

DEPARTMENT OF STATE POLICE

**REPORT ON AUDIT
FOR THE YEARS ENDED
JUNE 30, 2008 AND JUNE 30, 2009**

APA
**Auditor of
Public Accounts**
COMMONWEALTH OF VIRGINIA

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;
- instances of noncompliance that require reporting under Government Auditing Standards; and
- progress on corrective action for prior year audit findings.

First, we followed up on the progress State Police has made on correcting prior year findings. We found that State Police has taken adequate corrective action to address five of the seven findings previously reported. We found that State Police made progress toward resolving the remaining two but they remain unresolved. The unresolved findings include improving the employment eligibility verification process, and improving fleet management monitoring and control. These findings, both resolved and outstanding, are discussed in the section titled "Status of Prior Year Findings."

Our audit also identified an internal control weaknesses that we consider a significant deficiency. State Police is currently using database technology no longer being sold and with limited support from the developer to run more than half of their mission critical applications. This weakness is further discussed in the section titled "Current Year Findings."

Our audit also identified a security risk associated with Northrop Grumman and VITA's ability to provide adequate security over IT hardware infrastructure. Although State Police has no control over the corrective action required to address this weakness, the weakness poses a significant risk to the agency and is disclosed in the section titled "Risk Alert."

Finally, our audit identifies opportunities for process improvements, which the State Police and the Secretary of Public Safety may wish to consider. These recommendations could reduce administrative time spent by law enforcement officers, thereby allowing them more time to focus on their core mission. These recommendations are in the section "Recommendations for Process Improvement."

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AUDIT FINDINGS AND RECOMMENDATIONS

Our prior report included various findings related to improving internal controls. As part of this review, we followed up on the status of these findings and summarized progress in the following table.

Status of Prior Year Findings

<u>Prior Year Finding</u>	<u>Status of Finding</u>
Improve System Access Controls	Resolved
Non-compliance with Travel Regulations	Resolved
Improper Use of Petty Cash Funds	Resolved
Improve Information Technology Strategic Plan	Resolved
Improve Internal Controls over Payroll	Resolved
Improve Employment Eligibility Verification Process	Progress made
Improve Fleet Management Process	Limited progress made

We discuss each of these areas in more detail in the following sections. These sections include the prior year findings, our follow-up this year and any additional recommendations as a result of that follow up.

Improve System Access Controls

During our previous audit, we had found that State Police did not provide adequate control over access to the Commonwealth's accounting system (CARS), payroll system (CIPPS), and their own virtual private network (VPN) which could allow unauthorized users to gain access to sensitive information or allow inappropriate transaction or payroll processing. To reduce the risk of inappropriate access, we recommended State Police adopt a monitoring and review process to verify that employee access is reasonable on a periodic basis. This monitoring and review process is an additional control if the communication process fails in notifying the Security Officer of an employee termination or transfer.

During our current audit, we found State Police controls access using formal communication when they hire and terminate employees. In addition, State Police performs a quarterly review of application access to ensure that terminated employees no longer have access to applications. Our test of employee access to CARS found that all twenty employees with edit or approval access to the application were properly segregated and active employees. We found that State Police now uses Department of Accounts' Payroll Services Bureau for payroll processing and appropriately assigns users of CIPPS with inquiry access to the system. Our test of terminated employees also found that State Police removed VPN access for all applicable employees upon termination for the audit period.

Non-compliance with Travel Regulations

During our previous audit, we had noted State Police made progress on enforcing compliance with State travel reimbursement regulations but we still found exceptions in the travel reimbursement process. Our test of travel reimbursements for the two year period ending June 30, 2009 found no exceptions.

Improper Use of Petty Cash Funds

During our previous audit, we noted progress made on the proper use of petty cash funds. Effective May 1, 2007, the State Police eliminated all petty cash funds. State Police now uses purchase cards exclusively for emergency purchases. State Police developed procedures requiring cardholders to submit a form approved by their supervisor and supporting invoice or receipt for each transaction to the Finance Department within five business days of the purchase. We tested the purchase card process and did not identify any material weaknesses in those controls, but do have recommendations for improving the efficiency and usefulness of the process, which are in the section “Recommendations for Process Improvement.”

Improve Controls over Payroll

During our previous audit, we had noted deficiencies in payroll processing resulting in over and under-payment of employees for overtime. The Department of Accounts’ Payroll Service Bureau processes payroll for State Police, but State Police retains responsibility for ensuring accuracy of time and labor reporting. In the current audit period we found no material control weaknesses in our review of time and labor recording and reporting, however we do have recommendations for improving the efficiency and usefulness of the process in the section “Recommendations for Process Improvement.”

