takes possession of any part of the work before final acceptance, this warranty shall continue for a period of 1 year from the date the Government takes possession.</i></p> <p><i>(c) The Contractor shall remedy at the Contractor's expense any failure to conform, or any defect. In addition, the Contractor shall remedy at the Contractor's expense any damage to Government-owned or controlled real or personal property, when that damage is the result of-</i></p> <p style="padding-left: 40px;"><i>(1) The Contractor's failure to conform to contract requirements; or</i></p> <p style="padding-left: 40px;"><i>(2) Any defect of equipment, material, workmanship, or design furnished.</i></p> <p><i>(d) The Contractor shall restore any work damaged in fulfilling the terms and conditions of this clause. The Contractor's warranty with respect to work repaired or replaced will run for 1 year from the date of repair or replacement.</i></p> <p><i>(e) The Contracting Officer shall notify the Contractor, in writing, within a reasonable time after the discovery of any failure, defect, or damage.</i></p> <p><i>(f) If the Contractor fails to remedy any failure, defect, or damage within a reasonable time after receipt of notice, the Government shall have the right to replace, repair, or otherwise remedy the failure, defect, or damage at the Contractor's expense.</i></p>	<p><b>B</b></p>

SOURCE:	SECTION AND/OR ARTICLE	DESCRIPTION	FINDING NO.
		<p><i>(g) With respect to all warranties, express or implied, from subcontractors, manufacturers, or suppliers for work performed and materials furnished under this contract, the Contractor shall-</i></p> <p><i>(1) Obtain all warranties that would be given in normal commercial practice;</i></p> <p><i>(2) Require all warranties to be executed, in writing, for the benefit of the Government, if directed by the Contracting Officer; and</i></p> <p><i>(3) Enforce all warranties for the benefit of the Government, if directed by the Contracting Officer.</i></p> <p><i>(h) In the event the Contractor's warranty under paragraph (b) of this clause has expired, the Government may bring suit at its expense to enforce a subcontractor's, manufacturer's, or supplier's warranty.</i></p> <p><i>(i) Unless a defect is caused by the negligence of the Contractor or subcontractor or supplier at any tier, the Contractor shall not be liable for the repair of any defects of material or design furnished by the Government nor for the repair of any damage that results from any defect in Government-furnished material or design.</i></p> <p><i>(j) This warranty shall not limit the Government's rights under the Inspection and Acceptance clause of this contract with respect to latent defects, gross mistakes, or fraud.</i></p>	
	<p><b>AOC 52.246-3, Warranty of Commercial Items (Jun 2004)</b></p>	<p><i>The Contractor warrants and implies that the items delivered hereunder are merchantable and fit for use for the particular purpose described in this contract.</i></p>	<p><b>B</b></p>
	<p><b>AOC 52.246-6, Additional Warranty Coverage (Jun 2004)</b></p>	<p><i>If the Contractor receives from any manufacturer, supplier or subcontractor additional warranty coverage on the whole or any component of the work required by this contract, in the form of time including any pro rata arrangements, or the Contractor generally extends to his commercial customers a greater or extended warranty coverage, the Government shall receive corresponding warranty benefits.</i></p>	<p><b>B</b></p>

SOURCE:	SECTION AND/OR ARTICLE	DESCRIPTION	FINDING NO.
	<p><b>Section C – Description/Specification/Work Statement/Scope of the Construction Project. C.12. Contract Scope of Work. D. Closeout/Post Construction Phase Work. 2. Completion of Punch list</b></p>	<p>a. CMc shall complete punch list activities within 60 days of Substantial Completion.</p> <p>b. The CMc shall conduct acceptance inspections with the AOC at intervals to be defined by the project team, no less than bi-weekly.</p> <p>c. Waiver of punch list items may be recommended by either the CMc or AOC. Credit proposals for all items recommended for waiver must be submitted by the CMc within 7 days of recommendation.</p>	<p><b>A</b></p>
<p><b>AOC Project No. 020245, Cannon House Office Building Renewal, Specifications, Phase 1-4 100%CD December 4, 2015.</b></p>	<p><b>Section 01 4000 Quality Requirements. 1.22, Resolution of Deficiencies, A</b></p>	<p>Documented items that are deficient, non-conforming, incomplete, need correction, punch list and similar are to be addressed/resolved by the Contractor quickly and without delay. The Contractor is to address each of the items at a minimum of weekly intervals and update the status of each item in Prolog Converge or other format that has been approved by the Architect. Each item is to be resolved within 30 days of being documented. When it will take longer than 30 days to resolve the item, formal documentation should be sent to Architect and Architect (CMA) with the reason for delayed corrective action and an Architect acceptable path forward to resolve the item.</p>	<p><b>A, B</b></p>
	<p><b>Section 01 7700, Closeout Procedures. 1.7 Final Completion Procedures, A. 2. Certified List of Incomplete Items</b></p>	<p>Submit certified copy of Architect's Substantial Completion inspection list of items to be completed or corrected (punch list), endorsed and dated by Architect. Certified copy of the list shall state that each item has been completed or otherwise resolved for acceptance.</p>	<p><b>A</b></p>
	<p><b>Section 01 7700, Closeout Procedures. 1.8 List of Incomplete Items (Punch List), A.</b></p>	<p>Organization of List: Include name and identification of each space and area affected by construction operations for incomplete items and items needing correction including, if necessary, areas disturbed by Contractor that are outside the limits of construction. Use CSI Form 14.1A. or other electronic format approved by Architect.</p> <p>Organize list of spaces in sequential order, starting with exterior areas first and proceeding from lowest floor to highest floor.</p> <p>Organize items applying to each space by major element, including categories for ceiling, individual walls, floors, equipment, and building systems.</p> <p>Include all documented and open items from the Commissioning Issues log.</p>	<p><b>A</b></p>

