



UNITED STATES CAPITOL POLICE
OFFICE OF INSPECTOR GENERAL



MANAGEMENT LETTER
RELATED TO THE AUDIT OF THE UNITED STATES CAPITOL POLICE'S
FISCAL YEAR 2024 FINANCIAL STATEMENTS

Report Number: OIG-2025-06

Date: December 2024



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Alexandria, VA 22314
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December 13, 2024

J. Thomas Manger
Chief of Police
United States Capitol Police
119 D St, NE
Washington, DC 20510

Dear Chief Manger:

In connection with our engagement to audit the fiscal year (FY) 2024 financial statements of the United States Capitol Police (USCP or Department), upon which we have issued our report dated December 13, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered USCP's internal control over financial reporting. This was to determine the audit procedures that were appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of USCP's internal control over financial reporting. Accordingly, we did not express an opinion on the effectiveness of USCP's internal control over financial reporting.

During our engagement, we identified deficiencies in USCP's internal control over financial reporting that, in the aggregate, represented a significant deficiency. These deficiencies were communicated in our report dated December 13, 2024. We also became aware of deficiencies in internal control over financial reporting that did not rise, individually or in the aggregate, to the levels of significant deficiencies or material weaknesses. We are communicating these deficiencies in Appendix A to this management letter as opportunities for USCP to strengthen its internal control over financial reporting.

This letter does not affect our report dated December 13, 2024, on the financial statements. We plan to review the status of these internal control deficiencies during our next audit engagement.

This communication is intended to communicate findings identified during the audit to USCP's management and the Office of Inspector General. Accordingly, this report is not suitable for any other purpose.

USCP's response to our draft letter is included in Appendix B. USCP did not have any substantial comments. We did not audit USCP's comments, and accordingly, we express no opinion on the comments.

Sikich CPA LLC
Sikich CPA LLC
Alexandria, VA



**APPENDIX A: FISCAL YEAR 2024 MANAGEMENT LETTER
CONTROL DEFICIENCIES THAT DO NOT MEET THE CRITERIA OF MATERIAL WEAKNESS OR
SIGNIFICANT DEFICIENCY**

We noted the following deficiencies in USCP's internal control over financial reporting that do not rise to the levels of significant deficiencies or material weaknesses, either individually or in the aggregate: (1) lack of accountability of property; (2) noncompliance with employee clock usage policy; (3) failure to retain required employee personnel documentation in central personnel files; (4) accounting for advances and prepayments; (5) procurement, travel, and purchase card accrual process needs improvement; (6) lack of approved purchase requests prior to placing purchase card orders, (7) invoices lack appropriate Contracting Officer's Representative (COR) approval; (8) purchase card certification report forms not properly prepared, and (9) third party service provider oversight needs improvement. We provide additional detail regarding these nine findings below.

CONTROL DEFICIENCY 1: LACK OF ACCOUNTABILITY OF PROPERTY

USCP does not have an effective process in place to properly account for property, plant, and equipment (PP&E). While USCP has begun identifying and barcoding components of system assets and assigning them parent-child relationships in [REDACTED] the Department's property and inventory management system, this has not been completed for all of the Department's systems, including the duress security system and the card access security system. Additionally, USCP is not reconciling property records between the [REDACTED] [REDACTED], a system utilized by the Security Services Bureau to track its property, and [REDACTED] and is not performing annual wall-to-wall inventories of all assets, including those in [REDACTED]

We recommend USCP:

- Continue to identify, barcode, and establish parent-child relationships within [REDACTED] for major components of all of USCP's systems assets.
- Enforce Standard Operating Procedure (SOP) [REDACTED], dated April 30, 2012, to ensure that the [REDACTED] to [REDACTED] reconciliation and annual wall-to-wall inventory are performed.

CONTROL DEFICIENCY 2: NONCOMPLIANCE WITH EMPLOYEE CLOCK USAGE POLICY

USCP does not have a process in place to ensure that employees are properly utilizing time clocks. During FY 2024, USCP employees had 45,393 missing or no swipes relating to 1,968 employees. The number of missing or no swipes per average employees for the fiscal year rose from 14.64 during FY 2023 to 21.82 during FY 2024.

