

2012
Architect of the Capitol

Performance and Accountability Report

SERVE | PRESERVE | INSPIRE





AOC At-A-Glance



A Fiscal Year 2012 Performance and Financial Summary Report to Congress and the Citizens of the United States

Did You Know?

- ◆ AOC serves as the builder and caretaker of many of the nation's most iconic buildings. These include the U.S. Capitol, the Supreme Court, three Senate Office Buildings, four House of Representatives Office Buildings, four Library of Congress Buildings, the U.S. Botanic Garden Conservatory and Administrative Building and other support facilities.
- ◆ Dr. William Thornton, whose design for the Capitol was selected by President George Washington, is recognized as the first Architect of the Capitol.
- ◆ The Architect of the Capitol serves a 10-year term following the recommendation of a bipartisan, bicameral, congressional panel, with appointment by the President and confirmation by the U.S. Senate.
- ◆ AOC heritage assets include works of art located throughout the Capitol complex and range from bronze and marble statues to oil portraits and fresco murals.
- ◆ The 580,000 square foot Capitol Visitor Center (CVC) has welcomed over eight million visitors since its opening in December 2008.
- ◆ The Capitol Power Plant operates year round to provide steam and chilled water service to heat and cool the Capitol and 23 other facilities located on or near Capitol Hill.
- ◆ The Library of Congress is the largest library in the world with facilities covering nearly 3.8 million square feet. AOC manages the day-to-day facility operations and structural, mechanical and electrical care for these facilities.

Who We Are

Architect of the Capitol

What We Do: The Architect of the Capitol (AOC) is a nonpartisan, professional services office with responsibility for 17.4 million square feet of facilities and more than 630 acres of grounds. AOC is responsible for the maintenance, renovation and new construction of the buildings and grounds within the Capitol complex.

Established: AOC was formally established by legislation in 1876.

Branch of Government: Legislative.

Mission: Serve Congress and the Supreme Court, preserve America's Capitol and inspire memorable experiences for our visitors.

Leadership: The Honorable Stephen T. Ayers, FAIA, LEED AP, Architect of the Capitol.

Number of Full-Time Equivalents (FTEs): 2,186 as of September 30, 2012.

Fiscal Year 2012 Budget Authority: \$567.5 million.





PERFORMANCE HIGHLIGHTS
**The Year at a Glance:
 Fiscal Year 2012**

TABLE 1: Our Strategic Vision

AOC STRATEGIC GOALS	
Goal 1	One Team, One Mission
Goal 2	Innovative and Empowered Workforce
Goal 3	Awe-Inspiring Facilities
Goal 4	Extraordinary Services

AOC's Fiscal Year 2012 Accomplishments:

One Team, One Mission

- ◆ AOC reduced overtime labor hours by 33 percent from FY 2011 levels through initiatives such as project planning, shift restructuring and enforcing overtime budgets.
- ◆ Utilization of the Invoice Processing Platform resulted in reduced invoice paperwork and a 15 percent improvement in on-time payments.
- ◆ AOC developed a results-oriented senior leadership strengthening effort to integrate the Strategic Vision with operations across the organization.

Innovative and Empowered Workforce

- ◆ More than 2,000 employees completed an Organizational Assessment Survey (over 80 percent participation rate). Based on the results, AOC created action plans to improve the workplace environment.
- ◆ AOC revised its Career Staffing Plan Policy and Procedures to provide greater flexibility and improve efficiency in recruiting and selecting the best qualified candidates.
- ◆ AOC continued its partnership with the Phelps Architecture, Construction and Engineering High School. AOC hired two members from the first graduating class for its apprenticeship program.

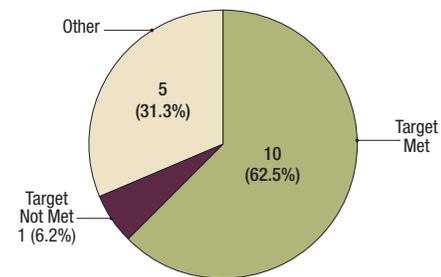
Awe-Inspiring Facilities

- ◆ Critical conservation projects included the **Old Senate Chamber***, Capitol Dome, Statue of Freedom, Brumidi Corridors, U.S. Supreme Court Building's West Front Facade and others.
- ◆ AOC closed out the Capitol Power Plant Utility Tunnel Settlement Agreement by abating all cited tunnel safety and health hazards.
- ◆ AOC completed asbestos abatement projects in the Thomas Jefferson Building, Capitol Power Plant and the Rayburn House Office Building.
- ◆ Energy conservation initiatives across the Capitol complex produced an AOC-wide energy reduction of nearly 22 percent for FY 2012.

Extraordinary Services

- ◆ AOC supported numerous congressional events including the State of the Union Address and events hosted on the Capitol Grounds. AOC reduced the associated costs of these events by 10 percent.
- ◆ AOC expanded its visitor offerings in the U.S. Botanic Garden (USBG) by developing new cell phone and audio tours. The USBG welcomed over 1,200,000 visitors in FY 2012.
- ◆ AOC began preparation for the 2013 Presidential Inauguration and 113th congressional transition and related office moves.

FIGURE 1: Summary of FY 2012 Strategic Goal Performance Results



Number of Performance Metrics: 16 (11 with FY 2012 targets.)

* Note: bold text indicates hyperlink.

AOC's mission is to serve Congress and the Supreme Court, preserve America's Capitol and inspire memorable experiences.

FINANCIAL HIGHLIGHTS Fiscal Year 2012

TABLE 2: Selective Financial Data for FY 2012 and FY 2011
(\$ in millions)

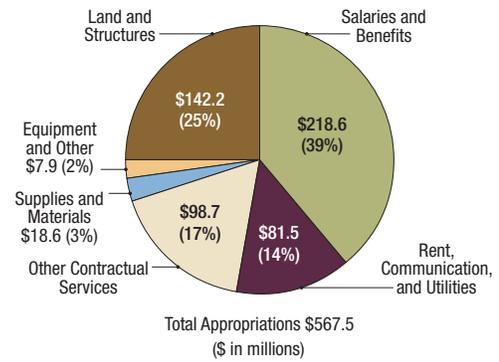
SELECTED FINANCIAL DATA	2012	2011
Total Assets	\$2,517	\$2,519
Total Liabilities	\$301	\$295
Net Position	\$2,216	\$2,224
Annual Net Position Change	0%	2%
Ratio of Debt to Net Position	1:7.36	1:7.53
Revenues	\$58	\$56
Net Cost of Operations	\$608	\$577
Actual FTEs at Fiscal Year-End*	2,186	2,231

* The total excludes the FTEs on board at the Supreme Court jurisdiction (40 at FY 2012 and 37 at FY 2011). These FTEs are not included in the AOC appropriation total and are funded separately via the Judiciary Branch appropriation.

TABLE 3: Summary of Independent Auditor's Internal Control Findings

CATEGORY	FY 2012 AUDIT FINDINGS
Material Weaknesses	Internal Control Assessment
Significant Deficiencies	None

FIGURE 2: FY 2012 Budget Authority



Note: Excludes Supreme Court (included in Judiciary Branch appropriation).

FIGURE 3: Net Cost of Operations by Strategic Goal FY 2012

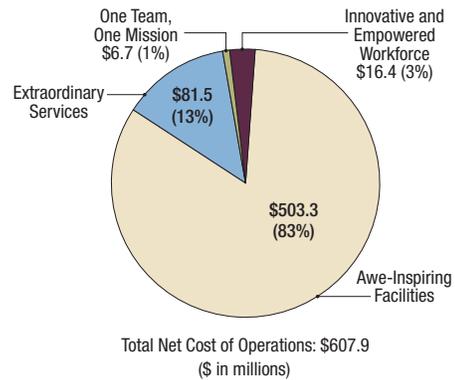


FIGURE 4: Summary of Total Assets Fiscal Year 2012

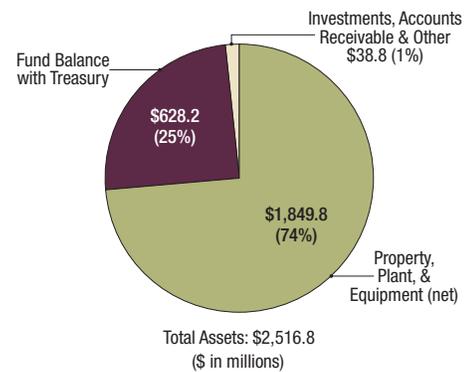
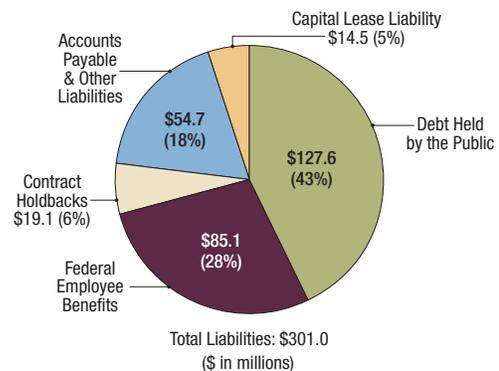


FIGURE 5: Summary of Total Liabilities Fiscal Year 2012





In September 2012, AOC began construction of the 2013 Presidential Inaugural platform. In addition to constructing the platform, AOC sets up the necessary seating and fencing, procures the sound system and coordinates many other activities with the Joint Congressional Committee on the Inaugural Ceremonies to accommodate this event.

What's Next? Future Challenges and Priorities

Management Challenges

- ◆ **Deferred Maintenance and Capital Renewal Backlog**— Constrained fiscal resources impact AOC's ability to meet the deferred maintenance and capital renewal requirements of the buildings, grounds and heritage assets. AOC's FY 2012 deferred maintenance backlog and capital renewal requirements are estimated at \$1.36 billion.
- ◆ **Energy Stewardship and Sustainability**—AOC is required to make annual reductions in energy consumption. AOC has met these reduction goals through FY 2012. To meet future energy targets, AOC may need to undertake costly and long-term sustainability programs or energy reduction initiatives.
- ◆ **Physical Security of Facilities**—Protecting AOC's facilities and their occupants from external threats remains a challenge. This includes keeping the Capitol facilities safe, secure and accessible, while also minimizing the impact of security procedures on productivity and mission achievement.
- ◆ **Workplace Safety and Health**—AOC must ensure its facilities and operations meet modern life-safety and health standards for its workers and the millions of people who visit each year. The age of many facilities, coupled with the need to preserve their historical integrity and support the daily business needs of Congress in a safe manner, makes this a continual challenge.
- ◆ **Performance Management**—Sustained progress towards transforming AOC's business culture remains a key challenge. AOC has undertaken efforts to develop tools to measure results, improve performance management, increase accountability and support performance improvement. However, a challenge remains in integrating the tools throughout the planning, programming, measurement and reporting cycle.

AOC's Inspector General (IG) identified additional challenges facing the organization. These include: enhancing internal controls; policy atrophy and enforcement; delays in implementing the IG's recommendations; procurement policy; and improving human capital management.

AOC At-A-Glance provides a brief summary of AOC's FY 2012 performance and fiscal results contained in the Performance and Accountability Report. The full AOC Performance and Accountability Report is available online at www.aoc.gov/publications/annual-reports or by scanning the QR code below.

For more information about the Architect of the Capitol, visit our website at www.aoc.gov



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The AOC is a nonpartisan, professional services office of the U.S. Government's Legislative Branch. The organization is responsible for maintaining 17.4 million square feet of building space and more than 630 acres of grounds on the Capitol complex.

2012

Performance and Accountability Report

About this Report

The Performance and Accountability Report (PAR) provides the Architect of the Capitol's (AOC's) program and financial performance information for Fiscal Year (FY) 2012. The report is AOC's primary method to demonstrate accountability and transparency for the public funds and property entrusted to its care. It also demonstrates AOC's continuing dedication to its mission: to serve Congress and the Supreme Court, preserve America's Capitol and inspire memorable experiences. As a Legislative Branch Office, AOC is not required to comply with the Executive Branch regulations regarding financial reporting. However, as part of its commitment to transparency and accountability, AOC utilizes Executive Branch legislation to form its financial management best practices. This legislation includes:

- ◆ Federal Managers' Financial Integrity Act of 1982
- ◆ Chief Financial Officers Act of 1990
- ◆ Government Performance and Results Act of 1993
- ◆ Government Management Reform Act of 1994
- ◆ Federal Financial Management Improvement Act of 1996
- ◆ Reports Consolidation Act of 2000
- ◆ Accountability of Tax Dollars Act of 2002
- ◆ Improper Payments Information Act of 2002
- ◆ Government Performance and Results Modernization Act of 2010.

This PAR and the prior year AOC PARs are available electronically on AOC's website at www.aoc.gov/publications/annual-reports.

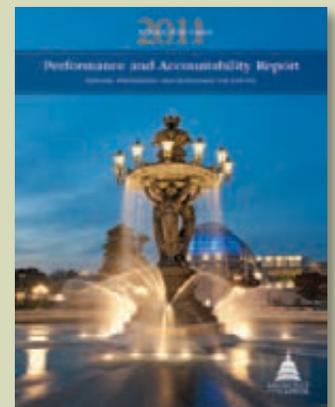
About the Cover

In April 2012, with Congress in session and AOC's restoration of the Capital Dome Skirt and conservation of the Statue of Freedom ongoing, the space shuttle Discovery flew over Washington D.C. atop a modified jumbo jet. The FY 2012 Dome Skirt restoration was the first phase of a larger Capitol Dome restoration effort.



Certificate of Excellence in Accountability Reporting

AOC received the Association of Government Accountants' prestigious *Certificate of Excellence in Accountability Reporting* and the *Best-In-Class Award for Most Effective Management's Discussion and Analysis* for its FY 2011 Performance and Accountability Report.





On April 2, 2012, the AOC began its regular cleaning, maintenance and restoration efforts on the Statue of Freedom. **OPPOSITE TOP:** The 19½-foot Statue of Freedom, located atop the U.S. Capitol Dome, is one of the most visible, symbolic and treasured pieces of art in the Capitol collection. **OPPOSITE RIGHT:** To perform the restoration, a scaffold was erected to provide access to the Statue. The conservation effort involves washing the Statue, inspecting and documenting its condition, performing necessary repairs and reapplying a protective coating.

Introduction



How this Report is Organized

AOC's FY 2012 PAR provides financial and performance information for the fiscal year beginning October 1, 2011, and ending on September 30, 2012. The PAR demonstrates AOC's commitment to its mission and accountability to Congress and the American people. It candidly presents AOC's operations, accomplishments and challenges. The FY 2012 PAR begins with a citizen-centric executive summary titled *AOC At-A-Glance* and a message from Architect of the Capitol, Stephen T. Ayers, FAIA, LEED AP. This introduction is followed by four main sections and various appendices.

Section I: Management's Discussion and Analysis

Section I provides an overview of AOC's performance and financial information. It includes a brief history of AOC, introduces its mission, vision and values and contains a description of AOC's organizational structure and strategic framework. This section highlights AOC's performance and key accomplishments in each of its strategic goals and objectives. Section I also provides management's assessment of future challenges and management's assurances on AOC's internal controls. The section closes with highlights of AOC's financial results.

Section II: Performance Information

Section II includes AOC's annual performance information, as required by Office of Management and Budget (OMB) Circular A-11. It identifies AOC's approach to manage and assess performance, describes how AOC assures the validity of the data, outlines AOC's new Strategic Vision and details the key performance metrics and the plans that are underway to fully implement the Strategic Vision. Performance targets are compared to actual results and trend data is highlighted where available.

Section III: Financial Information

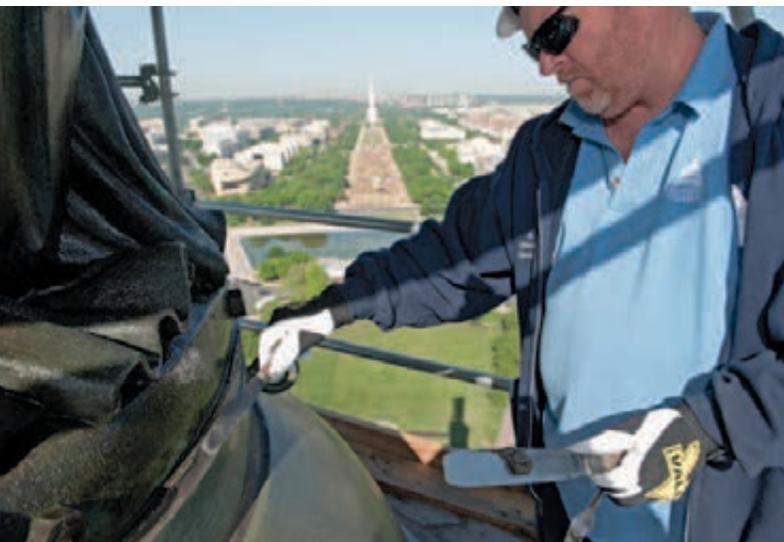
Section III begins with messages from AOC's Chief Financial Officer and Audit and Advisory Committee. The section contains the details of AOC's finances and includes the independent auditor's reports and audited financial statements and footnotes. The *Required Supplementary Information* included in this section provides unaudited information on AOC's heritage assets and deferred maintenance.

Section IV: Other Accompanying Information

Section IV summarizes the results of AOC's financial statement audit and management assurances related to the effectiveness of its internal controls and financial management systems. The section also contains the Inspector General's Statement on AOC's management and performance challenges and a description of AOC's small business programs.

Appendices

Appendices include data that supports the main sections of the PAR. Appendix A provides a listing of each AOC jurisdiction's key FY 2012 accomplishments and FY 2013 priorities. Appendix B lists the major facilities under AOC's care. Appendix C acknowledges individuals who contributed to the report, and Appendix D provides a glossary of abbreviations and acronyms.



A Message from the Architect of the Capitol



The Honorable Stephen T. Ayers, FAIA, LEED AP, Architect of the Capitol

The Architect of the Capitol (AOC) has the unique mission of serving Congress and the Supreme Court, preserving America's Capitol and inspiring memorable visitor experiences. AOC's Performance and Accountability Report (PAR) provides Congress and the American people with an accounting of our Fiscal Year (FY) 2012 successes and challenges in accomplishing this mission and a transparent analysis of our financial stewardship of public funds.

AOC strives to maintain a high standard of government management reporting and accountability. Our efforts to those ends were recognized when the Association of Government Accountants awarded the prestigious *Certificate of Excellence in Accountability Reporting* for our FY 2011 PAR. In addition, AOC received a special award for presenting the most effective Management's Discussion and Analysis section. This year's report is published with the same degree of transparency and accountability.

Key Accomplishments

Fiscal Year 2012 marked the roll-out of AOC's new Strategic Vision—a result of a collaborative effort by AOC employees throughout the organization. Through this vision, we continue to transform into a forward-thinking, collaborative and innovative organization. Implementing the goals will assist us in delivering projects on time and within budget, enhance the flexibility of our workforce, foster greater communication and transparency and build stronger relationships internal and external to AOC. This fiscal year, we began developing the action items and identifying the performance metrics necessary to implement the vision over the next five years. Developing the specific actions, timeframes and metrics for success will allow us to focus on how improved performance management can help us to better achieve our mission.

AOC also completed the draft Capitol Complex Master Plan, an executive-level document that will assist us in prioritizing our efforts to ensure that our financial resources are used to accomplish the most needed work. The Plan will guide and inform AOC's annual facilities budget request and the Five-Year Capital Improvements Plan. It provides Congress with a blueprint for facility-related decision making regarding future investments. The Capitol Complex Master Plan will help us to utilize our fiscal resources in a manner that ensures the safety, sustainability and security of our facilities while providing an accessible, efficient and high-quality environment for staff and visitors.

Operationally, AOC completed or advanced a number of major projects in FY 2012. The five-year Utility Tunnel Improvement Program was completed ahead of schedule and under budget. The East House Underground Garage renovation concluded and received a Leadership in Energy and Environmental Design (LEED) for New Construction at the Gold level. Progress continued on the multi-year Capitol Dome renovation project with completion of the work on the Dome Skirt this fiscal year. We also conducted our regular cycle of cleaning and conserving the Statue of Freedom. The multi-year Brumidi Corridor restoration continued on pace and is on schedule for completion in 2017. The Slave Labor Commemorative Marker was unveiled by Congress in the Capitol Visitor Center's Emancipation Hall. In anticipation of the November 2012 presidential and congressional elections, we began preparations for the inaugural ceremony and congressional office move cycle.

Management Opportunities and Challenges

Expansion of AOC's responsibilities, the aging infrastructure of the facilities under our care and a significant deferred maintenance backlog, combined with reduced federal spending, makes AOC's mission increasingly challenging. AOC's growing

backlog of deferred maintenance and capital renewal projects is the most significant management challenge facing the agency. We continue to carefully monitor and maintain the facilities and systems to minimize the risk of catastrophic failure. However, as capital renewal and deferred maintenance projects are delayed, the problems become more severe and costly to fix. To address this backlog, we utilize a dynamic project prioritization process to identify the most urgent needs for investment, as well as the risks if the needs are not addressed. With the number of pressing needs continuing to grow as the availability of federal dollars becomes more constrained, we have looked to reduce costs throughout the organization by identifying efficiencies that save taxpayer money. For example, in the Capitol Visitor Center, AOC began utilizing seasonal employees to reduce labor costs while maintaining service levels and response times. To streamline project planning, we employed a structured, paperless workflow scheduling process that allows the Capital Improvement Program to operate more efficiently. We continue to implement sustainability upgrades that reduce our energy usage and save taxpayer dollars. Alternative construction methods and the use of in-house temporary staff have allowed AOC to avoid certain project costs and redirect the savings to other projects. AOC also improved accountability by implementing the Invoice Processing Platform. This system provides AOC increased transparency in invoice processing and improves customer service. These and other efficiencies have allowed us to continue to meet our responsibilities within a constrained budget.

The AOC received a clean independent audit opinion on its FY 2012 financial statements. This is our eighth consecutive year with a clean opinion. While we are very proud of this accomplishment, the audit noted a repeat material weakness in AOC's internal controls due to a lack of a fully implemented, systematic approach of testing and evaluating the effectiveness of the Internal Controls Program. We are committed to implementing the recommendations identified by our auditors and downgrading this material weakness. To that end, we restructured our Senior Assessment Team to better identify issues and risks within our organization. This fiscal year, the Senior Advisory Team reviewed 14 vulnerability assessments that had been rated as

a high risk. Looking forward, we have begun plans to institute cyclical testing and reporting for key controls. Additionally, AOC is adopting a dual track, multi-year plan to implement high-level risk management strategies across the agency. This strategy will help AOC to first, establish internal controls over key accounting cycles and, second, establish controls for all aspects of operations in accordance with the Federal Managers' Financial Integrity Act. AOC also eliminated the significant deficiency relating to Information Technology from prior years.

In FY 2012, AOC's Inspector General identified five performance challenges and management opportunities. We are aware of these issues and are committed to addressing them as efficiently and timely as possible. For example, in response to a prior-year recommendation we issued a new, comprehensive ethics policy and then implemented an agency-wide ethics training program that was attended by more than 600 employees.

It is due to the talent, commitment and experience of our employees that we have achieved our many successes this fiscal year. Our FY 2012 accomplishments and our ability to maintain an exemplary service record and customer satisfaction levels are the results of their dedication to fulfilling our mission. As we look ahead, the devoted men and women at AOC will continue to serve Congress, the Supreme Court and the American people with distinction.

This report exemplifies the transparency and accountability that AOC strives to maintain, and I provide my assurance that the financial and performance data presented herein are complete, reliable and accurate.

Sincerely,



Stephen T. Ayers, FAIA, LEED AP
Architect of the Capitol
December 4, 2012



In FY 2012, AOC successfully led the Old Senate Chamber Restoration in the U.S. Capitol. The work included repairs to the plaster walls and ceiling and an improved lighting design.

OPPOSITE TOP: As the focal point of the government's Legislative Branch, the U.S. Capitol is the centerpiece of the Capitol campus. **OPPOSITE BOTTOM:** The restoration of the Old Senate Chamber returned the room to its original color and historic appearance circa 1847. This room was home to the U.S. Senate from 1819 until 1859 and, later, to the U.S. Supreme Court from 1860–1935.

Section I:

Management's Discussion and Analysis



Our History

The Architect of the Capitol traces its history to the earliest days of our nation's capital. In 1791, President George Washington appointed a Board of Commissioners to design a federal city that would provide "suitable buildings for the accommodation of Congress." Two years later, President Washington ceremoniously laid the cornerstone of the U.S. Capitol. Since then, AOC and its predecessors have maintained the nation's most iconic buildings.

In 1802, Congress consolidated the responsibilities of the Board of Commissioners under a single Commissioner of Public Buildings. Tasked with the upkeep and maintenance of the U.S. Capitol and its grounds, the position of the Commissioner of Public Buildings existed until 1867 when its responsibilities were combined with those of the Architect of the Capitol Extension.¹ In 1876, legislation formally established the Architect of the Capitol as a permanent office within the federal Legislative Branch. Today, under the leadership of Stephen T. Ayers, AOC maintains 17.4 million square feet of building space and more than 630 acres of grounds.

AOC's responsibilities have expanded with the growth of Congress. The U.S. Capitol tripled in size in its first 70 years. Throughout the 20th century, AOC's stewardship responsibilities further increased with the construction of the Cannon, Longworth and Rayburn House Office Buildings, the Russell, Dirksen and Hart Senate Office Buildings and the Capitol Power Plant. During this period, AOC also received administrative responsibility for the care of the Library of Congress' Thomas Jefferson Building, the U.S. Botanic Garden facility and the Supreme Court Building. The construction of the Capitol Visitor Center, which opened to the public in 2008, is the most recent major addition to the U.S. Capitol. In FY 2012, AOC received responsibility for the care and maintenance of Union Square, the 11-acre site situated between the Capitol's West Front and the National Mall. While most of AOC's facilities are located on or near Capitol Hill, AOC also maintains some critical facilities in other locations.² **Figure 6** illustrates the growth of AOC's facility stewardship responsibilities, **Figure 7** provides a map of the U.S. Capitol Complex, and Appendix B provides a complete list of the major facilities under AOC's management.

Although AOC's basic mission has remained constant over the years, AOC's responsibilities have expanded in scope and diversity. AOC has responded by coupling modern techniques with timeless craftsmanship and professional service. Managing and preserving the historic buildings while keeping pace with evolving technology, security needs and sustainability requirements is part of the present-day AOC mission. AOC is proud of its heritage of serving Congress and the Supreme Court, preserving the facilities under its care and inspiring the millions who work in and visit the Capitol each year.



¹ The word "Extension" was subsequently dropped, simplifying the title to the "Architect of the Capitol."

² Off-site facilities include the Packard Campus for Audio-Visual Conservation in Culpeper, Virginia, and the Fort Meade Book Storage Modules in Anne Arundel County, Maryland.

FIGURE 6: Growth in Major Facilities Managed by AOC

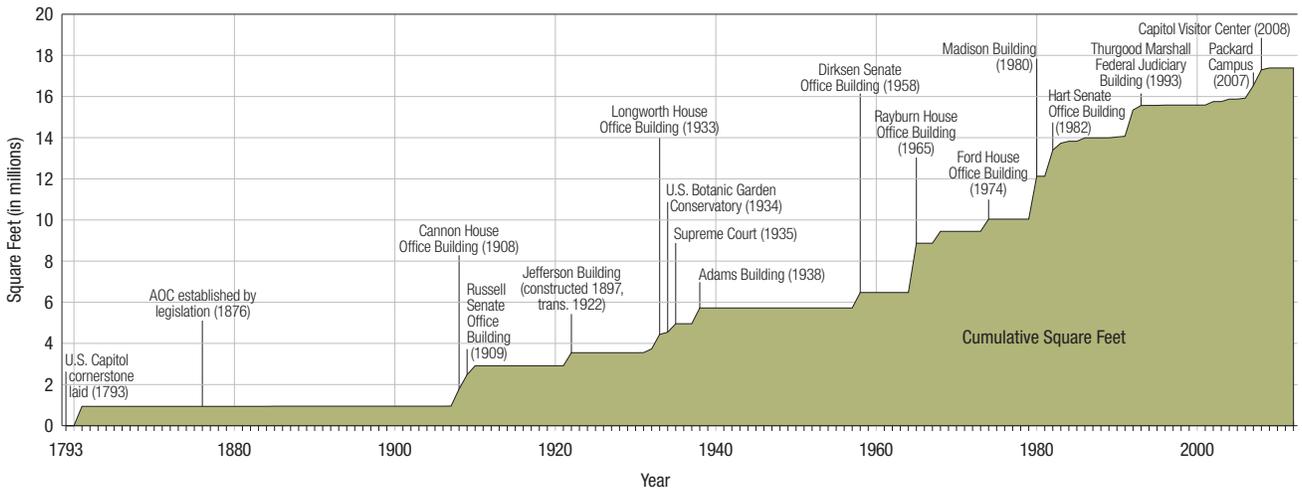


FIGURE 7: Map of U.S. Capitol Complex



AOC is steward for 17.4 million square feet of building space and more than 630 acres of grounds. The major facilities in its care on Capitol Hill are shown on the map.

For a comprehensive virtual tour of the Capitol complex, please visit www.capitol.gov.



Our Mission and Organization

Who We Serve

The Architect of the Capitol is the builder and steward of the nation's Capitol. AOC serves the U.S. Congress, the Supreme Court, the Library of Congress and the Botanic Garden to ensure that the Capitol facilities support their missions. AOC is also tasked with preserving the awe-inspiring facilities and national treasures entrusted to its care. Finally, AOC serves visitors to the Capitol by encouraging memorable experiences that inform, involve, and inspire.

Our Mission

AOC's mission is to serve Congress and the Supreme Court, preserve America's Capitol and inspire memorable experiences for our visitors.

Our Vision

AOC will be an exceptional team, acclaimed for superior service, recognized as trusted stewards and renowned for enriching people's lives.

Our Values

The professionalism and integrity of each AOC employee demonstrates our dedication to providing quality services and our commitment to holding ourselves to the highest standards.

We recognize that we do our best work through teamwork, each of us lending our individual strengths and talents to the greater goal of the entire team. We respect each other and rely on each other in our efforts to make the AOC a center of excellence.

We take great pride in what we do and in the honor of serving Congress, the Supreme Court, and the American people each and every day.

SERVE ♦ PRESERVE ♦ INSPIRE

AOC's dedicated employees distinguish themselves every day by embodying the promise of Serve — Preserve — Inspire.

Our Organization

AOC is a nonpartisan, professional services office of the U.S. Government's Legislative Branch. The organization is led by the Architect of the Capitol, Stephen T. Ayers, FAIA, LEED AP. The Architect serves as an official of the Legislative Branch, acting as both an officer and agent of Congress.³

AOC provides a wide range of professional expertise and services to preserve and enhance the Capitol. The organization preserves the Capitol's historic legacy while providing Congress a safe and efficient working environment. In addition to its facilities management services, AOC manages new construction, repair and renovation projects, as well as visitor services at the Capitol Visitor Center and the U.S. Botanic Garden. AOC is organized into 10 principal jurisdictions, plus general administrative and centrally managed functions. AOC's organization chart is shown in **Figure 8**.

AOC's responsibilities have expanded in scope and size throughout its history and AOC's workforce has grown accordingly to meet those needs. Today, AOC has a budgeted staff of approximately 2,186 Full-Time Equivalents (FTEs), made up of permanent, temporary and seasonal staff. AOC uses temporary labor for work activities of limited duration such as construction projects and the biennial congressional office moves. AOC uses seasonal employees to reduce labor costs on seasonally fluctuating programs such as visitor services. AOC's employees are its most important resource. They are responsible for the daily operations throughout the Capitol and each employee's contribution is essential to AOC's success. AOC's diverse workforce includes skilled laborers serving as custodians, gardeners, electricians, plumbers, upholsterers, carpenters, painters, masons and other craftspeople. **Figure 9** details the distribution of on-board FTEs across the organization.

³ The Architect of the Capitol serves as a member of several governing or advisory bodies, including the U.S. Capitol Police Board, Congressional Accessibility Services Board, Advisory Council on Historic Preservation, National Capital Memorial Advisory Commission and the District of Columbia Zoning Commission. The Architect serves as an ex-officio member of the United States Capitol Preservation Commission and the National Building Museum and as the Acting Director of the U.S. Botanic Garden under the Joint Committee on the Library.

FIGURE 8: AOC Organization Chart

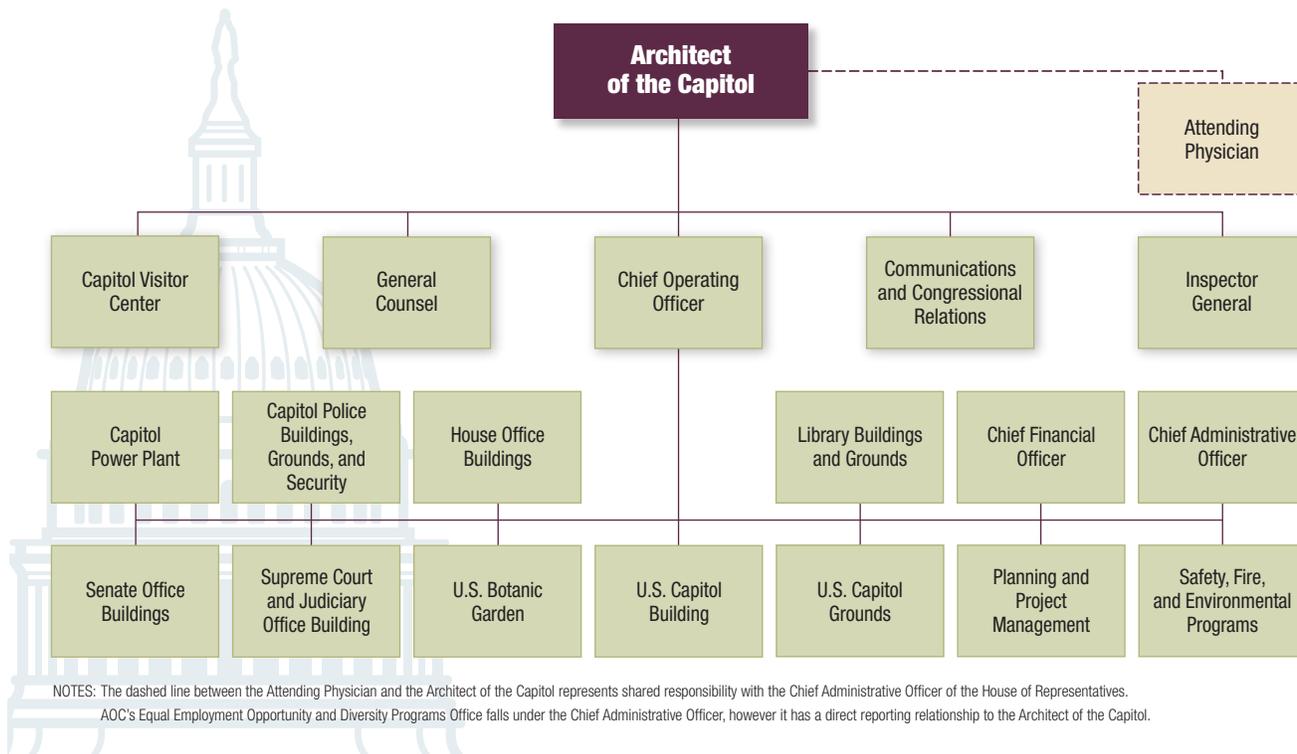
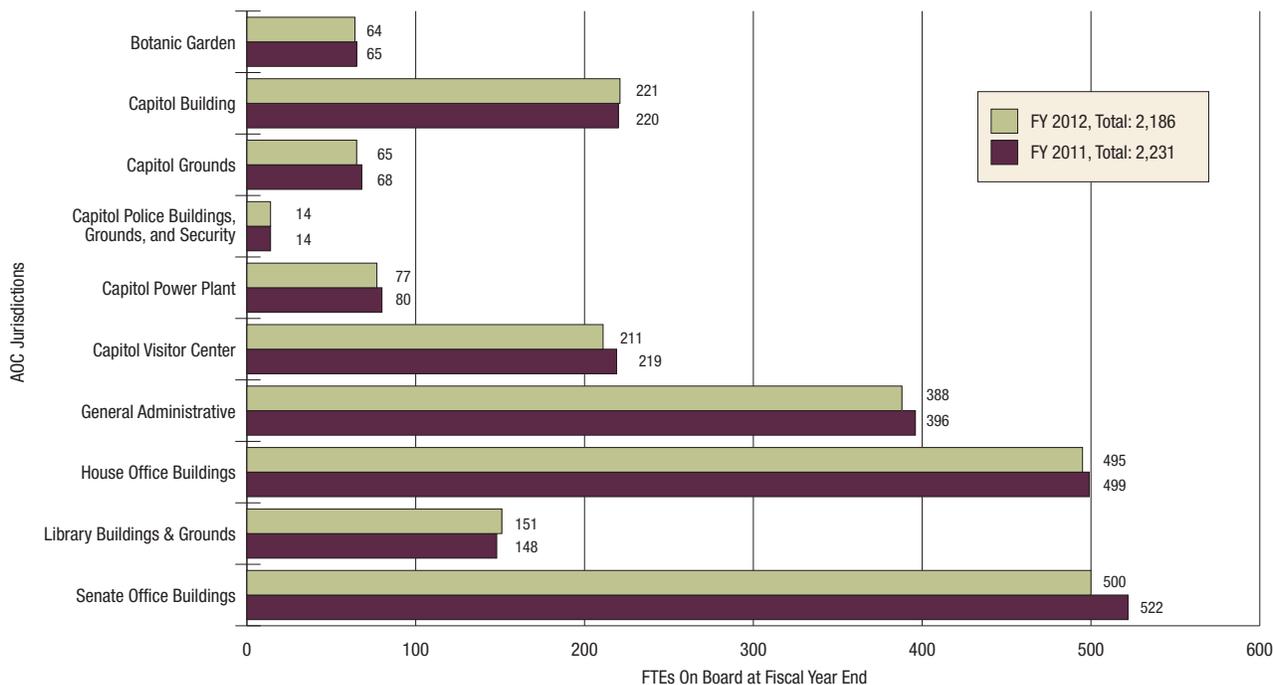


FIGURE 9: Actual FTEs by AOC Location



Note: The total AOC FTEs and the chart excludes the FTEs on board at the Supreme Court jurisdiction (37 at FY 2011 and 40 at FY 2012). These FTEs are not included in the AOC appropriation and are separately funded via the Judiciary Branch appropriation.

General Administrative and Central Management

AOC includes several essential General Administrative Offices. The Office of the Chief Operating Officer (COO) drives performance management and ensures the accomplishment of AOC's mission. As depicted in the organization chart, nine of the 10 AOC jurisdictions, plus several General Administrative offices, report through the COO to the Architect of the Capitol. The Office of the Chief Financial Officer (CFO) provides financial management support (through its accounting, budget and financial systems divisions and its internal controls manager), ensures sound financial stewardship and analyzes the financial implications of program decisions. The Office of Communications and Congressional Relations is responsible for strategic communication initiatives, legislative affairs and media and community relations. The General Counsel serves as legal counsel to the Architect and serves as AOC's supervising Ethics Office. The Inspector General ensures the integrity, efficiency and efficacy of programs and finances. The Attending Physician, comprised of several health units throughout the Capitol, provides primary care, emergency, environmental and occupational health services. Responsibility for the Attending Physician is shared by AOC and the Chief Administrative Officer of the House of Representatives, a separate Legislative Branch organization.

In addition to these vital organizational support offices, AOC has three distinct central offices that are specifically organized to meet the demands of AOC's unique mission. These offices are discussed below.

Planning and Project Management

The Office of Planning and Project Management (PPM) manages AOC's capital planning and improvement efforts, provides architectural and engineering design expertise, executes project and construction management and in-house construction services. PPM is comprised of six divisions: Project Management; Design Services; Technical Support; Facilities Planning and Programming; Construction; and Sustainability and Energy Division.

Safety, Fire and Environmental Programs

The Office of Safety, Fire and Environmental Programs (SFEP) is responsible for ensuring AOC's compliance with safety, fire and environmental laws and regulations. SFEP, comprised of the Safety, Environmental and Fire Marshal Divisions, establishes safety policy, conducts oversight and coordinates emergency planning and preparedness. SFEP is the primary point of contact with external regulatory agencies for AOC's occupational safety and health, fire protection and environmental matters.

Chief Administrative Officer

The Office of the Chief Administrative Officer (CAO) provides administrative support (acquisition and material management, human capital management, information technology and office services) for AOC as well as curatorial services. The Curator Division oversees the care and conservation of the architectural, fine and decorative arts that fall under AOC's stewardship responsibilities. The Curator Division also includes the Records Management and Archives Branch and the Photography Branch.

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Troy Brown

Assistant Director for Planning, Office of Planning and Project Management—Facilities Planning and Programming Division

Troy spearheaded AOC's development of the draft Capitol Complex Master Plan. The Master Plan provides a comprehensive framework for AOC's long-term capital projects and sets future campus investment priorities. Troy's dedication allowed the draft Master Plan to be completed in FY 2012—the first update since the 1980's. Troy's work reflects AOC's mission to preserve the historic facilities under its care and maintain a quality work environment for Congress and the Supreme Court.

AOC Jurisdictions

AOC has oversight responsibility for 10 jurisdictions, each tasked with distinct responsibilities for a designated physical area of the Capitol complex.

Each jurisdiction and their individual mission responsibilities are summarized in this section of the Management's Discussion and Analysis (MD&A). A description of each jurisdiction's fiscal year accomplishments and priorities for next fiscal year is presented in Appendix A. A list of the major AOC facilities that fall under each jurisdiction's stewardship is included in Appendix B.

Botanic Garden

The U.S. Botanic Garden (USBG) was established by Congress in 1820 and has been in continuous operation since 1850. The Architect of the Capitol serves as Acting Director of the USBG and reports on its operations to Congress. Since 1934, AOC has managed the maintenance, operations and construction improvements for the Botanic Garden along with the USBG facility manager.

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Ray Mims

Conservation Horticulturist, Botanic Garden

Ray exemplifies AOC's motto of Serve, Preserve, and Inspire. In addition to his sustainability and conservation responsibilities, Ray served as acting head of the Public Programs Division for seven months. An inspiring leader, Ray helped advance the Public Programs Division and enhanced the Botanic Garden's recycling and composting operations. Ray has also been an instrumental leader for the Botanic Garden's private-public partnerships program and serves on the Board of the American Public Garden Association.

The USBG public areas include the Conservatory and approximately eight acres of surrounding gardens, which encompass the National Garden and Frédéric Auguste Bartholdi Park. The jurisdiction also includes an administration building and a plant production and support facility with 36 greenhouse bays, outdoor nursery areas, storage areas and maintenance shops.

The USBG provides expertise in botany, botanical illustration, horticulture and plant-based education for youth and is the steward of a diverse plant collection. The USBG also offers educational programs, tours, exhibits and consultations. The USBG is a leader in plant conservation and participates in national partnership programs such as the Sustainable Sites Initiative (SITES) to establish and encourage sustainable practices in design, construction, operations and maintenance of built landscapes. Current exhibits and educational programs can be found at www.usbg.gov.

Capitol Building

The Capitol is one of the most architecturally impressive and symbolically important buildings in the world and it is the centerpiece of the Capitol complex. The Capitol is the meeting place for Congress and its historic rooms, halls and ceilings serve as a showcase for American art and history.

The daily care and stewardship of the Capitol is entrusted to the Capitol Building jurisdiction (CB). The structural and mechanical care of the Capitol includes carpentry, construction, electrical, elevator, heating, ventilation and air conditioning, refrigeration, masonry, painting, plumbing, special events and flag office operations. Major programs include fire detection and protection management, occupational health and safety, indoor air quality, energy management, sustainability and recycling. The jurisdiction also manages the facility maintenance at the Capitol Visitor Center. The CB supports the legislative operations of Congress and assists congressional and committee staff, visitors and the general public while preserving, protecting and enhancing this iconic landmark.

Capitol Grounds

The Capitol Grounds jurisdiction (CG) is responsible for preserving and maintaining the landscape, plantings and infrastructure across Capitol Hill. The grounds immediately surrounding the Capitol were expanded in 1874 under the oversight of the esteemed landscape architect Frederick Law Olmsted, who designed a circular pattern of walkways and drives with open lawns and stately trees. The landscape design sought to create a peaceful, open and park-like landscape that would welcome visitors and provide a dignified setting for the Legislative Branch. Today, the Grounds encompass approximately 290 acres.

The jurisdiction's work includes routine and cyclic landscape maintenance such as mowing, weeding and watering seasonal plantings, comprehensive tree care and upkeep of the Grounds' supporting infrastructure, vehicles and equipment. CG also maintains 18.5 miles of sidewalks, 8.5 miles of drives, parking lots, irrigation systems, ornamental fountains and the preservation and maintenance of historic stone walls and decorative features. CG provides snow and ice removal, trash collection, shuttle bus service and support for major events (such as the annual Summer Concert Series on the Capitol's West Front lawn).

Capitol Police Buildings, Grounds and Security

The Office of Security Programs (OSP) manages the Capitol Police Buildings, Grounds and Security (CPBG&S) appropriation. This office is responsible for the maintenance, care and operation of the buildings, grounds and security enhancements of the U.S. Capitol Police (USCP), the Alternate Computer Facility (ACF) and other related facilities.

OSP is also responsible for centralized security operations. AOC oversees and supports the USCP and other functions in policing, protecting and ensuring the security of the congressional community and its visitors. OSP is responsible for the delivery of unique, value-added, integrated support services that include security enhancements for the Capitol complex, the management of all AOC internal security programs, operating perimeter security kiosks and the coordination of interagency emergency preparedness.

Capitol Power Plant

The Capitol Power Plant (CPP) jurisdiction is responsible for managing and operating the Capitol Power Plant. The Power Plant operates 24 hours per day, 365 days per year to provide steam and chilled water service to heat and cool the Capitol and 23 other facilities located on or near Capitol Hill.

Commissioned in 1910, the Power Plant originally provided the Capitol with both steam and electricity. Today, the Power Plant provides steam and chilled water utility services to both congressional and non-congressional facilities (e.g., Union Station), the latter of which reimburse the CPP for its services. The jurisdiction procures electricity from commercial suppliers. In addition to the central steam and refrigeration plants, the jurisdiction maintains an administration building and the utility tunnel distribution and metering systems. The jurisdiction is responsible for the daily care, maintenance and operation of the Power Plant facilities. The CPP continually pursues opportunities to improve energy efficiency and cost-effectiveness through operational enhancements.

The *Behind the Scenes* section of this PAR includes photographs that showcase the facilities and work within the Capitol Power Plant jurisdiction.

Capitol Visitor Center

The Capitol Visitor Center (CVC) is the newest and largest addition to the Capitol complex in its history. The 580,000 square foot facility is located completely underground on the Capitol's East Front. The CVC provides a convenient and comfortable facility to introduce visitors to the Capitol and educate them about the work of Congress, the legislative process and the building's art and architecture. The CVC includes permanent and rotating exhibits, a restaurant, two orientation theaters, a large auditorium and two gift shops. The CVC's facility maintenance operations are managed by the Capitol Building jurisdiction. As depicted in AOC's organization chart, the CEO for Visitor Services reports directly to the Architect of the Capitol.

The CVC has increased public access to the Capitol while greatly enhancing the experience for the millions of visitors who come each year to tour the historic Capitol corridors and experience the legislative process. Through partnerships, outreach and a vibrant, interactive Web presence (www.visitthecapitol.gov), the CVC works to inspire guests even before they arrive at the Capitol.

House Office Buildings

The House Office Buildings jurisdiction (HOB) oversees the office and committee space for the Members of the U.S. House of Representatives and their staffs. In 1908, the first congressional office building (later named the Cannon House Office Building after former Speaker Joseph Cannon) was constructed to meet the House of Representative's increasing space requirements. Additional office buildings (Longworth and Rayburn) were completed in 1933 and 1965, respectively. Today, the jurisdiction is steward for the operation, maintenance and preservation of seven facilities.

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John Wasley

Visitor Assistant, Capitol Visitor Center

John fulfills his role as a Visitor Assistant in an energetic manner to ensure visitors to the Capitol have the best possible experience. John's language abilities have allowed him to provide assistance to foreign visitors on many occasions, turning their confusion into gratitude as he helps them navigate the CVC. John's can-do attitude and tireless drive to assist visitors reflect AOC's motto by inspiring extraordinary visitor experiences.

The jurisdiction is responsible for the daily domestic care, repair work and structural and equipment maintenance for the U.S. House of Representatives' office buildings, underground garages, annexes and subways. HOB functions include client services, preventive maintenance, building inspector surveys, compliance issues abatement, energy savings initiatives, recycling programs and safety inspections. The jurisdiction also manages the biennial office move process to provide suitable office and committee space for House Members.

Library Buildings and Grounds

The Library of Congress was established in 1800 and resided in the Capitol for close to a century. In 1897, the Thomas Jefferson Building was constructed and has since grown to be the largest library in the world—housing millions of books, recordings, photographs, maps and manuscripts. The library facilities have expanded to include nearly 3.8 million square feet of space, including book storage modules for long-term preservation

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Emiliano (Manny) Vega, Thomas Crawley

Gardeners, Supreme Court

Manny and Thomas are exemplary members of the Supreme Court Building and Grounds team. They contribute to the AOC's mission by providing skillful plant designs for exterior gardens and interior courtyards while promoting sustainable practices. They regularly answer questions from the public and employees regarding type of plants and their associated care. They also provide support for special Court functions and help install the Supreme Court Christmas Tree during the holiday season.

in Maryland and the Packard Campus for Audio-Visual Conservation in Virginia for state-of-the-art preservation, storage and presentation of its audio-visual collections.

