



UNITED STATES CAPITOL POLICE OFFICE OF INSPECTOR GENERAL

Independent Auditor's Report Financial Statements For Fiscal Years 2021 and 2020

Report Number OIG-2022-04

April 2022

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OFFICE OF INSPECTOR GENERAL

PREFACE

The Office of Inspector General (OIG) prepared this report pursuant to the Inspector General Act of 1978, as amended. It is one of a series of audits, reviews, and investigative and special reports OIG prepares periodically as part of its oversight responsibility with respect to the United States Capitol Police (USCP) to identify and prevent fraud, waste, abuse, and mismanagement.

This report is the result of an assessment of the strengths and weaknesses of the office or function under review. It is based on interviews with employees and officials of relevant agencies and institutions, direct observation, and review of applicable documents.

We developed our recommendations based on the best knowledge available to OIG and discussed the draft with those responsible for implementation. It is my hope that the recommendations will result in more effective, efficient, and/or economical operations.

I express my appreciation to those contributing to the preparation of this report.

Michael A. Bolton
Inspector General

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Abbreviations and Acronyms

Federal Accounting Standards Advisory Board	FASAB
Fiscal Year	FY
Government Accountability Office	GAO
Management Letter Comment	MLC
Material Weakness	MW
Office of Inspector General	OIG
Required Supplementary Information	RSI
Significant Deficiency	SD
United States Capitol Police	USCP or the Department

EXECUTIVE SUMMARY

In accordance with our annual plan, the United States Capitol Police (USCP or the Department) Office of Inspector General (OIG) conducted an audit of the Department's financial statements for the years ended September 30, 2021 and 2020. Our objective was to express an opinion on the fairness of the financial statements in all material respects and render an opinion on controls over financial reporting and report on compliance with laws, regulations, and contracts. Our audit was conducted in accordance with *Government Auditing Standards*.

Report on the Financial Statements and on Internal Control over Financial Reporting - OIG rendered an unmodified opinion that the Department's financial statements present fairly, in all material respects, the financial position of the Department as of September 30, 2021, and 2020, and its net costs, changes in net position, and budgetary resources for the years then ended in conformity with accounting principles generally accepted in the United States.

OIG also rendered an unmodified opinion on internal control over financial reporting.

Report on Compliance with Laws, Regulations, and Contracts - OIG identified no instances of noncompliance with selected provisions of laws, regulations, and contracts tested.

On April 15, 2022, OIG provided a draft report to Department officials for comment.



Independent Auditor's Report



WASHINGTON, DC 20003

OFFICE OF INSPECTOR GENERAL

To: The United States Capitol Police Board

Independent Auditor's Report

In our audits of the fiscal years (FY) 2021 and 2020 financial statements of the United States Capitol Police (USCP or Department), we found

- USCP's financial statements as of and for the FYs ended September 30, 2021, and 2020, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;
- USCP maintained, in all material respects, effective control over financial reporting as of September 30, 2021; and
- No reportable noncompliance for FY 2021 with provisions of applicable laws, regulations, and contracts we tested.

The following sections discuss in more detail (1) our report on the financial statements and on internal control over financial reporting, which includes required supplementary information (RSI), and (2) our report on compliance with laws, regulations, and contracts.

Report on the Financial Statements and on Internal Control over Financial Reporting

In accordance with 2 U.S.C. 1903, we have audited USCP's financial statements. USCP's financial statements comprise the balance sheets as of September 30, 2021 and 2020; the related statements of net cost, changes in net position, and budgetary resources for the fiscal years then ended; and the related notes to the financial statements. We have also audited USCP's internal control over financial reporting as of September 30, 2021, based on criteria established under U.S. Government Accountability Office (GAO) OIG-14-704G, *Standards for Internal Control in the Federal Government*, dated September 2014.

We conducted our audits in accordance with U.S. generally accepted government auditing standards. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinions.

Management's Responsibility

USCP management is responsible for (1) the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles; (2) preparing,

measuring, and presenting the RSI in accordance with U.S. generally accepted accounting principles; and (3) maintaining effective internal control over financial reporting, including the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements and an opinion on USCP's internal control over financial reporting based on our audits. U.S. generally accepted government auditing standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement, and whether effective internal control over financial reporting was maintained in all material respects. We are also responsible for applying certain limited procedures to RSI.

An audit of financial statements involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to USCP's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit of financial statements also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

An audit of internal control over financial reporting involves performing procedures to obtain evidence about whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of the risks that a material weakness exists. An audit includes obtaining an understanding of internal control over financial reporting, and evaluating and testing the design and operating effectiveness of internal control over financial reporting based on the assessed risk.

We did not evaluate all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations. We limited our internal control testing to testing controls over financial reporting. Our internal control testing was for the purpose of expressing an opinion on whether effective internal control over financial reporting was maintained, in all material respects. Consequently, our audit may not identify all deficiencies in internal control over financial reporting that are less severe than a material weakness.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the

preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and, (2) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, and contracts, noncompliance with which could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud and error. We also caution that projecting any evaluation of effectiveness to future periods is subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion on the Financial Statements

In our opinion, USCP's financial statements present fairly, in all material respects, USCP's financial position as of September 30, 2021, and 2020 and its net cost of operations, changes in net position, and budgetary resources for the years then ended in accordance with U.S. generally accepted accounting principles.

Opinion on Internal Control over Financial Report

In our opinion, USCP maintained, in all material respects, effective internal control over financial reporting as of September 30, 2021, based on criteria established under GAO-14-704G, *Standards for Internal Control in the Federal Government*, dated September 2014.

During our FY 2021 audit, we identified other deficiencies in USCP's internal control over financial reporting that we do not consider to be material weaknesses or significant deficiencies. Nonetheless, these deficiencies warrant USCP management's attention. We have communicated these matters to USCP management and, where appropriate, will report on them separately.

We also reviewed the status of USCP's corrective actions with respect to the findings and recommendations included in the prior year *Independent Auditor's Report on Internal Control over Financial Reporting* dated December 11, 2020. Exhibit A provides a discussion on the status of prior year findings and recommendations.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles issued by the Federal Accounting Standards Advisory Board (FASAB) require that the RSI be presented to supplement the financial statements. Although the RSI is not a part of the financial statements, FASAB considers this information to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with U.S. generally accepted government auditing standards,

which consisted of inquiries of management about the methods of preparing the RSI and comparing the information for consistency with management's responses to the auditor's inquiries, the financial statements, and other knowledge we obtained during the audit of the financial statements, in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

Report on Compliance with Laws, Regulations, and Contracts

In connection with our audits of USCP's financial statements, we tested compliance with selected provisions of applicable laws, regulations, and contracts consistent with our auditor's responsibility discussed below. We caution that noncompliance may occur and not be detected by these tests. We performed our tests of compliance in accordance with U.S. generally accepted government auditing standards.

Management's Responsibility

USCP management is responsible for complying with laws, regulations, and contracts applicable to USCP.

Auditor's Responsibilities

Our responsibility is to test compliance with selected provisions of laws, regulations, and contracts applicable to USCP that have a direct effect on the determination of material amounts and disclosures in USCP's financial statements, and perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, and contracts applicable to USCP.

Results of Our Tests for Compliance with Laws, Regulations, and Contracts

Our tests for compliance with selected provisions of applicable laws, regulations, and contracts disclosed no instances of noncompliance for FY 2021 that would be reportable under U.S. generally accepted government auditing standards. However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to USCP. Accordingly, we do not express such an opinion.

Intended Purpose of Report on Compliance with Laws, Regulations, and Contracts

The purpose of this report is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, and contracts, and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering compliance. Accordingly, this report on compliance with laws, regulations, and contracts is not suitable for any other purpose.

UNITED STATES CAPITOL POLICE OFFICE OF INSPECTOR GENERAL



Jacob T. Powell, CPA, CFE, CISA
Assistant Inspector General for Audits
April 22, 2022
Washington, DC

Exhibit A
Status of Control Deficiencies Reported in FY 2020 Independent Auditor's Report

We reviewed the status of FY 2020 (prior year) control deficiencies/findings, as part of our FY 2021 financial statements audit. The status is summarized in table 1.

We used the following three levels to determine the status of the FY 2021 findings:

- Closed – the condition(s) in the finding was (were) not identified in FY 2021.
- Open – the condition(s) in the finding remain(s) the same in FY 2021.
- Open/Modified – one or more conditions in the finding have changed in FY 2021.

In addition, for those findings whose status is classified as Repeat Finding Open in FY 2021, we further classified the finding as a material weakness (MW), a significant deficiency (SD) or a management letter comment (MLC).

