



Management Letter

Related to the Audit of the United States Capitol Police's Fiscal Years 2023 and 2022 Financial Statements

Report Number: OIG-2024-04

December 2023

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INSPECTOR GENERAL

UNITED STATES CAPITOL POLICE

WASHINGTON, DC 20510

December 15, 2023

MEMORANDUM

TO: J. Thomas Manger
Chief of Police

FROM: Ronald P. Russo *Ron Russo*
Inspector General

SUBJECT: Management Letter (Report No. OIG-2024-04) Related to the Audit of the United States Capitol Police's Fiscal Year 2023 and 2022 Financial Statements (Report No. OIG-2024-03)

We have attached the subject report for your review and action. This management letter discusses a number of internal control deficiencies identified during the audit of the financial statements. The Office of Inspector General (OIG) considers these control deficiencies important enough to merit management's attention, and if addressed, could enhance the efficiency and effectiveness of internal controls.

These deficiencies, although of concern, did not rise to the level necessary to be included in the report on the financial statement audit. OIG included your comments related to the Notice of Findings and Recommendations (NFRs). Department management did not have any additional comments beyond those that they provided on NFRs matrix during the audit. Therefore, we have incorporated management responses received in the NFRs matrix in the management letter.

Since we made and reported these comments in a management letter rather than within a material weakness or significant deficiency framework, OIG will not track these recommendations through our formal compliance process. However, we will evaluate compliance during our future audits of the Department financial statements.

I would like to express my appreciation for the cooperation and assistance provided by the Department during this effort. If you have any questions regarding this report, please contact me on [REDACTED] or have your staff contact Jacob Powell on [REDACTED].

Attachments: As stated.

cc: Mr. Timothy Blodgett, Chief of Staff
Assistant Chief Jason R. Bell, Standards and Training Operations
Assistant Chief Ashan M. Benedict, Protective and Intelligence Operations
Assistant Chief Sean Gallagher, Uniformed Operations
Mr. Thomas A. DiBiase, General Counsel
Ms. Maedalen Boynton, Chief Administrative Officer
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Abbreviations and Acronyms

Credit Card Payments	CCP
Fiscal Year	FY
Management Letter Comment	MLC
Notice of Findings and Recommendations	NFR
Office of Inspector General	OIG
Purchase Card Buying Log	Purchase Log
Purchase Card Holder/Approving Official Certification Report Form	Certification Report Form
United States Capitol Police	USCP or the Department

Introduction

In planning and performing our audit of the financial statements of the United States Capitol Police (USCP or the Department) as of and for the year ended September 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered USCP's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements.

The Office of Inspector General (OIG) previously issued our opinions on USCP financial statements as of September 30, 2023 and 2022 in our *Independent Auditor's Report* dated December 15, 2023, Report No. OIG-2024-03, in which we communicated an unmodified opinion that the Department's financial statements present fairly, in all material respects, the financial position of the Department, 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 No. OIG-2024-03 identified three significant deficiencies. During our audit the OIG became aware of other control deficiencies that we do not consider to be material weaknesses or significant deficiencies, which provide opportunities to strengthen USCP internal controls and improve the efficiency of USCP's operations. This communication does not affect our *Independent Auditor's Report*, dated December 15, 2023.

While the nature and magnitude of these other deficiencies in internal control were not considered important enough to merit the attention of those charged with governance, they are considered of sufficient importance to merit management's attention.

OIG provided USCP management a Notice of Findings and Recommendations (NFR) matrix with 16 findings related to the Fiscal Year (FY) 2023 financial statements audit. A finding is a written communication to management of an issue identified during the audit. We categorized a finding or a combination of findings as a material weakness, a significant deficiency, or a management letter comment (MLC). Thirteen of the findings were reported as components of the three significant deficiencies noted in OIG-2024-03. We categorized the remaining three findings in the NFR matrix for FY 2023 as MLCs. USCP's *Management Letter Related to the Audit of the United States Capitol Police's Fiscal Years 2022 and 2021 Financial Statements* (Report No. OIG-2023-03) identified nine MLCs. We closed two of the previously reported MLCs, and modified seven comments. OIG issued nine new findings during the FY 2023 financial statement audit.

