



UNITED STATES CAPITOL POLICE OFFICE OF INSPECTOR GENERAL

Independent Auditor's Report Financial Statements For Fiscal Years 2020 and 2019

Report Number OIG-2021-02

December 2020

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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.

Michael A. Bolton
Inspector General

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Abbreviations and Acronyms

Federal Accounting Standards Advisory Board	FASAB
Fiscal Year	FY
Government Accountability Office	GAO
Management Letter Comment	MLC
Material Weakness	MW
National Finance Center	NFC
Office of Human Resources	OHR
Office of Inspector General	OIG
Required Supplementary Information	RSI
Significant Deficiency	SD
Time and Attendance	T&A
United States Capitol Police	USCP or the Department

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, 2020 and 2019. Our objective was to express an opinion on the fairness of the financial statements in all material respects and render an opinion on controls over financial reporting and report on compliance with laws, regulations, and contracts. Our audit was conducted in accordance with *Government Auditing Standards*.

Report on the Financial Statements and on Internal Control over Financial Reporting - 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, 2020, and 2019, 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.

OIG also rendered an unmodified opinion on internal control over financial reporting, but did identify one significant deficiency concerning payroll.

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 4, 2020, OIG provided a draft report to Department officials for comment. See Exhibit A for OIG recommendations related to internal controls over financial reporting.



Independent Auditor's Report



WASHINGTON, DC 20003

OFFICE OF INSPECTOR GENERAL

To: The United States Capitol Police Board

Independent Auditor's Report

In our audits of the fiscal years (FY) 2020 and 2019 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, 2020, and 2019, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;
- although internal controls could be improved, USCP maintained, in all material respects, effective control over financial reporting as of September 30, 2020; and
- no reportable noncompliance for FY 2020 with provisions of applicable laws, regulations, and contracts we tested.

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

Report on the Financial Statements and on Internal Control over Financial Reporting

In accordance with 2 U.S.C. 1903, we have audited the USCP financial statements. USCP's financial statements comprise the balance sheets as of September 30, 2020 and 2019; the related statements of net cost, changes in net position, and budgetary resources for the FY then ended; and the related notes to the financial statements. We have also audited USCP's internal control over financial reporting as of September 30, 2020, based on criteria established under U.S. Government Accountability Office (GAO) OIG-14-704G, *Standards for Internal Control in the Federal Government*, dated September 2014.

We conducted our audits in accordance with U.S. generally accepted government auditing standards. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinions.

Management's Responsibility

USCP management is responsible for (1) the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles; (2) preparing, measuring, and presenting the RSI in accordance with U.S. generally accepted accounting principles; and (3) maintaining effective internal control over financial reporting, including the

design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements and an opinion on USCP's internal control over financial reporting based on our audits. U.S. generally accepted government auditing standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement, and whether effective internal control over financial reporting was maintained in all material respects. We are also responsible for applying certain limited procedures to RSI.

An audit of financial statements involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to USCP's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit of financial statements also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

An audit of internal control over financial reporting involves performing procedures to obtain evidence about whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of the risks that a material weakness exists. An audit includes obtaining an understanding of internal control over financial reporting, and evaluating and testing the design and operating effectiveness of internal control over financial reporting based on the assessed risk.

We did not evaluate all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations. We limited our internal control testing to testing controls over financial reporting. Our internal control testing was for the purpose of expressing an opinion on whether effective internal control over financial reporting was maintained, in all material respects. Consequently, our audit may not identify all deficiencies in internal control over financial reporting that are less severe than a material weakness.

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 (1) 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, (2) 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 and error. We also caution that projecting any evaluation of effectiveness to future periods is subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion on the Financial Statements

In our opinion, USCP's financial statements present fairly, in all material respects, USCP's financial position as of September 30, 2020, and 2019 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.

Opinion on Internal Control over Financial Report

In our opinion, although certain internal controls could be improved, USCP maintained, in all material respects, effective internal control over financial reporting as of September 30, 2020, based on criteria established under GAO-14-704G, *Standards for Internal Control in the Federal Government*, dated September 2014. As discussed below in more detail, our FY 2020 audit identified deficiencies in USCP's controls over payroll that collectively represent a significant deficiency in USCP's internal control over financial reporting. We considered this significant deficiency in determining the nature, timing, and extent of our audit procedures on USCP's FY 2020 financial statements.

Although the significant deficiency in internal control did not affect our opinion on USCP's FY 2020 financial statements, misstatements may occur in unaudited financial information reported internally and externally by USCP because of this significant deficiency.

In addition to the significant deficiency in internal control over payroll, 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's management's attention. We have communicated these matters to USCP management and, where appropriate, will report on them separately.

Significant Deficiency in Internal Control over Payroll

In performing the FY 2020 audit of the effectiveness of USCP internal control over financial reporting, we identified one significant deficiency over payroll. Specifically, USCP did not consistently comply with the time clock usage policy.

We also examined the findings and recommendations reported in the FY 2019 audit report and have included in this report as Exhibit B the status of those findings and recommendations as of September 30, 2020. We reported 2 findings in the FY 2019 audit (OIG-2020-04). During our

audit of the FY 2020 financial statements, we repeated one finding and recommendations related to payroll.

Below is a brief summary of the FY 2020 and the status of FY 2019 control deficiencies (also referred herein as findings):

The Office of Human Resources (OHR) made significant progress toward correcting payroll related findings. For the two (2) findings open in FY 2019, one was resolved in FY 2020, while the other was repeated in FY 2020. We concluded that the repeated OHR payroll finding constitutes a significant deficiency.

USCP's Response to the Findings

USCP's response to the findings identified in our audit is included in Exhibit A. USCP management generally agreed with our findings and recommendations. We included USCP management's response in this report but did not perform audit procedures on the response. Accordingly, we express no opinion on USCP management's response. Our evaluation of management's response, if necessary, is included in each specific finding.

Status of Prior Year Findings

We have also reviewed the status of USCP's corrective actions with respect to the findings and recommendations included in the prior year *Independent Auditor's Report on Internal Control over Financial Reporting* dated December 13, 2019. Exhibit B provides a discussion on the status of prior year findings and recommendations.