In addition, of the 45,393 instances of missing or no swipes in FY 2024, 20,491 did not include a reason on the employee's timesheet, and 8,093 did not contain a reason or a comment related to the missing swipe on the employee's timesheet. The missing swipes with no comment or reason related to 837 employees.



We recommend USCP:

- Provide training to educate employees regarding Office of Human Resources policies and procedures including:
 - The importance of clock swiping and identify it as part of their performance metrics in terms of being compliant with USCP policies; and
 - 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.
- Continue to monitor and enforce compliance with time and attendance policy over employee attestation and supervisor certification of timesheets.

CONTROL DEFICIENCY 3: FAILURE TO RETAIN REQUIRED EMPLOYEE PERSONNEL DOCUMENTATION IN CENTRAL PERSONNEL FILES

USCP does not consistently retain employee personnel documentation in central personnel files as required by USCP policies and procedures.

As part of our payroll internal control procedures, we tested a sample of 40 new hires and found the following regarding the central personnel files:

- 14 samples were missing the Thrift Savings Plan (TSP) election form.
- 11 samples were missing the Federal Elections Health Benefits (FEHB) election form.
- 8 samples were missing the Personnel Information Report – Health.

As part of our payroll internal control procedures, we tested a sample of 36 separated employees and found the following regarding the central personnel files:

- 4 samples were missing the form [REDACTED]
- 2 samples did not have a signed approved form SF-52, *Personnel Action Form*.
- 1 sample was missing the form SF-1150, *Record of Leave Data*. This employee separated with a negative leave balance and the bill for the balance was not provided.
- 1 sample was missing the form [REDACTED].

As part of our payroll internal control procedures, we tested a sample of 45 active employees and found the following:

- 3 samples were missing documentation of overtime authorization.
- 1 sample was missing the Federal Employee Group Life Insurance election form.

We recommend USCP:

- Ensure compliance with Directive [REDACTED], dated May 14, 2018, and SOP [REDACTED] dated November 27, 2023.
- Consider implementing an electronic record keeping system.



CONTROL DEFICIENCY 4: ACCOUNTING FOR ADVANCES AND PREPAYMENTS

USCP's Advance Accrual Review for the third and fourth quarters of FY 2024 contained instances of incorrect data entry which led to inaccurate calculations of advances for those quarters. For example, the period of performance start and/or end date identified by the Office of Financial Management (OFM) based on the payment's supporting documentation was incorrect for several of the payments identified, including a payment in the third quarter review which was for FY 2023 services but assigned a FY 2024 period of performance.

We recommend that OFM refine its Advance Accrual Review to ensure datapoints used to calculate advance and prepayment amounts are accurate based on underlying support, to include improving the review of the documentation prior to recording adjustments.

CONTROL DEFICIENCY 5: PROCUREMENT, TRAVEL, AND PURCHASE CARD ACCRUAL PROCESS NEEDS IMPROVEMENT

While USCP has documented internal control activities to accrue for accounts payable (AP) and expenses, that process does not include a mechanism such as comparing the accrual amounts to actual expenses to validate its AP and expense accrual methodology and thus ensure the estimated accruals that it records are appropriate, reasonable, and accurate. Sikich independently performed procedures to analyze the accuracy of USCP's September 30, 2023 accrual and found that USCP had under-accrued its procurement, travel, and purchase card AP and expenses by a total of \$4.6 million.

We recommend USCP develop and implement a process to assess the reasonableness of its nonpayroll expense accrual methodology, to include the model's theoretical soundness, the model's mathematical integrity, the accuracy and completeness of the model's data and assumptions, and the model's output as compared to actual transactions. This should consist of comparing the estimated accrual amounts to actual expenses to assess whether the accruals are resulting in reasonable estimates.

CONTROL DEFICIENCY 6: LACK OF APPROVED PURCHASE REQUESTS PRIOR TO PLACING PURCHASE CARD ORDERS

In our sample-based testing procedures over nonpayroll expenses, we identified one instance where an order was placed before a purchase request ("PQ" document) was approved. We identified three additional instances where an order was placed and services were rendered (i.e., expenses were incurred) before a PQ was approved. Therefore, expenses were incurred prior to having a valid commitment and obligation established. Additionally, for three of these four samples, USCP used funds from a subsequent year appropriation to pay for prior year services.



