



UNITED STATES CAPITOL POLICE OFFICE OF INSPECTOR GENERAL

Review of Student Loan Repayment Program

Report Number OIG-2007-07, September 2007

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UNITED STATES CAPITOL POLICE
WASHINGTON, DC 20003

INSPECTOR GENERAL

PREFACE

The Office of Inspector General (OIG) prepared this report pursuant to the Inspector General Act of 1978, as amended, Section 4 of Public Law 109-55. It is one of a series of audits, reviews, and investigative and special reports prepared by OIG periodically as part of its oversight responsibility with the respect to the United States Capitol Police 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 a review of applicable documents.

The recommendations therein have been developed on the basis of the best knowledge available to the OIG, and have been discussed in draft with those responsible for implementation. It is my hope that these recommendations will result in more effective, efficient, and/or economical operations.

I express my appreciation to all those who contributed to the preparation of this report.

Carl W. Hoecker
Carl W. Hoecker
Inspector General

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Abbreviations

Chief of Police	Chief
Congressional Research Service	CRS
Fiscal Year	FY
Office of Financial Management	OFM
Office of Human Resources	OHR
Office of Inspector General	OIG
President's Council on Integrity and Efficiency and Executive Council on Integrity and Efficiency	PCIE/ECIE
United States Capitol Police	USCP or Department
Student Loan Repayment Program	SLRP

Executive Summary

In 2003, United States Capitol Police (USCP or the Department) received authority¹ to establish an educational assistance program to recruit or retain qualified personnel. In conducting USCP's Fiscal Year (FY) 2006 financial statement audit, the Office of Inspector General's (OIG) contract auditors identified the Student Loan Repayment Program (SLRP) as a "high-risk" area, particularly vulnerable to fraud, waste, and mismanagement. Based on this, OIG conducted a review to determine if USCP's SLRP was operating in accordance with the terms of the USCP's regulation and directive. Our scope included over \$3 million dollars in disbursements during FYs 2004 through 2006 for student loan repayments.

During FYs 2004-2006, the Department did not operate the SLRP in accordance with its regulation and directive. This occurred primarily because of lax oversight and deficient controls, which resulted in ineffective accounting, controlling, and reporting of the results of the SLRP activities. Although the Department's Administrative Directive [REDACTED] required specific documents such as signed service agreements, OIG found missing records and incomplete records. OIG determined that the SLRP should have had 365 records² with disbursements of \$3,024,225 for the review period. Yet, we were unable to obtain records for 39 disbursements totaling about \$331,833. Of the other 326 records provided, we noted missing applications, loan disclosure authorizations, and service agreements.

While Directive [REDACTED] prescribed eligibility requirements, the amount and frequency of payments, and employee responsibilities, we noted that:

- 16 employees, benefits totaling about \$142,695, did not fulfill their service agreements and did not obtain required reimbursement waivers;
- 13 employees (26 records) received a sum total of \$81,735 exceeding the \$10,000 maximum annual limit per fiscal year;
- 11 employees received repayment benefits totaling \$104,294 that did not meet the 6-month eligibility requirement;
- 89 employees received benefits totaling \$746,629 that did not meet annual performance rating criteria; and
- 60 student loan repayments totaling about \$520,827 questionable because of incomplete information.

¹ Public Law 107-117 (January 10, 2002), as amended by Public Law 108-7 (February 20, 2003).

² For purposes of this report, OIG considered a record to consist of a payment and supporting documents for an individual for a specific fiscal year. We considered a NFC disbursement for USCP's SLRP a transaction. A specific participant's file could contain multiple fiscal year records.

As a result of noted deficiencies, we questioned³ 77 percent or \$2,334,653 of the \$3,024,255 expended for the SLRP during FYs 2004-2006. Of that amount, \$1,029,978 was questioned because recipients failed to meet the terms and conditions of the service agreements or were ineligible for the benefit due to noncompliance with the directive, and \$1,304,675 was classified as unsupported because of either inadequate or a lack of documentation to support the disbursement.

The USCP directive provides no goals or measures for meeting its program's intended objectives of recruitment and retention. Only 1 of 52 recipients interviewed by OIG indicated that the Department used the program to recruit them. The other 51 recipients stated that the program did not influence their recruitment or retention. Recipients viewed the program as a "perk" or a means to receive monies to pay off old school loans for themselves or their children (14 percent or 7 of 51 recipients interviewed stated their loan was for a child).