Other Matters

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. Although the RSI is not a part of the financial statements, FASAB 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 inquiries of management about the methods of preparing the RSI and comparing the information for consistency with management's responses to the auditor's 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.

Exhibit A
FY 2020 Internal Control Deficiencies/Findings

Significant Deficiency

Finding No. 1: Payroll Processing

Summary Status: **Significant Deficiency Current Year**
 Material Weakness from 1999 through 2019
 Substantial Progress

The National Finance Center (NFC) processes payroll for the United States Capitol Police (USCP or Department). USCP reports time and attendance (T&A) to NFC and is responsible for maintaining pay and leave records and documents that support pay, pay rates and deductions. USCP did not consistently comply with the time clock usage policy.

OHR made substantial progress toward implementing payroll related recommendations. One finding from FY 2019 was resolved in FY 2020, while one finding was repeated in FY 2020. As noted in prior years, auditors reported a payroll control deficiency since FY 1999; the finding had been reported as a material weakness from FY 1999 through FY 2019. We concluded that payroll related findings constituted a significant deficiency for FY 2020.

The following table describe the finding and recommendations of the FY 2020 audit. While we noted limited progress in this specific finding related to noncompliance with employee clock usage policy, the substantial progress indicated above is over the entire payroll control deficiency, as USCP had implemented corrective actions to resolve the prior year finding over employee and/or supervisor’s failure to attest or approve bi-weekly timesheets timely.

1. Noncompliance with Employee Clock Usage Policy (Repeat Finding) (Prior Year Finding 1.2)

Employees did not fully comply with USCP Directive [REDACTED], dated April 4, 2019, as it relates to clock usage.

OHR provided a report showing missing or no swipes (No Swipe Report) that reported 58,180 missing or no swipes related to 1,979 employees for our 12-month test period. The No Swipe Report included the field “Comments” for personnel to enter explanations related to their timesheet. The No Swipe Report also included a field labeled “Reason” related to these missing swipes. Of the 58,180 missing swipes, 46,158 did not have a reason. Of the 46,158 missing swipes with no reason, 36,032 also did not have a comment provided.

From the sample of 45 employees, 39 employees had a total of 1,219 missing or no swipes. Reasons related to the missing swipes were: (1) forgot badge – 4, (2) forgot to swipe – 94, (3) misdirection – 48, (4) technical difficulty – 100, and most importantly, (5) no reason provided – 973. Of the 973 missing swipes with no reason, 778 also did not have a comment provided.

In FY 2020, USCP issued Bulletin [REDACTED] [REDACTED] dated November 7, 2019. The bulletin reiterates the policy

Exhibit A
FY 2020 Internal Control Deficiencies/Findings

Significant Deficiency

imposed in USCP Directive [REDACTED]. Specifically, the bulletin states that “Nonexempt employees are required to utilize the USCP time clocks to record daily reporting times in [REDACTED] (i.e. to clock in and out).” It also states that supervisors are responsible for ensuring “that nonexempt employees are utilizing the USCP time clocks to record daily reporting times and counseling those with excessive missed clock ins/outs.” However, the bulletin does not specify requirements for providing reasons/comments for missed-swipes, and the bulletin expires on November 30, 2020.

In addition to swiping procedures, employees are also required to attest to the time reported on their timesheets, and their supervisors are required to certify that time. These procedures provide additional control over the integrity of employee T&A. The Office of Inspector General (OIG) reported failure to attest and certify employee timesheets as a standalone finding in prior year audits (FY 2019 Finding Number 1). Because of progress made in attestations and certifications in FY 2020, including a significant decrease in the noncompliance rate, this individual finding has been resolved. However, the remaining instances of unattested or uncertified time continue to pose a risk of inaccurate T&A records, particularly to the extent that unattested and uncertified time coincides with missing swipes.

We issued modified recommendations from the prior year to USCP’s management as follows:

Recommendation 1: We recommend the United States Capitol Police modify the time and attendance policy to include a sentence that explicitly refers to missing swipes: "Supervisors are required to provide a reason that missed swipes occurred as well as comments for missing swipes, as necessary."

Recommendation 2: 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 3: We recommend that United States Capitol Police continue to monitor and enforce compliance with time and attendance policy over employee attestation and supervisor certification of timesheets.

<p>Status of Finding and Recommendations: Repeat Finding – Limited Progress</p>	<p>Management Response: We concur with these recommendations. The Department anticipates making significant progress as an agency on this finding in FY 2021 through the implementation of additional monitoring controls, updating of policy, and creation/execution of training on the clock usage policy.</p>
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Exhibit B
Status of Control Deficiencies Reported in FY 2019 Independent Auditor’s Report

We reviewed the status of FY 2019 (prior year) control deficiencies/findings, as part of our FY 2020 financial statements audit. The status is summarized in the table 1.

We used the following three levels to determine the status of the FY 2019 findings:

- Closed – the condition(s) in the finding was (were) not identified in FY 2020.
- Open – the condition(s) in the finding remain(s) the same in FY 2020.
- Open/Modified – one or more conditions in the finding have changed in FY 2020.

In addition, for those findings whose status is classified as Repeat Finding Open in FY 2020, we further classified the finding as a material weakness (MW), a significant deficiency (SD) or a management letter comment (MLC).

Table 1. Status of Findings and Recommendations

FY 2019 Finding No.	FY 2019 Rec.¹ No.	FY 2019 Control Deficiency	Year Reported/ Reported as	FY 2020 Finding Status	FY 2020 Rec. Status
1.1 MW	1	Employee and/or Supervisor’s Failure to Attest or Approve Bi-Weekly Timesheets Timely	2008-2019/MW	Closed	1. Closed
1.2 MW	2 3	Noncompliance with Employee Clock Usage Policy	2008-2019/MW	Repeat Finding Open – Reported as MW 1.1	2. Open 3. Open

Source: OIG generated.

¹ Rec. – Recommendation.