The Library Buildings and Grounds jurisdiction (LBG) is responsible for the day-to-day facility operations and structural, mechanical and electrical care for the Library facilities. Its facility management services include grounds care, maintaining heating ventilation and air conditioning, electrical systems, fire systems and trades work such as machine work, masonry, painting, plumbing, refinishing, sheet metal and wood crafting.

Senate Office Buildings

The Russell Senate Office Building (named for former Senator Richard Russell, Jr.) was constructed in 1909 to relieve overcrowding in the Capitol. The Dirksen and Hart Senate Office Buildings were added in 1958 and 1982, respectively, to form the core of the Senate Office Buildings jurisdiction (SOB). Today, this jurisdiction is comprised of more than 2.5 million square feet of facility space (including office space, off-site storage buildings and the Senate subway transportation systems) to support the business of the U.S. Senate.

The jurisdiction is responsible for the structural, mechanical and domestic care of eight main facilities. In addition to providing facilities management and construction services to senators and their staffs, the jurisdiction also provides specialized services such as custom mill work, drapery design, custom furniture fabrication and furniture re-upholstery and repair. Client services include garage parking, historic preservation and congressional hearing and special events set-up. In addition, following each biennial election cycle, the jurisdiction manages the office move process to provide suitable office and committee space for each senator.

Supreme Court and Judiciary Office Building

After 134 years of meeting in the Capitol, most notably in the "Old Supreme Court Chamber" (1819–1860) and the "Old Senate Chamber" (1860–1935), the Supreme Court moved into its own building in 1936. The classically-inspired Supreme Court Building is an iconic landmark located across the street from the Capitol's East Front. In 1992, the Thurgood Marshall Federal Judiciary Building (TMFJB) was constructed to meet the growing office needs of the Judicial Branch.

AOC's Supreme Court jurisdiction (SC) is responsible for the facility operations and maintenance of both the Supreme Court Building and the TMFJB. Operational duties include building and grounds maintenance, historic preservation, construction and structural and mechanical care. Unlike other AOC jurisdictions, the funding to care for the Supreme Court Building and the TMFJB is appropriated by Congress to the Judicial Branch, which reimburses AOC for its operating costs. All duties required for the operation and care of the Supreme Court Building are performed under the joint direction of the Marshal of the Supreme Court and AOC's Facility Manager's Office.



AOC's Strategic Goals and Objectives

AOC's Strategic Vision provides four strategic goals to achieve its mission. The strategic objectives under goals one and two focus on promoting a culture of integrity, teamwork and accountability. Goals three and four address principal program areas related to facilities operational support, project delivery, preservation of heritage assets and historic structures and visitor services. **Table 4** identifies the relationship between AOC's strategic goals and objectives.

For a copy of the AOC's Strategic Vision document, please visit the AOC Website at: <http://www.aoc.gov/sites/default/files/documents/basic-page/AOC-strategic-vision.pdf>.

Goal 1: One Team, One Mission

AOC's goal of One Team, One Mission is designed to foster a culture of learning, sharing, cooperation and teamwork that improves efficiency and effectiveness throughout the agency. Within this goal, AOC identified three objectives:

- ◆ **Cultivate an Organizational Culture of Learning, Sharing and Support.** AOC is dedicated to strengthening the agency's

reputation for excellence and enhancing the foundation on which it delivers its mission. This is accomplished by improving collaboration, both across the agency and with external partners, to share solutions to common challenges.

- ◆ **Utilize AOC's Resources Efficiently.** AOC continually seeks to improve its mission delivery. This involves adopting best practices, streamlining internal operations and utilizing financial information in the decision making process to optimize efficiency.
- ◆ **Collaboratively Develop and Implement Standardized Processes, Policies and Programs.** AOC works to standardize policies and programs across the agency. The strategies to implement this objective are creating and engaging in proactive risk management, establishing a program that drives quality improvement and building a consistent data framework to manage information as an agency asset and drive productivity.

Goal 2: Innovative and Empowered Workforce

The goal of Innovative and Empowered Workforce will guide AOC to attract, develop and retain quality employees. Additionally, AOC empowers its workforce to be innovative and embrace change. AOC identified three objectives within this goal:

TABLE 4: Strategic Goals and Objectives

Strategic Goals	Objectives
Goal 1: One Team, One Mission United in Excellence	Cultivate an Organizational Culture of Learning, Sharing and Support
	Utilize AOC Resources Efficiently
	Collaboratively Develop and Implement Standardized Processes, Policies and Program
Goal 2: Innovative and Empowered Workforce Leading Change Together	People are the Cornerstone of our Success
	Increase Employee Involvement and Engagement
	Build a Culture of Transparency, Ownership and Accountability
Goal 3: Awe-Inspiring Facilities Unsurpassed Craftsmanship and Stewardship	Preserve, Enhance and Protect our Facilities and Landscapes
	Strengthen our Facilities through Asset Lifecycle Management
	Promote a Culture of Resource Conservation
	Provide Superior Project Delivery
Goal 4: Extraordinary Services Going the Extra Mile	Provide Extraordinary Client Services
	Educate, Inform and Inspire the Capitol Hill Visitor Experience

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Marjory E. Anderson, CSP

*Safety Engineer, Office of Safety,
Fire and Environmental Programs*

Marjory is a meticulous Safety Engineer tasked with providing safety reviews of project designs. She led AOC efforts to evaluate and replace deficient fall protection systems across the campus and continues to lead AOC's efforts to integrate safety, historic preservation and operational considerations into the earliest project phases. Marjory is actively involved in the American Society of Safety Engineers (ASSE), and was honored as ASSE's Engineering Practice Specialty Safety Professional of the Year in both 2011 and 2012.

- ♦ **People Are the Cornerstone of Success.** To develop its workforce, AOC enhances opportunities for professional growth and strengthens programs to attract and retain outstanding employees.
- ♦ **Increase Employee Involvement and Engagement.** AOC empowers employees to serve as ambassadors that exemplify its core values. Additionally, AOC cultivates a work environment that encourages employee engagement and innovation.
- ♦ **Build a Culture of Transparency, Ownership and Accountability.** AOC strives to promote integrity and professionalism throughout the agency.

Goal 3: Awe-Inspiring Facilities

AOC's goal of Awe-Inspiring Facilities reflects the commitment to outstanding stewardship of the Capitol complex, facilitating congressional and legislative operations and promoting a safe and secure environment for AOC's clients. This goal encompasses the majority of the agency's program areas. Four objectives comprise this goal:

- ♦ **Preserve, Enhance and Protect Our Facilities and Landscapes.** AOC ensures the national treasures entrusted to its care are maintained and preserved for present and future generations. These historic treasures include not only the iconic congressional buildings and grounds, but also a large collection of artwork, architectural features, photographs, reference materials and living plant collections. AOC performs custodial and housekeeping work, landscaping, road and walkway maintenance and snow removal to maintain its facilities and grounds for those who work on and visit the Capitol complex. In addition, AOC's mission includes safety, fire protection, environmental and emergency preparedness programs to integrate safety practices into business operations and a security program to provide critical infrastructure protection.
- ♦ **Strengthen our Facilities Through Asset Lifecycle Management Strategies.** AOC provides timely and high quality facilities maintenance services. Facilities maintenance activities include planned and corrective maintenance. Planned, or preventive, maintenance includes facility inspections, life-cycle asset management and other routine scheduled maintenance work. Corrective maintenance pertains to emergency maintenance in response to an unscheduled issue.
- ♦ **Promote a Culture of Resource Conservation.** AOC remains committed to sustainability and conservation. To further this goal, AOC integrates sustainable practices into business operations and strengthens its culture of sustainability with stakeholders and external organizations.
- ♦ **Provide Superior Project Delivery.** AOC undertakes many projects to preserve and enhance the Capitol. To effectively manage its capital asset portfolio, AOC aims to provide effective and efficient project delivery. Project delivery includes planning, programming, design, construction and related management activities.

Goal 4: Extraordinary Services

AOC strives to provide proactive and professional integrated services that exceed clients' and visitors' expectations by understanding and anticipating their needs. AOC developed two objectives for this goal:

- ♦ **Provide Extraordinary Client Services.** AOC provides high quality services in direct support of congressional and Supreme Court operations. Client services include normal and special request services provided to AOC clients, their staffs, the public and other constituencies. Examples include painting services, deliveries and picture framing. Client services also include special event services such as supporting the Presidential Inauguration and the biennial election year office moves.
- ♦ **Educate, Inform and Inspire the Capitol Hill Visitor Experience.** AOC is responsible for providing a welcoming, informative and inspiring environment to those who visit the Capitol. The Capitol Visitor Center and U.S. Botanic Garden jurisdictions hold primary responsibilities for visitor service activities. These activities include tours, training, lectures and special events. The CVC also provides visitors with the amenities of a restaurant, gift shops and an exhibition hall.



Performance Highlights

Strategic Vision Framework

AOC's newly issued Strategic Vision and Five Year Focus (FY 2012–FY 2016) provides the organizational framework for the agency's performance reporting structure. The Strategic Vision is organized around four goals. Each goal contains multiple strategic objectives, under which are multiple strategies for accomplishing each objective. The strategies are the building blocks of AOC's transformation into a world-class organization. Each strategy is further broken down into planned initiatives. Strategies and initiatives contain performance metrics that show how AOC is making progress in each of the goal's themes. The Strategic Vision framework is illustrated below.

For this initial reporting year under the new Strategic Vision, AOC has maintained most of the performance metrics the organization was already managing by and aligned them to their corresponding goal. The Performance Section of this report includes, within each goal's presentation, performance results for the strategies selected to be the focus of the first 12 to 18 months of the Strategic Vision. A thorough analysis of the performance results for each performance metric is presented in the Performance Section of this report.

The metrics AOC has chosen to measure progress towards the Strategic Vision are varied and wide-ranging. Some are well established performance metrics that the agency monitors through the agency-wide Executive Dashboard while others are followed at more tactical levels of the organization. AOC created a number of new performance metrics in FY 2012 for the new Strategic Vision. Where available, prior year data is provided to approximate past performance and establish trends for these

new metrics. Finally, AOC anticipates that some metrics will only be used one or two years, to be replaced by more appropriate metrics as initiatives are completed and strategies mature. With the increased availability of enterprise data, new and better ways to measure performance will arise over time, and AOC plans to take full advantage of these opportunities to improve how it measures performance.

The following breakdown in **Table 5** summarizes the number of performance metrics by strategic goal.

TABLE 5: Performance Metrics Breakdown

Strategic Goal	Strategic Objectives	Performance Metrics
One Team, One Mission	3	4
Innovative and Empowered Workforce	3	2
Awe-Inspiring Facilities	4	6
Extraordinary Services	2	4
Total	12	16

In FY 2012, AOC met or exceeded its targets for 10 of the 16 total performance metrics. A summary of the performance metric results by goal is presented in **Figure 10**. Five of the performance metrics reported here either do not have defined targets for FY 2012 or the performance data to metric was not available at publication, and performance for these

STRATEGIC VISION FRAMEWORK

Strategic Goals → Strategic Objectives → Strategies → Performance Metrics

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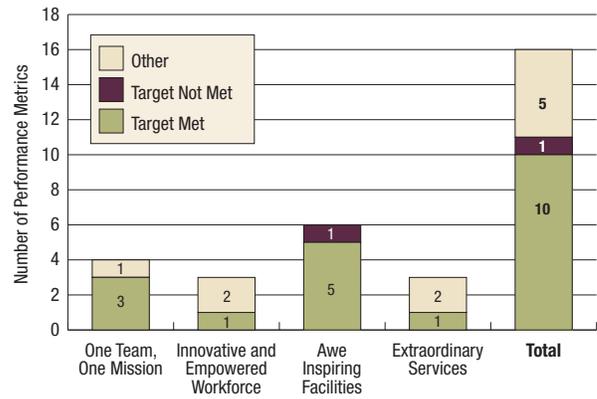
Trista Claxon

*Management and Program Analyst,
House Office Buildings*

Trista is a motivated employee who is dedicated to serving AOC's customers. She was the driving force behind AOC's initial Organizational Assessment Survey (OAS). She coordinated with the Office of Personnel Management to develop parameters for the pilot OAS, and then worked with House Office Buildings employees and supervisors to ensure that the survey and subsequent action plans were successful. Her efforts set an excellent benchmark for the rest of the agency.

metrics are reported as "Other." Detailed information on the unmet performance metric and the methods used to ensure the data used is reliable and relevant is included in *Section II: Performance Information*.

FIGURE 10: Performance Targets by Strategic Goal



Performance Results Summary for Select Key Metrics

Tables 6 through 9 highlight FY 2012 and, when available, FY 2011 performance results as measured against established targets for selected key performance metrics in AOC's Strategic Vision. Goals one and two focus on the organization's foundation and the promotion of a culture of integrity, teamwork, and accountability. Goals three and four address the core mission areas of the AOC. The objectives for these goals include AOC's facilities operational support, project delivery, preservation of heritage assets and historic structures, and visitor services. The costs, net of revenues, assigned to achieving each goal are also provided, along with the percentage of AOC's costs by goal. For a full account of performance metrics, refer to *Section II: Performance Information*.



The employees of AOC apply both modern techniques and historical tradecrafts in the care and preservation of the Capitol campus. The AOC's workforce includes skilled laborers serving as painters, custodians, gardeners, electricians, upholsters, masons and other craftspeople.

PERFORMANCE HIGHLIGHTS:

Goal 1: One Team, One Mission

TABLE 6: Strategic Goal 1—Results for Select Key Metrics

Key Performance Metric	FY 2011 Target	FY 2011 Actual	FY 2011 Results	FY 2012 Target	FY 2012 Actual	FY 2012 Results
STRATEGIC GOAL 1: One Team, One Mission						
Usage of Overtime: AOC diligently works to reduce the number of overtime hours used to fulfill its mission through improved planning and scheduling. For FY 2012, AOC will incur less overtime hours than the previous year.	—	213,243 hours	N/A (new)	< 213,243 hours	141,529 hours	 Target Met

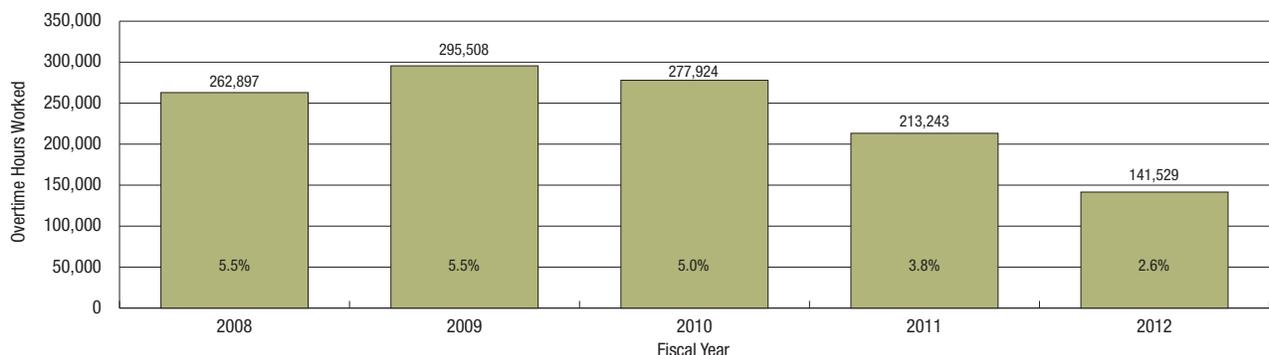
AOC continued initiatives to manage its resources more effectively by reducing labor costs. Project planning, shift restructuring and enforcing overtime budgets have significantly reduced AOC's overtime costs. **Table 6** presents AOC's FY 2012 performance in reducing overtime usage. AOC met its target by reducing overtime usage by over 70,000 hours. **Figure 11** illustrates AOC's overtime reduction of over 120,000 hours between FY 2008 and FY 2012. For additional highlights of AOC cost savings and cost avoidance initiatives, see **Table 13** in *Section II* of this report.

One Team, One Mission	
Net Cost (\$ in thousands)	\$6,687
Percentage of Total Cost	1.1%

One Team, One Mission—Other Key Accomplishments:

- ◆ AOC implemented a new Onboarding Program that welcomes new employees and immediately immerses them in AOC's values and goals. The primary objective of the program is to inspire a unity of purpose throughout AOC.
- ◆ AOC began a senior leadership strengthening effort to integrate Strategic Vision Goals with operations across the organization and to address challenges identified in the Organizational Assessment Survey. Related efforts to strengthen and improve management throughout AOC will follow in subsequent years.
- ◆ In FY 2012, AOC issued an agency-wide policy designed to alleviate the challenge of policy atrophy identified by the Inspector General. The program will update existing policies that are out of date, facilitate adherence to policy and standardize guidance across jurisdictions.
- ◆ Under the Policy Program framework, AOC collaboratively developed and initiated several standardized processes, including a structured workflow for the Capital Improvement Program approval process. Approval occurs within the Project Information Center application so that project managers no longer have to hand-deliver paper forms.
- ◆ AOC supported several employees in attaining professional certifications. Three employees obtained LEED Green Associate accreditation, three employees achieved the distinction of Certified Facility Manager from the International Facility Managers' Association and four employees completed the Excellence in Government Fellows Program, bringing AOC's total number of Senior Fellows to 20.
- ◆ AOC implemented the Invoice Processing Platform resulting in reduced invoice paperwork and a 15 percent improvement in on-time payments.

FIGURE 11: Overtime Hours Worked FY 2008–FY 2012



Note: Percentages represent ratio of overtime hours to regular hours.

PERFORMANCE HIGHLIGHTS:

Goal 2: Innovative and Empowered Workforce

TABLE 7: Strategic Goal 2—Results for Select Key Metrics

Key Performance Metric	FY 2011 Target	FY 2011 Actual	FY 2011 Results	FY 2012 Target	FY 2012 Actual	FY 2012 Results
STRATEGIC GOAL 2: Innovative and Empowered Workforce						
Honor Awards Program: AOC recognizes employees who have gone above and beyond the call of duty, who have demonstrated service excellence, extraordinary teamwork, or ingenuity in solving challenges. For FY 2012, the AOC will track the number of Architect Honor Awards recipients.	—	403	N/A (new)	N/A	800	Other

AOC continued to improve employee morale in FY 2012 by recognizing employees. The results of the Honor Awards Program are presented in **Table 7**. While this metric does not lend itself to having a numeric target, AOC looks to see a healthy trend that is consistent with events. For example, in FY 2012, AOC recognized a substantial number of employees who provided exemplary service in response to the magnitude 5.8 August 2011 earthquake.

into an electronic format. eOPF will provide increased access for employees to view and manage their employment documents.

- ◆ AOC raised more than \$100,000 in charitable contributions in the 2011 Combined Federal Campaign. The successful campaign set a new record for contributions by AOC employees.

Innovative and Empowered Workforce	
Net Cost (\$ in thousands)	\$16,414
Percentage of Total Cost	2.7%

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Innovative and Empowered Workforce—Other Key Accomplishments:

- ◆ AOC conducted an agency-wide Organizational Assessment Survey (OAS). The survey measured 12 dimensions of organizational climate that assessed strengths, challenges and drivers for effectiveness. Employees completed 2,039 surveys—a response rate of 83 percent. Survey results identified safety and a focus on customer service as most favorable and identified issues such as favoritism and fairness, having a voice in decisions and recognition for good performance as the areas in need of improvement. AOC management used the results to create action plans across the agency.
- ◆ AOC developed a U.S. Botanic Garden Partnership, the U.S. Botanic Garden National Fund Agreement and Voluntary Services Agreement.
- ◆ AOC revised its Career Staffing Plan Policy and Procedures to provide greater flexibility in recruiting and selecting the best-qualified candidates. The revision also reinforces AOC's commitment to veterans' preference in hiring.
- ◆ AOC continued its partnership with the Phelps Architecture, Construction and Engineering High School. In May 2012, AOC sponsored students for a two-day program that involved hands-on problem solving and critical thinking exercises.
- ◆ AOC successfully implemented the Electronic Official Personnel Folder (eOPF) system by converting employees' personnel folders

Nicole Bland

Custodial Worker, Senate Office Buildings

Nicole Bland is a model AOC employee. Nicole reliably ensures the areas she is responsible for within the Senate Office Buildings are clean and well maintained. Nicole takes an incredible amount of pride in her work, knowing that it is vital to the success of both AOC and the Senate. Nicole's positive attitude and humble approach to her work reflect her dedication to serving, preserving and inspiring.

PERFORMANCE HIGHLIGHTS:

Goal 3: Awe-Inspiring Facilities

TABLE 8: Strategic Goal 3—Results for Select Key Metrics

Key Performance Metric	FY 2011 Target	FY 2011 Actual	FY 2011 Results	FY 2012 Target	FY 2012 Actual	FY 2012 Results
STRATEGIC GOAL 3: Awe-Inspiring Facilities						
Preventive Maintenance: Preventive maintenance (PM) includes routine, scheduled facility maintenance work. AOC's PM is targeted to be 90% completed as scheduled.	≥ 90.0%	90.0%	Target Met	≥ 90.0%	93.0%	 Target Met
Injury and Illnesses Rate: AOC employee's injury and illnesses rate is targeted to be less than the previous year's rate.	≤ 4.33%	3.67%	Target Met	≤ 3.66%	3.85%	Target Not Met
Energy Consumption: Utilities are effectively used so that a decrease of 3% per year is achieved in total energy consumption. Annual energy reduction targets utilize FY 2003 baseline levels and call for an 18.0% reduction in FY 2011 and a 21.0% reduction in FY 2012.	≤ -18.0%	-18.6%	Target Met	≤ -21.0%	-21.8%	 Target Met

AOC remains focused on providing the U.S. Congress, Supreme Court and public with safe and functional facilities. **Table 8** presents AOC's performance toward this goal in preventive maintenance, workplace safety and energy consumption.

Awe-Inspiring Facilities	
Net Cost (\$ in thousands)	\$503,372
Percentage of Total Cost	82.8%

Awe-Inspiring Facilities—Other Key Accomplishments:

- ◆ AOC performed work on critical conservation projects in the Capitol, including the restoration of the Old Senate Chamber and Phase I of the Dome Restoration. Restoration of the Old Senate Chamber returned the room to its historic appearance circa 1847. Phase I of the Dome project included removing lead paint, restoring the structure's ironwork, sandstone and masonry and resealing and repainting the cast-iron Dome Skirt. More information on the Dome Restoration can be found at www.aoc.gov/projects/dome-skirt-rehabilitation.
- ◆ AOC commenced a new phase of the ongoing restoration of the Brumidi Corridors in the Senate wing of the Capitol. A multi-year contract was awarded for the areas of walls and ceilings that have not yet been restored.
- ◆ AOC closed out the Capitol Power Plant Utility Tunnel Settlement Agreement by abating covered tunnel safety and health hazards. The settlement agreement was formally closed by the Office of Compliance on May 15, 2012.
- ◆ In May 2012, AOC began restoration work on the U.S. Supreme Court Building's West Front Façade to address deterioration due to age, weather and nature. The project's scaffolding is covered by an imprinted scrim, the first of its kind on Capitol Hill, which both allows the building's iconic façade to remain visible to visitors during cleaning and restoration work and contains debris produced by the marble repair work.
- ◆ AOC repaired cosmetic damage to the Capitol complex following the August 2011 earthquake. The most significant repairs were made in the House Office Buildings. AOC finalized repairs to these facilities in February 2012.
- ◆ During the 2012 August recess, AOC repaired the exterior columns at the Longworth House Office Building. AOC also restored the building's South Capitol Street portico.
- ◆ AOC completed asbestos abatement projects in the Thomas Jefferson Building, Capitol Power Plant and the Rayburn House Office Building.
- ◆ AOC implemented several Asset Lifecycle Management initiatives including a steam trap preventive maintenance plan, a campus door maintenance plan and an electrical panel data collection plan in the Library Buildings. A new model maintenance management plan for the Capitol Grounds includes a zero-based assessment of asset management needs and provides an operations and maintenance model that can be applied across all jurisdictions.
- ◆ AOC continued implementing handheld devices for technicians. In the Supreme Court jurisdiction, use of these devices was expanded to 50 percent of its shops. Use of handhelds provides more efficient and accurate maintenance information and facilitates tracking of maintenance costs.

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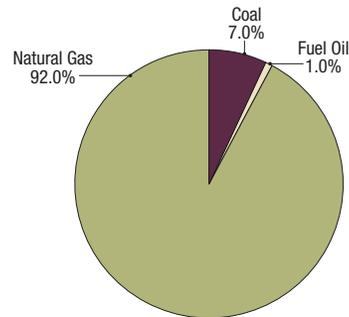
Robert Simmons

*Mechanical Engineering Technician,
Capitol Power Plant*

Bob has worked throughout the Capitol Power Plant to facilitate improvements such as replacing the condensate system piping, package boiler meter, and boiler plant roof and installing a fuel offloading pad. Bob also serves as the Universal and Hazardous Waste Site Coordinator and supports the Power Plant during emergency response events. Bob's dedication to his job epitomizes AOC's service to its Congressional customers.

- ◆ AOC implemented a number of energy conservation initiatives, including the installation of an upgraded lighting and control system in the U.S. Capitol Police Headquarters and retrofitting efficient lighting across the Capitol complex. AOC-wide energy reduction for FY 2012 was nearly 22 percent, exceeding the statutory target.
- ◆ AOC continues to provide exceptionally clean facilities to congressional staff and visitors to the Capitol. The CVC implemented a policy to encourage visitors to properly dispose of tour stickers and has upgraded the garbage bins in its facility.
- ◆ The Capitol Power Plant remained focused on energy conservation by continuously monitoring plant performance metrics and developing standard operating procedures for free cooling system operation. **Figure 12** details the CPP's continued reliance on natural gas as a fuel source.
- ◆ Congress transferred responsibility for the care and maintenance of the 11-acre Union Square to AOC in December 2011. AOC prioritized the stabilization of the square. Work includes cleaning and repairing the reflecting pool, stabilizing the steps, repairing sidewalks and preserving the statuary.

FIGURE 12: Fuel Use by Source at the Capitol Power Plant



The restoration to U.S. Capitol Room S-228 (the Old Senate Chamber) included repairs to the plaster walls and ceiling. Modeled after the amphitheatres of antiquity, the two-story Chamber is semicircular in shape and measures 75 feet long and 50 feet wide.

PERFORMANCE HIGHLIGHTS:

Goal 4: Extraordinary Services

TABLE 9: Strategic Goal 4—Results for Select Key Metrics

Key Performance Metric	FY 2011 Target	FY 2011 Actual	FY 2011 Results	FY 2012 Target	FY 2012 Actual	FY 2012 Results
STRATEGIC GOAL 4: Extraordinary Services						
Service Requests: AOC building occupants submit service requests for work tasks ranging from office painting to special events support. Each service request generates a work order which can be tracked for performance. AOC's has targeted 90% of its service requests to be closed within the promised timeframe.	—	86.0%	N/A (new)	90.0%	90.0%	 Target Met
External Customer Satisfaction: AOC building occupants' customer satisfaction is surveyed on a biennial basis. AOC's rating is targeted to be 90%.	N/A	N/A	N/A (biennial survey)	90.0%	N/A	Other

AOC continues to provide its clients with exceptional services by improving customer satisfaction and work order response times in FY 2012. **Table 9** presents the results of AOC's performance in Goal 4.

Extraordinary Services	
Net Cost (\$ in thousands)	\$81,464
Percentage of Total Cost	13.4%

Extraordinary Services—Other Key Accomplishments:

- ◆ AOC welcomed its milestone eight-millionth visitor through the Capitol Visitor Center in June 2012. Monthly and annual attendance at the CVC is illustrated in **Figures 13** and **14**, respectively.
- ◆ AOC expanded its visitor offerings in the Botanic Garden by developing new cell phone and audio tours. The cell phone tours feature Quick Response (QR) codes on signage and the audio tour allows visitors to wear a listening device that

minimizes external distractions. Monthly and annual attendance at the Botanic Garden is illustrated in **Figures 15** and **16**, respectively.

- ◆ AOC supported numerous congressional events including the President's State of the Union Address and assistance for five major events hosted on the Capitol Grounds (such as concerts by the National Symphony Orchestra for the Fourth of July and Labor Day holidays) and more than 20 smaller events. AOC reduced costs associated with these events by 10 percent through competitive contractor bidding.
- ◆ AOC began preparation for the 113th congressional transition and the related office moves. An upgraded web-based room selection tool provides members of Congress with 360-degree views of available offices.
- ◆ AOC completed the Hart Senate Office Building Modular Furniture program. This seven-year program replaced modular furniture and walls in 50 Senate offices and 30 committees and support staff offices. AOC completed the project on time and within budget.

FIGURE 13: Number of Visitors to the U.S. Capitol FY 2012 by Month

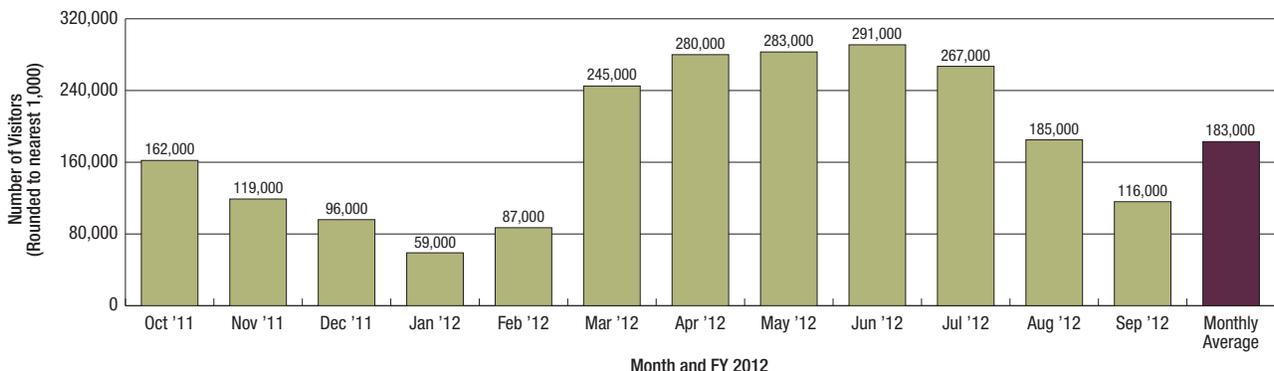
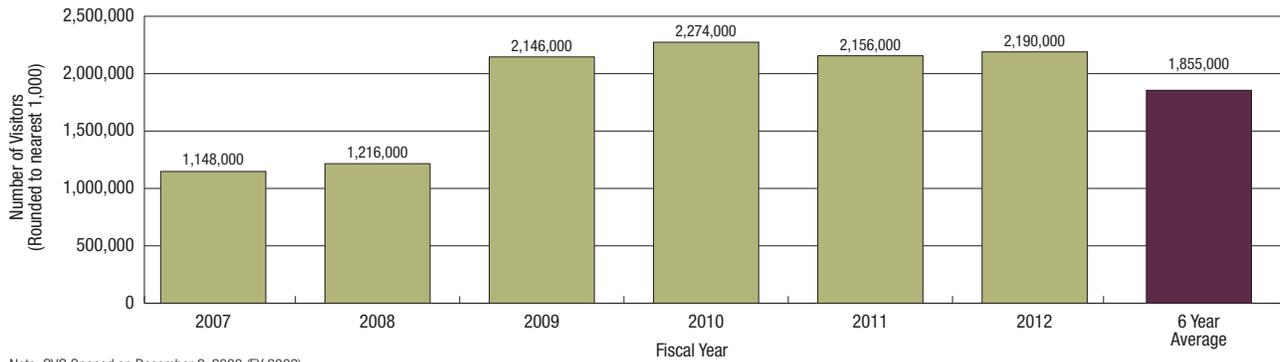
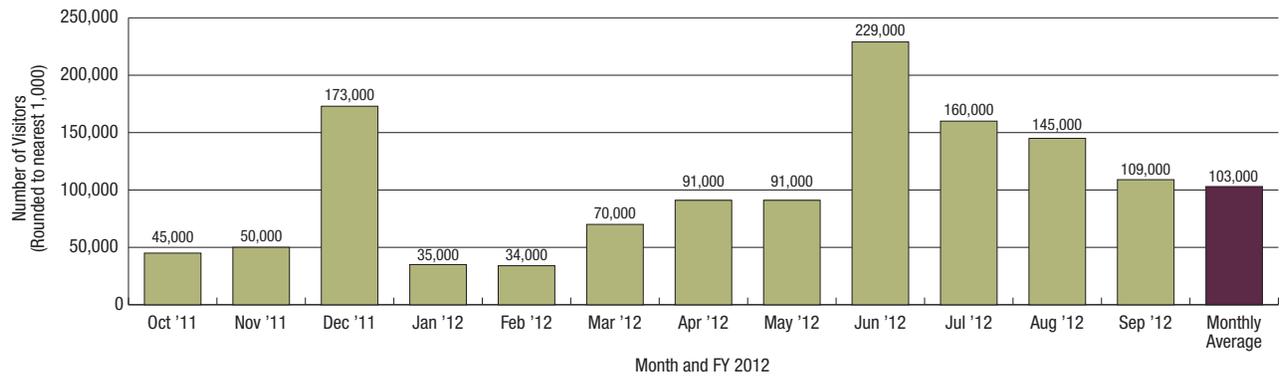


FIGURE 14: Number of Visitors to the U.S. Capitol FY 2007–FY 2012



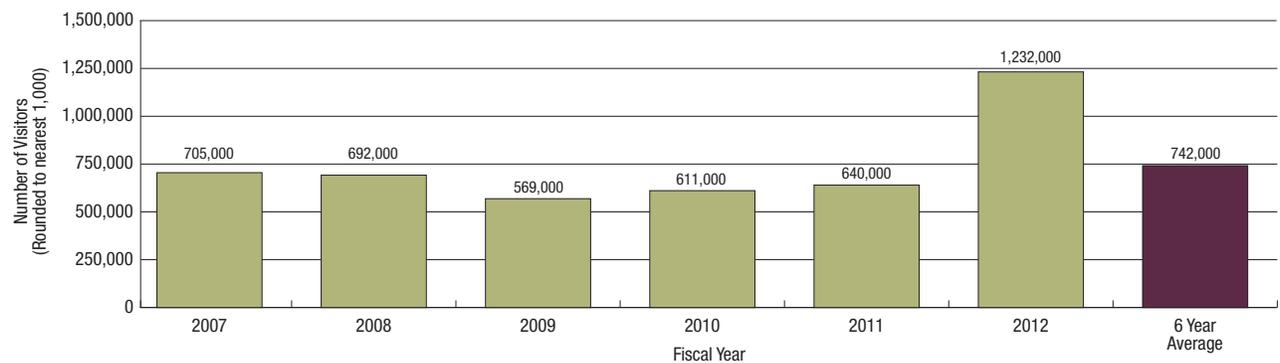
Note: CVC Opened on December 2, 2008 (FY 2009).

FIGURE 15: Number of Visitors to the U.S. Botanic Garden FY 2012 by Month



Note: October 2011–June 2012 numbers represent visitors to the USBG Conservatory. Beginning in June 2012, the numbers also include visitors to the National Garden and Bartholdi Park.

FIGURE 16: Number of Visitors to the U.S. Botanic Garden FY 2007–FY 2012



Note: October 2011–June 2012 numbers represent visitors to the USBG Conservatory. Beginning in June 2012, the numbers also include visitors to the National Garden and Bartholdi Park.

- ◆ AOC developed a new Visitor Guide brochure to enhance Capitol tours. The brochure highlights important features in the Capitol Visitor Center, including the statue collection, artifacts and documents in Exhibition Hall.
- ◆ AOC coordinated Legislative Branch-wide meetings designed to improve client services and communications and share best practices. These include the Legislative Branch Environmental Council and the Legislative Branch Recycling Working Group.

Looking Toward the Future: Our Strategic Vision

AOC underwent a significant grassroots effort during Fiscal Years 2011 and 2012 to develop its new Strategic Vision to move the agency forward over the next five years. The Strategic Vision refines AOC's mission, vision, core values, goals and objectives, and identifies detailed strategies to attain the long-term goals and objectives.

AOC has taken a different approach in developing its Strategic Vision. The intent of the organization in creating its new five-year document was to first take a step back and identify the foundational goals and objectives that will be with the organization for years to come. Each strategic objective has multiple strategies conceived to put AOC on the path of high performance success over the next five years. AOC's plan for implementing its Strategic Vision focuses on 16 of its 35 strategies during the initial 12 to 18 months of the Vision. These strategies are the ones AOC monitors and reports on in this fiscal year's Performance Section. While AOC has begun to make progress on most of the remaining 19 strategies, some do not yet have performance metrics associated with them and will not be subject to formal reporting requirements until FY 2014.

Information on AOC's efforts to improve performance management is also included under the "Performance Management" component of the *Management Challenges and Looking Ahead* segment of the MD&A.

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Dwayne Thomas, Cori Wright, Mark Holland, Larry Brown, Perry Caswell

Project Leads—Old Senate Chamber Restoration, Capitol Building

Dwayne, Cori, Mark, Larry, and Perry were instrumental to the successful restoration of the U.S. Capitol's Old Senate Chamber in FY 2012. As key project leads, they managed the effort to return the Old Senate Chamber to its original color and historic appearance. This transformational effort proved successful, and the Secretary of the Senate acknowledged AOC's hard work by hosting a recognition ceremony for those involved in this restoration project.



The AOC welcomed its milestone eight-millionth visitor through the Capitol Visitor Center, or CVC, in June 2012. The CVC is the newest addition to the historic U.S. Capitol and opened to the public in December 2008.



Management Challenges and Looking Ahead

AOC's mission to serve Congress and the Supreme Court, preserve America's Capitol and inspire memorable visitor experiences presents unique challenges for management. AOC's senior leaders identify the most critical challenges during the planning process. In doing so, AOC is better able to mitigate barriers to continued operational success. Acknowledging these management challenges allows AOC to coordinate with Congress to develop and implement strategies that address these issues. This section identifies and describes the most significant management challenges facing AOC and the initiatives management has developed to address them. These challenges include:

- ◆ Deferred maintenance and capital renewal backlog
- ◆ Energy stewardship and sustainability
- ◆ Physical security of facilities
- ◆ Workplace safety and health
- ◆ Performance management.

In addition to these challenges, AOC's Inspector General submitted a separate listing of performance challenges which is included in *Section IV: Other Accompanying Information*.

Deferred Maintenance and Capital Renewal Backlog

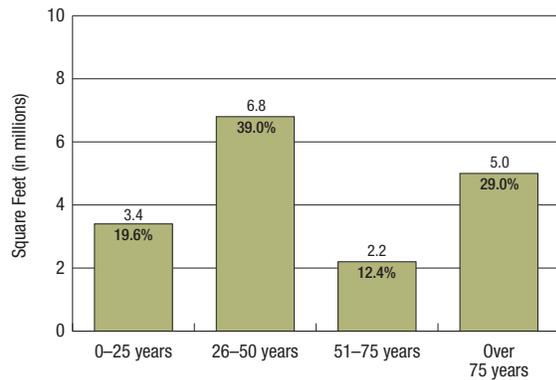
Key Challenge: As AOC's facilities continue to age and the agency's responsibilities grow, budgetary constraints make it increasingly difficult to manage the deferred maintenance and capital renewal requirements for the facilities under AOC's care. As facility improvement projects are not addressed, the deferred maintenance and capital renewal backlog will continue to increase. In the current fiscal environment, AOC realizes that not every project can be funded and that it must efficiently utilize its resources to address the most pressing maintenance needs. However, as the Capitol complex infrastructure ages and

maintenance projects are deferred, these projects will inevitably become more costly. At the same time, other organizational priorities such as increased security and safety and reduced energy consumption compete for available funds. AOC's FY 2012 deferred maintenance backlog and capital renewal requirements are estimated at \$1.36 billion. Of this total, approximately \$272 million represents deferred maintenance (see the *Required Supplemental Information* section for more information on deferred maintenance) with the balance comprising AOC's capital renewal costs.

AOC Initiatives: AOC uses several tools and methods to prioritize, manage and respond to the deferred maintenance and capital renewal needs of the Capitol complex. Among the most critical projects are the restoration of the aging Capitol Dome and the stabilization of the recently transferred Union Square parcel of the National Mall. AOC identifies and ranks projects using Facility Condition Assessments, the Five-Year Capital Improvements Plan and the Capitol Complex Master Plan (CCMP). This approach allows AOC to consider the long-term effects and costs of deferring projects and address those maintenance needs that are most pressing in the most cost-efficient manner.

AOC uses Facility Condition Assessments to identify each facility's most critical needs. With the majority (over 80 percent) of AOC's portfolio consisting of facilities more than 25 years old, the maintenance needs for these facilities are significantly greater than newer buildings (see **Figure 17**). These assessments infer that AOC's Immediate and High Urgency deferred maintenance requirements will increase dramatically over the next several years as its facilities continue to age.

AOC's Five-Year Capital Improvements Plan is a dynamic project prioritization process that considers phasing opportunities, project sequencing and other factors to better facilitate the timing of the execution of major deferred maintenance and capital renewal projects. AOC also applies a criticality and risk decision model to the overall prioritized list. This process results in an ordered list of projects.

FIGURE 17: Age of AOC Facilities Portfolio

In FY 2012, AOC completed the draft CCMP, which will serve as a long-range vision of the capital requirements and priorities for ensuring the safety, sustainability and security of the buildings, infrastructure and other property under AOC's care. The plan assesses the current condition and capacities within the Capitol complex and provides a 20-year blueprint to aid AOC and Congress in planning, developing and prioritizing future capital requirements.

These tools provide AOC with concrete, practical assessments of the facilities and infrastructure under its care. AOC looks to implement cost-saving and cost-avoidance process improvements that free up resources for application to its deferred maintenance requirements. Additionally, AOC targets investments in facilities with deferred maintenance requirements that generate the largest improvements to facility performance. AOC is dedicated to serving Congress, the Supreme Court and the American public by providing safe and effective facilities. However, budgetary constraints make it increasingly difficult to manage the growing deferred maintenance and capital renewal requirements. AOC will need Congress' sustained support to meet this challenge and to ensure the long-term preservation of the historic structures under its care.

Energy Stewardship and Sustainability

Key Challenge: AOC's long-term legacy of sustainability and energy stewardship drives efforts to reduce energy and water consumption across the Capitol complex in order to save taxpayer money. AOC is mandated by the Energy Policy Act of 2005 (EPAAct2005) and the Energy Independence and Security Act of 2007 (EISA2007) to reduce energy use by three percent per annum from FY 2003 levels.⁴ AOC has met the annual energy reduction goals through FY 2012. Further energy reduction opportunities, however, are less abundant and more costly. AOC's future sustainability programs must compete with other requirements, such as deferred maintenance and security enhancements, for limited fiscal resources.

⁴ The initial energy consumption reductions mandated in the EPAAct2005 were increased by EISA2007 to three percent per year from FY 2003 levels, with a 30 percent total reduction by FY 2015.

AOC Initiatives: AOC has consistently met its energy reduction goals since FY 2006 and is committed to continually reducing energy usage. To further meet these targets, AOC seeks to implement the most cost-efficient and effective options to fulfill its energy reduction mandates. Energy stewardship is integrated in AOC's project planning, operations and project management functions. The Sustainability Framework Plan, a pivotal component of the CCMP, outlines AOC's long-range sustainability and energy stewardship projects and identifies opportunities for further energy reductions. AOC's sustainability and conservation efforts are provided in more detail in the Sustainability, Energy and Water Conservation Management Report at www.aoc.gov/sustainability-energy-and-water-conservation-report.

AOC utilizes energy audits, utility meters and building energy modeling to analyze real-time energy consumption data, detect building energy waste and identify cost-effective opportunities to reduce energy consumption. In FY 2012, AOC started implementing a Sustainability Information Management System that supports a comprehensive approach for coordinating existing and future sustainability efforts. In FY 2012, AOC more than doubled the number of utility meters in place (from 104 to 230). AOC's also redesigned its monthly energy reporting to provide metrics on energy usage by type and Energy Usage Intensity. These efforts provide AOC with accurate information to identify and target energy savings opportunities.

AOC utilizes three Energy Savings Performance Contracts (ESPCs) to help fund energy projects in the U.S. Capitol and House and Senate Office Buildings. ESPCs, a form of public-private partnership, have helped AOC reduce building energy consumption with minimal up-front investment. To date, these contracts have provided more than \$100 million in energy saving upgrades and are projected to produce approximately \$9 million in annual energy savings. In FY 2012, AOC also contracted to use the process of "waste-to-energy" as an alternative method to dispose of solid waste from Capitol Hill. Waste-to-energy refers to the process of burning solid waste to generate heat and in turn produce steam and electricity. This program complements AOC's robust recycling program. The waste-to-energy initiative is one part of AOC's continuing partnership with Congress to reduce energy consumption, save taxpayer dollars, conserve natural resources and protect the environment.

Looking ahead, AOC's cogeneration project at the Capitol Power Plant will be pivotal to AOC's long-term energy conservation plan. Cogeneration uses combustion turbines to generate both steam and electricity from a single fuel source. This will offset some of the electricity used by the Capitol Power Plant and produce enough steam to lessen the burden on the aging boilers currently in use. Cogeneration will also help to increase the Capitol Power Plant's overall efficiency and allow AOC to target its appropriated funds for other key priorities by utilizing a public-private arrangement. AOC anticipates awarding a Utility Energy Services Contract in FY 2013 to finance the cogeneration plant construction. The most recent news on the cogeneration project can be found at www.aoc.gov/projects/cogeneration-addition-capitol-power-plant.

Physical Security of Facilities

Key Challenge: Safeguarding facilities from external threats such as natural disasters, violent acts, or terrorist attacks is a formidable task for all federal agencies. Security experts warn of new types of challenges such as the “blended attack” that combines a physical attack against a target with a cyber-attack against the same or different targets. In an environment of evolving security and technical threats, this task is especially vital to AOC, as its facilities include the Capitol, Supreme Court and other high-profile government facilities. In addition to Congress and the Supreme Court, AOC is responsible for protecting and providing a safe environment for over two million visitors each year. Ensuring that those who work in and visit the Capitol have a secure and safe environment remains a top priority. Balancing safety, security and accessibility in the current constrained budget environment, while also minimizing the impact of security procedures on productivity and visitor experiences, remains an ongoing management challenge.

AOC Initiatives: AOC works continuously to secure the federal facilities and heritage assets entrusted to its care and to provide a safe and secure environment for Congress, the Supreme Court, federal employees and visitors to the Capitol. The agency employs security specialists and has developed policies and procedures to safeguard critical assets and protect the people within them.

The Capitol Visitor Center has vastly enhanced the security of the Capitol complex. It provides the U.S. Capitol Police with a superior facility to screen visitors. Additionally, the Off-Site Delivery Center allows the U.S. Capitol Police to inspect all delivery vehicles prior to their arrival at the Capitol and congressional office buildings.

This fiscal year, AOC completed upgrades to the facilities that support security operations for the Capitol complex. For example, many security kiosks were improved and reinforced. AOC initiated a power-redundancy project at the Alternate Computer Facility to ensure continuity of service and redundant power sources. The U.S. Capitol Police Radio Upgrade project continued in FY 2012 and is scheduled for completion in FY 2013. When finished, this project will ensure the radio system is interoperable with local emergency response and law enforcement agencies, will provide radio coverage over 95 percent of AOC's floor space and provide secure communications for daily operations and emergencies. AOC also continued to strengthen its security posture through training and policy and standard operating procedure development. AOC's Emergency Evacuation and Evacuation Drill procedures were updated to define priorities and spell out the actions that should be taken prior to, during and following emergency situations and evacuations.

Looking forward, AOC is working with the Capitol Police Board to identify and gain funding for the highest priority security requirements, to potentially include new security measures in the House and Senate underground garages. If funded, AOC will install the hardware to allow the USCP to halt pedestrian traffic into and out of House and Senate parking garages during an emergency. The project will also include new police kiosks to provide better vehicle access control.

AOC's efforts to improve the security posture are challenged by the dynamic nature of the existing threats. In addition, limited resources means that AOC must balance any security upgrades with other priorities such as deferred maintenance. Nonetheless, ensuring the security of the Capitol complex is a top priority for AOC and, as such, is a key factor when prioritizing projects and allocating resources.

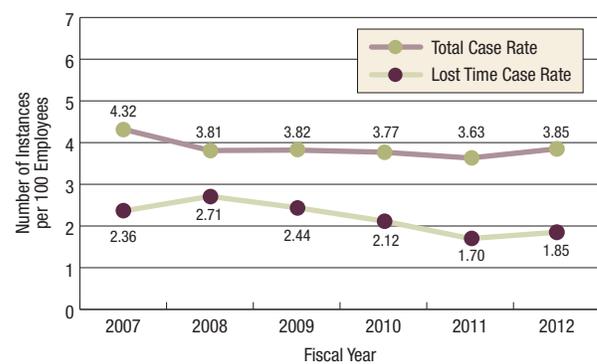
Workplace Safety and Health

Key Challenge: As stewards of the Capitol facilities and grounds, AOC is responsible for ensuring the life-safety and health standards for its workers and visitors to the Capitol. Safely supporting the modern office and infrastructure needs of Congress, while also preserving the historical integrity of the Capitol complex's aging facilities, supporting employee and public access and addressing the Capitol's unique security requirements, continues to be a significant management challenge. In the current constrained fiscal environment, AOC must balance safety improvement projects against other high priority projects like deferred maintenance and energy conservation.

