OFFICE OF INSPECTOR GENERAL
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
CONSUMER FINANCIAL PROTECTION BUREAU
WASHINGTON, DC 20551

June 30, 2014

The Honorable Patrick T. McHenry
Chairman
Subcommittee on Oversight and Investigations
Committee on Financial Services
2129 Rayburn
U.S. House of Representatives
Washington, DC 20515

Dear Chairman McHenry:

In your January 29, 2014, letter to the Office of Inspector General (OIG), you requested we evaluate the Consumer Financial Protection Bureau's (CFPB) headquarters renovation budget. The request letter states that the renovation budget for the CFPB's headquarters increased from $55 million to more than $95 million. The request letter also notes that the CFPB later published year-to-date expenses for building improvements of $150,806,000 ($150.8 million).[1] To address the issues in the request letter, we evaluated, with respect to the CFPB's headquarters renovation project, (1) the budgeting and approval process, (2) the scope and justification for estimates, and (3) the use of competitive procedures. Details on our scope and methodology are presented in attachment 1. We provided officials at the CFPB with a draft of this letter, and we considered the CFPB's comments as we prepared the final letter.

This letter is intended to address the specific issues contained in the request letter. We are conducting additional work that will be included in a subsequent report to the CFPB, and we will provide a copy of that report to the subcommittee when completed. This additional work includes additional cost analysis and benchmarking, as well as further review of related CFPB processes.

1. The $150.8 million figure is included in a table that breaks out spending by expense category in the CFPB's *Report of the Consumer Financial Protection Bureau Pursuant to Section 1017(e)(4) of the Dodd-Frank Act*, December 30, 2013. The report states that the amounts in the table reflect obligations incurred during the fiscal year and include some upward adjustments to prior-year obligations. CFPB policy states that an obligation refers to a binding agreement that will result in financial outlays, either immediately or in the future.

Background

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), enacted July 21, 2010,[2] established the CFPB as an independent bureau within, but autonomous from, the Federal Reserve System. The Dodd-Frank Act prescribes that a presidentially appointed, Senate-confirmed Director is to lead the CFPB. Prior to the appointment of a CFPB Director,[3] the Dodd-Frank Act assigned to the Secretary of the Treasury certain CFPB functional responsibilities.[4] The Secretary delegated this interim authority to the Special Advisor to the Secretary and to other U.S. Department of the Treasury (Treasury) officials who worked to stand up the CFPB.

On February 18, 2011, Treasury announced that the future permanent headquarters of the CFPB would be located at 1700 G Street NW, Washington, DC. The Special Advisor to the Secretary posted a similar announcement on the CFPB's website. Both announcements noted that major building renovations were needed to use the space more efficiently and to update the building to meet current energy and environmental standards.[5]

1700 G Street NW Building

The building at 1700 G Street NW had been used by the Office of Thrift Supervision (OTS) as its headquarters. However, when the Dodd-Frank Act dissolved OTS, its interests in the building transferred to the Office of the Comptroller of the Currency (OCC) effective July 21, 2011. Prior to the building's transfer to the OCC, a Treasury official, acting on behalf of the CFPB, signed a letter of intent with the OCC on January 4, 2011, for the CFPB to occupy the building. The major points of the letter include the following:

- Assuming that ownership of 1700 G Street NW transferred to the OCC on July 21, 2011, the CFPB would lease the entire building from the OCC as is.

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2. A detailed timeline of major events discussed in this letter is presented in attachment 2.

3. The first Director of the CFPB was appointed by the President on January 4, 2012, and confirmed by the Senate on July 16, 2013.

4. Until a CFPB Director was in place, section 1066(a) of title X of the Dodd-Frank Act granted the Secretary of the Treasury the authority to carry out CFPB functions found in sections 1061 and 1063 under subtitle F of title X.

5. We were informed by the former executive in charge of the Securities and Exchange Commission's (SEC) Office of Administrative Services that an individual from the CFPB, whom she believes was on loan from Treasury, inquired about surplus SEC space for the CFPB. Although this former Office of Administrative Services executive could not recall the timing, she categorized these discussions as preliminary and noted that the CFPB was in the early stages of its establishment and did not have a good understanding of its requirements. This official stated further that when she was approached a second time, some of the surplus SEC space had already been leased and the remainder was to be turned over to the U.S. General Services Administration.