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. We caution that noncompliance may occur and not be detected by these tests. We performed our tests of compliance in accordance with U.S. generally accepted government auditing standards.

Management's Responsibility

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

Auditor's Responsibilities

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 perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, and contracts applicable to USCP.

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

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance for FY 2020 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, contracts, and grant agreements applicable to USCP. Accordingly, we do not express such an opinion.

Intended Purpose of Report 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 *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 11, 2020
Washington, DC



UNITED STATES CAPITOL POLICE

Financial Statements and Notes



UNITED STATES CAPITOL POLICE
Financial Statements
For the Fiscal Years Ended
September 30, 2020 and 2019

UNITED STATES CAPITOL POLICE
Balance Sheets
As of September 30, 2020 and 2019

	2020	2019
ASSETS		
Intragovernmental:		
Fund Balance with Treasury (Note 2)	\$122,701,908	\$116,576,962
Accounts Receivable (Note 3)	177,128	551,770
Other (Note 4)	115,985	131,254
Total Intragovernmental	<u>122,995,021</u>	<u>117,259,986</u>
Cash and Other Monetary Assets	4,000	4,000
Accounts Receivable - Public, Net (Note 3)	43,299	268,920
General Property, Plant and Equipment, Net (Note 5)	78,643,348	83,673,741
TOTAL ASSETS	<u>\$201,685,668</u>	<u>\$201,206,647</u>
LIABILITIES		
Intragovernmental:		
Accounts Payable	\$892,884	\$812,044
Accrued Funded Benefits (Note 12)	4,404,057	4,836,941
Advances from Others	668,863	1,200,094
Total Intragovernmental Liabilities	<u>5,965,804</u>	<u>6,849,079</u>
Accounts Payable, Public	14,655,403	14,345,862
Accrued Salaries and Benefits (Note 7)	19,075,057	15,809,245
Accrued Unfunded Annual and Compensatory Leave (Note 6)	24,526,494	17,091,828
Actuarial FECA Liabilities (Note 6 & 12)	52,639,243	53,182,374
Contingent Liabilities (Note 13)	702,966	2,085,840
Other (Note 8)	3,258,695	1,414,017
TOTAL LIABILITIES	<u>120,823,662</u>	<u>110,778,245</u>
NET POSITION		
Unexpended Appropriations	52,765,972	54,714,157
Cumulative Results of Operations	28,096,034	35,714,245
TOTAL NET POSITION	<u>80,862,006</u>	<u>90,428,402</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$201,685,668</u>	<u>\$201,206,647</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, 2020 and 2019

	2020	2019
MISSION STANCES:		
Gross Program Costs		
<u>Assess the Threat</u>		
Gross Costs	\$93,979,288	\$86,306,426
<u>Prevent</u>		
Gross Costs	102,720,546	97,464,050
<u>Respond</u>		
Gross Costs	122,485,920	113,237,910
<u>Support the Mission</u>		
Gross Costs	213,295,143	206,224,067
Less: Earned Revenues	(4,975,805)	(7,616,849)
Net Cost	<u>208,319,338</u>	<u>198,607,218</u>
NET COST OF OPERATIONS	<u>\$527,505,092</u>	<u>\$495,615,604</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, 2020 and 2019

	2020	2019
UNEXPENDED APPROPRIATIONS		
Beginning Balance	\$54,714,157	\$42,978,100
Budgetary Financing Sources		
Appropriations Received	476,341,000	456,308,000
Appropriations Used	(473,285,258)	(442,495,554)
Other Adjustments	(5,003,927)	(2,076,389)
Total Budgetary Financing Sources	<u>(1,948,185)</u>	<u>11,736,057</u>
TOTAL UNEXPENDED APPROPRIATIONS	<u>\$52,765,972</u>	<u>\$54,714,157</u>
 CUMULATIVE RESULTS OF OPERATIONS		
Beginning Balance	\$35,714,245	\$36,624,421
Budgetary Financing Sources		
Other Adjustments	(19,756)	(31,285)
Appropriations Used	473,285,258	442,495,554
Other Financing Sources (Nonexchange)		
Imputed Financing Sources (Note 11 & 14)	46,621,379	52,241,159
Total Financing Sources	<u>519,886,881</u>	<u>494,705,428</u>
Net Cost of Operations	(527,505,092)	(495,615,604)
Net Change	<u>(7,618,211)</u>	<u>(910,176)</u>
CUMULATIVE RESULTS OF OPERATIONS	<u>28,096,034</u>	<u>35,714,245</u>
NET POSITION	<u>\$80,862,006</u>	<u>\$90,428,402</u>

UNITED STATES CAPITOL POLICE
Statements of Budgetary Resources
For the Fiscal Years Ended September 30, 2020 and 2019

	2020	2019
BUDGETARY RESOURCES		
Unobligated Balance from Prior Year Budget Authority, Net (Note 16)	\$43,613,030	\$38,103,991
Appropriations	476,341,000	456,308,000
Spending Authority from Offsetting Collections	<u>4,429,874</u>	<u>7,269,214</u>
TOTAL BUDGETARY RESOURCES	<u><u>\$524,383,904</u></u>	<u><u>\$501,681,205</u></u>
STATUS OF BUDGETARY RESOURCES		
New obligations and upward adjustments	\$481,646,636	\$460,749,369
Unobligated Balance, End of Year:		
Exempt From Apportionment, Unexpired Accounts	<u>28,094,894</u>	<u>21,630,933</u>
Unexpired Unobligated Balance, End of Year (Note 2)	<u>28,094,894</u>	<u>21,630,933</u>
Expired Unobligated Balance, End of Year (Note 2)	<u>14,642,374</u>	<u>19,300,903</u>
Unobligated Balance, End of Year	<u>42,737,268</u>	<u>40,931,836</u>
TOTAL BUDGETARY RESOURCES	<u><u>\$524,383,904</u></u>	<u><u>\$501,681,205</u></u>
NET OUTLAYS	<u><u>\$465,242,370</u></u>	<u><u>\$436,160,820</u></u>

The accompanying notes are an integral part of these financial statements

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 legislative processes, Members, employees, visitors, and facilities from crime, disruption, or terrorism.” 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.