AOC Initiatives: Providing a safe environment for its clients and visitors is a top priority for AOC. Safety is one of AOC's six priorities in its budgetary process for project planning and prioritization. AOC philosophy of *People First, Safety Always* clearly articulates AOC's commitment to a safe work environment. With congressional support, AOC has invested in over 55 safety related projects since FY 2007. As a result, AOC has achieved a 60 percent reduction in hazards identified by the Office of Compliance (OOC) since 2005. After over a decade of decline, AOC's Injury and Illness (I&I) rate increased in FY 2012 to 3.85 per 100 employees. The six-year I&I trend is shown in **Figure 18**.

AOC identifies and manages safety risks through a prioritized process of regular inspections in coordination with its deferred maintenance program. AOC also considers the historic impact of implementing life-safety programs on the national treasures entrusted to its care. Tools such as the Facility Condition Assessments, safety inspections, fire inspections and safety program evaluations allow AOC to manage health and safety risks without compromising operations.

FIGURE 18: AOC Injury and Illnesses Rate FY 2007–FY 2012





In May 2012, a complete renovation began on the Supreme Court Building's West Front to address deterioration due to age and weather. The project's scaffolding was covered by a full-size scrim imprinted with the Building's facade to conceal the scaffold and renovation work.

AOC collaborates with OOC to prioritize and develop plans to abate citations. Since the Congressional Accountability Act was passed, the OOC has issued 97 citation items to AOC. To date, AOC has closed 90 citation items (eight during FY 2012), including those related to the Utility Tunnel Settlement Agreement. This multi-year project was completed in FY 2012. AOC continues to work with Congress and OOC to address the seven remaining open issues. Abatement will require substantial planning, design and funding. AOC estimates that abatement of all citations will continue for a number of years, contingent upon funding availability.

AOC recognizes workplace safety as a top priority under its duty to maintain the Capitol facilities. Although vigilant attention to health and safety becomes more difficult as the age and number of facilities under AOC's stewardship increase, AOC seeks to embody safety in its work culture. To institutionalize its safety reforms and its commitment to worker safety, AOC will continue to partner with Congress, utilize enhanced communication strategies, offer safety training, utilize data management tools and target injury reduction programs to ensure that those who work in and visit the facilities under AOC's stewardship are provided with a safe and healthy environment.

Performance Management

Key Challenge: AOC strives to continually improve its performance effectiveness and efficiency. To meet this challenge, AOC has undertaken efforts to develop tools that measure results, improve performance management and increase accountability. Once integrated throughout the planning, programming,

measurement and reporting cycle, these tools will allow management to make better informed, data-based decisions that will improve operational efficiency. AOC's efforts to transform the organization, however, require long-term, multi-year efforts that must compete for resources with other high priority projects.

AOC Initiatives: AOC utilizes numerous business tools to achieve performance and accountability goals. Expanding the internal collaboration of AOC teams and building a consistent data framework to manage data as an agency asset is a continued management challenge. In FY 2012, AOC unveiled a Strategic Vision that provides a five-year focus for AOC's performance. The Strategic Vision replaces the previous Strategic Plan and, once fully implemented, will assist AOC in delivering projects on time and within budget, enhance workforce flexibilities, foster greater communication and transparency and build stronger relationships within the organization and with AOC clients.

AOC's strategic planning process is a foundation for efforts to improve the agency's performance management. The Strategic Vision is integral to these efforts. AOC spent much of FY 2012 identifying performance metrics and developing implementation plans to accompany the Strategic Vision. Refinement efforts will continue throughout the life of the Strategic Vision. The identification of valid metrics and targets to measure performance against the Strategic Vision is the key to the integration of the Strategic Vision into AOC's performance management process. More information on AOC's Strategic Vision is included in *Section II, Performance Section*, of this report.

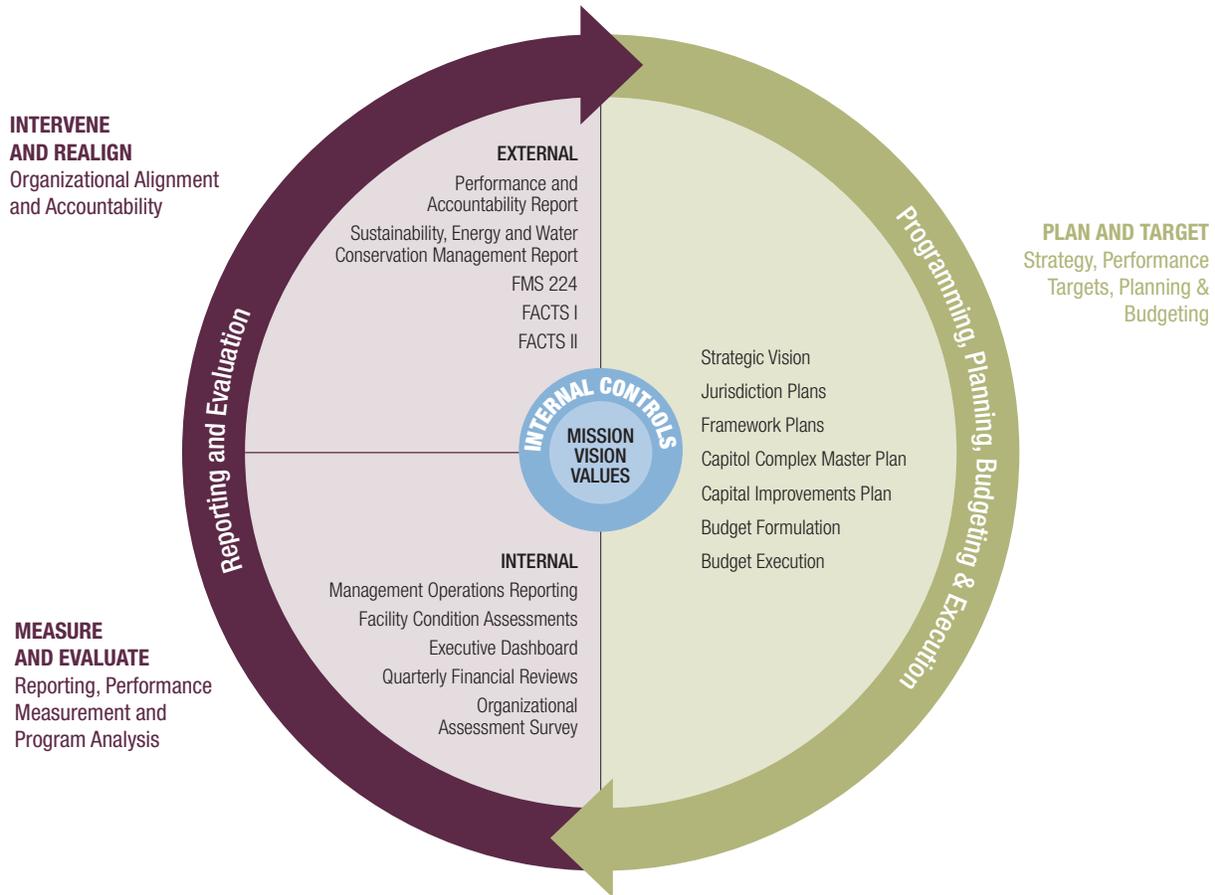
In addition to the Strategic Vision, AOC also developed an enhanced monthly dashboard to track key operational metrics. AOC's continuing usage of management operations reporting tools provide AOC with a better understanding of its cost of operations. In addition, management tools such as quarterly financial reviews provide better accountability for fiscal resources and the Performance and Accountability Report provides transparent information related to AOC's annual performance and financial results.

AOC's Internal Controls Program is a key facet for improving performance management and remains a repeat material weakness in AOC's FY 2012 independent audit. In implementing the current Internal Controls Program, AOC recognized that the program, as designed, does not provide a comprehensive analysis of internal and external risks. AOC is, therefore, now pursuing a dual-path effort that incorporates the Internal Controls Program with a Risk Management Program. Fiscal Year 2012 efforts focused primarily on financial statement controls. AOC documented 14 high risk processes identified in the monitoring program and cross walked each process to AOC's financial statements. Standardized risk assessments enable AOC to list major risks that could affect material accounts. Testing focused on the high-risk processes affecting

material line items in financial reporting. AOC will continue to expand testing and annual monitoring activities as more controls and test results are documented. AOC's pursuit of internal controls within a Risk Management Program is a multi-year effort. AOC's Risk Management Program is based on the Federal Managers' Financial Integrity Act's (FMFIA) requirement that internal accounting and administrative controls be used in all operations. AOC's Risk Management Program therefore goes beyond Internal Controls Over Financial Reporting (ICOFR) and addresses risks to the organization not solely related to financial reporting.

AOC's performance management tools can assist the organization in effectively and efficiently achieving its mission. Increasing the effectiveness and impact of these business tools in the future will require continued, strong executive support and their integration across the entire planning, programming and reporting cycle. **Figure 19** illustrates the business tools making up AOC's performance management framework and their cyclic relationship. Once fully integrated, the tools will provide more reliable information that can guide management decisions to improve operational efficiency.

FIGURE 19: Integrated Performance Management Framework





Management Assurances and Other Financial Compliances

Implementation of the Federal Managers' Financial Integrity Act (FMFIA) at AOC

The Federal Managers' Financial Integrity Act (FMFIA) requires each executive branch agency to provide an annual statement addressing internal accounting and administrative controls as well as to perform ongoing evaluations and reporting of the adequacy of the controls within the agency. As a legislative branch agency, AOC is not subject to the requirements of FMFIA. AOC nonetheless considers internal controls to be an integral part of the systems and processes it utilizes to manage its daily operations and achieve its strategic goals and objectives. AOC holds its managers accountable for efficiently and effectively performing their duties in compliance with applicable laws and regulations and for maintaining the integrity of their activities through the use of internal controls.

AOC's Chief Financial Officer (CFO) is responsible for the execution of the Internal Control Program. The CFO has assigned an Internal Control Manager to assist in the design, implementation, monitoring and modification of an organization-wide program that adheres to the principles of Office of Management and Budget (OMB) Circular A-123. Key processes in the program include performing a preliminary risk assessment, addressing material weaknesses and significant deficiencies, and implementing corrective actions. The program sets forth a comprehensive and customized Internal Control Program for managers to help them monitor and assess controls within their specific areas of responsibility. It provides instructions on how to perform testing, assess current controls, modify controls, update control documentation and procedures, and train staff. This program, once fully implemented, will help deter new material weaknesses.

At the end of FY 2012, AOC's Internal Control Program had not been fully implemented and, as reported in the Independent Auditor's Report on Internal Control, AOC did not complete a formal and systematic assessment and evaluation of the design

and operation of its internal controls. As such, AOC is unable to provide assurance that the current internal control design effectively mitigates existing risks and safeguards assets (see *Architect's FMFIA Statement of No Assurance* on page 33 of this report). Although AOC's Internal Control Program remains incomplete, AOC realized some progress this fiscal year. In recognition of the fact that the current program has taken longer to fully implement than anticipated, the Senior Advisory Team, with the concurrence of AOC's executive leadership, committed to re-energizing this program in FY 2012. As a result, to correct these program deficiencies and implement a comprehensive Internal Control Program, AOC began implementing a two-track strategy.

Under the first strategy, the AOC hired a contractor support team to update the control documentation and improve the internal control over financial reporting (ICOFR) process. In addition, AOC realigned its Senior Advisory Team in FY 2012 to improve management over the Internal Control Program. The realigned team reviewed vulnerability assessments of 14 high-risk areas. AOC will test the 14 high-risk areas using the methodology in Appendix A of OMB Circular A-123 as a guide. These assessments of the current internal control environment provide information on the current weaknesses in the agency's internal control over financial, general administrative, and program operations. AOC also began to revise its policy for Internal Controls to more closely follow the Implementation Guide for OMB Circular A-123. AOC utilized the GAO Internal Control Management and Evaluation Tool (GAO-01-1008G) to improve identification of control objectives required to meet agency goals. Going forward, AOC will continue to document the internal control structure, including the identification of risks to material accounts and the existence of controls to mitigate those risks, and implement cyclical monitoring and test plans. Over the course of this multi-year effort, monitoring and testing will be created and implemented for AOC's high-risk processes first. These plans will then be used as a template for expanded monitoring and testing.

Under the second strategy, AOC paired the Internal Control Program with a comprehensive risk management program. The risk management program will include a comprehensive analysis

of internal and external risks throughout the organization and will cover all activities and processes that contribute to fulfilling AOC's mission, goals and objectives. This second strategy is also a multi-year effort and will be conducted in tandem with the Internal Control Program to eliminate redundancies.

A summary of the management assurances is provided in *Section IV: Other Accompanying Information*. For additional information on the opportunities and challenges facing AOC in the internal controls area, refer to the Inspector General's Statement of Management Opportunities and Performances Challenges, also located in *Section IV* of this report.

Summary of Material Weaknesses and Significant Deficiencies

The Independent Auditor's Report on Internal Control identified a repeat material weakness on AOC's Internal Control Program, summarized below. In addition, during FY 2012, AOC eliminated its significant deficiency from its FY 2011 audit. As a result, at the close of FY 2012, AOC had one material weakness and zero significant deficiencies. The complete text of the material weakness, including the auditor's recommendations, is included in *Section III: Financial Information*.

Material Weaknesses Summary—Internal Control Assessment

A material weakness is defined as a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

The absence of a fully implemented Internal Control Program was a repeat material weakness for AOC in FY 2012. At September 30, 2012, AOC had not yet fully implemented critical components of a comprehensive internal control assessment under the OMB Circular A-123, Appendix A or Committee of Sponsoring Organizations of the Treadway Commission *Internal Control—Integrated Framework*. AOC's efforts to address this material weakness are described in the preceding section: *Implementation of the Federal Managers' Financial Integrity Act at the AOC*.

Significant Deficiencies Summary

A significant deficiency is defined as a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

In FY 2012, AOC eliminated the significant deficiency for information technology reported in the FY 2011 audit.

Federal Financial Management Improvement Act

The Federal Financial Management Improvement Act of 1996 (FFMIA) requires that Federal agencies' financial management systems provide financial data that complies with Federal accounting standards, Federal system requirements and the U.S. Standard General Ledger (USSGL) at the transaction level. In accordance with OMB Circular A-127 (revised), substantial compliance is achieved when an agency's financial management systems routinely provide reliable and timely financial information

for managing day-to-day operations, as well as producing reliable financial statements. AOC substantially complied with the FFMIA for FY 2012. Substantial compliance is achieved when an agency's financial management systems routinely provide reliable and timely financial information for managing day-to-day operations, as well as produce reliable financial statements, and comply with legal and regulatory requirements.

Federal Information Security Management Act

The Federal Information Security Management Act (FISMA) requires each Executive Branch agency to develop, document and implement an agency-wide program to provide information security for the information and information systems that support the agency's operations and assets. AOC, as a Legislative Branch agency, is not required to comply with FISMA but nonetheless strives to comply with the principals of FISMA. AOC references sources such as the U.S. General Accountability Office (GAO) Federal Information System Controls Audit Manual (FISCAM) and the National Institute of Standards and Technology (NIST) Special Publications for guidance on its Information System Security program. AOC uses this guidance to create and maintain a risk-based Information Security program.

In FY 2012, AOC, with support from an independent third party, began the three-year reaccreditation of all AOC information systems, previously completed in Fiscal Years 2009 and 2010. This effort, which is scheduled for completion in June 2013, evaluates the information security controls for AOC systems consistent with AOC policies. AOC has established a continuous monitoring strategy based on NIST Special Publication (SP) 800-53.

In FY 2012, AOC took a diligent approach to further improve its information systems security posture placing a strong emphasis on computer security awareness and training, establishing procedures and processes for detecting, reporting and responding to security incidents, vulnerability scanning and remediation, patch compliance and continuous monitoring. In particular, AOC achieved over 99 percent compliance with security awareness training. Also, AOC completed the implementation of its incident response program utilizing internal procedures in conjunction with managed security monitoring and management of its enterprise infrastructure provided by the Managed Security Event and Information Management (SEIM) enterprise security services. The Managed SEIM helps protect AOC against external and internal threats, provides immediate assessment and response to security incidents and adheres to regulatory requirements for log auditing, security and compliance reporting.

AOC's Information Systems and AOC Information System Security programs are evaluated each year through independent assessments and multiple audits. Through these activities AOC is continuing to improve information system documentation, policies and procedures and to mitigate information security risks and weaknesses.

Improper Payments Information Act

Please refer to *Section IV: Other Accompanying Information* of this report for a brief summary of the Improper Payments Information Act and its applicability to AOC.

December 4, 2012

ARCHITECT'S FMFIA STATEMENT OF NO ASSURANCE

The management of the Architect of the Capitol (AOC) is responsible for establishing and maintaining effective internal control and financial management systems. The Federal Managers' Financial Integrity Act (FMFIA) requires certain federal government agencies to conduct annual evaluations of their internal controls and financial management systems and report their results.

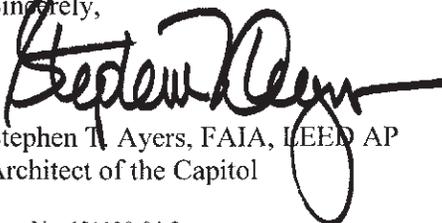
As a Legislative Branch office, AOC is not subject to the FMFIA requirements. Nonetheless, AOC embraces the FMFIA principles as a best financial management practice and is fully committed to implementing a program to assess the effectiveness of the organization's internal control program.

The requirements of Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Internal Control*, include an assessment of the effectiveness of the organization's internal controls to support effective and efficient programmatic operations, reliable financial reporting, compliance with applicable laws and regulations, and financial management system conformance to the applicable financial systems requirements.

The AOC took steps to enhance the foundation for its internal control program during Fiscal Year 2012. This fiscal year, AOC realigned its Senior Advisory Team, established a Senior Management Council, reviewed vulnerability assessments on 14 high-risk areas, and scheduled a full process review of these areas. AOC is beginning to implement plans to institute cyclical testing and reporting for key controls. Additionally, AOC is developing a dual-track, multi-year plan to implement a long-term risk management effort across the agency. This strategy will help AOC to, first, establish internal controls over key accounting cycles and, second, establish controls over operations in accordance with FMFIA. These steps will allow us to validate our risk assessments and test and monitor controls on a routine basis to determine if they are operating as designed.

Despite these steps, at year-end, AOC has not conducted an assessment of the effectiveness of the internal control program and has received a repeat material weakness for the internal control program in our Fiscal Year 2012 financial audit. Therefore, at this time, AOC is unable to provide assurance that its internal controls and financial management systems meet the objectives of FMFIA and that its internal controls over financial reporting are operating effectively.

Sincerely,



Stephen T. Ayers, FAIA, LEED AP
Architect of the Capitol

Doc. No. 121120-04-2



Financial Highlights

The financial highlights that follow provide an overview and analysis of AOC's FY 2012 financial statements. AOC's independent auditor, Kearney & Company, audited AOC's Balance Sheets for the fiscal years ending September 30, 2012 and 2011, along with the accompanying Statements of Net Cost, Changes in Net Position and Budgetary Resources. AOC received a clean (unqualified) audit opinion on its financial statements for the eighth consecutive year.⁵ The complete financial statements and audit reports are presented in *Section III: Financial Information* of this Performance and Accountability Report.

AOC considers its annual independent audit an integral part of its financial management. An unqualified opinion provides reasonable assurance that the financial statements are free of material misstatement. Reasonable assurance, while not absolute, is nonetheless a high level of assurance.⁶ AOC is proud of its record of producing reliable annual financial statements, but also recognizes that more progress is required to fully adopt best financial management practices such as those found in the CFO Act and subsequent federal legislation. Accordingly, AOC is diligently working to maintain seamless financial systems and processes, generate reliable cost and performance information and analyses and undertake other value-added activities that support effective internal controls, strategic decision making and efficient mission performance.

Guide to the Financial Statements

Government-wide efforts to improve federal financial transparency and accountability led to the enactment of mandatory uniform accounting and reporting standards for Executive Branch agencies, along with the tools to better manage financial resources. Although AOC is a Legislative Branch organization, it has voluntarily implemented policies that comply with the spirit of many

⁵ This followed two straight years in which a clean opinion was received on its Balance Sheet-only audits.

⁶ The term reasonable assurance includes the understanding that there is a remote likelihood that material misstatements, due to inherent limitations, may not be prevented or detected on a timely basis.

Introducing the Principal Financial Statements

Balance Sheets

Provide comparative information on AOC's assets, liabilities and Net Position (Unexpended Appropriations and Cumulative Results of Operations). Net Position represents the Net Investment of the U.S. Government in AOC's assets less liabilities.

Statements of Net Costs

Provide the comparative gross costs incurred by responsibility segment (AOC jurisdiction), net of any exchange or earned revenue from activities. Exchange revenue includes income from steam and chilled water provided to governmental/private entities, gift shop sales, recycling and others. The net cost of operations is prepared on the proprietary basis of accounting and, unlike budgetary accounting, includes costs of services provided by other entities, accruals and non-cash expenses such as depreciation and amortization.

Statements of Changes in Net Position

Provide, on a comparative basis, the beginning Net Position, the transactions that affected Net Position during the period and the ending Net Position.

Statements of Budgetary Resources

Present comparative information on the budgetary basis of accounting, including how budgetary resources were made available and their status at the end of the period.

FINANCIAL STATEMENTS SUMMARY

CONDENSED BALANCE SHEETS (dollars in thousands)	FY 2012	FY 2011	Percent Change
Fund Balance with Treasury	\$628,173	\$626,728	0%
Investments	35,020	41,506	-16%
Accounts Receivable, Net	3,043	3,200	-1%
General Property Plant & Equipment, Net	1,849,766	1,846,624	0%
Inventory and Other Assets	846	1,097	-23%
Total Assets	\$2,516,848	\$2,519,155	0%
Debt Held by the Public	\$127,592	\$133,346	-4%
Actuarial FECA	51,646	47,568	0%
Accrued Annual Leave	24,005	24,888	-4%
Capital Lease Liability	14,544	18,156	-20%
Contract Holdbacks	19,091	15,538	23%
Accounts Payable and Other Liabilities	64,076	55,931	15%
Total Liabilities	\$300,954	\$295,427	2%
Cumulative Result of Operations	1,692,646	\$1,671,427	1%
Unexpended Appropriations	523,248	552,301	-5%
Total Net Position	\$2,215,894	\$2,223,728	0%
Total Liabilities and Net Position	\$2,516,848	\$2,519,155	0%

CONDENSED NET COSTS (dollars in thousands)	FY 2012	FY 2011	Percent Change
Gross Cost	\$665,990	\$632,965	5%
Less: Earned Revenue	(58,053)	(56,257)	3%
Net Cost of Operations	\$607,937	\$576,708	5%

Executive Branch requirements and best business practices. The financial statements and financial data presented herein have been prepared from AOC's accounting records in conformity with generally accepted accounting principles (GAAP). GAAP, for federal entities, are the standards prescribed by the Federal Accounting Standards and Advisory Board (FASAB).

Overview of Financial Position: The Balance Sheet

The Balance Sheet provides a snapshot of AOC's financial position at a fixed point in time. The fiscal year-end Balance Sheet displays amounts of future economic benefits owned or available for use (Assets), amounts owed (Liabilities) and the residual amounts (Net Position) at the end of the fiscal year.

Assets

The Balance Sheet, summarized above, shows AOC had total assets of \$2.52 billion at the end of FY 2012. This represents an immaterial decrease of \$2.3 million (0.1 percent) from FY 2011 total assets of \$2.52 billion. **Figure 20** summarizes FY 2012 total assets by component. AOC's distribution of assets remains largely unchanged from FY 2011.

When grouped together, Fund Balance with Treasury and Property, Plant and Equipment (PP&E) comprise 98.5% and 98.2% of total assets for 2012 and 2011, respectively. PP&E

remains AOC's largest asset class, representing 73.5 percent of total assets. PP&E, net of accumulated depreciation, equaled \$1.85 billion at fiscal year-end and increased only slightly over FY 2011. The second largest asset class is Fund Balance with Treasury, at \$628 million as of September 30, 2012, or 25.0 percent of AOC's total assets.

The remainder of AOC's assets is comprised of investments, accounts receivable, inventory held for sale in the CVC gift shops and others. Investments are composed of two primary instruments: the Capitol Visitor Center Revolving Fund held with the U.S. Treasury (\$8.3 million) and an escrow balance held with the public related to the Thurgood Marshall Federal Judiciary Building (\$26.7 million). Total investments equaled \$35.0 million and decreased 16 percent from FY 2011. The decrease in investments is due to a \$9 million withdrawal of excess escrow funds against the TMFJB investment to fund maintenance and repair costs.

The annual trend in AOC's total assets for FY 2007 through FY 2012 is presented in **Figure 21**. AOC's total assets have increased by 4.0 percent since FY 2007 due to the capitalization of several significant construction projects and new facilities. Projects from the past five years include the CVC, Packard Center for Audio-Visual Conservation, Library of Congress' book storage modules at Fort Meade, the Supreme Court modernization and the cost of various projects' Construction Work-in-Progress.

FIGURE 20: Summary of Total Assets Fiscal Year 2012

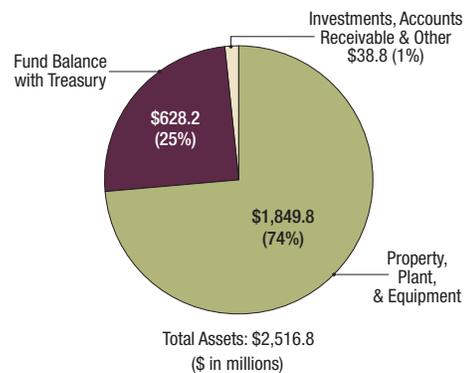
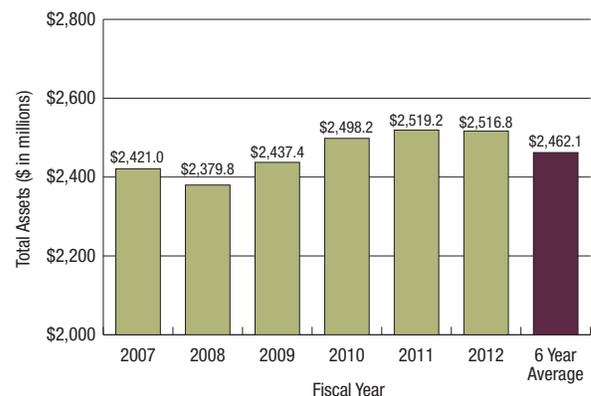


FIGURE 21: Trend in Total Assets FY 2007–FY 2012



In accordance with the Statement of Federal Financial Accounting Standard (SFFAS) No. 29, *Heritage Assets and Stewardship Land*, the Balance Sheet does not include heritage assets. Heritage assets are unique PP&E that are generally expected to be preserved indefinitely. As such, they are required to be carried at a zero dollar amount. Heritage assets have either historical or natural significance, are of cultural, educational, or artistic importance or have significant architectural characteristics. AOC maintains a large number of heritage assets, including artwork, architectural features, reference and library materials, historic records and living assets such as plant inventories at the Botanic Garden. An exception to this standard is multi-use heritage assets (i.e., those heritage assets which are primarily used for general government operations). The Capitol, House Office Buildings, Senate Office Buildings, the Supreme Court and Thomas Jefferson Building of the Library of Congress are all multi-use heritage assets and included in AOC's PP&E. See the *Required Supplementary Information* for further detail.

Liabilities

As of September 30, 2012, AOC's total liabilities amounted to \$301.0 million, a 1.5 percent increase from the previous fiscal year. This increase is the result of a \$3.5 million increase in Contract Holdbacks and a \$8.1 million increase in Accounts Payable and Other Liabilities. **Figure 22** breaks down the FY 2012 total liabilities by component. Debt Held by the Public continues to be the largest component of total liabilities at 42.4 percent. This liability is the result of 30-year bonds sold to finance the construction of the Thurgood Marshall Federal Judiciary Building and equaled \$127.6 million at the end of FY 2012. In FY 2012 the percentage of AOC's debt held by the public (see **Figure 23**) decreased from the prior year for the first time since FY 2007 as its other liabilities increased. The next largest liability, Liabilities for Federal Employee Benefits, amounted to \$85.1 million. This amount includes the liability associated with the Federal Employees' Compensation Act (FECA) (\$61.1 million) and the liability for Accrued Payroll and Annual Leave (\$24.0 million), which includes salaries and wages earned by employees but not yet disbursed.

AOC's Accounts Payable and Other Liabilities equaled \$54.7 million at fiscal year-end, up 19 percent from FY 2011. The annual trend in total liabilities for FY 2007 through FY 2012 is presented in **Figure 24**. Since FY 2007, AOC's total liabilities have decreased by 30.8 percent, or \$134.0 million. The Capitol Power Plant Utility Tunnel project, completed in FY 2012, was responsible for most of the contingent and environmental liabilities.

Results of Operations: The Statement of Net Cost

The Statement of Net Cost presents AOC's net cost of operations by reporting segment (jurisdiction) for fiscal years 2012 and 2011. Net cost includes total costs less all revenues attributed to and permitted to be offset against those costs. AOC's main revenue sources are from providing steam and chilled water to non-Legislative Branch entities within the Capitol, reimbursements for Supreme Court facility maintenance costs, rent from the Administrative Office of the U.S. Courts in the Thurgood Marshall Federal Judiciary Building and CVC gift shop sales. The net cost of operations in FY 2012 for AOC totaled \$607.9 million, an increase of \$31.2 million or 5.4 percent from FY 2011.

The six-year trend in AOC's net cost of operations from FY 2007 through FY 2012 is presented in **Figure 25**. The 46.1 percent increase since FY 2007 (not adjusted for inflation) reflects the costs associated with AOC's new mission areas such as CVC visitor services operations, new program areas such as energy savings and sustainability, as well as the rise in utility rates, the increased cost of construction materials and other increases that have added to the higher cost of day-to-day operations.

A comparison of AOC's total net cost by jurisdiction for FY 2012 and FY 2011 is displayed in **Figure 26**. Material changes year-over-year were seen in the U.S. Botanic Garden, Capitol Power Plant, Capitol Building, Library Buildings and Grounds, and the

FIGURE 22: Summary of Total Liabilities Fiscal Year 2012

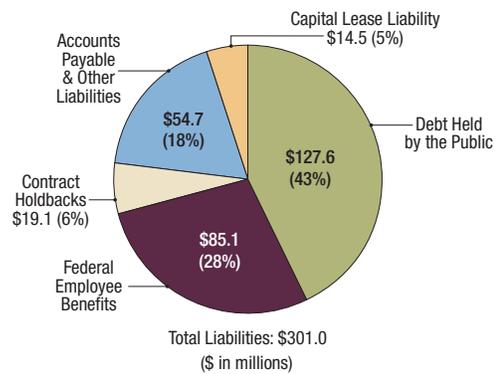


FIGURE 23: AOC Debt Held by the Public FY 2007–FY 2012

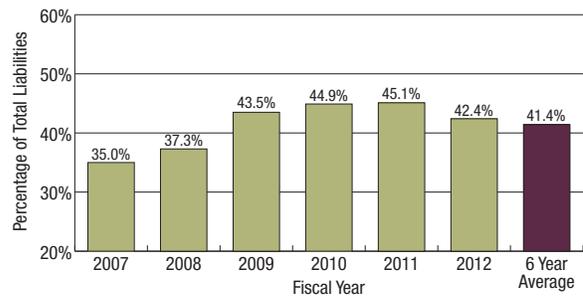
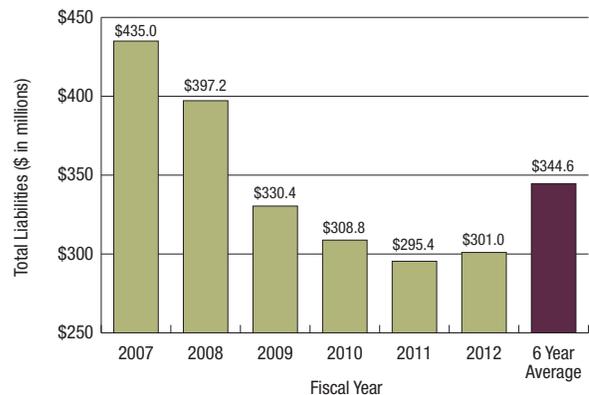


FIGURE 24: Trend in Total Liabilities FY 2007–FY 2012



Supreme Court and Judiciary Building. The U.S. Botanic Garden's net cost of operations increased by \$1.9 million (15.0 percent), the Capitol Power Plant's costs increased by \$13.1 million (12.7 percent), the Capitol Building's costs increased by \$11.6 million (16.0 percent), and the Library Buildings and Grounds costs increased \$9.0 million (21.2 percent), all due to increased operating and program costs. Although gross costs for the Supreme Court and Judiciary Office Building remained relatively unchanged from FY 2011, the jurisdiction's FY 2012 net costs decreased by \$6.9 million. This was a result of an earned revenue increase (AOC received an additional \$9 million for maintenance of the Thurgood Marshall Federal Judiciary Building).

Resources Used to Achieve Strategic Goals

To accomplish its mission, AOC's new Strategic Vision identifies four strategic goals. **Figure 27** displays the breakdown of the organization's cost expenditures by Strategic Goal for FY 2012.

As expected, 83 percent of the organization's expenditures were attributed to achieving Goal 3 (Awe-Inspiring Facilities) and 13 percent toward Goal 4 (Extraordinary Services). These areas form the core of AOC's mission. The remainder was devoted to achieving Goals 1 and 2 (One Team, One Mission and Innovative and Empowered Workforce, respectively)—two "support" goals

that help AOC implement the business practices necessary to accomplish its mission effectively and efficiently. The budgetary resources used to fund these expenditures are detailed in the Overview on Use of Budgetary Resources section. Though only a small portion of AOC's resources are committed to Goals 1 and 2, management believes these expenditures are critical to forming a culture of teamwork, innovation and idea sharing.

AOC's cost data has helped link resources to performance results. Through FY 2012, AOC submitted a performance-informed budget that mapped the desired funding to strategic goals and key performance objectives. In its FY 2013 budget cycle, AOC created a zero-based budget and used its cost data to develop its budget requirements. For its FY 2014 budget, AOC considered the impact of a potential sequestration and used its cost data to develop a plan to minimize the impact of such budget cuts on AOC's mission and operations.

Earned Revenues by Source

Two of AOC's major sources of revenue for the fiscal year ending September 30, 2012, are intra-governmental reimbursements from the Judicial Branch for facility operations in the Supreme Court and Thurgood Marshall Federal Judiciary Building (\$37.4 million) and reimbursements from the U.S. Capitol Police for costs related to the radio modernization project (\$5.7 million). The remainder of earned revenues is comprised of sources that are earned year-to-year and are depicted in **Figure 28**. Reimbursements to the Capitol Power Plant for steam and chilled water (53 percent) make up the majority of these revenues and the balance consists of CVC gift shop sales, food service commissions, rent and recycling proceeds. AOC reinvests recycling program proceeds into programs or activities to improve the environment or promote energy savings through its Recycling Program Revolving Fund.

Overview of Net Position

The Statement of Changes in Net Position identifies all financing sources available to, or used by, AOC to support its net cost of operations and also identifies the net change in its financial position. Net position is the sum of two components: Cumulative Results of Operations and Unexpended Appropriations. Each

FIGURE 25: Trend in Net Cost of Operations FY 2007–FY 2012

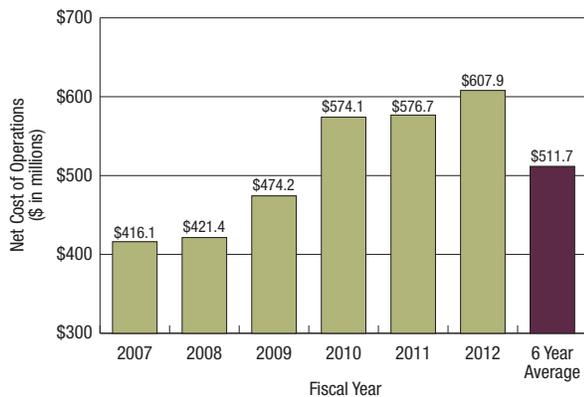


FIGURE 26: Summary of Net Cost of Operations by AOC Responsibility Segment FY 2012 and FY 2011

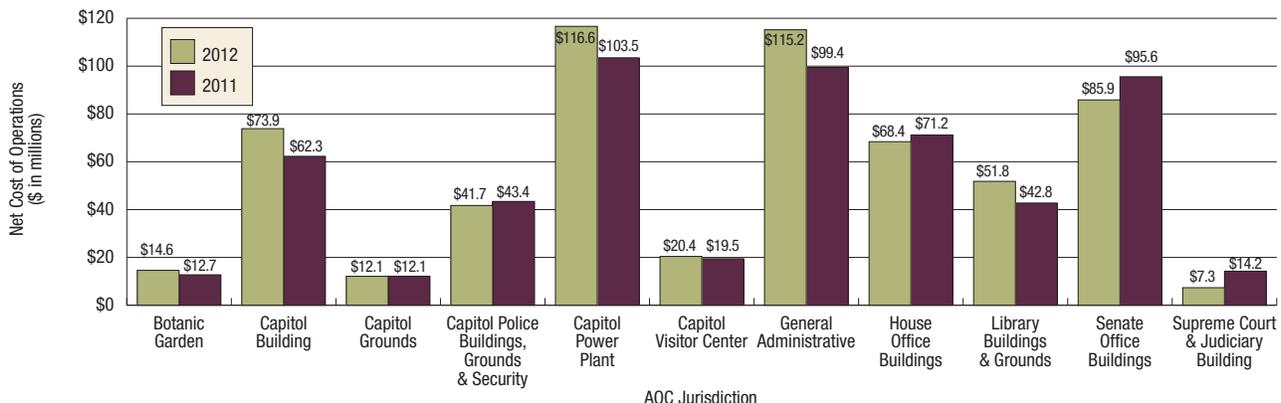


FIGURE 27: Net Cost of Operations by Strategic Goal FY 2012

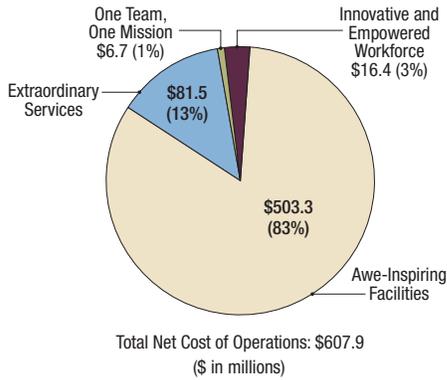
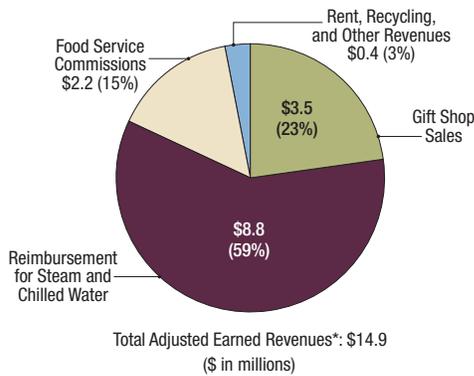


FIGURE 28: Earned Revenues by Source FY 2012



*Note: The Earned Revenues total and the above diagram excludes intra-government reimbursements from the Judiciary Branch (\$37.4 million) and reimbursements from project upgrades (\$5.7 million).

component is displayed separately to facilitate more detailed understanding of the changes to Net Position as a whole. AOC's Net Position at the end of FY 2012 on the Balance Sheet and the Statement of Changes in Net Position was \$2.22 billion, a \$7.8 million (0.4 percent) decrease from the prior fiscal year. The change primarily resulted from an increase in Net Cost of Operations, explained in more detail above.

Overview on Use of Budgetary Resources

The Statement of Budgetary Resources provides data on how AOC obtained its budgetary resources and the status of these resources at the end of the fiscal year. This Statement displays the key budgetary equation (Total Budgetary Resources equals Total Status of Budgetary Resources), which provides information on the status of AOC's congressional spending authority.

AOC's appropriations consist of two components: an operating budget component and a capital projects budget component. Separate appropriations are enacted for each of AOC's jurisdictions. Operating budgets fund the day-to-day operations of all AOC jurisdictions. Payroll is the largest single component of AOC's operating budget, representing in 39 percent of AOC's total FY 2012 budget at \$218.6 million. Other operating expenses include equipment, utilities, supplies and general support contracts. The

capital projects budget includes funds for construction, upgrades, improvements and preservation of the facilities under AOC's stewardship. **Figure 29** highlights the trend in total AOC appropriations for FY 2007 through FY 2012. AOC appropriations have decreased in FY 2011 and FY 2012. AOC recognizes that, in these fiscally constrained times, it must lead by example.

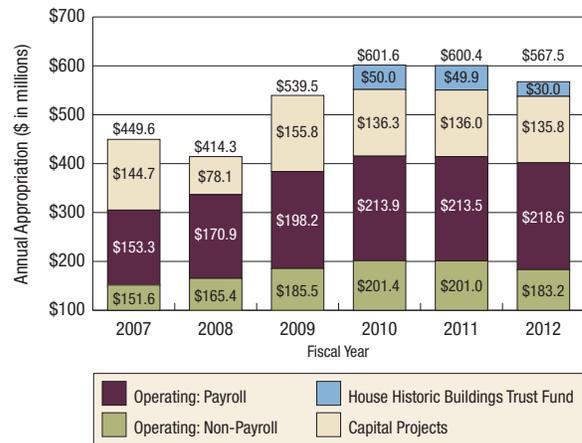
To assist with revitalization projects on major historical buildings and assets, Congress created the House Historic Buildings Revitalization Trust Fund in FY 2010 to help fund the cost of certain long-term rehabilitation projects. Despite AOC's progress over the last several years in identifying and prioritizing its deferred maintenance priorities, many historic buildings continue to require significant funding for maintenance and refurbishment. Currently, resource levels have been insufficient to address both the existing and new facility maintenance issues for which AOC is responsible. For more information on this daunting challenge, please refer to *Management Challenges and Looking Ahead: Deferred Maintenance and Capital Renewal Requirements* in this report.

As part of managing its budgetary resources, AOC tracks its unobligated balance on a regular basis. AOC's unobligated balance represents the unexpended appropriation amount (\$387.4 million at year-end) and tends to fluctuate directly with the number of construction projects in the pipeline. Because projects are often funded with multi-year and sometimes no-year appropriations, AOC's unobligated balance could be misleading to the average reader. Funds that are marked unobligated in its financial systems are typically set aside for specific construction projects that have a multi-year project cycle. AOC's six-year trend in unobligated balances is reflected in **Figure 30**.

Schedule of Spending (Unaudited)

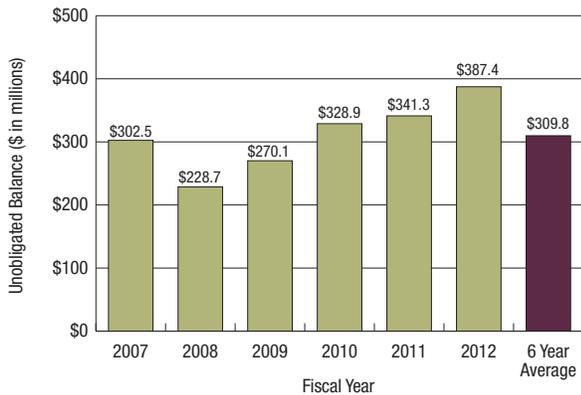
The Schedule of Spending is not a required financial report and, therefore, was not audited. The Schedule is intended to provide an easy-to-understand illustration of AOC's available funds and how AOC spent those funds. Standard accounting terms are modified to improve the understanding of common accounting

FIGURE 29: Trend in Annual Appropriation FY 2007–FY 2012



Notes: Excludes Supreme Court (included in Judiciary Branch appropriation). Dollar amounts have not been adjusted for inflation.

FIGURE 30: Trend in End of Year Unobligated Balance



concepts for the general public. For example, the line item labeled “What Money is Available to Spend?” begins with Total Resources, which matches the Total Budgetary Resources line in AOC’s Statement of Budgetary Resources (SBR). Similarly, the “How was the Money Spent?” section equals Obligations Incurred in the SBR. The Schedule is in the Other Accompanying Information section of this report.

Figure 31 shows how AOC’s appropriations were spent in 2012, by category. As illustrated, personnel compensation (29 percent), contractual services (26 percent) and land and structures (19 percent) represent over two-thirds of AOC’s spending.

Figure 32 breaks out AOC’s available resources into the amount agreed to be spent, the amount available but not agreed to be spent and the amount not available to be spent. As shown, the majority of AOC’s available resources are made of funds agreed to be spent (61 percent), or obligations incurred in FY 2012.

FIGURE 31: How The Money Was Spent?

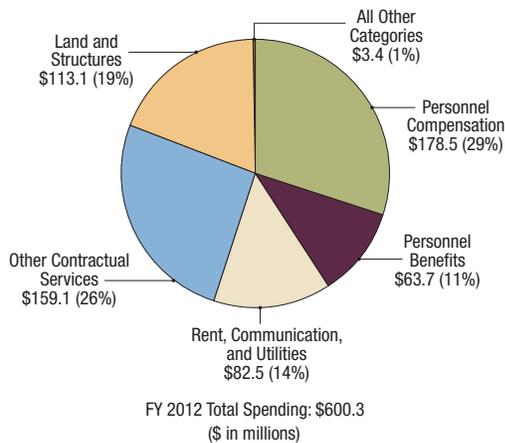
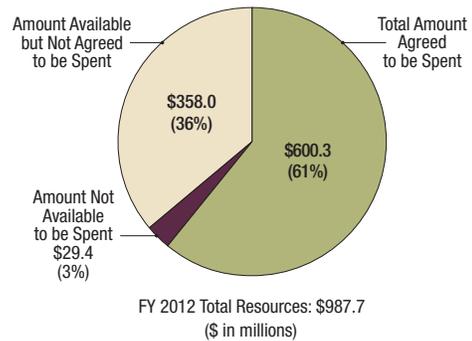


FIGURE 32: What Money is Available to Spend?



Limitation of Financial Statements

Management prepares the accompanying financial statements to report the financial position and results of operations for AOC pursuant to the requirements of Chapter 31 of the U.S. Code Section 3515(b). While these statements have been prepared from AOC’s books and records in accordance with the spirit of OMB Circular A-136, Financial Reporting Requirements, Generally Accepted Accounting Principles (GAAP) and other applicable authority, these statements are in addition to the financial reports, and are prepared from the same books and records used to monitor and control the budgetary resources. These statements should be read with the understanding that they are for a component of the U.S. government, a sovereign entity. One implication is that unfunded liabilities cannot be liquidated without legislation that provides the resources to do so.



AOC considers its annual independent audit to be an integral part of its financial management program. Strong financial management provides the necessary foundation to run an effective, results-oriented agency.



This Page and Opposite Bottom: Capitol Visitor Center (CVC) Registrar Karin Johnston examines artifacts on loan from the Library of Congress for a recent exhibit on the U.S. Civil War. The original documents and artifacts are kept in the CVC's environmental storage room before they are displayed. **OPPOSITE TOP:** CVC Director of Exhibits and Education Carol Beebe adjusts a photograph in one of the display cases in CVC's Exhibition Hall. The CVC houses original historic documents and archives that highlight the story of Congress and the construction of the U.S. Capitol.

Section II:

Performance Information



Introduction

The Performance Information Section of this report presents AOC's progress in achieving its strategic goals, identified in its new *AOC Strategic Vision and Five Year Focus* (covering Fiscal Years 2012 through 2016). This section includes a discussion of the strategies and initiatives AOC undertook in FY 2012 to achieve the goals, as well as a detailed report on how FY 2012 performance compares to AOC's performance goals.

This section is organized around the four goals defined in AOC's Strategic Vision. Each goal is broken down into individual performance objectives. Performance metrics are reported against strategies within those objectives. For FY 2012, AOC reported on 12 strategic objectives and 16 performance metrics within these strategies.

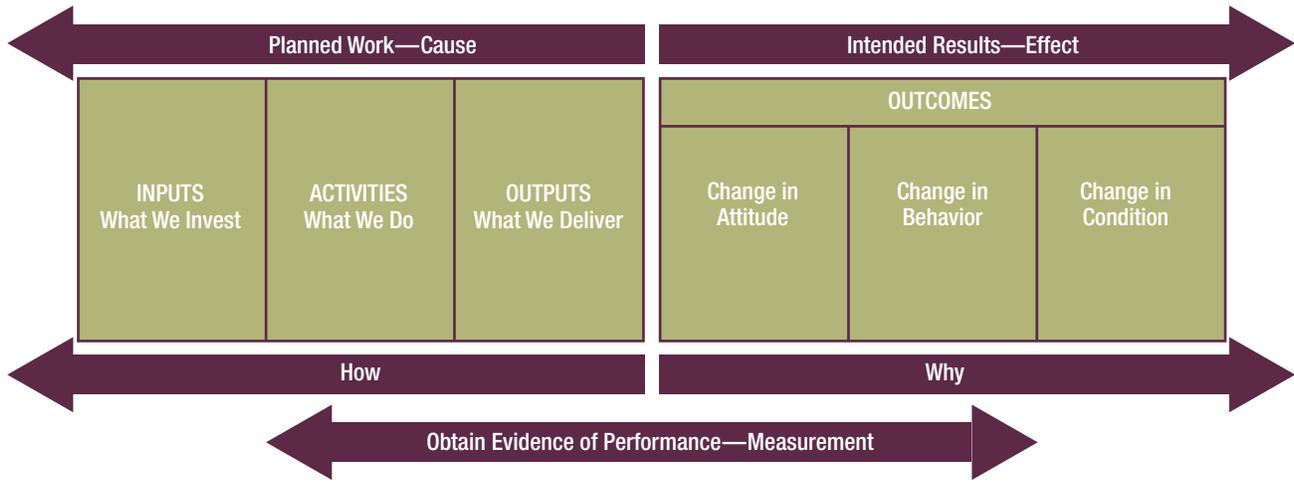
For a copy of the AOC's Strategic Vision document, please visit the AOC Website at: <http://www.aoc.gov/sites/default/files/documents/basic-page/AOC-strategic-vision.pdf>.