- The OCC and the CFPB would mutually agree on the terms and conditions of the lease for the building and on a rental payment at a market rate, including a market escalation over the term of the lease.
- Responsibility for the existing leases with retail tenants and the future disposition of the retail space would be addressed prior to lease execution.

The CFPB moved into the building on October 1, 2011, under an interim agreement with the OCC executed on July 21, 2011. On February 10, 2012, the U.S. General Services Administration (GSA) provided the OCC with a delegation of authority to charge rent for the building,[6] and on February 17, 2012, the OCC and the CFPB entered into an occupancy agreement. The agreement includes terms that the CFPB (1) will pay fair market rent, (2) is responsible for the cost of any building improvements, (3) will obtain the OCC's approval prior to taking any action that may affect the retail tenants, and (4) will ensure that the normal business operations of the retail tenants are not disrupted by alterations or improvements to the premises made by the CFPB. The occupancy agreement includes a base period of 20 years, which the CFPB can opt to extend for two additional 5-year periods. The OCC can only cancel this agreement if the CFPB fails to pay rent or comply with other material terms of the agreement.

In September 2013, the CFPB signed a memorandum of understanding (MOU) and a reimbursable work authorization (RWA) with GSA for the renovation of the building.[7] The MOU established responsibilities for GSA related to project management, procurement, design review services, construction, building commissioning services, and contract administration for the renovation of the building. The RWA is a written agreement between the CFPB and GSA and was used to obligate funds for the headquarters renovation.

(1) The CFPB's Budgeting and Approval Process

The CFPB has formalized policies for budgeting and funding, as well as for approving major investments prior to obligating funds.[8] These policies outline the CFPB's processes for (1) formulating and approving the budget and financial operating plan (financial plan), (2) requesting funds transfers from the Board of Governors of the Federal Reserve System (Board), and (3) approving major investments. We found that the figures included in the congressional request letter were included in the budget and financial plan and were published on

6. As noted in the Treasury OIG report, *OCC's Leasing Activities Conformed With Applicable Requirements; Issues With the Former OTS Headquarters Building Need to Be Resolved*, the OCC Chief Counsel's Office reviewed documentation related to ownership of the former OTS headquarters building, as well as applicable laws and regulations related to the transfer and ownership of the building, and concluded that the OCC owns the building. As of June 16, 2014, the U.S. Government Accountability Office is reviewing whether the OCC has the legal authority to retain the rent.

7. The MOU with GSA was not fully executed until October 2013 due to the partial closure of the federal government.

8. These policies were all approved and in effect by October 1, 2012.

the CFPB's website. However, we noted that the approval of funding for the renovation was not in accordance with the CFPB's current policies for major investments. According to CFPB officials, the CFPB saw this approval as a formality since the decision to renovate pre-dated these policies.

Budget and Financial Plan

The CFPB's current annual budget formulation process is informed by its strategic plan. Prior to a new fiscal year, program offices submit budget requests and justifications to the Office of the Chief Financial Officer (OCFO). The OCFO works with the program offices to finalize budget requests. Program offices subsequently meet with the Director to justify budget requests before the budget estimates are finalized. Once the estimates are finalized, the Chief Financial Officer (CFO) prepares a decision memorandum recommending approval of the budget, which is routed through the Chief Operating Officer to the Director.

Once approved by the Director, the budget becomes the financial plan. The Director provides copies of the financial plan to the Director of the Office of Management and Budget. The Office of Management and Budget does not, however, have oversight of CFPB's budget process.

The financial plan outlines the budget authority for various expenses and staff. CFPB management uses the financial plan to monitor financial obligations throughout the fiscal year and to adjust spending as needs and priorities change. These adjustments can be made during quarterly performance reviews or the formal midyear review process and are included in a decision memorandum and authorized by the Director. The financial plan is then revised to reflect these adjustments, but revised financial plans are not published on the CFPB's website. However, the CFPB does publish quarterly financial updates outlining large obligations.[9]

As detailed in the Scope and Justification for Estimates section below, we noted that the $55 million and $95 million budget amounts for the renovation for fiscal year (FY) 2012 and FY 2013, respectively, were published in the CFPB's public budget documents. Approvals through decision memorandums were obtained for these amounts. In addition, we noted that the CFPB revised its financial plan twice in FY 2013 to increase the amounts budgeted for the renovation. In May 2013, the renovation budget was increased from $95 million to $111.4 million, and in September 2013, it was increased to $145.1 million.[10] Approvals for these increases were also documented via decision memorandums. In addition, an obligation of $145.1 million for the building renovation was published in the FY 2013 fourth quarter financial update. The $95 million and $111.4 million figures were not published in quarterly financial updates because these amounts were never obligated.