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

UNITED STATES CAPITOL POLICE
Notes to the Financial Statements
For the Fiscal Years Ended September 30, 2020 and 2019

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 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 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 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.

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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.

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.

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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. Department of the 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. 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. Department of the Treasury. Payments by the OCWR fund on behalf of USCP do not require reimbursement and 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 from these arrangements when the services are provided. USCP's pricing policy is to recover full cost for goods and services provided.

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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:

	2020	2019
Status of Fund Balance with Treasury:		
Unobligated		
Available	\$28,094,894	\$21,630,933
Unavailable	14,642,374	19,300,903
Obligated, Not Yet Disbursed	79,307,220	75,037,705
Non-Budgetary	657,420	607,421
Total	<u>\$122,701,908</u>	<u>\$116,576,962</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 number 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:

	2020	2019
Accounts Receivable from the Public:		
Current and Former USCP Employees		
0-30 Days Outstanding	\$30,028	\$4,052
31-90 Days Outstanding	2,502	99
91-180 Days Outstanding	755	33,142
181-360 Days Outstanding	7,806	7,386
Over 360 Days Outstanding	20,559	8,698
Total Due from Current and Former USCP Employees	<u>61,650</u>	<u>53,377</u>
Allowance for Doubtful Accounts	(23,146)	(19,857)
Receivables Due from USCP Employees, Net	<u>38,504</u>	<u>33,520</u>
Vendor Refund	0	232,814
Other	4,795	2,586
Total Accounts Receivable - Public, Net	<u>\$43,299</u>	<u>\$268,920</u>

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NOTE 4. OTHER ASSETS

The USCP enters into agreements with other federal agencies to design, develop, test and implement security and communication systems and building infrastructure. These agencies estimate funding necessary for payments to their contractors for labor and materials for certain periods of time 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. Advances also includes funds provided to the U.S. Department of Transportation for transit subsidy benefits. The composition of other assets as of September 30 is as follows:

	2020	2019
Other Assets:		
Security Projects	\$86,145	\$86,145
Transit Benefits	29,840	45,109
Total Other Assets	<u>\$115,985</u>	<u>\$131,254</u>

NOTE 5. GENERAL PROPERTY, PLANT AND EQUIPMENT

The composition of general property, plant and equipment as of September 30 is as follows:

2020			
Classification	Cost	Accumulated Depreciation	Book Value
Building Improvements	\$19,524,553	(\$16,845,957)	\$2,678,596
Other Structures and Facilities	443,268	(443,268)	0
Equipment	260,852,021	(196,810,691)	64,041,330
Internal Use Software	11,917,536	(10,579,253)	1,338,283
Construction-in-Progress	6,034,358	0	6,034,358
Assets Under Capital Lease	6,368,600	(1,817,819)	4,550,781
Software-in-Development	0	0	0
Total	<u>\$305,140,336</u>	<u>(\$226,496,988)</u>	<u>\$78,643,348</u>
2019			
Classification	Cost	Accumulated Depreciation	Book Value
Building Improvements	\$19,524,553	(\$15,599,644)	\$3,924,909
Other Structures and Facilities	443,267	(443,267)	0
Equipment	259,203,537	(189,332,686)	69,870,851
Internal Use Software	10,615,445	(10,305,783)	309,662
Construction-in-Progress	7,546,127	0	7,546,127
Assets Under Capital Lease	1,855,000	(737,576)	1,117,424
Software-in-Development	904,768	0	904,768
Total	<u>\$300,092,697</u>	<u>(\$216,418,956)</u>	<u>\$83,673,741</u>

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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:

	2020	2019
Non-Federal		
Accrued Unfunded Annual Leave	\$20,183,298	\$14,026,668
Accrued Unfunded Comp Overtime	4,343,196	3,065,160
Worker's Compensation Benefits (Actuarial FECA Liability)	52,639,243	53,182,374
Total Liabilities Not Covered by Budgetary Resources	<u>\$77,165,737</u>	<u>\$70,274,202</u>

NOTE 7. ACCRUED SALARIES AND BENEFITS

In accordance with Statement of Federal Financial Accounting Standard (SFFAS) No. 1, Accounting for Select Assets and 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. Personnel compensation accrued includes amounts such as full time pay, Sunday and night differential pay, and hazardous duty pay. Personnel benefits accrued include amounts such as USCP's agency contribution for employees' health insurance, life insurance, Old Age Survivors and Disability Insurance, and retirement benefits. As of September 30, 2020 and 2019, a liability of \$19,075,057 and \$15,809,245 respectively, exists for accrued salaries and benefits.

NOTE 8. OTHER LIABILITIES

Other liabilities incurred by the USCP as of September 30 are:

	2020	2019
Non-Federal		
Capital Lease Liability (Note 10)	\$2,592,479	\$800,010
Custodial Receipts for Memorial Fund (Note 9)	661,421	611,421
Miscellaneous Receipts Due to U.S. Treasury General Fund	4,795	2,586
Total Other Liabilities	<u>\$3,258,695</u>	<u>\$1,414,017</u>

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NOTE 9. INCIDENTAL CUSTODIAL ACTIVITY

The Capitol Police 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:

	2020	2019
USCP Memorial Fund (Treasury Symbol 02X5083):		
Beginning Balance	\$611,421	\$601,321
Donations Collected and Deposited to the U.S. Treasury	50,000	10,100
Disbursements to Recipients	0	0
Ending Balance	<u>\$661,421</u>	<u>\$611,421</u>

NOTE 10. 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:

	2020	2019
Assets Under Capital Lease:		
Armored Cars	\$6,368,600	\$1,855,000
Accumulated Amortization	(1,817,819)	(737,576)
Net Assets under Capital Lease	<u>\$4,550,781</u>	<u>\$1,117,424</u>

Future Minimum Lease Payments:

2020	
Fiscal Year	Lease Payments
2021	956,489
2022	896,550
2023	704,692
2024	660,000
2025	118,250
Total Minimum Lease Payments	3,335,981
Less: Amount Representing Interest	(743,502)
Obligation under Capital Lease	<u>\$2,592,479</u>