AOC Strategic Vision and Five Year Focus

In updating its Strategic Plan for the FY 2012–FY 2016 period, AOC used a different methodology from those used in its previous strategic efforts. Unlike the prior Strategic Plan, AOC built its new vision using a bottom-up approach that involved over 300 employees to craft the agency priorities for the current five-year period. As part of this process, dozens of employees participated in focus groups and working sessions to distill the essence of the agency's mission and how it may be best fulfilled. A group of 80 employees from across all jurisdictions and levels of the organization crafted their peers' input from the working sessions into actionable items and presented these to the AOC's Architect and the Chief Operating Officer. To draft a guiding document for the new vision, three Senior Leaders created strategies from the actionable items and grouped them into four strategic goals. These goals—*One Team, One Mission; Innovative and Empowered Workforce; Awe-Inspiring Facilities;* and *Extraordinary Services*—are considered the bricks in AOC's path to excellence. Convinced that the goals this process identified would endure beyond the five-year span of a traditional strategic plan, AOC named the plan a Strategic Vision, with the strategies forming the Five Year Focus.



AOC's Logic Model helps to align the AOC workforce with the performance strategy.



To implement the Strategic Vision, AOC developed a governance structure to promote participation at all levels, as illustrated on page 41. The four goals of the Strategic Vision are represented by Goal Leads. Each Goal Lead is supported by Goal Champions in deploying the Strategic Vision. The 35 strategies are assigned to individual Strategy Owners who reached out to colleagues across the agency to set up Strategy Teams. Goal Leads and Champions act as agency resources to facilitate implementation of the initiatives set forth by the Strategy Teams and help remove roadblocks, when necessary. The Strategy Teams also use Logic Models, i.e., schematic indications of the outcomes and actions taken for each strategy (see process flow), along with specific plans to outline the strategic actions for the five-year period and how they will be achieved. Underlying the Logic Models is a recognition that high performance requires the proper organizational attitude, behavior and conditions.

AOC selected 16 of the 35 strategies to move forward in the initial 12 to 18 months of the Strategic Vision, which are the focus of this Performance Information Section. Although AOC has started to progress most of the remaining 19 strategies, they will not be subject to formal reporting requirements until FY 2014.

Performance Management

AOC strives to maintain a high level of performance in advancing the goals outlined in the Strategic Vision. Since FY 2004, AOC has maintained an Executive Dashboard to monitor and manage operational performance results. The dashboard has evolved to reflect the agency's mission and Strategic Vision by adding new metrics to track changing priorities and removing metrics that are no longer applicable. Since FY 2005, to report on its performance results, AOC has published an annual Performance and Accountability Report that follows the spirit and intent of the Government Performance and Results Act, Government Performance and Results Modernization Act and other related federal management legislation.

To reflect the new goals and objectives in the Strategic Vision, AOC has revised its performance metrics. Each strategy will be measured individually, based on its Logic Model and plan. While some of these metrics are well established, AOC also created many new metrics in FY 2012. When possible, prior year data is provided to establish past performance and trend information. As AOC implements new strategies and new data becomes available, AOC will develop a more comprehensive, robust set of performance metrics. **Table 10** outlines the strategic objectives and performance metrics, by Strategic Goal, for FY 2012. As shown, 16 priority strategies were selected to be the initial focus of the Strategic Vision and have performance metrics for FY 2012.

TABLE 10: Strategic Objectives and Performance Metrics by Strategic Goal

Strategic Goal	Strategic Objectives	Performance Metrics
One Team, One Mission	3	4
Innovative and Empowered Workforce	3	3
Awe-Inspiring Facilities	4	6
Extraordinary Services	2	3
Total	12	16

AOC's performance and accomplishments were recognized in FY 2012 by numerous external awards and recognitions, including:

- ◆ The General Services Administration 2012 Achievement Award for Real Property Innovation Program, Sustainability Category, in recognition of AOC's East House Underground Garage Interior Rehabilitation Project
- ◆ The Association of Government Accountants *Certificate of Excellence in Accountability Reporting* in recognition of AOC's 2011 Performance and Accountability Report

- ◆ The Building Operating Management magazine's FMXcellence Award for customer service excellence in recognition of AOC's Office of Security Programs
- ◆ The International Academy of Digital Arts and Sciences Webby Award for Best Government Website in recognition of the **Virtual Capitol Website**.

Living the Vision

While the Executive Dashboard is the agency's primary performance measurement tool, AOC has put in place a dedicated measurement system to monitor the Strategic Vision. Many initiatives across goals are inter-related and build on each other while maintaining a certain level of independence. For example, one strategy under Goal 1 (One Team, One Mission) calls for streamlining AOC internal operations for enhanced efficiency and effectiveness. The Strategy Team will receive input generated by a separate strategy under Goal 2 (Innovative and Empowered Workforce) geared towards encouraging workplace innovation, new ideas and solutions. By working together and coordinating strategies, the Strategy Owners will be able to affect a greater impact on performance.

AOC tailored performance measurement to each strategy individually, based on its own logic model and detailed plan. While some strategies have short-term milestones as targets, others are more suited to long-term evolutionary targets. AOC uses more than just traditional lagging metrics to develop a long-term course to success.

AOC has devised a highly interactive process to keep informed of the progress being made along the five-year focus path marked by the Strategic Vision. Once per month, Strategy Owners update an online system with accomplishments, challenges and notable events. The system is available to all employees and questions are redirected to the Strategy Owners. Every month, the four Goal Leads drive a Senior Leaders' meeting to offer an activity update, discuss progress and obtain support to remove obstacles. Starting in FY 2013, every quarter, Strategy Owners will formally report on achievements, progress and challenges. This report will be made available on-line to all employees and is the basis for more in-depth discussion among Senior Leaders.

Data Validation

AOC uses objective data to drive performance management decisions. AOC's Executive Dashboard is the primary tool to measure performance. AOC consistently keeps the dashboard up to date to reflect new targets, data, and strategies. AOC's performance management approach includes the following key processes:

- ◆ Establish long-term targets through the Strategic Vision and Five Year Focus
- ◆ Allow strategy owners and strategy teams to work with process owners to develop performance targets

- ◆ Use applied metrology techniques to identify sources, validate data and generate meaningful information
- ◆ Review and discuss performance results monthly in a Senior Leadership meeting
- ◆ Issue reports quarterly on strategy progress and challenges.

The performance metrics provided in this section cite the applicable data source. AOC utilizes automated data collection systems when available, but some performance metrics require manual data retrieval. AOC has instituted controls to ensure the validity of the data presented herein. These controls include restricting permissible values, flagging outliers for review and mapping results for visual checks.

In addition to the regularly monitored metrics, in FY 2012 AOC reported on performance metrics that correspond to 16 of 35 total strategies identified in the Strategic Vision. These strategies are the focus of the first 12 to 18 months of operations under its new Strategic Vision. The remaining 19 strategies are scheduled for implementation later in the five-year cycle for the Strategic Vision. Not all performance metrics have targets. Instead, some strategies use performance indicators. For these performance indicators, AOC established "Intents" rather than "Targets." These indicators have enough precision to give AOC the signals it needs to confirm progress towards its long-term goals, but do not lend themselves to the establishment of targets. The results of these indicators are reported as "Other." In addition, AOC had one performance metric for which FY 2012 data was not available at time of publication. This metric is also classified as "Other."

In FY 2012, AOC did not conduct research or program evaluations to understand the past year's performance.

AOC's Executive Dashboard





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Emanuel Sorrell, Carroll Rodgers, Robert Wallace

Stone Masons, Office of Planning and Project Management—Construction Division

Emanuel, Carroll, and Robert are stone masons tasked with the restoration of Union Square. AOC received responsibility for Union Square in FY 2012, and the skill and hard work of these stone masons have resulted in the abatement of numerous safety hazards and the preservation of Union Square’s stonework. The driving force behind their work is a belief in AOC’s motto of “Serve, Preserve and Inspire.”

Strategic Goal 1: One Team, One Mission

United in Excellence

AOC will foster a culture of learning, sharing, cooperation and teamwork that improves efficiency and effectiveness throughout the organization.

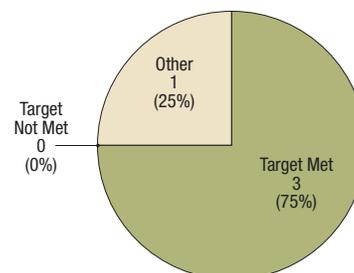
The purpose of the One Team, One Mission goal is to promote and encourage work within and across the AOC organizations. By setting the stage for learning opportunities (e.g., cross-training, on-the-job-training and formal education), this goal looks to promote the sharing of information and resources to AOC professionals agency-wide, thus developing an organizational knowledge network. Ultimately, this goal encourages the development of a work culture that increases the reach of best practices and lessons learned to teams across the agency in order to deliver results.

Strategic Goal 1 includes three strategic objectives:

- ♦ Cultivate an organizational culture of learning, sharing and support
- ♦ Utilize AOC resources efficiently
- ♦ Collaboratively develop and implement standardized processes, policies and programs.

The performance results achieved for this fiscal year for Strategic Goal 1 are depicted in **Figure 33**.

FIGURE 33: FY 2012 Results Achieved for Strategic Goal 1



Number of Performance Metrics: 4 (3 with FY 2012 targets).

Strategic Objective 1.1: Cultivate an Organizational Culture of Learning, Sharing and Support.

AOC's strategies to meet this objective include: enhancing the foundation on which AOC develops and delivers results and strengthen the agency's reputation for excellence; increasing the use of cross-functional teams drawn from across the agency to develop and share solutions to common challenges; expand external collaboration to enhance innovation, deliver better value, and exceed expectations; and participate and actively engage in professional associations and partnerships.

In FY 2012, AOC worked to build the foundation on which AOC develops and delivers results and strengthen the agency's reputation for excellence. AOC began work to establish an operational performance framework, to include policies, standards and methodologies that improve collaboration and support across agency objectives. Additionally, AOC continues to invest in employee education and training as a method to build a strong foundation of human capital.

Discussion: AOC will continue to develop metrics for this objective that accurately reflect performance. Current progress in this objective is measured by AOC's investment in employee education and training. As shown in **Table 11**, AOC has increased its agency-wide investment in learning by over one million dollars (a 78 percent increase) since FY 2007. Per employee investment has increased from \$581 in FY 2007 to \$915 in FY 2012 (see **Figure 34**). In the current fiscal environment, AOC must ensure that it utilizes its fiscal resources in the most efficient manner. Investments in employee education and training are intended to increase AOC's ability to meet its mission. Despite the increase since FY 2007, total investment in employee training accounts for under one-half of one percent of AOC's total budget.

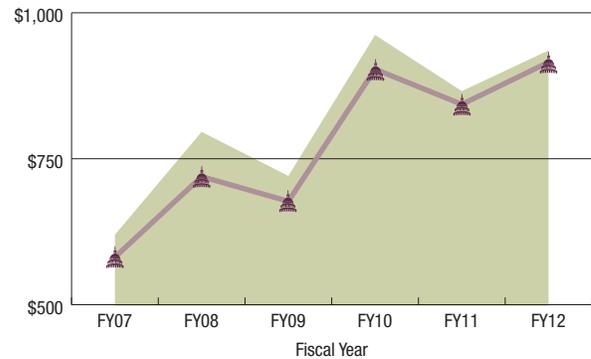
Future Strategy Efforts: One of AOC's key initiatives under this strategy is to establish an operational performance

framework (policy, standards and methodologies). In FY 2012, AOC established a project team to develop the framework. A draft charter will be completed in FY 2013

and AOC will ensure that all major processes and procedures are fully documented. AOC intends to identify a system to centrally warehouse process information so that all internal offices can access the procedures; implementation of the system would occur in FY 2014. This will promote intra-organizational collaborating and will support cross-agency objectives to meet AOC's mission.

TREND: AOC promotes the investment in employee education and the per capita spending increased from FY 2011.

FIGURE 34: Investment in Learning



▲ Average amount spent per employee in training activities.
Green area shows average budgeted amount per employee.
Source: Hyperion FN10 report, September 2012

TABLE 11: Performance Results for Strategic Objective 1.1

Investment in Learning							
Intent: Sustain investment in learning.							
2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Target	2012 Actual	Met/Not Met
\$1.332 million	\$1.701 million	\$1.773 million	\$2.347 million	\$2.276 million	N/A	\$2.377 million	Other

Data Source: Financial Management System, September 2012
Discussion: AOC uses this indicator to track investment in learning. The intent of this indicator is to sustain spending on learning at the appropriate levels.

Strategic Objective 1.2: Utilize AOC Resources Efficiently.

AOC's strategies to meet this objective include: expanding the adoption of best practices where beneficial; streamlining AOC internal operations for enhanced efficiency and effectiveness; and maximizing the effectiveness of financial information in the decision making process.

In FY 2012, AOC worked to streamline internal operations to enhance efficiency and effectiveness. For example, AOC identified opportunities to consolidate shared services and contracts thereby eliminating unnecessary costs and improving procedures. AOC's efforts have resulted in improved operational efficiency (as shown through decreased cycle times in the hiring process and reduced overtime hours) and reduced costs.

Table 12 identifies other specific efforts AOC has undertaken to reduce costs and ensure proper fiscal stewardship of its funds.

Discussion: AOC tracks performance on this objective through metrics that monitor hiring cycle time and the usage of overtime labor.

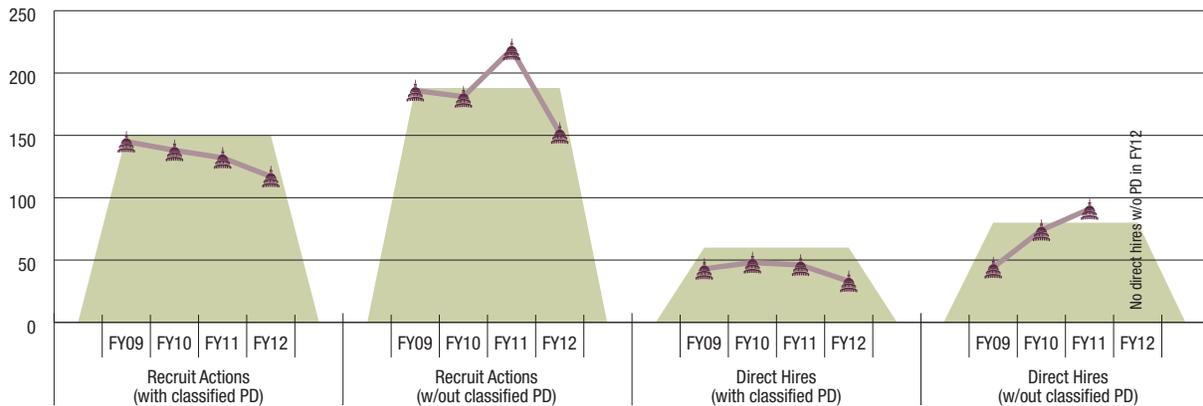
Enhanced efficiencies in AOC's recruitment and hiring process resulted in a reduction in the hiring cycle time. Since FY 2009, AOC has tracked the hiring cycle time for the four main hiring processes: Recruitment Actions with Classified Position Description (PD), Recruitment Actions without Classified PD, direct hires with classified PD, and direct hires without classified PD. For each of the active processes, AOC has shown a decreasing trend in the hiring cycle times. AOC did not have any direct hires without classified PD in FY 2012. See **Figure 35** and **Table 13**.

TREND: AOC's hiring cycle times have improved in all active processes since FY 2009.

TABLE 12: Highlights of AOC Cost Savings and Cost Avoidance Initiatives for FY 2012

Project or Program	Initiative	Estimated Cost Savings/Avoidance
West House Underground Garage renovation	AOC utilized lessons learned from previous projects to cut the project duration in half (e.g., utilizing hydro-demolition that allowed renovations to occur during normal business hours). The shortened project duration allowed AOC to reduce costs for leased parking during the renovation.	\$9 million
Adjusted work schedules to reduce overtime (OT)	AOC adjusted employee work schedules outside the normal Monday-Friday timeframe, implementing OT budgets at the shop level and increased telework opportunities. These adjusted schedules reduced OT by over 71,000 hours from FY 2011 and over 120,000 hours from FY 2010—33% and 49% reductions, respectively, while maintaining the service levels and response times.	\$3 million
Capitol Power Plant operations	The operations staff developed improvements in the chilled water production process that increased efficiency by eight percent and reduced electricity costs.	\$1 million annually
Retooled existing FTEs in AOC Planning and Project Management to create the Sustainability and Energy Division	The Sustainability and Energy Division decreased energy, water and steam usage throughout the Capitol complex while avoiding the cost of five FTEs and related contract support.	\$700,000 plus annual energy reduction savings
Spray paint booths for the Senate Sergeant at Arms and Superintendent	AOC utilized in-house resources instead of contractors to design and install spray paint booths for the Senate Sergeant at Arms' cabinet shop and the Senate Superintendent's refinishing shop. Efficiencies were gained by leveraging the shared facility space and similar operational needs.	\$350,000
Construction Division's warehouse lease	AOC re-competed the warehouse lease and contracted for a smaller warehouse footprint at a lower cost.	\$290,000 annually
Relocation of Senate Sergeant at Arms Cabinet Shop	Relocation from Postal Square Building to GPO Building provided additional square footage for safer operations and more effective logistics at a lower cost.	\$225,000 annually
Occupational safety and health regulatory update service	AOC chose to not renew a services contract for monitoring and reporting on the regulatory environment for safety (Occupational Safety and Health Administration, American National Standards Institute and others). Instead, AOC Safety Policy Managers will perform these tasks in-house.	\$60,000

FIGURE 35: Hiring Cycle Time



Days elapsed from the date in which the request to fill a vacancy is placed in the system to the date the new employee enters on board. Green area shows the target cycle time (varies between up to 60 and up to 188 days, depending on hiring process). Source: CAO Dashboard, September 2012

TABLE 13: Performance Results for Strategic Objective 1.2

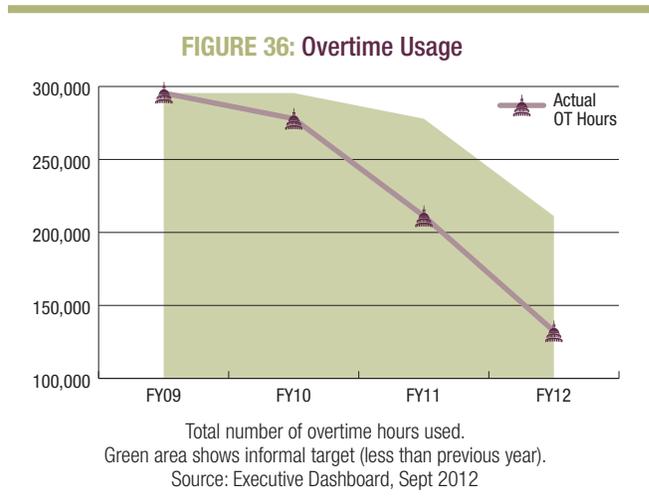
Hiring Cycle Time							
Target: For recruiting actions with classified PD, average hiring cycle time is at most 150 days.							
2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Target	2012 Actual	Met/Not Met
N/A	N/A	145	138	132	150	117	Met
Data Source: CAO Dashboard, September 2012							
Discussion: AOC reduced the hiring cycle time for recruiting actions with classified PD to 22 percent below the FY 2012 target.							
Target: For recruiting actions without classified PD, average hiring cycle time is at most 188 days.							
2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Target	2012 Actual	Met/Not Met
N/A	N/A	186	181	219	188	152	Met
Data Source: CAO Dashboard, September 2012							
Discussion: AOC reduced the hiring cycle time for recruiting actions without classified PD to 19 percent below the FY 2012 target.							
Target: For direct hires with classified PD, average hiring cycle time is at most 60 days.							
2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Target	2012 Actual	Met/Not Met
N/A	N/A	43	48	46	60	33	Met
Data Source: CAO Dashboard, September 2012							
Discussion: AOC reduced the hiring cycle time for direct hires with classified PD to 45 percent below the FY 2012 target.							
Target: For direct hires without classified PD, average hiring cycle time is at most 80 days.							
2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Target	2012 Actual	Met/Not Met
N/A	N/A	44	74	91	80	N/A	N/A
Data Source: CAO Dashboard, September 2012							
Discussion: AOC made no direct hires without classified PD in FY 2012.							

TREND: Since FY 2010, AOC has reduced its number of overtime hours worked.

Improved operational efficiencies also helped reduce the number of overtime hours worked. Managers, supervisors, and teams of AOC professionals from all trades have taken a critical look at what they do and how they do it to

achieve more with less. **Figure 36** and **Table 14** show that AOC's overtime hours have consistently decreased over the last three fiscal years. AOC was able to decrease its overtime through a combination of an increased use of temporary labor, better planning and scheduling and the strict enforcement of overtime budgets. However, AOC also understands that a certain amount of overtime is inescapable and will, in the near future, reach the optimum balance. At that point, the target will become one of maintenance rather than reduction.

Future Strategy Efforts: In FY 2012, AOC identified opportunities to streamline operations including service call centers and logistics operations. Additionally, AOC developed a list of



contractor services provided across the agency under separate contracts that could potentially be consolidated. In FY 2013, AOC will identify other programs, services, or processes that could be combined or restructured to produce efficiencies.

TABLE 14: Performance Results for Strategic Objective 1.2

Usage of Overtime							
Target: The number of overtime hours used is reduced from the previous year.							
2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Target	2012 Actual	Met/Not Met
N/A	262,897	295,508	277,924	213,243	< 213,243	141,529	 Met

Data Source: CAO Dashboard (via ODS database), September 2012

Discussion: AOC continued to decrease its number of overtime hours worked. In FY 2012 overtime usage dropped 33% from the previous year.

Focus on...Paperless Invoice Processing Platform Implemented

In an effort to streamline and improve financial operations, in March 2012, AOC implemented the Invoice Processing Platform (IPP). IPP is a secure, web-based system maintained by the Department of Treasury for paying federal government vendor invoices. The IPP system improves the timeliness, efficiency and accuracy of AOC's payment function and reduces costs to AOC and its vendors by automating portions of invoice processing, reducing the labor time and costs. Payments are made promptly so that AOC's and supplier's cash management are more consistent and, in some cases, early payment discounts may be earned.

In preparation for the platform launch, AOC offered training sessions to over 350 financial system users. Implementation was successful and the integration process was completed on time and within budget. AOC is currently using the data available in IPP to establish a baseline for tracking the timeliness of invoice payments.

While AOC is not subject to the Prompt Payment Act, the CFO office aims to use the IPP to eliminate late vendor payments. This effort supports AOC's Strategic Vision by promoting the adoption

of best practices and a culture of transparency, ownership and accountability. The IPP also improves financial management by promoting standard processes to manage invoices with increased controls to prevent improper payments. AOC was the first federal agency using Momentum Financials to adopt IPP and, by the end of FY 2012, had the technology structure in place for helping to make AOC the business partner of choice.

IPP Fast Facts

Year AOC Adopted IPP: 2012

Invoices Processed in First Year (March–September 2012): 2,500

Key Results

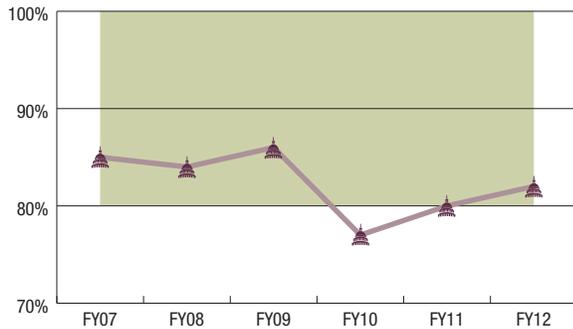
- Reduced vendor paperwork
- Increased transparency in invoice processing
- Improved customer service
- Improved on time payment by 15 percent

Strategic Objective 1.3: Collaboratively Develop and Implement Standardized Processes, Policies and Programs.

AOC's strategies to meet this objective include: creating and engaging in proactive risk management processes; establishing and implementing a program that drives quality improvement throughout the agency; and building a consistent data framework to manage knowledge as an agency asset and drive productivity.

In FY 2012, AOC worked to implement strategies to drive quality improvement throughout the agency. AOC is standardizing procedures and adopting best business practices across the agency. In addition, AOC is re-engineering processes so that they are simpler, less susceptible to errors and more reliable in their outputs.

FIGURE 37: Awards within PALT



Proportion of requisitions awarded within target cycle time (all award types).
Green area shows the target performance.
Source: data used in CAO Dashboard, September 2012

Discussion: In FY 2012, AOC measured performance against this objective through the Procurement Acquisition Lead Time (PALT), a measure of the agency's resource acquisition functions (see **Figure 37** and **Table 15**). This metric is intended to help the AOC reduce the variability in processing different document types (i.e., contracts, orders and small purchases) by identifying problem areas. This will assist AOC in re-engineering more straight-forward, consistent business processes.

Future Strategy Efforts: During FY 2012, AOC identified the vision, scope and deployment path for an enterprise risk management program. Senior Leaders reviewed the program and AOC intends to develop the final program charter, as well as a robust program management plan in FY 2013. Execution of the program plan is likely to occur prior to FY 2014.

AOC also began efforts in FY 2012 to build a consistent data management framework to manage information technology data as an agency asset and drive productivity. In FY 2013, AOC will create a list of systems of record within the agency, analyze duplicative systems and address redundancies.

TREND: Since FY 2010, AOC has increased its percentage of procurements awarded within the Performance Acquisition Lead Time.

TABLE 15: Performance Results for Strategic Objective 1.3

Awards within Procurement Acquisition Lead Time							
Target: 80 percent of awards occurred within Procurement Acquisition Lead Time (between 7 and 175 days, depending on type of award)							
2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Target	2012 Actual	Met/Not Met
85%	84%	86%	77%	80%	80%	82%	 Met

Data Source: CAO Dashboard, September 2012

Discussion: AOC performed above the target level and improved over FY 2011 in all three award categories. 100 percent of contracts, 86 percent of orders, and 82 percent of small purchases were awarded within PALT, demonstrating how AOC continues to refine the awards process to reduce variability through standardization..

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Janice Edwards

*Budget Analyst, Office of the Chief Financial Officer
— Budget Division*

Jan is a strong advocate for responsible financial stewardship. She has worked tirelessly to track AOC payroll by producing products and metrics that help AOC jurisdictions better manage their human capital. Efforts like Jan’s support the AOC strategic goal “One Team, One Mission” and allow AOC to be more efficient by focusing its limited resources on the most critical agency priorities.

Strategic Goal 2: Innovative and Empowered Workforce

Leading Change Together

AOC will attract, develop, and retain exceptional employees. AOC will empower its workforce to be innovative and advance new programs and processes to serve its clients, preserve national treasures, and inspire memorable experiences. AOC will embrace change through outstanding leadership and continuous improvement.

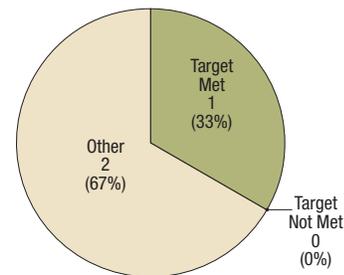
The purpose of the Innovative and Empowered Workforce goal is to create a work environment that rewards excellence and creativity. AOC’s vision is embodied in dynamic individuals who have been empowered to do new things in new ways to better serve the American public and their fellow employees. They are eager to share results for the betterment of the agency. This goal develops the strategies to manage the entire employee workforce life-cycle, from recruitment to separation, building on successes, learning from mistakes and encouraging high performers to be role models for all.

Strategic Goal 2 includes three strategic objectives:

- ♦ People are the cornerstone of our success
- ♦ Increase employee involvement and engagement
- ♦ Build a culture of transparency, ownership and accountability.

The performance results achieved for this fiscal year for Strategic Goal 2 are depicted in **Figure 38**.

FIGURE 38: FY 2012 Results Achieved for Strategic Goal 2



Number of Performance Metrics: 3 (with FY 2012 targets).

Focus on...Workplace Improvements at AOC

In FY 2012, AOC implemented a number of workplace improvements and programs to develop, retain and attract exceptional employees. AOC continued to expand its work-life program in order to offer greater schedule flexibility and decrease commuting and energy costs. Additionally, AOC implemented the following new initiatives:

- AOC participated in an agency-wide Organizational Assessment Survey (OAS) in February 2012. The survey received an 83 percent employee response rate and measured 12 dimensions of organizational climate. The survey findings helped AOC assess its workplace strengths and the challenges that need to be addressed.
- AOC has launched a new onboarding program to engage, develop and motivate new employees. The program was updated to help employees establish the necessary support networks to succeed and grow in their AOC careers.
- AOC entered into an agreement with the Washington Hospital Center to provide off-site urgent medical care for employees injured on the job. This particularly benefits second and third shift workers.
- AOC revitalized its Architect’s Mobility Program. This initiative offers career development opportunities for high potential employees who occupy grade-limiting positions and lack qualifying skilled experience.

Strategic Objective 2.1: People Are the Cornerstone of Our Success.

AOC's strategies to meet this objective include enhancing employees' opportunities for personal and professional growth and strengthening programs and strategies to attract and retain outstanding employees.

In FY 2012 AOC worked to develop and strengthen its workforce by implementing a new staffing program and strategies to attract and maintain high-quality employees while providing opportunities for personal and professional growth. AOC expanded its Architect's Mobility Program while revising staffing policy and procedures to allow for greater flexibility in recruiting well-qualified employees. AOC also continued to invest in employee development to expand employee growth opportunities.

Discussion: AOC monitors performance towards this objective with metrics that track employee development against a standard number of training hours. **Figure 39** and **Table 16** show the average number of training hours over a six-year period. AOC has not set a specific target for annual hours of formal training per employee, but informally monitors the indicator to shape the learning program. Between FY 2007 and FY 2011, employees were receiving between 18 and 23 hours of training on average. In FY 2012 AOC leaned the training request process with the unintentional consequence of altering the recording process. AOC will need to adjust the recording process if this indicator will continue to be monitored.

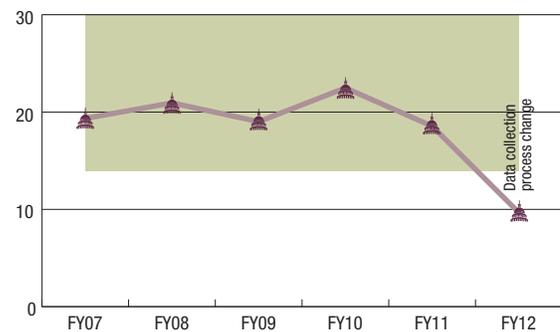
Future Strategy Efforts: This strategy addressed the immediate need of bringing AOC into compliance with the Federal Building Personnel Training Act of 2010. AOC adopted the Core Competency Web Tool to document compliance, thus enabling AOC to report employee competencies and training related to building operations and facility management. In FY 2012, AOC

analyzed core competencies, certifications, licenses and training needs to develop continuing education plans and training approaches that will bring AOC to full compliance with the act.

Another AOC initiative to meet this objective is the revitalization of the Architect Mobility Program. This program allows staff to pursue different professional paths. Since its inception in FY 1999, 19 of 26 participants have successfully completed the program. AOC is revising the approach to broaden the base of possible participants in the future.

TREND: Historically, AOC has provided over 18 training hours per employee annually.

FIGURE 39: Employee Development



Average number of training hours per employee. Green area marks lower threshold identified by the American Society for Training and Development in a survey of 19 major U.S. corporations. Source: ITD ad hoc report, extracted 10/15/12

TABLE 16: Performance Results for Strategic Objective 2.1

Employee Development							
Intent: Provide opportunities for continuous learning.							
2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Target	2012 Actual	Met/Not Met
19.34	20.94	19.01	22.48	18.55	N/A	9.67	Other
Data Source: Financial Management System (via ITD ad hoc report), extracted 10/15/2012							
Discussion: AOC has not established a target for the hours of formal training per employee, per year. Rather, AOC informally monitors the indicator to help AOC shape the learning program. The lower threshold presented graphically above is based on a survey by the American Society for Training and Development of 19 major U.S. corporations. As a result of a FY 2012 process change that decentralized AOC's training approval process, the number of training hours entered into its systems is understated.							

Strategic Objective 2.2: Increase Employee Involvement and Engagement.

AOC's strategies to meet this objective include: empowering employees to serve as AOC ambassadors who model its core values; cultivating a work environment of trust and employee engagement; and encouraging workplace innovation, new ideas and solutions.

In developing its Strategic Vision, AOC encouraged employee participation by seeking input from all levels of the organization. AOC continues to focus on employee recognition through programs such as the Architect's Honor Awards Program.

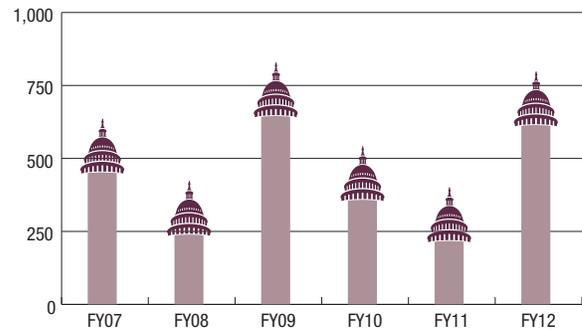
Discussion: The intended outcome of this objective addresses AOC's organizational culture and as such is not measurable with traditional short-term metrics. For FY 2012, AOC tracked performance on this objective by monitoring the Architect's Honor Awards Program. Through this program, the Architect personally recognizes employees who have excelled in some way, e.g., demonstrated unparalleled service excellence, extraordinary teamwork, or unusual ingenuity in solving challenges. Honor awards are non-monetary and include items such as a suitably inscribed certificate or plaque. See **Figure 40** and **Table 17**.

Future Strategy Efforts: In FY 2012, AOC developed and tested "IdeaLabs," a platform for employees to present ideas for improvement. AOC will implement the program in early FY 2013, and will create an "Idea Review Team" to manage and process suggestions for improvement.

AOC also developed a platform which allows a small group of innovative employees to develop prototype applications that support process improvement. For example, in FY 2012, this platform resulted in the development and deployment of an application that allows building occupants to alert AOC staff of a deficiency using QR codes.

TREND: AOC awarded nearly doubled the number of honor awards awarded over its FY 2011 number.

FIGURE 40: Honor Awards Program



Number of awards bestowed through the Architect's Honor Awards Program.
Source: Employee Relations Branch, HCMD

TABLE 17: Performance Results for Strategic Objective 2.2

Honor Awards Program							
Intent: Recognize employees who go the "extra mile." The level of recognition is commensurate with employee efforts.							
2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Target	2012 Actual	Met/Not Met
638	425	831	544	403	N/A	800	Other
Data Source: Employee Relations Branch, HCMD							
Discussion: This indicator does not have a quantifiable target. Rather, it is used to monitor the extent of employee recognition at AOC. In FY 2012, several employees were recognized for their efforts in the wake of the 5.8 magnitude earthquake that hit Washington, D.C. on August 23, 2011.							

Strategic Objective 2.3: Build a Culture of Transparency, Ownership, and Accountability.

AOC's strategies to meet this objective include instilling and fostering a culture of accountability and responsibility and promoting transparency through effective, tailored and clear communication.

Discussion: In FY 2012, AOC engaged in an Organizational Assessment Survey administered by the Office of Personnel Management. Employees had the opportunity to participate in this wide-ranging "climate survey" and gave AOC a measure of their engagement as well as an indication of areas for improvement. In addition, AOC was able to compare its results with other federal agencies and identify benchmarks for future

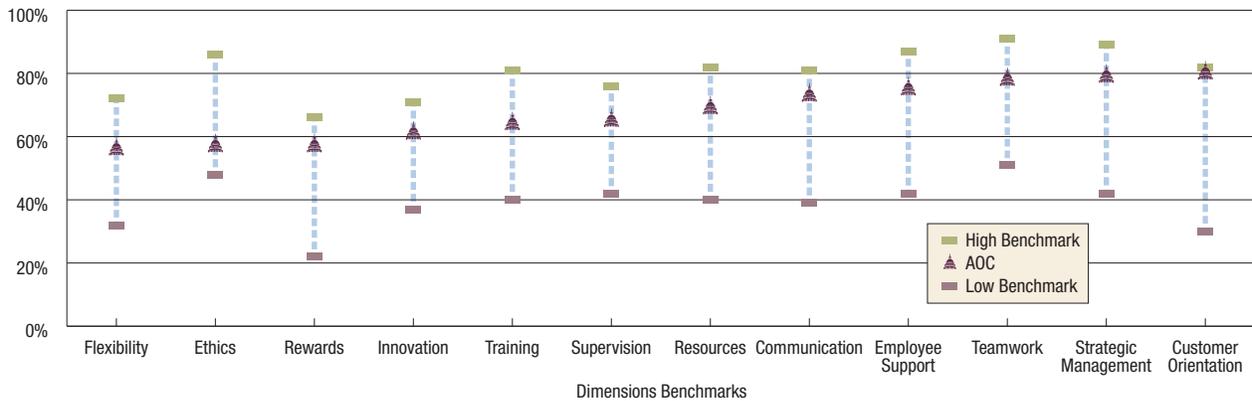
studies, see **Figure 41**. Over 80 percent of the AOC workforce participated in the survey. Based on the results, management is identifying and targeting areas for improvement.

Strategy Update: In FY 2012, AOC researched methods to develop a model of trust and engagement tailored to the agency's needs. Over the next several years, AOC will implement several elements from this model. Each element is planned in conjunction with education and the design of a performance measurement system to monitor results.

TABLE 18: Performance Results for Strategic Objective 2.3

Organizational Assessment Survey	
Target: To participate in the Organizational Assessment Survey administered by OPM and address the challenges it identifies.	
2012 Action	Met/Not Met
AOC successfully conducted OPM's Organizational Assessment Survey, and is developing action plans to address areas of concern the survey brought to management's attention.	 Met
<p>Data Source: Organizational Assessment Survey</p> <p>Discussion: 1,689 AOC employees participated and offered feedback in the survey. AOC is at or above the median for similar agencies in ten of the 12 dimensions measured. Although AOC favorably compares to similar agencies, it understands it needs to build a trend before asserting conclusions. AOC organizations are developing responses to localized deficiencies and AOC Senior Leadership is coordinating plans to address AOC-wide challenges in FY 2013. AOC expects to see improvements in the planned 2014 repetition of the survey.</p>	

FIGURE 41: Organizational Assessment Survey



Results of AOC Organizational Assessment Survey of 2012 compared to similar agencies. Green and purple lines represent high and low benchmarks. Source: AOC Dashboard



SERVE ♦ PRESERVE ♦ INSPIRE



Frank Bussler

Heavy Equipment Operator, Capitol Grounds

A dedicated AOC employee, Frank is always willing to help anyone that asks for his support. Frank consistently executes his work skillfully and in a timely manner. Whether he's plowing snow in a blizzard or making routine deliveries across the Capitol complex, Frank embodies AOC's goal of providing excellent service to its customers. Frank sets an outstanding example for the entire organization.

Strategic Goal 3: Awe-Inspiring Facilities

Unsurpassed Craftsmanship and Stewardship

AOC will ensure outstanding stewardship of our nation's assets to facilitate legislative and judicial business and promote a safe, healthy and secure environment through the efficient use of resources, integrated facility planning and sustainable practices.

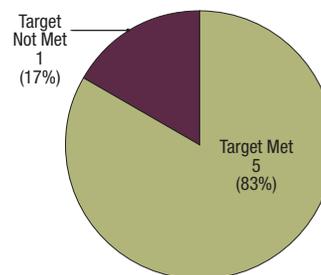
The purpose of the Awe-Inspiring Facilities goal is to continue to maintain the national treasures—the iconic buildings, grounds, and heritage assets—entrusted to AOC's care for generations to come. This goal includes strategies to preserve its facilities and landscapes, ensure that all building equipment and systems are working properly, reasonably protect employees from injuries and threats and integrate sustainable practices into business operations to promote efficiency and reduce waste.

Strategic Goal 3 includes four strategic objectives:

- ♦ Preserve, enhance and protect our facilities and landscapes
- ♦ Strengthen our facilities through asset lifecycle management
- ♦ Promote a culture of resource conservation
- ♦ Provide superior project delivery.

The performance results achieved for this fiscal year for Goal 3 are depicted in **Figure 42**.

FIGURE 42: FY 2012 Results Achieved for Strategic Goal 3



Number of Performance Metrics: 6 (6 with FY 2012 targets).

Strategic Objective 3.1: Preserve, Enhance, and Protect our Facilities and Landscapes

TREND: AOC improved its preventive maintenance work order timeliness rate over FY 2011 levels.

AOC's strategies to meet this objective include: leveraging technologies to improve facility management and increase operational efficiencies; establishing a world-class facility cleaning program; and integrating safety, security and preservation principles into business operations. This objective encompasses much of AOC's core stewardship responsibilities.

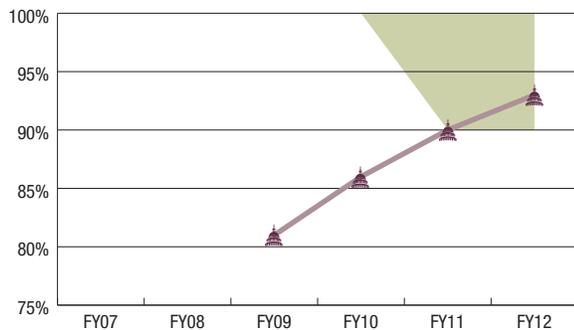
Discussion: AOC looks to improve its facilities management operations by using all available resources and technology. One metric AOC uses to track performance against this objective is the rate at which preventive maintenance orders are completed. AOC employees carry out a rigorous maintenance schedule with precision and continue to refine it based on field experience. **Table 19** shows that AOC has maintained a high completion rate for preventive maintenance work orders and, as shown in

Figure 43, AOC's preventive maintenance work order timeliness has improved since adapting the metric in FY 2011.

AOC measures its efforts to establish a world-class facility cleaning program through daily inspections. These inspections ensure AOC's cleaning program adheres to stringent internal standards. AOC's performance has remained significantly steady under this metric. As shown in **Figure 44** and **Table 20**, AOC has maintained at least a 96% rating for satisfactory cleaning during its inspections. In FY 2012, AOC implemented an intra-organizational inspection procedure to validate the inspection results across the agency. These peer inspections provide program managers with additional data to benchmark their performance and encourage intra-agency communication of best practices and lessons learned.

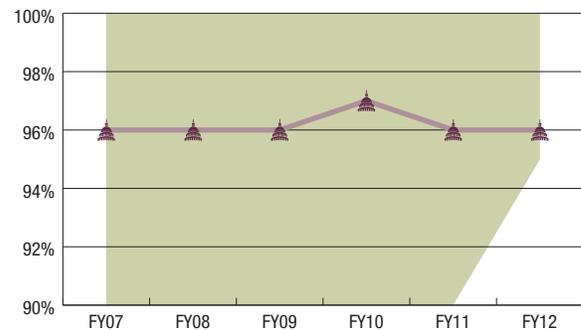
TREND: AOC has consistently exceeded the cleanliness satisfaction target rate since FY 2007.

FIGURE 43: Preventive Maintenance



Proportion of PM work orders closed as planned (FY 2011 and FY 2012).
 FY 2009–FY 2010 show proportion closed.
 Green area shows target (applicable to FY 2011 onwards).
 Source: Executive Dashboard, TMA data

FIGURE 44: Adherence to Cleaning Standards



Proportion of items found to be satisfactorily cleaned during daily inspections.
 Green area shows target.
 Source: Executive Dashboard

TABLE 19: Performance Results for Strategic Objective 3.1

Preventive Maintenance							
Target: 90 percent of preventive maintenance work orders are closed as planned							
2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Target	2012 Actual	Met/Not Met
N/A	N/A	81%	86%	90%	≥ 90%	93%	 Met

Data Source: Executive Dashboard, TMA data

Discussion: For FY 2009 and FY 2010, proportion of work orders closed is reported. For FY 2011 onward, the proportion of work orders closed as planned is reported.

TABLE 20: Performance Results for Strategic Objective 3.1

Adherence to Cleaning Standards							
Target: 95 percent of items found to be satisfactorily cleaned							
2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Target	2012 Actual	Met/Not Met
96%	96%	96%	97%	96%	95%	96%	 Met

Data Source: Executive Dashboard

Discussion: AOC implemented an intra-organizational inspection procedure in FY 2012 to validate the inspection results across the agency.

AOC measures performance in safety programs through an injury and illness rate. Injury and illness rates show the relationship between injuries and illnesses reported to the Department of Labor and the average number of AOC employees. From FY 2007 to FY 2012, AOC reduced its injury and illness rate by 11 percent. See **Figure 45** and **Table 21**. Despite the slight increase in injury and illness percentage between FY 2011 and FY 2012, AOC's lost-time rate decreased with two fewer lost-time cases in the same period. AOC continually seeks to create a

safer workplace environment, as shown by its FY 2012 actions, such as revising the Occupational Safety Health program plan and issuing a comprehensive new Safety Manual formed by 44 self-contained programs.

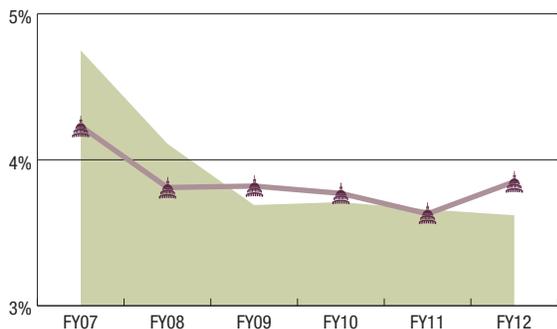
TREND: AOC's injury and illness rate has plateaued after a significant reduction over the past 10 years.

Future Strategic Efforts:

AOC continually implements new technology to improve facility management and increase operational efficiency. In FY 2012, AOC began using a 3-D scanner and Point Cloud technology to document spaces. AOC also provided building inspectors with tablets to assist with documentation in the field. AOC researched a Radio Frequency Identification program as a way to improve inventory functions, and plans to establish a pilot program in FY 2013.

In FY 2012, AOC drafted cross-organizational cleaning inspection procedures to validate routine inspections. These peer inspections provide program managers with additional data to benchmark their practices and, most important, to share new ideas, improved methods and better products and equipment. In the next two years, AOC plans to revise and update its cleaning standards as well as the approach for training (and re-training) its custodial workforce.

FIGURE 45: Injury and Illnesses Rate



I&I rate based on average number of employees in the fiscal year. Green area shows the Department of Labor's targets under its workplace safety and health initiatives. Source: Executive Dashboard

TABLE 21: Performance Results for Strategic Objective 3.1

Injuries and Illness Rate							
Target: Injury and Illness rate is lower than the previous year.							
2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Target	2012 Actual	Met/Not Met
4.32%	3.81%	3.82%	3.77%	3.63%	≤ 3.62%	3.85%	Not Met

Data Source: Executive Dashboard

Discussion: Actual injuries increased in FY 2012 by one over the FY 2011 number. The additional percentage change is a result of reduction in the number of FTEs used in the calculation.

Strategic Objective 3.2: Strengthen our Facilities through Asset Lifecycle Management

AOC's strategies to meet this objective include: establishing a world-class maintenance program; integrating facilities asset management processes and practices; establishing an integrated enterprise information model for facilities management; and preparing AOC facilities to be a model workplace of the future.

AOC's FY 2012 efforts to meet this objective are measured under the strategy to establish a world-class maintenance program. The aging facilities under AOC's care require constant maintenance. AOC seeks to provide the highest-quality facility management services to address their maintenance requirements.

Discussion: AOC measures performance against this objective through the timely completion of corrective maintenance orders. Corrective maintenance addresses emergency maintenance tasks or any unscheduled repairs to facility or building systems. AOC's corrective maintenance efforts play an important role in the management of AOC's facilities. **Figure 46** and **Table 22** show AOC's success in meeting corrective maintenance targets.

Future Strategic Efforts: AOC began efforts in FY 2012 to make its facilities a "Workplace of the Future." AOC initiated studies on the existing work habits and worker types within the agency and researched industry trends (in both the public and private sectors). AOC benchmarked information obtained from other federal agencies and private corporations regarding workplace improvement initiatives. This knowledge will assist AOC as it begins to identify and implement improvement projects.

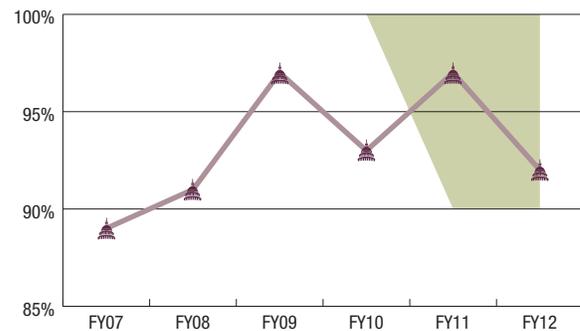
AOC awarded a contract in FY 2012 to improve the work environment at the Capitol Power Plant administrative building. The contract specifically includes a number of "Workplace of the Future" initiatives designed to improve worker effectiveness and

efficiency. Programs such as this will be analyzed for expansion across AOC.

AOC intends to conduct an ergonomic study of AOC's stock furniture and IT equipment to identify deficiencies. The results of the study will guide development of ergonomic standards (e.g., window treatments for glare control, artificial lighting for task and general activities).

TREND: AOC's completion rate for corrective maintenance work orders has exceeded the target since implemented in FY 2011.

FIGURE 46: Corrective Maintenance



Proportion of corrective maintenance work orders closed as planned (FY 2011 and FY 2012). FY 2007–FY 2010 show proportion closed. Green area shows target (applicable to FY 2011 onwards).