9. Obligations exceeding $1 million are published in the quarterly financial updates.

10. This amount is included in the $150.8 million that is referenced in the congressional request letter, which also includes obligations for other renovation expenses detailed below.

Funds Transfer Process

Per the Dodd-Frank Act, the CFPB's operations are funded principally by transfers made by the Board from the combined earnings of the Federal Reserve System.[11] Based on the CFPB's financial plan, the OCFO determines the amount of funds to be requested quarterly from the Board and prepares a decision memorandum for the Director's approval. Once approved, the Director signs a funds transfer request letter, and the OCFO sends the letter to the Board. After the Board transfers the funds, the OCFO allocates the funds to program offices based on the approved financial plan.

We noted that on July 15, 2013, the CFPB included $143.0 million for its headquarters renovation in its FY 2013 fourth quarter funds transfer determination. This amount was based on an estimated RWA amount provided by GSA on June 26, 2013. The CFO stated that this request was made to ensure that sufficient funds were available to execute the final RWA as required by GSA. We also noted that during FY 2012 and FY 2013, the CFPB included amounts for ongoing architecture and engineering (A/E) services in its funds transfer determinations.

Major Investment Approval Process

In addition to its budget approval and funds request processes, the CFPB has a formal process to approve major investments. Major investments include those with an estimated value of $500,000 or more, or a life cycle cost of $2.5 million or more over five years. These investments must be reviewed by the CFPB's Investment Review Board (IRB), an executive advisory body chaired by the CFO. While a major investment does not need IRB approval prior to being included in the budget, budgeted funds are not available for obligation or expenditure until the IRB approves the investment.

To obtain IRB approval for major investments, program offices must complete an IRB business case. The business case includes the following sections:

- **Alternatives analysis section.** This section should include a description of alternatives, a comparison of the costs and benefits of alternatives, and the rationale for choosing the investment over the alternatives.

- **Financial section.** This section should include all previous obligations for the investment, a five-year cost breakdown, the estimated lifetime cost, and cost assumptions.

- **Performance section.** This section should identify lifetime goals and calculate expected lifetime return on investment.

The CFPB's IRB charter and internal training documents provide specific guidance for making a sound business case for an investment. This guidance outlines that a consideration of alternatives

11. The indexed FY 2014 funding is capped at $608.4 million per the Dodd-Frank Act.

is needed for a sound business case and should include a comparison of the costs and benefits of alternatives and the rationale for the selected investment. The guidance also outlines the need to show a return on investment when making a sound business case and stresses the importance of a quantitative analysis. The IRB charter states that return on investment measures incorporate life cycle costs, avoided costs or cost savings, productivity enhancements, or other financial information relevant to determining the financial efficacy of the proposed investment.

Once the IRB approves the business case, the program office may submit a control sheet for approval to obligate funds. While IRB approval is not required prior to including major investments in the budget, it remains an important funding control.

We found that the investment requests for A/E services and the CFPB headquarters building renovation were submitted to the IRB,[12] and the associated control sheets were approved.[13] However, the CFPB did not follow all internal IRB guidance when completing the business case for the building renovation. For example, the CFPB listed alternatives[14] in the IRB business case but did not complete any analyses of those alternatives.[15] In addition, the performance section did not include any quantitative information or calculations related to return on investment. We noted that the IRB approved the business case for the building renovation in September 2013 even though it was incomplete.

