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December 2023

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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.

Ronald Russo
Inspector General

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Abbreviations and Acronyms

[REDACTED]	[REDACTED]
Complimentary User Entity Controls	CUEC
Construction in Progress	CIP
Enterprise General Support System	EGSS
Federal Accounting Standards Advisory Board	FASAB
Fiscal Year	FY
Information Technology	IT
[REDACTED]	[REDACTED]
Invoice Processing Platform	IPP
Auditing Standards Generally Accepted in the U.S.	GAAS
General Ledger	GL
General Support System	GSS
Management Letter Comment	MLC
National Finance Center	NFC
National Institute of Standards and Technology	NIST
Office of Financial Management	OFM
Office of Human Resources	OHR
Office of Information Systems	OIS
Office of Inspector General	OIG
Office of Management and Budget	OMB

Plan of Action and Milestones	POA&M
Property and Asset Management Division	PAMD
Property, Plant, and Equipment	PP&E
Required Supplementary Information	RSI
Risk Management Framework	RMF
Security Services Bureau	SSB
Structured Query Language	SQL
System and Organization Controls	SOC
System Security Plan	SSP
Standard Operating Procedure	SOP
United States Capitol Police	USCP or the Department
United States Standard General Ledger	USSGL

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, 2023 and 2022. Our objective was to express an opinion on the fairness of the financial statements in all material respects and report on controls over financial reporting as well as on compliance with laws, regulations, and contracts. Our audit was conducted in accordance with *Government Auditing Standards*.

Report on the Financial Statements - 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, 2023, and 2022, 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.

Report on Internal Control over Financial Reporting - OIG identified no material weaknesses and three significant deficiencies in USCP's internal control over financial reporting based on the limited procedures we performed.

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

On December 8, 2023, OIG provided a draft report to Department officials for comment.



Independent Auditor's Report



WASHINGTON, DC 20003

OFFICE OF INSPECTOR GENERAL

Independent Auditor's Report

To: The United States Capitol Police Board

In our audits of the fiscal years (FY) 2023 and 2022 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, 2023, and 2022, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles.
- No material weaknesses in internal control over financial reporting as of September 30, 2023 based on the limited procedures we performed, and
- three significant deficiencies in internal control over financial reporting as of September 30, 2023, and
- no reportable noncompliance for FY 2023 with provisions of applicable laws, regulations, and contracts we tested.

The following sections discuss in more detail (1) our report on the financial statements, which includes required supplementary information (RSI);¹ (2) our report on internal control over financial reporting; (3) our report on compliance with laws, regulations, and contracts.

Report on the Financial Statements

Opinion

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, 2023 and 2022; 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. In our opinion, USCP's financial statements present fairly, in all material respects, USCP's financial position as of September 30, 2023, and 2022 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.

¹ The RSI consists of "Management's Discussion and Analysis" which is included with the financial statements.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS); standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and guidance contained in Office of Management and Budget (OMB) Bulletin 24-01, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of USCP and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

USCP management is responsible for

- the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles;
- preparing, measuring, and presenting the RSI in accordance with U.S. generally accepted accounting principles; and
- designing, implementing, and maintaining effective internal control over financial reporting relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to (1) obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and (2) issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of the financial statements conducted in accordance with GAAS, *Government Auditing Standards*, and OMB Bulletin 24-01 will always detect a material misstatement or a material weakness when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered to be material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and OMB Bulletin 24-01, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and

disclosures in the financial statements in order to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Obtain an understanding of internal control relevant to our audit of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of USCP's internal control over financial reporting. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Perform other procedures we consider necessary in the circumstances.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the financial statement audit.

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. Such information is the responsibility of management and, although not a part of the financial statements, is required by FASAB, which 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 (1) inquiring of management about the methods used to prepare the RSI and (2) comparing the information for consistency with management's responses to the our 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 Internal Control over Financial Reporting

In connection with our audits of USCP's financial statements, we considered USCP's internal control over financial reporting, consistent with our auditor's responsibilities discussed below.

Results of Our Consideration of Internal Control over Financial Reporting

Our consideration of internal control was for the limited purpose described below, and was not designed to identify all deficiencies in internal control that might be material weaknesses² or

² A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A deficiency in internal control exists when the design or

significant deficiencies³ or to express an opinion on the effectiveness of USCP's internal control over financial reporting. Given these limitations, during our 2023 audit, we did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses. However, as discussed in Exhibit A, our FY 2023 audit identified deficiencies in USCP's controls over property, plant, and equipment (PP&E); advances and prepayments; and information technology (IT) that represent significant deficiencies in USCP's internal control over financial reporting. Material weaknesses or significant deficiencies may exist that have not been identified.

Although the significant deficiencies in internal control did not affect our opinion on USCP's FY 2023 financial statements, misstatements may occur in unaudited financial information reported internally and externally by USCP because of these significant deficiencies.

In addition to the significant deficiencies in internal control over PP&E, advances and prepayments, and IT, we also 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.

Basis for Results of Our Consideration of Internal Control over Financial Reporting

We performed our procedures related to USCP's internal control over financial reporting in accordance with U.S. generally accepted government auditing standards and OMB audit guidance.⁴

Responsibilities of Management for Internal Control over Financial Reporting

USCP management is responsible for designing, implementing, and maintaining effective internal control over financial reporting relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for Internal Control over Financial Reporting

In planning and performing our audit of USCP's financial statements as of and for the fiscal year ended September 30, 2023, in accordance with U.S. generally accepted government auditing standards, we considered USCP's internal control relevant to the financial statement audit in

operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

³ A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

⁴ OMB Bulletin No. 24-01, *Audit Requirements for Federal Financial Statements*, issued on October 19, 2023. According to the guidance, for those controls that have been suitably designed and implemented, the auditor should perform sufficient tests of such controls to conclude on whether the controls are operating effectively (i.e., sufficient tests of controls to support a low level of assessed control risk). OMB audit guidance does not require the auditor to express an opinion on the effectiveness of internal control.

order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of USCP's internal control over financial reporting. Accordingly, we do not express an opinion on USCP's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

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

- 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
- 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 or error.

Intended Purpose of Report on Internal Control over Financial Reporting

The purpose of this report is solely to describe the scope of our consideration of USCP's internal control over financial reporting and the results of our procedures, and not to provide an opinion on the effectiveness of USCP's internal control over financial reporting. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering internal control over financial reporting. Accordingly, this report on internal control over financial reporting is not suitable for any other purpose.

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.

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 2023 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, and contracts applicable to USCP. Accordingly, we do not express such an opinion.

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

We performed our tests of compliance in accordance with U.S. generally accepted government auditing standards.

Responsibilities of Management for Compliance with Laws, Regulations, and Contracts

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

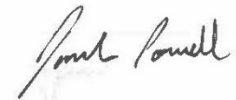
Auditor's Responsibilities for Tests of Compliance with Laws, Regulations, and Contracts

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 to perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, and contracts applicable to USCP. We caution that noncompliance may occur and not be detected by these tests.

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
December 15, 2023
Washington, DC

Exhibit A
FY 2023 Internal Control Deficiencies/Findings
Significant Deficiencies

Finding No. 1: Property, Plant, and Equipment

Summary Status: **Significant Deficiency Current Year**
New Finding

USCP does not have effective controls in place to account for PP&E or to identify and capitalize items that should be accounted for as PP&E. In FY 2023, the Department had multiple deficiencies related to how they classify, track, report, and review PP&E balances:

- For PP&E classified by the Department as a system:
 - A single line item in [REDACTED], USCP's official system of record for all personal property, accounts for all components, resulting in components not receiving a unique identifying number or record in [REDACTED].
 - The acquisition cost of the system is not updated for significant additions or disposals.
- Assets operating and in service with USCP barcodes could not be traced back to [REDACTED].
- USCP's Security Services Bureau (SSB) does not reconcile their [REDACTED] to [REDACTED] or properly perform inventories, as required by Department policies.
- USCP's Office of Financial Management's (OFM) internal control to review disbursements for all transactions greater than \$25,000 was not operating effectively.
- Property was accrued for in [REDACTED], USCP's financial management and accounting system of record, but had not been recorded in [REDACTED].
- USCP's posting logic when reclassifying assets as capital credits general ledger (GL) account 610000 - Operating Expenses instead of GL account 661000 - Cost Capitalization Offset, as required by the United States Standard General Ledger (USSGL).

Although we identified PP&E-related control deficiencies in our prior-year audit, they did not rise to the level of significant deficiency. We concluded that when combined together, the PP&E related findings constituted a significant deficiency for FY 2023. The following table provides details of the findings and recommendations of the FY 2023 audit related to this significant deficiency.

1. Lack of Accountability of Property (Repeat Finding) (Prior Year Finding Management Letter Comment (MLC) 1)

The Department does not have an effective process in place to properly account for PP&E. In FY 2023, the Department had multiple deficiencies related to how they classify, track, report and review PP&E balances. According to Department policies, when property is received, USCP's Property and Asset Management Division (PAMD) officially receives the asset and enters it into the Department's system of record for personal property, [REDACTED]. PAMD is responsible for both creating and maintaining all master records in [REDACTED].