USCP Directive [REDACTED] requires annual reporting to the Chief of Police (Chief). However, we found no evidence of any program reports issued. We did note that the Department included SLRP statistical data in its FYs 2005 and 2006 annual reports. However, the FY 2006 data did not reconcile with the official accounting records. Furthermore, the Department did not issue an annual report for FY 2004. USCP must ensure that its SLRP performance data is reported accurately and timely to those charged with governance. Decision makers should evaluate information about how well USCP's program is working, both to manage the program effectively and to help decide how to allocate limited resources.

The Department has begun some corrective actions including verification of loan amounts prior to issuance of any benefits to the recipients, and requiring all departing employees to check out with the SLRP program manager, which, if successful, will increase program accountability. Nevertheless, OIG is recommending that USCP take actions to collect costs from former and current employees that did not comply with their service agreements or were ineligible for the benefits. Additionally, USCP should enhance oversight and internal controls to ensure compliance with established regulation and directive including a formal annual reporting process related to the program's activities linked to program performance goals and measures.

OIG conducted an exit conference with the Chief and Department officials on September 6 and 11, 2007, respectively. In a September 11, 2007 memorandum, the Chief suspended the SLRP and directed the redesign of the program.

³ A "questioned cost" denotes that one or more of the following three situations exist: (1) an alleged violation of a provision of a law, regulation, agreement, or document governing the expenditure of funds; (2) a finding that, at the time of the review, such cost is not supported by adequate documentation; or (3) a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.

Background

Section 1926 of Title 2, U.S.C., authorized USCP to establish a program under which they may repay certain types of Federally made, insured or guaranteed student loans as an incentive to recruit or retain highly qualified personnel. USCP may make payments to a loan holder of up to \$10,000 for an employee in a calendar year up to an aggregate maximum of \$40,000 for any one employee.

In return, the employee must sign a service agreement to remain in the service of the paying agency for a period of at least two years for each payment. If the employee separates voluntarily or is separated involuntarily for cause or poor performance before fulfilling the service agreement, he or she must reimburse the paying agency for all student loan repayment benefits received unless waived by the Chief. Any amount repaid by, or recovered from, an individual shall be credited to the appropriation account available for salaries and general expenses of USCP at the time of repayment or recovery. Such credited amount may be used for any authorized purpose of the account and shall remain available until expended.

During FYs 2004-2006, USCP expended over \$3 million for the program as shown in Table 1.

Table 1 – SLRP Budgeted and Expended Amounts for FY 2004-2006

	Budgeted	Expended
FY 2004	\$1,210,000	\$ 944,247
FY 2005	\$1,133,000	\$ 978,974
FY 2006	\$1,101,000	\$1,101,004
Total	<u>\$3,444,000</u>	<u>\$3,024,225</u>

Source: USCP Accounting Records.
Amounts rounded to nearest dollar.

USCP Educational Assistance Program Regulations, effective April 21, 2003, defines student loan as:

1. a loan made, insured, or guaranteed under part B, D, or E of title IV of the Higher Education Act of 1965 (20 U.S.C. 1071, *et seq.*, 1087a, *et seq.*, or 1087aa, *et seq.*);
2. a health education assistance loan made or insured under part A of title VII of the Public Health Service Act (42 U.S.C. 292, *et seq.*), or under part E of title VII of such Act (42 U.S.C. 297a, *et seq.*); and
3. an outstanding student loan indebtedness not specified in (1) and (2), above, determined to be eligible for repayments under this program based on written application to the Chief. The Chief, or designee, will make a determination as to eligibility provided, however, that such a determination shall not be reviewable or appealable in any manner.

The Department's Office of Human Resources (OHR) is responsible for the oversight and administration of the SLRP. Among other things, OHR is to provide guidance to

employees and managers on the provisions of the student loan repayment benefit, certify the eligibility of employees, execute and monitor the SLRP service agreement with the employee, verify with the lender that the student loan(s) qualifies under this program, and the outstanding amount of the loan, coordinate loan repayment with the United States Department of Agriculture, National Finance Center⁴ (NFC), and prepare annually a program report.

Objective, Scope, and Methodology

Our review objective was to determine if the Department's SLRP was operating in accordance with the terms of USCP's regulation and directive. Our scope included over \$3 million dollars in disbursements during fiscal years (FYs) 2004 through 2006 for student loan repayments.