CFPB officials stated that the IRB approved the business case without this information because funding approval was viewed as a formality given that the decision to proceed with the renovation had already been made. We interviewed the former Treasury official who signed the letter of intent in 2011 on behalf of the CFPB to occupy the building. This official stated that the decision to renovate was made after the letter of intent was signed, but he did not know when or by whom. As of June 23, 2014, the CFPB was unable to locate any documentation of the decision to fully renovate the building.[16]

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12. The IRB business case for A/E services was submitted on May 30, 2012. The IRB business case for the renovation was submitted on July 23, 2013.

13. We noted that the $55 million and $95 million budget figures were never obligated and therefore were not reviewed by the IRB.

14. Alternatives listed in the business case included (1) moving the entire organization to another building large enough to accommodate the entire staff and (2) leasing multiple buildings to accommodate the entire staff.

15. CFPB officials provided us with an analysis of alternatives that an official stated was prepared in late summer 2013. The same official noted that this analysis was not used as part of the IRB process but was a ballpark analysis intended to make sure that the decision to renovate made sense. However, certain renovation cost elements, such as A/E costs and swing space, were not included. We are evaluating this analysis and will provide any relevant information in our subsequent report to the CFPB.

16. The CFPB is attempting to locate legacy documents. We will evaluate any documents provided and include relevant information in our subsequent report to the CFPB.

While the decision to renovate may pre-date the current IRB policies, these policies were in place when the business case was submitted for funding approval. We cannot conclude whether a complete analysis would have altered the decision to approve funding for the renovation. However, without this analysis, the value of the IRB process as a funding control is diminished and a sound business case is not available to support the funding of the renovation. In addition, expected cost information is not available as a baseline to facilitate management of changes in estimated renovation costs.

(2) Scope and Justification for Estimates

The request letter includes three CFPB-published cost figures associated with the renovation project: $55 million, $95 million, and $150.8 million. As discussed below, we found that these figures had significantly different scopes. The CFPB stated that the $55 million and $95 million figures were used as estimates for budget purposes and that the $150.8 million figure was based on a construction cost estimate developed for this renovation.

$55 Million Estimate

The $55 million figure was published in the CFPB's *FY 2013 Budget Justification*, approved in February 2012. This amount was based on 1 year of projected costs from a 10-year renovation plan included in a building assessment of 1700 G Street NW commissioned by OTS, combined with the CFPB's rough estimate for A/E services. The building assessment was finalized in November 2010 and included a 10-year phased renovation plan for Class B+ office space[17] with estimated costs for each year that totaled $104.8 million. The CFPB developed the $55 million budget number by rounding the building assessment's year 1 cost estimate of $38,937,745 to $40 million and adding the CFPB's estimate of $15 million for A/E services.

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17. *Class B+ office space* is the term used within the OTS building assessment to indicate the level of renovation priced for the 10-year renovation. The OTS building assessment does not define Class B+ office space, but it defines Class A and Class B. Both classes are typically characterized by high-quality design; high-end building materials; state-of-the-art voice and data technology; onsite support services and maintenance; and often includes full-service ancillary uses such as, but not limited to, a bank, a restaurant/coffee shop, a health club, a printing shop, reserved parking, etc. The minimum requirements for both include a central, interior lobby and access to suites from inside the building. Additional Class A minimum requirements are that the building have three stories, 15,000 square feet per floor, and LEED certification/sustainable strategies in place resulting in decreased energy use and high level of occupancy comfort. Additional Class B minimum requirements are two stories and 20,000 square feet per floor.

$95 Million Estimate

The $95 million figure[18] was published in April 2013 in *The CFPB Strategic Plan, Budget, and Performance Plan and Report*. This amount was an estimated budget number developed internally by the OCFO as a total cost of renovation that did not include A/E services and certain contingencies intended to be paid for out of reserves. The CFO stated that the figure did not consider class of space and was developed to illustrate a range of potential costs for a nonphased renovation.

$150.8 Million Estimate

The $150.8 million figure was published in December 2013 in the *Report of the CFPB Pursuant to Section 1017(e)(4) of the Dodd-Frank Act*. This amount was an aggregate of actual obligations of $145.1 million for the renovation and approximately $5.5 million for A/E services. The $145.1 million renovation estimate was prepared by GSA and included contingencies and GSA fees not included in earlier estimates. The scope of the estimate included renovating to Class A space,[19] using nonphased construction, and adding a seventh floor to the building. GSA prepared this estimate using a cost modeling worksheet that uses historical data to generate costs for major building systems based on the gross area of the project and major building systems quality levels. Estimate documentation stated that this is GSA's standard practice when developing budgets for capital projects. GSA subsequently revised the $145.1 million estimate to $139.1 million to reflect the CFPB's decision to exclude construction of a seventh floor.