Exhibit A
FY 2023 Internal Control Deficiencies/Findings
Significant Deficiencies

For property classified by the Department as a system, a single line item in [REDACTED] accounts for all components. As such, when receiving components, they are not assigned a unique identifying number or record in [REDACTED]. The [REDACTED] entry for the overall system represents the entire set of components in [REDACTED], however the accurate recording of components would be through a parent-child relationship with each component being a child of the overall system or parent.

For assets received over the Department's capitalization threshold of \$25,000, PAMD coordinates with the OFM and the project manager to determine if in fact the item on the order is a stand-alone capitalized asset or if it is a component of a capital system.

OFM performs compensating controls over property balances to ensure assets are properly classified. OFM reviews invoices for transactions posted to GL 610000 Operating Expense account to determine which purchases should be recorded as capital assets. OFM also reviews disbursements for all posted transactions greater than \$25,000 to ensure assets are properly classified. Finally, OFM performs a reconciliation between the Department's financial system, [REDACTED], and the property system of record, [REDACTED] to confirm all capital assets are correctly accounted for on the Department's financial statements.

In FY 2021, OIG identified a radio system for which the Department did not have a listing of the components. While Office of Information Systems (OIS) did maintain lists of some of the components of the system, the Department did not have a comprehensive listing of all components. When the Department placed the radio system into service, per documentation in the accounting system supporting the transaction, the main components were [REDACTED] large outdoor antennas, over [REDACTED] indoor antennas, over [REDACTED] hand-held radios, and over [REDACTED] vehicle radios. OIS was able to provide us with some details for these components, but was unable to provide up-to-date listings of the vehicle radios and hand-held radios. In FY 2022, OIS provided a listing of major components for the radio system which included [REDACTED] comparators to account for the entire radio system.

Additionally, in FY 2022, OIG selected a sample of fifteen assets for testing and noted that two of the selected assets were also systems. These identified systems, the [REDACTED] [REDACTED] were tracked by the Department similarly to the radio system with one line item accounting for all components of the property system. The two systems were maintained by SSB and all components related to these systems were tracked separately through the [REDACTED]

In FY 2022, SSB confirmed that they do not reconcile [REDACTED] to [REDACTED], USCP's official system of record for all personal property, or properly perform inventory as required by the USCP Standard Operating Procedure (SOP) [REDACTED]. For example, SSB conducts a partial inventory annually; whereas, the SOP states a partial inventory will be conducted semi-annually and a wall-to-wall (i.e., complete) physical inventory annually. Additionally, SOP [REDACTED] was last updated in 2012.

Exhibit A
FY 2023 Internal Control Deficiencies/Findings
Significant Deficiencies

In FY 2023, OIG selected a sample of 13 assets for testing and noted that seven of the assets were systems maintained by SSB or OIS with acquisition costs totaling \$28.2 million. Similar to other systems identified in the prior two years, all systems selected in FY 2023 were tracked by the Department with one line item accounting for all components within the property system. Further, for six of the seven systems, we noted that the acquisition cost of the systems had not been updated for significant additions or disposals.

Additionally, in performing procedures over the completeness of property records, OIG selected a sample of 25 active assets of which seven of the assets had USCP barcodes but could not be traced back to [REDACTED]. Further, OIG noted approximately \$1.4 million of capital property was accrued for in [REDACTED], the Department's financial system of record, but had not been recorded in [REDACTED]. Therefore, this asset did not appear in the Department's [REDACTED] to [REDACTED] reconciliation used to identify and record capital property.

Finally, we noted when reclassifying assets as capital, the Department's posting logic credits GL 610000 - Operating Expenses instead of GL 661000 - Cost Capitalization Offset, as required by the USSGL. The use of GL account 661000 helps ensure the completeness of capital asset records.

The Department does not have a process in place to adequately identify and account for multi-component asset systems. Additionally, the Department does not have a process in place to maintain an adequate inventory of the items that comprise multiple item assets.

Although USCP Directive [REDACTED], states items considered components of a capitalized system do not require a barcode, given the size, complexity, and cost of these critical systems, major components should be tracked and inventoried.

Additionally, the policies and procedures for [REDACTED] are not maintained or utilized for proper tracking of assets related to SSB systems. Further, there are capital assets that the Department has received, however they have not been recorded with a barcode in [REDACTED]. Finally, when reclassifying assets as capital, the Department's posting logic credits GL 610000 - Operating Expenses instead of GL 661000 - Cost Capitalization Offset, as required by the USSGL. Without adequate processes to effectively track all PP&E, the Department risks materially misstating their financial statements.

Recommendation 1: We recommend that the United States Capitol Police Property and Asset Management Division update Directive [REDACTED] [REDACTED] to require additional accountability for components of systems and work with the responsible bureaus/offices to determine how critical components are identified, inventoried, and maintained related to these multi-item systems.

Recommendation 2: We recommend that the United States Capitol Police (USCP) Security Services Bureau update and enforce the USCP Standard Operating Procedure [REDACTED], dated April 30, 2012, to ensure that the

<p>[REDACTED] to [REDACTED] reconciliation and annual wall-to-wall inventory are performed.</p>	
<p>Recommendation 3: We recommend that the United States Capitol Police (USCP) enforce the USCP Directive [REDACTED] to require Property and Asset Management Division to officially receive all USCP non-consumable (rotating) assets and consumable (non-rotating) assets and enter them into [REDACTED] before they are placed in use or into storage.</p>	
<p>Recommendation 4: We recommend that the United States Capitol Police Office of Financial Management credit GL 661000 - Cost Capitalization Offset when reclassifying assets as capital, as required by the United States Standard General Ledger.</p>	
Status of Finding and Recommendations:	Management Response:
Repeat Finding – Limited Progress	<p>Management concurs with this recommendation. To address this finding, the PAMD has had discussions with all of the major system owners, and is in the process of working with them to identify all of the accountable property within those systems for inclusion into [REDACTED]. Once gathered, that information will be contained within [REDACTED] in a parent-child relationship to provide a full breakdown of the details relating to those systems. As the process is developed, Directive [REDACTED] will be updated concurrently to reflect the new steps in the identification, inventory, and maintenance of critical components of multi-item systems.</p> <p>Management concur and not concur with this recommendation. SSB agrees to work with PAMD to build a process to ensure property receipt is standardized for accountability and an information relationship is built between [REDACTED] for accountability, and [REDACTED] for security equipment project, maintenance and lifecycle information. SSB would have preferred the recommendation to have allowed for system query and audit of all installed equipment, with a physical inventory of items currently in storage.</p>

Exhibit A
FY 2023 Internal Control Deficiencies/Findings
Significant Deficiencies

	<p>pending installation, or bulk items such as x-rays and magnetometers. Upon finalizing the accountability flow and inventory requirements, SSB concurs with the update and enforcement of SOP [REDACTED].</p> <p>Management concurs with this recommendation. To address this issue, the PAMD will continue to work with groups in which this issue has been identified to establish a PAMD asset/inventory management footprint to mitigate this deficiency. In addition, the PAMD will continue to work with OFM to ensure that these items are properly routed through the PAMD for recordation through [REDACTED].</p> <p>Management concurs with this recommendation and OFM will begin recording GL 661000 in FY24.</p>
<p>2. Misclassification of Capital Property (New Finding)</p> <p>The Department's control to identify and capitalize property over the USCP's capitalization threshold of \$25,000 is not operating effectively. According to USCP Directive [REDACTED], when the Department receives property, the PAMD officially receives all assets and enters them into [REDACTED] the Department's system of record for personal property. If PAMD does not receive the property, it is the Storeroom Custodian's responsibility to notify PAMD of the property so that it can properly be reported by PAMD and OFM.</p> <p>After the property is received and entered into [REDACTED], OFM works with PAMD and project managers to determine whether the asset should be capitalized. Specifically, each month, OFM staff reviews invoices for transactions that post to the GL 610000 Operating Expenses account to determine which purchases should be recorded as capital assets. In addition to this process, OFM staff also reviews disbursements for all posted transactions greater than \$25,000 as a compensating control to ensure assets are properly capitalized.</p> <p>However, one \$7.3 million asset was received by a custodian who communicated to PAMD that the asset was a component of a system instead of a stand-alone asset. Because components of systems are not recorded in [REDACTED] individually, when OFM discovered this asset was a stand-alone asset, it had not been reported in [REDACTED]. Additionally, the property was not identified by OFM during their review processes. Therefore, this asset circumvented all Department controls and was inaccurately classified as an expense.</p>	

Exhibit A
FY 2023 Internal Control Deficiencies/Findings
Significant Deficiencies

OFM's internal control to review disbursements for all transactions greater than \$25,000 was not operating effectively. Specifically, the report run to identify disbursements was not complete resulting in a gap in OFM's review. Without effective controls to identify capital property, the Department risks materially misstating their financial statements. In FY 2023, the Department recorded an adjustment for the misclassified capital asset of approximately \$7.3 million.

