

Approved for public release by the Capitol Police Board on March 2, 2026

UNITED STATES CAPITOL POLICE

Fiscal Year 2013 Management Letter

Report No. OIG-2014-02



CliftonLarsonAllen LLP
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FISCAL YEAR 2013 MANAGEMENT LETTER

Inspector General
United States Capitol Police

Chief of Police
United States Capitol Police

United States Capitol Police Board

In planning and performing our audit of the financial statements of the United States Capitol Police (USCP) as of and for the year ended September 30, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the entity's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements and on internal control over financial reporting.

We previously issued our opinions on USCP's financial statements and internal control over financial reporting as of September 30, 2013 in our Independent Auditors' Report dated December 19, 2013 (Report No. OIG-2014-01), in which we communicated the material weakness and significant deficiencies we found. However, during our audit we became aware of control deficiencies other than significant deficiencies and material weaknesses and other matters that are opportunities to strengthen your internal control and improve the efficiency of your operations. This letter does not affect the conclusions in our Independent Auditors' Report.

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. We have summarized the FY 2013 management letter comments and recommendations and USCP's responses, and also present the FY 2013 status of FY 2012 management letter findings in Section III.

~~This report is intended solely for the information and the use of USCP management and governance and the USCP Office of Inspector General and is not intended to be and should not be used by anyone other than these specified parties.~~

CLIFTONLARSONALLEN LLP

A handwritten signature in cursive script that reads 'CliftonLarsonAllen LLP'.

Arlington, Virginia
December 19, 2013

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United States Capitol Police
Management Letter
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**United States Capitol Police
FY2013 Financial Statements Audit
Management Letter**

I. Introduction

We provided USCP management a Notice of Findings and Recommendations (NFR) matrix with 19 findings related to the fiscal year (FY) 2013 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 (MW), a significant deficiency (SD), or a management letter finding (MLF). A finding that is categorized as MW or SD is included in our separate report titled Independent Auditors' Report on Internal Control over Financial Reporting dated December 19, 2013. Nine of the 19 findings in the NFR matrix were categorized as MWs, four as SDs, and six as MLFs (see Section II).

We also included FY 2013 status of our FY 2012 MLFs in section III.

II. Management Letter Findings (MLF)

MLF 1: Lack of Review of Inactive [REDACTED] Accounts (New Finding) (NFR 2013-01)

USCP was not reviewing [REDACTED] user accounts to ensure inactive accounts are disabled. 18 [REDACTED] user accounts out of a population of 89 active user accounts were not used within 90 days yet remained enabled. Through follow up with management it was determined that 15 of these accounts are required; however, 3 were not and needed to be disabled.

Management indicated that the last login report is run by the [REDACTED] support vendor and had not been previously included in internal control reviews.

Federal best practices noted in the National Institute of Standards and Technology (NIST) Special Publication 800-53 Revision 3 Recommended Security Controls for Federal Information Systems and Organizations, control AC-2 states – The organization manages information system accounts, including:

- Establishing, activating, modifying, disabling, and removing accounts;
- Notifying account managers when temporary accounts are no longer required and when information system users are terminated, transferred, or information system usage or need-to-know/ need-to-share changes;
- Deactivating:
 - temporary accounts that are no longer required; and
 - accounts of terminated or transferred users;
- Reviewing accounts.

Although categorized as a new finding in FY 2013, similar finding was identified during the FY 2010 audit of the financial statements.

Recommendation:

1. We recommend USCP include periodic inactive account reviews as part of the Internal Control Reviews.

Management Response:

We concur with this finding and will add a review of inactive [REDACTED] Accounts to our internal control review process.

MLF 2: Missing Personnel Separation Checklist (New Finding) (NFR 2013-02)

One out of a sample of six separated personnel did not have a separation checklist. Accordingly, we also did not receive documentation to verify badge return or request to move physical access.

USCP's General Order [REDACTED] states that form [REDACTED] must be completed for each member/employee terminating employment with the Department to ensure that out-processing is consistent and complete.

In addition, Federal best practices noted in the National Institute of Standards and Technology (NIST) *Special Publication 800-53 Revision 3 Recommended Security Controls for Federal Information Systems and Organizations*, control PS-4 states – "The organization, upon termination of individual employment:

- a. Terminates information system access;
- b. Conducts exit interviews;
- c. Retrieves all security-related organizational information system-related property; and
- d. Retains access to organizational information and information systems formerly controlled by terminated individual."