Management Letter Comments

MLC 1: Noncompliance with Employee Clock Usage Policy (Modified Repeat Comment)

The Department does not have a process in place to ensure that employees are utilizing time clocks. The Office of Human Resources provided a report detailing missing and no swipes (No Swipe Report) for FY 2023 which reported 28,908 missing or no swipes relating to 1,834 employees. This was a decrease from the 30,858 missing or no swipes from FY 2022. While the number of missed swipes decreased in FY 2023, the number of employees who missed swipes increased from 1,689 in FY 2022. In addition to missing or no swipes, the No Swipe Report contains a field for "Reason" and "Comments" to explain why a swipe was missed. The reason field is most commonly not completed; however, the most common reason for missed swipes when the field was populated in FY 2023 was "Forgot to Swipe". Of the 28,908 missing swipes in FY 2023, 13,076 did not contain a reason, and of the missing swipes with no reason, 6,631 did not contain a comment related to the missing swipe. The missing swipes with no comment or reason related to 674 employees. The number of missing swipes with no reason and no comment decreased from 15,560, however the number of employees these related to increased from 589 in FY 2022.

Additionally, from a sample of 45 employees, there were 379 missing or no swipes, which related to 28 employees. This is a decrease in both the number of missing swipes and corresponding employees from FY 2022 with 430 missing swipes related to 36 employees. In FY 2023 the Reasons related to the missing swipes were: (1) forgot badge – 10, (2) forgot to swipe – 49, (3) misdirection – 41, (4) technical difficulty – 56, and most importantly, (5) no reason provided – 223. Of the 223 that contained no reason, 133 also contained no comment. This was an increase from 98 in FY 2022.

Furthermore, the Department does not have a process in place to ensure that employees attest to their time and that approving officials certify this time. In FY 2023, employees did not attest to their time in 15,962 instances, which increased from 13,715 instances in FY 2022. In addition, approving officials did not certify timesheets in 6,658 instances, which increased from 4,688 instances in FY 2022. The remaining instances of unattested or uncertified time pose a risk of inaccurate time and attendance records, particularly when unattested and uncertified time coincides with missing swipes.

It is important to note when comparing FY 2023 and FY 2022 missing swipes that as of September 30, 2023, USCP had 90 more employees than they did as of September 30, 2022. This increase in total employees allows for additional opportunity for missed swipes as more employees are swiping in and out.

The Department does not enforce its Employee Clock Usage Policy. Additionally, when an employee does not utilize the time clock timekeepers often do not enter a reason or comment in the applicable fields. Additionally, Directive [REDACTED], dated

September 1, 2023, does not include language requiring that employees or supervisors provide reasons and comments for missing swipes. Further, the Department does not enforce compliance with the time and attendance policy requiring employee attestation and supervisor certification of timesheets. The lack of utilization of time clocks creates potential for payroll to be misstated. Employees may not have actually been present when they said they began work. In addition, employees not attesting to their time and approving officials not certifying this time increases the possibility that potential issues will not be discovered. The lack of enforcement creates a potential for fraud or misstatement of financial statements.

Recommendation 1: We recommend the United States Capitol Police (USCP) provide training to educate employees regarding Office of Human Resources policies and procedures including:

- (a) the importance of clock swiping and identify it as part of their performance metrics in terms of being compliant with USCP policies; and
- (b) how to properly use the clock swipes to reduce human errors when swiping, such as “misdirection” swipes, or incorrectly identifying a reason for offsite no swipes.

Recommendation 2: We recommend that United States Capitol Police continue to monitor and enforce compliance with the time and attendance policy over employee attestation and supervisor certification of timesheets.

Status of Recommendation: Repeat Finding. Limited Progress.

Management Response: Management concurs with this recommendation. USCP will continue to provide guidance pertaining the importance of clock swiping and proper usage in an effort to reduce human errors when swiping. We will also remind the supervisors of their responsibility to enforce the importance of the clock usage requirement to their applicable employees.

MLC 2: Purchase Cards – Certification Report Forms not Properly Prepared (Modified Repeat Comment)

Department internal controls that ensure successful implementation and administration over its Purchase Card Program need continued oversight. In a sample of 39 credit card payments (CCP) tested multiple internal control exceptions existed. For one sample, the cardholder did not properly reconcile the purchase card buying log to the Citibank statement. The approving official also signed off on the reconciliation package confirming proper completion. For six samples, the purchase card holder did not sign and date the Purchase Card Holder/Approving Official Certification Report Form (Certification Report Form) within the seven day required period, indicating untimely completion of the reconciliation of the Purchase Card Buying Log (Purchase Log) and Citibank statement. For eight samples, the purchase cardholder-approving official did not properly approve the Certification Report Form within the 10 day required

period. Additionally, for two samples the procurement request document for the transactions were not approved prior to when the purchases were made.

The Department's process for monitoring reconciliation packages for timeliness was not operating effectively during FY 2023. Additionally, the Department's process for ensuring that purchase card requests are approved prior to making purchases was not operating effectively during FY 2023. Control weaknesses surrounding the process to monitor the purchase card policies increases the risk of misstatement due to either fraud or error. The untimeliness of the Certification Report Forms creates potential for errors in amounts paid by the Department. Additionally the lack of review by the approving official increases the risk for improper payments.