Improve Employment Eligibility Verification Process

We tested for Compliance with the Employment Eligibility Verification Forms (I-9) in accordance with guidance issued by the U.S. Citizenship and Immigration Services of the U.S. Department of Homeland Security in its Handbook for Employers (M-274). State Police is not properly completing Employment Eligibility Verification forms (I-9) in accordance with this guidance.

Our tests of twenty I-9 forms completed during fiscal years 2008 and 2009 found the following errors.

- Three employees did not sign and/or date Section 1.
- Verification of five employees’ identifications did not occur within three business days of new employment.
- Four forms were incomplete with respect to document title name and /or issuing authority.
- Section 2 was uncompleted on one form.
- Section 3 was uncompleted, but certified for one employee.

The federal government has increased its enforcement efforts related to hiring illegal immigrants, which makes having a good I-9 process in place more important than ever before. Although State Police introduced new procedures for completing and monitoring this process, we recommend that management increase the training to those responsible for completing these forms in order to reduce the number of errors in future years.

Improve Fleet Management Process

In our past two reports, we recommend that State Police invest in a new system to assist with fleet management. Our current review continues to find that State Police should make changes to the fleet management process to provide for adequate and efficient monitoring whether or not the State Police implement a new system.

State Police relies on troopers to submit monthly vehicle expense reports for every vehicle, which reflect all maintenance purchases during the month, including gas, tires, oil, wash, or other maintenance parts and service. The parts, gas, or service receipts accompanying these reports go to accounts payable every month. Staff enter the values on the expense reports into the current internally developed fleet management system, and reconcile the information to the respective P-card and Voyager card statements where applicable. This process is cumbersome and prone to manual error.

We found that the data captured in the fleet management system is incomplete and inconsistent, making it difficult for management to monitor the condition or maintenance history of the fleet. During our review we found troopers did not submit vehicle expense reports for 226 vehicles for the month of December 2009. Further, our review of the second quarter vehicle activity in the fleet management system found 196 vehicles with more than 8,000 miles driven over that three month period. None of these vehicles logged an oil change over that same time.

While there is value in management capturing vehicle maintenance data in order to monitor the condition of the overall fleet, if this data is incomplete or inaccurate, collection and data entry of it diverts already strained resources away from more critical tasks. State Police should examine their current process and determine the most efficient and effective method for ensuring continued maintenance of their fleet.

We recognize that while a new system capable of capturing and tracking all vehicle related maintenance and service would be optimal, State Police may not have the resources necessary to implement such a system. However, State Police should consider changing its existing process to make the data captured by the current system more reliable and useful to management. Also, the State Police could consider using the system that the Department of General Services uses for its fleet management, which would address some of the issues in this point.

Current Year Findings

Significant Deficiency

Upgrade Database System Software

The State Police is relying on outdated legacy technologies to support more than half of its mission critical systems including criminal firearms, evidence, summonses, citations, and other information. In its current state, the legacy architecture is not fully supported by the vendor, and cannot be kept up to date.

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 programs or even hardware changes could result in a system failure from which the State Police would have difficulty recovering. The system also has user access limitations, which the 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 the State Police operations, not having a fully supported database housing these mission critical applications is a significant deficiency in controls. Further, we believe that due to the nature of this antiquated database, VITA would find it difficult to safely migrate it to modern hardware at the central data center in Chester, which would provide increased security.

We recommend that the State Police allocate the necessary resources to accelerate the migration to the new database environment in advance of the five-year timeframe defined in their long range plan.

Audit Risk Alert

During the course of our audits, we encounter issues which are beyond the corrective action of management and require the action of either another agency, outside party, or the method by which the Commonwealth conducts its operations. The following matter represents a risk to State Police but management must rely on the Commonwealth Information Technology Partnership to address the risk.

Obtain Assurance Over Outsourced IT Services

The Commonwealth's IT Infrastructure Partnership manages and maintains the Virginia State Police computer network infrastructure. Under this partnership contract, the Commonwealth relies on the Partnership's vendor to properly configure, update, and test critical network infrastructure components (Comprehensive Infrastructure Agreement, Section 3.10.v – Security Management Services).

The goal of the Partnership to transition decentralized data centers to a centralized data center that can provide better security and monitoring; the infrastructure equipment and servers supporting the State Police currently remain in a decentralized data center. However, in this environment, the Partnership still has responsibility for properly configuring, updating, and testing its decentralized network components and servers to the same security standards implemented at its centralized data center.

We found that the Partnership does not actively review or update its network equipment that supports the State Police. We found several vulnerabilities in this equipment, and have communicated these vulnerabilities to Partnership management separately from this report, as they describe a security system, and are therefore exempt from the Freedom of Information Act.