To accomplish our review objective, OIG engaged contract auditors to conduct agreed-upon procedures related to the SLRP. Specifically, we requested the contractor:

- review all existing files to determine whether the files contained all required documentation;
- identify recipients of the benefits by job title, grade, rank, and job series;
- review all special payments, Budget Object Code (BOC) 1219 made by the NFC and compare to OHR records to substantiate disbursement;
- prepare a schedule for FY 2004-2006 showing amounts budgeted, expended, remaining balances and amounts reprogrammed; and
- test the eligibility of the participating employees.

In addition to the above procedures, OIG staff conducted analytical procedures; reviewed USCP operational and program data; and applicable Federal laws and Department regulation and directive; written policies and procedures; and supporting documentation related to the program. OIG also interviewed program managers past and present as well as 52 of 112 recipients with active and available files for FY 2006. We judgmentally selected recipients for interview based on anomalies. We prepared a matrix of deficiencies using the USCP Administrative Directive [REDACTED] and Pub. L. 108-7 as criteria. We also reviewed the *Legislative Branch Financial Managers Council Recommended Controls and Criteria for Student Loan Repayments by Legislative Branch Agencies* and the *Legislative Branch Student Loan Repayment Programs: A Comparison of Proposals*, a side by side comparison of proposed regulations of the Senate, the Congressional Budget Office, the General Accounting Office, the Government Printing Office, and the Library of Congress. Furthermore, we reviewed the Congressional Research Service (CRS) Report for Congress, *Student Loan Repayment for Federal Employees*, Updated April 6, 2007.

⁴ The United States Department of Agriculture (USDA), National Finance Center is the payroll service provider for the Department.

We conducted fieldwork in Washington, D.C. from March 6, 2007 through July 11, 2007. Our review was conducted in accordance with President's Council on Integrity and Efficiency and Executive Council on Integrity and Efficiency (PCIE/ECIE) *Quality Standards for Inspections* and included such procedures, as we considered necessary under the circumstances. On September 6 and 11, 2007, we conducted an exit conference with the Chief and Department officials, respectively, and provided a draft report for comment. Department comments are incorporated in this report as applicable and attached in its entirety in Appendix B.

Review Results

During FYs 2004-2006, the Department did not operate the SLRP in accordance with the terms of its regulation and directive, which combined with lax oversight and deficient internal controls, resulted in ineffective accounting, controlling, and reporting of SLRP activities. As a result, we questioned 77 percent or about \$2.3 million of the about \$3 million expended during FYs 2004-2006. Of that amount, \$1,029,978 was questioned because recipients failed to meet the terms and conditions of the service agreements or comply with the directive and \$1,304,675 was classified as unsupported because of either inadequate or a lack of documentation as shown in Schedule 1. Furthermore, the Department had not established performance goals and measures for reporting its program.

LACK OF ACCOUNTABILITY

The Department had an inadequate and unreliable accounting of its SLRP activities for FYs 2004-2006. Specifically, we found missing records, documents, and signatures from applications and lender verification forms. This occurred primarily because of non-compliance with established USCP regulation and directive. As a result, we could not easily trace or reconcile records and disbursements to pertinent records and the official accounting records.

Missing Records

The Department did not maintain adequate records for its SLRP activities, which resulted in unreliable program data. USCP Administrative Directive [REDACTED] OHR to ensure receipt of all required, completed forms and documents from employees. Yet, we were unable to reconcile OHR's program control data (Excel spreadsheet) with actual recipient records and NFC special payments (BOC 1219) records. Based on NFC disbursement records, we determined 365 records (\$3,024,225 in disbursements) should have been available for FYs 2004-2006. Of the 365 records, 39 records (\$331,833 in disbursements) were missing.

The program manager told OIG that an undetermined amount of beneficiary records were shredded because of insufficient office space. OHR's Associate Director for Programs confirmed this. The program manager said OHR did not have a records retention policy for SLRP records. However, USCP's [REDACTED] dated February 18, 2005, stated that records documenting student loan repayment should be retained in the office for five years after closure of the case and then destroyed.

Missing Documents

Of the 326 records (365-39) provided, we also found missing documents such as the [REDACTED] as shown in Table 2.