SOURCE:	SECTION AND/OR ARTICLE	DESCRIPTION	FINDING NO.
		<p><i>Include all deferred Seasonal Tests required to complete function testing of commissioned equipment.</i></p> <p><i>Resolve all outstanding code issues as identified by the Architect.</i></p> <ol style="list-style-type: none"> <li><i>1. Include the following information at the top of each page:</i> <ol style="list-style-type: none"> <li><i>a. Project name.</i></li> <li><i>b. Date.</i></li> <li><i>c. Name of Architect.</i></li> <li><i>d. Name of Contractor.</i></li> </ol> <p><i>Page number.</i></p> </li> <li><i>2. Submit list of incomplete items and items needing correction in the following format:</i>  <i>MS Excel electronic file. Architect will return annotated file.</i></li> </ol> <p><i>The Contractor's list is to be submitted a minimum of 10 days prior to substantial completion and far enough in advance for the Architect to confirm the accuracy of the list. After the Contractor's list has been received, the Architect will verify the list for accuracy and completeness. If the list is found to be inaccurate or not up to date, the list will be returned to the Contractor for revisions. The Contractor will be required to resubmit the list to allow enough time for the Architect to reconfirm the accuracy of the list. The Contractor's list is to be submitted and updated in the Prolog format and as requested by the Architect. All punch list items are to be fully completed, resolved and signed off by the Architect within 30 days of Substantial Completion or turnover of the area/system.</i></p>	
<p><b>AOC Project No. 020245, Cannon House Office Building Renewal, Specifications, PH1-4 Addendum No. 3 – January 18, 2016.</b></p>	<p><b>Section 01 9113 Commissioning Requirements. 1.8.C., Post-acceptance/Warranty Period</b></p>	<ol style="list-style-type: none"> <li><i>5. Return to the site at 10 months warranty period and review with facility staff the current building operation and the condition of outstanding issues related to the original and seasonal commissioning. Also interview facility staff and identify problems or concerns they have with operating the building as originally intended. Make suggestions for improvements and for recording these changes in the O&amp;M manuals.</i></li> <li><i>6. Identify areas that may come under warranty or under the original construction contract. Assist facility staff in developing reports and documents and requests for services to remedy outstanding problems. The CxA is not responsible for correcting deficiencies.</i></li> </ol>	<p><b>B</b></p>

SOURCE:	SECTION AND/OR ARTICLE	DESCRIPTION	FINDING NO.
	<p><b>Section 01 9113 Commissioning Requirements. 1.10.B.5., Contract for a warranty or post occupancy review</b></p>	<p><i>At the end of the construction phase, the commissioning authority must be under contract to return to the building at the 10-month point to review its operation for warranty issues. This task must include both a review of current operation to identify any potential warranty related problems before the typical 12-month warranty expiration, and an interview with building operating staff to identify their concerns.</i></p>	<p><b>B</b></p>

## APPENDIX C

### Announcement Memorandum



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

United States Government  
**MEMORANDUM**

**DATE:** September 27, 2022

**TO:** J. Brett Blanton  
Architect of the Capitol

**FROM:** Christopher P. Failla, CIG  
Inspector General 

**SUBJECT:** Announcement Memorandum for the Audit of the Cannon House Office Building  
Renewal (CHOBr) Project's Punch List and Warranty Work  
(2022-AUD-011-A)

This memorandum serves as notification that the Office of Inspector General is working with the independent audit and accounting firm, Cotton & Company Assurance and Advisory, LLC, to initiate a construction audit of the CHOBr Project's Punch List and Warranty Work. The objective of the audit is to evaluate and assess contract compliance and resources used to complete the CHOBr Project's punch list and warranty work for Phase 2.

