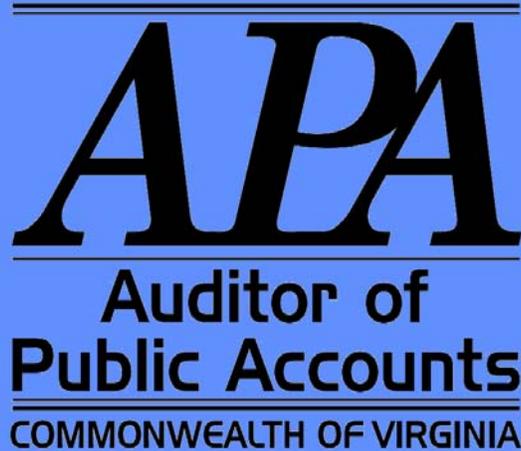


VIRGINIA DEPARTMENT OF STATE POLICE

**REPORT ON AUDIT
FOR THE YEARS ENDED
JUNE 30, 2010 AND JUNE 30, 2011**



AUDIT SUMMARY

Our audit of the Virginia Department of State Police, found:

- proper recording and reporting of all transactions, in all material respects, in the Commonwealth Accounting and Reporting System;
- matters involving internal control and its operations necessary to bring to management's attention;
- no instances of noncompliance that require reporting under Government Auditing Standards; and
- progress in corrective actions for prior year audit findings.

State Police has made progress on correcting findings from the prior audit, which included improving its employment eligibility verification, fleet management processes, controls over physical inventories, and upgrading database system software. We determined that State Police has taken adequate corrective action to improve its employment eligibility verification process. The corrective action related to fleet management is on-going with an estimated completion date of October 2012. State Police has adequately addressed the physical inventory recommendation.

However, State Police has made limited progress in upgrading its database system software. This audit identified two new internal control weaknesses.

- State Police needs to modify its approach to system transformation to the VITA-Northrup Grumman Partnership to ensure its mission critical systems continue to support state and local law enforcement personnel.
- State Police needs to modify access to its financial information system. The current configuration of access to its financial system could allow employees to circumvent the manual controls State Police relies upon.

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AUDIT FINDINGS AND RECOMMENDATIONS

Upgrade Unreliable and Unsupported Infrastructure Devices

On January 4th and 19th of 2012, the Virginia State Police (State Police) experienced two network outages due to failing network devices, lasting 12 and five hours, respectively. During the outage, State Troopers could not access the Virginia Criminal Information Network (VCIN) to conduct background checks while performing their law enforcement duties. State Police is using unreliable and unsupported infrastructure devices to run its network that allows State Troopers and external law enforcement entities to connect to critical systems, such as the Virginia Criminal Information Network (VCIN).

Both State Police and the IT Infrastructure Partnership with Northrop Grumman (Partnership) have recognized the problem with the unreliable and unsupported infrastructure devices, but specific security requirements established by the FBI's Criminal Justice Information Services Division has made the replacement of the network difficult and caused problems estimating the cost of the solution. Both parties have agreed that transformation should not start until State Police and the Partnership can agree on a final network design. The Partnership has proposed the final network design, but it does not include the equipment or software for the more than 600 non-State Police agencies that use the network.

The non-State Police agencies using the network consist of local law enforcement agencies, Commonwealth's Attorneys, local and state correctional facilities and other related agencies. These agencies have acquired the equipment and software to use the State Police network over time and therefore will have numerous issues adjusting to any changes that will occur with this network. Further, most of the equipment and software is not part of the Partnership agreement.

Unfortunately the current state of the network presents a greater risk of continuing network outages, which may make the option of waiting for a final and complete design unacceptable to the alternative of starting a phased transition implementation immediately. Compounding the problem is that there are several hundred routers that the vendor will no longer support after November 2012. There is simply not enough time to replace all of these devices even if transformation began today.

We recommend that State Police plans a phased approach that will allow transformation to start immediately and that is flexible enough to accommodate as many changing requirements as possible. While considering extra flexibility may result in higher implementation costs, delaying transformation of its aging network is exponentially increasing the risk of failure and the inability for its Troopers and other law enforcement entities to access time sensitive information when performing their public safety duties.