Table 1. Status of Findings and Recommendations

FY 2020 Finding No.	FY 2020 Rec. ¹ No.	FY 2020 Control Deficiency	Year Reported/ Reported as	FY 2021 Finding Status	FY 2021 Rec. Status
1 SD	1 2 3	Noncompliance with Employee Clock Usage Policy	2008-2019/MW 2020/SD	Reported on Management Letter as MLC 1	1. Open 2. Open 3. Open
Source: OIG generated.					

¹ Rec. – Recommendation.



UNITED STATES CAPITOL POLICE

Financial Statements and Notes



UNITED STATES CAPITOL POLICE

Financial Statements
For the Fiscal Years Ended
September 30, 2021 and 2020

UNITED STATES CAPITOL POLICE
Balance Sheets
As of September 30, 2021 and 2020

	2021	2020
ASSETS		
Intragovernmental:		
Fund Balance with Treasury (Note 2)	\$232,122,616	\$122,701,908
Accounts Receivable (Note 3)	950,203	177,128
Advances and Prepayments (Note 4)	106,948	115,985
Total Intragovernmental	<u>233,179,767</u>	<u>122,995,021</u>
With the public:		
Cash and Other Monetary Assets	4,000	4,000
Accounts Receivable - Public, Net (Note 3)	44,081	43,299
General Property, Plant and Equipment, Net (Note 5)	67,107,135	78,643,348
Total with the public	<u>67,155,216</u>	<u>78,690,647</u>
TOTAL ASSETS	<u>\$300,334,983</u>	<u>\$201,685,668</u>
LIABILITIES		
Intragovernmental:		
Accounts Payable		
Accrued Funded Benefits (Note 6)	\$4,360,263	\$4,404,057
Accounts Payable, Federal Vendors	1,060,740	892,884
Advances from Others and Deferred Revenue	961,037	968,863
Total Intragovernmental Liabilities	<u>6,382,040</u>	<u>5,965,804</u>
With the public:		
Accounts Payable	15,940,894	14,655,403
Federal Employee Benefits Payable		
Accrued Benefits (Note 7)	21,286,568	5,005,535
Accrued Unfunded Annual and Compensatory Leave (Note 8)	25,277,433	24,526,494
Actuarial FECA Liabilities (Note 6 & 8)	51,967,155	52,639,243
Other Liabilities		
Accrued Salaries (Note 7)	16,030,174	14,069,522
Contingent Liabilities (Note 11)	0	702,966
Other (Note 9)	2,285,336	3,258,695
Total with the public	<u>132,787,660</u>	<u>114,857,858</u>
TOTAL LIABILITIES	<u>139,169,600</u>	<u>120,823,662</u>
NET POSITION		
Unexpended Appropriations	138,574,557	52,765,972
Cumulative Results of Operations	22,590,826	28,096,034
TOTAL NET POSITION	<u>161,165,383</u>	<u>80,862,006</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$300,334,983</u>	<u>\$201,685,668</u>

The accompanying notes are an integral part of these financial statements

UNITED STATES CAPITOL POLICE
Statements of Net Cost
For the Fiscal Years Ended September 30, 2021 and 2020

	2021	2020
MISSION STANCES:		
Gross Program Costs		
<u>Assess the Threat</u>		
Gross Costs	\$103,645,513	\$93,979,288
<u>Prevent</u>		
Gross Costs	112,057,821	102,720,546
<u>Respond</u>		
Gross Costs	142,808,805	122,485,920
<u>Support the Mission</u>		
Gross Costs	228,671,073	213,295,143
Less: Earned Revenues	<u>(4,973,874)</u>	<u>(4,975,805)</u>
Net Cost	<u>223,697,199</u>	<u>208,319,338</u>
NET COST OF OPERATIONS	<u>\$582,209,341</u>	<u>\$527,505,092</u>

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

UNITED STATES CAPITOL POLICE
Statements of Changes in Net Position
For the Fiscal Years Ended September 30, 2021 and 2020

	2021	2020
UNEXPENDED APPROPRIATIONS		
Beginning Balance	\$52,765,972	\$54,714,157
Appropriations Received	622,401,000	476,341,000
Other Adjustments	(3,902,650)	(5,003,927)
Appropriations Used	<u>(532,689,765)</u>	<u>(473,285,258)</u>
Net Change in Unexpended Appropriations	85,808,585	(1,948,185)
TOTAL UNEXPENDED APPROPRIATIONS - ENDING	<u>\$138,574,557</u>	<u>\$52,765,972</u>
CUMULATIVE RESULTS OF OPERATIONS		
Beginning Balance	\$28,096,034	\$35,714,245
Other Adjustments	(273,198)	(19,756)
Appropriations Used	532,689,765	473,285,258
Imputed Financing (Note 12 & 13)	44,287,566	46,621,379
Net Cost of Operations	<u>(582,209,341)</u>	<u>(527,505,092)</u>
Net Change in Cumulative Results of Operations	<u>(5,505,208)</u>	<u>(7,618,211)</u>
CUMULATIVE RESULTS OF OPERATIONS - ENDING	<u>22,590,826</u>	<u>28,096,034</u>
NET POSITION	<u>\$161,165,383</u>	<u>\$80,862,006</u>

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

UNITED STATES CAPITOL POLICE
Statements of Budgetary Resources
For the Fiscal Years Ended September 30, 2021 and 2020

	2021	2020
BUDGETARY RESOURCES		
Unobligated Balance from Prior Year Budget Authority, Net (Note 14)	\$47,733,384	\$43,613,030
Appropriations	522,401,000	476,341,000
Spending Authority from Offsetting Collections	<u>5,266,049</u>	<u>4,429,874</u>
TOTAL BUDGETARY RESOURCES	<u>\$675,400,433</u>	<u>\$524,383,904</u>
STATUS OF BUDGETARY RESOURCES		
New obligations and upward adjustments	\$556,020,187	\$481,646,636
Unobligated Balance, End of Year:		
Exempt From Apportionment, Unexpired Accounts	<u>106,154,005</u>	<u>28,094,894</u>
Unexpired Unobligated Balance, End of Year (Note 2)	<u>106,154,005</u>	<u>28,094,894</u>
Expired Unobligated Balance, End of Year (Note 2)	<u>13,226,241</u>	<u>14,642,374</u>
Unobligated Balance, End of Year	<u>119,380,246</u>	<u>42,737,268</u>
TOTAL BUDGETARY RESOURCES	<u>\$675,400,433</u>	<u>\$524,383,904</u>
NET OUTLAYS	<u>\$508,536,517</u>	<u>\$465,242,370</u>

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The accompanying financial statements present the financial position and budgetary resources of the United States Capitol Police (USCP). The mission of the USCP, an agency in the legislative branch of the federal government, is "To protect the Congress, its legislative processes, Members, employees, visitors, and facilities from crime, disruption, or terrorism." The USCP carries out its mission primarily by providing security for the Capitol and congressional office buildings, providing protective services for Members and dignitaries, installing and operating advanced security systems, and maintaining staff and equipment to respond to emergencies within its geographical jurisdiction. The agency's resources are organized into operational units and administrative units as follows:

OPERATIONAL

- Protective and Intelligence Operations
 - Protective Services Bureau
 - Security Services Bureau
- Uniformed Operations
 - Command and Coordination Bureau
 - Operational Services Bureau
 - Uniformed Services Bureau

ADMINISTRATIVE

- Office of Acquisition Management
- Office of Background Investigations and Credentialing
- Office of Facilities and Logistics
- Office of Financial Management
- Office of Human Resources
- Office of Inclusion, Diversity, Equity and Action
- Office of Information Systems
- Office of Policy and Management Systems
- Training Services Bureau

B. Basis of Accounting and Presentation

In accordance with 2 U.S.C. 1903, the financial statements were prepared from the USCP's books and records in conformity with generally accepted accounting principles for federal entities, as promulgated by the Federal Accounting Standards Advisory Board (FASAB). Accordingly, revenue is recognized when earned and expenses are recognized when incurred, without regard to the receipt or payment of cash. These principles differ from budgetary reporting principles, whereby funds availability is recorded based on legal considerations and constraints. As a result, certain line items on the proprietary financial statements may not equal similar line items on the budgetary financial statements.

The USCP follows the federal standards for financial reporting and internal controls in a manner consistent with a legislative branch agency. The USCP has not adopted the Federal Financial Management Improvement Act of 1996, the Federal Managers Financial Integrity Act and the Government Performance and Results Act, as these standards are not applicable to the USCP. However the USCP uses these sources as guidance and reference in its operations.