2019	
Fiscal Year	Lease Payments
2020	310,649
2021	296,489
2022	236,549
2023	44,694
Total Minimum Lease Payments	888,381
Less: Amount Representing Interest	(88,371)
Obligation under Capital Lease	<u>\$800,010</u>

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NOTE 11. 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 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 2020 and 2019 are as follows:

Retirement Plan	Category	2020 USCP Contribution	2019 USCP Contribution
CSRS Rates	Civilian/Sworn	7.50%	7.50%
FERS Rates Hired Prior to January 1, 2013	Civilian/Sworn	23.90%	19.10%
FERS - Revised Annuity Rate Hired After December 31, 2012	Civilian Sworn	16.30% 15.80%	11.90% 17.30%
FERS - Further Revised Annuity Rate Hired After December 31, 2013	Civilian Sworn	16.30% 15.80%	11.90% 17.30%

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 2020, 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 2020.

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

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.

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NOTE 12. WORKER'S COMPENSATION

The Federal Employee Compensation Act (FECA) 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. Claims incurred for benefits for USCP employees under FECA are administered by the Department of Labor (DOL) and are paid, ultimately by USCP. As of September 30, 2020 and 2019, an intragovernmental liability of \$4,404,057 and \$4,836,941, respectively, exists for amounts paid by DOL on behalf of USCP to agency employees who had filed worker's compensation claims. This amount is reimbursable to DOL.

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 Treasury notes and bonds. To provide more specifically for effects of inflation on liability for FWC benefits, wage inflation factors (Consumer Price Index-Medical) are applied to the calculation of projected future benefits. These factors are also used to adjust historical payments so benefits are stated in current-year constant dollars. The USCP recorded an estimated liability for claims incurred but not reported of \$52,639,243 and \$53,182,374 as of September 30, 2020 and 2019 respectively, which is expected to be paid in future periods.

NOTE 13. 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, *Accounting for Liabilities of the Federal Government*, as amended by SFFAS No. 12, *Recognition of Contingent Liabilities from Litigation*. As of September 30, USCP has the following legal contingencies as illustrated below:

	2020	
	Accrued Liabilities	Estimated Loss
Legal Contingencies		
Probable	\$702,966	\$702,966
Reasonably Possible		1,900,000
Total	\$702,966	\$2,602,966
	2019	
	Accrued Liabilities	Estimated Loss
Legal Contingencies		
Probable	\$2,085,840	\$2,085,840
Reasonably Possible		5,515,121
Total	\$2,085,840	\$7,600,961

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NOTE 14. 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. In addition, the USCP occupies space at the Federal Law Enforcement Training Center (FLETC), which is owned by the Department of Homeland Security (DHS). The USCP is not required to reimburse either the AOC or DHS 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) 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	2020	2019
USCP Occupied Buildings and Grounds	Architect of the Capitol	\$18,955,054	\$18,217,014
FLETC	Department of Homeland Security	5,076,122	6,092,906
Future Benefits Payments	Office of Personnel Management	21,923,572	27,931,239
OCWR Settled Legal Claims	Office of Congressional Workplace Rights	666,631	0
		<u>\$46,621,379</u>	<u>\$52,241,159</u>

NOTE 15. 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:

	2020	2019
Federal	\$1,754,128	\$1,669,626
Non Federal	38,818,802	38,246,805
Total Undelivered Orders	<u>\$40,572,930</u>	<u>\$39,916,431</u>

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NOTE 16. 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:

	2020	2019
Unobligated Balance, Brought Forward	\$40,931,836	\$32,838,602
Net Adjustments	2,681,194	5,265,389
Unobligated Balance From Prior Year Budget Authority, Net	<u>\$43,613,030</u>	<u>\$38,103,991</u>

NOTE 17. RECONCILIATION OF NET COST TO NET OUTLAYS

The reconciliation of net outlays, presented on a budgetary basis, and 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, 2020

	Intragovernmental	With the Public	Total 2020
Net Operating Cost (SNC)	<u>\$51,365,493</u>	<u>\$476,139,599</u>	<u>\$527,505,092</u>
Components of Net Operating Cost Not Part of the Net Outlays			
Property, Plant, and Equipment Depreciation		(12,035,456)	(12,035,456)
Property, Plant, and Equipment Disposal & Revaluation		(101,474)	(101,474)
Other		-	-
Increase/(Decrease) in Assets:			
Accounts Receivable	(374,436)	(226,645)	(601,081)
Accrued Capital Assets	-	83,317	83,317
Other Assets	(15,269)		(15,269)
(Increase)/Decrease in Liabilities Not Affecting Net Outlays:			
Accounts Payable and Liability from Advances	450,390	(309,540)	140,850
Salaries and Benefits	432,884	(3,265,812)	(2,832,928)
Other Liabilities	-	(7,302,522)	(7,302,522)
Other Financing Sources			
Imputed Costs	<u>(46,621,379)</u>		<u>(46,621,379)</u>
Total Components of Net Operating Cost Not Part of the Net Outlays	<u>(46,127,810)</u>	<u>(23,158,132)</u>	<u>(69,285,942)</u>
Components of the Net Outlays That Are Not Part of Net Operating Cost			
Acquisition of Capital Assets		<u>7,023,220</u>	<u>7,023,220</u>
Total Components of the Net Outlays That Are Not Part of Net Operating Cost		<u>7,023,220</u>	<u>7,023,220</u>
Net Outlays	<u>\$5,237,683</u>	<u>\$460,004,687</u>	<u>\$465,242,370</u>
Related Amounts on the Statement of Budgetary Resources Outlays, Net (SBR)			<u>\$465,242,370</u>

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RECONCILIATION OF NET COST TO NET OUTLAYS
As of September 30, 2019