Upgrade Database System Software – Repeat Finding

State Police is continuing to rely on outdated legacy database technologies to support its mission critical applications, including criminal firearms, evidence tracking and management, human resources, and other information. The vendor ceased to support the legacy architecture in 2008 and State Police applied the last patch six years ago, in February 2006.

When we first raised this issue with State Police during our audit in April 2010, State Police presented a five year plan to migrate its critical applications to a new database environment. However, State Police has only completed migration or decommission for five out of its 32 applications, and has extended its completion date to 2016.

It is increasingly risky to keep such antiquated software in use given the limitations on available support. As time passes, fewer and fewer experts are available to patch or repair the system when bugs appear. Further it becomes increasingly expensive to maintain software with limited support by the original vendor.

With limited vendor support, any change to the applications or even hardware changes could result in a system failure from which State Police would have difficulty recovering. The system also has logical access limitations, including password length and complexity issues, which State Police must find other processes to overcome. Additionally, discontinued vendor product lines cannot depend on support from the vendor in the case of a system failure.

Given the severe impact a system failure would have on State Police operations, not having fully supported databases housing these mission critical applications is a significant deficiency in controls. We recommend that State Police dedicate the additional resources and allocate them appropriately to accelerate the migration to the new database environment in advance of the 2016 project goal.

Improve Financial System Access Management

During our review of access management at State Police, we noted three areas in need of improvement.

Adequately Segregate Financial Responsibilities

The design of user roles and responsibilities in State Police's financial management system (Oracle) eliminates an internal control, separation of duties, within its payment system. We noted seven employees with access to the General Ledger Super User role. This role allows these employees full access to State Police's general ledger, including the ability to initiate and approve transactions. Two of these employees also have access to update the vendor table in the financial system, which would allow the employees to both modify vendor information and initiate and approve payments to vendors.

State Police should consider the principle of least privilege when assigning capabilities to its financial users. State Police could also use this opportunity to initiate work flows within Oracle by separating entry and approval capabilities for all finance employees. Finally, any employee with access to the vendor maintenance table should be restricted from access to either enter or approve payments.

Establish Compensating Controls

State Police relies on manual controls over its payable process to ensure the proper authorization of payments. The current design of user roles and responsibilities in Oracle allows employees to circumvent these manual controls by initiating and approving transactions directly into Oracle. If State Police does not adequately segregate the entry and approval responsibilities, it must establish a compensating control to ensure that individuals are not initiating and approving payments directly into Oracle.

Enforce Principle of Least Privilege for all Information Technology Employees

We noted several Information Technology employees with access to multiple financial responsibilities within Oracle as well as typical information security responsibilities. The combination of these roles allows users to both enter and approve transactions in the general ledger and delete logs of those transactions from the system. Both the system and data owners for Oracle should determine the necessary user roles for the State Police environment. Access to financial roles should be limited to finance staff only. Information Technology employees should only have access to financial roles in a test environment.

Other Matters

Realign the ISO within State Police hierarchy in accordance with Industry Best Practices

The Information Security Officer (ISO) at State Police does not have information security oversight and authority to all divisions that handle confidential and mission critical data. The ISO is reporting directly to the IT Director under the Information Technology Division (ITD), and because of this, the ISO has no oversight or authority over either the Criminal Justice Information Services (CJIS) Division or the Communications Division.

Both the CJIS and Communications Divisions of State Police manage sensitive systems and confidential data. The CJIS division is responsible for systems such as Central Criminal Records Exchange, Firearms Transaction Center, and Virginia Criminal Information Network (VCIN). The Communications division manages the installation and maintenance of equipment and hardware for the Statewide Agencies Radio System (STARS), including Mobile Data Terminals that directly interface with VCIN and other sensitive systems.

We recommend that State Police realign the ISO position in the organization to oversee, implement, and enforce its information security policy for the ITD, CJIS, and Communications Divisions and report directly to the Deputy Director of the Bureau of Administrative and Support Services.