Although categorized as a new finding in FY 2013, similar finding was identified during the FY 2010 audit of the financial statements.

Recommendation:

2. We recommend USCP ensure documentation is retained for separating personnel verifying return of USCP property and timely removal of physical and logical access.

Management Response:

We concur with this finding. We will update policy and checklist for separating employees that specifically outlines roles and responsibilities of Bureaus and Offices with responsibility for obtaining property, equipment and clearing for payroll purposes.

MLF 3: Inadequate Control Over Non-Payroll Disbursements (New and Modified Repeat Finding) (NFR 2013-12)

We found four separate instances described below where internal control over non-payroll disbursements could be improved:

- 3.1 For one purchase card transaction tested, goods were ordered before the purchase request was approved. SCP [REDACTED] states that request identifying need for goods/services must be created and approved in [REDACTED] before supplies can be ordered. (New Finding)
- 3.2 For 11 invoices tested, the payment was not made within 30 days of receipt of billing document. It is a best business practice to adopt procedures to ensure timely payment of invoices. (Repeat Finding)
- 3.3 For 2 purchase card transactions tested, the card holder submitted the USCP Purchase Card Holder/Approving Official Certification Report Form (Certification Form) to the Approving Official more than 10 months after the Statement of Account was available to the card holder. Moreover, for 1 purchase card transaction tested, the card holder did not submit the Certification Form to the Approving Official for approval. USCP SOP [REDACTED] page 16 states the cardholder signs the Certification Report certifying that the Statement of Account has been reconciled and supported with the source documentations. The Card Holder should forward the original Certification Report, Statement of Account, Purchase Card Buying Log and all other original supporting documentation to the Approving Official with seven business days after the Statement of Account is available to the Card Holder. (Modified Repeat Finding)
- 3.4 For 1 invoice tested, USCP did not provide a signed receiving report or equivalent with signature and date of receipt/acceptance of goods or services. SOP [REDACTED] states that the Receiving (REC) Document approved in [REDACTED] by a Bureau/Office be based on receipt and acceptance of supplies/services as documented on a signed Receiving Report. (New Finding)

Recommendation:

We recommend USCP:

3. Enforce its procurement policies.
4. Enhance procedures for ensuring timely payments of invoices, and
5. Enforce its purchase card policies.

Management Response:

Management responses to each of the four non-payroll findings:

- a. We concur. USCP Purchase Card Coordinator will advise all Cardholders that purchases can only be processed after final approval of the funding document has been received. The Purchase Card Coordinator will also look for these occurrences when conducting monthly reviews. Approving Officials will be advised to verify that procedures were followed.
- b. We generally concur with this finding. The eleven exceptions are due to the program office extended time frame for entering Receiving documents in the [REDACTED] system without which, AP cannot process. OFM will continue to send out weekly notification to program offices regarding outstanding receiving documents and will follow-up with Division/Bureau Commanders.
- c. We concur. Currently there is no requirement to document the Statement of Account reconciliation date, USCP will implement having Cardholders to insert a reconciliation date and provide their initials on the Purchase Card log when reconciliation is completed. USCP will also review with Cardholders and Approving Officials the requirements to review statements of accounts two (2) days after reconciliation.
- d. We concur.

MLF 4: Insufficient Review of Budgetary Reports (New Finding) (NFR 2013-17)

Our test disclosed that each of the following line items within the FY 2013 2nd and 3rd Quarter SF 133 Report on Budget Execution and Budgetary Resources were misstated by \$23,191,231 due to a posting error made by OFM in FACTS II. We noted that the Statement of Budgetary Resources (SBR) for the same quarters had correct balances, and that only the SF-133 data submitted in U.S. Treasury' FACTS II system were incorrect. Also, note that the SBR and the SF-133 are same reports, therefore, the data should be the same. Balances affected were:

- Unobligated Balance: Adjustment to Start of Year (SOY) Balance Brought Forward, Oct 1.
- Unobligated Balance From Prior Year Budget Authority
- Total Budgetary Resources
- Obligations Incurred, Direct
- Total Status of Budgetary Resources
- Obligation Balance: SOY: Adjustment to Unpaid Obligations Brought Forward, October 1.