The statements were also prepared based on guidance published in the Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*. The USCP is not

UNITED STATES CAPITOL POLICE
Notes to the Financial Statements
For the Fiscal Years Ended September 30, 2021 and 2020

required to adopt this circular, and accordingly has elected to use the disclosures management deems necessary for the fair presentation of financial statement information.

Throughout these financial statements certain assets, liabilities, earned revenue and costs are classified according to the type of entity with whom transactions were made. Intragovernmental assets and liabilities are those received from or due to other federal entities. Intragovernmental earned revenue represents collections or accruals of revenue from other federal entities, and intragovernmental costs result from payments to or accruals of amounts due to other federal entities. These financial statements should be read with the understanding that USCP is a component of the U.S. Government.

C. Budgetary Resources and Status

The USCP is funded through congressionally approved appropriations. The USCP is responsible for administering its salaries and expenses through the execution of these appropriations. Congress enacts annual appropriations that provide the USCP with authority to obligate funds within the respective fiscal year for necessary expenses to carry out its mission and related activities. In addition, Congress enacts multi-year and permanent indefinite appropriations for long term capital projects and initiatives that are available for obligation over a period of years or until expended.

The USCP's budgetary resources consist of:

- Unobligated balances or resources brought forward from the prior year,
- Recoveries of obligations in prior years, and
- New resources in the form of appropriations and spending authority from offsetting collections.

Generally, unobligated balances associated with resources expiring at the end of the fiscal year remain available for five years after expiration only for adjustments of prior year obligations and deposits to the credit of the Employees' Compensation Fund in accordance with 2 U.S.C. 1907b, after which they are cancelled and may not be used. Remaining funds in cancelled appropriations are returned to the U.S. Treasury.

D. Fund Balance with Treasury

Funds with the U.S. Treasury comprise the majority of intragovernmental assets on USCP's balance sheet and primarily represent appropriated funds that are available to pay current liabilities and finance authorized purchase commitments. The U.S. Treasury processes cash receipts and disbursements on behalf of USCP and the Agency's accounting records are reconciled with the U.S. Treasury on a monthly basis.

E. General Property, Plant and Equipment

General Property, Plant and Equipment (PP&E) consists of equipment, structures, facilities, building improvements, internal use software, capital leases and construction-in-progress. The basis for recording purchased PP&E is full cost, which includes all costs incurred to bring the PP&E to a form and location suitable for its intended use. The USCP capitalization threshold is \$25,000, except for internal use software and building improvements which are recorded at cost if the initial acquisition cost is \$250,000 or more. Capital assets are depreciated on a straight-line basis over their estimated useful lives, which range from three to fifteen years.

UNITED STATES CAPITOL POLICE
Notes to the Financial Statements
For the Fiscal Years Ended September 30, 2021 and 2020

Building improvements and system assets while under construction or development are recorded as construction-in-progress. Costs capitalized as construction-in-progress include contractor services for design and engineering, materials, parts and freight.

F. Liabilities

Liabilities represent amounts to be paid by the USCP as a result of transactions or events that have already occurred. Accounts payable consists of amounts owed to other federal agencies and commercial vendors for goods and services received and accepted prior to the end of the reporting period. Accrued payroll liabilities relate to services rendered by USCP employees, for which USCP accrues the amount of salaries and benefits earned, but not yet paid at year end. No liability can be paid by USCP absent authority established by law (e.g. enacted appropriations). Liabilities for which an appropriation has not been enacted are unfunded, the liquidation of which is dependent on future appropriations or other funding.

G. Advances from Others

The USCP receives funds in advance from other federal agencies to provide support for long-term capital projects. The advances are liquidated and recorded as revenue when USCP performs services on the projects.

H. Federal Employee Benefits

The USCP recognizes its share of the cost of providing future pension benefits to eligible employees over the period of time that they render services to USCP. The pension expense recognized in the financial statements equals the current service costs for USCP employees less the amount contributed by the employees. The Office of Personnel Management (OPM) supplies USCP with the factors to apply in the calculation of the current service cost. These factors are derived through actuarial cost methods and assumptions. The excess of the recognized pension expense over the amount contributed by USCP and employees represents the amount being financed directly through the Civil Service Retirement System (CSRS) or Federal Employee Retirement System (FERS) administered by OPM. This amount is considered imputed financing to USCP.

The USCP recognizes a current period expense for the future cost of post-retirement health benefits and life insurance for its employees while they are still working. The agency accounts for and reports this expense in its financial statements in a manner similar to that used for pensions, with the exception that employees and USCP do not make current contributions to fund these future benefits.

I. Annual Leave, Compensatory Overtime, Sick and Other Leave

Annual leave and compensatory overtime leave are accrued as they are earned and reduced as they are taken. Each year, the balance in the accrued leave account is adjusted to reflect current pay rates and balances. No portion of this liability has been obligated. To the extent current year appropriations are not available to fund accrued annual leave and compensatory overtime, funding will be obtained from future financing sources. Sick and other types of non-vested leave are expensed when taken.

UNITED STATES CAPITOL POLICE
Notes to the Financial Statements
For the Fiscal Years Ended September 30, 2021 and 2020

J. Capital Leases

Leases are accounted for as capital leases if they meet one or more of the following criteria: 1) the lease transfers ownership of the property to the USCP at the end of the lease term; 2) the lease contains an option to purchase the property at a bargain price; 3) the lease term is equal to or greater than 75% of the estimated useful life of the property; or 4) at the inception of the lease the present value of the minimum lease payment excluding that portion of the payments representing executor cost equals or exceeds 90% of the fair value of the leased property. Assets that meet the criteria are initially recorded at the present value of the future minimum lease payments or fair market value, whichever is less. In general, the lease liability acquired under capital leases is amortized over the term of the lease. If the agreement contains a bargain purchase option or otherwise provides for transferring title of the asset to USCP, the asset is depreciated over a useful life of up to five years.

K. Judgment Fund

Certain tort claims over \$25,000 to which the USCP is a named party may be administrated and litigated by the Department of Justice in accordance with the Federal Tort Claims Act. Settlements and awards are paid from a special Judgment Fund maintained by the U.S. Department of the Treasury under 31 U.S.C. 1304. Payments by the Judgment Fund on behalf of USCP do not require reimbursement and are recognized as imputed financing sources.

L. Office of Congressional Workplace Rights

Certain workplace rights claims to which the USCP is a named party may be administered and litigated in accordance with the Congressional Accountability Act (CAA), Public Law 104-1. Per section 415 of the CAA, settlements and awards are paid from a special Office of Congressional Workplace Rights (OCWR) fund maintained by the U.S. Department of the Treasury. Payments by the OCWR fund on behalf of USCP do not require reimbursement and are recognized as imputed financing sources.

M. Estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses during the reporting period. Actual results could differ from these estimates.

N. Earned Revenue

USCP has reimbursable agreements with other Federal agencies to provide various security services. Consistent with Statement of Federal Financial Accounting Standard (SFFAS) No. 7, Accounting for Revenue and Other Financing Sources, USCP recognizes revenue earned from these arrangements when the services are provided. USCP's pricing policy is to recover full cost for goods and services provided.

UNITED STATES CAPITOL POLICE
Notes to the Financial Statements
For the Fiscal Years Ended September 30, 2021 and 2020

NOTE 2. FUND BALANCE WITH TREASURY

Fund Balance with Treasury is the aggregate of accounts with the U.S. Treasury for which the USCP is authorized to make expenditures and pay liabilities. Use of amounts donated to the USCP Memorial Fund is restricted to the fund's intended purpose. The status of funds with the U.S. Treasury as of September 30 consists of the following balances:

	2021	2020
Status of Fund Balance with Treasury:		
Unobligated		
Available	\$106,154,005	\$28,094,894
Unavailable	13,226,241	14,642,374
Obligated, Not Yet Disbursed	112,352,875	79,307,220
Non-Budgetary	389,495	657,420
Total	<u>\$232,122,616</u>	<u>\$122,701,908</u>

NOTE 3. ACCOUNTS RECEIVABLE

Accounts receivable from federal agencies arise from the provision of law enforcement services in accordance with interagency agreements. USCP classifies the receivables from these agencies as fully collectible consistent with SFFAS number 7.