Status of Prior Year Recommendations for Process Improvement

During the course of our prior review we identified a number of areas where State Police could improve the efficiency of certain processes through automation, which included using existing applications. While none of these findings represented control weaknesses, we felt State Police could increase efficiency for sworn personnel; effectively generating more time for law enforcement activities if they implemented the recommendations correctly.

Properly Implement ERP Applications and Efficiency through Automation

State Police purchased Oracle E-Business Suite in 2005 to improve financial management at the agency. However, since purchasing the application, State Police had not properly implemented it to realize its full benefit. Our prior review found that State Police purchased perpetual licenses for four modules of the application: Financials, Time and Labor, Mobile Supply Chain, and Mobile Field Service. Each of these modules would directly improve the effectiveness and efficiency of agency processes if implemented properly.

Also in our prior report, we noted that in total, officers spent significant time creating attendance records and performing other administrative tasks and eliminating 30 minutes of administrative time per officer per week would equate to nearly 18 officer's worth of productivity over a year. Management also noted that while they would like to improve time and labor efficiency, they believe that State Police has time and labor constraints unique to their mission and does not view improving administrative efficiency in this area as a critical undertaking.

Our prior report also recommended specific improvements for two of the other four modules identified above. Our current review noted that management is considering integrating both a Mobile Supply Chain and Mobile Field Services module in conjunction with the asset tracking module it develops as part of the STARS Asset Tracking System. However, State Police does not plan on using the Oracle modules it has already purchased for these purposes.

Our prior review noted that the Financials module consists of integrated accounting applications including the general ledger, accounts payable, accounts receivable, asset management, cash management, and property management. However, State Police only implemented the general ledger and accounts payable modules. Further, State Police only uses the system at the end of the transaction as a means of recording it. State Police is using an application designed to manage transactions from beginning to end, as a data repository and is not benefiting from the efficiency and controls the application provides. As a result, State Police relies almost exclusively on manual processes to control its accounts payable and general accounting transactions.

Our current review found no change in the way State Police uses its financials module. In addition, we also determined that the established user roles and functions within the Financials module does not provide adequate segregation of duties and would allow employees to circumvent the agency's manual controls, as discussed above. Finally, we found that State Police management reviewed our prior year recommendation for automating fuel management and does not have the budgetary resources to implement fuel automation agency wide.

AGENCY HIGHLIGHTS

The Department of State Police is the Commonwealth's law enforcement agency. In addition to their Chesterfield County headquarters there are seven field divisions and 48 area offices throughout the state. State Police employs over 2,500 employees, including approximately 1,800 troopers. State Police has three bureaus.

Field Operations

Field Operations provides traffic and criminal law enforcement on over 64,000 miles of state roadways and interstate highways throughout the Commonwealth. In addition, Field Operations manages the Motor Vehicle Safety Inspection Program, enforces motor carrier and commercial vehicle safety regulations, and oversees State Police's Aviation Unit.

Criminal Investigation

Criminal Investigation investigates all criminal matters mandated by statute and established departmental policy. The Bureau consists of the Criminal Intelligence Division, Drug Enforcement Section, General Investigation Section, High Tech Crimes Division, and the Counterterrorism and Criminal Interdiction Unit.

The Criminal Intelligence Division identifies, documents, and disseminates criminal intelligence concerning persons involved in organized crime or terrorism. The Drug Enforcement Section conducts narcotics investigations, participates on task forces and special assignments, and conducts routine drug enforcement activities. The General Investigation Division investigates certain felonies, in addition to providing specialized assistance to local law enforcement agencies and other various officials. The High Tech Crimes Division created in fiscal year 2010 consolidates multiple cyber initiatives under a single command and conducts cyber-crime and child exploitation investigations and forensic analysis. Finally, the Counter-Terrorism and Criminal Interdiction Unit investigates narcotics on Virginia's highways, public transportation systems, schools, and businesses.

Administrative and Support Services

Administrative and Support Services includes the Superintendent's Office (Executive Staff, Professional Standards, Office of Performance Management and Internal Controls, and Public Relations), the Divisions of Communications, Criminal Justice Information Services, Finance, Information Technology, Personnel, Property and Logistics, the Statewide Agencies Radio System, Sworn Programs, Training, and Legal Specialists.