We will contact your office to set up an audit entrance conference in the next few weeks. If you have any questions, please contact Sharmaine Carter, Auditor at 202.538.1830 or [sharmaine.carter@aoc.gov](mailto:sharmaine.carter@aoc.gov).

**Distribution List:**

Peter Bahm, Chief of Staff  
Mary Jean Pajak, Deputy Chief of Staff  
Chere Brown-Rexroat, Chief Engineer  
Antonio Edmonds, Acting Chief of Operations  
David Wilder, Superintendent, House Office Buildings  
Stephen Titus, Project Executive

## APPENDIX D

### Cotton & Company's Management Representation Letter

*Insert AOC letterhead*

[Date of Report and Completion of the Performance Audit]

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

Attention: Mr. Failla

We are providing this representation letter in connection with Cotton & Company Assurance and Advisory, LLC's (Cotton's), performance audit of the punchlist and warranty work for Phase 2 of the Architect of the Capitol (AOC) Cannon House Office Building Renewal (CHOBr) Project.

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

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

#### **Our Responsibilities<sup>1</sup>**

- We acknowledge our responsibility for the sufficiency of the subject matter in achieving its objectives. Specifically, management is responsible for ensuring that the punchlist and warranty work for Phase 2 of the CHOBr Project is completed in compliance with the contract requirements.

#### **Information Provided**

- We assert that the information provided to you for this audit is complete and accurate to the best of our knowledge.
- We assert that we are not aware of any Phase 2 punchlist, or warranty items which were not identified in the documentation provided to the audit team.
- We assert that we have no knowledge of any information regarding fraud, instances of noncompliance with laws or regulations, or any pending or threatened litigation related to the punchlist and warranty work for Phase 2 of the CHOBr project.

<sup>1</sup> The responsibilities discussed in this section are based on the responsibilities included in our representation letter for financial audits, as GAGAS includes little discussion of management's responsibilities related to performance audits. The responsibilities discussed in this section also include language from Office of Management and Budget (OMB) Bulletin 15-03, even though that Bulletin applies only to financial statement audits.

- We assert that we are not aware of any matters that it believes would invalidate our conclusions.
- Upon information and belief all known deficiencies in the design or operation of internal controls were disclosed to you by management.

---

*[Responsible Party and Title]*  
Architect of the Capitol

---

*[Responsible Party and Title]*  
Architect of the Capitol

cc: Jason Boberg, Cotton

## APPENDIX E

### AOC's Management Representation Letter



**Architect of the Capitol**  
U.S. Capitol, Room SB-16  
Washington, DC 20515  
202.228.1793  
[www.aoc.gov](http://www.aoc.gov)

September 1, 2023

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

Attention: Mr. Failla

The Architect of the Capitol is providing this letter as requested concerning the Office of the Inspector General's audit of the Cannon House Office Building Renewal Project's Punchlist and Warranty Work Process (Project No. 2022-AUD-011-A).

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

Sincerely,

*Thomas M Costello*

\_\_\_\_\_  
Tom Costello  
Acting Deputy Chief Engineer

## Appendix F

### Management Comments

 <p><b>ARCHITECT OF THE CAPITOL</b></p>	<p><b>Architect of the Capitol</b> U.S. Capitol, Room SB-16 Washington, DC 20515 202.228.1793 <a href="http://www.aoc.gov">www.aoc.gov</a></p>	<p>United States Government <b>MEMORANDUM</b></p>
<p>DATE: September 6, 2023</p> <p>TO: Christopher P. Failla Inspector General</p> <p>FROM: Chere Rexroat, RA  Acting Architect of the Capitol</p> <p>SUBJECT: Office of Inspector General's Audit of the Cannon House Office Building Renewal (CHOBr) Punch List and Warranty Work (Project No. 2022-AUD-011-A)</p>		
<p>Thank you for the opportunity to review and comment on the Office of Inspector General's (OIG) Audit of the Cannon House Office Building Renewal (CHOBr) Punch List and Warranty Work (Project No. 2022-AUD-011-A). The Architect of the Capitol (AOC) is pleased the OIG identified areas for improvement. The following comments concerning the OIG's recommendations are provided.</p>		
<p><u>Recommendation 1</u></p>		
<p>We recommend that the CHOBr Project team align the punch list requirements with the Construction Manager as Constructor (CMc) contract and specifications and resolve any discrepancies.</p>		
<p><u>AOC Response</u></p>		
<p>We concur. The AOC will perform the recommended reconciliation and will resolve any discrepancies if necessary.</p>		
<p>Anticipated Completion: December 2023</p>		
<p><u>Recommendation 2</u></p>		
<p>We recommend that for the remaining contract phases (Phases 3 and 4), the CHOBr Project team update its written quality control procedures to ensure compliance with all requirements for punch list items prescribed in the CMc contract and specifications.</p>		

AOC Response

We concur. The AOC will review its existing process related to quality control (i.e., punch list related procedures) and reconcile with the CMc contract and specifications to update where necessary.