Table 2 – Missing SLRP Files and Supporting Documents

FY	Records	Missing Records	Missing CP1353	Missing 1354	Missing 1355	Missing Loan Summary
2004	108	30	1	5	4	8
2005	118	6	0	3	8	20
2006	139	3	2	7	18	4
Total	365	39	3	15	30	32
Total	Payments	\$331,833	\$23,727	\$110,445	\$256,233	\$247,751

Source: OIG generated from NPC Payment Records and OHR SLRP Records for FY 2004-2006. Some records had multiple missing documents.

Inadequate Verification of Information

The Department approved SLRP benefits without adequate documentation verifying the loan type and other eligibility criteria. Directive [REDACTED] states that OHR will perform the following:

“Verify with the lender that the student loan(s) qualifies under this program, and the outstanding amount of the loan.”

Also, OHR procedures required employees to initiate the lender verification form [REDACTED] and provide the completed [REDACTED] and evidence of the account balance by providing a printed copy of the account summary from the loan note holders. However, OHR approved:

- 31 records without the lenders' verification signature on the [REDACTED] form;
- 32 records without a printed account summary to corroborate the [REDACTED] information such as outstanding amount of loan;
- 1 record with the outstanding loan balance altered (whited out) on the [REDACTED];
- 117 employees signed the [REDACTED] Service Agreement after the disbursement date; and

- 60 student loan repayments totaling \$520,827 questionable because of incomplete information.

Without application loan summary information and verification, the Department could make overpayments on loan balances and make disbursements for loans that are not qualified. Additionally without properly executed service agreements, the Department would be unable to hold the employee accountable for the terms and conditions of the service agreement.

To ensure that the Department make only repayments for qualified loans; additional supporting documentation such as official transcript from the educational institution attended; loan summary that provides loan type, date created, loan balance; loan payment status; and copy of loan application with the lender at date of creation would be helpful in verifying the validity of each loan.

Conclusions

The Department did not have adequate records to support an accurate and reliable accounting of its program. Without adequate records and proper verification of loan amounts, as well as verifying that all student loans qualify under this program, and that loan agreements are properly executed, the Department may potentially pay for unqualified loans on behalf of unqualified or fictitious employees. But most importantly, the Department did not have accurate, current, and complete disclosure of financial results of its Federally sponsored program. Thus, OIG is making the following recommendation.

Recommendation 1: We recommend that the United States Capitol Police:

- a. ensure that its Office of Human Resources maintains the Student Loan Repayment Program in accordance with Department Directive; and
- b. require additional supporting documentation such as official transcript from the educational institution attended such as, a loan summary that provides loan type, date created, loan balance, and loan payment status, and copy of loan application with the lender at date of creation to verify the validity of each loan before disbursement of funds.

LACK OF INTERNAL CONTROLS

The Department also did not have adequate internal controls to ensure compliance with its program. As a result, the Department failed to collect from employees that did not honor service agreements, and approved and processed amounts in excess of the annual limits and to ineligible participants, which resulted in over \$1 million in questioned costs.

Failure to Collect Funds from Employees who Failed to Fulfill Agreements

The Department failed to recover funds from employees who did not fulfill their service agreements. Directive [REDACTED] states a participating employee must enter into a service agreement with the USCP for a period of at least two years for each payment. Further, unless waived by the Chief, the employee will reimburse the USCP for the entire gross amount of payments made by USCP during the service agreement period if the employee:

1. Voluntarily separates from the USCP.
2. Fails to maintain an overall "effective and competent; annual performance rating, including current misconduct/performance which results in involuntary separation.
3. Violates any other conditions in the service agreement.

We compared names from the separated employee listing for the years (2004, 2005, and 2006) and through the most recent pay period in FY 2007 to the NFC list of disbursements and developed a list of those employees not completing the service agreement. We found that 17 employees left the Department prior to fulfilling the terms of their service agreement. One employee obtained a reimbursement waiver. However, the official records showed no evidence of a waiver or collection action by the Department for the other 16 employees. In fact, the official records for four of the departing employees were missing, as shown Appendix A. If a participant fails to reimburse any amount, the Department may collect through appropriate debt collection procedures.

We also noted that the Department's Directive [REDACTED] was unclear about the service agreement period when an employee has multiple and concurrent agreements. The program manager was uncertain whether each new agreement obligated the employee to an additional two year service period or if the multiple agreements elapse concurrently. The directive requires a new service agreement for each payment and states that the employee may have multiple, concurrent service agreements. Accordingly, the Department should clearly communicate an employee's service period.