	Intragovernmental	With the Public	Total 2019
Net Operating Cost (SNC)	<u>\$54,022,134</u>	<u>\$441,593,470</u>	<u>\$495,615,604</u>
Components of Net Operating Cost Not Part of the Net Outlays			
Property, Plant, and Equipment Depreciation		(11,367,535)	(11,367,535)
Property, Plant, and Equipment Disposal & Revaluation		(3,186)	(3,186)
Other			
Increase/(Decrease) in Assets:			
Accounts Receivable	255,669	243,447	499,116
Accrued Capital Assets	-	260,476	260,476
Other Assets	19,527		19,527
(Increase)/Decrease in Liabilities Not Affecting Net Outlays:			
Accounts Payable and Liability from Advances	442,629	(582,468)	(139,839)
Salaries and Benefits	(102,385)	1,249,349	1,146,964
Other Liabilities	-	(4,349,981)	(4,349,981)
Other Financing Sources			
Imputed Costs	<u>(52,241,159)</u>		<u>(52,241,159)</u>
Total Components of Net Operating Cost Not Part of the Net Outlays	<u>(51,625,719)</u>	<u>(14,549,898)</u>	<u>(66,175,617)</u>
Components of the Net Outlays That Are Not Part of Net Operating Cost			
Acquisition of Capital Assets		<u>6,720,833</u>	<u>6,720,833</u>
Total Components of the Net Outlays That Are Not Part of Net Operating Cost		<u>6,720,833</u>	<u>6,720,833</u>
Net Outlays	<u>\$2,396,415</u>	<u>\$433,764,405</u>	<u>\$436,160,820</u>
Related Amounts on the Statement of Budgetary Resources Outlays, Net (SBR)			<u>\$436,160,820</u>

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NOTE 18. COVID-19 ACTIVITY

In accordance with Public Law 116-136, also known as the “Coronavirus Aid, Relief, and Economic Securities Act” or “CARES Act,” U.S. Capitol Police received \$12,000,000 in “Salaries” funding to remain available until September 30, 2021, to prevent, prepare for, and respond to coronavirus, domestically or internationally. The law authorizes Capitol Police to transfer any of the \$12,000,000 “Salaries” funds to “General Expenses,” and accordingly, Capitol Police transferred \$4,500,000 into General Expenses. The major activities funded through USCP’s emergency supplemental coronavirus appropriations include additional salary costs for pandemic-related leave, cost for personal protective equipment (e.g. masks, hand sanitizer), and meals and lodging costs for officers to continue to support the mission.

The following chart summarizes the status of USCP’s COVID-19 budgetary resources as of 9/30/2020:

	Salaries	General Expenses
Source of Budgetary Resources:		
Appropriated	\$12,000,000	\$0
Transferred In/(Out)	(4,500,000)	4,500,000
Obligations Incurred:	(1,500,000)	(2,971,719)
Budgetary Resources Remaining Beyond FY2020:	\$6,000,000	\$1,528,281

The following chart summarizes the impact on USCP’s assets, liabilities, revenues, expenses, and net position as of 9/30/2020:

Financial Indicator	Salaries	General Expenses	Total
Assets	\$6,000,000	\$2,541,210	\$8,541,210
Liabilities	0	(8,295)	(8,295)
Expenses	1,500,000	1,967,085	3,467,085
Net Position	\$6,000,000	\$2,532,915	\$8,532,915



UNITED STATES CAPITOL POLICE

Management's Discussion and Analysis



UNITED STATES CAPITOL POLICE

Management Discussion and Analysis
Fiscal Year 2020



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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 and Senate Office Buildings, Capitol Visitor Center, U.S. Botanic Garden, Library of Congress, 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

The USCP will 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

The USCP aligns its management functions into an operations and administrative structure. The operations structure carries out the law enforcement/security activities of the Department, and the administrative structure provides business processes/administrative support to the Department.

To improve alignment between Bureaus and Offices and provide better continuity of operations, the Department was reorganized in Fiscal Year (FY) 2020. As such, the Operational Bureaus were reorganized under two Assistant Chiefs of Police. Additionally, some Bureau titles were revised and newly formed Divisions were included under the Chief Administrative Officer.

In FY 2020, Operational Bureaus were structured under two newly formed Offices and led by two Assistant Chiefs of Police as follows:

- The Office of the Assistant Chief of Police for Protective and Intelligence Operations, which comprises two Bureaus: the Protective Services Bureau and the Security Services Bureau.
- The Office of the Assistant Chief of Police for Uniformed Operations, which comprises three Bureaus: the Command and Coordination Bureau, the Operational Services Bureau, and the Uniformed Services Bureau.

The administrative side of the Department was led by the Chief Administrative Officer and comprises eight Offices and one Bureau: the Office of Acquisition Management; the Office of Background Investigations and Credentialing; the Office of Facilities and Logistics; the Office of Financial Management; the Office of Human Resources; the Office of Information Systems; the Office of Inclusion, Diversity, Equity and Action; the Office of Policy and Management Systems; and the Training Services Bureau.

In FY 2020, the Office of the Chief Administrative Officer added two new Divisions: the Employee Wellness and Resiliency Division and the Internal Controls and Risk Management Division. The Employee Wellness and Resiliency Division is responsible for developing and implementing a Department-wide, holistic wellness and resiliency program. Focusing on serving the whole person—both sworn and civilian—the program emphasizes the importance of physical fitness, nutritional health, mental and emotional health, and financial wellness. The Internal Controls and Risk Management Division is responsible for facilitating the work of the Department's Internal Controls

and Risk Management Program (ICRMP). The ICRMP identifies and effectively manages associated risks in order to achieve the Department's mission, goals, and objectives, and promotes the safety and security of assets and people within the Department.

Outside of the operations and administrative hierarchy are the Office of the General Counsel, the Office of Accountability and Improvement, the Office of Professional Responsibility, and the Public Information Office, which fall directly under the leadership of the Chief of Police. The Office of Inspector General is an independent function of the USCP and reports directly to the Capitol Police Board.

HOW THE USCP WORKS TO ACHIEVE ITS STRATEGIC OBJECTIVES AND PERFORMANCE GOALS

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 2,250 employees. In order to effectively deliver on our mission, the Strategic Plan defines the objectives of the Department and the path we will take to meet our goals.