We recommend that the State Police request a corrective action plan that outlines when the Partnership will correct the vulnerabilities and how they will prevent future vulnerabilities. Finally, while these network components remain decentralized, we also recommend that the State Police periodically request vulnerability scan reports from the Partnership to ensure that the network equipment that transmits its mission critical and confidential data is secure and void of known vulnerabilities and improper configurations.

Other Matters

Improve Controls over Equipment Inventories

We found that State Police is not completing non-weapon equipment inventories in a timely manner. Our review of inventories performed for fiscal years 2008 and 2009 found 10 of 18 areas and divisions tested did not complete inventory counts until one or more months after they were due. Further, five of those ten areas were not inventoried until five or more months later than required by policy.

Although State Police has a capital asset inventory policy in place, we recommend management enforce that policy and ensure inventory counts are completed and reconciled in a timely manner. Performing inventories timely will provide greater accountability and control over non-weapon equipment and allow discrepancies to be more easily investigated.

Recommendations for Process Improvement

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

Properly Implement ERP Applications

State Police purchased Oracle E-Business Suite in 2005 at a total cost of \$355,000 to improve financial management at the agency. However, since purchasing the application, State Police has not properly implemented it to realize its full benefit. We 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.

Financials

The Financials module consists of accounting applications which are integrated with one another including: general ledger, accounts payable, accounts receivable, asset management, cash management, and property management. While State Police purchased forty licenses for this module, they have only implemented the general ledger and accounts payable modules. Discussions

with finance staff found system users unable to query the system or provide basic information in response to auditor inquiries about system transactions.

Further, State Police relies almost exclusively on manual processes to control its accounts payable and general accounting transactions. The State Police only use 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. State Police is not benefiting from the efficiency and controls the application is designed to provide, when properly implemented.

Further, the Asset Management module within Financials may be a viable replacement for the existing vehicle and equipment database, which contains weaknesses as noted earlier in this report.

Time and Labor

The time and labor module is a time tracking application generally provided to every employee within an organization as a means to prepare time and attendance records. The module keeps time records by each employee and automatically routes the time sheet for supervisory approval, expediting payroll processing. Time and labor is a basic element of all ERP applications and State Police, intent on implementing the module, purchased 2,200 licenses. However, our review found no users of this application throughout the department. State Police continues to require employees to prepare manual time sheets, which supervisors approve and send to Department of Accounts' Payroll Service Bureau for processing.

The time and labor module works to streamline the time sheet preparation process, and with networked, mobile computers already installed in every police vehicle, State Police could easily provide troopers with access to the time tracking application to streamline the process. If properly implemented, troopers could essentially punch-in and punch-out as they begin and end shifts, as they already do with dispatchers. Timesheets could be automatically generated by the system and the employee and supervisor would only need to review and certify those reports, rather than create them every week.

Mobile Supply Chain

The mobile supply chain application is an integrated module that enables users to perform many common warehouse and shop floor transactions using hand-held radio frequency devices, personal digital assistants and/or other hardware. Transactions can be carried out on wireless devices at the point of use, offering real time transaction processing, improved data accuracy and increased mobility and convenience.

While State Police does have handheld digital barcode scanners for periodically taking warehouse and stock room inventories across the state, the scanners are not part of this application. State Police purchased 22 licenses for this application but currently does not use it to manage its inventory distribution and replenishment processes.

Mobile Field Service

The Mobile field service module is primarily for help desk functions. The application allows customer service agents to access and update information via both hand-held and laptop devices.

While offline, agents can access complete customer, product, and service request data; manage schedules; order spare parts; and record material, costs, and labor.

State Police has 70 licenses for this application and is using it in its Network Operations Center Help Desk. We did not review the use of this module; therefore, we do not have recommendations regarding its implementation.

Efficiency through Automation

The time officers spend creating attendance records and performing other administrative tasks is individually insignificant. However, given that State Police has more than 1,800 sworn officers, eliminating just thirty minutes of administrative time per officer each week would equate to adding nearly 18 officer's worth of productivity over a year. For each minute of administrative time eliminated from an officer's work week, State Police could gain an additional 1,057 hours of agency-wide productivity for the year. That equates to more than one officer's worth of productivity for every two minutes diverted from administrative tasks to law enforcement tasks.¹

State Police should consider seeking the resources to fully implement the applications it already owns. In addition to the enhanced controls that these applications would provide in the way of workflow management and monitoring, proper implementation of these applications could reduce administrative time spent by officers, allowing them to spend more time on law enforcement activities. State Police may wish to study the cost and actual time spent by each officer on all administrative functions in an effort to identify further opportunities to enhance productivity by automating other processes.