State Police has critical criminal and administrative information on three major information system networks: State Police Administrative Network (SPAN), Virginia Criminal Information Network (VCIN), and the Automated Fingerprint Identification System (AFIS). SPAN maintains all of the department's in-house applications including the central criminal records exchange, sex offender registry, and the firearms transactions program. The central criminal records exchange, sex offender registry, and firearms transaction programs support various types of criminal background searches.

VCIN connects State Police to other state and federal criminal justice agencies, and other states' motor vehicle departments. VCIN is a retrieval and information exchange system for state and local police officers during traffic stops. AFIS is a shared state and local computer system, which supplements VCIN. AFIS and Live-scan equipment operate in local agencies throughout Virginia. Live-scan equipment electronically records and transmits arrest and fingerprint information to AFIS.

Financial Information

State Police primarily receives general fund appropriations to fund operations. In addition, State Police collects fees for functions such as searches of central criminal records, and central registry, firearm transaction program inquiries, and state inspection stickers. They also collect revenue from state and federal asset forfeitures, insurance recoveries, and federal grants.

The following table shows State Police's expenses by program for 2010 and 2011, excluding those related to the STARS project. We conducted a separate audit of the STARS project which will be available on APA's website: www.apa.virginia.gov.

Analysis of Expenses By Program (amount in thousands)

<u>Program</u>	<u>2011</u>	<u>2010</u>
Law Enforcement and Highway Safety Services	\$200,405	\$191,823
Criminal Justice Information Systems	36,012	34,977
Administrative and Support Services	19,672	17,795
Capital Outlay Projects	<u>4,496</u>	<u>2,355</u>
Total	<u>\$260,585</u>	<u>\$246,950</u>

Source: Commonwealth Accounting and Reporting System

Total expenses increased by about \$13.6 million in fiscal 2011, or about 5.5 percent. The total increase is attributable to items that affect all State Police programs. The following table details State Police's expenses by type.

Analysis of Expenses by Type
(amounts in thousands)

	<u>2011</u>	<u>2010</u>
Personal Services	\$196,412	\$192,200
Contractual Services	22,091	21,575
Supplies and Materials	14,722	12,124
Equipment	12,229	9,368
Continuous Charges	10,287	10,482
Other	<u>4,845</u>	<u>1,201</u>
Total	<u>\$260,586</u>	<u>\$246,950</u>

Source: Commonwealth Accounting and Reporting System

Personnel service expenses were 78 and 75 percent of State Police’s operating expenses in fiscal years 2010 and 2011, respectively. While personal service expenses increased slightly in fiscal year 2011, they are still three percent below fiscal year 2009 levels. The \$4.4 million increase in fiscal 2011 consists of \$7.5 million in 2010 contribution payments to VRS that the Commonwealth deferred to fiscal 2011 and a \$3.7 million increase resulting from the three percent bonus all state employees received in fiscal 2011. These increases offset a \$2.3 million decrease in salaries, a \$1.9 million decrease in 2011 contributions to VRS, and a variety of other decreases.

The \$2.8 million increase in equipment expenses includes increased motor vehicle and electronic equipment for law enforcement purposes. The \$2.6 million increase in supplies and materials is primarily due to increases in gasoline and apparel costs. Finally, the \$3.6 million increase in other expenses consists of increases in capital outlay construction expenses.



Commonwealth of Virginia

Auditor of Public Accounts

Walter J. Kucharski
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

March 26, 2012

The Honorable Robert F. McDonnell
Governor of Virginia

The Honorable Charles J. Colgan
Chairman, Joint Legislative Audit
and Review Commission

We have audited the financial records and operations of the **Virginia Department of State Police** for the years ended June 30, 2010 and June 30, 2011. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Objectives

Our audit's primary objectives were to evaluate the accuracy of recorded financial transactions in the Commonwealth Accounting and Reporting System, review the adequacy of State Police's internal controls, test compliance with applicable laws and regulations and review corrective actions of audit findings from prior year reports.

Audit Scope and Methodology

State Police management has responsibility for establishing and maintaining internal control and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

We gained an understanding of the overall internal controls, both automated and manual, sufficient to plan the audit. We considered significance and risk in determining the nature and extent of our audit procedures. Our review encompassed controls over the following significant cycles, classes of transactions, and account balances.