Source: Executive Dashboard, TMA data

TABLE 22: Performance Results for Strategic Objective 3.2

Corrective Maintenance							
Target: 90 percent of corrective maintenance work orders are completed within standard timeframe							
2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Target	2012 Actual	Met/Not Met
89%	91%	97%	93%	97%	90%	92%	 Met

Data Source: Executive Dashboard, TMA data

Discussion: FY 2011 and FY 2012 represent the percentage of corrective maintenance work orders closed as planned. Prior to FY 2011, the percentage represents those closed within 30 days of their creation date.

Strategic Objective 3.3: Promote a Culture of Resource Conservation

AOC's strategies to meet this objective include: improving facilities asset performance; integrating sustainable practices into business operations; and strengthening a culture of sustainability with stakeholders and external organizations. In FY 2012, AOC worked to improve its facilities asset performance and resource conservation performance.

Discussion: AOC has a long standing track record of promoting sustainable practices. With limited fiscal resources, improvements to reduce energy costs are one of the priorities for AOC as it completes upgrades and enhancements to its facilities. Energy consumption across AOC is a metric that allows AOC to track the success of its sustainability efforts. **Figure 47** and **Table 23** show the total energy reduction achieved by AOC since FY 2007 relative to the target levels. AOC's sustainability practices have allowed AOC to meet its energy reduction goals, producing a 21 percent decrease in energy consumption from its FY 2003 baseline levels.

Future Strategy Efforts: AOC has a team of professionals dedicated exclusively to sustainability and energy efficiency. Working with leadership at the Capitol Power Plant, the team is developing initiatives to uphold the improvement of facilities asset performance, the integration of sustainable practices into business operations, and the strengthening of a culture of sustainability across AOC.

TREND: AOC achieved a 22 percent reduction in energy consumption in FY 2012, meeting its statutory target.

FIGURE 47: Energy Consumption

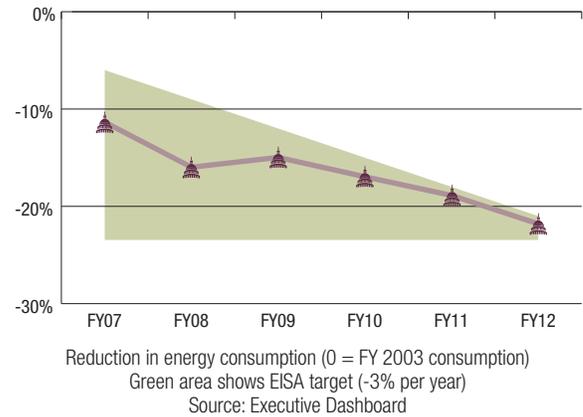


TABLE 23: Performance Results for Strategic Objective 3.3

Energy Consumption with respect to FY 2003

Target: Energy consumption is decreased by three percent each year from FY 2003 levels.

2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Target	2012 Actual	Met/Not Met
-11.4%	-16.0%	-15.0%	-17.0%	-18.9%	-21.0%	-21.8%	 Met

Data Source: Executive Dashboard

Discussion: EAct2005 and EISA2007 mandate that AOC increase energy efficiency, conserve water, reduce greenhouse gas emissions and use environmentally-preferable products. The law requires a reduction of three percent in energy consumption every year from the FY 2003 baseline and a total of 30 percent reduction by FY 2015.

Strategic Objective 3.4: Provide Superior Project Delivery

AOC's strategies to meet this objective include: leveraging best-in-class project management principles and strengthening facilities planning. AOC provides clients with excellent project delivery services. AOC looks to adopt best practices, improve project management, and enhance its facilities planning operations.

Discussion: AOC tracks performance against this objective by measuring customer satisfaction levels for design and construction projects. Survey results show a combined satisfaction rating of 99.6 percent for construction and design projects. See **Figure 48** and **Table 24**.

Future Strategy Efforts: AOC's Office of Planning and Project Management (PPM) oversees efforts to meet this objective. The two strategies under this objective, to leverage best-in-class project management principles and strengthen facilities planning, are part of the normal duties assigned to PPM. As such, both are being executed without being highlighted in the initial 12 to 18 months of the Strategic Vision. AOC will develop additional metrics to track performance against this objective.

TREND: FY 2012 returns project delivery customer satisfaction to the upper 90th percentile, which is in line with AOC's past performance.

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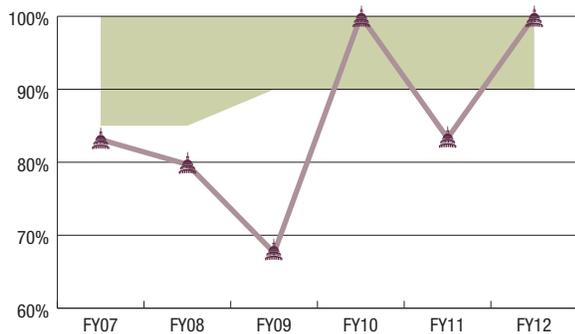


Matthew Cornwell

Pipefitter, Library Buildings and Grounds

Matthew exemplifies AOC's mission of serving Congress. His dedication often brings him to work on off hours to address risky maintenance concerns so that these repairs do not disrupt the work-day business of the Library of Congress. His exemplary enthusiasm, creativity, and integrity are apparent in each of his diverse behind-the-scenes duties for the Library's Plumbing Shop and epitomize AOC's dedication to professionalism and service.

FIGURE 48: Customer Satisfaction—Projects



Proportion of Construction and Design projects completed satisfactorily. Green area shows target. Source: DSPM and CDPM Monthly Survey Reports

TABLE 24: Performance Results for Strategic Objective 3.4

Customer Satisfaction							
Target: 90 percent of projects are rated by clients as satisfactorily completed.							
2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Target	2012 Actual	Met/Not Met
83.1%	79.7%	67.6%	100.0%	83.3%	90.0%	100.0%	 Met

Data Source: Design Services and Construction Division Monthly Survey Reports

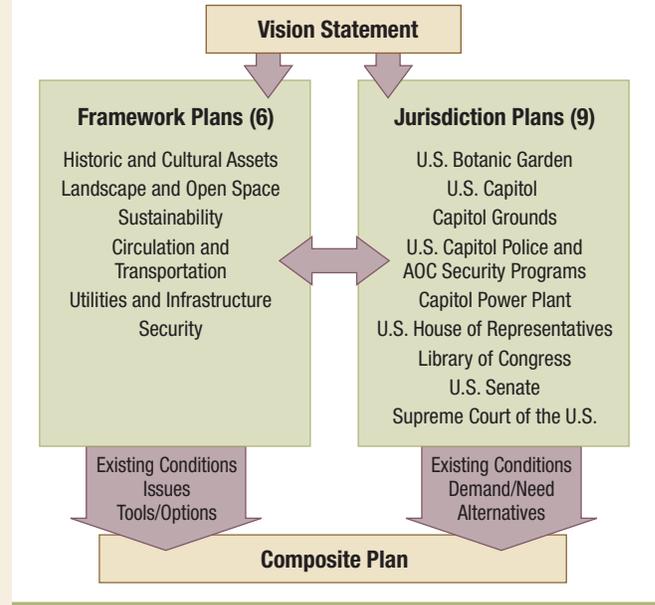
Discussion: AOC met the FY 2012 target with 100 percent of evaluated projects rated as satisfactorily completed. The reduction in client satisfaction in FY 2011 was the result of an effort to administratively close out old completed projects, including obtaining feedback from customers.

Focus on...Shaping the Future: Capitol Complex Master Plan

In FY 2012, AOC completed the draft Capitol Complex Master Plan (CCMP). Based on the draft 1981 Master Plan, the new CCMP outlines a clear vision of AOC’s long-range capital requirements and priorities and provides a 20-year, comprehensive framework to guide AOC in its mission to preserve the Capitol complex while providing excellent operational facilities. The CCMP guides and informs AOC’s annual facilities budget request and the five-year Capital Improvements Plan. The CCMP facilitates key investment decisions, forecasts space needs, maps short-and long-range planning goals and sequences projects.

The CCMP is composed of six framework plans and nine jurisdiction plans which are integrated within a composite plan. Framework plans are broad in scope and individually address issues associated with historic and cultural assets, landscape and open space, sustainability, circulation and transportation, utilities, infrastructure and complex-wide security. Jurisdiction plans identify issues, quantify needs and plan for the future of each jurisdiction on the Capitol complex. One of the key, guiding principles with the CCMP is the ideal of stewardship. Projects identified through the master planning process are founded upon this principle to bring the future of the Capitol complex into today’s planning efforts. The integrated CCMP process is depicted in **Figure 49**.

FIGURE 49: The Capitol Complex Master Plan Process



The Capitol Complex Master Plan is an executive-level document that will guide and inform the AOC’s annual facilities budget request and the longer-term, multi-year Capital Improvements Plan, and provide Congress with a blueprint for facility-related decision making regarding future investments.

Strategic Goal 4: Extraordinary Services

Going the Extra Mile

AOC will provide proactive, professional, and integrated services that exceed clients' and visitors' expectations because it understands and anticipates their needs.

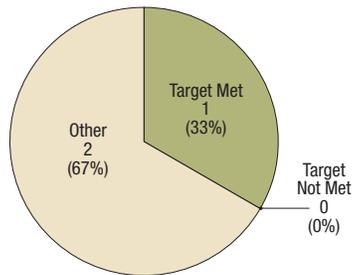
The purpose of the Extraordinary Services goal is to generate an environment where AOC employees take ownership of client needs and proactively coordinate with the service providers to resolve issues. The term "client" has a broad definition and includes Members of Congress, their staffs and constituents, campus visitors (e.g., tourists, students, and others), employees of other federal agencies, as well as internal customers.

Strategic Goal 4 contains two strategic objectives:

- ◆ Provide extraordinary client services
- ◆ Educate, inform and inspire the Capitol Hill visitor experience.

The performance results achieved for this fiscal year for Goal 4 are depicted in **Figure 50**.

FIGURE 50: FY 2012 Results Achieved for Strategic Goal 4



Number of Performance Metrics: 3 (2 with FY 2012 targets).

SERVE ◆ PRESERVE ◆ INSPIRE



Dr. Barbara Wolanin

Curator, Office of the Chief Administrative Officer

Dr. Wolanin has served as the AOC Curator for 27 years. She has overseen the preservation and restoration of many of AOC's heritage assets, including paintings, statues, outdoor sculpture, and the AOC archives of manuscripts, architectural drawings, and photographs. One of her signature projects has been the ongoing restoration of the Brumidi Corridors. She planned and wrote much of the book *Constantino Brumidi: Artist of the Capitol*. Dr. Wolanin believes in creating preservation awareness through knowledge and she regularly inspires staff with talks on the art of the Capitol.

Focus on...Preserving the Past: Art Conservation Projects

AOC has the unique role of preserving and restoring the Capitol's architectural and joint fine and decorative art heritage assets for present and future generations. In FY 2012, AOC's major conservation projects targeted the Brumidi Corridors, the Statue of Freedom, and Capitol sculpture. Conservation is performed by competitively selected senior fine art conservators.

AOC has focused its conservation efforts on restoring the vaulted, ornately decorated Brumidi Corridors in the Senate wing of the Capitol for almost three decades. In FY 2012, AOC awarded a multi-year contract to complete the restoration of the first-floor Senate corridors with a combination of conservation and replication of simpler decorative areas.

Fiscal Year 2012 saw the sixth conservation maintenance of the Statue of Freedom atop the Capitol Dome. The bronze statue has been kept in excellent condition through maintenance of its protective coatings since it was removed for major restoration in 1993.

AOC continued the multi-year contract for professional care of historic statues and busts throughout the Capitol. Staff cleaned over 100 statues and busts and fully conserved over 20, keeping them in excellent condition. Most of the work takes place after visitor hours and on weekends to minimize disruptions to staff and visitors. AOC also conserved the three sets of East Front bronze doors.

The AOC Records Management and Archives Branch, with the support of ITD, implemented a pilot Electronic Document and Records Management System (EDRMS) this fiscal year. Almost 100 users were trained on the system, which is designed to manage and preserve AOC's records so that they can be easily retrieved for current and future work. The focus of the pilot was records management, with capabilities for project work explored. Pilot users responded positively to the usability and usefulness of the system.

The Photography Branch expanded its capabilities for documenting heritage assets with new sophisticated equipment, including time-lapse and video cameras as well as a laser scanner.

Strategic Objective 4.1: Provide Extraordinary Client Services

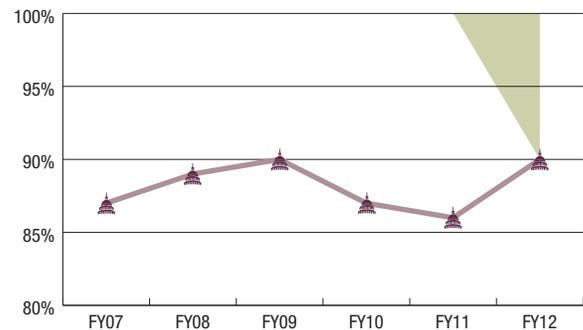
AOC's strategies to meet this objective include: improving AOC service delivery for both internal and external customers and clients; increasing efficiencies and transparency in the AOC acquisition process; and enhancing AOC efficiency through integrated services.

AOC provides high quality services to support congressional and Supreme Court operations and a visitor experience that educates, informs, and inspires visitors to Capitol Hill. To accomplish this, AOC seeks to improve service delivery for both external and internal customers while increasing transparency and efficiency.

Discussion: Between FY 2007 and FY 2011, AOC tracked performance against this objective by measuring the closure rate for service requests. Beginning in FY 2012, AOC tracked timeliness rates for service requests. Customer service requests include such diverse activities as creating custom cabinetry, hanging pictures, or supporting special events. See **Figure 51** and **Table 25**.

TREND: AOC met its target for on time completion of service requests in FY 2012, the first year it tracked this metric.

FIGURE 51: Service Requests



Proportion of Service Requests closed as planned (FY 2012). FY 2007–FY 2011 show proportion closed. Green area shows target (applicable to FY 2012 onwards).
Source: Executive Dashboard, TMA data

TABLE 25: Performance Results for Strategic Objective 4.1

Service Requests							
Target: 90 percent of service requests are completed within the promised timeframe.							
2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Target	2012 Actual	Met/Not Met
87%	89%	90%	87%	86%	90%	90%	 Met

Data Source: Executive Dashboard, TMA data

Discussion: AOC has a three-tiered framework for service timeframes: high priority jobs must be completed within one day of the request, medium priority in two days, and low priority within one week.



AOC supports the Senate and House congressional office moves by providing services such as painting, creating custom cabinetry, hanging pictures and providing office furniture. Planning for the FY 2013 office moves began during FY 2012.

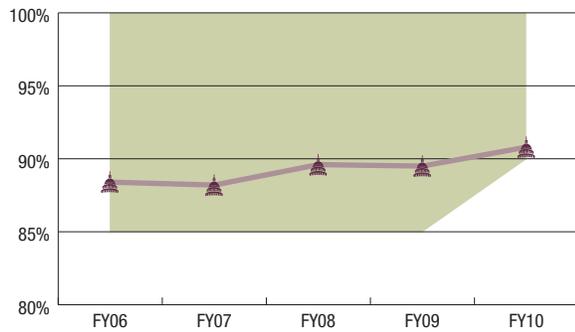
AOC also tracks performance against this objective by measuring the customer satisfaction level of building occupants as reported in the Building Services Customer Satisfaction Survey. This survey measures key areas such as service delivery, cleanliness, building condition, and others. **Figure 52** and **Table 26** show building occupant satisfaction improving from FY 2006 to FY 2010. The FY 2012 results of the Building Services Customer Satisfaction Survey were not available at the time of publication.

AOC also measures its client service performance by measuring improvement in service delivery by internal service providers as reported by various AOC offices. In the FY 2011 biennial survey, each AOC office's service delivery was reported as improved over FY 2011 by at least 56.5 percent. See **Figure 53** and **Table 27**.

Future Strategy Efforts: In FY 2012, AOC developed a business case for a comprehensive customer service philosophy and program. AOC is working to publish the "AOC Customer Service Philosophy" and rollout the related training in FY 2013. Once implemented, AOC will introduce tailored, jurisdiction-specific customer service models based on the Philosophy. The first pilot model will be released in FY 2014.

During FY 2012, AOC issued two policies and one AOC memorandum—sole-source/limited competition policy, acquisition planning policy, and request for small purchase form. These documents provide the agency with clear guidance on aspects of the AOC acquisition process. AOC is planning to develop an AOC procurement order by FY 2014.

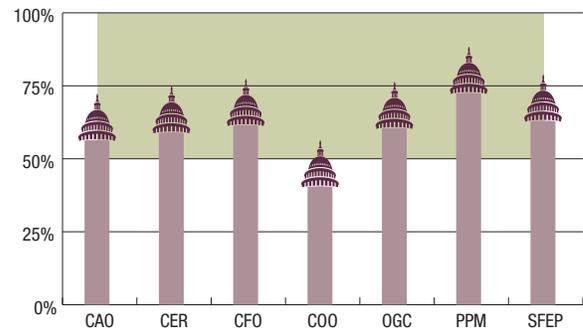
FIGURE 52: Customer Satisfaction—Building Occupants



Satisfaction level of Building Occupants with AOC services.
Green area shows target.
Source: Building Services Customer Satisfaction Survey

Note: After the FY 2010 survey, AOC changed to a biennial schedule. As such, no data is available for FY 2011. Data was not available for FY 2012 at time of publication.

FIGURE 53: Improvement of Internal Service Providers



Proportion of ISP respondents who experienced improvements in service delivery between 2009 and 2011.
Green area shows informal target.
Source: Internal Service Providers Survey

TABLE 26: Performance Results for Strategic Objective 4.1

Customer Satisfaction—Building Occupants							
Target: 90 percent of building occupants are satisfied with AOC's services.							
2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Target	2012 Actual	Met/Not Met
88.2%	89.6%	89.5%	90.8%	N/A	90.0%	N/A	Other

Data Source: Building Services Customer Satisfaction Survey
Discussion: AOC conducted the Building Services Customer Satisfaction Survey annually from FY 2002 through FY 2010. In FY 2010 AOC converted to a biennial schedule and no survey data was available for FY 2011. Performance data from FY 2012 was not available at time of publication.

TABLE 27: Performance Results for Strategic Objective 4.1

Improvement of Internal Service Providers							
Intent: At least 50 percent of respondents noted improvements in service delivery between 2009 and 2011.							
CAO	CER	CFO	COO	OGC	PPM	SFEP	Met/Not Met
72.4%	75.0%	77.5%	56.5%	76.5%	88.5%	79.0%	Other

Data Source: Internal Service Providers Survey
Discussion: More than 50 percent of respondents indicated an improvement in service delivery for each office over a two-year period. All seven offices met the intended improvement level.

Strategic Objective 4.2: Educate, Inform, and Inspire the Capitol Hill Visitor Experience

AOC's strategies to meet this objective include: enhancing opportunities for memorable visitor experiences that educate and inform; enhancing the visitor experience through effective use of digital media and tools; and facilitating the development of a collaborative Capitol Hill visitor experience.

AOC provides an enriching, memorable, and inspirational visitor experience to visitors at the Capitol Complex. AOC seeks to provide more opportunities for visitors to experience the Capitol, embrace technology and new media to improve visitor experiences, and create a comprehensive Capitol Hill visitor experience.

Discussion: AOC works to constantly improve the visitor and client experience, including the online experience. In FY 2012, the AOC website (www.AOC.gov) underwent a significant overhaul to make it more user-friendly for visitors, AOC staff, and congressional employees. The new site organizes content in a way that will make it more accessible. AOC staff and other congressional employees have access to an internal page that is designed to improve customer service by conveniently delivering information relevant to employees across Capitol Hill. The redesigned website inspires and serves the public and AOC's customers by providing more information and imagery about the Capitol complex than has ever been previously available. By tracking web users, the AOC will be able to more effectively deliver online content to its web visitors.

Future Strategy Efforts: AOC works to constantly improve the visitor experience. The Capitol Visitor Center and the U.S. Botanic Garden put on various exhibitions and displays, provide talks and lectures and develop new material. AOC is working on developing additional meaningful metrics that track AOC's efforts to enhance the visitor experience.

Focus on...Educational Offerings at the Capitol Visitor Center

The Capitol Visitor Center continued to expand its educational offerings in FY 2012 to better serve visitors to the Capitol. Among these offerings, CVC provided specialized tours—including *Capitol and the Congress During the Civil War* and a *Brumidi Corridors* tour. The CVC also created new programs to enhance the visitor experience such as a hands-on educational activity (called *Journal Days*) to explore historic journals, a mobile cart program highlighting the role of enslaved workers in the construction of the Capitol and a 47-page educational guide (*My Capitol*) for teachers and students.

In FY 2012, the CVC created new materials to increase visitor awareness of these new educational offerings. The CVC improved its brochure distribution capabilities with the installation of five large brochure racks resulting in a 400 percent increase in brochure distribution. It also introduced a new Visitor Guide brochure to highlight many of the "must-see" treasures throughout the CVC, including the statue collection and important artifacts and documents in the Exhibition Hall. In addition, the CVC developed a brochure about Constantino Brumidi following the installation of the Brumidi Gold Medal in Exhibition Hall in July 2012. Another major addition is a brochure that helps visitors explore and navigate the variety of exhibit components within Exhibition Hall.



A cell phone audio tour of the CVC's Exhibition Hall is now available to visitors. The audio tour begins at the plaster model for the Statue of Freedom, located directly in front of the Exhibition Hall entrance. There are 42 stops on the tour, designated by small numbered signs throughout Exhibition Hall.



BEHIND THE SCENES:

Capitol Power Plant



The U.S. Capitol Power Plant operates 24 hours per day, 365 days per year to provide steam and chilled water service to heat and cool 23 facilities located on or near Capitol Hill.

Congress authorized the design and construction of a central power plant in 1904. This facility was completed and placed in operation in 1910. When it began operating, the power plant provided the Capitol complex with steam and electricity. A one-story extension was constructed in 1938 to house six refrigeration machines and auxiliary equipment. This centralized chilled water plant was the first large-scale refrigeration facility of its type in the world and, at the time it was placed in service, the largest district cooling system in the United States. In 1952, the electrical generation plant was decommissioned and modern steam and refrigeration plants were built to provide buildings with steam and chilled water for heating and cooling purposes (electricity is currently provided by public utilities).

As part of AOC's ongoing commitment to reducing consumption of energy and natural resources, the plant continues to undergo a number of operational changes and modernization efforts to ensure the most cost-effective and energy efficient operation.

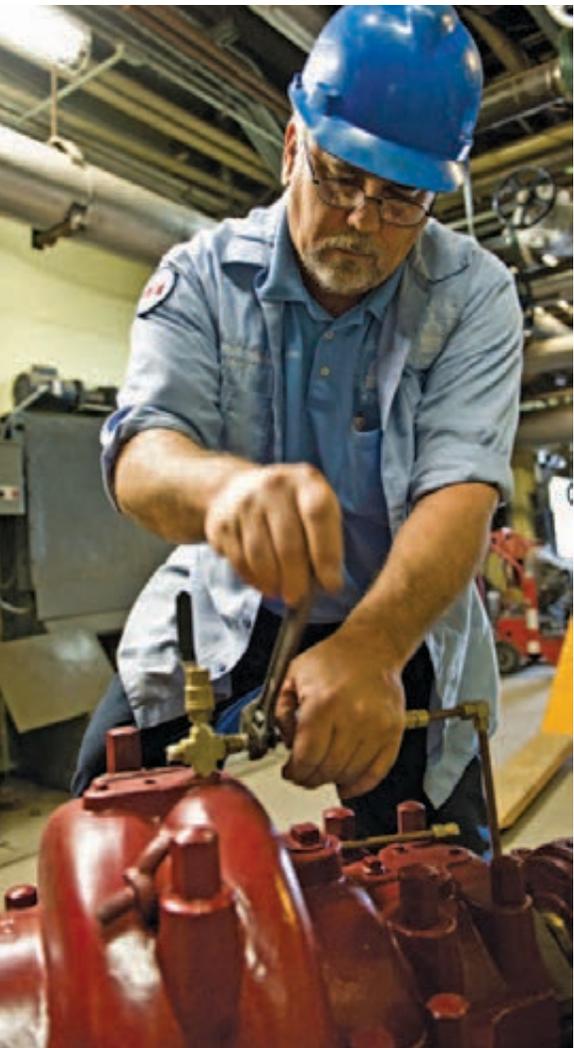


The AOC identified cogeneration as the preferred solution for achieving energy savings, reducing environmental impacts, and maintaining a reliable source of chilled water and steam for Congress and the Supreme Court. The planned Cogeneration Plant, scheduled for completion in 2015, will use natural gas to efficiently generate both electricity and heat for steam.



On May 15, 2012, AOC successfully resolved the workplace-safety issues brought by the Office of Compliance (OOC). As a result, over 1,700 hazards were identified and abated. This achievement was commended by the OOC and was accomplished on time and under budget.

The ongoing Refrigeration Plant Revitalization program at the Capitol Power Plant seeks to replace four chillers in the West Refrigeration Plant which are over thirty years old and beyond their useful life. The project, scheduled for completion in 2018, will install two variable speed high-efficiency centrifugal chillers and ancillary equipment to maintain reliable chilled water for cooling the facilities on the Capitol campus.





In FY 2012, AOC received \$567.5 million in appropriated funds to carry out its mission of maintaining the buildings and grounds on Capitol Hill. These monies fund the management and repair of 17.4 million square feet of building space and more than 630 acres of grounds.

Section III:

Financial Information



Thomas J. Carroll, Chief Financial Officer

A Message from the Chief Financial Officer

It is with honor that I present the financial statements for the Architect of the Capitol's (AOC's) Fiscal Year (FY) 2012 Performance and Accountability Report (PAR). The PAR forms the foundation of AOC's efforts to transparently communicate key performance and financial information to our congressional stakeholders and the American people. By making our financial statements publicly available, AOC demonstrates its commitment to responsible financial management. This spring, AOC received the *Certificate of Excellence in Accountability Reporting* (CEAR) from the Association of Government Accountants in recognition of our FY 2011 Performance and Accountability Report. In addition, the FY 2011 report won the best-in-class award for its Management Discussion and Analysis section. The CEAR award is the highest form of recognition in Federal government

management reporting. The FY 2011 report was the first that AOC submitted for a CEAR review and AOC is exceptionally proud to have been recognized for its commitment to transparency and accountability. This year's PAR similarly provides a comprehensive overview of AOC's financial and operational performance, as well as the challenges the organization faces. Of these challenges, the most pressing is the trend of budget reductions throughout the government and the task of efficiently executing our mission.

Fiscal Year 2012 represents the eighth consecutive year AOC has received a clean audit opinion from the independent auditors of our financial statements. This accomplishment is the result of ongoing efforts by our conscientious and dedicated employees. The clean audit opinion is a testament to the high level of stewardship AOC maintains for the fiscal resources and heritage property under its care.

Even with the clean audit opinion, AOC management recognizes that the repeat material weakness in our Internal Controls Program represents a serious challenge to AOC's financial management. Internal controls provide a framework for managing risk, targeting and addressing major performance and management challenges and identifying areas at greatest risk of fraud, waste, abuse and mismanagement. Effective controls also help organizations to cope with shifting demands and priorities. AOC is dedicated to reducing risk by implementing and documenting a systematic approach to assess, evaluate and monitor internal controls in a concerted effort to eliminate this issue. As AOC faces the challenge of meeting its stewardship mission with reduced fiscal resources, the accountability provided by a strong Internal Controls Program becomes even more important. AOC realigned its Senior Advisory Team to improve management over the Internal Controls Program. The newly realigned team reviewed the vulnerability assessments for 14 high-risk areas and, looking ahead, has begun plans to institute cyclical testing and reporting for these areas for a full Office of Management and Budget Circular A-123 review. AOC also addressed the issue of materiality by declaring a threshold for investigating the controls over specific accounts in the financial statements. AOC recognizes that it will require a multi-year effort to fully develop a comprehensive Internal Controls Program. In assessing our organizational needs,

management has developed a dual track plan to address AOC's internal control deficiency that includes implementing high-level risk management strategies across the agency. This plan goes beyond the Internal Controls Over Financial Reporting requirements to encompass all aspects of AOC's operations.

In FY 2012, the significant deficiency from prior years relating to AOC's Information Technology was eliminated.

The ongoing challenge of managing the growing backlog of deferred maintenance and capital renewal needs of the aging U.S. Capitol complex within existing financial resources remains the central financial management challenge for AOC. To address this challenge, AOC identified and implemented cost savings and cost avoidance strategies in FY 2012 so that available fiscal resources are utilized in the most cost-effective manner. For example, AOC adjusted employee work schedules and increased telework opportunities to reduce over 70,000 overtime hours as compared to last year. This resulted in a cost avoidance of \$3 million dollars. Such efforts provide an extra benefit to Congress and the American people by allowing AOC to reinvest these resources into deferred maintenance and capital renewal projects across the Capitol campus. Upcoming major projects for the agency include the next phase of the Capitol Dome restoration, the Cannon House Office Building renovation and the Union Square stabilization.

Within the realm of financial management, AOC has focused on improving its systems and business processes so that the agency operates more efficiently. This year, AOC implemented the Invoice Processing Platform and upgraded its financial management system to improve accountability for its fiscal resources,

pay its vendors more quickly, improve user interfaces and address the prior year significant deficiency concerning AOC's information technology system. AOC also restructured and repurposed its Audit and Advisory Committee to provide a more proactive resource for identifying potential accountability issues and working with AOC senior management to resolve them.

Looking ahead, AOC continues to focus on strengthening its financial management systems and structure, implementing a comprehensive risk management program (to include internal control testing and reporting) and operating in the most cost-effective manner possible. Our new Strategic Vision, once fully implemented, will allow AOC to create an integrated framework that connects the agency mission to sums budgeted, dollars obligated and spent and organizational performance. In today's constrained fiscal environment, AOC is dedicated to serving Congress and the American people as efficiently as possible. AOC will continue to ensure responsible stewardship of the funds entrusted to us to continue to meet the highest-priority needs of Congress and preserve and maintain the national treasures under our care.

Sincerely,



Thomas J. Carroll, CFM
Chief Financial Officer
December 4, 2012

A Report from the Audit and Advisory Committee

The Audit and Advisory Committee assists the Architect of the Capitol (AOC) in fulfilling its fiduciary responsibilities by providing an independent review of the financial statement audit process and by facilitating open disclosure and transparency for the AOC's fiscal stewardship. This Committee was not mandated by statute, but instead created by the AOC as a best business practice to increase the credibility and effectiveness of the audit process and provide financial management advisory services. Specifically, the Committee members provide valuable expertise on the AOC's financial management practices and on its processes to assess and manage risk through a system of internal controls.

The previous Audit Committee charter was amended and the Committee's name was changed during fiscal year (FY) 2012 to the Audit and Advisory Committee. The revised charter reflects the evolution of the AOC's financial management and audit processes into a more standard and disciplined environment requiring an emphasis on advisory rather financial statement preparation and audit support. Since March 31, 2012, the Committee has operated with only one voting member, the Chairman, which is consistent with the revised charter.

During FY 2012, the Audit and Advisory Committee, as well as the old Audit Committee, met with AOC's management and independent auditors to review the AOC's financial audit coverage, the effectiveness of the AOC's internal controls over its financial operations, and its compliance with certain laws and regulations that could materially impact their financial statements. The independent auditors are responsible for expressing an opinion on the conformity of the AOC's audited financial statements with generally accepted accounting principles. At the start of the FY 2012 audit, we reviewed and discussed the overall scope of work and the audit plans of the external auditors and AOC Inspector General. The Committee reviews the findings of the internal and external auditors, and the AOC's responses to those findings, to ensure its plan for corrective action includes appropriate and timely follow-up measures. In addition, the Committee reviews the annual Performance and Accountability Report and provides feedback to AOC's management, which has primary responsibility for the report.

As part of its advisory role, the Committee continued to review and make recommendations for improving the AOC's plans for improving its risk management and internal control program, which is the sole remaining material weakness. To that end, the committee provided advice to the AOC in implementing a two track strategy to address the remaining material weakness. First, AOC hired a contractor in FY 2012 to make use of the internal control work completed by the AOC staff and to improve the internal control over financial reporting (ICOFR) process. Second, the AOC is implementing a new, comprehensive risk management program, which includes ICOFR. This second strategy will take several years to implement fully. A key element of this strategy is the segmentation of the AOC into assessable units that provide for a comprehensive analysis of internal and external risks. All activities and processes that contribute to fulfilling AOC's mission, goals, and objectives will be covered.

The Audit and Advisory Committee commends the AOC's continued trend in eliminating audit findings and addressing the long-standing internal control weakness.

Based on the procedures performed as outlined above, the Audit and Advisory Committee recommends that AOC's audited statements and footnotes be included in the FY 2012 Performance and Accountability Report.

Sincerely,



John D. Webster, *Chair*
December 4, 2012

AOC Inspector General Transmittal



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: December 10, 2012

TO: Stephen T. Ayers, Architect of the Capitol

FROM: Carol M. Bates, Inspector General /s/

SUBJECT: Audit of Fiscal Year 2012 Financial Statements Reports, A - 2013 - 01

We contracted with the independent certified public accounting firm of Kearney & Company to audit the financial statements of the Architect of the Capitol (AOC) as of and for the years ending September 30, 2012 and 2011. The contract required that the audit be conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States.

Kearney's opinion on the financial statement is unqualified. I commend the AOC for continuing to maintain this significant accomplishment.

In connection with the audit, we reviewed Kearney's reports and related documentation and met with its representatives. The review was not intended to enable us to express, and we do not express, an opinion on the conclusions expressed therein. Kearney is responsible for the opinion in the attached reports and the conclusions in the related reports on internal control and compliance with laws and regulations. Our review disclosed no instances where Kearney did not comply, in all material respects, with generally accepted government auditing standards.

If you have questions or wish to discuss the report, please contact H. Vance Haney at 202.593.0261 or vhaney@aoc.gov.

Copy to:

Christine A. Merdon, Chief Operating Officer
Thomas J. Carroll, Chief Financial Officer
David W. Ferguson, Chief Administrative Officer
John D. Webster, Chair, AOC Audit Committee
William Kubistal, Partner, Kearney & Company
Shalley Kim, Executive Officer
John Kelly, Policy Program Officer
File OIG – A – 2013 - 01

Independent Auditor's Report



1701 Duke Street, Suite 500, Alexandria, VA 22314
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INDEPENDENT AUDITOR'S REPORT

To the Architect of the Capitol and the Inspector General

We have audited the accompanying balance sheets of the Architect of the Capitol (AOC) as of September 30, 2012 and 2011, and the related statements of net cost, changes in net position, and budgetary resources (hereinafter referred to as the “financial statements”) for the years then ended. These financial statements are the responsibility of AOC’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AOC as of September 30, 2012 and 2011, and its net cost of operations, changes in net position, and budgetary resources for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis and Required Supplementary Information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by OMB Circular A-136, *Financial Reporting Requirements*, and the Federal Accounting Standards Advisory Board (FASAB), who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. Other Accompanying Information is presented for purposes of additional



analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

In accordance with *Government Auditing Standards* and OMB Bulletin No. 07-04, as amended, we have also issued reports, dated December 4, 2012, on our consideration of AOC's internal control over financial reporting and on our tests of AOC's compliance with certain provisions of laws, regulations, and other matters for the year ended September 30, 2012. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance as well as the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance and other matters. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 07-04, as amended, and should be considered in assessing the results of our audits.

A handwritten signature in blue ink that reads "Kearney & Company". The signature is written in a cursive, flowing style.

Alexandria, Virginia
December 4, 2012

Independent Auditor's Report on Internal Control



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL

To the Architect of the Capitol and the Inspector General

We have audited the financial statements of the Architect of the Capitol (AOC) as of and for the year ended September 30, 2012, and have issued our report thereon dated December 4, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended. The management of AOC is responsible for establishing, maintaining, and assessing internal control related to financial reporting and compliance, and assessing internal control to provide reasonable assurance that the broad control objectives of the Federal Managers' Financial Integrity Act of 1982 (FMFIA) are met.

In planning and performing our work, we considered AOC's internal control over financial reporting and compliance by obtaining an understanding of the design effectiveness of AOC's internal control, determining whether controls had been placed in operation, assessing control risk, and performing tests of AOC's controls as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, and not to provide an opinion on the internal controls. Accordingly, we do not express an opinion on the effectiveness of AOC's internal control over financial reporting and compliance or on management's assertion on internal control included in Management's Discussion and Analysis.

We limited our internal control testing to those controls necessary to achieve the OMB Bulletin No. 07-04, as amended, control objectives that provide reasonable, but not absolute, assurance that: (1) transactions are properly recorded, processed, and summarized to permit the preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), and assets are safeguarded against loss from unauthorized acquisition, use, or disposition; and (2) transactions are executed in compliance with laws governing the use of budget authority, Government-wide policies and laws identified in Appendix E of OMB Bulletin No. 07-04, as amended, and other laws and regulations that could have a direct and material effect on the financial statements. We did not test all internal controls relevant to operating objectives, as broadly defined by the FMFIA, such as those controls relevant to ensuring efficient operations.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraphs and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. Therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.



A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency in AOC’s internal control to be a material weakness.

Material Weakness

I. Internal Control Assessment (Repeat Condition)

Although AOC redesigned its plan for an internal control assessment in fiscal year (FY) 2012 to better mirror the guidance set forth by “Implementation Guide for OMB Circular A-123, Appendix A, *Internal Control over Financial Reporting*” (the Guide), AOC has not fully implemented the critical components of a comprehensive internal control assessment in accordance with guidance set forth by OMB Circular A-123, Appendix A or the Committee of Sponsoring Organizations of the Treadway Commission’s (COSO) *Internal Control – Integrated Framework*. Specifically, Kearney noted the following missing or incomplete elements during AOC’s internal assessment:

- **Assessment of Controls** – AOC has not assessed the overall design of internal controls, or monitored the controls to determine if they are operating as designed.
- **Establishment of Objectives** – AOC has not fully vetted objectives at the entity and activity levels to identify key processes that must succeed in order for the entity to meet its goals. AOC has demonstrated consideration of objectives related to financial activities, but did not include other key activities of the organization, such as operations, financial reporting, and compliance.
- **Consideration of Materiality** – For the majority of the FY, AOC’s materiality base was higher than the audit team’s materiality base. Thus, AOC’s management may not have caught errors considered to be material to the financial statements, and may have overlooked significant cycles or processes. AOC updated its materiality threshold to an amount lower than the audit team’s materiality threshold; however, this revision did not take place until the fourth quarter of FY 2012.
- **Identification of Risks** – AOC’s risk assessment methodology does not include a comprehensive analysis of internal and external risks as they relate to identified objectives at both the entity level and the activity level. In addition, risks that AOC identified are not mapped to control activities and do not address financial statement impact. Lastly, inherent risk and high risk sub-activities, as assessed and identified by the internal control working groups, are not in line with high risk cycles for which Kearney has noted findings in prior years.



- **Managing Change** – AOC’s risk assessment documentation does not distinguish circumstances that may require specific attention from management.
- **Control Evaluation** – AOC has not developed an overall evaluation that collectively considers outlined objectives, identification of risks, and factors from managing change procedures. “High risk” activities have been mapped to financial statement line items; however, AOC has not identified what is key to the entity, whether risks are mitigated, and if control gaps exist.
- **Monitoring** – AOC has not completed a formal assessment on the operation of internal controls. Currently, no cyclical program for testing controls has been provided, nor have any controls been identified during the risk assessment process.

Recommendation: We recommend that AOC continue and complete an internal control assessment process that is adequately documented, tested, and monitored annually. The assessment should include documentation of the internal control structure, including the identification of specific risks (not just high risk sub-activities), to material accounts and the existence of internal controls to mitigate those risks. Although AOC is not subject to OMB Circular A-123, *Management’s Responsibility for Internal Control*, Kearney recommends that AOC consult the Guide. The Guide was issued by the Chief Financial Officers (CFO) Council in May 2005. The Guide includes information to enable management to evaluate internal controls, and monitor and test these controls throughout the year.

During the audit, we noted certain other matters that we will report to AOC’s management in a separate letter.

AOC’s management has provided its response to our finding in a separate memorandum attached to this report. We did not audit management’s response and, accordingly, we do not express an opinion on it.

* * * * *

This report is intended solely for the information and use of AOC’s management, those charged with governance and others within AOC, AOC’s Office of Inspector General, the Government Accountability Office, OMB, the Department of the Treasury, and Congress, and is not intended to be and should not be used by anyone other than these specified parties.

Alexandria, Virginia
December 4, 2012

Independent Auditor's Report on Compliance and Other Matters



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND OTHER MATTERS

To the Architect of the Capitol and the Inspector General

We have audited the financial statements of the Architect of the Capitol (AOC) as of and for the year ended September 30, 2012, and have issued our report thereon dated December 4, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended. The management of AOC is responsible for compliance with laws and regulations.

As part of obtaining reasonable assurance about whether AOC's financial statements are free of material misstatement, we performed tests of AOC's compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts, and certain other laws and regulations specified in OMB Bulletin No. 07-04, as amended, that we determined were applicable. As part of our work, we performed tests of compliance with the Federal Financial Management Improvement Act of 1996 (FFMIA), Section 803(a) requirements. We limited our tests of compliance to these provisions; we did not test compliance with all laws and regulations applicable to AOC. Providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests of compliance described in the preceding paragraph disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* and OMB Bulletin No. 07-04, as amended, which is summarized in the following paragraph.

- AOC was not compliant with the Congressional Accountability Act of 1995 (CAA). In the CAA, Congress made its facilities and employees subject to the same safety laws that apply to agencies outside of the Legislative Branch. In 1997, other provisions of the CAA applied fire safety standards to Congressional buildings, including AOC's buildings. The Office of Compliance (OOC) has conducted ongoing safety investigations since the inception of the CAA that have identified numerous safety hazards in several of AOC's buildings. These citations include the following conditions:
 - Exit stairwells are unprotected against fire, smoke, or toxic fumes
 - Exit pathways were not constructed, equipped, and maintained so as to avoid undue danger to the lives and safety of occupants
 - Fire doors were not continuously maintained in proper working order
 - Unprotected openings and inadequate fire resistance in conveyor systems create an undue danger to the safety of occupants from smoke or toxic fumes.

AOC is working with the OOC to remediate these instances of noncompliance.



Under FFMIA, we are required to report whether AOC's financial management systems substantially comply with Federal financial management systems requirements, applicable Federal accounting standards, and the United States Standard General Ledger (USSGL) at the transaction level. Our audit procedures indicated that AOC substantially complies with Federal financial management systems requirements, applicable Federal accounting standards, and the USSGL at the transaction level.

AOC's management provided its response to our finding in a separate memorandum attached to this report. We did not audit management's response and, accordingly, we do not express an opinion on it.

* * * * *

This report is intended solely for the information and use of AOC's management, those charged with governance and others within AOC, AOC's Office of Inspector General, the Government Accountability Office, OMB, the Department of the Treasury, and Congress, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "Kearney & Company".

Alexandria, Virginia
December 4, 2012

Architect's Response to the Inspector General



Architect of the Capitol
U.S. Capitol, Room SB-15
Washington, DC 20515
202.228.1793
www.aoc.gov

December 6, 2012

Carol Bates
Inspector General
Architect of the Capitol
499 South Capitol Street, SW, Suite 518
Washington, DC 20515

Dear Ms. Bates:

Thank you for the opportunity to comment on the independent audit reports related to the financial statements of the Architect of the Capitol (AOC) for the Fiscal Years ending September 30, 2012 and 2011. The AOC works diligently to establish strong financial management practices to meet the challenge of addressing growing compliance requirements, managing our financial processes and systems, and meeting our day-to-day financial operations responsibilities. In today's fiscal climate, how we balance these important efforts will have added significance as we look to achieve the most value from our limited financial resources.

We are very pleased to have received an unqualified or "clean" independent audit opinion on our financial statements for the eighth consecutive year. In addition, we are proud to have cleared our significant deficiency in the Information Technology area. Despite these achievements, we recognize that the AOC has received a reoccurring material weakness for its Internal Control Assessment. AOC's financial management will require continued attention, action and improvement in order to eliminate this material weakness.

Looking ahead, we are committed to build on the progress made over the last few years and we will continue to work cooperatively with your office, Congress, the Audit and Advisory Committee, and others to improve the AOC's fiscal accountability and implement a risk assessment process that is adequately documented, tested and monitored. We appreciate everyone's effort toward this goal.

Sincerely,

Stephen T. Ayers, FAIA, LEED AP
Architect of the Capitol

Doc. No. 121120-04-03

Financial Statements

Architect of the Capitol

Balance Sheets

As of September 30, 2012 and 2011 (\$ in thousands)

	2012	2011
ASSETS		
Intragovernmental Assets		
Fund Balance with Treasury (Note 2)	\$ 628,173	\$ 626,728
Investments (Note 4)	8,313	5,795
Accounts Receivable (Note 5)	1,262	1,832
Total Intragovernmental Assets	637,748	634,355
Cash and Other Monetary Assets (Note 3)	43	25
Investments (Note 4)	26,707	35,711
Accounts Receivable, Net (Note 5)	1,781	1,368
Inventory & Other Related Property (Note 6)	800	1,066
General Property, Plant and Equipment, Net (Note 7)	1,849,766	1,846,624
Other (Note 9)	3	6
TOTAL ASSETS	\$ 2,516,848	\$ 2,519,155
Stewardship PP&E (Note 8)		
LIABILITIES		
Intragovernmental Liabilities		
Accounts Payable	\$ 241	\$ 300
Unfunded FECA (Note 11)	9,408	9,731
Other Intragovernmental Liabilities (Note 15)	1,232	2,662
Total Intragovernmental Liabilities	10,881	12,693
Accounts Payable	4,982	5,808
Debt Held by the Public (Note 12)	127,592	133,346
Actuarial FECA (Note 11)	51,646	47,568
Contingent and Environmental Liabilities (Note 13)	1,150	1,150
Accrued Annual Leave and Other (Note 11)	24,005	24,888
Capital Lease Liability (Note 14)	14,544	18,156
Contract Holdbacks (Note 10)	19,091	15,538
Other Accrued Liabilities (Note 15)	35,583	32,591
Advances from Others	11,480	3,689
TOTAL LIABILITIES (Note 10)	\$ 300,954	\$ 295,427
NET POSITION		
Unexpended Appropriations	\$ 523,248	\$ 552,301
Cumulative Results of Operations	1,692,646	1,671,427
Total Net Position	\$ 2,215,894	\$ 2,223,728
TOTAL LIABILITIES & NET POSITION	\$ 2,516,848	\$ 2,519,155

The accompanying footnotes are an integral part of these financial statements.

Architect of the Capitol

Statements of Net CostFor the Periods Ending September 30, 2012 and 2011 (*\$ in thousands*)

Program Costs	2012	2011
Botanic Garden		
Gross Costs	\$ 14,590	\$ 12,801
Less: Earned Revenue	(1)	(69)
Net Program Costs	14,589	12,732
Capitol Building		
Gross Costs	73,856	62,986
Less: Earned Revenue	(3)	(698)
Net Program Costs	73,853	62,288
Capitol Grounds		
Gross Costs	12,124	12,141
Less: Earned Revenue	(26)	—
Net Program Costs	12,098	12,141
Capitol Police Buildings, Grounds and Security		
Gross Costs	47,117	52,958
Less: Earned Revenue	(5,394)	(9,549)
Net Program Costs	41,723	43,409
Capitol Power Plant		
Gross Costs	125,485	112,919
Less: Earned Revenue	(8,846)	(9,417)
Net Program Costs	116,639	103,502
Capitol Visitor Center		
Gross Costs	24,695	23,602
Less: Earned Revenue	(4,284)	(4,151)
Net Program Costs	20,411	19,451
General Administrative		
Gross Costs	115,356	99,482
Less: Earned Revenue	(143)	(87)
Net Program Costs	115,213	99,395
House Office Buildings		
Gross Costs	68,614	71,529
Less: Earned Revenue	(219)	(311)
Net Program Costs	68,395	71,218
Library Buildings and Grounds		
Gross Costs	51,816	43,139
Less: Earned Revenue	—	(385)
Net Program Costs	51,816	42,754
Senate Office Buildings		
Gross Costs	87,584	96,916
Less: Earned Revenue	(1,719)	(1,337)
Net Program Costs	85,865	95,579
Supreme Court and Judiciary Office Buildings and Grounds		
Gross Costs	44,753	44,493
Less: Earned Revenue	(37,418)	(30,254)
Net Program Costs	7,335	14,239
Net Cost of Operations (Note 18)	\$ 607,937	\$ 576,708

The accompanying footnotes are an integral part of these financial statements.

Architect of the Capitol

Statements of Changes in Net PositionFor the Periods Ending September 30, 2012 and 2011 (*\$ in thousands*)

	2012	2011
CUMULATIVE RESULTS OF OPERATIONS		
Beginning Balances	\$ 1,671,427	\$ 1,686,778
Budgetary Financing Sources		
Appropriations Used	602,774	536,270
Non-exchange Revenue	4	3
Transfers In/(Out) Without Reimbursement	102	—
Other Financing Sources (Non Exchange)		
Transfers In/(Out) Without Reimbursement	(6,533)	(9,231)
Imputed Financing From Costs Absorbed By Others (Note 16)	32,809	34,315
Total Financing Sources	629,156	561,357
Net Cost of Operations	(607,937)	(576,708)
Net Change	21,219	(15,351)
Cumulative Results of Operations	\$ 1,692,646	\$ 1,671,427
UNEXPENDED APPROPRIATIONS		
Beginning Balances	\$ 552,301	\$ 502,648
Budgetary Financing Sources		
Appropriations Received	575,668	609,761
Appropriations Transferred In/(Out)	7,822	—
Other Adjustments	(9,769)	(23,838)
Appropriations Used	(602,774)	(536,270)
Total Budgetary Financing Sources	(29,053)	49,653
Total Unexpended Appropriations	\$ 523,248	\$ 552,301
NET POSITION	\$ 2,215,894	\$ 2,223,728

The accompanying footnotes are an integral part of these financial statements.