Recommendation 5: We recommend that the United States Capitol Police Office of Financial Management ensure their controls to identify capital property are operating effectively.

Status of Finding and Recommendations:
New Finding

Management Response:
Management concurs with this recommendation. OFM will update its controls accordingly in FY24 to ensure capital property is recorded accurately and timely.

Finding No. 2: Advances and Prepayments

Summary Status: **Significant Deficiency Current Year**
 New Finding

The Department does not have effective controls in place to identify and record advances and prepayments. Specifically, the Department recorded approximately \$5 million of goods and services that had not been received as of year-end as Expenses and Construction in Progress instead of Advances and Prepayments. Over half of the \$5 million was an advance to a commercial vendor for armoring and upgrades of leased vehicles. The Department subsequently recorded an accounting adjustment of \$2.6 million to correct this error and recognize the advance. We concluded that when combined together, the advance and prepayment related findings constituted a significant deficiency for FY 2023. The following table provides details of the findings and recommendations of the FY 2023 audit related to this significant deficiency.

3. Accounting for Advances and Prepayments (New Finding)

The Department does not have a process in place to identify and record advances and prepayments. As of September 30, 2023, the Department recorded approximately \$5 million of expenses for which the related goods or services had not been received. The advances and prepayments were primarily for subscription services, support contracts, software licenses, and armoring of leased vehicles. While the Department recognized intragovernmental advances and prepayments of approximately \$864,000 as of September 30, 2023, the Department did not recognize any advances and prepayments with the public as of this date. With approximately \$205 million in non-payroll expenses for FY 2023, it is unlikely that the Department would not have advances and prepayments with the public at year-end.

Exhibit A
FY 2023 Internal Control Deficiencies/Findings
Significant Deficiencies

Note that some of the advances identified were reported in conjunction with other testing in finding MLC 3, “Firearms and Use of Force Simulator Training System Contract”, and the “Inaccurate Recording of an Advance” finding below.

The Department does not have a process in place to accurately identify and record advances and prepayments. The Department records all payments for goods and services with the public as expenses including those that have not yet been received or incurred. For FY 2023, the Department did not report any advances and prepayments with the public.

As of September 30, 2023, USCP overstated GL account 610000, Operating Expenses/Program Costs, and understated GL account 141000, Advances and Prepayments, by approximately \$5 million. Without a process in place to accurately account for advances and prepayments, there is a risk USCP management will continue to misstate these balances.

Recommendation 6: We recommend that the United States Capitol Police Office of Financial Management design and implement a process to identify and record advances and prepayments.

Status of Finding and Recommendations:
New Finding

Management Response:
Management concurs with this recommendation. OFM will identify and record advances and prepayments.

4. Inaccurate Recording of an Advance (New Finding)

The Department made an advance payment to a commercial vendor for armoring and upgrades of leased vehicles, but recorded the payment as an increase to GL account 172000, Construction in Progress (CIP), in [REDACTED] rather than recording an increase to GL account 141000, Advances and Prepayments.

To lease armored vehicles, the Department pays a vendor an up-front agreed upon amount for the vendor to purchase, strip, and armor vehicles. After the work is completed, the Department leases the vehicles from the vendor. At the time the initial CIP increase was recorded in [REDACTED] the lease term of the vehicles had not yet begun. Additionally, USCP has no access to nor gains any economic benefit from the leased vehicles until the vehicles are received from the vendor and the lease begins.

The USCP’s OFM’s, Directive [REDACTED] states, “Costs capitalized as CIP include contractor services for design and engineering, parts, materials, and freight, and the costs must be accumulated under general ledger account 1720.” Based on USCP’s directive, advances paid to contractors for armoring and upgrades of leased vehicles were classified as CIP instead of as an advance.

As of September 30, 2023, USCP had overstated GL account 172000, CIP, and understated GL account 141000, Advances and Prepayments by approximately \$2.6 million. The

Exhibit A
FY 2023 Internal Control Deficiencies/Findings
Significant Deficiencies

<p>Department subsequently recorded an accounting adjustment of \$2.6 million to correct this error and recognize the advance. Without an update to the Department's process for classifying contracted armoring and vehicle upgrade costs, there is a risk USCP management will continue to misstate these balances.</p> <p><u>Recommendation 7:</u> We recommend that the United States Capitol Police Office of Financial Management record future costs associated with advance payments to vendors for armoring leased vehicles in GL account 141000, Advances and Prepayments.</p>	
<p>Status of Finding and Recommendations: New Finding</p>	<p>Management Response: Management concurs with this recommendation. OFM has reclassified applicable costs for the FY23 financial statements, and will update its general ledger posting model going forward for future armored vehicle lease transactions to record to GL 1410 rather than GL 1720.</p>

Finding No. 3: Information Technology Controls

Summary Status: **Significant Deficiency Current Year**
 New Finding

USCP did not effectively implement IT controls. Specifically, we identified control deficiencies in the following areas that, in combination, amounted to a significant deficiency over IT controls:

- **Access Controls**
 - [REDACTED] User Provisioning Needs Improvement
 - [REDACTED] Password Security Needs Improvement
 - [REDACTED] User Provisioning Needs Improvement
- **Segregation of Duties**
 - [REDACTED] Database Change Control Segregation of Duties Issue
 - Invoice Processing Platform (IPP) and [REDACTED] Conflicting Roles Need to be Identified
- **Security Management**
 - Third Party Service Provider Oversight Needs Improvement
 - Risk Management Framework Application Needs Improvement
 - Vulnerability Management Process Needs Improvement
 - Guidance Referenced in Security Management Documentation Needs Updated

Exhibit A
FY 2023 Internal Control Deficiencies/Findings
Significant Deficiencies

**5. Risk Management Framework Application Needs Improvement (Repeat Finding)
(Prior Year Finding MLC 6)**

USCP does not have an effective process in place to track and remediate information system control weaknesses. USCP has a Risk Management policy as well as a Continuous Monitoring policy to provide guidance on the periodic assessment of information system controls against National Institute of Standards and Technology (NIST) 800-53 information system controls as part of the system security plan development and update. Controls that have not been implemented are documented in a Plan of Action and Milestones (POA&M); however, remediation or mitigation actions and timeframes are not developed for all POA&M items as some are left as "TBD."

As a result, certain weaknesses persist on the USCP network. For example,

- [REDACTED]
- [REDACTED] user accounts are not authenticated using multifactor authentication as encouraged by NIST 800-53 as well as required by the [REDACTED] Interagency Agreement with the Library of Congress.
- Although USCP has a formal change management directive, the directive refers to a specific, formal procedure that was still in a draft format as of the end of the fiscal year. Several Enterprise General Support System (EGSS) POA&M items relate to configuration and change management. None have a planned completion date.

In addition, during the FY 2022 audit, we determined that USCP was not including all identified exceptions from the EGSS system security plan in the EGSS POA&M. Specifically, [REDACTED] was not implemented. This occurred because USCP was updating the POA&M based off of the annual security assessment report. [REDACTED] was not included in the most recent security assessment plan or security assessment report.

Furthermore, USCP had not defined a continuous monitoring strategy that includes a determination or method of selecting controls to be monitored and periodically assessed. Neither Directive [REDACTED] dated April 26, 2017, nor Directive [REDACTED] dated August 14, 2020 provide prescriptive guidance on how to apply the Risk Management Framework (RMF) as it relates to continuously monitoring security controls in place.

Recommendation 8: We recommend that the United States Capitol Police Office of Information Systems provide guidance for selecting controls to be assessed as part of the continuous monitoring program.

Recommendation 9: We recommend that the United States Capitol Police Office of Information Systems require Plan of Action and Milestones (POA&M) items to include specific timeframes and actions to be taken for POA&M item mitigation and remediation.

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Significant Deficiencies

<p><u>Recommendation 10:</u> We recommend that the United States Capitol Police Office of Information Systems implement a process for maintaining, updating, and closing Plan of Action and Milestones items within a specified amount of time.</p>	
<p>Status of Finding and Recommendations: Repeat Finding – Limited Progress</p>	<p>Management Response: Management concurs with the recommendation. OIS has made significant progress, and has begun to implement corrective actions and is building evidence to support closure.</p> <p>Management concurs with the recommendation. OIS has made significant progress, and has begun to implement corrective actions and is building evidence to support closure.</p> <p>Management concurs with the recommendation. OIS has made significant progress, and has begun to implement corrective actions and is building evidence to support closure.</p>
<p>6. [REDACTED] Database Change Control Segregation of Duties Issue (Repeat Finding) (Prior Year Finding MLC 7)</p> <p>The OIS development team for [REDACTED] did not have proper segregation of duties for its [REDACTED] in the [REDACTED]. A [REDACTED] held the responsibility to develop and transfer code from [REDACTED] of the [REDACTED] environment.</p> <p>OIS established the [REDACTED] SOP on October 6, 2020. While this SOP specifies the software development roles and responsibilities of the Enterprise Applications and Management Division Team while performing [REDACTED] application [REDACTED] deployments of code changes or system upgrades, USCP has not established a Segregation of Duties matrix. Without an established a Segregation of Duties matrix USCP has not adequately identified incompatible duties and responsibilities performed by the Enterprise Applications and Management Division Team.</p> <p>In addition, the Office of Human Resources (OHR) does not conduct annual recertifications for privileged [REDACTED] users. This occurred because OHR does not have an effective policy or procedures in place to ensure that system owners are properly managing access to systems used by USCP employees. Without effectively managing privileged [REDACTED] system access, OHR and OIS cannot prevent or detect unauthorized system access.</p>	

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Furthermore, neither OHR nor OIS had a process in place to reasonably assure that unauthorized changes made to the [REDACTED] application are detected and reported promptly. This occurred because USCP is small enough that it relies on the ability of those with [REDACTED] to be able to run a Structured Query Language (SQL) query that would provide a listing of changes that have been made to the [REDACTED] application. Note that the running of SQL queries to detect unauthorized changes is not a routine practice and unauthorized changes would not necessarily be detected in a timely manner.