Table 1 lists several key differences in the $55 million, $95 million, and $150.8 million figures associated with the renovation project, as noted in the request letter.

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18. The request letter notes that the $95 million figure was greater than the annual construction and acquisition budget for all federal buildings. For information regarding GSA's annual construction, acquisition, and renovation budget, see attachment 3.

19. The definitions of office class space vary by source. Classifications of office space are largely dependent on the size and location of the building, as well as the materials and design used. Potential cost differences exist between renovation plans for different classes of space, and our subsequent report to the CFPB will include assessments of these differences.

Table 1: Comparison of Cost Estimates

Estimate specifications	$55 million	$95 million	$150.8 million
Month and year developed	November 2010	September 2012	July 2013
Source	OTS building assessment	CFPB OCFO	GSA
Approximate amount included for A/E services	$15 million	Not included	$5.5 million
Estimated cost of actual renovation	$40 million	$95 million	$145.1 million
Scope	Year 1 of 10-year plan	Total renovation	Total renovation
Class	B+	Not considered	A
Square feet	490,092	350,000	512,000
Major cost elements	Year 1 construction costs	Total construction costs	Total construction costs, construction management costs, and GSA fees
Inclusion of 7th floor	No	No	Yes

Source: OIG compilation based on CFPB information.

Note: None of the estimates include other costs, such as rent for swing space and costs associated with moving CFPB staff during the renovation. We are evaluating these and other costs, and we plan to include that analysis in our subsequent report.

The U.S. Government Accountability Office states that cost estimates tend to become more certain as projected costs are replaced by actual costs.[20] The A/E firm has prepared updated estimates for the renovation that cannot be shared at this time due to source selection concerns.[21] Based on the CFPB's assessed requirements as of June 5, 2014, we currently estimate all-in costs to total approximately $215.8 million. These estimated all-in costs include the $145.1 million obligated for construction, construction management, and GSA fees, as well as $70.7 million for other items including A/E services, rent for swing space, costs associated with moving, and additional renovation-related expenses. Our estimate for other renovation-related items is not included in any of the estimated costs of actual renovation shown in Table 1. We will refine our estimate of these costs based on the updated A/E and independent government cost estimates and include any relevant information in our subsequent report to the CFPB.

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20. U.S. Government Accountability Office, *GAO Cost Estimating and Assessment Guide: Best Practices for Developing and Managing Capital Program Costs*, GAO-09-3SP, March 2009.

21. The disclosure of this information prior to award of the construction contract could have an adverse effect on pricing. GSA will reconcile these estimates with an independent government cost estimate.

(3) The Use of Competitive Procedures for Major Contracts

We identified three major contracting efforts associated with the CFPB headquarters building renovation: an A/E contract for design services, a construction management contract, and a construction contract. In September 2012, the CFPB awarded the contract for A/E design services, and we determined that competitive procedures were used in awarding this contract. Per the MOU, GSA is responsible for procuring the construction management and construction contracts for the building renovation. Although these two contracts had not been awarded as of June 16, 2014, based on its initial solicitation activities, we determined that GSA plans to use competitive procedures to award these contracts.

A/E Contract Procedures

While the CFPB is not required to follow the *Federal Acquisition Regulation* (FAR) by law, the CFPB indicated that the A/E contract was awarded in conformance with the FAR. The FAR outlines policies and procedures that are specific to acquiring A/E design services and issuing associated public announcements; it also outlines other acquisition requirements. Acquisitions for A/E design services are unique in that competition is based on technical factors rather than price. An evaluation board evaluates and ranks firms based on technical qualifications, and the contracting officer subsequently holds negotiations with the top-ranked firm. Price does not become a factor until the negotiation phase of the acquisition.