Architect of the Capitol

Statements of Budgetary ResourcesFor the Periods Ending September 30, 2012 and 2011 (*\$ in thousands*)

	2012	2011
Budgetary Resources		
Unobligated Balance Brought Forward, October 1	\$ 341,269	\$ 328,877
Recoveries of Prior Year Unpaid Obligations	12,040	13,656
Other Changes in Unobligated Balances	(1,846)	(8,017)
Unobligated Balance from Prior Year Budget Authority, Net	351,463	334,516
Appropriations	558,438	576,711
Borrowing Authority	11,389	11,867
Spending Authority from Offsetting Collections	66,386	48,713
Total Budgetary Resources	\$ 987,676	\$ 971,807
Status of Budgetary Resources		
Obligations Incurred	\$ 600,261	\$ 630,538
Unobligated Balance, End of Year		
Exempt from Apportionment	358,056	310,689
Unapportioned	29,359	30,580
Total Unobligated Balance, End of Year	387,415	341,269
Total Status of Budgetary Resources	\$ 987,676	\$ 971,807
Change in Obligated Balances		
Unpaid Obligations Brought Forward, October 1	\$ 291,657	\$ 249,360
Uncollected Customer Payments from Federal Sources Brought Forward, October 1	(376)	(634)
Obligated Balance, Start of the Year, Net, As Adjusted	291,281	248,726
Obligations Incurred	600,261	630,538
Outlays (Gross)	(629,115)	(574,585)
Change in Uncollected Customer Payments from Federal Sources	(1,275)	258
Recoveries of Prior Year Unpaid Obligations	(12,040)	(13,656)
Obligated Balance, End of Year		
Unpaid Obligations, End of Year (Gross)	250,763	291,657
Uncollected Customer Payments from Federal Sources, End of Year	(1,651)	(376)
Total Obligated Balance, End of Year, Net	\$ 249,112	\$ 291,281
Budget Authority and Outlays, Net		
Budgetary Authority, Gross	\$ 636,213	\$ 637,291
Actual Offsetting Collections	(64,843)	(48,971)
Change in Uncollected Customer Payments from Federal Sources	(1,275)	258
Budget Authority, Net	\$ 570,095	\$ 588,578
Outlays, Gross	629,115	574,585
Actual Offsetting Collections	(64,843)	(48,971)
Agency Outlays, Net	\$ 564,272	\$ 525,614

The accompanying footnotes are an integral part of these financial statements.

Notes to the Financial Statements

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NOTE 1: Summary of Significant Accounting Policies

A. Reporting Entity

The Architect of the Capitol (AOC) is an agency within the Legislative Branch of the Federal government. Initially authorized by Congress to provide “suitable buildings and accommodations for the Congress of the United States,” its role has evolved to include responsibility for the maintenance, operation, development, and preservation of the Capitol Building; Capitol Grounds; Capitol Police Buildings, Grounds, and Security; Capitol Power Plant (CPP); Capitol Visitor Center (CVC); House Office Buildings; Library of Congress Buildings and Grounds; Senate Office Buildings; Supreme Court and Judiciary Office Buildings and Grounds; and U.S. Botanic Garden (USBG).

The AOC is also responsible for:

- ◆ supporting Congress during official, national events (e.g., Presidential Inaugural Ceremonies) held at the Capitol or on the Capitol Grounds,
- ◆ providing steam and chilled water to the Supreme Court, Thurgood Marshall Federal Judiciary Building (TMFJB), Union Station, and the Folger Shakespeare Library, and steam-only to the Government Printing Office (GPO) and the Postal Square building, and
- ◆ providing visitor guide services at the CVC.

Non-entity assets are those held by the AOC but unavailable for use in its operations. Activities that give rise to non-entity assets include:

- ◆ steam and chilled water collections over the annual Congressional cap,
- ◆ rent collections from the Alternate Computer Facility and the Monocle Restaurant,
- ◆ flag-flying fees, and
- ◆ provision of palm trees for rent.

Upon receipt, funds for these activities are not available for AOC use. At year-end, all collections are transferred to Treasury and the only non-entity asset remaining is Accounts Receivable.

B. Basis of Accounting and Presentation

The AOC’s financial statements have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as promulgated by the Federal Accounting Standards Advisory Board (FASAB). The American Institute of Certified Public Accountants (AICPA) recognizes FASAB standards as GAAP for Federal reporting entities. These principles differ from budgetary reporting principles. The differences relate primarily to the capitalization and depreciation of property and equipment as well as the recognition of other long-term assets and liabilities. For financial reporting purposes, the AOC has adopted GAAP for financial reporting and internal controls in a manner consistent for a Federal Agency.

As a Legislative Branch agency of the Federal government, the AOC is not required to follow the accounting principles established by the Comptroller General under 31 U.S.C. 3511 or the standards promulgated by FASAB. The AOC has not adopted the Government Management and Reform Act of 1994, the Federal Managers Financial Integrity Act, the Federal Financial Management Improvement Act of 1996, or the Government Performance and Results Modernization Act of 2010, as these standards apply only to Executive Branch agencies. Nonetheless, the AOC refers to these Acts as a general guide for best practices and incorporates them into its financial management practices, as appropriate.

C. Fund Balance with Treasury

The AOC maintains all available fund balances with the U.S. Department of Treasury (Treasury). The Fund Balance with Treasury (FBWT) account represents the unexpended balances of appropriation accounts, trust accounts, and revolving funds. Cash receipts and disbursements are processed by Treasury, and AOC records are reconciled with those accounts on a regular basis. In addition to the FBWT, AOC also has other cash deposits and investments as described in *Notes 3 and 4*, respectively.

D. Accounts Receivable

Accounts Receivable includes reimbursement for supplying certain AOC and non-AOC entities on Capitol Hill with steam and chilled water to heat and cool their facilities (*see Note 5*). Per annual appropriation, the AOC provides steam and chilled water to the Folger Library, Union Station, the Supreme Court and TMFJB, as well as steam-only to the GPO and the Postal Square building. The AOC is legislatively provided the ability to collect a pre-determined amount to recover the cost of supplying these services and record these amounts as offsetting collections. Any amount collected over the pre-determined amount is credited to Treasury’s Miscellaneous Receipt Fund and is a non-entity asset. In addition, receivables may arise from food service commissions from operations at the CVC restaurant and from employee payroll overpayments as well as rent collections from the ACF and the Monocle Restaurant. The AOC may record an Allowance for Doubtful Accounts based on management’s review of outstanding receivables, if applicable. Accounts Receivable is reduced to net realizable value by the Allowance for Doubtful Accounts.

E. Investments

All investments are reported at their acquisition cost, net of amortized premiums and discounts, as it is the AOC’s intent to hold the investments to maturity. Purchases and sales of investments are recorded as of the trade date. Investment income is reported when earned. The market value of the investments is the current market value at the end of the reporting period.

Intragovernmental (Investments Held With Treasury)

The AOC has a CVC Revolving Fund that was established under the *Capitol Visitor Center Act of 2008* (2 USC 31, 2201 et. seq.) to provide for the sale of gift shop items and the deposit of

miscellaneous receipts. Related funds are invested in government securities through the Bureau of Public Debt using their Web based application, FedInvest. By law, interest income is credited to the fund.

Entity (Investments Held Outside Treasury)

The AOC has funds invested by a trustee outside of Treasury as a result of financing the construction of the TMFJB. Congress did not appropriate funds for the construction of the building but, instead, authorized the use of private financing to cover its cost. In 1989, the AOC entered into a Development Management Agreement with Boston Properties for the design, development, and construction of the TMFJB. To finance its construction, Shearson Lehman Hutton, Inc., and Kidder, Peabody, & Co., Inc., issued 30-year Serial Zero Coupon Certificates of Participation.

Pursuant to a Trust Agreement, the proceeds were received by a trustee, The United States Trust Company of New York (now The Bank of New York Mellon). These proceeds were deposited into two funds, the Project Fund and the Operating Reserve Fund, to cover the costs of the construction project.

In 2007, the Project Fund balance was transferred to the Operating Reserve Fund. The Operating Reserve Fund is held outside the Treasury by the trustee and, at the AOC's direction, the funds are invested and disbursed. The Operating Reserve Fund is held in reserve for future needs of the building (e.g., roof replacement or other major renovation). *See Notes 1.F. and 4* for additional detail on investments.

F. Trust and Revolving Funds

Trust Funds

In Fiscal Year 2012, the AOC has stewardship responsibility for one trust fund account. This trust fund, the National Garden Trust Fund, is subject to the direction of the Joint Committee on the Library (of Congress) and was established to accept gifts or bequests of money, plant material, and other property on behalf of the USBG. While this trust fund account still exists, it has a zero balance and is inactive.

Revolving Funds

The AOC has stewardship responsibility for six revolving funds to account for various programs and operations. Each of these funds is a distinct fiscal and accounting entity that accounts for cash and other financial resources together with all related liabilities and equities. These revolving funds include:

- ◆ House (of Representatives) Member Gym Revolving Fund,
- ◆ Senate Staff Health and Fitness Facility Revolving Fund,
- ◆ Senate Restaurants Revolving Fund,
- ◆ Judiciary Office Building Development and Operations Fund,
- ◆ CVC Revolving Fund, and
- ◆ Recycling Revolving Fund.

The House (of Representatives) Member Gym Revolving Fund was established in the Treasury for the AOC to deposit dues paid by Members and other authorized users of the House of Representatives Wellness Center. The AOC may expend fund amounts to pay for the operation of the facility.

The Senate Staff Health and Fitness Facility Revolving Fund was established to deposit membership dues by authorized users of the Senate Staff Health and Fitness Facility and proceeds from the AOC's Senate recycling program. The AOC, subject to the approval of the Senate Committee on Appropriations, may expend fund amounts to pay for the preservation and maintenance of the facility.

The Senate Restaurants Revolving Fund was established in 1961 for the operations of the Senate restaurants. In 2008, control of the Senate restaurants was transferred to a private vendor and the Architect of the Capitol took over its accounting functions. Following the transfer the revolving fund is no longer used for operations of the restaurants, but the account still exists for activities resulting from the conversion and continuing operations and maintenance of the restaurants. Upon approval by the Senate Committee on Rules and Administration, available balances may be increased via transfers in from the Senate to the AOC, as needed.

The Judiciary Office Building Development and Operations Fund is used to pay expenses related to the structural, mechanical, and domestic care, maintenance, operation, and utilities of the TMFJB. The Fund is invested outside Treasury with The Bank of New York Mellon, via a Trust Agreement established to finance the construction of the TMFJB.

The CVC Revolving Fund is used to administer funds from the sale of gift shop items, the deposit of miscellaneous receipts such as net profits or commissions paid to the CVC for food service operations, and any fees collected from other functions within the CVC facility. This business-type revolving fund is invested in government securities through the Bureau of Public Debt.

The Recycling Revolving Fund was established to record proceeds from the sale of recyclable materials from across the AOC (excluding the Senate, which deposits such funds in the Senate Staff Health and Fitness Facility Revolving Fund). The fund balance is without fiscal year limitation and may be used to carry out recycling programs or other programs that promote energy savings at the AOC.

See Notes 1.E. and 4 for additional detail on investments.

G. Recognition of Financing Sources

The AOC receives funding to support its programs through appropriations authorized by Congress. Funding for operating and capital expenditures is received as annual, multi-year, and no-year appropriations. The appropriations the AOC manages are:

- ◆ Botanic Garden,
- ◆ Capitol Building,
- ◆ Capitol Grounds,
- ◆ Capitol Police Buildings, Grounds, and Security,
- ◆ Capitol Power Plant,
- ◆ Capitol Visitor Center,
- ◆ General Administrative,
- ◆ House Office Buildings,
- ◆ Library Buildings and Grounds,
- ◆ Senate Office Buildings, and
- ◆ Supreme Court and Judiciary Buildings and Grounds.

H. Operating Materials and Supplies

AOC's materials and supplies consist of tangible personal property consumed during normal operations. Per Statement of Federal Financial Accounting Standards (SFFAS) No. 3, *Accounting for Inventory and Related Property*, operating materials and supplies are recorded using the purchases method. This method provides that operating materials and supplies be expensed when purchased. Operating materials and supplies are purchased using funds specifically appropriated to AOC's jurisdictions. Therefore, the related usage of those materials and supplies is intended for those specific jurisdictions making the purchases. (see Note 1.I)

I. Inventory

Inventory is recorded at historical cost in accordance with SFFAS No. 3, *Accounting for Inventory and Related Property*, and consists of retail goods purchased for resale at the CVC's gift shops. The recorded values are adjusted based on the results of quarterly physical inventory counts. Inventory purchased for resale may be categorized as follows: (1) purchased goods held for current sale, (2) purchased goods held in reserve for future sale, and (3) slow-moving, excess, or obsolete inventory. Examples of the retail goods included in inventory that are classified as "held for current sale" are books, t-shirts, jewelry, and other souvenirs. The AOC may also record an allowance which is based on slow-moving, excess, or obsolete and damaged inventory, as a result of known restrictions on the sale or disposition of inventory (see Note 6).

The AOC also holds inventory balances of materials and supplies that will be consumed in normal operations. (see Note I.H.)

J. General Property, Plant and Equipment

The AOC records property and equipment at cost. Buildings and equipment are depreciated over their estimated useful lives, which range from 3 to 40 years, using the straight-line method. All property and equipment is in the AOC's possession. None is held by others (see Note 7).

The following table presents the AOC capitalization thresholds and related useful lives.

Property Type	Useful Life (Years)	Capitalization Threshold
Real Property	40	\$500,000
Improvements	20	\$500,000
Equipment and Vehicles	3–15	\$25,000
Assets Under Capital Lease	Shorter of Lease Term or Useful Life of Property Type	See Related Property Type
Intellectual Property	3	\$5,000,000

K. Stewardship PP&E

Stewardship Assets have physical properties that resemble those of General PP&E which are traditionally capitalized in the financial statements. Due to the nature of stewardship assets, however, determining a monetary value would be difficult, and matching costs with specific periods may not be possible or meaningful. Heritage assets are PP&E that are unique and are generally expected to be preserved indefinitely. Heritage assets have historical or natural significance; are of cultural, educational, or artistic importance; or have significant architectural characteristics. These assets are reported in terms of physical units rather than cost or other monetary values per SFFAS No. 29 *Accounting for Heritage and Stewardship Land*. There are two types of heritage assets: collection, which are objects gathered and maintained for exhibition, such as museum and art collections; and non-collection, which are parks, memorials, monuments, and buildings. The AOC holds both collection and non-collection heritage stewardship assets (see Note 8).

L. Liabilities

Liabilities represent the amounts owed to others for goods or services received, and amounts owed for progress in contract performance. Because no liability may be paid without an enacted appropriation, some liabilities are funded while others are unfunded. For accrued unfunded annual leave and workers' compensation, appropriations may be enacted to fund these activities. The Balance Sheet presents the following types of liabilities:

- ◆ Accounts Payable,
- ◆ Debt Held by the Public,
- ◆ Unfunded Actual and Actuarial Workers' Compensation,
- ◆ Contingent and Environmental Liabilities,

- ◆ Accrued Annual Leave,
- ◆ Capital Lease Liability,
- ◆ Contract Holdbacks, and
- ◆ Advances from Others.

M. Personnel Compensation and Benefits

Federal Employee Benefits

The Federal Employees' Compensation Act (FECA) provides income and medical cost protection to covered Federal civilian employees injured on the job, employees who have incurred a work-related occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. The FECA program is administered by the U.S. Department of Labor (DOL), which initially pays valid claims and subsequently seeks reimbursement from the Federal agencies employing the claimants. The DOL determines the actuarial liability for claims outstanding at the end of each fiscal year. This liability includes the estimated future costs of death benefits, workers' compensation, and medical and miscellaneous costs for approved compensation cases (*see Note 11*).

The AOC recognizes its share of the cost of providing future pension benefits to eligible employees over the period the related services are rendered. The amount funded by the Office of Personnel Management is considered imputed financing (*see Note 16*).

The AOC recognizes a current-period expense for the future cost of post-retirement health benefits and life insurance for its employees while they are actively employed. This amount is also considered imputed financing (*see Note 16*).

Annual and Other Leave

Annual leave is recognized as an expense and a liability as it is earned. The liability is reduced as leave is taken. The accrued leave liability is principally long-term in nature. Other types of leave are expensed when taken and no future liability is recognized for these amounts (*see Note 11*).

N. Contingencies

The AOC accounts for contingencies in accordance with SFFAS No. 5, *Accounting for Liabilities of the Federal Government*. This standard defines a contingency as an existing condition, situation, or set of circumstances involving uncertainty as to the possible gain or loss to an entity that will ultimately be resolved when one or more future events occur or fail to occur. Management recognizes a contingent liability for liabilities equal to or greater than \$100,000 when a past transaction or event has occurred, a future outflow or other sacrifice of resources is probable, and the related future outflow is measurable. The AOC has recorded loss provisions for contingent liabilities (*see Note 13*).

O. Statement of Net Cost

The Statement of Net Cost (SNC) is presented by responsibility segment, (which are AOC jurisdictions), in accordance with SFFAS No. 4, *Managerial Cost Accounting Concepts and Standards for the Federal Government*. Costs not assigned to any of AOC's ten jurisdictions are presented as General Administrative.

The AOC has a number of initiatives (e.g., cost accounting and new strategic vision) in place to gather program data in order to provide more information to its stakeholders such as costs per strategic goal. While these initiatives are in various stages of progress, the AOC believes the responsibility segment approach currently provides information to its stakeholders in a direct, informative, and succinct manner.

The 11 responsibility segments reported on the SNC are aggregates of the funds identified below. Inactive funds are included below for full disclosure.

1. Botanic Garden
 - ◆ Botanic Garden
 - ◆ National Garden (inactive)
2. Capitol Building
3. Capitol Grounds
 - ◆ Capitol Grounds
 - ◆ West Central Front (inactive)
4. Capitol Police Buildings, Grounds, and Security
5. Capitol Power Plant
6. Capitol Visitor Center
7. General Administrative
 - ◆ General Administrative
 - ◆ American Disabilities Act (inactive)
 - ◆ Congressional Cemetery (inactive)
8. House Office Buildings
 - ◆ House Office Buildings
 - ◆ House Wellness Center
9. Library Buildings and Grounds
10. Senate Office Buildings
 - ◆ Senate Office Buildings
 - ◆ Senate Health and Fitness
 - ◆ Senate Restaurants Revolving Fund
11. Supreme Court and Judiciary Buildings and Grounds
 - ◆ Supreme Court
 - ◆ Thurgood Marshall Federal Judiciary Building

Revenues reported on the SNC are calculated on a direct cost recovery basis.

P. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities (including contingent liabilities), revenues, financing sources, expenses, and obligations incurred during the reporting period. These estimates are based on management's best knowledge of current events, historical experience, and other assumptions that are believed to be reasonable under the circumstances. Estimates are subject to a wide range of variables, including assumptions on future economic and financial events. Accordingly, actual results may differ from those estimates.

Q. Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. This addition is in reference to the Statement of Budgetary Resources FY 2011 balances, as the presentation has been changed to conform to FY 2012 standards.

NOTE 2: Fund Balance with Treasury

Funds with Treasury primarily consist of appropriated funds. As of September 30, 2012, the AOC also had stewardship responsibility for six revolving funds and administrative responsibility for one trust fund (which is currently inactive).

A. Fund Balances

The balance of these funds as of September 30, 2012 and 2011 follows.

Dollars in Thousands

Fund Type	2012	2011
Appropriated Funds	\$ 610,203	\$ 622,111
Trust and Revolving Funds	17,970	4,617
Total	\$ 628,173	\$ 626,728

B. Status of Fund Balance with Treasury

FBWT is classified as unobligated available, unobligated unavailable, obligated and not yet disbursed, or Non Budgetary FBWT. Unobligated available balances represent unexpired appropriations available for incurring new obligations. Unobligated unavailable balances are expired appropriations that are no longer available to incur new obligations. Obligated balances not yet disbursed include undelivered orders or orders received but not yet paid. Non Budgetary FBWT (if applicable) includes unavailable miscellaneous receipts and suspense accounts that do not have budget authority.

The status of FBWT as of September 30, 2012 and 2011 follows.

Dollars in Thousands

Balance Type	2012	2011
Unobligated Balance		
Available	\$ 349,702	\$ 304,867
Unavailable	29,359	30,580
Obligated Balance not yet Disbursed	249,112	291,281
Total	\$ 628,173	\$ 626,728

NOTE 3: Cash and Other Monetary Assets

Cash and Other Monetary Assets include change-making funds maintained outside Treasury for CVC Gift Shop operations and daily gift shop sales deposits-in-transit. In addition, funds are held to cover expenses for the Office of Inspector General to conduct and supervise confidential investigations. There are no restrictions on cash.

The cash balances as of September 30, 2012 and 2011 follows.

Dollars in Thousands

Cash and Other Monetary Assets	2012	2011
Undeposited Collections	\$ 25	\$ 9
Cash Imprest Funds	18	16
Total	\$ 43	\$ 25

NOTE 4: Investments

Investments at September 30, 2012 and 2011 are summarized below.

At September 30, 2012 (Dollars in Thousands)

Investments	Cost	Amortized (Premium) Discount	Investments, Net	Market Value	Interest Receivable
Intragovernmental, Non-marketable:					
Capitol Visitor Center Revolving Fund					
One Day Certificate, 0.50% Daily Yield Maturing 10/01/2012	\$ 3,330	\$ —	\$ 3,330	\$ 3,330	\$ —
Six Month Certificate 0.12% Semiannual Yield Maturing 11/29/2012	4,980	3	4,983	4,983	—
Total Intragovernmental	\$ 8,310	\$ 3	\$ 8,313	\$ 8,313	\$ —
With the Public:					
The Bank of New York Mellon					
Operating Reserve Fund					
Serial Zero Coupon Certificates Maturing 08/15/2024	26,707	—	26,707	26,707	—
Total With the Public	\$ 26,707	\$ —	\$ 26,707	\$ 26,707	\$ —
Total Investments	\$ 35,017	\$ 3	\$ 35,020	\$ 35,020	\$ —

At September 30, 2011 (Dollars in Thousands)

Investments	Cost	Amortized (Premium) Discount	Investments, Net	Market Value	Interest Receivable
Intragovernmental, Non-marketable:					
Capitol Visitor Center Revolving Fund					
One Day Certificate 0.01% Daily Yield Maturing 10/03/2011	\$ 3,091	\$ —	\$ 3,091	\$ 3,091	\$ —
Six Month Certificate 0.075% Semiannual Yield Maturing 11/17/2011	2,703	1	2,704	2,704	—
Total Intragovernmental	\$ 5,794	\$ 1	\$ 5,795	\$ 5,795	\$ —
With the Public:					
The Bank of New York Mellon Operating Reserve Fund					
Serial Zero Coupon Certificates Maturing 08/15/2024	35,711	—	35,711	35,711	—
Total With the Public	\$ 35,711	\$ —	\$ 35,711	\$ 35,711	\$ —
Total Investments	\$ 41,505	\$ 1	\$ 41,506	\$ 41,506	\$ —

NOTE 5: Accounts Receivable

The breakdown of the consolidated accounts receivable (both Intragovernmental and With the Public), as of September 30, 2012 and 2011, follows.

Dollars in Thousands

Accounts Receivable	2012	2011
Intragovernmental:		
Entity	\$ 1,231	\$ 376
Non-Entity	31	1,456
Total Intragovernmental	\$ 1,262	\$ 1,832
With the Public		
Entity	\$ 580	\$ 161
Non-Entity	1,201	1,207
Sub-Total	1,781	1,368
Less: Allowance for Doubtful Accounts	—	—
Total With the Public	\$ 1,781	\$ 1,368
Total	\$ 3,043	\$ 3,200

As of September 30, 2012, the AOC may be involved in certain cases seeking restitution for expenditures and damages resulting from construction-related contract activities. These cases are currently in various stages of claims and appeals and the restitution amounts and case resolutions are uncertain. As a result, no related receivables have been recorded.

NOTE 6: Inventory

Inventory consists of retail goods purchased for resale at the CVC's gift shops. Inventory, as of September 30, 2012 and 2011, follows.

Dollars in Thousands

Inventory Category	2012	2011
Purchased Goods Held for Current Sale	\$ 800	\$ 967
Damaged/Restricted/Held for Future Sale	—	99
Total	\$ 800	\$ 1,066

Based upon a management review as of September 30, 2012 and 2011, the inventory in the amount of \$0 and \$99 (in thousands), respectively, was considered damaged or restricted from sale and is pending management's decision on its ultimate disposition. The AOC may record an allowance which is based on slow-moving, excess, or obsolete and damaged inventory.

NOTE 7: General Property, Plant and Equipment

AOC differentiates its property and equipment by distinct categories. The following represents these categories and their balances as of September 30, 2012 and 2011.

At September 30, 2012 (Dollars in Thousands)

Class of Property and Equipment	Acquisition Value	Accumulated Depreciation	Net Book Value	%
Buildings	\$ 1,398,961	\$ 574,726	\$ 824,235	44.6
Building Improvements	1,283,086	645,421	637,665	34.5
Land	168,672	—	168,672	9.1
Land Improvements	148,393	57,886	90,507	4.9
Capital Leases (Real Property)	39,749	28,376	11,373	0.6
Leasehold Improvements	22,934	14,883	8,051	0.4
Equipment (Computers and Hardware)	17,962	13,650	4,312	0.2
Other Structures	9,288	2,177	7,111	0.4
Construction Work-in-Progress	97,840	—	97,840	5.3
Total	\$ 3,186,885	\$ 1,337,119	\$ 1,849,766	100.0

At September 30, 2011 (Dollars in Thousands)

Class of Property and Equipment	Acquisition Value	Accumulated Depreciation	Net Book Value	%
Buildings	\$ 1,398,961	\$ 544,160	\$ 854,801	46.3
Building Improvements	1,187,918	596,990	590,927	32.0
Land	168,672	—	168,672	9.1
Land Improvements	146,840	50,780	96,060	5.2
Capital Leases (Real Property)	39,749	24,833	14,916	0.8
Leasehold Improvements	22,934	12,902	10,032	0.5
Equipment (Computers and Hardware)	16,533	13,004	3,529	0.2
Other Structures	9,288	1,816	7,472	0.4
Construction Work-in-Progress	100,215	—	100,215	5.4
Total	\$ 3,091,110	\$ 1,244,485	\$ 1,846,624	100.0

The educational, artistic, architectural, and historical significance of the U.S. Capitol, Senate, House, Supreme Court, and Jefferson buildings meets the FASAB criteria for heritage assets. Since these buildings are currently used for day-to-day business, they are further classified as multi-use heritage assets. As a result, they are depreciated in the same manner as if they were general purpose assets. The AOC is responsible for reviewing and authorizing all changes to the buildings and grounds prior to any change occurring.

NOTE 8: Stewardship PP&E

Stewardship assets are property, plant, and equipment that are unique for one or more of the following reasons: historic or natural significance; cultural, educational, or artistic importance; or significant architectural characteristics. Stewardship assets are expected to be preserved indefinitely. Federal agencies are not required to assign a cost on the Balance Sheet for stewardship assets, except for multi-use heritage assets, which are defined as stewardship assets whose predominant use is in general government operations. The Capitol, House Office Buildings, Senate Office Buildings, Supreme Court, and Thomas Jefferson Building of the Library of Congress are all multi-use heritage assets at the AOC.

The AOC's stewardship assets are directly related to its mission to preserve and enhance the Capitol. Authority for the care and maintenance of the Capitol was established by legislation in 1876. The Architect's core duties include the conservation and care of works of art in the buildings under the Architect's jurisdiction and the upkeep and improvement of the living heritage assets on the Capitol Grounds and in the Botanic Garden. The AOC's stewardship responsibility for the heritage assets of the Capitol complex include those that are jointly under the Senate and House (such as works of architectural fine art) and those attached to the complex's buildings and on its grounds. In FY 2012, Union Square was transferred to the AOC from the National Park Service and is also included in AOC's heritage assets. Heritage asset categories include:

Artwork: The AOC cares for some collectible or movable art and all of the architectural fine and decorative art that is part of the Capitol buildings and grounds, which includes fine art, decorative art, architectural fine art, and architectural decorative art.

Architectural Features: The Capitol buildings and grounds are graced with many unique architectural features. These include outdoor sculptures and monuments and landscape features and fixtures.

Reference and Library Materials: These collections include art and reference files, art and reference library, and conservation reports.

Records: These collections include architectural and engineering drawings, manuscripts and other textual records, small architectural models, and photographs.

Living Heritage Assets: As Acting Director of the USBG and steward of the Capitol Grounds, the AOC has living heritage assets in its collections. These include memorial trees and a variety of living plants.

A summary inventory of the AOC's stewardship assets as of September 30, 2012 and 2011 follows.

Description	2012	2011
Artwork	1,993 items	1,993 items*
Architectural Features	201 features	196 features
Reference and Library Materials		
Art and Reference Files	108 drawers	108 drawers
Art and Reference Materials	1,154 items	1,141 items
Records	420,200 records	406,207 records
Living Heritage Assets	66,466 items	87,865 items

* Note: The September 30, 2011 inventory count for plaques located in the U.S. Capitol (included in the "Artwork" category) was overstated by one in error. This number has been corrected from 1,994 items to 1,993 items as of September 30, 2011.

NOTE 9: Other Assets

On September 30, 2012 and 2011, Other Assets consisted solely of Advances to Others which were travel advances to AOC employees.

Dollars in Thousands

Other Assets	2012	2011
Advances to Others	\$ 3	\$ 6

NOTE 10: Liabilities

The Balance Sheet as of September 30, 2012 and 2011 includes, amongst others, some liabilities not covered by current budgetary resources. Such liabilities require Congressional action prior to budgetary resources being provided. Although future appropriations to fund these liabilities are likely and anticipated, it is not certain that appropriations will be enacted to fund them. Liabilities not covered by budgetary resources generally include

accrued annual and compensatory leave, workers' compensation, debt held by the public, and the capital lease liability.

Liabilities not covered by budgetary resources for September 30, 2012 and 2011 follow.

Dollars in Thousands

Fund Type	2012	2011
Intragovernmental:		
Liabilities covered by budgetary resources	\$ 241	\$ 300
Liabilities not covered by budgetary resources	10,640	12,393
Total Intragovernmental	\$ 10,881	\$ 12,693
With the Public:		
Liabilities covered by budgetary resources	\$ 71,136	\$ 56,599
Liabilities not covered by budgetary resources	218,937	226,135
Total With the Public	\$ 290,073	\$ 282,734
Total	\$ 300,954	\$ 295,427

NOTE 11: Payroll-Related Liabilities

On September 30, 2012 and 2011, the liability for Accrued Annual Leave and Other is comprised of three accounts: Funded Accrued Payroll (payrolls that have been earned but not paid), Unfunded Accrued Annual Leave (employee leave that has been earned but not taken) and Unemployment Compensation.

Accrued Payroll and Annual Leave, by type, as of September 30, 2012 and 2011, follows.

Dollars in Thousands

Accrued Annual Leave and Other	2012	2011
Appropriated Funds	\$ 12,927	\$ 13,651
Unfunded Accrued Annual Leave	11,078	11,237
Total	\$ 24,005	\$ 24,888

Workers' Compensation is reported as required by the Federal Employees' Compensation Act (FECA). The liability is presented in two parts: an annual accrued liability for billed costs (current portion) and a long-term, actuarial-based unfunded liability (see Note 1.L). The actuarial workers' compensation liability was calculated using a formula provided by the DOL.

Workers' Compensation, by type, as of September 30, 2012 and 2011, follows.

Dollars in Thousands

Workers' Compensation, by Type	2012	2011
Unfunded Annual (Current)	\$ 9,408	\$ 9,731
Actuarial Unfunded (Long-Term)	51,646	47,568
Total	\$ 61,054	\$ 57,299

Estimated future costs have been actuarially determined, and they are regarded as a liability to the public because neither the costs nor reimbursement have been recognized by DOL. Workers' Compensation is included in Liabilities not covered by Budgetary Resources, as described in Note 10.

NOTE 12: Debt Held by the Public

As of September 30, 2012 and 2011, Debt Held by the Public consists of the financing obtained for the construction of the TMFJB. The debt consists of 30-year Serial Zero Coupon Certificates of Participation issued in 1988 for \$125.4 million with a maturity value of \$525.5 million. The certificates are amortized using the effective interest rate of 8.72 percent. The balance of Debt Held by the Public follows.

Dollars in Thousands

Debt Held by the Public, by Type	2012	2011
Securities	\$ 206,760	\$ 223,990
Interest Payable	922	946
Subtotal	207,752	224,936
Discount on Securities	(400,123)	(400,123)
Less: Amortization of Discount	319,963	308,533
Subtotal	(80,160)	(91,590)
Total	\$ 127,592	\$ 133,346

Various judiciary offices and personnel occupy the TMFJB under an Interagency Agreement between the AOC and the Administrative Office of the U.S. Courts. Base rent will not change over the initial 30 years, and is set at the amount necessary to retire the debt at \$17.2 million annually. Payment of the certificates will end in August 2024. This certificate is not subject to prepayment or acceleration under any circumstance, pursuant to the language in the certificate agreement.

NOTE 13: Contingent and Environmental Liabilities

The AOC is party to various administrative proceedings, legal actions, and tort claims which may result in settlements or decisions adverse to the Federal Government. The AOC also has responsibility to remediate certain sites with environmental contamination hazards related to ongoing operations.

The accrued and potential Contingent and Environmental Cleanup Cost Liabilities, as of September 30, 2012 and 2011, follows.

Dollars in Thousands

Contingent and Environmental Liabilities	2012	2011
Contingent Liabilities	\$ 1,150	\$ 1,150
Total	\$ 1,150	\$ 1,150

Contingent Liabilities

General contingent liabilities consist of claims filed against the AOC which are awaiting adjudication. These liabilities typically relate to contracts, labor and equal employment opportunity issues, and personal and property damage.

For the purpose of estimating contingent liabilities for the financial statements, the AOC conducted a review of existing claims for which the likelihood of loss to the AOC is probable. Additionally, management and AOC's General Counsel evaluated the materiality of cases determined to have a reasonably possible chance of an adverse outcome. Liabilities were recognized for those cases that were determined to meet management's materiality threshold (*see Note 1.N*). No amounts have been accrued in the financial records for claims where the estimated amount of potential loss does not exceed \$100,000 or where the likelihood of an unfavorable outcome is less than probable.

Matters for which the likelihood of an unfavorable outcome is less than probable but more than remote involve a wide variety of allegations and claims. These matters arise in the course of carrying out AOC programs and operations. The ultimate outcomes in these matters cannot be predicted at this time; however as of September 30, 2012 the lower level estimate of these cases amounted to approximately \$8 million. Sufficient information is not currently available to determine if the ultimate resolution of the proceedings, actions, and claims will materially affect the AOC's financial position or results of operations. Based on the less than probable nature of these claims, an accounting entry for the estimate was not posted and there is no impact on the financial statements.

Environmental Cleanup Cost Liabilities

The AOC is subject to various Federal, state, and local environmental compliance and restoration laws, including the Clean Air Act; the Clean Water Act; the Solid Waste Disposal Act; the Safe Drinking Water Act; and the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). Estimated environmental and disposal liabilities include expected future cleanup costs, and for those sites where future liability is unknown, the cost of studies necessary to evaluate response requirements.

Capitol Power Plant

The Capitol Power Plant has been operating since the early twentieth century and, today, generates steam for heating and chilled water for air conditioning several facilities on the Capitol complex. In February 2006, the Office of Compliance (OOC) issued a complaint alleging that certain unsafe work practices and conditions exist in the CPP utility distribution tunnels for delivering these utilities. The alleged unsafe work practices and conditions cited in the complaint pertained to the structural integrity of concrete in the utility tunnels and issues involving tunnel egress and communication systems.

In addition, in January 2006, the OOC issued Citations 59 and 60. These citations are not part of the complaint and formal enforcement action, but addressed other alleged unsafe work practices and conditions in the utility tunnels. The unsafe work practices and conditions alleged by the OOC in Citation 59 are that employees working in the utility tunnels are exposed to heat stress conditions.

The AOC completed the asbestos abatement work in the tunnel as required by the OOC Citation. The project was administratively closed out upon OOC approval in May 2012.

Fort George G. Meade, Maryland

Management's review concluded that the AOC is not responsible for the clean-up and remediation of previous environmental contamination on the approximately 100 acres of land at Fort George G. Meade, Maryland, which the U.S. Army transferred to the AOC. The Army is responsible for the environmental clean-up of any previous contamination under CERCLA. The AOC understands that the Army is actively monitoring existing contamination on the entire site, including the land transferred to the AOC, and is pursuing appropriate remediation of this contamination.

NOTE 14: Leases

As of September 30, 2012, the AOC was committed to various non-cancelable leases primarily covering administrative office space and storage facilities, motor vehicles, and office equipment. Many of these leases contain escalation clauses tied to inflationary and tax increases, and renewal options. At the period end, the AOC had two real property capital leases.

Capital Leases

As of September 30, 2012 and 2011, the present value of the future minimum lease payments required by those leases identified as capital leases follows. Capital leases have initial or remaining non-cancelable lease terms in excess of one year and the capital lease liability is amortized over the term of the lease.

FY 2012 (Dollars in Thousands)

Fiscal Year	Total
2013	\$ 5,199*
2014	3,128
2015	845
2016	845
2017	845
Thereafter	6,760
Total Minimum Future Lease Payments	17,622
Less: Imputed Interest	(3,078)
Total Capital Lease Liability	\$ 14,544

* The 2013 lease payment includes the 2013 unpaid amount of \$4,736, as well as the 2012 remaining unpaid amount of \$463 (dollars in thousands).

FY 2011 (Dollars in Thousands)

Fiscal Year	Total
2012	\$ 4,707
2013	4,736
2014	3,128
2015	845
2016	845
Thereafter	7,604
Total Minimum Future Lease Payments	21,865
Less: Imputed Interest	(3,709)
Total Capital Lease Liability	\$ 18,156

Operating Leases

The AOC currently has leases with the General Services Administration (GSA) and commercial vendors for office and storage space, plus rentals of equipment and vehicles. These leases expire in various years.

As of September 30 2012, the aggregate of minimum future payments due under non-cancelable operating leases and estimated real property payments to GSA for fiscal year 2013 through fiscal year 2017 and in the aggregate follows:

Dollars in Thousands

Fiscal Year	Real Property	Personal Property	Total
2013	\$ 9,631	\$ 48	\$ 9,679
2014	8,957	6	8,963
2015	8,853	—	8,853
2016	7,798	—	7,798
2017	7,251	—	6,514
Thereafter	14,682	—	14,682
Total Minimum Future Lease Payments			\$ 56,489

NOTE 15: Other Liabilities

As of September 30, 2012 and 2011, other liabilities consist of accrued accounts payable (with the public) and miscellaneous receipts that are to be forwarded to Treasury (intragovernmental custodial liabilities). These receipts included, but were not limited to, flag-flying fees, rent from the Monocle restaurant and steam and chilled water collections over the Congressional cap. These liabilities are classified as current.

Other Liabilities as of September 30, 2012 and 2011 follows:

Dollars in Thousands

Other Liabilities	2012	2011
Intragovernmental	\$ 1,232	\$ 2,662
With the Public	35,583	32,591
Total	\$ 36,815	\$ 35,253

NOTE 16: Imputed Financing

To measure the full cost of activities, SFFAS No. 4, *Managerial Cost Accounting Concepts and Standards for the Federal Government*, requires that total costs of programs include imputed financing. Such costs result when an entity receives unreimbursed services from other U.S. government entities.

Imputed financing consists of future pension benefits for AOC employees that are paid on its behalf by the Office of Personnel Management (OPM), printing services provided by the GPO, design elements paid for by the Army Corps of Engineers to improve building infrastructure campus-wide, capital projects performed by another Federal Agency, and Treasury judgment fund payments, as applicable. AOC conducted a quarterly review of its imputed financing for its September 30, 2012 and 2011 financial statements.

With some exceptions, employees participate in one of three defined benefit retirement programs based on their employment start date: employee and employer contributions are made to the Civil Service Retirement and Disability Fund (CSRDF), the Civil Service Retirement Offset, or the Federal Employees Retirement System — all administered by OPM. Employees may also participate in the Thrift Savings Plan (TSP), a defined contribution retirement savings and investment plan, as authorized by the Federal Employees Retirement System Act of 1986. The Federal Retirement Thrift Investment Board administers this Plan.

Civil Service Retirement System (CSRS): According to PL 99-335, all employees hired prior to January 1, 1987, could elect CSRS or CSRS Offset. The CSRS provides a basic annuity and Medicare coverage. The CSRS fund covers most employees hired prior to January 1, 1984. The AOC and the employee contribute to Medicare at the rate prescribed by law. The AOC does not match contributions to the TSP for employees who participate in the CSRS.

Civil Service Retirement System Offset: CSRS Offset generally covers those employees who have had a break in their CSRS service of more than one and less than five years by the end of 1986. The AOC and the employee contribute to Social Security and Medicare at the rates prescribed by law. The AOC does not match contributions to TSP for participating employees in the CSRS Offset.

Federal Employee Retirement System (FERS): According to PL 99-335, employees with less than five years of creditable civilian service as of December 31, 1986 were automatically converted to FERS. In addition, during certain periods in 1987, 1988, and 1998, employees hired before January 1, 1984, could choose to participate in FERS. This system consists of Social Security, a basic annuity plan, and the TSP.

The AOC and the employee contribute to Social Security and Medicare at rates prescribed by law. In addition, the AOC is required to contribute to the TSP a minimum of 1 percent per year of the basic pay of employees covered by this system. The AOC also matches a voluntary employee contribution up to 3 percent dollar-for-dollar, and another 2 percent is matched 50 cents on the dollar.

Imputed Financing as of September 30, 2012 and 2011 follows.

Dollars in Thousands

Imputed Financing, by Type	2012	2011
CSRS	\$ 5,226	\$ 6,869
CSRS Offset	890	820
FERS	28,252	28,581
Less: Contributions	(28,619)	(28,341)
Subtotal: Employee Pensions	5,749	7,929
Health	11,809	12,557
Life Insurance	33	34
Subtotal: All Employee Benefits	\$ 17,591	\$ 20,520
Government Printing Office	472	603
Other Agency — Campus Infrastructure	14,725	13,159
Department of Justice — Treasury Judgment Fund	21	33
Total	\$ 32,809	\$ 34,315

NOTE 17: Net Cost of Operations

The SNC reports the AOC's gross and net cost by responsibility segment. A responsibility segment is the organizational component (i.e., jurisdiction) that carries out a major line of activity and whose managers' report directly to top management. The net cost of operations is the gross cost less any earned revenues.

Expenses for salaries and related benefits for the periods ending September 30, 2012 and 2011 amounted to \$259,195 and \$267,631 (in thousands), which was about 39 and 42 percent of the annual gross cost of operations in both fiscal years. This cost includes imputed Federal employee benefit costs \$17,591 and \$20,520 (in thousands), respectively, paid by OPM. The amount identified as expenses for salaries and related benefits represents actual expenditures and does not include accrued expenses.

Exchange revenue with the public consists of revenues received for services provided, such as access to the Senate Health and Fitness Facility, House Wellness Center, steam and chilled water to governmental and private entities, work performed on reimbursable projects, and rent, interest, and project reimbursement for the TMFJB.

NOTE 18: Reconciliation of Net Cost of Operations to Budget

FASAB requires a reconciliation of proprietary and budgetary information (the former Statement of Financing) in a way that helps users relate the two. The objective is to provide an explanation for the differences between budgetary and financial (proprietary) accounting and is accomplished by means of a reconciliation of budgetary obligations and non-budgetary resources available to the reporting entity with its net cost of operations.

Most entity transactions are recorded in both budgetary and proprietary accounts. However, because different accounting bases are used, some transactions may appear in only one set of accounts (e.g., accrual of workers' compensation liabilities is only recorded in proprietary records). Not all obligations or off-setting collections may result in expenses or exchange revenue (e.g., a building purchase is capitalized in proprietary accounts, but obligated and outlaid in budgetary accounts).

Resources Used to Finance Activities reflects the budgetary resources obligated and other resources used to finance AOC activities. The obligations of budgetary resources are net of off-setting collections, recoveries and receipts. Other resources are financing sources that increase net position but are not budgetary resources (e.g., donated property or imputed costs).

Resources Used to Finance Items Not Part of the Net Cost of Operations includes resources used to finance the activities of the entity to account for items that were included in net obligations and other resources but were not part of the SNC. This item includes undelivered orders reflected in net obligations but not part of current period SNC. It also includes budgetary resources and obligations recognized in the current period that do not affect the net cost of operations (e.g., an acquisition of assets reflected in net obligations but not in SNC).

Components Requiring or Generating Resources in Future Periods identifies items that are recognized as a component of the SNC for the current period but the budgetary resources (and related obligation) will not be provided (or incurred) until a subsequent period. Costs such as contingent liabilities and workers' compensation are not always funded in the period the costs are incurred and are included in this item.

Components Not Requiring or Generating Resources includes items that are recognized as part of the net cost of operations for the period but will not generate or require the use of resources, such as depreciation and amortization.

The reconciliation for the periods ending September 30, 2012 and 2011 follows.

Dollars in Thousands

Reconciliation of Net Cost of Operations to Budget	2012	2011
Resources Used to Finance Activities:		
Budgetary resources obligated	\$ 522,103	\$ 568,169
Other resources	26,276	25,084
Total resources used to finance activities	548,379	593,253
Less: resources used to finance items not part of the net cost of operations	(39,334)	(99,813)
Total Resources Used to Finance the Net Cost of Operations	509,045	493,440
Components of the net cost of operations requiring or generating resources in future periods	3,685	479
Components of net cost of operations not requiring or generating resources in future periods	95,207	82,789
Net Cost of Operations	\$ 607,937	\$ 576,708



Required Supplementary Information

Stewardship of Heritage Assets

AOC is responsible for the stewardship of heritage assets located throughout the U.S. Capitol complex. These assets include architectural fine and decorative art, architectural features, archival material and joint works of art. Many of these assets, both collectible and non-collectible (i.e., architectural), are national treasures.

AOC's Curator Division, including the Records Management and Archives and the Photography Branches, manages the conservation of art and the preservation of other heritage assets, such as architectural drawings and photographs. AOC follows professional standards established by the American Institute for Conservation and the National Archives and Records Administration. AOC's Curator shares responsibility with the Senate and House Curators for the care of certain collectible fine and decorative art within the Capitol.

AOC's Curator maintains detailed records for each work of art and manages computerized inventories of heritage assets.⁷ AOC contracts with professional fine art conservators for needed repairs or treatments. The Curator maintains a library of conservation reports prepared in accordance with standards that require preservation work to be fully documented. The Curator advises AOC's jurisdictions on projects and contracts that involve heritage assets or preservation issues. The Records Management and Archives Branch preserves and makes accessible historic architectural and engineering drawings and textual records and creates records policies. The Photography Branch documents facilities and projects, heritage assets and AOC and congressional events and manages and preserves AOC's photographic records archive. Some vital records, including microfilm and photographic negatives, are stored off-site in stable and secure conditions. Curator Division staff support numerous projects by

conducting historical research and providing copies of photographs, drawings, records, specifications and reports.

AOC's Historic Preservation Officer is responsible for preserving the architectural features of the historic buildings maintained by AOC. The Historic Preservation Officer works closely with the Curator in documenting, researching and providing information about buildings, reviewing projects, developing specifications and developing and implementing AOC's Preservation Policy, which was updated in FY 2012.

General Condition Standards

AOC uses accepted professional condition standards defined by the American Institute for Conservation of Historic and Artistic Works and Heritage Preservation. AOC performs periodic condition surveys to ensure heritage assets are documented and preserved for future generations. Assets must be monitored because heritage assets are in working offices and public spaces rather than in a museum setting, so they can be damaged by touching, impact, and surface deposits. Outdoor sculptures and fixtures are exposed to weather and pollutants. Once these objects are conserved, regular follow-up inspections and periodic maintenance treatments are essential for their preservation.

Table 28 summarizes the condition survey rating scales used at AOC for its heritage assets.

AOC Heritage Assets

In the following tables, footnotes explain changes in condition or inventory count.

1. United States Capitol

The U.S. Capitol is an important example of 19th century neo-classical architecture. While a working building, the Capitol may also be considered a museum of American art and history with millions of visitors each year.

⁷ The entire congressional collection was catalogued and published in 1978 in *Art in the United States Capitol*.