Automate Fuel Management

One of the most common items currently recorded on vehicle expense reports is gasoline, both from retail stations and from state pumps. Vehicle expense reports verify the amount of fuel pumped into vehicles and ensure that fuel only goes into state vehicles. However, due to poor data quality in the internal application that tracks vehicle expenses, and the inconsistency in information reported on expense reports, appropriate use of state fuel is difficult to verify. While State Police has physical security over its fuel pumps, the monitoring of fuel usage in vehicles could improve with modern fuel management hardware. Such hardware includes magnetic card readers installed on fuel pumps or fuel ring hardware installed on both the pump and vehicle.

Currently, State Police uses two methods for acquiring fuel. The majority of fuel in police vehicles comes from the more than forty State Police owned fuel pumps. These pumps are in State Police facilities, but are open for use by those with physical access to them. When pumping gas from these pumps, drivers complete a carbon-copy form documenting the total gallons purchased and an odometer reading along with other identifying information.

One copy goes into a box at the pump, while the driver keeps the other copy and attaches it to the vehicle expense report submitted at month's end. State Police records the fuel used from state pumps in the internal system using the expense report data. However, no one reconciles the fuel

¹ Total productive time based on assumption that each officer exhausts all VSDP balances, two weeks of annual leave, and has 14 holidays in a year. Productivity assumptions also do not consider overtime.

recorded in the system to the fuel taken from each pump. Given the inconsistent data within the internal system and the current process for monitoring fuel, it is very difficult, short of direct observation, to detect waste or abuse of state fuel.

Under the current process, there is no control in place to prevent someone from pumping fuel and not completing a fuel ticket to record that transaction. Magnetic card readers allow managers to ensure that only a valid cardholder obtains fuel and no one else. The cards are also identifiable to a vehicle or driver or both, thus easing the resolution of discrepancies. Fuel ring hardware provides tighter controls over fuel consumption.

Rings on each fuel pump and corresponding receivers on the fuel tank of each vehicle prevent the dispensing of fuel until an electronic match occurs between the rings. Further, the rings capture an odometer and other computer readings each time a vehicle fills up, providing a means for management to analyze fuel consumption and other maintenance needs agency-wide.

These solutions would allow State Police to more easily and effectively manage and protect the use of their fuel without cumbersome recordation of vehicle expense reports and fuel tickets. We recognize that these hardware solutions are costly. However, State Police should weigh the benefits of not only the increased control over fuel, but the additional efficiency in reduced paperwork as a result of installing an automated system. State Police could also benefit from partnering with the Department of Transportation, which already utilizes both card reader and fuel ring technology for its fleet.

AGENCY HIGHLIGHTS

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

Field Operations

Provides both traffic enforcement 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

Investigates all criminal matters mandated by statute and established departmental policy. The Bureau consists of four divisions: General Investigation, Drug Enforcement, Criminal Intelligence, and Support Services divisions. The General Investigation Division investigates certain felonies, as well as requests from various officials. The Drug Enforcement Division conducts narcotics investigations, participates on task forces and special assignments, and conducts routine drug enforcement activities. The Criminal Intelligence Division operates the Virginia Criminal Intelligence Center, which provides information to various law enforcement agencies.

Administrative and Support Services

Includes Executive Office (Executive Staff, Professional Standards, Office of Performance Management and Internal Controls, Internal Audit, and Planning), the Divisions of Communications, Criminal Justice Information Services, Information Technology, Human Resources, Property and Logistics, Finance, and Training.

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.

State Police administers various programs detailed in the tables below. In fiscal year 2007, the Commonwealth changed their budget and accounting program structure. The following tables show detailed budgeted and actual operating expenses by program for 2008 and 2009.

Analysis of Operating Expenses By Program

Program	<u>2009</u>	<u>2008</u>
Law enforcement and highway safety services	\$ 207,167,350	\$ 211,026,741
Criminal justice information systems	38,373,829	38,373,829
Administrative and support services	<u>19,017,212</u>	<u>18,827,513</u>
Capital outlay projects*	<u>18,922,185</u>	<u>48,852,302</u>
Total operating expenses	<u>\$283,748,667</u>	<u>\$317,080,385</u>

* Program includes \$48.4 million in 2008 and \$16.4 million in 2009 of capitalized expenses for the STARS project.

In fiscal years 2008 and 2009, State Police spent a total of \$268,228,082 and \$264,826,481 respectively. The majority of these expenses are personnel related costs for the department's 2,500 plus employees. The following table shows operating expenses by type.