In February 2012, the CFPB's procurement office issued a solicitation for A/E design services, stating that the contract would be in accordance with FAR subpart 36.6. The CFPB received 24 proposals in response to the solicitation, which were evaluated and ranked by the evaluation board. The CFPB then invited the top six firms to give oral presentations and subsequently ranked those firms. The final ranking was provided to the contracting officer, who entered into negotiations with the top-ranked firm. These negotiations resulted in the award of the A/E contract in September 2012 for a not-to-exceed amount of $12 million.

We noted that the CFPB issued a public announcement of its requirements for A/E services allowing a 21-day response time, rather than the 30-day response time required by FAR 5.203. Given that the CFPB received proposals from 24 firms, 6 of which were evaluated as most highly qualified, we believe this did not limit competition. While the CFPB is not required to follow the FAR, we believe this public announcement still met the policy intent of FAR 5.002 regarding competition.

Construction Management Contract Procedures

GSA plans to award the construction management contract using the best value tradeoff process in FAR subpart 15.101-1. The best value tradeoff process is a competitive acquisition strategy designed to permit tradeoffs between price and nonprice factors. Under this acquisition strategy, the solicitation must identify the relationship between these factors used for evaluation of proposals.

GSA officials stated that the solicitation for construction management services was issued in February 2014 to nine firms against a national indefinite-delivery, indefinite-quantity construction management contract. The solicitation specifies that proposals will be evaluated on technical factors, which when combined are approximately equal to price. As of June 16, 2014, a technical evaluation board consisting of GSA and CFPB personnel was in the process of completing its evaluation report on the offerors' proposals. Once the report is completed, GSA will award a contract to the offeror whose proposal represents the best value.

Construction Contract Procedures

GSA plans to award the construction contract using the design-build two-phase selection process described in FAR 36.3. The two-phase process includes a phase I request for qualifications followed by a phase II request for proposals. During phase I, proposals are evaluated and the government selects the most highly qualified offerors to submit proposals for phase II. The phase II request for proposals results in the selection of the construction contractor whose offer provides the best value to the government, and a firm-fixed-price contract will be used for the construction contract.

In March 2014, GSA issued the phase I request for qualifications, which was open to both large and small businesses. As part of phase I, GSA invited potential offerors to attend a preproposal conference, and 43 companies attended. As of June 16, 2014, the evaluation board had completed its review of phase I proposals and prepared a source selection evaluation report. This report included the evaluation board's selection of the most highly qualified offerors and is currently undergoing a legal review at GSA. After the report is approved, GSA will issue the phase II request for proposals to the most highly qualified offerors.

Closing

Thank you for your interest in the work of the OIG. If you have questions on this or any other matter, please contact me at 202-973-5000 or John Manibusan, Assistant Congressional and Media Liaison, at 202-973-5043. We are providing a similar letter to the Ranking Member of the Subcommittee on Oversight and Investigations.

Sincerely,

Mark Bialek
Inspector General

Attachments

Attachment 1

Scope and Methodology

Our scope included (1) the CFPB's budgeting and approval process for the renovation; (2) the $55 million, $95 million, and $150.8 million renovation figures outlined in the request letter; and (3) the competitive procedures for the three major contracting efforts associated with the renovation. We conducted our work from February 2014 to June 2014.

To evaluate the budgeting and approval process, we reviewed the CFPB's internal policies and processes for (1) formulating and approving the budget and financial plan, (2) funds transfers from the Board, and (3) approval of major investments. We met with cognizant CFPB officials and reviewed relevant documentation with respect to the CFPB's headquarters renovation project to understand how changes in estimates for the renovation flowed into the CFPB's budget and financial plan. We reviewed the CFPB's internal decision memorandums, the related funds transfer requests sent to the Board, and the Board's funds transfer acknowledgement letters. We reviewed the CFPB's IRB charter and internal IRB guidance to understand the process and specific requirements for completing business cases for major investments. We also evaluated IRB business cases and respective control sheets related to the CFPB's headquarters renovations. We interviewed the former executive in charge of the Securities and Exchange Commission's Office of Administrative Services, as well as the former Treasury official who signed the letter of intent in 2011 on behalf of the CFPB to occupy the building.

To evaluate the figures outlined in the request letter, we reviewed the scope and the justification for the differences. We also interviewed CFPB officials, including the Chief Operating Officer, the CFO, and the Chief Administrative Officer, to obtain additional information regarding the figures.