TABLE 28: AOC Heritage Assets Condition Rating Scales

Condition Rating Scale	Definition	Priority
Heritage Assets		
Poor	Asset exhibits, or is in danger of, structural damage or loss. Requires major conservation or repair to maintain it intact and keep it stable.	High
Fair	Asset is structurally sound but requires major conservation to improve aesthetic integrity.	Medium
Good	Asset is structurally sound and retains aesthetic integrity. Requires routine conservation maintenance (e.g., minor surface cleaning).	Low
Excellent	Asset that is new or has been conserved close to its original condition and appearance.	No Treatment Needed
Historic Paper Records		
Poor	Records not yet stored in archives or whose preservation is endangered.	High
Fair	Records preserved in secure and stable conditions in archives.	Medium
Good	Records that are accessioned and placed in acid-free containers.	Low
Excellent	Records that are fully processed and stored in archival folders with all major preservation problems attended to.	No Treatment Needed
Photographic Records		
Poor	Film photographs not in secure storage or digital files not identified, readable, or backed up.	High
Fair	Records in secure storage, subject is identified and image is backed up.	Medium
Good	Negatives are properly housed and inventoried or digital files are batch captioned and backed up in multiple locations.	Low
Excellent	Negatives are stored off-site in archival conditions or digital files are fully captioned with images backed up in multiple locations with routine data migration.	No Treatment Needed

1.1. Fine Art

This collection includes principally unique works of art by a known artist that are not permanently attached to or designed for the structure (i.e., collectible). They are separated into (a) works that are under the jurisdiction of the Joint Committee on the Library and cared for by AOC and (b) those that were originally accepted by the Joint Committee on the Library and are joint in subject matter or acquisition (these are counted in AOC's inventory as "possibly joint"). The "possibly joint" assets are located in the Senate and House wings of the Capitol and, in many cases, are

considered part of the Senate or House collections. AOC's Curator is not responsible for assets in the Senate or House collections.

1.1.1. Interior Sculpture

This collection is comprised primarily of the 100 bronze and marble statues in National Statuary Hall. This collection (two from each state) was established in 1864. In FY 2011, AOC implemented a long-range conservation maintenance contract for sculpture. In FY 2012, AOC restored 23 sculptures to excellent condition.



To commemorate the role that slave labor played in the construction of the Capitol Building, House Concurrent Resolution 135 was passed by Congress directing AOC to design, procure and install a slave labor marker in a prominent location in Emancipation Hall. The slave marker was unveiled by members of Congress on February 28, 2012.

Sculpture	As of 10/01/11	As of 9/30/12	Change	General Condition
1.1.1.1 National Statuary Hall Statues	100	100	—	Fair to Excellent
1.1.1.2 Other Statues ¹	6	6	—	Good to Excellent
1.1.1.3 Possibly Joint Statues	5	5	—	Good
1.1.1.4 Busts	16	16	—	Good
1.1.1.5 Possibly Joint Busts	21	21	—	Good
1.1.1.6 Other (Maquettes, etc.)	21	22	1 ²	Fair to Excellent

¹ The Magna Carta display, located in Crypt, is included in this category.

² The 1966 small maquette for the Martin Luther King, Jr. bust pedestal was conserved and added to inventory.

1.1.2. Framed Oil Paintings

Framed oil paintings under AOC's stewardship include portraits of former Architects of the Capitol and other paintings. Many of the frames for these paintings are also heritage assets.

Paintings	As of 10/01/11	As of 9/30/12	Change	General Condition
1.1.2.1 Portraits	17	17	—	Good
1.1.2.2 Possibly Joint Portraits	26	26	—	Good
1.1.2.3 Paintings Other Than Portraits	11	11	—	Good to Excellent
1.1.2.4 Possibly Joint Paintings	23	23	—	Good

1.1.3. Works of Art on Paper

AOC is steward of works on paper primarily related to the Capitol. This collection is primarily used for research and reference purposes and is generally not on display.

Works of Art on Paper	As of 10/01/11	As of 9/30/12	Change	General Condition
1.1.3.1 Watercolors	6	6	—	Good
1.1.3.2 Prints and Drawings	63	63	—	Fair to Excellent
1.1.3.3 Sketches for Murals	approx. 232	approx. 232	—	Good

1.2. Decorative Art

Decorative art ranges from objects of great craftsmanship and historical importance to mass-produced objects. Often the name of the designer or maker is unknown. Conservation treatment may be appropriate for the highest level of decorative art.

Decorative Art	As of 10/01/11	As of 9/30/12	Change	General Condition
1.2.1 Gilded Mirror Frames ¹	93	93	—	Fair to Good
1.2.2 Historic Furniture	40	38	(2) ²	Good
1.2.3 Antique Clocks	10	10	—	Good
1.2.4 Textiles	2	2	—	Good

¹ This number primarily includes frames in the House side of the Capitol. The Senate Curator has responsibility for inventory and conservation of Senate mirror frames.

² An 18th century sideboard previously included in the AOC inventory is now being cared for by the House Curator. East front marble bench #3 was accidentally broken on August 28, 2012. It was determined to be unsalvageable and discarded. East front marble bench #8 was moved from the first floor House corridor to replace it.

1.3. Architectural Fine Art

This art is part of the fabric of a structure, permanently attached to the structure or building systems, or designed as part of an architectural space.

Architectural Fine Art	As of 10/01/11	As of 9/30/12	Change	General Condition
1.3.1 Pediments (exterior)	3	3	—	Poor to Fair ¹
1.3.2 Statues (interior and exterior)	6	6	—	Good
1.3.3 Plaster Model for Sculpture	1	1	—	Excellent
1.3.4 Sculptured Stair Railings	4	4	—	Good
1.3.5 Reliefs	39	39	—	Good
1.3.6 Bronze Doors (sets) (interior and exterior)	4	4	—	Good to Excellent
1.3.7 Plaques	27 ²	28	1 ³	Fair to Good
1.3.8 Stained Glass	16	16	—	Poor to Good ⁴
1.3.9 Rotunda Paintings	8	8	—	Good to Excellent
1.3.10 Rooms or Spaces with Fine Art Murals	79	79	—	Poor to Excellent ⁵

¹ Conservation of the pediment sculpture is being planned and will be coordinated with the Capitol stone preservation project.

² FY 2011's inventory count was overstated by one in the prior year report. It has been restated at 27 for the current report.

³ The Slave Labor Commemorative Marker was unveiled in the CVC's Emancipation Hall this year.

⁴ The stained glass skylights in the grand stairwells have been removed for future conservation.

⁵ Each room or space may contain multiple sections of murals in vaults and lunettes with individual mural scenes or figures. There are hundreds of images painted on the Capitol's walls. Mural conservation has been ongoing since 1981 and most are in at least "good" condition.

1.4. Architectural Decorative Art

This art is part of the fabric of a structure, permanently attached to the structure or building systems, or designed as part of an architectural space.

Architectural Decorative Art	As of 10/01/11	As of 9/30/12	Change	General Condition
1.4.1. Mantels	approx. 167	approx. 167	—	Good
1.4.2. Chandeliers	approx. 250	approx. 250	—	Good to Excellent ¹
1.4.3. Pendant Lights	approx. 270	approx. 270	—	Good ²
1.4.4. Sconces	approx. 100	approx. 100	—	Good ³
1.4.5. Rooms or Spaces with Decorative Murals	47	47	—	Good

¹ Counts are taken from the lighting fixtures included on the Capitol Superintendent's CAFM inventory. About one third of the fixtures would be considered historic.

² Ibid.

³ Ibid.

1.5. Architectural Features

Historic architectural features include woodwork, shutters, columns, capitals, brackets, historic floors (e.g., the Capitol's Minton tile floors) and special architectural surfaces (e.g., marble). The Capitol Superintendent (or the Senate Sergeant at Arms) maintains these assets. While an accurate count of these features does not exist, the numbers are large. For example, there are at least 450 interior columns and pilasters with carved capitals. In recent years, special attention has been paid to the restoration of historic scagliola.⁸

2. Capitol Grounds

The Capitol Grounds cover approximately 290 acres on which the Capitol, Senate and House Office Buildings and Capitol Power Plant reside. The Grounds include sculpture and monuments and living assets such as trees and plantings. Heritage assets include ornamental fountains, drinking fountains, outdoor seating, stone retaining walls and light fixtures.

2.1. Outdoor Sculpture

Outdoor Sculpture	As of 10/01/11	As of 9/30/12	Change	General Condition
2.1.1 Monuments/Statues	3	4	1 ¹	Good
2.1.2 Fountains with Sculpture	1	1	—	Poor to Good
2.1.3 Plaques	3	4	1 ²	Good

¹ Jurisdiction over Union Square, which includes the Ulysses S. Grant Memorial, was transferred from the National Park Service to the Architect of the Capitol by Congress in December 2011.

² The Providence Hospital Plaque was created and added to the inventory.

2.2. Landscape Features and Fixtures (including fixtures on the exterior of the Capitol)

Landscape Features and Fixtures	As of 10/01/11	As of 9/30/12	Change	General Condition
2.2.1 Urns	20	20	—	Excellent
2.2.2 Lighting Fixtures	approx. 166	approx. 166	—	Fair to Excellent

2.3. Memorial Trees

Memorial trees are living heritage assets planted to honor distinguished citizens, groups and national events. About half are located on the Capitol's East Front.

Memorial Trees	As of 10/01/11	As of 9/30/12	Change	General Condition
2.3 Memorial Trees	143	138	(5)*	Good

* Due to exceptionally strong wind storms that destroyed or damaged several trees on the Grounds, five memorial trees were lost this fiscal year.

⁸ Scagliola is an imitation marble installed on some Capitol walls in the 1850s.

3. House Office Buildings

The Capitol includes three major office buildings and one annex building for the House of Representatives: the Cannon, Longworth, Rayburn and Ford House Office Buildings, respectively.

Architectural Fine Art	As of 10/01/11	As of 9/30/12	Change	General Condition
3.1 Pediments (exterior)	1	1	—	Good
3.2 Sculpture (exterior)	8	8	—	Fair to Good
3.3 Plaster Models of Sculpture	27	27	—	Good
3.4 Architectural Models on Display	1	1	—	Fair to Good
3.5 Reliefs	1	1	—	Good
3.6 Murals	1	1	—	Good
3.7 Plaques	1	1	—	Good
3.8 Monuments/Statues	0	2	2*	Good

* The prior year inventory erroneously excluded the sculptures "Spirit of Justice" and "Majesty of Law." These sculptures have been added to the current year inventory.

4. Senate Office Buildings

The Capitol includes three major office buildings for the U.S. Senate: the Russell, Dirksen and Hart Senate Office Buildings.

Architectural Fine Art	As of 10/01/11	As of 9/30/12	Change	General Condition
4.1 Pediments (exterior)	1	1	—	Fair
4.2 Sculpture	1	1	—	Poor
4.3 Plaster Models of Sculpture	6	6	—	Good
4.4 Architectural Models on Display	4	4	—	Excellent
4.5 Maquettes, etc.	1	1	—	Good
4.6 Reliefs (exterior)	51	51	—	Good
4.7 Murals (rooms with)	1	1	—	Excellent

5. Library Buildings and Grounds

The Library of Congress' 1897 Thomas Jefferson Building contains large areas of decorative painting, relief plaster, woodwork, stone work and mosaic ceilings. The John Adams Building, which is embellished with Art Deco-style decorative metal and relief stone work, is not included in the inventory count.

Architectural Fine Art	As of 10/01/11	As of 9/30/12	Change	General Condition
5.1 Statues	27	27	—	Good to Excellent
5.2 Sculptured Stair Railings	2	2	—	Good
5.3 Reliefs (interior and exterior)	74	74	—	Good
5.4 Bronze Doors (sets) (exterior)	11	11	—	Fair to Good
5.5 Stained Glass/Mosaics	17	17	—	Fair to Good
5.6 Rooms or Spaces with Fine Art Murals	32	32	—	Fair to Excellent
5.7 Fountains with Sculpture (exterior)	2	3	1*	Fair to Good
5.8 Sculptural Clock	1	1	—	Excellent
* Robert Cronbach's sculptural fountain in the JMMB is being brought back to view and was added to the inventory.				

6. Supreme Court Building

The Supreme Court Building is richly adorned with decorative carvings in marble and wood, decorative metal and plaster work and decorative painting.⁹

Architectural Fine Art	As of 10/01/11	As of 9/30/12	Change	General Condition
6.1 Pediments (exterior)	2	2	—	Poor to Fair*
6.2 Sculpture (exterior)	2	2	—	Fair
6.3 Reliefs	4	4	—	Good
6.4 Light Posts with Reliefs (exterior)	2	2	—	Poor to Fair
6.5 Bronze Door (set) (exterior)	1	1	—	Good
* Condition surveys have been conducted and conservation of the pediment sculpture started in 2012 as part of the exterior stone and metal preservation project.				

⁹ The collectible fine art within the Supreme Court Building does not fall under AOC's jurisdiction and is cared for by the Curator of the Supreme Court.

7. Botanic Garden

The U.S. Botanic Garden (USBG) maintains a collection of living plants and includes all plants used to fulfill the mission of the institution. The collection is categorized as follows:

- ◆ Plants of historical or current institutional significance (e.g., individuals or descendants from the Wilkes and Perry expeditions, commemorative gifts from foreign governments and descendants of plants of American historical significance)
- ◆ Plants appearing on approved permanent landscape planting plans for the Conservatory, National Garden, Bartholdi Park and the Production facility
- ◆ Plants listed for rotation into permanent exhibits in the Conservatory, National Garden or Bartholdi Park
- ◆ Plants used in ongoing education programs
- ◆ Plants needed to support future exhibits or programs and whose quality or relative unavailability in the commercial trade justifies inclusion in the permanent collection
- ◆ Orchid species and selected orchid cultivars
- ◆ Listed rare and endangered species received under the Convention on International Trade in Endangered Species of Flora and Fauna repository agreement, through interagency transfer, or by other means
- ◆ Medicinal plants whose quality or relative unavailability in the commercial trade justifies inclusion in the permanent collection
- ◆ Plants used for accent and horticultural propagation stock, including those obtained for trial performance under local conditions.

Plants are used for exhibition, study and exchange with other institutions. Noteworthy collections include economically significant plants, medicinal plants, orchids, cacti and succulents, bromeliads and cycads.

The USBG makes its gardens and living collections important resources for the study of threatened plants and their conservation. USBG staff maintains extensive computerized records of the plant collections, which track the location, condition and provenance of each addition. This information is available to the public on USBG's website, www.usbg.gov. Collections are continually reviewed for accuracy in identification.

Non-living Heritage Assets

Outdoor Sculpture	As of 10/01/11	As of 9/30/12	Change	General Condition
7.1 Fountains with Sculpture	1	1	—	Excellent

Living Heritage Assets

The table below identifies USBG's inventory of living heritage assets. Plant inventories for FY 2012 and the prior four years are provided to facilitate comparison. At the end of FY 2012, the USBG held over 66,000 individual plants at the Conservatory and the Blue Plains Production Facility in Maryland. The USBG maintains over 7,800 unique taxa in its collections.

All Plants (Including Orchid Collection)							
FY	Names ¹	Accessions ²	Plants ³	Deaccessions — YTD ⁴	Taxa (Alive) ⁵	Plants (Alive) ⁶	Number of Individuals ⁷
2008	28,086	25,860	37,639	891	7,802	16,957	67,397
2009	28,351	26,439	38,319	1,242	7,670	16,333	66,872
2010	29,210	27,471	40,008	1,984	7,547	15,942	62,079
2011	30,189	28,403	41,668	529	7,738	16,442	63,542
2012	30,703	29,496	43,487	1,128	7,890	16,919	66,328

¹ The number of taxonomic entries is not based on or associated with current holdings (cumulative).
² Current number of accession, presumed to be genets (cumulative).
³ Total number of individuals in *Plants* table—living and dead (cumulative).
⁴ Deaccessions for the current year.
⁵ Number of unique taxa currently alive in holdings.
⁶ Number of individuals in *Plants* table currently living.
⁷ Number of individuals living including multiple ramets associated with a single accession number (note: this number has a high degree of inaccuracy).

Orchid Collection

There were over 5,000 total orchids in the Botanic Garden's collections and is the single largest component of its plant inventory, accounting for over 30 percent of its total.

Orchid Collection							
FY	Names	Accessions	Plants	Deaccessions — YTD	Taxa (Alive)	Plants (Alive)	Number of Individuals
2008	3,994	7,530	10,330	349	1,694	4,774	n/a
2009	4,035	7,564	10,479	590	1,567	4,334	n/a
2010	4,295	8,095	11,440	517	1,727	4,816	n/a
2011	4,819	8,483	12,389	212	1,771	5,147	n/a
2012	4,928	8,704	12,839	344	1,803	5,171	n/a



The U.S. Botanic Garden (USBG) is dedicated to demonstrating the aesthetic, cultural, economic and ecological importance of plants. The USBG carries out this mission by: promoting botanical knowledge through the cultivation of an ordered plant collection; presenting displays of plants, exhibits and educational programs to the Congress and the public; and fostering sustainability and plant conservation.

8. Architectural and Engineering Artifacts

AOC maintains an inventory of small architectural and engineering artifacts and models for research or exhibition. AOC also maintains an inventory of large artifacts, such as pieces of stone removed from buildings or plaster models, for possible reuse or repairs. As an example, 150 tons of sculpture and stone removed from the East Front of the Capitol during its 1958 extension is held in a secure facility at Fort Meade, Maryland. AOC's Curator tracks these artifacts and maintains lists of the objects in storage. It is not possible to provide a meaningful count as some crates hold multiple pieces and some items are stored in pieces in multiple crates.

9. Historical Records and Reference Materials

The Records Management and Archives Branch preserves and provides access to architectural and engineering drawings and textual records. The Branch uses approved records schedules based on archival appraisal and records surveys. The Branch arranges drawings and textual records in accordance with archival principles to facilitate control, access, reference, research and retrieval. Architectural and engineering drawings and manuscripts require special archival storage and handling because of their diverse physical attributes. The Branch maintains stable temperature and humidity conditions and high security for the records. Microfilm of many drawings is stored off-site for backup purposes. Digital scans of drawings are also important backups for the original drawings.

9.1. Architectural and Engineering Drawings

Beginning with plans for the construction of the Capitol in the early 1800s and with primary holdings from the 1850s forward, the architectural and engineering drawings collection contains a wide range of subjects and formats (e.g., pencil renderings, finely detailed ink and watercolor working drawings, polished presentation pieces, blueprints and modern computer-aided design drawings). These drawings are vital for current construction and maintenance projects, as well as for historic research. The specifications and files on previous projects aid in the planning and development of new projects.

AOC archives contain over 178,000 architectural and engineering drawings with more constantly added. Approximately 60 percent of these drawings have been arranged, indexed and assigned control numbers. Most of the remaining are stored in drawing cabinets (arranged by building) waiting to be indexed and verified that they are not duplicates. The Records Management and Archives Branch scans, labels, indexes and backs up (using a web-based database) the drawings to facilitate retrieval. The Archival staff performs basic preservation and conservation of drawings with specialized work on fragile and historic drawings performed by contracted experts.



The Slave Labor Commemorative Marker located in Emancipation Hall at the U.S. Capitol Visitor Center commemorates the important role played by laborers, including enslaved African Americans, in constructing the U.S. Capitol.

9.2. Construction and Administrative Textual Records

The Records Center and Archives maintains administrative and project records that document the history of AOC as well as the construction history of the Capitol complex. These holdings date from the Capitol extension project in the 1850s and continue through the present. Of special value are the manuscript collection and the Architects' letter books dating to the 1850s.

9.3. Photographs

The Photography Branch produces photographs relating to architectural design, construction, renovation and restoration of the historic buildings and grounds under AOC's care. The Branch covers major ceremonial events, documents works of art and conservation projects and produces graphic slides, displays and video for AOC and congressional use. The Branch maintains an archive of over 220,000 photographic images dating to the 1850s. The collection includes approximately 4,000 glass plates, in addition to hundreds of thousands of images in negative, print and digital format. The number of images is growing rapidly since the conversion to digital format. Each unique image is given a control number (one image may exist in multiple formats). The majority of the glass and film negatives are stored off-site for long-term preservation. Digital files are systematically backed-up and copied.

9.4. Small Architectural Models

AOC preserves a small number of working models as part of the architectural record for study and possibly future exhibit purposes.

9.5, 9.6 and 9.7. Reference Files, Library Materials and Conservation Reports

One of the largest curatorial functions AOC performs is maintaining the inventory of and files for, art and historical objects. The Curator maintains a file on each work of art, artist and room in the Capitol as well as files on the buildings and architectural subjects. The Curator also keeps records on major ceremonies, such as joint sessions of Congress and Inaugurations. AOC uses these files to answer questions from AOC staff and contractors, Members of Congress and their staffs and the public and to provide information for fact sheets and publications. The U.S. Capitol Historical Society Fellowship, managed by the Curator, continually adds to the knowledge of the art and architecture of the Capitol.

Records and Reference	As of 10/01/11	As of 9/30/12	Change	General Condition
9.1 Architectural and Engineering Drawings	Approx. 177,352	Approx. 178,270	918	Good to Excellent
9.2 Manuscripts and Other Textual Records	Approx. 6,382 Boxes	Approx. 7,063 Boxes	681	Fair to Good
9.3 Photographs	222,209	234,588	12,379	Fair to Excellent
9.4 Small Architectural Models	18	18	—	Fair
9.5 Art and Reference Files	108 Drawers	108 Drawers	—	Good
9.6 Art and Reference Library (published volumes)	1,141 Vols.	1,154 Vols.	13	Good
9.7 Conservation Reports (in notebooks)	246	261	15	Good

Deferred Maintenance for the Fiscal Year Ended September 30, 2012

AOC oversees 17.4 million square feet of facilities and more than 630 acres of grounds on the Capitol complex and off-site areas. The agency is responsible for ensuring that the historic facilities entrusted to its care remain in a safe and suitable condition for the current and future needs of Congress, the Supreme Court and the American public. FASAB Statement of Federal Financial Accounting Standard (SFFAS) No. 6, “Accounting for Property, Plant and Equipment” (as amended) defines deferred maintenance as maintenance that was not performed when it should have been or was scheduled to be and which, therefore, is put off or delayed for a future period.

SFFAS No. 6 requires that the estimated cost to remedy accumulated deferred maintenance on AOC’s property, plant and equipment (PP&E) be disclosed annually. AOC defines its acceptable level of condition of PP&E to be “good” to “excellent” based on the Facility Condition Index. PP&E of less than “good” condition are determined to require significantly more maintenance than facilities in better condition. The three major classes of assets for which deferred maintenance was tracked are: buildings and other structures, grounds and heritage assets. To evaluate the condition of buildings, other structures and grounds, AOC uses a combination of the Facility Condition Assessment (FCA) and the Capitol Complex Master Plan to identify deferred maintenance, capital renewal projects, capital improvements and capital construction projects. The focus of this disclosure is solely deferred maintenance, as identified through the FCA and does not include capital renewal projects, capital improvements and capital construction projects. Deferred maintenance calculations are based on projected replacement values. AOC has completed an initial FCA on all buildings and grounds under its purview with some exceptions (see footnotes). Exceptions have not been



The Brumidi Corridors are located on the first floor of the Senate wing of the Capitol and named in honor of Constantino Brumidi, the Italian artist who designed the murals and the major elements in many of the Capitol’s corridors and rooms. The depiction of President Washington with Thomas Jefferson and Alexander Hamilton is the only historical scene that artist Constantino Brumidi completed in the Senate Reception Room, S-213.

included in the figures. AOC continues to complete and update the FCA for all Capitol facilities. As a result, the FCA for some of these facilities are underway or in the planning stage and will be reported in subsequent reports.

AOC's estimate of the amount of accumulated deferred maintenance is over \$272 million for the Fiscal Year ended September 30, 2012.¹⁰ Table 29 depicts deferred maintenance costs, by category, at the beginning and ending of the fiscal year.

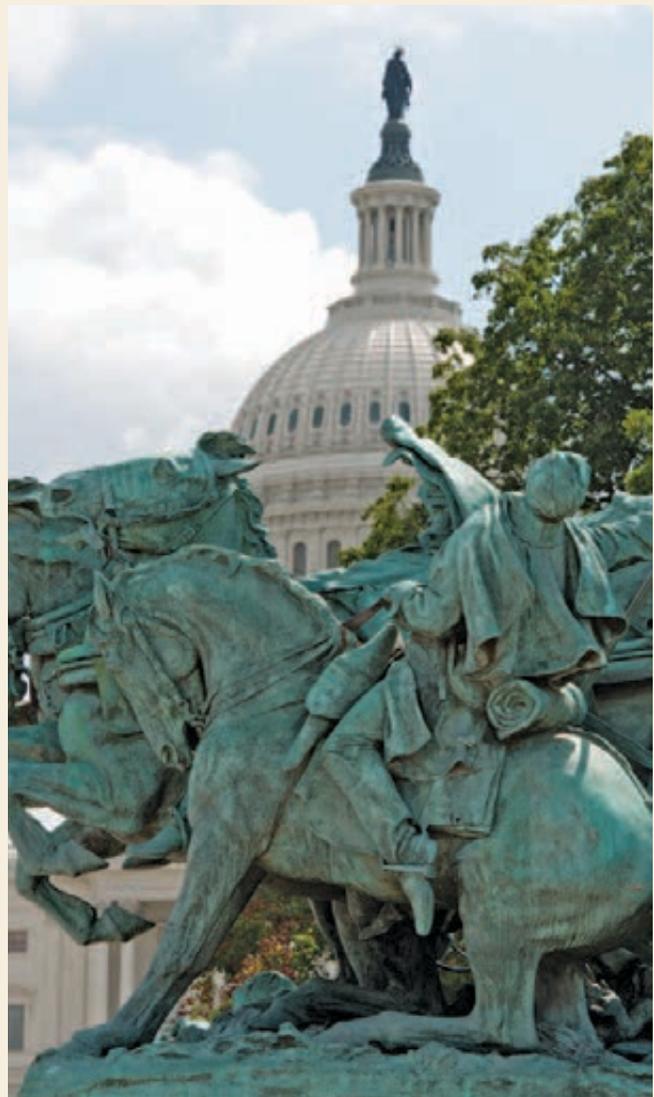
TABLE 29: Deferred Maintenance (\$ in thousands required to achieve good condition)

Category	As of 10/01/11	As of 9/30/12*	Change
Buildings and Other Structures	\$293,219	\$262,837	(\$30,832)
Grounds	88	9,017	8,929
Heritage Assets	2,746	572	(2,174)
Total	\$296,053	\$272,426	(\$23,627)

* The deferred maintenance figure for September 30, 2012 excludes the Library of Congress' Special Service Facilities Center, the Supreme Court Building, pedestrian tunnels, miscellaneous U.S. Capitol Police buildings and most major equipment related to the Capitol Power Plant. The figure also excludes the recently added Ulysses S. Grant Memorial. As discussed, Facility Condition Assessments for these locations have not been completed due to AOC's rotating assessment schedule, but are either underway or planned for subsequent years. The majority of the reduction in Deferred Maintenance is related to current reassessment work in the James Madison Memorial Building. This reassessment work, which is anticipated to be completed in 2013, includes an AOC reevaluation of the base survey. Deferred maintenance calculations are based on FY 2011 AOC replacement values, completed in April 2012.

For further information on deferred maintenance costs, plus data on the capital renewal costs, please see the *Management Challenges and Looking Ahead* section of this report.

¹⁰ AOC aims to maintain its assets in at least "good" condition. Condition is defined by the Facility Condition Index, which is calculated as the cost of deferred maintenance divided by the current replacement value. A ratio of less than 0.02 is considered "excellent." A ratio of 0.02 to 0.05 is judged "good." A ratio of 0.05 to 0.10 is deemed "fair." A ratio of more than 0.10 is considered "poor." AOC's goal is to attain a ratio of less than 0.05 (or "good" condition) for its assets. Although an asset may be rated as being in acceptable condition, individual systems within that asset may require deferred maintenance to return the system to an acceptable operating condition.



In December 2012, AOC's responsibilities were expanded to include Union Square—an 11-acre parcel including the Capitol reflecting pool and the Ulysses S. Grant Memorial. To address this new responsibility, AOC has requested funds for its required care and maintenance, including reflecting pool cleaning and repairs, stabilization of the steps, immediate sidewalk repairs, lamp post replacement, and cleaning and restoration of the statuary.

Summary of Heritage Assets

This consolidating schedule reports the heritage assets by jurisdiction and AOC-wide. Although records are related to all jurisdictions, for simplicity, such reference files are shown under the responsibility of the Capitol Building jurisdiction.

TABLE 30: AOC Heritage Assets Consolidating Schedules as of September 30, 2012 and September 30, 2011

Category	FY 2012								FY 2011								
	AOC Jurisdiction							TOTAL	AOC Jurisdiction							TOTAL	
	CB	CG	HOB	LBG	SC	SOB	USBG		CB	CG	HOB	LBG	SC	SOB	USBG		
Artwork																	
Fine Art																	
Interior Sculpture																	
National Statuary Hall Statues	100	—	—	—	—	—	—	100	100	—	—	—	—	—	—	—	100
Other Statues in Rotunda	6	—	—	—	—	—	—	6	6	—	—	—	—	—	—	—	6
Possibly Joint Statues	5	—	—	—	—	—	—	5	5	—	—	—	—	—	—	—	5
Busts	16	—	—	—	—	—	—	16	16	—	—	—	—	—	—	—	16
Possibly Joint Busts	21	—	—	—	—	—	—	21	21	—	—	—	—	—	—	—	21
Other	22	—	—	—	—	—	—	22	21	—	—	—	—	—	—	—	21
Sub-Total: Interior Sculpture	170	—	—	—	—	—	—	170	169	—	—	—	—	—	—	—	169
Paintings																	
Portraits	17	—	—	—	—	—	—	17	17	—	—	—	—	—	—	—	17
Possibly Joint Portraits	26	—	—	—	—	—	—	26	26	—	—	—	—	—	—	—	26
Paintings other than Portraits	11	—	—	—	—	—	—	11	11	—	—	—	—	—	—	—	11
Possibly Joint Paintings	23	—	—	—	—	—	—	23	23	—	—	—	—	—	—	—	23
Sub-Total: Paintings	77	—	—	—	—	—	—	77	77	—	—	—	—	—	—	—	77
Works of Art on Paper																	
Watercolors	6	—	—	—	—	—	—	6	6	—	—	—	—	—	—	—	6
Prints	63	—	—	—	—	—	—	63	63	—	—	—	—	—	—	—	63
Sketches for Murals	232	—	—	—	—	—	—	232	232	—	—	—	—	—	—	—	232
Sub-Total: Works of Art on Paper	301	—	—	—	—	—	—	301	301	—	—	—	—	—	—	—	301
Sub-Total: Fine Art	548	—	—	—	—	—	—	548	547	—	—	—	—	—	—	—	547
Decorative Art																	
Gilded Overmantel Mirror Frames	93	—	—	—	—	—	—	93	93	—	—	—	—	—	—	—	93
Historic Furniture	38	—	—	—	—	—	—	38	40	—	—	—	—	—	—	—	40
Antique Clocks	10	—	—	—	—	—	—	10	10	—	—	—	—	—	—	—	10
Textiles	2	—	—	—	—	—	—	2	2	—	—	—	—	—	—	—	2
Sub-Total: Decorative Art	143	—	—	—	—	—	—	143	145	—	—	—	—	—	—	—	145
Architectural Fine Art																	
Pediments	3	—	1	—	2	1	—	7	3	—	1	—	2	1	—	—	7
Statues/Sculpture	6	—	8	27	2	1	—	44	6	—	8	27	2	1	—	—	44
Plaster Models of Sculpture	1	—	27	—	—	6	—	34	1	—	27	—	—	6	—	—	34
Sculptured Stair Railings	4	—	—	2	—	—	—	6	4	—	—	2	—	—	—	—	6
Architectural Models on Display	—	—	1	—	—	4	—	5	—	—	1	—	—	4	—	—	5
Reliefs	39	—	1	74	4	51	—	169	39	—	1	74	4	51	—	—	169
Light Posts with Reliefs (exterior)	—	—	—	—	2	—	—	2	—	—	—	—	2	—	—	—	2
Bronze Doors (sets)	4	—	—	11	1	—	—	16	4	—	—	11	1	—	—	—	16
Plaques	28	—	1	—	—	—	—	29	27	—	1	—	—	—	—	—	28
Stained Glass/Mosaics	16	—	—	17	—	—	—	33	16	—	—	17	—	—	—	—	33
Rotunda Paintings	8	—	—	—	—	—	—	8	8	—	—	—	—	—	—	—	8
Rooms or Spaces with Fine Art Murals	79	—	1	32	—	1	—	113	79	—	1	32	—	1	—	—	113
Maquettes	—	—	—	—	—	1	—	1	—	—	—	—	—	1	—	—	1
Sub-Total: Architectural Fine Art	188	—	40	163	11	65	—	467	187	—	40	163	11	65	—	—	466

Category	FY 2012								FY 2011								
	AOC Jurisdiction							TOTAL	AOC Jurisdiction							TOTAL	
	CB	CG	HOB	LBG	SC	SOB	USBG		CB	CG	HOB	LBG	SC	SOB	USBG		
Architectural Decorative Art																	
Mantels	167	—	—	—	—	—	—	167	167	—	—	—	—	—	—	—	167
Chandeliers	250	—	—	—	—	—	—	250	250	—	—	—	—	—	—	—	250
Pendant Lights	270	—	—	—	—	—	—	270	270	—	—	—	—	—	—	—	270
Sconces	100	—	—	—	—	—	—	100	100	—	—	—	—	—	—	—	100
Rooms/Spaces with Decorative Murals	47	—	—	—	—	—	—	47	47	—	—	—	—	—	—	—	47
Sculptural Clock	—	—	—	1	—	—	—	1	—	—	—	1	—	—	—	—	1
Sub-Total: Architectural Decorative Art	834	—	—	834	—	—	—	835	834	—	—	1	—	—	—	—	835
TOTAL	1,713	—	40	164	11	65	—	1,993	1,713	—	40	164	11	65	—	—	1,993
Architectural Features																	
Outdoor Sculptures																	
Monuments/Statues	—	4	2	—	—	—	—	6	—	3	—	—	—	—	—	—	3
Fountains with Sculpture	—	1	—	3	—	—	1	5	—	2	—	2	—	—	1	—	4
Plaques	—	4	—	—	—	—	—	4	—	3	—	—	—	—	—	—	3
Sub-Total: Outdoor Sculptures	—	9	2	3	—	—	1	15	—	8	—	2	—	—	1	—	10
Landscape Features and Fixtures																	
Lighting Fixtures	—	166	—	—	—	—	—	166	—	166	—	—	—	—	—	—	166
Urns	—	20	—	—	—	—	—	20	—	20	—	—	—	—	—	—	20
Reliefs	—	n/a	—	—	—	—	—	—	—	n/a	—	—	—	—	—	—	—
Sub-Total: Landscape Features and Fixtures	—	186	—	—	—	—	—	186	—	186	—	—	—	—	—	—	186
TOTAL	—	195	2	3	—	—	1	201	—	194	—	2	—	—	1	—	196
Reference and Library Materials																	
Art and Reference Files	108	—	—	—	—	—	—	108	108	—	—	—	—	—	—	—	108
Art and Reference Library	1,154	—	—	—	—	—	—	1,154	1,141	—	—	—	—	—	—	—	1,141
TOTAL	1,262	—	—	—	—	—	—	1,262	1,249	—	—	—	—	—	—	—	1,249
Records																	
Architectural and Engineering Drawings	178,270	—	—	—	—	—	—	178,270	177,352	—	—	—	—	—	—	—	177,352
Manuscripts and Other Textual Records	7,063	—	—	—	—	—	—	7,063	6,382	—	—	—	—	—	—	—	6,382
Small Architectural Models	18	—	—	—	—	—	—	18	18	—	—	—	—	—	—	—	18
Conservation Reports	261	—	—	—	—	—	—	261	246	—	—	—	—	—	—	—	246
Photographs	234,588	—	—	—	—	—	—	234,588	222,209	—	—	—	—	—	—	—	222,209
TOTAL	420,200	—	—	—	—	—	—	420,200	406,207	—	—	—	—	—	—	—	406,207
Living Heritage Assets																	
Individual	—	138	—	—	—	—	66,328	66,466	—	143	—	—	—	—	63,542	63,685	
TOTAL	—	138	—	—	—	—	66,328	66,466	—	143	—	—	—	—	63,542	63,685	



The grounds immediately surrounding the U.S. Capitol are bordered by stone walls and cover an area of approximately 58 acres. These stone walls require specialized care and skill to maintain their condition and integral historic value. AOC's masons are responsible for the preservation of the 5,500 linear feet of boundary walls that ring much of Capitol Square.

Section IV: Other Accompanying Information

Summary of Financial Statement Audit and Management Assurances

TABLE 31: Summary of Financial Statement Audit

AUDIT OPINION TYPE	Unqualified				
RESTATEMENT (YES/NO)	No				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated/ Reassessed	Ending Balance
Internal Control Assessment	1	0	0	0	1
Total Material Weaknesses	1	0	0	0	1

TABLE 32: Summary of Management Assurances

EFFECTIVENESS OF INTERNAL CONTROL OVER FINANCIAL REPORTING (FMFIA, para. 2)					
STATEMENT OF ASSURANCE	No Assurance*				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated/ Reassessed	Ending Balance
Internal Control Assessment	1	0	0	0	1
Total Material Weaknesses	1	0	0	0	1

EFFECTIVENESS OF INTERNAL CONTROL OVER OPERATIONS (FMFIA, para. 2)					
STATEMENT OF ASSURANCE	No Assurance*				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated/ Reassessed	Ending Balance
Internal Control Assessment	1	0	0	0	1
Total Material Weaknesses	1	0	0	0	1

CONFORMANCE WITH FINANCIAL MANAGEMENT SYSTEM REQUIREMENTS (FMFIA, para. 4)					
STATEMENT OF ASSURANCE	No Assurance*				
Nonconformance	Beginning Balance	New	Resolved	Consolidated/ Reassessed	Ending Balance
Total Nonconformance	0	0	0	0	0

COMPLIANCE WITH FEDERAL FINANCIAL MANAGEMENT IMPROVEMENT ACT (FFMIA)		
	Agency	Auditor
Overall Substantial Compliance	Yes	Yes
1. System Requirements		Yes
2. Accounting Standards		Yes
3. U.S. Standard General Ledger (USSGL) at Transaction Level		Yes

* AOC is still in the early stages of establishing a program that fully meets the intent of OMB Circular A-123, Appendix A. At this time, AOC is unable to test for: the effectiveness of internal controls over financial reporting, the effectiveness of internal controls over operations or the conformance with financial management system requirements.

Improper Payments Information Act

The Improper Payments Information Act of 2002 defines requirements to reduce improper and erroneous payments made by the Federal government. OMB also has established specific reporting requirements for Executive Branch agencies with programs that have a significant risk of erroneous payments and for reporting on the results of recovery auditing activities. A significant erroneous payment, as defined by OMB, is an annual erroneous

program payment that exceeds both 2.5 percent of the program payments and \$10 million.

AOC is a Legislative Branch office and, as such, is not subject to this Act or the related OMB guidance. As a result, AOC has not adopted a formal program implementing this law.

The Inspector General's Statement of Management Opportunities and Performance Challenges



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www.aoc.gov

United States Government

MEMORANDUM

DATE: September 28, 2012

TO: Stephen T. Ayers, Architect of the Capitol

FROM: Carol M. Bates, Inspector General /s/

SUBJECT: Statement of Management Opportunities and Performance Challenges

As you requested, and on behalf of the Office of Inspector General, attached is the Statement of Management Opportunities and Performance Challenges (Statement) for the Fiscal Year ending September 30, 2012. This Statement identifies and assesses the most serious challenges facing the Architect of the Capitol (AOC), and the Agency's progress in addressing challenges from prior year Statements. We have included four of the five challenges that we communicated last year, and have included an additional challenge related to procurement policy.

The OIG Staff look forward to working with you, the Chief Operating Officer, and the entire AOC team to help AOC achieve its Strategic Vision Goal to foster a culture of learning, sharing, cooperation, and teamwork that improves efficiency and effectiveness throughout the AOC as well as help the AOC on its journey from "good to great." Collectively, we can promote economy and efficiency and prevent and detect fraud, waste and abuse.

If you have any questions, please contact me at 3.0260 or email at cbates@aoc.gov.

Copy to: Christine A. Merdon, Chief Operating Officer
AOC Senior Leadership Team

The Inspector General's Statement of Management Opportunities and Performance Challenges (continued)

Introduction

As requested, this is the Office of Inspector General's (OIG) annual Statement of Management Opportunities and Performance Challenges. This document identifies the Architect of the Capitol's (AOC) most significant challenges and opportunities for improvement. The Statement is based on the results of our observations, audit and investigative efforts, as well as the AOC contracted Financial Statements Audit. If notable management attention, accountability, and improvement are achieved in the five challenges identified in this Statement, we are optimistic that AOC's economy, efficiency, and effectiveness would benefit greatly and risks of fraud, waste, and abuse would also be reduced through improved prevention and detection controls. We appreciate this opportunity to provide the Architect, the Chief Operating Officer, and the Senior Leadership Team with our unique perspective on areas that need increased management attention and decisive action.

The AOC is responsible to the United States Congress and Supreme Court for the maintenance, operation, construction, and preservation of the buildings and land throughout the Capitol Complex. The AOC also provides professional expertise for preserving architectural and artistic elements entrusted to its care. By all measured internal performance standards the AOC has executed its primary mission in a stellar manner. Customer feedback with high satisfaction ratings demonstrates the professional commitment and excellence, in serving the needs and requirements of Congress and the Supreme Court.

The AOC developed the Capitol Complex Master Plan, along with a Five-Year Capital Improvement Plan, which includes a rank-ordered, deferred maintenance project list. This significant backlog of construction and maintenance is dependent upon increased funding. Limited resources are a challenge for the AOC and all Federal agencies and is not repeated as a challenge in this document.

While recognizing AOC's accomplishments in executing the core mission, and fiscal constraints, the AOC needs to make progress in these challenge areas. The OIG believes that focusing senior leadership attention on the challenges enumerated below will help to improve service delivery, promote economy and efficiency and also reduce the potential for fraud, waste, and abuse in AOC operations. This leadership focus, starting with the "tone at the top," combined with clear management accountability, will help ensure that finite AOC appropriations are carefully used to meet the needs of Congress and the Supreme Court.

The Inspector General's Statement of Management Opportunities and Performance Challenges (continued)

The Opportunities and Challenges

We identified five challenges, which present significant opportunities for AOC greatness. These challenges should be viewed as parts of a whole, rather than as separate, unrelated parts. From our perspective, the cornerstone for each of these challenges is an agency-wide culture that views policy formation, currency, and enforcement as inconsequential, or of comparatively low priority. Senior management needs to address this from a cultural perspective and set the “tone from the top.”

As an example, the Agency issued Orders (policies) that are in direct conflict with other Orders, or contain insufficient oversight, enforcement, and accountability to ensure the policy is being understood and followed. The OIG has also identified significant gaps in policy, which form the backbone of the Agency's Internal Control Program. Without clear Orders, employee training and education on those new or revised Orders, compliance and oversight risks will not be reduced.

Four challenges listed below are continued from last year and this Statement includes updates to those challenges provided there has been verifiable action taken by management.

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

This year we have added a new challenge concerning “Procurement Policy.” This challenge results from lack of a procurement policy for contracts in excess of \$100,000 and suggests tools to prevent, detect, and deter fraud in AOC contracts. The OIG also believes that the AOC should develop a Suspension and Debarment process to improve contract remedies with unscrupulous or ineffective contractors. We also have encouraged the AOC to voluntarily comply with the Federal Acquisition Regulation, which requires contractors to disclose fraud to the OIG, or overpayments to the contracting officer in certain categories of contracts.

The Inspector General's Statement of Management Opportunities and Performance Challenges (continued)

Enhancing Internal Controls

As background, the FY 2002 Legislative Branch Appropriation Act (Public Law 107 - 68), required the AOC to develop and maintain an accounting and financial management system, including financial reporting and internal controls, which complies with applicable federal accounting principles, standards, requirements, and internal controls standards. In January 2003 the Government Accountability Office (GAO) issued a report, "Management and Accountability Framework needed for Organizational Transformation" which recommended that the AOC establish and improve internal controls. The AOC agreed to implement the GAO recommendations and they are now closed.

In the AOC's first Accountability Report issued for Fiscal Year (FY) 2003, the AOC reported that, "We will design and implement programs and procedures to continually assess and improve internal controls." In subsequent Performance and Accountability Reports (PAR), the AOC Management continues to report that it is implementing an Internal Controls Program and will use OMB Circular A-123, *Management's Responsibility for Internal Control*, as a guide.

In the ten years since AOC was required by law to implement an Internal Controls Program, and the nine years since the AOC agreed to GAO issued recommendations, it has not yet completed the preliminary steps to implement the program. The AOC drafted an initial Internal Controls Order, updated it in 2009, and it is now being revised. The current revision is intended to more closely follow the *Implementation Guide for OMB Circular A-123*, which was written by Federal Chief Financial Officers that had implemented Internal Controls Programs in their agencies.

The AOC hired a full-time Internal Control Manager in the beginning of Fiscal Year 2009, and established a Senior Advisory Team (SAT) to lead implementation. However, AOC's Internal Controls Program is still in start-up mode. Although AOC consistently receives "clean" audit opinions, findings have been written on the Internal Controls Program for nine straight years. In the FY 2011 Financial Statements Reports, Kearney & Company (Kearney) wrote, "specifically, AOC has not completed a formal and systematic assessment and evaluation of the design and operation of internal control under an existing internal control measurement framework. AOC has not fully implemented a risk assessment process that is adequately documented, tested, and monitored annually." Kearney recently issued a Notice of Finding and Recommendation on the lack of an Internal Controls Program for the FY 2012 Audit.

The Inspector General's Statement of Management Opportunities and Performance Challenges (continued)

In March 2012, the AOC decided to modify its SAT make-up to align with the internal controls implementation guide. AOC senior leaders will have oversight of the Internal Controls Program as the Senior Management Council and Assessable Unit Heads will form the Senior Advisory Team. To date, that is still a plan that has not been implemented. Recognizing the lack of progress, the AOC recently hired a contractor to help implement its Internal Controls Program.

Small steps have been taken in response to these continuing audit recommendations. We are encouraged by the fact that the AOC is revising the Internal Controls Order, and revamped the Senior Assessment Team to include key process owners. We are also encouraged that the AOC recently acknowledged the lack of progress and need to make changes to energize the program. However, considering the length of time required by law and AOC's promise to implement an Internal Controls Program, these results are minimal. The AOC needs to issue the revised order as soon as possible, and involve process owners to move internal controls from a "paperwork exercise" to a fully functioning Agency program. The AOC should also accurately report implementation progress to stakeholders and the public in its PAR.

The Inspector General's Statement of Management Opportunities and Performance Challenges (continued)

Policy Atrophy and Enforcement

AOC policies, referred to within the AOC as “Orders,” are a key component of the Internal Controls Program. Although the AOC has issued many new or revised Orders during Fiscal Year 2012, significant improvement is still needed in this area. When reviewing Orders to determine the expected minimum standards, we have found that Orders are outdated, ambiguous, and some have expectations and standards that conflict with other published Orders. The orders and other guidance documents are posted to the Agency Intranet, but difficult to find.

On September 30, 2011, the Architect issued AOC Order 4-1, which is a “policy on policies,” outlining how AOC policy will be formatted, coordinated, and approved. This Order establishes the author’s accountability for accuracy, training, implementation support and enforcement of each Order. It also requires that Orders be coordinated throughout the AOC before they are issued, and that they undergo periodic review and update. Perhaps more importantly, it established accountability for policy oversight and compliance with the Office of Primary Responsibility (OPR) who developed the policy. The Order also holds AOC Office and Jurisdiction Heads responsible for implementing and enforcing AOC policy in their Jurisdictions. This is the first time the AOC assigned accountability to the OPR, and Office and Jurisdiction Heads. This new Order represents a significant departure from past practices where there was no means to ensure compliance. Finally, the Order established a single focal point and Accountable Management Office for all AOC policy publications, vested within the Office of the Chief Administrative Officer.

Despite the good that can come from fully implementing this Order, it is not complete. And not all Orders issued or updated in FY 2012 followed the processes. A key to implementing this policy is to remind every OPR to review Orders for currency and update them as needed. Reminders were sent to OPRs for some, but not the majority of the existing Orders. There was informal coordination or input on some Orders rather than the far reaching input envisioned by Order 4-1. Implementing this Order will go a long way to eliminate Policy Atrophy and Enforcement, and improve internal controls.

Finding the appropriate policy is an equal challenge. Currently the AOC posts Orders on its Intranet site, in PDF format. Because the Orders are posted in a non-text format, there is no “search engine” available for employees and supervisors to find all policy related to a particular topic. Further, no alphabetized or topical index of subject matter has been developed, which makes finding the requisite policy very difficult. The Orders are sorted

The Inspector General's Statement of Management Opportunities and Performance Challenges (continued)

and organized into broad categories, and those categories are not intuitive. As an example, to find the current AOC Order on managing government-owned property and how to inventory supplies and equipment, the reader must know to look under the category heading called "Procurement Manual." This becomes even more frustrating when single topics are addressed in multiple Orders. As an example, the OIG, during policy review, pointed out that the AOC provides policy on Alternative Work Schedules in a number of Orders and under various chapters of the Human Resources Manual. There are no cross-references to the other applicable Orders. Having shared these concerns in our last Statement, and having recently discussed it with AOC officials, we have been assured that the AOC has a plan to digitize all policies and make them retrievable and accessible through common computer search techniques.

In summary, our audits and investigations continue to find that numerous policies are deficient, many years out of date, or in many instances initial policy has not yet been written. As a result of internal control weaknesses discovered during investigations, the OIG issued numerous Management Advisories in which insufficient policy was a primary or contributing cause for the employee or manager actions, or misconduct. Of equal concern, we noted a number of new publications in which the work force is not receiving adequate notice of the changes in policy. A more comprehensive notification process, combined with implementation training, will ensure notice of new or updated policy to all employees. The Chief Administrative Officer is responsible for managing this new policy process and will be instrumental in its continued implementation and improvements to accessibility.