Recommendation 11: We recommend that the United States Capitol Police Office of Information Systems implement [REDACTED] development.

Recommendation 12: We recommend that United States Capitol Police Office of Human Resources and the Office of Information Systems establish and implement effective access controls to [REDACTED] are periodically reviewed, including user roles and permissions.

Recommendation 13: We recommend that United States Capitol Police Office of Human Resources, in coordination with the Office of Information Systems, establish and implement processes and procedures to detect unauthorized changes to the [REDACTED] software.

Status of Finding and Recommendations:
Repeat Finding – Limited Progress

Management Response:

Management concurs with the recommendation. OIS has made significant progress and generated a [REDACTED] Segregation of Duties matrix, and hired a new Database Administrator. Continued progress is being made to address the overall finding.

Management concurs with this recommendation, committing to an ongoing enhancement of access control measures to effectively manage privileged [REDACTED] user accounts.

Management concurs with this recommendation and will establish processes for the detection of unauthorized changes to [REDACTED].

7. Vulnerability Management Process Needs Improvement (Repeat Finding) (Prior Year Finding MLC 8)

USCP does not have an effective process in place to manage information system vulnerabilities. In FY 2020 OIS updated USCP Directive [REDACTED], dated

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July 23, 2020, and SOP [REDACTED], dated June 3, 2020, to reflect achievable remediation timeframes including patching high risk vulnerabilities within [REDACTED], medium risk vulnerabilities within [REDACTED], and low risk vulnerabilities as determined by the Chief Information Officer.

However, failure to remediate vulnerabilities in a timely manner still exists. [REDACTED]

[REDACTED] As of the end of the fiscal year, USCP management was not following their Continuous Monitoring policy to accept the risk of persistent vulnerabilities that cannot be remediated within a timely manner.

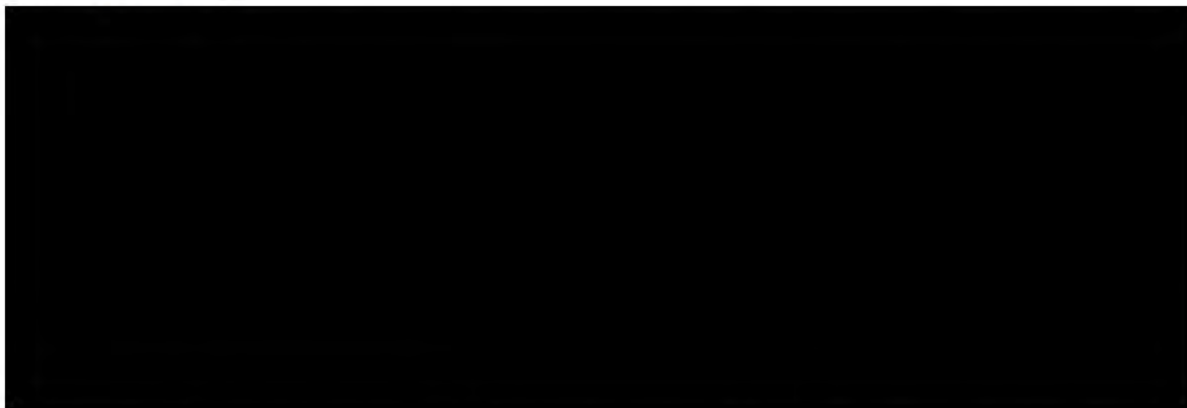
Recommendation 14: We recommend that the United States Capitol Police Office of Information Systems address vulnerabilities in required timeframes or document mitigating controls and acceptance of risk.

Status of Finding and Recommendations:
Repeat Finding – Limited Progress

Management Response:
Management concurs with the recommendation and has made significant progress in implementing corrective actions. OIS is compiling evidence to support the closure of this repeat finding.

8. Third Party Service Provider Oversight Needs Improvement (Repeat Finding) (Prior Year Finding MLC 9)

USCP does not review sub-service organization System and Organization Controls (SOC) reports. Specifically,



In addition, USCP does not meet all of the requirements of the third-party service provider agreements. Specifically, USCP has not implemented two-factor authentication as required by their [REDACTED] service agreement with the Library of Congress.

Recommendation 15: We recommend that the United States Capitol Police (USCP), Property Asset Management Division, Office of Human Resources, and Office of

Exhibit A
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<p>Financial Management, in coordination with the Office of Information Systems, request the [REDACTED]</p> <ul style="list-style-type: none">• USCP should review the SOC reports and consider how any exceptions noted in the report may impact USCP and any mitigating controls that might need to be implemented.• USCP should also review the SOC reports and monitor all complementary entity user controls that USCP is responsible for managing. <p><u>Recommendation 16:</u> We recommend that the United States Capitol Police (USCP) Property Asset Management Division, Office of Human Resources, and Office of Financial Management, in coordination with the Office of Information Systems, review all third-party service provider agreements to ensure compliance with USCP responsibilities.</p>	
<p>Status of Finding and Recommendations: Repeat Finding – Limited Progress</p>	<p>Management Response: Management concurs with this recommendation and has made progress by developing a corrective action plan that will address SOC reports as cited and assess and address, if needed, any vulnerabilities cited. In addition, USCP will continue improving the review of third-party service provider agreements.</p>
<p>9. Security Policies Need Periodic Reviews and Updates (New Finding)</p> <p>The system security controls listed in the Human Resources and Application Systems, End User Operations, Enterprise Server Infrastructure, and Enterprise Network Infrastructure system security plans reference outdated NIST guidance. Specifically,</p> <ul style="list-style-type: none">• The System Security Plan (SSP) references NIST SP 800-53, <i>Security and Privacy Controls for Information Systems and Organizations</i>, Revision 4, dated December 2015. NIST issued Revision 5 in September 2020.• The SSPs also reference NIST SP 800-37 Revision 1, <i>Guide for Applying the Risk Management Framework to Federal Information Systems: a Security Life Cycle Approach</i>, dated June 2014. NIST issued Revision 2 in December 2018. <p>The Office of Information Systems was made aware of outdated policy referenced in the SSPs and stated that OIS has updated their SSP Template to ensure the proper NIST references are used going forward. In addition, Directive [REDACTED] dated August 14, 2020, has not been updated to reflect that NIST 800-53 Rev 5 is the most current version.</p>	

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USCP does not have an effective process or procedures in place to ensure that security policies and system security plans are periodically reviewed and updated to reflect the most current NIST guidance. Without ensuring that the most current NIST guidance is referenced in USCP policies and procedures, USCP cannot ensure that system security plans and security assessment plans include the appropriate security controls.

Recommendation 17: We recommend that United States Capitol Police establish and implement processes and procedures to ensure that periodic reviews include checking for outdated guidance.

Status of Finding and Recommendations:
New Finding

Management Response:
Management concurs with the recommendation. OIS will establish a process to ensure it is using the most up-to-date security guidance.

10. Conflicting Roles Need to Be Defined to Implement IPP and [REDACTED] Segregation of Duties (New Finding)

OFM has not documented IPP roles and responsibilities or defined conflicting roles to include in a segregation of duties matrix that identifies roles that require segregation for the IPP system. OIS and OFM do not have an effective policy or procedures in place to ensure that conflicting roles are identified for the IPP application. Without identifying conflicting roles, OIS and OFM cannot properly implement and enforce segregation of duties within the IPP application.

In addition, PAMD has not identified conflicting roles to include in a segregation of duties matrix that identifies roles that require segregation for the [REDACTED] system.

OIS and PAMD do not have an effective policy or procedures in place to ensure that conflicting roles are identified for the [REDACTED] application. Without identifying conflicting roles, PAMD and OIS cannot properly implement and enforce segregation of duties.

Recommendation 18: We recommend that the United States Capitol Police Office of Financial Management identify conflicting roles within the Invoice Processing Platform.

Recommendation 19: We recommend that United States Capitol Police Office of Information Systems and Property and Asset Management Division identify conflicting roles within the [REDACTED] application.