Recommendation 3: We recommend the United States Capitol Police enforce the requirements of the Standard Operating Procedure [REDACTED], dated September 21, 2020.

Status of Recommendation: Repeat Finding. Limited Progress.

Management Response: Management concurs with this recommendation and will continue to strive for full compliance with Standard Operating Procedure [REDACTED].

MLC 3: Firearms and Use of Force Simulator Training System Contract (New Comment)

In August 2023, USCP recorded payments for firearms and use of force simulator training systems totaling \$545,000. USCP recorded these payments as an expense when \$58,000 of it should have been recorded as an advance. Additionally, \$442,000 of the payments were questioned costs and a waste of government funds.

In September 2021, the Department entered into a contract with a commercial vendor for the right to use four firearms and use-of-force simulator training systems ("simulators"). The first simulator was installed and placed into service 13 months later in November 2022; the second simulator was installed and placed into service in March 2023, 17 months after contract execution. As of November 2023, the remaining two simulators, which had not been delivered or installed, were being stored by the vendor until USCP completes the buildout of the simulators' intended spaces.

In August 2023, USCP made its first payment to the vendor for \$545,000 for the base period of \$196,000 and option years 1 and 2 of \$175,000 per year. The higher cost base period included delivery, installation, and training for all four units. \$442,000 of USCP's initial payment of \$545,000 was a questioned cost and represents a waste of government funds. This amount is comprised of the portions of the payments related to goods that were not delivered; the 13 and 17 months of time elapsed between contract execution and the two units being placed into service; and delivery, installation and training services that were not received. Although USCP paid the

full amounts due to the vendor per the contract, the vendor had only delivered two of the four units.

In addition, \$58,000 of USCP's payment of \$175,000 for the second option year — which USCP accounted for as a fiscal year 2023 operating expense — should have been recorded as an advance. It pertains to the period of performance of a future fiscal year (October 1, 2023 through January 31, 2024) for which USCP had not yet received any benefit as of the September 30, 2023 financial statements.

The Department executed this contract at the end of fiscal year 2021 prior to space being available to install the training systems and lacked sufficient oversight and monitoring of the contract. Additionally, the Department demonstrated insufficient coordination between bureaus to ensure all bureaus involved in the contract had appropriate information about its status and responsibilities.

There was confusion within the Department about basic aspects of the contract. For example, most divisions OIG spoke with presumed USCP owns the simulators and it took contacting the vendor to confirm that USCP does not own the simulators. There was also confusion surrounding the base period of the contract. The purchase order states the base period is four months and the subsequent periods are one year, however, almost all parties we discussed the contract with, including the Contracting Officer's Representative and the vendor, believe the base period should have been one year. Without such oversight, monitoring, and coordination, the Department risks misstating their financial statements, having questioned costs, and wasting government funds.

Recommendation 4: We recommend that the United States Capitol Police (USCP) conduct a thorough review of the contract to determine if it should be amended to ensure that USCP only pays for training systems that are operational.

Status of Recommendation: New Finding.

Management Response: Management concurs with this recommendation and we are currently conducting a thorough review of the contract to determine whether a modification is required in order to obtain a credit for payments already processed.

FY 2023 Status of Prior Year (FY 2022) Management Letter Comments

OIG reported nine comments in the FY 2022 Management Letter. We closed two of the MLCs, and modified seven comments.

FY 2022 Comment No.	Comment	FY 2023 Status
1	Lack of Accountability of Property	Repeat Finding, Modified – Limited Progress – Significant Deficiency (SD)
2	Travel Undelivered Orders	Closed
3	Noncompliance with Employee Clock Usage Policy	Repeat Finding – Limited Progress – Control Deficiency (CD) MLC
4	Payroll Documentation	Closed
5	Purchase Cards – Certification Report Forms not Properly Prepared	Repeat Finding – Limited Progress – Control Deficiency (CD) MLC
6	Risk Management Framework Application Needs Improvement	Repeat Finding, Modified – Limited Progress – Significant Deficiency (SD)
7	Database Change Control Segregation of Duties Issue	Repeat Finding, Modified – Limited Progress – Significant Deficiency (SD)
8	Vulnerability Management Process Needs Improvement	Repeat Finding, Modified – Limited Progress – Significant Deficiency (SD)
9	Third Party Service Provider Oversight Needs Improvement	Repeat Finding, Modified – Limited Progress – Significant Deficiency (SD)

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