OFM does not have procedures to reconcile the SF-133 from FACTS II and the SBR. Moreover, the SF-133 is certified by the preparer in the FACTS II system, rather by an OFM management or after a review is performed by a supervisor prior to submission of data to the FACTS II system.

GAO *Standards for Internal Control in the Federal Government* state key duties and Information on the SBR should be reconciled to the budget execution information reported on the SF 133

Report on Budget Execution and Budgetary Resources responsibilities need to be divided or segregated among different people to reduce the risk of error or fraud. This should include separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling related assets. No one individual should control all key aspects of a transaction or event.

Recommendation:

We recommend that OFM should:

6. Ensure the quarterly SF 133 Report on Budget Execution and Budgetary Resources is certified by someone other than the preparer.
7. Ensure the quarterly SF 133 and SBR are reconciled and the reconciliations, including explanation and corrective action needed for significant variances, are reviewed by the OFM Director.

Management Response:

We generally concur with this finding. Accounting will add another Accountant to prepare the SF-133 input and have it reviewed by the Supervisor. Additionally, a reconciliation to include explanations and corrective actions needed for significant variances will be performed on the SF-133 output and the SBR for the 2nd, 3rd, and 4th quarters and reviewed by the OFM Director.

MLF 5: Approval of Incorrect Cost Allocation Rates (New Finding) (NFR 2013-18)

USCP internal control did not detect the difference in the Cost Allocation Percentage Rates certified by the Executive Team for 2013 financial reporting and those used to prepare the Statement of Net Cost (SNC) for the period ended June 30, 2013. Specifically, the 2013 Cost Allocation Methodology allocates 100% of Security Service Bureau General Expenses to the Prevent Strategic Goal. However, these costs were allocated to the Support the Mission Strategic Goal in the SNC. After performing multiple analyses of the 2013 cost allocation methodology, OFM determined the Cost Allocation Percentage Rates certified by the Executive Team were incorrect because they were the allocation rates applicable to fiscal year 2012. However, OFM used the correct 2013 Cost Allocation Percentage Rates.

GAO *Standards for Internal Control in the Federal Government* states in implementing these standards, management is responsible for developing the detailed policies, procedures, and practices to fit their agency's operations and to ensure that they are built into and are an integral part of operations.

Recommendation:

8. We recommend the Executive Team and OFM enhance their review of the Cost Allocation Percentage Rates prior to certifying the rates used in the cost allocation methodology.

Management Response:

We concur with this finding. OFM will thoroughly review Cost Allocation numbers to ensure that they represent what is certified by the Executive Team.

MLF 6: Funds for Undelivered Orders Not Deobligated Timely (New Finding) (NFR 2013-19)

Six out of 16 undelivered orders we tested showed outstanding balances which should have been deobligated. We noted that although the Procurement office sends a report that lists contracts or orders to each financial liaison officer (FLO) for deobligation review, the reviews were not consistently made. One FLO stated that she rarely has time to deobligate items on the list and it is not a required procedure. Timely deobligation of funds could potentially free-up funds for other eligible contracts.

GAO Standards for Internal Control states that control activities are the policies, procedures, techniques and mechanisms that enforce management directives. An example of a control activity is the accurate and timely recording of transactions and events.

Recommendation:

9. We recommend that USCP update policies and procedures to include specific procedures for timely monitoring and liquidating inactive obligations. In addition, management must communicate to employees the need to be diligent in following up with project managers to identify and deobligate unneeded obligations in a timely manner.

Management Response:

We generally concur with this finding. Procurement will develop a process that will provide quarterly reviews of active contract actions to determine if deobligation and or contract close out can occur. Procurement will work with management to communicate to the FLO's, program and project managers their vital role in the process.

III. FY 2013 Status of Prior Year Management Letter Findings

USCP's FY 2012 management letter identified a total of four management letter comments. Two off the MLFs were closed and two were modified repeat findings as shown in the table below.

FY 2012 Finding No.	Finding	FY 2013 Status
1	[REDACTED] Audit Logging and Monitoring	Closed
2	Untimely Vendor Payments	Modified Repeat Finding-Included in FY 2013 MLF 3.2
3	Purchase Card Used Prior to Completion of Required Training	Closed
4	Untimely Purchase Card Reconciliation	Modified Repeat Finding-Included in FY 2013 MLF 3.3