- Payroll Expenses
- Small Purchase Charge Card Expenses
- Inventory and Fixed Assets
- Fleet Management
- Information Security
- Business Applications and Access Management

We performed audit tests to determine whether State Police's controls were adequate, had been placed in operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws and regulations. Our audit procedures included inquiries of appropriate personnel, inspection of documents, records, and contracts, and observation of State Police's operations. We tested transactions and performed analytical procedures, including budgetary and trend analyses.

Conclusions

We found that State Police properly stated, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System. State Police records its financial transactions on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The financial information presented in this report came directly from the Commonwealth Accounting and Reporting System.

We noted certain matters involving internal control and its operation and compliance with applicable laws and regulations that require management's attention and corrective action. These matters are described in the section entitled "Audit Findings and Recommendations."

State Police has taken adequate corrective action with respect to audit findings reported in the prior year that are not repeated in this letter.

Exit Conference and Report Distribution

We discussed this report with management on March 26, 2012. Management's response has been included at the end of this report.

This report is intended for the information and use of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

AUDITOR OF PUBLIC ACCOUNTS

LJH/clj



COMMONWEALTH of VIRGINIA

Colonel W. S. (Steve) Flaherty
Superintendent

DEPARTMENT of STATE POLICE

Lt. Colonel Robert B. Northern
Deputy Superintendent

(804) 674-2000

7700 Midlothian Turnpike, North Chesterfield, VA 23235

March 28, 2012

Mr. Walter J. Kucharski
Auditor of Public Accounts
James Monroe Building
101 N 14th Street
Richmond, Virginia 23219

Dear Mr. Kucharski:

The Virginia State Police (VSP) appreciates the opportunity to respond to the report on your review of the VSP's financial accounting and control operations. I would like to address each of the comments as presented in your report.

AUDIT FINDINGS AND RECOMMENDATIONS

Upgrade Unreliable and Unsupported Infrastructure Devices

The State Police, by statute, shall provide criminal justice information to public safety agencies, and the Superintendent of State Police must have management control of that information to the agencies. The Partnership has known of the existence of the 600 non-VSP sites since the Partnership's inception and has been supporting these sites all along. These sites are part of the State Police network. The non-VSP sites represent 85% of the entire State Police Network. The network, as it stands today, is the same as it was when the Partnership commenced. When the Partnership was forged, the responsibility to maintain the network became that of the Partnership, not the State Police. Thus all network staff formerly employed by the State Police was absorbed by the Partnership during Partnership's genesis in 2006.

In April 2009, in an effort to resolve the issues preventing transformation of the network, the State Police contacted the Federal Bureau of Investigation (FBI). From this discussion, the FBI required that there be a Management Control Agreement (MCA) between the entities ensuring the Superintendent of the State Police maintained management control of the data traversing the State Police network. In April 2009, VITA proposed a 2-page draft MOU that did not address the federal regulations or the requirements set forth by the FBI.

At the same time, the State Police drew up a draft MCA between the three entities: VITA, Northrop Grumman and the Virginia State Police. The State Police submitted the agreement to VITA in May 2009. In September 2009, VITA returned the State Police MCA after removing

Northrop Grumman as a party to the agreement, indicating VSP cannot have direct management control of Northrop Grumman. In November 2009, the State Police sent the MCA draft to the FBI for guidance and to ensure the MCA met the FBI's requirements. The FBI noted several issues with it. In July 2010, VITA attempted to resolve the MCA/transformation issue through the Office of the Attorney General. These efforts did not resolve the issues and VITA never replied until VITA requested a meeting in November 2010 to discuss the issues. During this meeting, VITA informed the State Police that the 600 local non-VSP sites would be in-scope to the Partnership. After this meeting, VITA agreed on the issues needing resolution. Those issues were never resolved by VITA, and we were never notified of plans to resolve the issues. After this, several key players at VITA left the agency and any progress came to a standstill.