To evaluate the competitive procedures, we reviewed the contract file for the A/E design services contract and the solicitation documents for the construction management and construction contracts. We also reviewed relevant parts of the FAR. We interviewed the contracting officer and two technical evaluation board team members for the A/E design services contract. We also interviewed GSA personnel, including the project manager for the CFPB's headquarters renovation project and the contracting officer for the construction management and construction contracts.

We reviewed relevant reports from Treasury OIG, as well as our March 31, 2014, report, *Opportunities Exist for the Board to Improve Recordkeeping, Cost Estimation, and Cost Management Processes for the Martin Building Construction and Renovation Project* and our October 22, 2013, report, *Observations and Matters for Consideration Regarding the CFPB's Annual Budget Process*. We also reviewed GSA's annual construction, acquisition, and renovation budget.

Attachment 2

Timeline of Major Events

July 21, 2010 Dodd-Frank Act created the CFPB

Nov. 10, 2010 OTS building assessment containing renovation estimates finalized

Jan. 4, 2011 CFPB signed letter of intent to occupy 1700 G Street NW

Feb. 18, 2011 Treasury press release and Special Advisor announcement of CFPB's permanent headquarters at 1700 G Street NW issued

July 21, 2011 CFPB and OCC reached interim agreement for use of 1700 G Street NW

Oct. 1, 2011 CFPB moved into 1700 G Street NW

Jan. 4, 2012 CFPB Director appointed

Feb. 2, 2012 $55 million figure approved in CFPB's *FY 2013 Budget Justification*

Feb. 8, 2012 GSA delegated OCC authority to charge rent

Feb. 8, 2012 Solicitation issued for A/E contract

Feb. 17, 2012 CFPB entered into occupancy agreement with OCC

Sept. 7, 2012 A/E contract awarded

Apr. 2013 $95 million published in *The CFPB Strategic Plan, Budget, and Performance Plan and Report*

May 17, 2013 CFPB financial plan revised from $95 million to $111.4 million

June 18, 2013 CFPB CFO testified on renovation budget

July 12, 2013 GSA issued $145.1 million renovation estimate

July 16, 2013 CFPB Director confirmed

July 23, 2013 IRB business case for renovation submitted

Sept. 3, 2013 CFPB financial plan revised from $111.4 million to $145.1 million

Sept. 24, 2013 CFPB and GSA finalized RWA

Oct. 18, 2013 CFPB and GSA MOU fully executed

Dec. 13, 2013 GSA issued revised $139.1 million renovation estimate

Dec. 30, 2013 $150.8 million published in *Report of the CFPB Pursuant to Section 1017(e)(4) of the Dodd-Frank Act*

Attachment 3

GSA's Annual Construction, Acquisition, and Renovation Budget

The request letter states that the CFPB's $95 million budget figure for the renovation was greater than the annual construction and acquisition budget for all federal buildings. We reviewed GSA's budgeted amount for construction and acquisition as well as for repairs and alterations, which include renovations, over the most recent 10-year period. We noted that the construction and acquisition budgeted amount was $56 million for FY 2013. However, this figure did not include $494.8 million for repairs and alterations and was an anomaly for the 10-year period. Table 2 below outlines the budgeted amounts for construction and acquisition and for repairs and alterations.

Table 2: GSA's Budgeted Amounts

Fiscal year	Construction and acquisition	Repairs and alterations	Total	Rounded total
2006	$640,317,000	$1,029,165,000	$1,669,482,000	$1.7 billion
2007	690,095,000	866,194,000	1,556,289,000	1.6 billion
2008	615,204,000	804,483,000	1,419,687,000	1.4 billion
2009	620,119,000	692,374,000	1,312,493,000	1.3 billion
2010	657,637,000	496,276,000	1,153,913,000	1.2 billion
2011	676,362,000	703,467,000	1,379,829,000	1.4 billion
2012	839,642,000	868,902,000	1,708,544,000	1.7 billion
2013	56,000,000	494,768,000	550,768,000	550.8 million
2014	816,167,000	1,302,382,000	2,118,549,000	2.1 billion
2015	745,449,000	1,256,738,000	2,002,187,000	2.0 billion

Source: GSA budget justifications, FY 2006 through FY 2015.