The USCP exercises a planning concept that links strategic, tactical, and lower-level planning efforts. To accomplish our mission, it is important to have an effective and realistic strategy. In FY 2020, we continued work on USCP's performance management system by identifying performance measures for over 97 percent of USCP programs. As we transition into FY 2021, the Department will continue to strengthen its performance management system by increasing program accountability through established processes that help program managers set performance targets, monitor and track progress, and address gaps to achieve desired outcomes.

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

In FY 2015, the USCP published its FY 2015-2019 Strategic Plan. In FY 2016, the USCP began to establish a performance management framework that supported the Department in obtaining the strategies and objectives outlined in the Strategic Plan. This work continued into FY 2018 and through FY 2020 as the Department worked to establish programmatic performance measures and report quarterly progress toward implementing key initiatives in support of our former Strategic Plan. Transitioning into FY 2021, the USCP released in October 2020 its new Department Strategic Plan for 2021-2025 and Human Capital Strategic Plan for FY 2021-2025.

In FY 2020, the Department assessed progress made toward implementing the FY 2015-2019 Strategic Plan, which included a status on successfully completed activities and initiatives supporting the following strategic outcome areas:

Strategic Outcomes

Smart Policing

Develop data-driven approaches to making decisions and managing programs. Refine capabilities to monitor our activities, identify trends, and constantly look for ways to improve our mission effectiveness.

Continuous Improvement and Adaptation

Conduct routine analysis of operations, outputs, and outcomes, which will enable us to continuously adapt and evolve to the needs of the mission.

Improved Management and Performance

Improve the way we define the purpose and scope of our programs. Identify and monitor relevant organizational metrics to evaluate and improve the Department's performance by defining clear expectations for each mission set and major line of business.

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. USCP mission stances define the specific categories of activity under which the USCP will achieve its mission. The mission stances are broad-based and remain relatively unchanged in future years. The Department uses these mission stances as a means for determining whether potential programs and activities are consistent with the USCP mission. The mission stances 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 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 responsibilities at the highest possible level.

PERFORMANCE HIGHLIGHTS

The USCP continues to track many of the measures found in the following pages, but as the Department builds upon progress in improving our programs and developing new strategic priorities, some measures may be removed and new ones developed.

FY 2020 results indicate that the USCP continues to provide core services that support our primary objective to protect and secure the Congress so that it can fulfill its Constitutional responsibilities in a safe and open environment. However, like any organization, there are areas that we can improve upon. A brief discussion of our results by strategic objective follows.

Analysis of Performance Information

ASSESS THE THREAT		
Mission Stance	Strategic Objectives	Performance Outputs
<p>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.</p>	<p>A.1. Inter-Agency Collaboration: To collaborate with other federal agencies and local law enforcement to increase the collection and sharing of intelligence information.</p> <p>A.2. Intelligence Collection & Analysis: To maximize the collection and use of intelligence and counter-surveillance information for identifying threats. This includes process improvement internally and externally both for counter-surveillance and the dissemination of threat warnings.</p>	<p>Conducted █████ Vulnerability Assessments</p> <p>Conducted 76 Security Awareness Briefings</p>

PREVENT		
Mission Stance	Strategic Objectives	Performance Outputs
<p>PREVENT Prevent criminal or terrorist activity from disrupting the legislative process and normal business operations.</p>	<p>P.3. Congressional Community Protection: To prevent criminal, terrorist, and other disruptive activities from reaching the Capitol Buildings and Grounds; and protect the people, legislative processes, and the facilities from criminal and other disruptive activities within the Capitol Complex.</p> <p>P.4. Event Management: To enable individuals to safely participate in major events and demonstrations while not disrupting legislative operations.</p> <p>P.5. Member Protection: To protect Members of Congress and visiting officials against criminal and terrorist activities.</p>	<p>Coordinated 583 Special Events</p> <p>Conducted 167,127 K-9 sweeps</p> <p>Conducted 11,242 bomb sweeps</p> <p>Screened 29,517 delivery vehicles off-site</p> <p>Conducted 25,583 hazardous material inspections of delivery vehicles</p> <p>Screened 564,327 visitors at the Capitol Visitor Center (CVC)</p> <p>Screened 4,946,027 persons at Congressional Building entrances</p> <p>Prepared notifications for 7 POTUS visits</p> <p>Prepared notifications for 34 VPOTUS visits</p> <p>Prepared notifications for 55 Head of State visits</p> <p>Prepared 2,032 notifications for VIP/dignitary visits</p>

RESPOND		
Mission Stance	Strategic Objectives	Performance Outputs
<p>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.</p>	<p>R.6. Law Enforcement: To patrol areas of statutory responsibility and diligently investigate and prosecute persons who commit criminal acts.</p> <p>R.7. Incident Management & Communication: To coordinate decisively and efficiently all activities and communications in response to a critical incident.</p> <p>R.8. Specialized Response Capabilities: To enhance our specialized response capabilities to ensure readiness to all types of incidents.</p> <p>R.9. Continuity of Operations (COOP): To ensure COOP for the USCP while supporting the Congressional Community in the execution of their COOP plans, and when necessary, assist in the implementation of Legislative Branch Continuity of Government (COG) plans.</p>	<p>Responded to [REDACTED] suspicious package reports</p> <p>Responded to [REDACTED]</p> <p>Processed 1,247 arrests</p> <p>Conducted 2,003 Containment and Emergency Response Team (CERT) related responses</p>