In the spring of 2011, Mr. Bob Haugh, VITA Project Manager, was assigned to get the effort moving forward. Mr. Haugh requested a meeting with the FBI, and a meeting was held in June 2011. The FBI informed the Partnership that there must be an agreement between the VSP and VITA and that the specific requirements of that agreement must be included in the contract between the Commonwealth and its contractor, Northrop Grumman. Mr. Haugh left VITA on August 24, 2011. The VSP received a MOU, Appendix C, from VITA on September 9, 2011. The VSP returned our revisions to the MOU, Appendix C, to VITA on September 15, 2011. VITA did not respond, and on October 24, 2011, VSP made an inquiry of VITA regarding the status of the MOU. VITA responded by e-mail on November 2, 2011, indicating a meeting would be scheduled in the future to discuss the MOU. A meeting was held on November 16, 2011, and VSP answered their questions. On March 13, 2012, VITA provided VSP with their draft changes, and a meeting was held on March 16, 2012 to resolve any remaining issues. During this meeting we were advised that the draft we were reviewing had not been discussed with NG. VSP was further advised that a decision had not been made regarding who was responsible to the other 600 VCIN agencies.

In September 2011, Mr. Wirtz, VITA, was notified that there was an issue regarding the support of the non-VSP sites. In November 2011, a meeting was held with VITA. VITA retreated on their previous stance by indicating the 600 non-VSP VCIN sites were not in-scope. However, VITA indicated they would support them. It was not until March 2012 that VITA initiated a Work Request to determine the scope and cost of NG supporting the non-VSP sites. As of today, VITA has not proposed how these sites will be supported or the cost of the support. Since this is 85% of our network, the VSP has to know what will happen to these sites now and post-transformation.

In addition, in early 2010, the State Police began conversion of the Nortel devices supporting VSP and non-VSP VCIN sites to the Juniper platform. The Nortel devices were nearing end of life, so despite the lack of a MCA and a VITA solution to resolve this potentially life threatening matter and without VITA network support, the VSP forged ahead with a VSP initiated solution. VITA was well aware of the issues associated with the Nortel devices through numerous conversations between the VSP and VITA. The VSP purchased three core Juniper boxes for the Administrative Headquarters and Salem Data Center sites. The boxes were installed in June 2010, and all new sites were fitted with Juniper. Although VSP had been implementing a Juniper solution for several months, VITA Security proposed a new solution to use SSL/VPN.

From the very beginning, VSP brought up the issues with this solution and indicated to VITA/NG that the VSP was not interested in the solution because it would not work at all of the sites. VITA continued to push for the SSL/VPN solution, and in recent months, VITA has retreated because they have conceded Northrop Grumman will never be able to provide a solution in sufficient time to replace the Nortel boxes; they also readily admit they do not know whether the SSL/VPN solution will work. The VSP wants to move forward with the Nortel replacements, but is being constrained by VITA/Northrop Grumman's indecision and the fact that VSP has no network personnel that can work on the replacement efforts.

During this three-year endeavor, the State Police, on multiple occasions, has brought the issues of the aging and substandard infrastructure to VITA's attention. Documents to support VSP persistence to resolve these issues can be produced upon request. All outages were preventable. Additionally, the Partnership has only replaced hardware when it has failed completely. An example of this was the exchange server. When Northrop Grumman tried to service the equipment to improve the performance of the e-mail, it crashed. Only then did the Partnership replace the exchange servers. Again in January 2011, after months of reporting network issues, it was only when the network crashed that the Partnership first tried repairing it by "jerry-rigging" the current equipment. When that failed and it crashed again, they finally replaced some of the equipment. VITA was notified at this time that the core Nortel 8600 needs to be replaced before it also crashes. VITA tied the replacement of the Nortel 8600 to other transformation installations that would violate FBI policy until the MOU and contractual issues are resolved. On March 16, 2012, the State Police informed VITA that they would agree to the replacement of the Nortel 8600 and would pay for the redundant switch. VITA has informed the VSP that NG is working on the plan; however, they expect it to take several months at a minimum, thereby increasing the risk of a systemic failure of the network.