Status of Finding and Recommendations:
New Finding

Management Response:
Management concurs with this recommendation. OFM will perform an internal control review (ICR) to identify any segregation of duties issues for active IPP

Exhibit A
FY 2023 Internal Control Deficiencies/Findings
Significant Deficiencies

	<p>user accounts, and will take action to remove a role(s) or permissions from a user account to resolve an identified segregation of duties issues.</p> <p>Management concurs with this recommendation and will look for ways to mitigate role conflicts within [REDACTED] to enhance overall operational efficiency</p>
<p>11. [REDACTED] – User Access Request Form not Properly Approved (New Finding)</p> <p>OIS granted [REDACTED] access to two users tested within our sample without having proper approvals prior to granting user access. PAMD acknowledged that they are aware and will provide training to ensure it does not happen again.</p> <p>This occurred because PAMD and OIS do not have an effective policy or procedures in place to ensure that system owners are properly managing access to the [REDACTED] application. Without effectively managing system access, PAMD and OIS cannot prevent or detect unauthorized system access.</p> <p><u>Recommendation 20:</u> We recommend that United States Capitol Police Property and Asset Management Division and the Office of Information Systems establish and implement effective access controls to ensure users are not granted access to [REDACTED] prior to authorized approvals.</p>	
<p>Status of Finding and Recommendations: New Finding</p>	<p>Management Response: Management concurs with this recommendation and are committing to an ongoing enhancement of access control measures to further optimize their effectiveness with granting [REDACTED] access.</p>
<p>12. [REDACTED] Password Complexity Requirements Need Improvement (New Finding)</p> <p>The [REDACTED] configuration settings for the password parameters do not match the [REDACTED] Security Policy. [REDACTED]</p> <p>[REDACTED] parameters in the [REDACTED] configuration settings do not match the password parameters specified in the [REDACTED] Security Profile.</p> <p>This occurred because OFM was not adhering to the [REDACTED] Security policy. Without effectively managing system access, OFM cannot prevent or detect unauthorized [REDACTED] system access.</p>	

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<p><u>Recommendation 21:</u> We recommend that United States Capitol Police Office of Financial Management establish and implement effective access controls to ensure required [REDACTED] password parameters are enforced.</p>	
<p>Status of Finding and Recommendations: New Finding</p>	<p>Management Response: Management concurs with this recommendation. OFM will update [REDACTED] password parameters to correspond to NIST 800-53, Revision 5 OFM will also update the Directive [REDACTED] to ensure it agrees with the password parameter changes and pre-existing parameters</p>
<p>13. [REDACTED] Access Control Process Needs Improvement (New Finding)</p> <p>A [REDACTED] user account was initially mapped to the wrong user. However, the account has since been deactivated. This occurred because OIS does not have an effective policy or procedures in place to ensure that HelpDesk/system administrators are properly managing access to systems used by USCP employees. Without effectively managing system access, USCP can not prevent or detect unauthorized system access.</p> <p><u>Recommendation 22:</u> We recommend that United States Capitol Police Office of Information Systems, in coordination with the Office of Human Resources, establish and implement effective [REDACTED] access controls to ensure user profiles are properly mapped to the appropriate individual.</p>	
<p>Status of Finding and Recommendations: New Finding</p>	<p>Management Response: Management concurs with this recommendation, committing to an ongoing enhancement of access control measures to further optimize their effectiveness ensuring user profile assignment.</p>



UNITED STATES CAPITOL POLICE

Financial Statements and Notes



UNITED STATES CAPITOL POLICE
Financial Statements
For the Fiscal Years Ended
September 30, 2023 and 2022

UNITED STATES CAPITOL POLICE
Balance Sheets
As of September 30, 2023 and 2022

	2023	2022
ASSETS		
Intragovernmental:		
Fund Balance with Treasury (Note 2)	\$316,417,353	\$250,029,445
Accounts Receivable (Note 3)	1,584,357	238,652
Advances and Prepayments (Note 4)	890,494	122,696
Total Intragovernmental	<u>318,892,204</u>	<u>250,390,793</u>
With the public:		
Cash and Other Monetary Assets	4,000	4,000
Accounts Receivable - Public, Net (Note 3)	430,965	59,767
Advances and Prepayments - Public (Note 4)	2,619,300	0
General Property, Plant and Equipment, Net (Note 5)	62,295,320	58,496,618
Total with the public	<u>65,349,585</u>	<u>58,560,385</u>
TOTAL ASSETS	<u>\$384,241,789</u>	<u>\$308,951,178</u>
LIABILITIES		
Intragovernmental:		
Accounts Payable	\$2,153,701	\$1,820,928
Advances from Others and Deferred Revenue	863,679	397,248
Other Liabilities (Note 7 & 8)	13,694,736	12,277,327
Total Intragovernmental Liabilities	<u>16,712,116</u>	<u>14,495,503</u>
With the public:		
Accounts Payable	29,341,916	25,071,354
Federal Employee Benefits Payable		
Accrued Unfunded Annual and Compensatory Leave (Note 6)	27,065,414	25,065,464
Actuarial FECA Liabilities (Note 6 & 7)	55,374,537	51,390,650
Accrued Payroll Benefits (Note 7)	818,726	3,090,167
Other Liabilities (Note 8, 9, 10 & 14)	23,332,575	22,016,528
Total with the public	<u>136,133,168</u>	<u>126,634,163</u>
TOTAL LIABILITIES	<u>152,845,284</u>	<u>141,129,666</u>
NET POSITION		
Unexpended Appropriations	200,970,834	145,939,298
Cumulative Results of Operations	30,425,671	21,882,214
TOTAL NET POSITION	<u>231,396,505</u>	<u>167,821,512</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$384,241,789</u>	<u>\$308,951,178</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, 2023 and 2022

	2023	2022
MISSION STANCES:		
Gross Program Costs		
<u>Assess the Threat</u>		
Gross Costs	\$124,470,638	\$113,461,794
<u>Prevent</u>		
Gross Costs	142,745,357	126,684,159
<u>Respond</u>		
Gross Costs	164,286,511	147,154,254
<u>Support the Mission</u>		
Gross Costs	296,699,459	249,959,528
Less: Earned Revenues	<u>(7,936,672)</u>	<u>(6,442,502)</u>
Net Cost	<u>288,762,787</u>	<u>243,517,026</u>
NET COST OF OPERATIONS	<u>\$720,265,293</u>	<u>\$630,817,233</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, 2023 and 2022

	2023	2022
UNEXPENDED APPROPRIATIONS		
Beginning Balance	\$145,939,298	\$138,574,557
Appropriations Received	734,576,000	602,509,000
Other Adjustments	(4,243,482)	(6,923,507)
Appropriations Used	<u>(675,300,982)</u>	<u>(588,220,752)</u>
Net Change in Unexpended Appropriations	55,031,536	7,364,741
TOTAL UNEXPENDED APPROPRIATIONS - ENDING	<u>\$200,970,834</u>	<u>\$145,939,298</u>
CUMULATIVE RESULTS OF OPERATIONS		
Beginning Balance	\$21,882,214	\$22,590,826
Other Adjustments	(197,614)	(20,350)
Appropriations Used	675,300,982	588,220,752
Imputed Financing (Note 11)	53,705,382	41,908,219
Net Cost of Operations	<u>(720,265,293)</u>	<u>(630,817,233)</u>
Net Change in Cumulative Results of Operations	<u>8,543,457</u>	<u>(708,612)</u>
CUMULATIVE RESULTS OF OPERATIONS - ENDING	<u>30,425,671</u>	<u>21,882,214</u>
NET POSITION	<u>\$231,396,505</u>	<u>\$167,821,512</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, 2023 and 2022

	2023	2022
BUDGETARY RESOURCES		
Unobligated Balance from Prior Year Budget Authority, Net (Note 12)	\$102,116,953	\$144,813,917
Appropriations	734,576,000	602,509,000
Spending Authority from Offsetting Collections	<u>8,403,104</u>	<u>5,878,712</u>
TOTAL BUDGETARY RESOURCES	<u>\$845,096,057</u>	<u>\$753,201,629</u>
 STATUS OF BUDGETARY RESOURCES		
New obligations and upward adjustments	\$729,343,686	\$662,707,599
Unobligated Balance, End of Year:		
Exempt From Apportionment, Unexpired Accounts	<u>76,632,330</u>	<u>68,851,687</u>
Unexpired Unobligated Balance, End of Year (Note 2)	<u>76,632,330</u>	<u>68,851,687</u>
Expired Unobligated Balance, End of Year (Note 2)	<u>39,120,041</u>	<u>21,642,343</u>
Unobligated Balance, End of Year	<u>115,752,371</u>	<u>90,494,030</u>
TOTAL BUDGETARY RESOURCES	<u>\$845,096,057</u>	<u>\$753,201,629</u>
 NET OUTLAYS	<u>\$663,649,701</u>	<u>\$578,036,730</u>

The accompanying notes are an integral part of these financial statements

UNITED STATES CAPITOL POLICE
Notes to the Financial Statements
For the Fiscal Years Ended September 30, 2023 and 2022

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 Members, employees, visitors, and facilities – so it can fulfill its constitutional and legislative responsibilities in a safe, secure and open environment." 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.