Disbursements in Excess of \$10,000 Annual Limit

OHR approved repayments in excess of the \$10,000 annual limit. Directive [REDACTED] states payments will be made up to a gross of \$10,000 per year. The aggregate lifetime gross of any payments made to employees under this or in combination any other USCP educational assistance program may not exceed a lifetime maximum of \$40,000. OHR, in coordination with the Office of Financial Management (OFM), sends a separate written authorization for each year that repayment is authorized. Lump-sum payments will be made on an annual basis. The annual period for payment was the Federal fiscal year (October 1 through September 30).

We found that 13 employees (26 records) received amounts in excess of the \$10,000 maximum disbursement per fiscal year as shown in Table 3. For example, OHR approved a participant's student loan repayment of \$10,000 for FY 2005 and FY 2006

with disbursements on October 26, 2005, and April 13, 2006, respectively, for a total disbursement of \$20,000 in FY 2006. OIG questioned the differences (\$81,735) between gross amounts and the annual limit. This occurred primarily because of the Department's timing of information provided to NFC. OHR and OFM processed SLRP data shortly before, on the same date, or after October 1. We did note that no employee exceeded the lifetime maximum of \$40,000 for this program during FYs 2004-2006.

Table 3 – Exceeded \$10,000 Annual Limit during FYs 2004-2006

Employee	FY Record	Gross Per NFC	Disbursement Date	Accounting Fiscal Year	Amount Exceeded \$10,000 Threshold
1	2005	\$10,000	10/3/2005	2006	
1	2006	\$6,780.64	9/26/2006	2006	\$6,780.64
2	2005	\$10,000	10/3/2005	2006	
2	2006	\$10,000	7/10/2006	2006	\$10,000
3	2005	\$5,128	10/26/2005	2006	
3	2006	\$6,945.97	5/18/2006	2006	\$2,073.97
4	2005	\$10,000	10/3/2005	2006	
4	2006	\$10,000	7/3/2006	2006	\$10,000
5	2005	\$5,295	10/25/2005	2006	
5	2006	\$7,184.55	5/18/2006	2006	\$2,479.55
6	2005	\$10,000	10/25/2005	2006	
6	2006	\$10,000	9/26/2006	2006	\$10,000
7	2005	\$5,000	10/26/2005	2006	
7	2006	\$6,758.40	5/18/2006	2006	\$1,758.40
8	2005	\$10,000	10/26/2005	2006	
8	2006	\$10,000	4/13/2006	2006	\$10,000
9	2005	\$5,500	10/25/2005	2006	
9	2006	\$10,000	7/3/2006	2006	\$5,500
10	2005	\$10,000	10/25/2005	2006	
10	2006	\$10,000	8/18/2006	2006	\$10,000
11	2005	\$10,000	10/25/2005	2006	
11	2006	\$5,028	4/13/2006	2006	\$5,028
12	2005	\$5,000	10/26/2005	2006	
12	2006	\$10,000	9/26/2006	2006	\$5,000
13	2005	\$8,239.59	10/25/2005	2006	
13	2006	\$4,874.81	7/3/2006	2006	\$3,114.40
TOTAL					\$81,734.96

Source: OIG Generated from SLRP Records and NFC Payment Records for FYs 2004-2006.

Ineligible Employees Received SLRP Benefits

According to Directive [REDACTED], an employee must wait at least 6 months after their appointment date (civilian) or 6 months after their sworn date (officers) before they are eligible to apply. USCP Directive [REDACTED] (5) also states that the employee or officer must maintain an effective and competent annual performance rating. However, the Department approved loan reimbursements for employees that did not meet its eligibility criteria. For example, OHR approved:

- 11 disbursements totaling about \$104,294 to employees that had not yet met the 6-month eligibility criteria.

- 89 disbursements totaling \$746,629 without current performance evaluations (within 18 months of disbursement) in the folder.