We recommend USCP:

- Enforce its existing requirements detailed in SOP [REDACTED] dated September 21, 2020, and SOP [REDACTED] dated November 20, 2023, to prevent purchase card holders from making purchases without a corresponding approved purchase request and/or without the proper appropriation year funds.
- Perform an analysis to assess the frequency and magnitude of expenses processed without an existing obligation to assess the risk of potential violations of the Antideficiency Act.

CONTROL DEFICIENCY 7: INVOICES LACK APPROPRIATE CONTRACTING OFFICER'S REPRESENTATIVE (COR) APPROVAL

Thirty invoices tested as part of nonpayroll expense procedures lacked evidence of appropriate COR approval. Specifically, we were unable to identify a COR in the 9/30/2023 and 6/30/2024 "List of CORs for Active Contracts" nor other documentation, such as the contract. Therefore, we were unable to confirm that the designated COR reviewed and accepted goods/services related to these expenses. Additionally, for five of our sampled expenses, the designated COR for the contract was not the COR who approved the payment. USCP's SOP [REDACTED], dated June 29, 2020, provides requirements regarding the review and approval of vendor invoices.

We recommend that USCP strengthen its internal control activities to ensure invoices are authorized and executed by persons acting within the scope of their authority prior to recording in the general ledger.

CONTROL DEFICIENCY 8: PURCHASE CARDS - CERTIFICATION REPORT FORMS NOT PROPERLY PREPARED

For 13 of our sampled purchase card expense transactions, the purchase card holder did not sign and date the *Purchase Card Holder/Approving Official Certification Report Form* (Certification Report Form) within the required 7-day period, indicating untimely completion of the reconciliation of the *Purchase Card Buying Log* (Purchase Log) and Citibank statement.

Additionally, for seven of our sampled purchase card expense transactions, the approving official did not approve the Certification Report Form within the required 3-day period.

We recommend USCP enforce the requirements of the SOP [REDACTED].

CONTROL DEFICIENCY 9: THIRD PARTY SERVICE PROVIDER OVERSIGHT NEEDS IMPROVEMENT

USCP does not have a consistent process in place to document and test all complementary user entity controls (CUECs) associated with each of the Service Organization Controls (SOC) 1 reports significant to internal controls over financial reporting. In addition, USCP has



not implemented all CUECs. For example, USCP has not implemented two-factor authentication for [REDACTED] and [REDACTED] which is a CUEC in the [REDACTED] SOC report

We recommend USCP develop and implement policies and procedures to obtain, analyze, and document the review of SOC 1 reports including consideration of CUECs from the SOC 1 reports.



APPENDIX B: USCP's COMMENTS



PHONE: 202-224-9808

UNITED STATES CAPITOL POLICE

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

December 10, 2024

COP 242343

MEMORANDUM

TO: David T. Harper
Inspector General

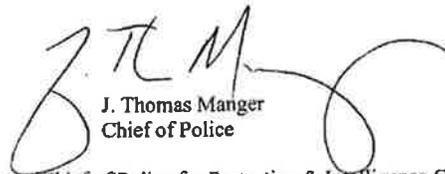
FROM: J. Thomas Manger *JTM*
Chief of Police

SUBJECT: Response to Office of Inspector General Draft Report *Management Letter Related to the Independent Auditor's Report Financial Statements for Fiscal Year 2024* (Report No. OIG-2025-06)

Thank you for the opportunity to review and comment on the Office of Inspector General Draft Report *Management Letter Related to the Independent Auditor's Report Financial Statements for Fiscal Year 2024*.

The USCP does not have any substantive comments on the Draft Report. We appreciate the efforts of the Office of Inspector General and the independent auditor Sikich throughout the financial audit process. We will continue to strive for improvements in the areas noted in the Management Report and appreciate your valuable input.

Very respectfully,



J. Thomas Manger
Chief of Police

cc: Ashan M. Benedict, Assistant Chief of Police for Protective & Intelligence Operations
Jason R. Bell, Assistant Chief of Police for Standards and Training Operations
Sean P. Gallagher, Assistant Chief of Police for Uniformed Operations
Magdalena Boynton, Chief Administrative Officer
[REDACTED] Program Manager/Audit Liaison