Anticipated Completion: December 2023

Recommendation 3

We recommend the Cannon House Office Building Renewal Project team conduct a review of all punch list items for Phase 2 to ensure it has properly identified each item and listed the correct status for each item (i.e., open or closed).

AOC Response

We concur. The AOC, to the extent administratively possible, will develop a methodology to review the Phase 2 punch list and perform the requested scope by the OIG. Additional resources may be required.

Anticipated Completion: June 2024

Recommendation 4

We recommend the Architect of the Capitol (AOC) consider tying the start of contractual warranty periods to Final Completion, rather than Substantial Completion, to ensure that the AOC does not lose warranty coverage on work completed after Substantial Completion, and to incentivize the timely completion of all work needed to meet Final Completion, including punch list items.

AOC Response

We concur. The AOC will consider pursuing this recommendation to the extent legally and administratively possible.

Anticipated Completion: August 2024

Recommendation 5

We recommend the CHOB Project team ensure it maintains sufficient documentation for all punch list items, to accurately identify (1) the work completed to closeout punch list items, and (2) the individual who approved the completed work.

**Architect of the Capitol**

U.S. Capitol, Room SB-16 | Washington, DC 20515 | 202.228.1793 | [www.aoc.gov](http://www.aoc.gov)

AOC Response

We concur. To the extent administratively possible the AOC will determine and issue guidance on the appropriate level of documentation that should be retained to do the following: accurately identify (1) the work completed to close out punch list items, and (2) the individual who approved the completed work. Additional resources may be required.

Anticipated Completion: June 2024

Recommendation 6

We recommend the CHOBr Project team review all items listed as warranty items for Phase 2 and ensure they are (1) properly categorized as punch list (also includes in-scope work), warranty or latent defect, (2) correctly recorded as open or closed and (3) sufficiently documented to support closed items, to include the work completed and the individual who approved.

AOC Response

We concur. The AOC, to the extent administratively possible, will develop a methodology to review the Phase 2 warranty items and perform the requested scope by the OIG. Additional resources may be required.

Anticipated Completion: June 2024

Recommendation 7

We recommend for those items categorized as punch list (in-scope work) and completed during and/or after the warranty period, the CHOBr Project team should negotiate an extended warranty period with the CMC to the extent legally and administratively feasible.

AOC Response

We concur. The AOC will determine if the OIG's recommended approach is feasible. We anticipate this may be an additional cost to the CHOBr Project.

Anticipated Completion: April 2024

Recommendation 8

We recommend the CHOBr Project team improve its process for managing warranty items to ensure the only items included on its warranty list are those that meet the definition and description of a warranty item provided in the contract and specification requirements.

AOC Response

We concur. The AOC will review its existing process for managing warranty items and update it, where necessary, to ensure the list includes only warranty items, as defined by contract and specification requirements.

Anticipated Completion: December 2024

Recommendation 9

We recommend the CHOBr Project team review all punch list items discovered during the one-year warranty inspection to determine how the quality control (QC) reviewers overlooked those items during prior inspections and whether the CHOBr Project team should make any improvements to the QC process to avoid future oversights.

AOC Response

We concur. The AOC, to the extent administratively possible, will develop a methodology to review punch list items and perform the requested scope by the OIG. Additional resources may be required.

Anticipated Completion: April 2024

Doc. No. 230822-18-01

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**Acronyms and Abbreviations**

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A/E	Architect/Engineer
AOC	Architect of the Capitol
CHOBr	Cannon House Office Building Renewal
CMA	Construction Manager as Agent
CMc	Construction Manager as Constructor
Cotton	Cotton & Company Assurance and Advisory, LLC
FAR	Federal Acquisition Regulation
GAGAS	Generally accepted government auditing standards
GAO	Government Accountability Office
House	U.S. House of Representatives
OIG	Office of Inspector General
Prolog	Prolog Converge
QA	Quality Assurance
QC	Quality control



OFFICE ON THE INSPECTOR GENERAL

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