The APA report reads as though the Virginia State Police is an impediment to replacing aging infrastructure and resolving the issue of transformation. This is a misrepresentation of the facts as supported by the above brief synopsis of the relationship and efforts to move this process forward. The only impediment in this process has been the Partnership. The issues with the VCIN network pre-existed the Partnership. The failing infrastructure and concerns for the network have been communicated from the beginning. VSP has worked earnestly to resolve the issues regarding the MOU. Despite these efforts, VSP remains without a solution. The solution proposed by the Partnership is merely in its infancy with VITA fully admitting that the solution is still being engineered. Additionally, VITA cannot provide the VSP with even a ballpark cost estimate of this solution that has no guarantees of success.

We fully agree the network is aging and in danger of failure. VITA has been aware of this since the genesis of the Partnership. But, the APA audit implies the VSP has done little to work towards a resolution and indicates the VSP should begin working with VITA through the transformation process to replace the aging infrastructure. The VSP is extremely worried about the VCIN network and has, therefore, worked diligently to sustain it without the proper resources to do so. VITA, at this late juncture, does not have a viable solution! Therefore, transforming and replacing expensive hardware for the sake of replacing the hardware is futile until VITA provides a fully vetted solution. We have endlessly relayed the importance of the network to support law enforcement functions and the impact the network has on the citizens of Virginia and the police officers who protect them. However, the imminent failure of the infrastructure and the potential impact on our communities has been elusive in our quest to resolve these matters.

In summary, the Virginia State Police has done everything in its power to notify the proper authorities of the issues and escalated them on occasions with no results.

Upgrade Database System Software – Repeat Finding

The VSP has two legacy environments; COBOL, which houses most of our critical systems, and MAPPER, which houses mostly administrative systems. The VSP is mostly in agreement with this finding. The exceptions are as follows:

- The Firearms systems referenced in the finding has been replaced.
- The VSP is working on the replacement of the Evidence system referenced in the finding.
- The VSP has migrated five of its 32 MAPPER applications.
- The finding stated that MAPPER houses mission-critical applications. In reality, the majority of these are administrative systems. The VSP has focused its limited IT resources on replacement of the mission-critical MAPPER systems (e.g., Evidence, part of Firearms, FACTS, TIPS, Applicant Billing) and COBOL based systems (e.g., CCH, CATS, Firearms, and MVIP).

Progress replacing MAPPER administrative applications has been slow due to lack of Information Technology (IT) resources and many other priorities, including replacement of the most critical systems. Several ongoing and scheduled projects (LEAMS, VIMS, and ATRS) are expected to replace five to fifteen additional MAPPER systems in the next two years. The actual number will depend on the number and criticality of other priorities for IT. The remaining applications, such as Human Resources and Asset Tracking, will be large efforts, which will require additional personnel and funding.

Improve Financial System Access Management

Adequately Segregate Financial Responsibilities
Establish Compensating Controls.

Five employees in the Property and Finance Division (PFD) have access to the General Ledger Super User role. The General Ledger Super User role allows these employees full access to VSP's general ledger, including the ability to initiate and approve transactions in the general ledger. The PFD has manual procedures in place that these users, as a rule, do not initiate and approve transactions in the general ledger. If the user does initiate a transaction, then it is approved by another employee. We feel that this is a compensating control that mitigates any weakness that occur with these employees having these accesses.

One employee in PFD has access to Oracle to modify vendor information and initiate and approve payments to vendors. The PFD has procedures in place that this user does not, as a rule, enter invoices. If the user does, then it is approved and verified by another employee. We feel that this is a compensating control that mitigates any weakness that occurs with these employees having these accesses.

The PFD has developed a report to review the initiation and approval of expenditure and travel vouchers on a monthly basis. The PFD will begin running this report monthly, and it will be reviewed beginning with the February Monthly Confirmation of Agency Reconciliation that is due to DOA on March 31, 2012.

Enforce Principle of Least Privilege for all Information Technology Employees

The financial roles within Oracle assigned to the two Information Technology employees have been revoked (end dated). In the event that one of the Oracle system administrators is requested to assist in error correction or problem resolution that requires them to have a financial role, the required role(s) will be requested and approval(s) will be obtained to temporarily assign them to the role(s). To the extent possible, the role(s) will be set up in a test environment. However, it may be necessary to assign these roles on a temporary basis in order for personnel to be able to research/resolve production problems. In those instances, role assignment will be handled as described above.