UNITED STATES CAPITOL POLICE
Notes to the Financial Statements
For the Fiscal Years Ended September 30, 2023 and 2022

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 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 United States Department of the Treasury (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, systems 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

UNITED STATES CAPITOL POLICE
Notes to the Financial Statements
For the Fiscal Years Ended September 30, 2023 and 2022

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. 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.

The USCP recognizes the cost of claims incurred under the Federal Employee Compensation Act (FECA), a program administered by Department of Labor (DOL), which 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.

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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.

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. 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, as amended by the CAA Reform Act, Public Law 115-397. 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. Treasury. Payments by the OCWR fund on behalf of USCP which do not require reimbursement by USCP 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

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from these arrangements when the services are provided. USCP's pricing policy is to recover full cost for goods and services provided.

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:

	2023	2022
Status of Fund Balance with Treasury:		
Unobligated		
Available	\$76,632,330	\$68,851,687
Unavailable	39,120,041	21,642,343
Obligated, Not Yet Disbursed	199,994,366	158,767,505
Non-Budgetary	670,616	767,910
Total	<u><u>\$316,417,353</u></u>	<u><u>\$250,029,445</u></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 No. 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:

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	2023	2022
Accounts Receivable from the Public:		
Current and Former USCP Employees		
0-30 Days Outstanding	\$18,213	\$38,641
31-90 Days Outstanding	20,971	3,017
91-180 Days Outstanding	5,052	2,019
181-360 Days Outstanding	14,523	10,067
Over 360 Days Outstanding	42,307	28,972
Total Due from Current and Former USCP Employees	101,066	82,716
Allowance for Doubtful Accounts	(47,892)	(32,233)
Receivables Due from USCP Employees, Net	53,174	50,483
Vendor Refund	346,338	0
Other	31,453	9,284
Total Accounts Receivable - Public, Net	<u>\$430,965</u>	<u>\$59,767</u>

NOTE 4. ADVANCES AND PREPAYMENTS

The USCP enters into agreements with other federal agencies to provide necessary support services to further accomplish USCP's mission. These agencies estimate funding necessary to provide such services 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. Current federal agencies that receive advances from USCP include the Architect of the Capitol for the [REDACTED] inventory system and the U.S. Department of Transportation for security projects and transit subsidy benefits. USCP also advances funds to a commercial vendor for armored vehicles. When a vehicle is delivered to USCP, a lease commences and the amount of the advanced funds are reclassified as Assets Under Capital Lease. The composition of advances to others as of September 30 is as follows:

	2023	2022
Federal		
Architect of the Capitol	\$754,107	\$0
Department of Transportation	136,387	122,696
Total Federal	<u>\$890,494</u>	<u>\$122,696</u>
Non-Federal	<u>\$2,619,300</u>	<u>\$0</u>
Total Advances and Prepayments	<u>\$3,509,794</u>	<u>\$122,696</u>

NOTE 5. GENERAL PROPERTY, PLANT, AND EQUIPMENT

The composition of PP&E as of September 30 is as follows:

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2023			
Classification	Cost	Accumulated Depreciation	Book Value
Building Improvements	\$19,524,552	(\$19,365,953)	\$158,599
Other Structures and Facilities	1,001,987	(502,767)	499,220
Equipment	274,669,885	(222,081,146)	52,588,739
Internal Use Software	11,919,286	(11,919,286)	0
Construction-in-Progress	6,291,084	0	6,291,084
Assets Under Capital Lease	6,128,852	(4,444,593)	1,684,259
Software-in-Development	1,073,419	0	1,073,419
Total	\$320,609,065	(\$258,313,745)	\$62,295,320

2022			
Classification	Cost	Accumulated Depreciation	Book Value
Building Improvements	\$19,524,553	(\$18,845,131)	\$679,422
Other Structures and Facilities	875,238	(454,516)	420,722
Equipment	262,109,931	(213,413,591)	48,696,340
Internal Use Software	11,918,049	(11,478,718)	439,331
Construction-in-Progress	6,291,146	0	6,291,146
Assets Under Capital Lease	5,487,920	(3,518,263)	1,969,657
Total	\$306,206,837	(\$247,710,219)	\$58,496,618

NOTE 6. 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:

	2023	2022
Non-Federal		
Accrued Unfunded Annual Leave	\$18,512,424	\$18,545,061
Accrued Unfunded Comp Overtime	8,552,990	6,520,403
Worker's Compensation Benefits (Actuarial FECA Liability)	55,574,537	51,390,650
Total Liabilities Not Covered by Budgetary Resources	\$82,639,951	\$76,456,114

NOTE 7. 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, FERS-Revised Annuity Employee (RAE), FERS-Further Revised Annuity Employee (FRAE), 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 2023 and 2022 are as follows:

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Retirement Plan	Category	2023 USCP Contribution	2022 USCP Contribution
CSRS Rates	Civilian/Sworn	7.50%	7.50%
FERS Rates	Civilian	25.80%	25.80%
Hired Prior to January 1, 2013	Sworn	37.60%	37.60%
FERS - RAE & FRAE Rates	Civilian	16.60%	16.60%
Hired After December 31, 2012 and 2013	Sworn	35.80%	35.80%

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 2023, USCP contributed 1% of basic pay and matched participants' TSP contributions up to an additional 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 2023.

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

The USCP also provides other employee benefits, such as Student Loan Repayments, which are repaid through USCP's Student Loan Repayment Program established in accordance with 2 U.S.C. 1926. Under this program, eligible employees may have up to \$10,000 of student loans repaid annually, subject to a lifetime maximum of \$80,000.

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.

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 U.S. Treasury notes and bonds. To provide a more accurate estimate specifically for effects of inflation on liability for FWC benefits, wage inflation factors (Consumer Price Index-Medical) are applied to the calculation of

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projected future benefits. These factors are also used to adjust historical payments so benefits are stated in current-year constant dollars.

NOTE 8. OTHER 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 Federal benefits include amounts incurred but not yet paid under FECA owed to DOL and amounts owed to OPM for employees' health, life, and retirement benefits and amounts owed to Social Security Administration (SSA) for Old Age Survivors and Disability Insurance (OASDI).

Other liabilities incurred as of September 30 are:

	2023	2022
Federal		
Accrued Funded Benefits	\$13,694,736	\$12,277,327
Total Federal	<u>\$13,694,736</u>	<u>\$12,277,327</u>
Non-Federal		
Accrued Salaries	\$21,640,748	\$20,028,371
Capital Lease Liability (Note 9)	1,004,373	1,206,963
Custodial Receipts for Memorial Fund (Note 14)	674,616	771,911
Miscellaneous Receipts Due to U.S. Treasury General Fund	12,838	9,283
Total Non-Federal	<u>\$23,332,575</u>	<u>\$22,016,528</u>
Total Other Liabilities	<u>\$37,027,311</u>	<u>\$34,293,855</u>

NOTE 9. CAPITAL LEASES

The USCP has leases for property that meet the criteria as a capital lease in accordance with SFAS 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:

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Notes to the Financial Statements
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	2023	2022
Assets Under Capital Lease:		
Armored Cars	\$6,128,852	\$5,487,920
Accumulated Amortization	(4,444,593)	(3,518,263)
Net Assets under Capital Lease	\$1,684,259	\$1,969,657

Future Minimum Lease Payments:

2023	
Fiscal Year	Lease Payments
2024	\$734,712
2025	217,712
2026	107,712
2027	107,712
2028	107,712
Total Minimum Lease Payments	1,275,560
Less: Amount Representing Interest	(271,187)
Obligation under Capital Lease	\$1,004,373

2022	
Fiscal Year	Lease Payments
2023	\$671,693
2024	627,000
2025	110,000
Total Minimum Lease Payments	1,408,693
Less: Amount Representing Interest	(201,730)
Obligation under Capital Lease	\$1,206,963

NOTE 10. 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, as amended by SFFAS No. 12, *Recognition of Contingent Liabilities Arising from Litigation*. As of September 30, USCP has the following legal contingencies as illustrated below:

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	2023	
	Accrued Liabilities	Estimated Loss
Legal Contingencies		
Probable	\$0	\$0
Reasonably Possible		36,846,486
Total	\$0	\$36,846,486

	2022	
	Accrued Liabilities	Estimated Loss
Legal Contingencies		
Probable	\$0	\$0
Reasonably Possible		33,275,225
Total	\$0	\$33,275,225

NOTE 11. 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. The USCP is not required to reimburse AOC 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	2023	2022
USCP Occupied Buildings and Grounds	Architect of the Capitol	\$22,329,258	\$21,716,053
FLETC	Department of Homeland Security	8,997,002	8,704,757
Future Benefits Payments	Office of Personnel Management	21,849,122	11,427,409
OCWR Settled Legal Claims	Office of Congressional Workplace Rights	530,000	0
Judgment Fund	U.S. Department of the Treasury	0	60,000
		\$53,705,382	\$41,908,219