Accounts receivable from the public are recorded for amounts due from vendor overpayments and from current and former USCP employees for salary overpayments, missed deductions for benefits, and other indebtedness related to time and attendance corrections, advancement of leave or unreturned property. An allowance for doubtful accounts for amounts due from employees is calculated using risk of non-collection factors as applied to an aging of the payroll receivables provided by the U.S. Department of Agriculture National Finance Center (NFC). The accounts receivable from the public as of September 30 are:

	2021	2020
Accounts Receivable from the Public:		
Current and Former USCP Employees		
0-30 Days Outstanding	\$13,098	\$30,028
31-90 Days Outstanding	13,278	2,502
91-180 Days Outstanding	8,363	755
181-360 Days Outstanding	4,324	7,806
Over 360 Days Outstanding	17,876	20,559
Total Due from Current and Former USCP Employees	56,939	61,650
Allowance for Doubtful Accounts	(21,324)	(23,146)
Receivables Due from USCP Employees, Net	35,615	38,504
Other	8,466	4,795
Total Accounts Receivable - Public, Net	<u>\$44,081</u>	<u>\$43,299</u>

UNITED STATES CAPITOL POLICE
Notes to the Financial Statements
For the Fiscal Years Ended September 30, 2021 and 2020

NOTE 4. ADVANCES AND PREPAYMENTS

The USCP enters into agreements with other federal agencies to design, develop, test and implement security and communication systems and building infrastructure. These agencies estimate funding necessary for payments to their contractors for labor and materials for certain periods of time and request advances of funds from USCP. The advances are periodically liquidated using information from expense reports provided by the other federal agencies. Any unliquidated advance remaining at the end of the project will be refunded to USCP by the agencies holding the contracts. Advances also includes funds provided to the U.S. Department of Transportation for transit subsidy benefits. The composition of advances to others as of September 30 is as follows:

	2021	2020
Advances to Others:		
Security Projects	\$86,145	\$86,145
Transit Benefits	20,803	29,840
Total Advances to Others	\$106,948	\$115,985

NOTE 5. GENERAL PROPERTY, PLANT AND EQUIPMENT

The composition of general property, plant and equipment as of September 30 is as follows:

Classification	2021		
	Cost	Accumulated Depreciation	Book Value
Building Improvements	\$19,524,553	(\$17,922,772)	\$1,601,781
Other Structures and Facilities	443,267	(443,267)	0
Equipment	259,994,897	(204,894,824)	55,100,073
Internal Use Software	11,919,286	(10,924,094)	995,192
Construction-in-Progress	6,197,145	0	6,197,145
Assets Under Capital Lease	5,713,601	(2,500,657)	3,212,944
Total	\$303,792,749	(\$236,655,614)	\$67,137,135

Classification	2020		
	Cost	Accumulated Depreciation	Book Value
Building Improvements	\$19,524,553	(\$16,845,957)	\$2,678,596
Other Structures and Facilities	443,268	(443,268)	0
Equipment	260,852,021	(196,810,691)	64,041,330
Internal Use Software	11,917,536	(10,579,253)	1,338,283
Construction-in-Progress	6,034,358	0	6,034,358
Assets Under Capital Lease	6,368,600	(1,817,819)	4,550,781
Total	\$305,140,336	(\$216,496,988)	\$78,643,348

UNITED STATES CAPITOL POLICE
Notes to the Financial Statements
For the Fiscal Years Ended September 30, 2021 and 2020

NOTE 6. WORKER'S COMPENSATION

The Federal Employee Compensation Act (FECA) provides income and medical cost protection to covered federal 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. Claims incurred for benefits for USCP employees under FECA are administered by the Department of Labor (DOL) and are paid, ultimately by USCP. As of September 30, 2021 and 2020, an intragovernmental liability of \$4,360,263 and \$4,404,057, respectively, exists for amounts paid by DOL on behalf of USCP to agency employees who had filed worker's compensation claims. This amount is reimbursable to DOL.

The actuarial FECA liability represents an estimate of future worker's compensation (FWC) benefits to be paid for death, disability, medical, and miscellaneous cases. The liability is computed using a formula provided by DOL annually based on a method that utilizes historical benefits payment patterns related to a specific incurred period to predict the ultimate payments related to that period. The projected annual benefits are discounted to present value using OMB's economic assumptions for ten-year Treasury notes and bonds. To provide more specifically for effects of inflation on liability for FWC benefits, wage inflation factors (Consumer Price Index-Medical) are applied to the calculation of projected future benefits. These factors are also used to adjust historical payments so benefits are stated in current-year constant dollars. The USCP recorded an estimated liability for claims incurred but not reported of \$51,967,155 and \$52,639,243 as of September 30, 2021 and 2020 respectively, which is expected to be paid in future periods.

NOTE 7. ACCRUED SALARIES AND BENEFITS

In accordance with Statement of Federal Financial Accounting Standard (SFFAS) No. 1, Accounting for Select Assets and Liabilities, USCP accrues funded personnel compensation and benefits for services rendered in the current reporting period for which paychecks will be issued and benefits paid in the following reporting period. Accrued salaries include amounts such as full time pay, Sunday and night differential pay, and hazardous duty pay. Accrued benefits include amounts such as USCP's agency contribution for employees' health insurance, life insurance, Old Age Survivors and Disability Insurance, and retirement benefits.

UNITED STATES CAPITOL POLICE
Notes to the Financial Statements
For the Fiscal Years Ended September 30, 2021 and 2020

NOTE 8. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

Certain liabilities are not currently covered by appropriated funds or other budgetary resources. Congressional action is needed before budgetary resources can be provided. Although future appropriations to fund these liabilities are likely, it is not certain such appropriations will be enacted. The USCP liabilities not covered by budgetary resources as of September 30 are summarized below:

	2021	2020
Non-Federal		
Accrued Unfunded Annual Leave	\$20,197,895	\$20,183,298
Accrued Unfunded Comp Overtime	5,079,538	4,343,196
Worker's Compensation Benefits (Actuarial FECA Liability)	51,967,155	52,639,243
Total Liabilities Not Covered by Budgetary Resources	<u>\$77,244,588</u>	<u>\$77,165,737</u>

NOTE 9. OTHER LIABILITIES

Other liabilities incurred by the USCP as of September 30 are:

	2021	2020
Non-Federal		
Capital Lease Liability (Note 10)	\$1,883,375	\$2,592,479
Custodial Receipts for Memorial Fund (Note 16)	393,495	661,421
Miscellaneous Receipts Due to U.S. Treasury General Fund	8,466	4,795
Total Other Liabilities	<u>\$2,285,336</u>	<u>\$3,258,695</u>

UNITED STATES CAPITOL POLICE
Notes to the Financial Statements
For the Fiscal Years Ended September 30, 2021 and 2020

NOTE 10. CAPITAL LEASES

The USCP has leases for property that meet the criteria as a capital lease in accordance with SFFAS No 6, *Accounting for Property, Plant and Equipment*. The following is a summary of Non-Federal net assets under capital leases and future minimum lease payments as of September 30:

	2021	2020
Assets Under Capital Lease:		
Armored Cars	\$5,713,601	\$6,368,600
Accumulated Amortization	(2,500,657)	(1,817,819)
Net Assets under Capital Lease	\$3,212,944	\$4,550,781

Future Minimum Lease Payments:

2021	
Fiscal Year	Lease Payments
2022	\$838,770
2023	704,692
2024	660,000
2025	118,250
Total Minimum Lease Payments	2,321,712
Less: Amount Representing Interest	(438,337)
Obligation under Capital Lease	\$1,883,375

2020	
Fiscal Year	Lease Payments
2021	\$956,489
2022	896,550
2023	704,692
2024	660,000
2025	118,250
Total Minimum Lease Payments	3,335,981
Less: Amount Representing Interest	(743,502)
Obligation under Capital Lease	\$2,592,479

UNITED STATES CAPITOL POLICE
Notes to the Financial Statements
For the Fiscal Years Ended September 30, 2021 and 2020

NOTE 11. COMMITMENTS AND CONTINGENCIES

The USCP is involved in various lawsuits incidental to its operations. When a condition, situation or set of circumstances gives rise to a possible or probable loss to the agency due to the likelihood of one or more future events occurring or failing to occur, the USCP recognizes and/or discloses a contingent liability in accordance with SFFAS No. 5, *Accounting for Liabilities of the Federal Government*, as amended by SFFAS No. 12, *Recognition of Contingent Liabilities from Litigation*. As of September 30, USCP has the following legal contingencies as illustrated below:

	2021	
Legal Contingencies:	Accrued Liabilities	Estimated Loss
Probable	\$0	\$0
Reasonably Possible		27,775,225
Total	\$0	\$27,775,225

	2020	
Legal Contingencies:	Accrued Liabilities	Estimated Loss
Probable	\$702,966	\$702,966
Reasonably Possible		1,900,000
Total	\$702,966	\$2,602,966