Inadequate Separation of Duties - Approval of Loans for OHR Employees

The Department did not have adequate separation of duties within its SLRP organizational structure. The responsibility for overseeing, approving, recording, and reconciling student loan repayments was primarily assigned to OHR. We noted that at least four OHR employees had received SLRP benefits and fellow OHR employees approved their loan applications. We noted that the OHR Associate Director's (Programs) application contained altered lender information such as the loan amount. Although, an OHR subordinate employee that did not directly report to the Associate Director approved the application. This may create the appearance the process was circumvented by OHR staff or potential intimidation of a subordinate employee. While we found no fraud and duties were technically separate; sound internal control practices would require an independent senior individual approve a senior level employee's loan application instead of a subordinate. Although it is not always possible to have complete separation of incompatible duties in an entity with a limited number of employees, duties and responsibilities should be separated to the greatest extent possible to reduce the risk of error, waste, or wrongful acts.

Conclusions

The Department did not have adequate controls to ensure compliance with its program. As a result, the Department approved and processed payments for ineligible participants and amounts in excess of the annual limits. Furthermore, the Department failed to collect from employees that did not comply with their service agreements. These internal control weaknesses call in to question the Department's ability to manage adequately and report accurately on its SLRP activities. To ensure that Federal funds are properly used for their intended purpose, OIG is making the following recommendation.

Recommendation 2: We recommend that the United States Capitol Police:

- a. **take immediate action(s) to collect reimbursements totaling \$142,695 from participants that did not comply with service agreements;**
- b. **should consider whether reimbursement, in whole or in part, if recovery would be against equity and good conscience or against the public interest, from participants that received:**
 - **\$81,735 in excess of the \$10,000 annual limit,**
 - **\$104,294 but did not meet the 6-month eligibility requirement, and**
 - **\$701,254 but did not meet the annual performance rating criteria;**

- c. maintain adequate supporting documentation so that an appropriate determination can be made regarding unsupported costs totaling \$1,304,675;
- d. establish debt collection procedures to collect from participants that do not comply with properly executed service agreements;
- e. establish adequate controls over the Student Loan Repayment Program to ensure compliance with established regulation and directive thereby avoiding repayment for amounts in excess of annual limits; and
- f. clarify its Administrative Directive [REDACTED] regarding the service agreement obligation period when a participant has concurrent agreements.

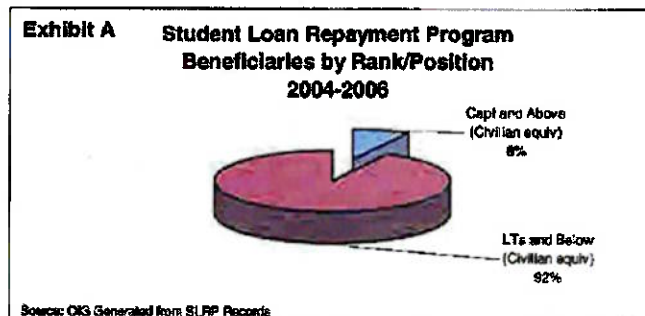
PROGRAM MANAGEMENT

The Department had not linked its program objectives and measures to recruitment and retention. Nor did the Department reported annually as required. As a result, the Department did not know if its program was effective or achieving its intended purpose of recruitment or retention.

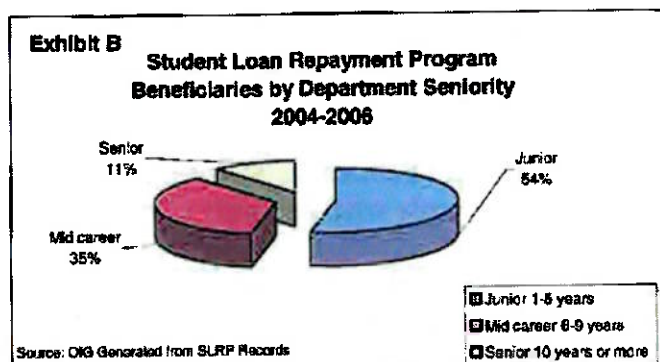
Overall Program Effectiveness

The Department had not established program performance goals and objectives for measuring the effectiveness of its SLRP activities. Only 1 of 52 recipients interviewed by OIG indicated that the Department used the program to recruit them. The other 51 recipients stated that the program did not influence their recruitment or retention. Recipients viewed the program as a “perk” or a means to receive monies to pay off old school loans for themselves or their children. In fact, 45 recipients had secured their loan for themselves, while 7 had taken out a loan for a child. Furthermore as of July 2007, the Department has not conducted a study or survey to determine its program’s effectiveness in recruitment or retention. In its April 2007 report, CRS confirmed that no studies or surveys on program’s effectiveness in recruitment or retention were available for USCP.