Other Matters

Realign the ISO within the State Police hierarchy in accordance with Industry Best Practices

The VSP is working toward a possible solution to ensure that the Information Security Officers (ISO) have information security oversight and authority over all Divisions that handle confidential and mission critical data.

Status of Prior Year Recommendations for Process Improvement

Properly Implement ERP Applications and Efficiency through Automation

I have provided excerpts from our response to the last audit first, and followed them with an update of our actions:

Properly Implement ERP Applications – Excerpts from last audit

As the agency moves forward with its STARS asset tracking system, the agency will be exploring the inclusion of all asset management as subsequent phases. This will include the remaining Oracle e-Business Suite modules it has available to it. A Mobile Supply Chain application will be included in the exploration of a comprehensive asset management system as stated above. The agency currently uses Mobile Field Service for STARS radios. As we develop the STARS asset tracking system, this service will be integrated with the asset tracking with efficiencies that are not currently available. Ultimately, the automation of time and labor is an area where the agency would like to enhance administrative efficiencies; however, the agency has unique time and labor constraints caused by the agency's mission. This project is less critical than the ones noted above. The agency will consider this task as it moves its legacy systems to newer technologies that may present an opportunity to undertake this task.

Automate Fuel Management – Excerpts from last audit

The VSP currently uses a manual paper process to document the delivery of gasoline to State Police vehicles at the more than 40 VSP-owned fuel pumps. This system does rely on the honesty of the employees acquiring gasoline. There has not been a significant problem with waste or abuse in the use of gasoline. To automate the VSP-owned fuel pumps is extremely costly; VDOT's estimate to automate each gasoline pump is approximately \$25,000. The pump must be replaced and a data line must be run to the pump and into an automated reporting system. Currently, when new VSP offices are constructed, gasoline pumps are not included. The VSP-owned gasoline pumps were originally installed to allow procurement of gasoline at a bulk rate. The VSP pumps also serve to provide a secure source of gasoline in emergencies and disasters, when the supply of gasoline may be limited.

There are two other sources of gasoline available for State Police vehicles. First, VDOT pumps are available with the State Police employees using a Voyager card. This is an automated VDOT system. The State Police employee must then follow up with a manual paper report of the transaction. The acquisition of VDOT fuel is then added to the monthly vehicle report as gasoline from state pumps. The second alternative source of gasoline is by the State Police employee acquiring gasoline at a commercial service station using their Voyager card. The same reporting process as listed above applies, except on the monthly vehicle report, the source is listed as gasoline from other pumps. The Voyager invoice does remove the state fuel taxes before the VSP receives the Voyager invoice.

As the VSP explores the automation of other processes, the automation of the fuel management will be included. Currently, automation of fuel management is cost prohibitive for the VSP.

Updates to last audit

STARS Asset Tracking Requirements includes a fleet management component that will replace the MAPPER fleet management system and address the APA findings for fleet management. The requirements document to be used for a procurement solicitation to select a vendor to implement the corrective actions is complete. The Procurement section is currently preparing the Request for Proposal (RFP).

The automation of fuel management will not be within the scope of the implementation. The requirements document will capture the fuel management requirements for future consideration. Currently, automation of fuel management is cost prohibitive for the VSP.

The target date for completion of the project is October 2012

The fuel management portion will not be purchased with the Asset Management software. It will be at least two years before the agency can consider making this type of software purchase.

We appreciate your recognition of the work performed by the VSP since the last audit in resolving or engaging in ongoing corrective action concerning Employment Verification, Timely Inventories, and Fleet Management.

Mr. Walter J. Kucharski
March 28, 2012
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Thank you and your staff for your professionalism during this review. We look forward to continuing to work with you to improve accounting and internal controls.

Sincerely



Superintendent

WSF/CCW/jml

C: The Honorable Marla Graff Decker
Secretary of Public Safety

DEPARTMENT OF STATE POLICE

Marla G. Decker
Secretary of Public Safety

Colonel W. Steven Flaherty
Superintendent

Lieutenant Colonel Robert G. Kemmler
Director of Bureau of Administrative and Support Services