NOTE 12. FEDERAL EMPLOYEE BENEFITS

The USCP recognizes the costs of its employees' pension benefits. The liabilities associated with these costs are reported by the OPM, who administers the plans. Eligibility of employees to participate in FERS or CSRS is based on their hire date with the Federal Government. The USCP contributes a percentage of an employee's basic pay toward the employee's retirement plan. Employee pension benefit contribution rates for fiscal year 2021 and 2020 are as follows:

Retirement Plan	Category	2021 USCP Contribution	2020 USCP Contribution
CSRS Rates:	Civilian/Sworn	7.50%	7.50%
FERS Rates:	Civilian	24.30%	23.90%
Hired Prior to January 1, 2013	Sworn	35.80%	23.90%
FERS - Revised Annuity Rate	Civilian	15.50%	16.30%
Hired After December 31, 2012	Sworn	34.00%	15.80%
FERS - Further Revised Annuity Rate	Civilian	15.50%	16.30%
Hired After December 31, 2013	Sworn	34.00%	15.80%

The Thrift Savings Plan (TSP), is a defined contribution plan for retirement savings and investment for employees covered by FERS or CSRS. For fiscal year 2021, USCP contributed 1% of basic pay and matched participants' TSP contributions up to an additional

UNITED STATES CAPITOL POLICE
Notes to the Financial Statements
For the Fiscal Years Ended September 30, 2021 and 2020

4% for FERS employees eligible for TSP. No agency matching contributions are made for employees participating in the CSRS.

Employees under FERS are also covered under the Federal Insurance Contributions Act (FICA), which imposes a tax on both employees and employers to fund Social Security and Medicare programs. The USCP pays the employer's matching share of FICA contributions made for FERS and CSRS offset employees. An additional 1.45% of total pay is contributed toward Medicare on behalf of CSRS employees during fiscal year 2021.

Permanent employees are eligible to participate in the contributory Federal Employees Health Benefits Program (FEHBP) and Federal Employees Group Life Insurance Program (FEGlIP) and may continue to participate after retirement. The USCP makes contributions through OPM to FEHBP and FEGlIP for active employees to pay for their current benefits. USCP's contributions for active employees are recognized as operating expenses.

In accordance with SFFAS No. 4, *Managerial Cost Accounting Standards and Concepts* and SFFAS No. 5, *Accounting for Liabilities of the Federal Government*, USCP records, as a financing source and imputed cost, an estimate of the unfunded portion of pension and other post-retirement benefits to be paid by OPM in the future.

NOTE 13. IMPUTED FINANCING FROM COSTS ABSORBED BY OTHERS

The USCP occupies space within various buildings and on the grounds of the Capitol Hill campus that is leased or owned by the Architect of the Capitol (AOC), including the Fairchild Building. In addition, the USCP occupies space at the Federal Law Enforcement Training Center (FLETC), which is owned by the Department of Homeland Security (DHS). The USCP is not required to reimburse either the AOC or DHS for the costs they incur to provide such space.

Additionally, the USCP calculates the value of estimated future employee benefits to be paid by OPM and also recognizes payments made by the Office of Congressional Workplace Rights (OCWR) and the Treasury Judgment Fund for legal case claims settled against USCP. In accordance with SFFAS No. 4, *Managerial Cost Accounting Standards and Concepts*, USCP recognizes the following identified costs paid on its behalf by other agencies as expenses to USCP as of September 30:

Imputed Cost	Agency	2021	2020
USCP Occupied Buildings and Grounds	Architect of the Capitol	\$19,986,662	\$18,955,054
FLETC	Department of Homeland Security	3,758,143	5,076,122
Future Benefits Payments	Office of Personnel Management	20,189,612	21,923,572
OCWR Settled Legal Claims	Office of Congressional Workplace Rights	234,774	666,631
Judgment Fund	U.S. Department of the Treasury	118,375	0
		<u>\$44,287,566</u>	<u>\$46,621,379</u>

UNITED STATES CAPITOL POLICE
Notes to the Financial Statements
For the Fiscal Years Ended September 30, 2021 and 2020

NOTE 14. NET ADJUSTMENTS TO UNOBLIGATED BALANCE, BROUGHT FORWARD, OCTOBER 1

The USCP has prior period recoveries, including adjustments to unpaid orders and refunds of paid orders (both delivered and undelivered). The USCP has recorded the following amounts in net adjustments to unobligated balance, brought forward, October 1, as of September 30:

	2021	2020
Unobligated Balance, Brought Forward	\$42,737,268	\$40,931,836
Net Adjustments	<u>4,996,116</u>	<u>2,631,194</u>
Unobligated Balance From Prior Year Budget Authority, Net	<u>\$47,733,384</u>	<u>\$43,613,030</u>

NOTE 15. UNDELIVERED ORDERS

Undelivered orders represent appropriations obligated for goods or services ordered but not yet received. These include unpaid and advanced amounts recorded in the fiscal period just ended, upward adjustments of unpaid and prepaid undelivered orders originally recorded in a prior fiscal year, and recoveries resulting from downward adjustments of undelivered orders originally recorded in a prior fiscal year. The USCP has identified the following amount of budgetary resources obligated for undelivered orders as of September 30:

	2021	2020
Federal	\$2,598,304	\$1,754,128
Non Federal	<u>52,133,083</u>	<u>38,818,802</u>
Total Undelivered Orders	<u>\$54,731,387</u>	<u>\$40,572,930</u>

NOTE 16. INCIDENTAL CUSTODIAL ACTIVITY

The Capitol Police Board is responsible for administering and managing receipts and disbursements for the USCP Memorial Fund established under Public Law 105-223, as amended by Public Law 115-45. These activities are incidental to the primary mission of the USCP. A summary of the custodial activities as of September 30 is provided below:

	2021	2020
USCP Memorial Fund (Treasury Symbol 02X5083):		
Beginning Balance	\$661,421	\$611,421
Donations Collected and Deposited to the U.S. Treasury	132,074	50,000
Disbursements to Recipients	<u>(400,000)</u>	<u>0</u>
Ending Balance	<u>\$393,495</u>	<u>\$661,421</u>

UNITED STATES CAPITOL POLICE
Notes to the Financial Statements
For the Fiscal Years Ended September 30, 2021 and 2020

NOTE 17. RECONCILIATION OF NET COST TO NET OUTLAYS

The reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information. The reconciliation serves not only to identify costs paid for in the past and those that will be paid in the future, but also to assure integrity between budgetary and financial accounting. The analysis below illustrates this reconciliation by listing the key differences between net cost and net outlays. The section entitled Components of Net Operating Cost Not Part of the Net Outlays reflects the allocation of assets to expenses over more than one reporting period and the temporary timing differences between outlays and receipts and operating expenses and revenue during the period. The section entitled Components of Net Outlays Not Part of Net Cost reflects amounts provided in the current reporting period that fund costs incurred in prior years and amounts incurred for goods or services that have been capitalized on the Balance Sheet. Net Cost of Operations and Net Outlays are also reported on the Statement of Net Cost and the Statement of Budgetary Resources, respectively.

UNITED STATES CAPITOL POLICE
Notes to the Financial Statements
For the Fiscal Years Ended September 30, 2021 and 2020

RECONCILIATION OF NET COST TO NET OUTLAYS
As of September 30, 2021

	Intragovernmental	With the Public	Total 2021
Net Operating Cost (NOC)	<u>\$49,971,745</u>	<u>\$532,237,596</u>	<u>\$582,209,341</u>
Components of Net Operating Cost Not Part of the Net Outlays:			
Property, Plant, and Equipment Depreciation		(12,258,341)	(12,258,341)
Property, Plant, and Equipment Disposal & Revaluation		(218,532)	(218,532)
Increase (Decrease) in Assets:			
Accounts Receivable	773,070	752	773,822
Accrued Capital Assets	-	(269,019)	(269,019)
Other Assets	(9,036)		(9,036)
(Increase) Decrease in Liabilities Not Affecting Net Outlays:			
Accounts Payable and Liability from Advances	(440,030)	(1,263,491)	(1,703,521)
Salaries and Benefits	43,793	(15,241,654)	(15,197,861)
Other Liabilities	-	1,329,543	1,329,543
Other Financing Sources:			
Imputed Costs	(44,287,566)		(44,287,566)
Total Components of Net Operating Cost Not Part of the Net Outlays:	<u>(43,939,764)</u>	<u>(30,943,040)</u>	<u>(74,882,804)</u>
Components of the Net Outlays That Are Not Part of Net Operating Cost:			
Acquisition of Capital Assets		1,209,950	1,209,950
Total Components of the Net Outlays That Are Not Part of Net Operating Cost:		<u>1,209,950</u>	<u>1,209,950</u>
Net Outlays:	<u>\$6,031,981</u>	<u>\$502,504,536</u>	<u>\$508,536,517</u>
Related Amounts on the Statement of Budgetary Resources:			
Outlays, Net (SBR)			<u>\$508,536,517</u>