Our analysis showed that personnel with the rank of Private w/Training, Private First Class, and Sergeant received \$1,284,660, \$841,604, and \$142,731, respectively, in SLRP benefits during FYs 2004-2006. In fact, 92 percent of beneficiaries of the SLRP were lieutenants and below as shown in Exhibit A.



Yet, almost half of the participants in the program had over five years of service as shown in Exhibit B. After five years of service an employee has vested in the Legislative retirement system.



The USCP SLRP made its first repayments beginning in FY 2004. As shown in Table 4 below, there was a 26 percent decrease in employee attrition (Other Separations category) from FY 2003 to FY 2004. There was a 6 percent decrease from FY 2004 to FY 2005. However, there was a 77 percent increase in employee attrition from FY 2005 to FY 2006.

Table 4 – USCP Employee Separation Data for FYs 2001-2007

Fiscal Year	Retirements	Deaths	Other Separations	Total
2001	22	1	76	99
2002	17	1	169	187
2003	15	3	95	113
2004	40	0	70	110
2005	38	2	66	106
2006	50	1	117	168
2007 *	30	3	118	151
TOTAL	212	11	711	934

Source: USCP OHR. * As of 9/1/2007.

Annual Reporting

Although USCP's Directive required annual reporting to the Chief and we found no evidence to support an annual program report. The SLRP program managers stated they did not have a clear understanding of the type of report required if any, or the type of information to be included in a report. Even though, [REDACTED] stated that each fiscal year OHR "will" prepare a report and program review that contains the following information:

- Number of employees who received payment under the Student Loan Repayment Program.
- Amount of payments made to lenders on behalf of employees.
- Amounts of any repayments by employees.
- Termination/waivers of benefits/service agreements.

We did note that the Department included SLRP statistical data in its FYs 2005 and 2006 annual reports. For example in the FY 2005 annual report the Department reported that,

"The Student Loan Repayment Program (SLRP) has continued to be effective in supporting the USCP goal to recruit and retain a highly skilled, trained, diverse workforce. This has assisted the Department with recruiting skilled workers and retaining highly qualified employees. In FY 2005, the Department paid \$978,974.35 for student loans for 118 sworn and civilian employees."

However, the SLRP statistical data reported in the FY 2006 annual report did not agree with Department or NFC records. The FY 2006 report stated that the Department paid \$980,000 for student loans for 112 employees while the Department and NFC disbursement records showed \$1,101,004 paid for student loans for 139 employees. The Department did not issue an annual report for FY 2004. But, the *Congressional Research Service (CRS) Report for Congress, Student Loan Repayment for Federal Employees*, Updated April 6, 2007, reported "For FY 2004, 107 Capitol Police employees were given the repayment benefit at a total cost of \$944,000 (an average of \$8,822 per employee)."

Conclusions

Compliance with its regulation and directive provide the Department with some assurance that the program was carried out as proposed and that Federal funds were used for their intended purpose. Considering the Department's challenge in attracting and retaining well-qualified employees, the student loan repayments could be a valuable human capital management tool allowing the Department to recruit highly qualified candidates and retain talented employees in the Federal workforce.

The Department must tailor their use of SLRP to meet their specific human capital management goals. In addition, OHR must ensure that its SLRP data is reported accurately and timely to the Chief for stewardship responsibilities and if the program is to realize its full potential and be effectively utilized for its intended purpose. However, improving the supply of performance information is in and of itself insufficient to sustain performance management and achieve real improvement in management and program results. Decision makers and managers should require such information and use it to evaluate the success of the SLRP. Thus, OIG is making the following recommendation.

Recommendation 3: We recommend that the United States Capitol Police:

- a. institute a formal yearly reporting process in accordance with USCP Directive [REDACTED] and**
- b. link its goals and measures of the program with retention and recruitment of Department personnel.**

United States Capitol Police
Student Loan Repayment Program
FYs 2004, 2005, and 2006

Schedule of Questioned Costs⁵

Questioned Costs		Notes	Criteria
Unallowable/ Unauthorized	Unsupported		
\$142,695		Employees separated before completion of service agreement.	
\$81,735		Exceeded \$10,000 maximum annual limit.	
\$104,294		Disbursements made to ineligible employees due to 6-month eligibility requirement.	
*\$701,254		Disbursements made to ineligible employees who did not meet annual performance rating criteria.	
	\$520,827	Loan qualification was deemed questionable due to incomplete information.	
	\$331,833	Missing participant files or records.	
	*\$10,000	Missing 1353	
	*\$57,159	Missing 1354	
	*\$137,105	Missing 1355	
	\$247,751	Missing Loan Summary	
\$1,029,978	\$1,304,675		

Amounts rounded to nearest dollar.