This challenge also marks a significant Agency opportunity which has all the indicators of a bright future. With the above cited policy framework in place, the problems we have identified with AOC orders should improve in the coming year. Improved Orders that are easy to find, and hold employees accountable to implement and enforce, will also help implement the AOC Internal Controls Program.

The Inspector General's Statement of Management Opportunities and Performance Challenges (continued)

Procurement Policy and Voluntary Fraud Risk-Avoidance Initiatives

Procurement policy is identified as a new challenge area with a significant opportunity for improvement. As with employee payroll, AOC contracts make up a significant portion of the AOC budget. Unfortunately, unlike other federal agencies, the AOC has historically written procurement guidance for the benefit and use of Acquisition and Material Management Division (AMMD) staff. This guidance has been in the form of Standard Operating Procedures, none of which constitutes AOC policy, as defined in AOC Order 4-1, Policy on Policies. As a result, most AOC Staff does not have access to this guidance, and it is not enforceable as a policy. As an example, while the AOC has published written policy for Small Purchases (less than \$100K), procurements over \$100K, where risks are higher, have no supporting written policy. The AOC recently recognized this void, and included a Strategic Plan objective to publish an initial "Procurement Regulation" by August 31, 2014.

Besides procurement orders, there are additional tools available to the AOC to promote economy and efficiency and to prevent, detect, and deter fraud in AOC contracts. These include the contractor Mandatory Disclosure Program and establishing a Suspension and Debarment (S&D) process that can reduce risks to the AOC. Federal Acquisition Regulation subpart 3.10 requires contracting officers to insert a clause which requires contractors to mandatorily self-disclose credible evidence of fraud to the contracting agency Inspector General, and to report unintentional overpayments to the contracting officer in certain categories of contracts. This clause is only required for contracts that have a value of \$5 million or greater, and have a performance period of more than 120 days. The OIG benchmarked other federal OIGs and identified free or low cost tools already being utilized, which are suitable for accepting electronic reports of fraud from AOC contractors. The AOC elected not to use this prevention and detection tool. We are going to submit this recommendation again, once the AOC's new General Counsel has had adequate time to evaluate this OIG recommendation.

The Inspector General's Statement of Management Opportunities and Performance Challenges (continued)

Finally, the OIG believes that the AOC should develop a S&D process to provide improved contract remedies with unscrupulous or ineffective contractors. S&D are two of the government's most effective tools. They are not meant to punish, but rather to prevent the government from doing business with contractors that lack "present responsibility" (See 48 C.F.R. Part 9). If the AOC believes there is insufficient need or basis to establish our own S&D authority and procedures, then agreement for the use of another federal agency S&D authority should be pursued. As the OIG becomes more heavily engaged in contract audits and investigations, the potential to exercise S&D actions against AOC contractors based on OIG findings will increase.

The Inspector General's Statement of Management Opportunities and Performance Challenges (continued)

Delays in Implementing OIG Recommendations

The AOC made progress on responding to and on implementing OIG recommendations in a timely manner. As in past years, AOC management concurred with the findings in the annual Financial Statements Audit. Similarly, management has either concurred with or suggested a suitable alternative action for most OIG audit, evaluation and management advisory recommendations. Most OIG recommendations are to improve economy and efficiency of operations or prevent fraud, waste, and abuse, which are the same stated goals as AOC's Internal Controls Program. Putting the corrective actions in place has been slow. OIG recommendations appear to sit for many months until a mandatory update is required, such as a Management Decision and Notice of Final Action, and then the responses appear rushed and not well coordinated.

The AOC identified and purchased software to track and manage resolution of all IG recommendations. This software tracks due dates and assigns accountability. Thus far, use by AOC managers has been minimal, even though the OIG has loaded all necessary recommendations data.

The SAT previously tracked the status of corrective action on Financial Statement Audit recommendations, but recently stopped this practice. In our past two Statements, we recommended that the SAT also track corrective action on all IG recommendations. Most of the recommendations are to improve internal controls, a program that falls under the SAT to administer. To have a complete list of OIG findings and recommendations, the SAT should track and have dashboard-like cognizance of all OIG recommendations. This same information would also help the Internal Controls Working Groups/Assessable Unit Managers know of risks in their areas of responsibility.

As we previously recommended, AOC management should engage its Collective Bargaining Units for comment on policy changes from OIG recommendations early in the resolution process, rather than wait until the deadline approaches.

The Inspector General's Statement of Management Opportunities and Performance Challenges (continued)

However, there are positive signs of improvement. In FY 2012, AOC issued most responses, Management Decisions and Notices of Final Action timely. We believe this improvement is due to the Chief Operating Officer tracking due dates, participating in resolution meetings, and holding managers responsible to submit these documents on time. Positive change does not come from the resolution paperwork; it comes from implementing the corrective actions. Much of our work finds that orders put in place to close the 2003 GAO Report are not clear, are not followed or contain gaps. The AOC needs to hold managers accountable for actions the Agency has accepted.

The Inspector General's Statement of Management Opportunities and Performance Challenges (continued)

Improving Human Capital Management

Employees are the backbone of AOC's effectiveness – employee salaries and benefits make up about half of the AOC annual appropriations. Unfortunately, the Human Capital Management Division (HCMD) has suffered from extensive under-staffing as management has opted or been forced to leave many vacancies unfilled due to budget concerns. At least partly as a result of this understaffing, significant “potholes” or “loopholes” have developed, some of which adversely affect the workforce. Investigation and audit results have identified numerous HCMD policies that are outdated, incomplete, or conflict.

The AOC continues to use a computer-based system to support applicants and the workforce. This system is used to apply for jobs, create employee work plans, evaluate employees and request personnel actions. It continues to be the source of employee, supervisor and manager frustration. The software needs to be made more intuitive, user friendly, and reliable. The AOC needs to be sure it has accurate records for each employee performance plan and evaluation. As an example, the Inspector General discovered that this system listed her as the “rater” on Annual Performance Ratings for employees who were not OIG employees, before being employed with the AOC. The system arbitrarily changed the official employee ratings of record, and AOC had not established or maintained back-up copies of these annual performance reports. Discovery of this false rater information raises concerns of data integrity and reliability.

As reported last year, AOC still does not provide all temporary employees with written feedback on their performance, or support their right to raise workplace concerns without negative repercussions. The law that required the AOC to institute a Human Resources Program, codified at 2 U.S.C. § 1831, makes it clear that a performance evaluation system includes all AOC employees. The OIG reported that AOC temporary employees have been designated as “temporary employees” in excess of 10 years, and have not received any mid-year or annual evaluation. The AOC prepared a draft policy and forms to implement a new appraisal system for temporary employees, but that policy has not yet been approved or implemented. The practice of withholding performance appraisals for long-term temporary employees must be changed quickly to both comply with the law, and ensure timely feedback to all AOC employees. Moreover, the OIG has received

The Inspector General's Statement of Management Opportunities and Performance Challenges (continued)

complaints from temporary employees indicating that they are reluctant to say anything negative about management practices, or to submit a harassment complaint, for fear of being terminated.

The OIG identified deficiencies in the AOC's disciplinary process due to outdated policies and selective enforcement of the existing policy requirements. Incorrect guidance was provided to managers seeking employee performance improvements, or disciplinary responses to reported misconduct.

We also found that HCMD has a "Drug Free Workplace" policy. This policy authorized the Director of Personnel to develop and implement procedures for drug testing. The policy also lays out the next steps upon finding that an employee is using or has used illegal drugs. However, provisions for employee drug testing and other safety related initiatives were developed and never implemented. As a result, managers who suspect substance abuse in the workplace have no tools available to determine whether substance abuse is occurring. This is particularly troubling given that much of the AOC workforce regularly operates power tools, operates motor vehicles, works on roof tops and other high places and are exposed to exceptional hazards such as high voltage electricity. We encourage the AOC to re-consider its resistance to drug testing, and to implement a comprehensive substance abuse program to ensure a drug free workplace within the Capitol complex. The safety of our workforce would suggest no less.

Similarly, the OIG recommended that the AOC establish an independent Equal Employment Opportunity (EEO) office, separate from HCMD, reporting directly to the Architect or COO. This action was based on multiple reports from employees who believed the current EEO and Diversity Programs (EEO/DP) office was not objective because it reported to management, and many issues involved HCMD. Following an outside contracted study, the Agency elected to continue to keep the EEO/DP office within HCMD, which is contrary to the EEO placement in most other Federal agencies. Although we disagree with this decision, we are encouraged that the AOC has invested in an outside consultant to study HCMD structure and processes, as a basis to improve service delivery for the workforce.

We remain cautiously optimistic that improvements can be achieved in 2013. However, since employees are the AOC's key to success, we would expect HCMD staffing to soon be a priority. Leaving a personnel office to operate with extended staff shortfalls is not an acceptable long-term approach.

The Inspector General's Statement of Management Opportunities and Performance Challenges (continued)

Concluding Thoughts

No agency is “challenge-free.” Every Federal agency has numerous areas for continuous improvement. This Statement of Challenges should be taken in that context. There is much of which to be proud. First, AOC made remarkable progress in promulgating new Ethics and Standards of Conduct to the workforce. As a result, the OIG elected to no longer designate this as a challenge. Second, while additional work remains, we noted some progress in each of the prior challenges – some more than others.

As stated in the introduction, we have noted improvement in AOC's timeliness in responding to OIG recommendations, yet the actual implementation and full accomplishment of the recommendations requires increased attention. Some of the infrastructure problems that generated from various recommendations in the 2003 GAO Report on “AOC Organizational Transformation” remain open today even though the GAO closed each of them. The OIG is now identifying the same systemic issues, and the need for agency transformation, almost a decade later. The primary “culprit” appears to be the lack of accountability, directly tied to specific managers charged with fully correcting the deficiencies in a timely manner. In fact, the GAO Study was so concerned with a lack of “Management and Accountability” that they put those very words into the title of their report. This may entail some “culture change” within AOC. But, change of this nature can only begin with a clear senior management signal that transformation is required. This “tone at the top” will signal success or continued resistance to these opportunities for greatness.

The OIG is encouraged by several recent efforts to address issues included in these challenges. However, our Fiscal Year 2013 report will be a key determinant of whether transformational change is well underway, or a paperwork exercise. Greatness starts with accountability – it must be assigned, evaluated, rewarded, or corrected.

Schedule of Spending

The Schedule of Spending is a new reporting requirement for FY 2012. It was developed to increase the accountability and transparency of federal spending by providing information to the public that is more accessible and easily understandable. As shown in **Table 33**, the Schedule of Spending presents an overview of how much money AOC had available to spend and how or on what that money was spent. The data for the Schedule of Spending is the same used to prepare the Statement of Budgetary Resources (SBR) but is presented in a user-friendly manner, without the complex budgetary terms found in the SBR. The term “spend,” as used in this report, means funds paid out or used. It does not equate to expenses as reported in the Statement of Net Cost.

For FY 2012, AOC has prepared the following sections of the Schedule:

What Money is Available to Spend?—Presents the amount of AOC’s total resources, the funds that were not agreed to be spent, and funds that are not available to spend. The calculation shows the total amount AOC agreed to spend for FY 2012. AOC’s total resources for FY 2012 were \$987.7 million and the total agreed to be spent equaled \$600.3 million.

How was the Money Spent?—Presents AOC’s total spending for the fiscal year by budget category for each jurisdiction and the agency as a whole. Negative balances in the “Amounts Remaining to be Spent” line indicate financial obligations from the previous year that were paid in FY 2012. Positive balances indicate financial obligations yet to be paid and funds recovered from the prior year. AOC spent \$600.3 million in FY 2012.

TABLE 33: Schedule of Spending (Unaudited)

Schedule of Spending (Unaudited)												
For the Fiscal Year Ended September 30, 2012 (Dollars in Thousands)												
	Total	Botanic Garden	Capitol Building	Capitol Grounds	Capitol Police Buildings, Grounds and Security	Capitol Power Plant	Capitol Visitor Center	General Administrative	House Office Buildings	Library Buildings and Grounds	Senate Office Buildings	Supreme Court and Judiciary Office Building
What Money is Available to Spend?												
Total Resources	\$ 987,676	\$ 14,411	\$ 82,150	\$ 11,438	\$ 39,755	\$ 175,523	\$ 32,813	\$ 110,406	\$ 283,780	\$ 81,795	\$ 93,737	\$ 61,868
Less Amount Available but Not Agreed to be Spent	(358,056)	(1,949)	(38,290)	(182)	(10,769)	(30,286)	(8,374)	(4,769)	(182,611)	(33,837)	(22,602)	(24,387)
Less Amount Not Available to be Spent	(29,359)	(775)	(847)	(848)	(324)	(15,023)	(907)	(5,107)	(1,662)	(1,527)	(2,339)	0
Total Amounts Agreed to be Spent	\$ 600,261	\$ 11,687	\$ 43,013	\$ 10,408	\$ 28,662	\$ 130,214	\$ 23,532	\$ 100,530	\$ 99,507	\$ 46,431	\$ 68,796	\$ 37,481
How was the Money Spent?												
Personnel Compensation	\$ 178,548	\$ 4,538	\$ 16,256	\$ 4,717	\$ 4,175	\$ 8,508	\$ 12,046	\$ 40,142	\$ 32,176	\$ 19,279	\$ 33,431	\$ 3,279
Personnel Benefits	63,664	1,753	5,509	1,566	1,420	1,932	4,268	17,248	10,945	6,257	11,681	1,086
Travel and Transportation of Persons	329	24	11	10	6	18	34	173	22	14	12	5
Rent, Communications, and Utilities	82,485	0	160	0	5,993	62,028	23	866	271	0	7,735	5,409
Other Contractual Services	159,087	4,768	11,514	3,436	13,306	32,058	2,727	42,929	9,965	12,429	12,723	13,232
Supplies and Materials	19,954	964	3,206	765	69	1,722	1,671	1,320	3,259	1,348	4,807	823
Equipment	11,537	100	0	204	0	49	1,911	6,569	1,427	43	1,234	0
Land and Structures	113,069	562	16,258	23	3,902	24,480	0	52	41,757	4,331	4,797	16,907
Investments	3	0	0	0	0	0	0	0	0	0	0	3
Other/Unclassified	439	68	21	29	20	40	15	84	68	16	78	0
Total Spending	629,115	12,777	52,935	10,750	28,891	130,835	22,695	109,383	99,890	43,717	76,498	40,744
Amounts Remaining to be Spent	(28,854)	(1,090)	(9,922)	(342)	(229)	(621)	837	(8,853)	(383)	2,714	(7,702)	(3,263)
Total Amounts Agreed to be Spent	\$ 600,261	\$ 11,687	\$ 43,013	\$ 10,408	\$ 28,662	\$ 130,214	\$ 23,532	\$ 100,530	\$ 99,507	\$ 46,431	\$ 68,796	\$ 37,481



Financial Management System Summary and Federal Financial Management Improvement Act

AOC's core financial system centrally accounts for over \$500 million through the processing of approximately 240,000 transactions annually by 310 users (400 user licenses). **Figure 54** depicts the current system architecture.

Federal Financial Management Improvement Act

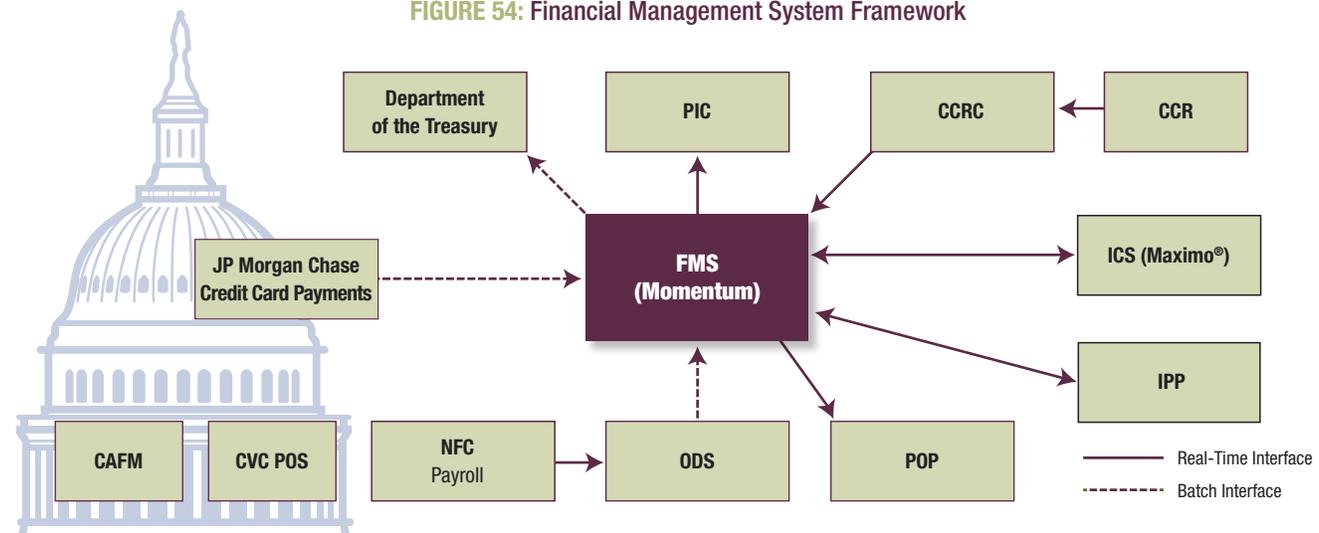
The following is a representation of AOC's primary accounting and financial reporting system. AOC's Financial Management System (FMS) conforms to the requirements of the FFMIA. FMS is AOC's primary accounting and financial reporting system. FMS utilizes commercial software (Momentum®) for Federal Government use. It is managed and operated by AOC's Financial Systems Division (FSD). FMS provides the core financial system

functionality to AOC that encompasses the following modules: Budget Execution, Acquisitions, Purchasing, Receiving, Accounts Payable, Automated Disbursements, Credit Card, Fixed Assets and General Ledger.

In addition, the inventory of AOC's key accounting and reporting systems includes:

- ◆ **Capitol Visitor Center Point of Sale System (CVC POS)** is a stand-alone back office retail inventory management system used to record CVC gift shop sales and inventory transactions. The financial data contained in the CVC POS system is not interfaced with FMS. Inventory and sales data must be manually reconciled between the two systems.
- ◆ **Central Contractor Registration Connector (CCRC)** provides for the download of vendor records from the government-wide Shared Acquisitions Module system with a direct update to the FMS vendor file.

FIGURE 54: Financial Management System Framework



SERVE ♦ PRESERVE ♦ INSPIRE



Joseph Peter

Senior Accountant, Office of the Chief Financial Officer—Accounting Division

Joseph's dedication to strong financial management assists AOC in maintaining a high level of transparency and accountability for the taxpayer money for which it is responsible. His efforts on the agency's Performance and Accountability Report help communicate the services AOC provides and the results it achieves. AOC's FY 2011 report received the Association of Government Accountants' prestigious Certificate of Excellence in Accountability Reporting.

- ♦ **Computer Aided Facilities Management System (CAFM)** is used by the jurisdictions to track facility maintenance work orders and preventive maintenance.
- ♦ **Internet Payment Platform (IPP)** is a secure web-based electronic invoicing system provided by the Department of Treasury. IPP allows federal agencies to convert their paper-based order-to-pay processes into a streamlined electronic flow.
- ♦ **Inventory Control System (ICS)** is commercial software (Maximo®) used to track AOC's inventory of materials, supplies and accountable property. With 175 users, ICS uses a lifecycle and asset management system and is managed and operated by FSD. FMS obligations, the receipt of transactions and the draw-down of inventories are integrated real-time with ICS.
- ♦ **JP Morgan Chase** credit card interface is used to transmit credit card payment data via a batch file to FMS.
- ♦ **Operational Data Store (ODS)**, maintained by AOC's Information Technology Division (ITD), is AOC's payroll and personnel database and is used as a warehouse for detailed

employee payroll information. The ODS receives a batch file of National Finance Center (NFC) payroll data and creates a batch file of payroll transactions for interfacing to FMS. The ODS automatically reconciles its data to the FMS summary payroll.

Payroll and personnel services are provided to AOC through the NFC, as part of a cross-servicing agreement with the Department of Agriculture. Managed by AOC's Human Capital Management Division (HCMD), payroll transactions are interfaced via a batch file through the Operational Data Store to FMS.

- ♦ **Procurement Overview Portal (POP)** receives notifications of commitments and obligations from FMS for use by staff in AOC's Acquisition & Material Management Division (AMMD).
- ♦ **Project Information Center (PIC)** is an AOC developed system used to track the status of projects. Budget and obligation data is interfaced from FMS to PIC.

Financial Management System Strategies

AOC upgraded FMS and ICS in FY 2012. This upgrade provides additional functionality including full integration of ICS with FMS and improvements in the acquisition and accounting processes. The functions that were included in Struxure, which maintained the commodity codes for inventory items purchased by AOC, were incorporated into ICS as part of this upgrade, thus eliminating the need for Struxure. In addition, during the FMS upgrade project, an interface from FMS to IPP was implemented. Department of the Treasury reporting is currently being upgraded from a manual process to an automated process. FMS is being modified to interface the FACTS I, FACTS II and SF-224 reports to Treasury.

Outstanding Financial Management System Issues

AOC had significant deficiencies related to FMS concerning information system general controls and application controls in FY 2011. To resolve these significant deficiencies AOC evaluated financial system security profiles to determine user access data and security events that should be routinely captured, implemented system controls by materiality threshold to ensure proper approval of documents and developed and reviewed system security reports to ensure that best practices, including segregation of duties, have been implemented and are maintained. At the close of FY 2012, AOC eliminated the significant deficiency from the FY 2011 audit related to information system general controls and application controls. In FY 2012, AOC took numerous steps to resolve the findings and address the prior year audit recommendations. AOC prepared an internal change management plan for its financial system. The plan documents existing processes and incorporated suggested improvements from the FY 2011 audit. AOC also prepared third-party service provider procedures that address how external third parties and their activities related to maintaining and implementing AOC's financial systems are vetted and monitored for adherence to the security requirements. AOC also completed a segregation of duties matrix that includes FMS security role conflicts and specific security permissions that should not be combined for each security role and category. These efforts sufficiently addressed the significant deficiency from the FY 2011 audit. No new audit significant deficiencies were identified in FY 2012.



Small Business Accomplishments at the AOC

AOC procurement authority is separate from the Competition in Contracting Act and other laws affecting the Executive Branch, and is not authorized by law to use the Small Business Act for set-aside programs or subcontracting plans. However, AOC's procurement authority does provide discretion in the level of competition required when using small purchase procedures for open market purchases. As a result of this discretion, AOC is interested in directing more business opportunities to the small business community and has created a small business subcontracting program and a small business set-aside program for small purchases of \$100,000 or less. AOC works collaboratively with the Small Business Administration to implement and operate small business programs at AOC.

AOC has established socio-economic goals through its small business programs for prime contract awards to small business,

small disadvantaged business, women-owned small business, veteran-owned small business, service-disabled veteran-owned small business, and HUBZone small business concerns. In FY 2012, as shown below in **Table 34**, AOC exceeded the goals for every category of small business concerns through increased visibility in the small business community, consultations with small business concerns seeking information regarding the AOC's procurements, on-going data collection efforts on the type of business of our vendors, and actively seeking small business concerns for our small purchases.

AOC's other efforts to support local and small businesses include participation in three small business conferences, hosting a Small Business Industry Day at the CVC, and recognizing AOC jurisdictions that met or exceeded socio-economic contracting goals through the Architect's Honor Awards Program. In FY 2012, AOC awarded contracts in excess of \$22.7 million dollars to small businesses.

TABLE 34: Small Business Program Accomplishments, October 1, 2011 to September 30, 2012

Category	FY 2012 Goal	FY 2012 Achievements*	Goal Met?
Small Business	60%	77.9%	Yes
Small Disadvantaged Business	7%	9.3%	Yes
Women-Owned Small Business	10%	14.3%	Yes
Veteran-Owned Small Business	3%	6.4%	Yes
Service-Disabled Veteran-Owned Small Business	1%	1.3%	Yes
HUBZone Small Business	1%	1.2%	Yes

*Contract awards may fall under more than one category.



The ornately decorated Brumidi corridors were painted under the design and direction of Constantino Brumidi. Brumidi, who painted murals in the Capitol between 1855 and 1880, contributed greatly to the beauty and unique character of the Capitol's many rooms and corridors. AOC's ongoing project to conserve and restore the corridors continued in FY 2012.

Appendices



Appendix A: AOC Jurisdictions' Key Accomplishments and Priorities

AOC has oversight responsibility for 10 jurisdictions. Organizationally, each jurisdiction forms a separate operating unit that is responsible for a designated physical area of the Capitol complex. **Table 35** identifies the jurisdictions.

AOC's jurisdictions play a unique role in fulfilling the organization's mission and goals outlined in the Strategic Vision. The historic nature and high profile of many of the facilities managed by AOC creates a complicated environment for AOC to carry out its mission. AOC must balance the diverse needs of congressional leaders, committees, members, staffs and the visiting public.

This section highlights each jurisdiction's top three accomplishments for FY 2012 and identifies their FY 2013 priorities. These accomplishments and priorities support AOC's mission and provide further detail to *Section I: Management's Discussion and Analysis*.

TABLE 35: List of AOC Jurisdictions

Botanic Garden
Capitol Building
Capitol Grounds
Capitol Police Buildings, Grounds and Security
Capitol Power Plant
Capitol Visitor Center
House Office Buildings
Library Buildings and Grounds
Senate Office Buildings
Supreme Court and Judiciary Office Building





Botanic Garden



Capitol Building

Key Accomplishments in FY 2012

Sustainability Initiatives Advanced—The continued partnership in the Sustainable Sites Initiative (SITES) promotes national guidelines and performance benchmarks for sustainable land design, construction and maintenance practices. The two-year pilot project to recognize sustainable land practices concluded this year and SITES certified 11 projects across the country.

Energy Conservation Initiatives Employed—Completed projects include the replacement of incandescent lights with LED light fixtures and the installation of a low-voltage lighting system for the orchid collection. The USBG also upgraded the fans inside the Conservatory and finalized the window replacement project for the Administration building.

Enhanced Visitor Services Programs Provided—In collaboration with the Smithsonian Gardens and in commemoration of the 100th anniversary of Japan's gift of cherry blossom trees, the USBG produced the annual orchid exhibit with a Japanese theme. Other exhibits included the annual holiday exhibit and a summer terrace exhibit. Additionally, the USBG developed education programs for families and youths and supported local schools by providing tours, activities and lesson plans.

What's Next? FY 2013 Priorities

Finalize Business Plan—Complete a five-year business plan to align with AOC's new Strategic Vision. The plan's coordinated business strategies will realign staff and operations so that USBG goals are met efficiently.

Terrace Garden Redesign Project—Complete the final phase of the Terrace Gardens Redesign Project. The new Terrace Gardens welcome visitors to explore designed garden spaces within a strong aesthetic framework. The final phase is scheduled for completion in FY 2013.

Key Accomplishments in FY 2012

Capitol Dome Restoration Continued—The Capitol Building jurisdiction completed Phase I of the multi-year, multi-phase Capitol Dome restoration. This included removing lead paint, restoring the structure's ironwork, sandstone and masonry and resealing and repainting the cast-iron Dome Skirt.

Old Senate Chamber Restored—The restoration to U.S. Capitol Room S-228 returned the chamber to its appearance circa 1847. The work included repairs to the plaster walls and ceiling using historic colors and finishes and an improved lighting design to highlight its artwork, create a historic lighting effect and reduce energy use. The Secretary of the Senate recognized this accomplishment with an appreciation ceremony for the employees involved.

Electronic Data Management System (EDMS)

Implemented—The pilot document management program uses EDMS to establish an Open Text System that makes enterprise data transparent, understandable, accessible and interoperable. Combined with AOC's SharePoint site, EDMS will improve the efficiency of data and document processing and improve business delivery.

What's Next? FY 2013 Priorities

Continue Next Phase of Capitol Dome

Restoration—Initiate Phase IIA to complete the restoration of the Dome's exterior to include repairing damaged ironwork, resealing and repainting the exterior surface, restoring columns and decorative ornaments and installing a new fall protection system.

Install Smoke Control System—Install smoke exhaust fan systems in each of the four grand stairwells on the Capitol's House and Senate extensions. These fans will improve emergency egress routes and minimize damage in the event of a fire.

Prepare for 2013 Inauguration—Support for the 2013 Presidential Inaugural Ceremony will include assisting in the planning and construction of the Presidential Stands on the Capitol West Front and support facilities.



Capitol Grounds

Key Accomplishments in FY 2012

Maintenance Management Plan Developed—The pilot Maintenance Management Plan supports lifecycle management and day-to-day work process management. The plan will eventually cover a 10-year period and will be based on AOC's Cultural Landscape Report, Facilities Condition Assessments and the Storm Water Management plan.

New Responsibilities Assumed—Congress transferred responsibility for the maintenance and upkeep of the 11-acre Union Square from the National Park Service to AOC. The jurisdiction conducted a facility condition assessment of the Grant Memorial, Capitol Reflecting Pool and walkways and grounds.

Historic Preservation Training Implemented—Training focused on improving the staff's understanding of the importance of the Olmsted design—specifically, the historic walls, statuary, decorative elements and historic trees found on the Capitol Grounds. The training promotes appropriate preservation and maintenance measures.

What's Next? FY 2013 Priorities

Stabilize Union Square—Initiate a multi-year effort to address Union Square's maintenance requirements. The project will include repairing stone and concrete deficiencies, conserving the bronze Ulysses S. Grant Memorial, improving the reflecting pool's water circulation system and a completing a full landscape restoration.

Implement Maintenance Management Improvements—Implement the recommendations from the Maintenance Management Plan and institute new procedures from the Cultural Landscape Report. The Maintenance Management Plan recommendations will focus on improving work management processes. New procedures will be instituted for landscape maintenance and preservation based on the Cultural Landscape Report for the Senate Parks. The efforts will address recommendations for tree replacement and hardscape component upgrades.



Capitol Police Buildings, Grounds and Security

Key Accomplishments in FY 2012

Energy Savings Projects Completed—Energy management improvement projects completed this fiscal year are estimated to produce over \$100,000 in annual cost avoidances. Projects completed at the U.S. Capitol Police Headquarters included an addressable lighting control system, energy-efficient lighting retrofits, insulation improvements, exhaust air systems improvements, utility sub-metering and over 15 no-cost solutions identified in a retro-commissioning study.

Work Order Management Streamlined—AOC's Office of Security Programs (OSP) implemented an improved work order request and management system that decreased wait time from an average of 55 days to four days. As a result, the *Building Operating Management* magazine recognized AOC with the 2012 FMXcellence Award for excellent customer service (see photo above).

Facility Renovations Completed—Completed projects included the initial replacement of vehicle barriers around the U.S. Capitol complex, renovations to create a prisoner processing area in the USCP Headquarters building, installation of a new fall protection system for the USCP Headquarters roof and relocation of the crime scene lab to the USCP Headquarters.

What's Next? FY 2013 Priorities

Completion of Radio Upgrade Project—Complete the USCP Radio Upgrade project to include all radio infrastructure located on the Capitol grounds as well as the off-site repeater sites. The completed multi-year project will improve the interoperability, coverage, reliability and security of the USCP's radio system.

Completion of Building System Upgrades—Replace the fire alarm system at the USCP Headquarters building, including all monitoring and alarm devices, the fire panel, public address system and associated wiring. Install a Building Automation System in the USCP Headquarters that will connect all building systems with direct digital controls to manage HVAC equipment, lighting, thermostats and remote monitoring of energy usage.



Capitol Power Plant



Capitol Visitor Center

Key Accomplishments in FY 2012

Tunnel Settlement Agreement Completed—AOC's five-year effort to abate the safety and health issues of the plant's utility tunnel distribution system was completed this fiscal year. AOC finalized the abatement of all tunnel hazards identified in the Tunnel Settlement Agreement ahead of schedule and for \$173.1 million (less than the original \$295 million estimate).

Utility Distribution System Tunnel Standard Operating Procedures Developed—As part of the transition of safety and health activities from the Utility Distribution System Tunnel abatement team to the Capitol Power Plant jurisdiction, new standard operating procedures and checklists have been developed to manage and administer the system's safety and health program.

Production Efficiency and Cost Savings Initiatives Implemented—Power Plant Operations staff implemented process improvements that increased the efficiency of its chilled water production service and reduced electrical costs. The improvements increased efficiency by eight percent and reduced electrical costs by an estimated one million dollars with no impact on service delivery.

What's Next? FY 2013 Priorities

Award Cogeneration Project Construction Contract—Award a Utility Energy Services Agreement to design and build a Cogeneration Plant. The Plant will use natural gas powered combustion turbines to produce electricity and steam for utilization by the plant and the Capitol complex. This process will reduce AOC's reliance on existing, aging boilers and reduce energy consumption and emissions.

Begin Refrigeration Plant Revitalization—Initiate Phase I of a multi-year effort to expand operations at the West Refrigeration Plant Expansion facility. This will involve relocating two chillers from the defunct East Refrigeration Plant that will increase plant efficiency and reliability by reusing existing CPP resources.

Key Accomplishments in FY 2012

Seasonal Staffing Implemented—The use of temporary hires and seasonal staff allowed the CVC to align staffing with the seasonal fluctuations in visitation. This use of seasonal staff reduces the cost of operating the CVC during off-peak visitation periods and has allowed the CVC to reduce permanent Visitor Services staff by 20 personnel since 2008.

Congressional Events Support Expanded—The CVC collaborated with the House and Senate to support numerous congressional events throughout the year, including the presentation of Congressional Gold Medals to World War II veterans. In addition, the CVC modified its Capitol Visitor Training program for congressional staff by introducing a Capitol Tour Handbook and online training.

Visitor Services Expanded—The CVC offered a variety of specialized lectures on subjects such as Exhibition Hall, the Capitol's Brumidi Corridors and the Civil War. The CVC also published *My Capitol*, a 47-page self-guide for teachers and students. In June, 2012, the CVC set a record for the most visitors in one day since the 2009 Presidential Inauguration with nearly 18,000 visitors.

What's Next? FY 2013 Priorities

Improve Flexibility of Staffing Model—Refine the staffing model to be most effective in adapting to seasonal visitation fluctuations. By identifying the optimal staffing level to meet varying demand for visitor services, the CVC can help conserve AOC financial resources.

Improve Employee Satisfaction—Address concerns raised in AOC's Organizational Assessment Survey and the CVC-focused climate survey. Provide cross-training to Visitor Guides to increase their skill set and operational flexibility. Continue to offer teambuilding exercises and improve communication between all levels of staff and all divisions.



House Office Buildings



Library Buildings and Grounds

Key Accomplishments in FY 2012

East House Underground Garage Renovation Completed—The renovation of the deteriorating 1968 facility concluded on time and under budget. The repair and improvement project received the GSA Sustainability Award and received LEED certification for New Construction at the Gold level.

Construction Savings Achieved—Alternative construction methods during the renovation of the West House Underground Garage resulted in significant project savings in excess of \$9 million.

House Office Building HVAC Systems Upgraded—HVAC system upgrades occurred in the Rayburn, Cannon and Longworth House Office Buildings as part of the House Energy Savings Performance Contract (ESPC). This energy-savings project resulted in the avoidance of \$30,000 in corrective maintenance costs and energy reductions of four million gallons of water, 1.5 million kWh of power, two million ton-hours of chilled water and 2,000 pounds of steam.

What's Next? FY 2013 Priorities

Transition 113th Congress—Transition the office space for a new class of Representatives and congressional committees after the November 2012 elections. New practices implemented by the Superintendent's Office, such as the upgraded web-based room selection tool and three-dimensional images of each office and parking spaces, will improve the efficiency and efficacy of transition services.

Implement Organizational Assessment Survey Action Plans—Several dozen shop-specific action plans, developed from the results of the pilot House Office Building's Organizational Assessment Survey, will be implemented in phases, starting in 2013. These action plans are intended to improve efficiency and increase employee engagement.

Key Accomplishments in FY 2012

James Madison Memorial Building (JMMB) Cafeteria Renovation Completed—The comprehensive renovation of the cafeteria was completed under budget and on schedule. Renovations included a redesigned serving area, a separate special events room for staff use, energy-efficient lighting, upgraded safety systems and new furnishings.

Life-Safety Projects Completed—In the Thomas Jefferson Building, completed projects included asbestos and lead abatement and installation of a sprinkler system. Phase I of the Fire Door Improvement Project concluded this fiscal year with the installation of an additional seven doors within the Library campus.

Energy Savings Realized—Energy conservation initiatives will result in over \$530,000 in estimated avoided costs annually. The projects included updating the lighting system in the JMMB cafeteria, updating two air handling units in the John Adams Building and developing procedures to curtail electrical usage during peak demand times.

What's Next? FY 2013 Priorities

Support Capital Construction Projects—Execute the Client Annual Space Modernization Program for FY 2013. Continue to support the Library Acquisitions and Bibliographic Access space reorganization project and initiate renovations on the JMMB Ground Floor Café.

Improve Library of Congress Campus Safety—Continue to improve the safety of the Library Campus. This includes fire suppression, alarm and passive protection projects within the Thomas Jefferson, John Adams and James Madison Memorial Buildings.



Senate Office Buildings

Supreme Court and
Judiciary Office Building

Key Accomplishments in FY 2012

Cost-Saving Initiatives Implemented—FY 2012 initiatives produced cost avoidances of approximately \$575,000. These efforts included the utilization of in-house resources instead of contractors to design and install spray booths and the relocation of the Senate Sergeant at Arms cabinet shop, which also provided additional space for improved operational safety.

Emergency Preparedness Enhanced—In coordination with the Senate Sergeant at Arms, AOC conducted emergency preparedness exercises including Senate alternate chamber set up, major facility damage assessment and response and utilization of new technologies to support the integrated emergency response system.

Major Projects Completed—Completed FY 2012 projects included the seven-year Modular Furniture Program in the Hart Building, a deep cleaning program for Senators' offices and renovation of the Senate Sundry Shop.

What's Next? FY 2013 Priorities

Award Construction of the Hart Building Skylight Contract—Complete the design, request quotations and award a contract for the Hart Senate Office Building Skylight Replacement. The skylights in the Hart Building's atrium are leaking and causing damage to the finishes and sculpture. All skylights will be replaced with new energy-efficient, impact resistant products.

Complete Dirksen Senate Office Building Infrastructure Project—Complete the air handling unit replacement for the Dirksen Building. This three-phased project includes the replacement of the building air handling units and associated support systems. The unit controls will be upgraded to direct digital controls which will contribute toward energy reduction efforts. Construction is scheduled to be completed in summer 2013.

Key Accomplishments in FY 2012

West Facade Restoration Project Commenced—In May 2012, the jurisdiction began restoration work on the Supreme Court Building's West Front. The restoration includes resealing the mortar joints in the exterior marble, replacing the bird deterrent system and thoroughly cleaning the stone. The project's scaffolding is covered by an imprinted scrim to conceal the scaffold and renovation work.

Exterior Property Renovation Project Initiated—The grounds renovation project for the eight acres that surround the Supreme Court Building will restore the grounds to the original exterior plan. The project includes sustainable and accessible landscaped areas and walkways, new irrigation and drainage systems and replacement of aged and deteriorated trees and shrubs.

Energy Saving Initiatives Implemented—Upgrades to the Supreme Court's Building Automation System controls allow technicians to remotely adjust HVAC settings and allow individual room control. Other energy conservation projects included replacement of the steam traps on convection units and modernization of all elevators with high efficiency motors.

What's Next? FY 2013 Priorities

Improve Business Practices for Greater Efficiency—Develop internal performance metrics, and time management baselines for improved efficiency and service delivery responsiveness. The jurisdiction will implement a mission-focused performance system that links individual performance and development plans to organization goals.

Manage Major Repair Projects—Coordinate and execute major repair and construction projects including the West Front Façade Restoration, exterior property renovation, elevator modernization and barrier replacement on North and South Drive for greater perimeter security. In the Thurgood Marshall Building, coordinate and execute major repair projects including upgrades to the life-safety systems, installation of fiber optic service, replacement of the flat roof and implementation of chilled water metering.



The U.S. Capitol is located in a 58-acre park that was designed by Frederick Law Olmsted during the period 1874-1892. The Summerhouse, located on the West Front lawn, is part of Olmsted's design and was built in 1879-1880. As additional buildings were added in support of the Capitol, the Capitol Grounds were enlarged as well. Today, AOC cares for more than 630 acres of grounds on the Capitol complex.



Appendix B: List of Major AOC Facilities

AOC serves as builder and caretaker of many of the nation's most iconic landmark buildings. The major AOC facilities, organized by jurisdiction, are listed in **Table 36** with their location and the date AOC assumed responsibility for them, whether through construction completion or acquisition.

TABLE 36: List of Major AOC Facilities

Facility	Location	Date of Construction Completion (Date of AOC's acquisition added in parenthesis, if different)
BOTANIC GARDEN		
Administration Building	Washington, DC	1931
United States Botanic Garden Conservatory	Washington, DC	1933
Plant Production and Support Facility	Anacostia, MD	1993 and various dates
CAPITOL BUILDING		
United States Capitol	Washington, DC	1793 and various dates
CAPITOL GROUNDS		
Summerhouse	Washington, DC	1880
CAPITOL POLICE BUILDINGS, GROUNDS, AND SECURITY		
Eney, Chestnut, Gibson Memorial Building (U.S. Capitol Police Headquarters)	Washington, DC	1930 (1986)
Courier Acceptance Site	Washington, DC	1996
Vehicle Maintenance/Hazardous Device Unit Facility	Washington, DC	1996 (leased since 2001)
Canine Facility at D.C. Village	Washington, DC	1996 (2004)
Chemical/Explosive Storage Facility	Washington, DC	2004
Fairchild Building	Washington, DC	Leased a portion of facility since 2004
Alternate Computer Facility	Location Withheld	1983 (2005)
Interim Offsite Delivery Facility	Washington, DC	2006
Government Printing Office	Washington, DC	Leased a portion of facility since 2006
USCP Radio Mirror Site	Washington, DC	Leased a portion of facility since 2011

TABLE 36: List of Major AOC Facilities (continued)

Facility	Location	Date of Construction Completion (Date of AOC's acquisition added in parenthesis, if different)
CAPITOL POWER PLANT		
Old Generator Building	Washington, DC	1909
Main Boiler Building	Washington, DC	1909
East Refrigeration Plant	Washington, DC	1937
Capitol Power Plant Administration	Washington, DC	1978
West Refrigeration Plant	Washington, DC	1978 and various dates
CAPITOL VISITOR CENTER		
Capitol Visitor Center	Washington, DC	2008
HOUSE OFFICE BUILDINGS		
Cannon House Office Building	Washington, DC	1908
Longworth House Office Building	Washington, DC	1933
Rayburn House Office Building	Washington, DC	1965
East and West House Underground Garages	Washington, DC	1968
Ford House Office Building	Washington, DC	1939 (1974)
House Page Dormitory	Washington, DC	1940 (1986)
LIBRARY BUILDINGS AND GROUNDS		
Thomas Jefferson Building	Washington, DC	1897 (1922)
John Adams Building	Washington, DC	1938
James Madison Memorial Building	Washington, DC	1980
Special Services Facility Center	Washington, DC	1990 (1991)
Congressional Campus, which includes:	Fort Meade, MD	Transferred from U.S. Army 1993
Book Storage Modules	Fort Meade, MD	2002
Warehouse Buildings	Fort Meade, MD	2005 and various dates
Packard Campus for Audio-Visual Conservation	Culpeper, VA	2007
SENATE OFFICE BUILDINGS		
Russell Senate Office Building	Washington, DC	1909
Senate Underground Garage	Washington, DC	1932
Monocle Building	Washington, DC	1885 (1935)
Dirksen Senate Office Building	Washington, DC	1958
Hart Senate Office Building	Washington, DC	1982
Daniel Webster Page Dormitory	Washington, DC	1930 (1993)
Senate Childcare Center	Washington, DC	1998
Senate Long-Term Mail Facility	Columbia Park, MD	2008
SUPREME COURT AND JUDICIARY OFFICE BUILDING		
Supreme Court Building	Washington, DC	1935
Thurgood Marshall Federal Judiciary Building	Washington, DC	1992



AOC's mission to provide modern and functional facilities for Congress requires year-round efforts to maintain the historic Capitol Building. AOC employees work diligently to ensure mission success while limiting the impact on the day-to-day workings of Congress or the visiting public.



Appendix C: Acknowledgements

This Performance and Accountability Report was produced with the energies and talents of AOC staff. To these dedicated individuals, we offer our sincerest thanks and acknowledgement.

In particular, we would like to recognize the following individuals for their hard work and contributions in successfully preparing this Performance and Accountability Report:

Stephen T. Ayers, FAIA, LEED AP, Architect of the Capitol

Christine A. Merdon, PE, CCM; Chief Operating Officer

Thomas J. Carroll, CFM; Chief Financial Officer

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We offer special thanks to AOC's Photography Branch for providing the photographs contained in this report.

The 2012 Performance and Accountability Report was designed by OmniStudio, Inc. and prepared with the assistance of AOC Solutions, Inc.

Copyedited by Joseph Peter

Printed in the United States by the U.S. Government Printing Office

This report is issued with data as of December 4, 2012.

Appendix D: List of Abbreviations and Acronyms

A

ACF	Alternate Computer Facility
AGA	Association of Government Accountants
AIA	American Institute of Architects
AICPA	American Institute of Certified Public Accountants
AMMD	Acquisition and Material Management Division
AOC	Architect of the Capitol
AP	Accredited Professional

C

CAFM	Computer Aided Facilities Management
CAO	AOC Chief Administrative Officer
CB	AOC Capitol Building jurisdiction
CCM	Certified Construction Manager
CCMP	Capitol Complex Master Plan
CCRC	Central Contractor Registration Connector
CEAR	Certificate of Excellence in Accountability Reporting
CER	AOC Congressional and External Relations
CERCLA	Comprehensive Environmental Response, Compensation, and Liability Act
CFC	Combined Federal Campaign
CFM	Certified Facilities Manager
CFO	AOC Chief Financial Officer
CG	AOC Capitol Grounds jurisdiction
CGFM	Certified Government Financial Manager
COO	AOC Chief Operating Officer
COSO	Committee of Sponsoring Organizations
CPA	Certified Public Accountant
CPBG&S	AOC Capitol Police Buildings, Grounds and Security jurisdiction
CPP	AOC Capitol Power Plant jurisdiction
CSRS	Civil Service Retirement System
CVC	AOC Capitol Visitor Center jurisdiction

D

DOL	Department of Labor
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E

EDMS	Electronic Data Management System
EISA2007	Energy Independence and Security Act of 2007
eOPF	Electronic Official Personnel Folder
EPAAct2005	Energy Policy Act of 2005
ESPC	Energy Savings Performance Contract

F

FACTS	Federal Agencies Centralized Trial-Balance System
FAIA	Fellow, American Institute of Architects
FASAB	Federal Accounting Standards Advisory Board
FBWT	Fund Balance with Treasury
FCA	Facility Condition Assessment
FECA	Federal Employees' Compensation Act
FERS	Federal Employees' Retirement System
FFMIA	Federal Financial Management Improvement Act
FISCAM	Federal Information Systems Controls Audit Manual
FISMA	Federal Information Security Management Act
FMFIA	Federal Managers' Financial Integrity Act
FMS	Financial Management System
FSD	Financial Systems Division
FTEs	Full-Time Equivalents
FY	Fiscal Year

G

GA	Green Associate
GAAP	Generally Accepted Accounting Principles
GAO	Government Accountability Office
GPO	Government Printing Office
GPRA	Government Performance and Results Act of 1993
GPRMA	Government Performance and Results Modernization Act of 2010
GSA	General Services Administration

H

HCMD	Human Capital Management Division
HOB	AOC House Office Buildings jurisdiction
HVAC	Heating, Ventilation and Air Conditioning

I

I&I	Injury and Illness
ICOFR	Internal Controls Over Financial Reporting
ICS	Inventory Control System
IDP	Individual Development Plan
IG	Inspector General
IPP	Invoice Processing Platform
ITD	Information Technology Division

J

JMMB	James Madison Memorial Building
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L

LBG	AOC Library Buildings and Grounds jurisdiction
LEED	Leadership in Energy and Environmental Design

M

MD&A	Management's Discussion and Analysis
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N

NFC	National Finance Center
NIST	National Institute of Standards and Technology

O

OAS	Organizational Assessment Survey
ODS	Operational Data Store
OIG	AOC Inspector General
OMB	Office of Management and Budget
OOC	Office of Compliance
OPM	Office of Personnel Management
OSP	Office of Security Programs

P

PALT	Procurement Acquisition Lead Time
PAR	Performance and Accountability Report
PD	Position Description
PE	Professional Engineer
PIC	Project Information Center
PL	Public Law
PMP	Project Management Professional
POP	Procurement Overview Portal
POS	Point of Sale
PP&E	Property, Plant and Equipment
PPM	Planning and Project Management

Q

QR	Quick Response
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R

RSI	Required Supplementary Information
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S

SBR	Statement of Budgetary Resources
SC	AOC Supreme Court jurisdiction
SEIM	Security Event and Information Management
SFEP	AOC Safety, Fire and Environmental Programs
SFFAS	Statement of Federal Financial Accounting Standards
SITES	Sustainable Sites Initiative
SNC	Statement of Net Cost
SOB	AOC Senate Office Buildings jurisdiction

T

TMFJB	Thurgood Marshall Federal Judiciary Building
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U

USBG	United States Botanic Garden jurisdiction
USC	United States Code
USCP	United States Capitol Police
USSGL	United States Standard General Ledger

Y

YTD	Year-to-Date
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We Welcome Your Comments

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