UNITED STATES CAPITOL POLICE
Notes to the Financial Statements
For the Fiscal Years Ended September 30, 2021 and 2020

RECONCILIATION OF NET COST TO NET OUTLAYS
As of September 30, 2020

	Intragovernmental	With the Public	Total 2020
Net Operating Cost (NOC)	<u>\$51,365,493</u>	<u>\$476,139,599</u>	<u>\$527,505,092</u>
Components of Net Operating Cost Not Part of the Net Outlays:			
Property, Plant, and Equipment Depreciation		(12,031,456)	(12,031,456)
Property, Plant, and Equipment Disposal & Revaluation		(101,474)	(101,474)
Increase/Decrease in Assets:			
Accounts Receivable	(374,436)	(226,645)	(601,081)
Accrued Capital Assets	-	83,317	83,317
Other Assets	(15,269)		(15,269)
(Increase)/Decrease in Liabilities Not Affecting Net Outlays:			
Accounts Payable and Liability from Advances	450,390	(309,540)	140,850
Salaries and Benefits	432,884	(3,265,812)	(2,832,928)
Other Liabilities	-	(7,302,522)	(7,302,522)
Other Financing Sources:			
Imputed Costs	<u>(46,621,379)</u>		<u>(46,621,379)</u>
Total Components of Net Operating Cost Not Part of the Net Outlays:	<u>(46,127,810)</u>	<u>(23,158,132)</u>	<u>(69,285,942)</u>
Components of the Net Outlays That Are Not Part of Net Operating Cost:			
Acquisition of Capital Assets		<u>7,023,220</u>	<u>7,023,220</u>
Total Components of the Net Outlays That Are Not Part of Net Operating Cost:		<u>7,023,220</u>	<u>7,023,220</u>
Net Outlays:	<u>\$5,237,683</u>	<u>\$469,004,687</u>	<u>\$465,242,370</u>
Related Amounts on the Statement of Budgetary Resources:			
Outlays, Net (SBR)			<u>\$465,242,370</u>

UNITED STATES CAPITOL POLICE
Notes to the Financial Statements
For the Fiscal Years Ended September 30, 2021 and 2020

NOTE 18. COVID-19 ACTIVITY

In accordance with Public Law 116-136, also known as the "Coronavirus Aid, Relief, and Economic Securities Act" or "CARES Act," U.S. Capitol Police received \$12,000,000 in "Salaries" funding to remain available until September 30, 2021, to prevent, prepare for, and respond to coronavirus, domestically or internationally. The law authorizes Capitol Police to transfer any of the \$12,000,000 "Salaries" funds to "General Expenses," and accordingly, during Fiscal Year 2020, Capitol Police transferred \$4,500,000 into General Expenses. Further, during Fiscal Year 2021, Capitol Police transferred an additional \$3,321,152 from Salaries to General Expenses funding.

Additionally, in accordance with Public Law 117-31, also known as "Emergency Security Supplemental Appropriations Act, 2021," U.S. Capitol Police received an additional \$800,000 to prevent, prepare for, and respond to coronavirus. The major activities funded through USCP's emergency supplemental coronavirus appropriations include additional salary costs for pandemic-related leave, cost for personal protective equipment (e.g. masks, hand sanitizer), and meals and lodging costs for officers to continue to support the mission.

The following chart summarizes the status of USCP's COVID-19 budgetary resources as of September 30:

	2021		2020	
	Salaries	General Expenses	Salaries	General Expenses
Source of Budgetary Resources:				
Beginning Balance, Oct 1	\$6,000,000	\$1,528,281	\$0	\$0
Appropriated	0	\$306,000	12,000,000	0
Transferred In (Out)	(\$3,321,152)	\$3,321,152	(\$4,500,000)	\$4,500,000
Commitments / Obligations Incurred:	<u>(2,678,526)</u>	<u>(\$366,189)</u>	<u>(1,500,000)</u>	<u>(2,971,719)</u>
Budgetary Resources Remaining:	<u>\$322</u>	<u>\$233,245</u>	<u>\$6,000,000</u>	<u>\$1,528,281</u>

The following chart summarizes the impact on USCP's assets, liabilities, revenues, expenses, and net position as of September 30:

Financial Indicator	2021		2020	
	Salaries	General Expenses	Salaries	General Expenses
Assets	\$322	\$233,245	\$6,000,000	\$2,541,210
Liabilities	0	0	0	(\$8,265)
Revenues	0	0	0	0
Expenses	2,678,526	6,236,716	1,500,000	1,967,685
Net Position	<u>\$322</u>	<u>\$233,245</u>	<u>\$6,000,000</u>	<u>\$2,532,945</u>



UNITED STATES CAPITOL POLICE

Management's Discussion and Analysis



UNITED STATES CAPITOL POLICE
Management Discussion and Analysis
Fiscal Year 2021



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THE UNITED STATES CAPITOL POLICE MISSION, VISION AND VALUES

The United States Capitol Police (USCP) was established by Congress in 1828 with the sole mission of protecting the U.S. Capitol Building. This area of responsibility has grown to include protecting Members of Congress, staff, visitors, and the entire Capitol Complex, which includes the U.S. House of Representatives and U.S. Senate Office Buildings, Capitol Visitor Center, U.S. Botanic Garden, Library of Congress, Capitol Power Plant, and various other support facilities. The USCP is led by the Chief of Police with oversight by the Capitol Police Board, comprised of the House and Senate Sergeants at Arms and the Architect of the Capitol, as well as Congressional oversight from appropriation and authorization committees in both the U.S. House of Representatives and the U.S. Senate.

Mission

To protect the Congress—its Members, employees, visitors, and facilities—so it can fulfill its constitutional and legislative responsibilities in a safe, secure, and open environment.

Vision

The USCP will be nationally recognized as a results-oriented law enforcement agency that demonstrates the highest standards for professionalism, security, safety, and management.

Values

USCP employees are committed to providing quality services to the community we serve. We believe that each one of us contributes to the difference between a good and an excellent organization.

Our organizational values are as follows:

Professionalism describes the way USCP employees conduct themselves. As a prominent presence within the Legislative Branch, USCP employees always demonstrate actions that are unflinching, sincere, courteous, and principled. Both civilian and sworn employees perform the vital duties of their roles in ways that reflect well on the reputation of the Department and its stakeholders.

Pride describes the feeling that every employee has for the service they give, the weight of the mission, and the community they serve. This is demonstrated in respect for the institutions of the USCP and the legislative process, as well as the way in which employees conduct themselves and present themselves as employees of the USCP.

Effectiveness describes every employee's commitment to performing to the highest standards possible, utilizing the best approaches. This is demonstrated by each employee's commitment to achieving the highest personal standards, as well as contributing to the success of the Department. This is accomplished through a commitment to self-evaluation, continuous improvement, and an approach among leadership, supervisors, and colleagues to constructively motivate, coach, and support each other to be the best that we can be.

HOW WE ARE ORGANIZED

The USCP aligns its management functions into an operations and administrative structure. The operations structure carries out the law enforcement/security activities of the Department, and the administrative structure provides business processes and administrative support to the Department.

To improve alignment between Bureaus and Offices and provide better continuity of operations, the Department was reorganized in Fiscal Year (FY) 2020, which served as the structure of the Department for FY 2021. This structure is categorized as follows:

- Office of the Assistant Chief of Police for Protective and Intelligence Operations
 - Protective Services Bureau
 - Security Services Bureau
- Office of the Assistant Chief of Police for Uniformed Operations
 - Command and Coordination Bureau
 - Operational Services Bureau
 - Uniformed Services Bureau
- Office of the Chief Administrative Officer
 - Office of Acquisition Management
 - Office of Background Investigations and Credentialing
 - Office of Facilities and Logistics
 - Office of Financial Management
 - Office of Human Resources
 - Office of Information Systems
 - Office of Policy and Management Systems
 - Training Services Bureau
 - Employee Wellness and Resiliency Division
 - Internal Controls and Risk Management Division

Outside of the operations and administrative hierarchy are the Office of the General Counsel, Office of Accountability and Improvement, Office of Professional Responsibility, Public Information Office, and Office of Inclusion, Diversity, Equity, and Action, which fall directly under the leadership of the Chief of Police. The Office of Inspector General is an independent function of the USCP and reports directly to the Capitol Police Board.