NOTE 12. 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:

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	2023	2022
Unobligated Balance, Brought Forward	\$90,494,030	\$119,380,245
Net Adjustments	<u>11,622,923</u>	<u>25,433,672</u>
Unobligated Balance From Prior Year Budget Authority, Net	<u><u>\$102,116,953</u></u>	<u><u>\$144,813,917</u></u>

NOTE 13. 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:

	2023	2022
Federal	\$8,399,407	\$9,264,572
Non Federal	<u>129,042,889</u>	<u>87,576,134</u>
Total Undelivered Orders	<u><u>\$137,442,296</u></u>	<u><u>\$96,840,706</u></u>

NOTE 14. INCIDENTAL CUSTODIAL ACTIVITY

The USCP 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:

	2023	2022
USCP Memorial Fund (Treasury Symbol 02X5083):		
Beginning Balance	\$771,911	\$393,495
Donations Collected and Deposited to the U.S. Treasury	126,360	401,529
Disbursements to Recipients	<u>(223,655)</u>	<u>(23,113)</u>
Ending Balance	<u><u>\$674,616</u></u>	<u><u>\$771,911</u></u>

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Notes to the Financial Statements
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NOTE 15. 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.

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RECONCILIATION OF NET COST TO NET OUTLAYS
As of September 30, 2023

	Intragovernmental	With the Public	Total 2023
Net Operating Cost (SNC)	<u>\$59,736,420</u>	<u>\$660,528,873</u>	<u>\$720,265,293</u>
Components of Net Operating Cost Not Part of the Net Outlays			
Property, Plant, and Equipment Depreciation		(11,495,359)	(11,495,359)
Property, Plant, and Equipment Disposal & Revaluation		-	-
Increase/(Decrease) in Assets:			
Accounts Receivable	1,345,704	371,673	1,717,377
Accrued Capital Assets	-	9,910,649	9,910,649
Other Assets	767,798	2,619,300	3,387,098
(Increase)/Decrease in Liabilities Not Affecting Net Outlays:			
Accounts Payable and Liability from Advances	(799,205)	(4,270,561)	(5,069,766)
Salaries and Benefits	(1,417,409)	659,063	(758,346)
Other Liabilities	-	(5,985,275)	(5,985,275)
Other Financing Sources			
Imputed Costs	(53,705,382)	-	(53,705,382)
Total Components of Net Operating Cost Not Part of the Net Outlays	<u>(53,808,494)</u>	<u>(8,190,510)</u>	<u>(61,999,004)</u>
Components of the Net Outlays That Are Not Part of Net Operating Cost			
Acquisition of Capital Assets		5,383,412	5,383,412
Total Components of the Net Outlays That Are Not Part of Net Operating Cost		<u>5,383,412</u>	<u>5,383,412</u>
Net Outlays	<u>\$5,927,926</u>	<u>\$657,721,775</u>	<u>\$663,649,701</u>
Related Amounts on the Statement of Budgetary Resources Outlays, Net (SBR)			<u>\$663,649,701</u>

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Notes to the Financial Statements
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RECONCILIATION OF NET COST TO NET OUTLAYS
As of September 30, 2022

	Intragovernmental	With the Public	Total 2022
Net Operating Cost (SNC)	<u>\$49,859,752</u>	<u>\$580,966,481</u>	<u>\$630,817,233</u>
Components of Net Operating Cost Not Part of the Net Outlays			
Property, Plant, and Equipment Depreciation		(12,082,449)	(12,082,449)
Property, Plant, and Equipment Disposal & Revaluation		(154,712)	(154,712)
Increase/(Decrease) in Assets:			
Accounts Receivable	(711,551)	15,686	(695,865)
Accrued Capital Assets	-	217,155	217,155
Other Assets	15,747		15,747
(Increase)/Decrease in Liabilities Not Affecting Net Outlays:			
Accounts Payable and Liability from Advances	(196,398)	(9,130,459)	(9,326,857)
Salaries and Benefits	(7,917,064)	14,198,204	6,281,140
Other Liabilities	-	1,464,068	1,464,068
Other Financing Sources			
Imputed Costs	(41,908,219)		(41,908,219)
Total Components of Net Operating Cost Not Part of the Net Outlays	<u>(50,717,485)</u>	<u>(5,472,507)</u>	<u>(56,189,992)</u>
Components of the Net Outlays That Are Not Part of Net Operating Cost			
Acquisition of Capital Assets		3,409,489	3,409,489
Total Components of the Net Outlays That Are Not Part of Net Operating Cost		<u>3,409,489</u>	<u>3,409,489</u>
Net Outlays	<u>(\$858,733)</u>	<u>\$578,895,463</u>	<u>\$578,036,730</u>
Related Amounts on the Statement of Budgetary Resources			
Outlays, Net (SBR)			<u><u>\$578,036,730</u></u>



UNITED STATES CAPITOL POLICE

Management's Discussion and Analysis



UNITED STATES CAPITOL POLICE
Management Discussion and Analysis
Fiscal Year 2023



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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, the Capitol Visitor Center, the U.S. Botanic Garden, the Library of Congress, the 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

To 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.

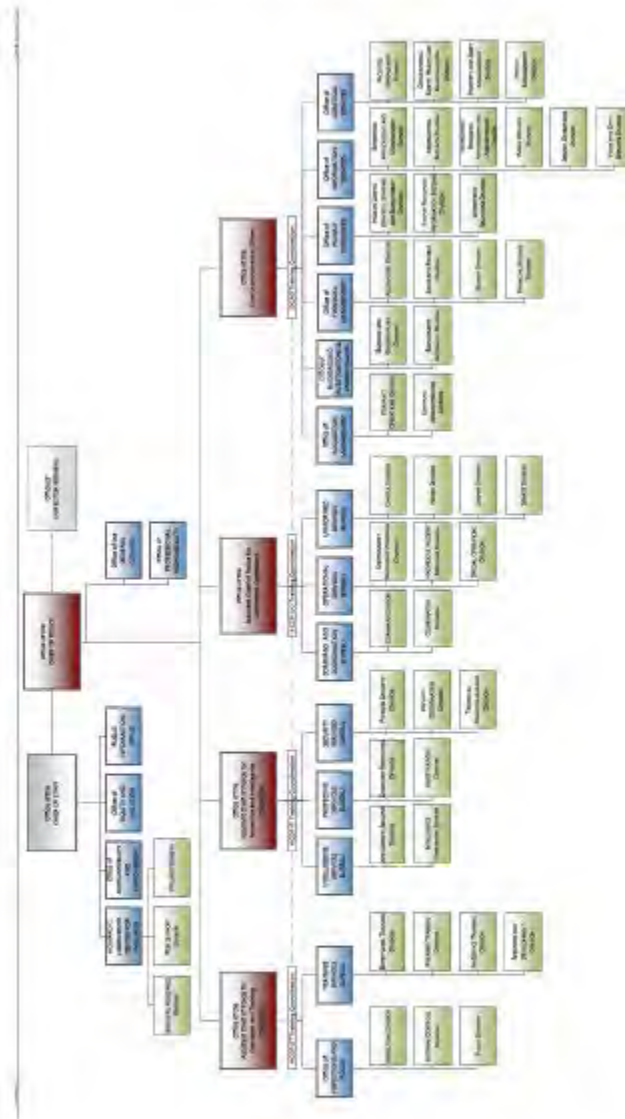
Effectiveness describes every employee's commitment to performing to the highest standards possible, utilizing the best approaches. This is demonstrated by each employee's commitment to achieving the highest personal standards, as well as contributing to the success of the Department. This is accomplished 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

In FY 2023, the Department requested and received approval to reorganize. The reorganization realigned a number of Department elements in order to support a structure that will foster the organizational changes needed to reinforce accountability, internal controls, and employee development, and will establish new organizational units to provide an appropriate span of control and oversight among members of the USCP Executive Team. The new structure established a third Assistant Chief of Police to manage centralized policy and training for the Department; realigned the Howard C. Leibengood Center for Wellness, Office of Accountability and Improvement, Office of Equity and Inclusion, and Public Information Office under the newly established Office of the Chief of Staff; and established the Intelligence Services Bureau. Implementation of the approved organizational structure has commenced as of FY 2024. The charts below provide additional detail of the organizational structure in place during FY 2023 and updated structure being implemented in FY 2024.

United States Capitol Police
Organizational Structure
Effective as of October 20, 2019





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HOW THE USCP WORKS TO ACHIEVE ITS STRATEGIC GOALS AND OBJECTIVES

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 2,300 employees.

In fiscal year (FY) 2023, the USCP Leadership team continued to focus on increasing accountability, transparency, professionalism, and resilience. Guided by the eight Flash Reports from the Inspector General stemming from the events of January 6, 2021, the Department has implemented robust measures to prepare and respond to future challenges. Of the 103 recommendations resulting from the Flash Reports, the Department has closed a total of 91 flash report recommendations and continues to make progress toward resolving the remaining 12.