SUPPORT THE MISSION		
Mission Stance	Strategic Objectives	Performance Outputs
<p>SUPPORT THE MISSION Improve the efficiency and effectiveness of internal business processes and procedures in support of delivering mission responsibilities at the highest possible level.</p>	<p>S.10. Human Capital: To create and sustain a vigorous and motivated workforce that is highly-trained and armed with the necessary knowledge, skills, and abilities to achieve the mission.</p> <p>S.11. Technology: To provide responsive, high quality, cost-effective information technology services and solutions in a timely manner.</p> <p>S.12. Facilities Management: To provide USCP employees with state-of-the-art facilities to meet its mission, workload, and personnel requirements.</p> <p>S.13. Financial Management: To provide timely, reliable, and responsive financial management services, and ensure accountability for assets and resources.</p> <p>S.14. Logistics Management: To make resources available to those who need it, when they need it, by improving the ordering, procurement, distribution, and tracking of USCP resources.</p> <p>S.15. Legal Counsel: To ensure legal counsel for overall organizational legal compliance.</p> <p>S.16. Continuous Improvement: To create a best practices organization that—through an environment of continuous incremental improvement—encourages innovation and creativity.</p>	<p>Hired 41 civilian employees</p> <p>Hired 51 sworn personnel</p> <p>Processed 32 civilian employee separations</p> <p>Processed 87 Sworn personnel separations</p> <p>Maintained 99.99% information technology server uptime</p> <p>Maintained 95.71% primary fleet readiness</p> <p>Maintained 94.33% motorcycle fleet readiness</p> <p>Maintained 98.43% equipment fleet readiness</p> <p>Maintained 90.21% special operations fleet readiness</p>

ANALYSIS OF FINANCIAL STATEMENTS

The following information provides highlights of the Department's financial position and results of operations in FY 2020. The complete set of financial statements¹, 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, 2020, shows \$202M in total assets, an increase of \$1M over the previous year's total assets of \$201M.

Liabilities: Total Department liabilities were \$121M as of September 30, 2020, an increase of \$10M (9 percent) over the previous year's total liabilities of \$111M. Increases in accrued funded personnel compensation and benefits (two extra days in the last pay period than in FY 2019) and accrued unfunded annual and compensatory leave (less leave taken in FY 2020 due to the pandemic) are the primary reasons for the increase.

Net Position: The Department's total net position as of September 30, 2020, was \$81M, a decrease of \$9.6M from the previous year's net position of \$90.4M. This was primarily related to the aforementioned increases in liabilities and static level of assets.

Budgetary Resources: The Department's FY 2020 Combined Statement of Budgetary Resources shows \$524M in total budgetary resources, an increase of \$22M (4 percent) over the previous year's total budgetary resources of \$502M, which was primarily attributed to higher appropriations in FY 2020.

Net Outlays: The Department's FY 2020 Combined Statement of Budgetary Resources shows \$465M in net outlays, an increase of \$29M (7 percent) over the previous year's total net outlays of \$436M, which was 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 stance. The net cost of the Department operations totaled \$528M for the year ended September 30, 2020, an increase of \$32M (6 percent) over the previous year's net cost of operations of \$496M. The increase occurred due to additional appropriations, along with increases in retirement costs paid to the Office of Personnel Management.

Our budget consists of annual appropriations that fund the salaries and benefits for our staff, and general expenses such as motor vehicles, communications and other equipment, security equipment, uniforms, weapons, supplies, materials, training,

¹ 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).

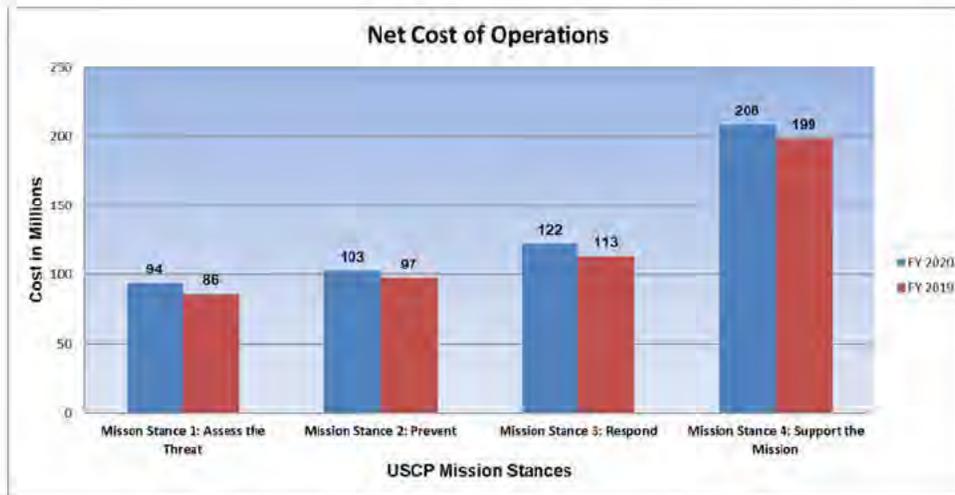
medical services, forensic services, professional services, the Employee Assistance Program, the employee recognition program, postage, communication services, travel, and relocation of instructor and liaison personnel for the Federal Law Enforcement Training Center. Our annual appropriation for FY 2020 was \$464M, and our multi-year appropriation for COVID-related costs was \$12M.

In FY 2020, our total assets were \$202M, consisting mostly of Fund Balance with Treasury, followed by our property, plant, and equipment. Total liabilities of \$121M were comprised primarily of Worker’s Compensation (FECA), accrued employees’ salaries and benefits, annual and compensatory leave, and capital lease liability.

The net cost of operating the USCP during FY 2020 and FY 2019 was approximately \$528M and \$496M, respectively. We report net cost of operations according to our four mission stances, consistent with our Strategic Plan. Table 1 shows how our FY 2020 and FY 2019 costs break down by each mission stance.

Table 1: USCP’s Financial Highlights: Resource Information (in millions)

	FY 2020	FY 2019	% Change
Total Assets	202	201	0.5%
Total Liabilities	121	111	9%
Appropriations			
Salaries	379	374	1%
General Expenses	85	82	4%
Total Annual Appropriations	464	456	2%
Multi-Year Appropriations			
Salaries	12	-	100%
General Expenses	-	-	-
Total Multi-Year Appropriations	12	-	100%
Total Budgetary Resources	524	502	4%
Total Outlays	465	436	7%
Net Cost of Operations			
Mission Stance 1: Assess the Threat	94	86	9%
Mission Stance 2: Prevent	103	97	5%
Mission Stance 3: Respond	122	113	8%
Mission Stance 4: Support the Mission	208	199	5%
Total Net Cost of Operations	527	496	6%



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 Note 1 to 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.