UNITED STATES CAPITOL POLICE ORGANIZATIONAL CHART

United States Capitol Police
Organizational Structure
Effective September 15, 2023



As of September 2023

Note: The OIG is independent and reports to the Capitol Police Board.

HOW THE USCP WORKS TO ACHIEVE ITS STRATEGIC OBJECTIVES AND PERFORMANCE GOALS

The USCP has a critical mission to ensure that the Nation's legislative and democratic process of government is conducted without disruption. That mission is achieved through a variety of operational activities, supporting administrative processes, and the work and dedication of over 2,250 employees. In order to effectively deliver on our mission, the Strategic Plan defines the objectives of the Department to successfully meet our goals now and into the future.

The USCP exercises a planning concept that links strategic, tactical, and lower-level planning efforts. To accomplish our mission, it is important to have an effective and realistic strategy. In FY 2021, the USCP continued work on its performance management system by identifying performance measures for over 97 percent of USCP Programs. As we transition into FY 2022, the Department will continue to leverage the Data Working Group to strengthen the Department's performance management system by increasing program accountability through established processes that help program managers set performance targets, monitor and track progress, and address gaps to achieve desired outcomes.

The USCP employs its annual Force Development (FD) Business Process to focus the planning, programing, and budget functions of the USCP on accomplishing the existing mission with a view to the future. The FD Business Process provides a transparent decision-making process that is results-driven and based on meeting operational needs. Through this process, the USCP sets timetables and accountability standards for planning resource requirements, and engages in high level managerial communication with an integrated peer team approach to support and evaluate program goals and viability.

In FY 2021, the USCP published its FY 2021-2025 Strategic Plan. In FY 2022, the USCP will continue to establish its goal achievement loop to support the Department in obtaining the strategies and objectives outlined in the strategic plan. This work will include establishing programmatic performance measures and report annual and semi-annual progress towards implementing key initiatives in support of our strategic plan.

In FY 2021, the USCP also published its FY 2021-2025 Human Capital Strategic Plan. The plan outlines five strategic human capital goals for 2021-2025 that are critical components in directing and informing the course of human capital management across the Department. Transitioning into FY 2022, the Department is taking a holistic approach to key workforce management policies, practices, and operations. By integrating the strategic direction and goals of the human capital management functions of four offices (Office of Background Investigations and Credentialing; Office of Human Resources; Office of Inclusion, Diversity, Equity and Action; Training Services Bureau), the Department ensures a unified approach is achieved, and goals and objectives drive the best practices used to support the essential work of USCP employees.

USCP Planning Concept

Serving the Members of Congress, staff, and the public means that we must excel at our operational work and effectively manage resources to fully support the mission. The USCP's Concept of Operations defines the specific categories of activity under which the USCP will achieve its mission. The categories are broad-based and remain relatively unchanged in future years. The Department uses these categories as a means for determining whether potential programs and activities are consistent with the USCP mission. The categories and their purposes are described below:

Assess the Threat

Provide a comprehensive internal assessment capability to identify and validate threats to Members of Congress; the legislative process; and the buildings, staff, and visitors that make up the Capitol Community.

Prevent

Prevent criminal or terrorist activity from disrupting the legislative process and normal business operations.

Respond

Respond promptly with the right resources to threats, disruptions, or other unlawful activities in order to quickly and safely return Congress to normal operations.

Support the Mission

Improve the efficiency and effectiveness of internal business processes and procedures in support of delivering mission responsibilities at the highest possible level.

PERFORMANCE HIGHLIGHTS

The USCP continues to track many of the measures found in the following pages, but as the Department builds upon progress in improving our programs and developing new strategic priorities, some measures may be removed and new ones developed.

FY 2021 results indicate that the USCP continues to provide core services that support our primary objective to protect and secure the Congress so it can fulfill its constitutional responsibilities in a safe and open environment. The Department provided such services in FY 2021 while in a modified state due to the COVID-19 pandemic, which resulted in operational and administrative adjustments for the health and safety of the sworn and civilian workforce, as well as following the events of January 6 and April 2, 2021. Accordingly, a brief discussion of our results by strategic goal and objective follows.

Analysis of Performance Information

Table 1: Assess the Threat - Mission Category Performance

ASSESS THE THREAT		
Department Strategic Plan (DSP) Goal	Strategic Objectives	Performance Outputs
GOAL 3 – ENHANCE INFORMATION GATHERING, ANALYSIS, UTILIZATION, AND DISSEMINATION	3.1 Evaluate USCP capabilities and maximize the use of information gathering across the Department.	Conducted [REDACTED] vulnerability assessments
		Conducted [REDACTED] security awareness briefing
	3.2 Establish processes and implement a Department-wide framework for converting information and data into actionable communications for the workforce.	Conducted 845 assessments for major Congressional events, demonstrations and marches
	3.3 Optimize and leverage the use of technology to enhance data analysis and information dissemination.	Provided daily Intelligence Publications, Officer Safety Bulletins, intelligence assessments on concerning groups/person(s), classified intelligence briefings and documents
	3.4 Expand and foster effective working relationships with federal, state, and local law enforcement partners.	Prepared notifications for 6 POTUS visits
		Prepared notifications for 53 VPOTUS visits
		Prepared notifications for 48 Heads of State visits
		Prepared 1,219 notifications for VIP/Dignitary visits
		Distributed [REDACTED] iPhones to sworn personnel

Table 2: Prevent - Mission Category Performance

PREVENT		
DSP Goal	Strategic Objectives	Performance Outputs
GOAL 2 — OPTIMIZE THE USCP'S OPERATIONAL CAPACITY, RESILIENCY, AND READINESS TO MEET DYNAMIC MISSION REQUIREMENTS	2.1 Continuously assess and adapt operational capabilities to maximize mission readiness.	Screened 2,735,093 persons at Capitol Hill building entrances and interior check points Screened 25,906 delivery vehicles off-site
	2.2 Enhance protective services capabilities and communications for Members and the congressional community.	Received 68,641 calls for service Processed 752 arrests Coordinated 473 special events
	2.3 Strengthen emergency readiness and the ability to continue operations during potential crisis situations.	Conducted 1,939 Containment and Emergency Response Team (CERT)-related responses Conducted 21,847 hazardous material inspections of delivery vehicles
	2.4 Invest in programs targeted to enhance employee resiliency, health, and professionalism.	Conducted 200,157 K-9 sweeps Conducted 12,849 bomb sweeps
	2.5 Identify industry-leading equipment and systems requirements, and seek appropriate resources to enhance mission success while protecting and securing Department assets.	Responded to [REDACTED] suspicious package reports Responded to [REDACTED] Provided emotional intelligence/critical thinking training to [REDACTED] recruit officers Provided training to [REDACTED] employees on critical incident stress management Maintained [REDACTED] Windows server uptime Maintained [REDACTED] primary fleet readiness Maintained [REDACTED] motorcycle fleet readiness Maintained [REDACTED] equipment fleet readiness Maintained [REDACTED] special operations fleet readiness

Table 3: Respond - Mission Category Performance

RESPOND		
DSP Goal	Strategic Objectives	Performance Outputs
GOAL 4 – UPHOLD DEPARTMENT-WIDE ACCOUNTABILITY	4.1 Optimize the efficiency of Department resource deployment and utilization (people and assets).	Command directed reassigned █ employees to the Threat Assessment Section to handle █ threats and █ directions of interest.
	4.2 Enhance internal controls, transparency, and adherence to best practices to support efficient use of Department fiscal resources.	Established Intel Research Specialist positions in the Protective Services Bureau
	4.3 Modernize Department policies, business processes, and data utilization.	<p>Approved █ employees to telework during the pandemic</p> <ul style="list-style-type: none"> - █ civilian - █ sworn <p>Issued 1,285,125 uniforms and police related equipment</p> <p>Issued █ surgical masks due to the pandemic</p> <p>Fit tested and issued █ new respirators</p> <p>Launched the APEX performance management tool consisting of the training and recruiting/onboarding modules</p> <p>Established a new communications team and outward facing information delivery strategy that included press releases, news conferences and leveraging major social media platforms</p> <p>The Office of Professional Responsibility established an online portal for receiving complaints via uscp.gov</p> <p>Published 19 Directives</p> <ul style="list-style-type: none"> - 7 Revised - 12 New <p>Published 31 Standard Operating Procedures</p> <ul style="list-style-type: none"> - 25 Revised - 6 New <p>Rescinded 7 Standard Operating Procedures</p>

Table 4: Support - Mission Category Performance

SUPPORT THE MISSION		
DSP Goal	Strategic Objectives	Performance Outputs
GOAL 1 – INVEST IN THE USCP WORKFORCE	1.1 Deliver valuable human capital management services aligned with the USCP's mission and strategic goals.	Hired 100 sworn personnel Hired 35 civilian employees Processed [REDACTED] sworn personnel separations
	1.2 Cultivate a diverse, inclusive culture of transparency, collaboration, and equity that leverages employees' unique talents, skills, and perspectives.	Processed [REDACTED] civilian employee separations Launched 420 internal In-Service Training instructional sessions through the Training Services Bureau
	1.3 Recruit and retain the workforce needed to meet the USCP's mission now and into the future.	Provided external training to [REDACTED] employees through the Training Services Bureau
	1.4 Train and develop sworn and civilian personnel to ensure a ready, able, and professional USCP workforce.	
	1.5 Enhance performance management practices to support and sustain a high-performing USCP workforce.	