In FY 2023, the Department has invested in resources, technology, equipment, and training to enhance the operational mission. While the USCP has operated below authorized personnel levels in the years following January 6, 2021, in FY 2023, the Department increased its workforce by recruiting and hiring 223 sworn and 64 civilian personnel. The Department has implemented several incentive programs to enhancing recruitment and retention strategies. Investments in technology have allowed the Department to position itself to identify threats to the Capitol Complex and Members of Congress at the earliest point in the threat process and as far away from the intended target as possible. With a rise in threats against Congress, Member protection and public safety continue to be a top priority. As such, we have dedicated resources to conducting more assessments, increasing the number of assessments for major Congressional events, demonstrations, and marches by over 2,000 from the previous fiscal year. In addition, the USCP has worked to improve partnerships with local, State, and Federal law enforcement agencies and has increased Dignitary Protection activities to support Member protection outside of the Capitol Complex.

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, as well as engages in high-level managerial communication with an integrated peer team approach to support and evaluate program goals and viability.

As we transition into FY 2024, the USCP will continue to make progress toward accomplishing the Department's goals. In FY 2023, and at the request of the Appropriations Committees, the Department initiated a Concept of Operations¹

¹ This Concept of Operations effort is separate from what is described under the USCP Planning Concept section below.

initiative to evaluate mission requirements and resource requirements. The report will be issued in FY 2024 and help to inform future strategic planning efforts for the Department.

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 will 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 and 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 requirements at the highest possible level.

PERFORMANCE HIGHLIGHTS

The USCP continues to track the measures found in the following pages. As the Department builds upon the progress achieved so far in improving our programs and developing new strategic priorities, some measures may be removed, and new ones developed.

FY 2023 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 following tables provide performance results for FY 2023.

PERFORMANCE INFORMATION

Table 1: Assess the Threat – Mission Category Performance

ASSESS THE THREAT	
Performance Outputs	
Conducted 3,226 assessments for Congressional events, demonstrations, and marches	
Published 1,082 intelligence products	
Sent 3,410 Joint Emergency Mass Notification System (JEMNS) messages to the Congressional Community	
Prepared notifications for 7 POTUS visits	
Prepared notifications for 35 VPOTUS visits	
Prepared notifications for 188 Heads of State visits	
Prepared 2,230 notifications for VIP/Dignitary visits	
Completed 10 Assessment and Authorization and Authority to Operate (ATO) actions	
Issued 27 news releases	
Held 1 news conference	
Posts to social media include:	
<ul style="list-style-type: none"> • 217 Twitter (83,500 followers) • 150 Instagram (2,500 followers) • 154 Facebook (6,250 followers) • 4 YouTube videos (795 subscribers) 	

Table 2: Prevent – Mission Category Performance

PREVENT
Performance Outputs
Screened 8,161,540 persons at Capitol Hill building entrances and interior check points
Screened 1,410,284 persons at the Capitol Visitor Center
Screened 27,490 delivery vehicles off-site
Received 53,749 calls for service
Initiated 235 Incident Action Plans (IAPs)
Initiated 250 After Action Reviews (AARs)
Processed 573 arrests
Coordinated 864 special events
Completed ■ Member Residential Security Surveys
Completed ■ District/State Office Security Surveys
Completed ■ Technical Countermeasures Inspections
Completed ■ Security Surveys and Vulnerability Assessments
Conducted 2,305 Containment and Emergency Response Team (CERT)-related responses
Conducted 23,611 hazardous material inspections of delivery vehicles
Conducted 183,482 K-9 sweeps
Conducted 14,040 bomb sweeps
Issued 1,226 items of information technology-related equipment
Maintained 99.95% Windows server uptime
Maintained 96.21% primary fleet readiness
Maintained 96.56% motorcycle fleet readiness
Maintained 98.12% equipment fleet readiness
Maintained 90.06% special operations fleet readiness

ANALYSIS OF FINANCIAL STATEMENTS

The following information provides highlights of the Department's financial position and results of operations in FY 2023. The complete set of financial statements,² 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, 2023, shows \$384M in total assets, an increase of \$75M (24 percent) over the previous year's total assets of \$309M. Increases in appropriations in FY 2023 and increases in net general property, plant, and equipment (PP&E), are the primary reasons for the net increase.

Liabilities: Total Department liabilities were \$153M as of September 30, 2023, an increase of \$12M (9 percent) above the previous year's total liabilities of \$141M. Increases in accounts payable, accrued annual and compensatory leave, actuarial FECA liabilities, and other liabilities are the primary reasons for the net increase.

Net Position: The Department's total net position as of September 30, 2023, was \$231M, an increase of \$63M over the previous year's net position of \$168M. This change is primarily related to increases in unexpended appropriations and cumulative results of operations.

Budgetary Resources: The Department's FY 2023 Combined Statement of Budgetary Resources shows \$845M in total budgetary resources, an increase of \$92M (12 percent) over the previous year's total budgetary resources of \$753M. This change is primarily attributed to appropriations and unobligated balances that were carried forward.

Net Outlays: The Department's FY 2023 Combined Statement of Budgetary Resources shows \$664M in net outlays, an increase of \$86M (15 percent) over the previous year's total net outlays of \$578M. This change 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 \$720M for the fiscal year ending on September 30, 2023, an increase of \$89M (14 percent) over the previous year's net cost of operations of \$631M. The increase is primarily due to increased expenses for salaries, benefits, contractual services, property/equipment, and travel.

The USCP budget consists of annual appropriations that fund staff salaries and benefits; general expenses such as motor vehicles, communications, and other equipment; security equipment; uniforms; weapons; supplies; materials; training;

² 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 2023 was \$725M, including \$538M for salaries and \$187M for general expenses.

In FY 2023, our total assets were \$384M, consisting mostly of Fund Balance with the U.S. Treasury, followed by PP&E. Total liabilities of \$153M were comprised primarily of FECA Actuarial liability (workers' compensation), accounts payable, accrued employees' salaries and benefits, and annual and compensatory leave.

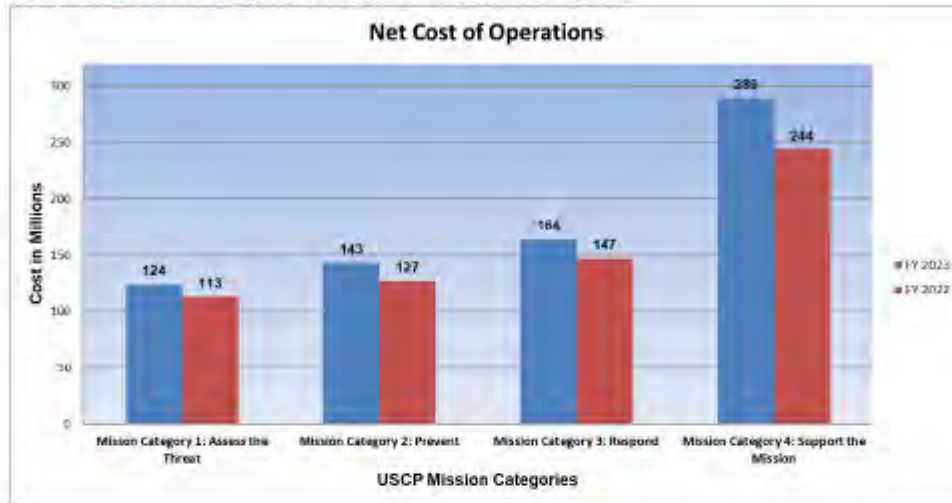
The net cost of operating the USCP during FY 2023 and FY 2022 was approximately \$720M and \$631M, respectively. We report net cost of operations according to our four mission categories, consistent with our Strategic Plan. Table 5 shows how our FY 2023 and FY 2022 costs break down by each mission category. Figure 1 provides net cost of operations by mission category without granular details (see page 15).

Table 5: USCP's Financial Highlights: Resource Information (in Millions)*

	FY 2023	FY 2022	% Change
Total Assets	384	309	24%
Total Liabilities	153	141	9%
Appropriations			
Salaries	538	469	15%
General Expenses	187	134	40%
Total Annual Appropriations	725	603	20%
Multi-Year Appropriations			
Salaries	3	-	-
General Expenses	6	-	-
Mutual Aid Reimbursement	-	-	-
Total Multi-Year Appropriations	9	-	-
No-Year Appropriations			
General Expenses	-	-	-
Total No-Year	-	-	-
Total Budgetary Resources	845	753	12%
Total Outlays	664	578	15%
Net Cost of Operations			
Mission Category 1: Assess the Threat	124	113	10%
Mission Category 2: Prevent	143	127	13%
Mission Category 3: Respond	164	147	12%
Mission Category 4: Support the Mission	289	244	18%
Total Net Cost of Operations	720	631	14%

*Note: Numbers in chart may contain rounding.

Figure 1: Net Cost of Operations by USCP Mission Category



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 footnote 1 of 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.

