



Highlights of [GAO-06-1025](#), a report to the Subcommittee on Interior, Environment, and Related Agencies, Committee on Appropriations, House of Representatives

Why GAO Did This Study

In April 2005, GAO recommended that the John F. Kennedy Center for the Performing Arts (Kennedy Center) increase oversight of its management of federal funds, better comply with fire code, and conform to project management best practices. GAO was asked to evaluate (1) the progress the Kennedy Center has made in implementing GAO's April 2005 recommendations, (2) the status of federally funded capital projects and the planned spending of federal funds for capital projects as indicated by the Kennedy Center's most recent comprehensive building plan, and (3) the Kennedy Center Board of Trustees' responsibilities for federally funded capital projects and the extent to which the board fulfills these responsibilities. To fulfill these objectives, GAO examined Kennedy Center documents, visited other arts organizations, and interviewed affected parties.

What GAO Recommends

GAO recommends that the Kennedy Center comply with the FAR provision regarding alternative contracting methods, improve information to the board on capital projects, and develop and implement procedures for the board on how to carry out its responsibilities for federal funds. The Kennedy Center disagreed with our recommendation that it improve compliance with the FAR provision, but agreed generally with GAO's other recommendations.

www.gao.gov/cgi-bin/getrpt?GAO-06-1025.

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

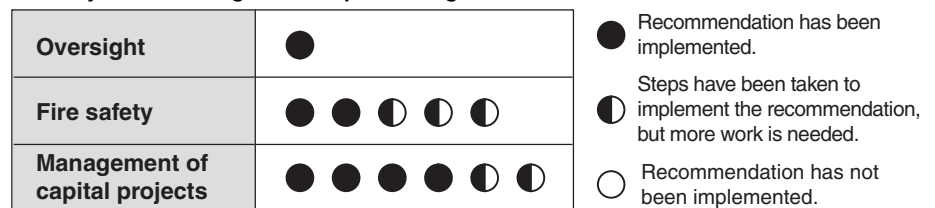
KENNEDY CENTER

Progress Made on GAO Recommendations, but Oversight Challenges Still Exist

What GAO Found

The Kennedy Center has taken steps to implement GAO's oversight, fire safety, and capital project recommendations but more work remains. For example, to increase oversight of its management of federal funds, the Kennedy Center contracted with the Smithsonian Institution Office of the Inspector General for audits of federal funds used for capital projects. In addition, to better comply with fire safety code, the Kennedy Center has implemented GAO's recommendations to obtain a peer review of its fire-modeling study and manage the storage of combustible materials. As a result of the peer review, the center made changes to its fire-modeling study. Finally, to better align with project management best practices, the Kennedy Center has implemented GAO's recommendations to design and implement contract, financial, and project management policies and procedures and control cost and schedule changes in future projects.

Kennedy Center's Progress in Implementing GAO's Recommendations



Source: GAO.

The Kennedy Center's 2005 comprehensive building plan (CBP)—or long-term renovation effort—shows that the center will not complete its capital renovations within the planned 2008 time frame and budgets. The estimated costs for the remaining CBP projects have increased from \$48 million to \$58 million since the 2004 CBP, and the center plans to defer most terrace-level renovations beyond 2008, the original completion date. The 2005 CBP shows that the Family Theater was completed on schedule in 2005 with limited cost growth. However, despite improved contracting practices, GAO found that the Kennedy Center did not fully comply with the Federal Acquisition Regulation (FAR) when it used an alternative contracting method. In addition, it increased the risk of cost overruns by authorizing Family Theater work to begin before establishing the contract's guaranteed maximum price.

The Kennedy Center Board of Trustees has delegated to management most of its responsibilities for federally funded capital projects, which is a typical board action. However, GAO found that several factors limit the board's oversight of federally funded capital projects. The Kennedy Center Board of Trustees and its Operations Committee (1) lack procedures on how to carry out the board's responsibilities for federally funded projects (2) have experienced low attendance at meetings, and (3) lack information needed to evaluate the implementation of capital projects. In addition, the Operations Committee has met infrequently, which further limits oversight.