ANALYSIS OF FINANCIAL STATEMENTS

The following information provides highlights of the Department's financial position and results of operations in FY 2021. The complete set of financial statements¹, related notes, and the opinion of the Department's auditors are attached to this document.

Assets: The Department's Consolidated Balance Sheet as of September 30, 2021, shows \$300M in total assets, an increase of \$98M (49 percent) over the previous year's total assets of \$202M. Increases in appropriations in FY 2021, offset by decreases in net Property Plant and Equipment, are the primary reason for the net increase.

Liabilities: Total Department liabilities were \$139M as of September 30, 2021, an increase of \$18M (15 percent) over the previous year's total liabilities of \$121M. Increases in accrued benefits are the primary reason for the increase.

Net Position: The Department's total net position as of September 30, 2021, was \$161M, an increase of \$80M over the previous year's net position of \$81M. This change is primarily related to the aforementioned increases in liabilities and assets.

Budgetary Resources: The Department's FY 2021 Combined Statement of Budgetary Resources shows \$675M in total budgetary resources, an increase of \$151M (29 percent) over the previous year's total budgetary resources of \$524M, which is primarily attributed to emergency security supplemental appropriations.

Net Outlays: The Department's FY 2021 Combined Statement of Budgetary Resources shows \$509M in net outlays, an increase of \$44M (9 percent) over the previous year's total net outlays of \$465M, which is attributed to the aforementioned increase in appropriations.

Net Cost of Operations: The Consolidated Statement of Net Cost presents the Department's gross and net cost by mission category. The net cost of the Department's operations totaled \$582M for the year ended September 30, 2021, an increase of \$55M (10 percent) over the previous year's net cost of operations of \$527M. The increase is due to additional appropriations, along with increases in retirement contributions to the Office of Personnel Management.

Our budget consists of annual appropriations that fund the salaries and benefits for our staff, general expenses such as motor vehicles, communications and other equipment, security equipment, uniforms, weapons, supplies, materials, training,

¹ These financial statements were prepared from the accounting records of the Department in accordance with the accounting principles generally accepted in the United States of America, prescribed by the Federal Accounting Standards Advisory Board (FASAB).

medical services, forensic services, professional services, the Employee Assistance Program, the employee recognition program, postage, communication services, travel, and relocation of instructor and liaison personnel for the Federal Law Enforcement Training Center. Our annual appropriation for FY 2021 was \$515M, including \$424M for salaries and \$91M for general expenses, of which \$4M was no-year funds. Our multi-year appropriation for Emergency Security was \$107M, including \$38M for multi-year salaries, \$35M for mutual aid reimbursements, \$31M for multi-year general expenses, and \$3M in no-year funds.

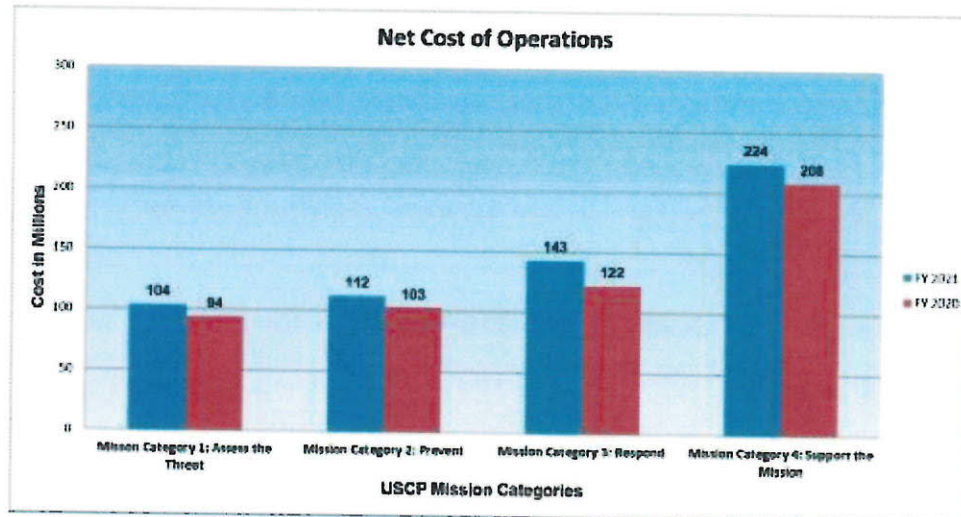
In FY 2021, our total assets were \$300M, consisting mostly of Fund Balance with the U.S. Treasury, followed by property, plant, and equipment. Total liabilities of \$139M were comprised primarily of actuarial FECA (workers' compensation), accrued employees' salaries and benefits, annual and compensatory leave, and capital lease liability.

The net cost of operating the USCP during FY 2021 and FY 2020 was approximately \$582M and \$527, respectively. We report net cost of operations according to our four mission categories, consistent with our Strategic Plan. Table 1 shows how our FY 2021 and FY 2020 costs break down by each mission category.

Table 1: USCP's Financial Highlights: Resource Information (in millions)

	FY 2021	FY 2020	% Change
Total Assets	300	202	49%
Total Liabilities	139	121	15%
Appropriations			
Salaries	424	378	12%
General Expenses	85	85	4%
Total Annual Appropriations	512	461	10%
Multi-Year Appropriations			
Salaries	38	12	88%
General Expenses	31	-	-
Mutual Aid Reimbursement	35	-	-
Total Multi-Year Appropriations	104	12	88%
No-Year Appropriations			
General Expenses	6	-	-
Total No-Year	6	-	-
Total Budgetary Resources	675	524	29%
Total Outlays	509	465	9%
Net Cost of Operations			
Mission Category 1: Assess the Threat	104	84	11%
Mission Category 2: Prevent	112	103	6%
Mission Category 3: Respond	143	122	17%
Mission Category 4: Support the Mission	224	208	8%
Total Net Cost of Operations	582	527	10%

*Note: Numbers in chart may contain rounding



LIMITATIONS OF THE FINANCIAL STATEMENTS

The Department's financial statements are the culmination of a systematic accounting process. The statements have been prepared to report the financial position and results of operations of the USCP, pursuant to the hierarchy of accounting principles and standards set forth in Note 1 to the financial statements. While these statements have been prepared from the books and records of the Department, they are in addition to the financial reports used to monitor and control budgetary resources that are prepared from the same books and records. The Department's transactions are executed in accordance with laws governing the use of budget authority and other laws and regulations that could have a direct and material effect on the financial statements, and any other laws and regulations identified in audit guidance.

The statements should be read with the understanding that as an Agency of a sovereign entity, the United States Government, we cannot liquidate our liabilities (i.e., pay our bills) without legislation that provides resources to do so. Although future appropriations to fund these liabilities are likely and anticipated, they are not certain.

CONTACTING THE OFFICE OF INSPECTOR GENERAL

Success of the OIG mission to prevent fraud, waste, abuse, or mismanagement depends on the cooperation of employees and the public. There are several ways to report questionable activity.

Call us at 202-593-3868 or toll-free at 866-906-2446. A confidential or anonymous message can be left 24 hours a day/7 days a week.



Toll-Free
1-866-906-2446

Write us:

*United States Capitol Police
Attn: Office of Inspector General
499 South Capitol St. SW, Suite 345
Washington, DC 20003*



Or visit us:

*499 South Capitol Street, SW, Suite 345
Washington, DC 20003*



You can also contact us by email at: OIG@USCP.GOV

When making a report, convey as much information as possible such as:
Who? What? Where? When? Why? Complaints may be made anonymously or you may request confidentiality.

Additional Information and Copies:

To obtain additional copies of this report, call OIG at 202-593-4201.