***Amount reduced to eliminate double counting of questioned costs.**

⁵ A "questioned cost" denotes that one or more of the following three situations exist: (1) an alleged violation of a provision of a law, regulation, agreement, or document governing the expenditure of funds; (2) a finding that, at the time of the review, such cost is not supported by adequate documentation; or (3) a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.

APPENDICES

Appendix A
Page 1 of 1

**United States Capitol Police
Student Loan Repayment Program**

List of Employees That Did Not Fulfill Service Agreement

Fiscal Year	Name	Gross Amount	Service Agreement Completion Date	Separation Date
2004	1 BT	\$ 10,000	8/24/06	10/1/05
2004	2 BF	\$ 10,000	9/22/06	3/17/06
2004	3 HC	\$ 3,821.30	4/15/06	9/28/04
2004	4 LM	\$ 10,000	4/23/06	4/1/06
2004	5 LR	\$ 10,000	4/21/06	4/05/06
2004	6 MR	\$ 10,000	4/13/06	1/06/06
2004	7 OS	\$ 10,000	5/04/06	3/05/05
2004	8 PT	\$ 10,000	Missing	4/22/06
2005	9 AJ	\$ 10,000	Missing	4/22/06
2005	10 BB	\$ 10,000	Missing	9/16/06
2005	11 CS	\$ 10,000	4/26/07	4/29/06
2005	12 DB*	\$ 7,289.96	5/19/07	12/10/05*
2005	13 LH	\$ 10,000	5/11/07	7/09/06
2005	14 PM	\$ 2,923.95	8/10/07	2/17/07
2005	15 SM	\$ 10,000	4/27/07	12/21/06
2006	16 TZ	\$ 8,659.66	Missing	9/16/06
	TOTAL	\$142,694.87		

*Separated in 12/10/05 and reappointed 9/17/2006.

Missing - For Service Agreement completion dates that indicate missing, we were unable to obtain a copy. Thus, we calculated two years from the disbursement date to determine the two-year service agreement completion date.

Employee names coupled with other information could be considered personal and confidential, thus OIG did not include employee names. To assist in its recommendation resolution, OIG provided a detailed key related to employee identification to the Department.



Form: 202-224-0606

UNITED STATES CAPITOL POLICE

OFFICE OF THE CHIEF
119 D STREET, NE
WASHINGTON, DC 20510-7218
September 21, 2007

MEMORANDUM

TO: Mr. Carl W. Hoecker
Inspector General

FROM: Phillip D. Morse, Sr.
Chief of Police

SUBJECT: USCP Comments on the Draft Report on the Review of the Student Loan Repayment Program (OIG-2007-07).

1. PURPOSE

I received your Draft Report, on the "Review of [the] Student Loan Repayment Program" (OIG-2007-07) on September 7, 2007. I have designated the Chief Administrative Officer (CAO) as the Follow-up Official for these issues. I concur in general with the recommendations outlined in the draft report, and agree that action should be taken to address these issues.

2. DISCUSSION

On September 11, 2007, a decision memorandum was sent to the Chief Administrative Officer. The purpose of that memo was to direct the immediate suspension of the USCP Student Loan Repayment Program (SLRP), as well as to direct a redesign of the program to insure compliance with the intent of the authorizing legislation for this program and the USCP policies and procedures governing its utilization. Please see attached memo. The Director of the Office of Human Resources has already begun working on a detailed action plan to improve the management and overall outcomes gained from this program. We will work closely with your office as we proceed on our plan for corrective actions.

3. CONCLUSION

Thank you for the opportunity to comment on this report, and your continued support in making the United States Capitol Police a best practices organization.

Very respectfully,


Phillip D. Morse, Sr.
Chief of Police

CC: Chief Administrative Officer
Assistant Chief of Police

Attachment

Nationally Accredited by the Commission on Accreditation for Law Enforcement Agencies, Inc.