Operating Expenses by Type

	<u>2009</u>	<u>2008</u>
Personnel services	\$203,389,800	\$207,143,071
Contractual services	40,380,465	69,738,648
Supplies and materials	13,748,631	14,909,354
Continuous charges	11,896,936	8,686,818
Equipment	11,818,335	13,766,119
Plant and improvements	1,685,951	2,297,607
Transfer payments	435,694	536,817
Property and improvements	<u>392,855</u>	<u>1,951</u>
Total operating expenses	<u>\$283,748,667</u>	<u>\$317,080,385</u>

Included in the operating expenses detailed above, State Police had significant capital expenses in both 2008 and 2009 for the Statewide Agencies Radio System (STARS) project. State Police spent \$48.4 million and \$16.4 million on this project in fiscal years 2008 and 2009, respectively. We conducted a separate audit of the STARS project which is on APA's website: www.apa.virginia.gov.



Commonwealth of Virginia

Walter J. Kucharski, Auditor

**Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23218**

March 24, 2010

The Honorable Robert F. McDonnell
Governor of Virginia

The Honorable M. Kirkland Cox
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, 2008 and June 30, 2009. 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's 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.

Revenues and Accounts Receivable
Expenses and Accounts Payable
Payroll
Inventory and Fixed Assets
Information Security
Business Applications

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 April 7, 2010. 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

AWP:alh



COMMONWEALTH OF VIRGINIA

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DEPARTMENT OF STATE POLICE

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Lt. Colonel Robert B. Northern
Deputy Superintendent

April 12, 2010

Mr. Walter J. Kucharski
Auditor of Public Accounts
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Dear Mr. Kucharski:

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

AUDIT FINDINGS AND RECOMMENDATIONS

Status of Prior Year Findings

We appreciate your recognition of the work performed by the Department since the last audit in resolving five of the prior year findings. We recognize that we have made progress in the finding related to "improve employment eligibility verification process" and limited progress in the finding related to "improve fleet management process." I would like to address these two as follows:

Improve Employment Eligibility Verification Process

In August, 2006, the Personnel Division became aware of a deficiency in the recordkeeping of the Form I-9s. Due to misinterpretation of instructions for retention of the Form I-9, the forms for employees hired from November 6, 1986 through January 2000, were destroyed.

In order to correct this error, all employees hired from November 6, 1986 through January 2000, were required to re-submit a Form I-9. The date the employees used on the form in Section 1 was the date they completed the new form. The date of hire in Section 2 was the original hire date; therefore, these forms reflect accurate information, but do not comply with time requirements.

This will continue to be an issue in future audits; therefore, it should be noted for future auditor(s) to be aware that this has occurred and that the Department has taken action to correct the problem by having them re-submit a Form I-9. The Employment Unit will review the Form I-9s for each employee and attach a note to explain why there is a discrepancy in the dates. This action was approved by Hope Broughman of the Commonwealth of Virginia Auditor of Public Accounts.

Employment staff is also going to review all Form I-9s currently on file to determine if any further errors or discrepancies exist. Those that can be corrected will be, and those that cannot, will have a note attached to explain why a discrepancy exists. The only discrepancies that cannot be corrected will be those involving dates as previously discussed and a note will be attached to explain why a discrepancy exists. Hope Broughman has also approved this action.

Two errors cited were for employees for whom the auditor had an agency begin date of 2008, when in fact one was hired 7/1/89, and the other 7/22/85, with no break in service. One was included in the group of employees whose Form I-9s had been destroyed and were re-submitted; the other was hired prior to November 6, 1986.

In an effort to comply with the requirements for the completion and storage of the Form I-9, the Personnel Division has established a procedure for the processing and maintenance of these forms.

All representatives of the Employment Unit are up-to-date on training regarding Form I-9 compliance and will continue to verify Form I-9's submitted by new employees and those submitted for re-verification to ensure compliance with U.S. Citizenship and Immigration Services (USCIS) and other established policies and requirements.

Also, section 15.2-1705 of the Code of Virginia outlines the minimum qualifications that all law enforcement officers in the Commonwealth of Virginia are required to meet. One of those requirements is that they are a United States citizen. This requirement is verified in the early stages of the employment process for sworn positions, in addition to the requirements of the Form I-9.

Improve Fleet Management Process

The APA has on two previous reports recommended that the Agency invest in a fleet management system. The report recommended we consider using the statewide system available at the Department of General Services' (DGS) Office of Fleet Management Services. The Department reviewed the FASTER System available through the Office of Fleet Management. After meeting with the Office of Fleet Management and a representative of the FASTER System, it was determined that the system does not meet the needs of the Department. The system would require significant modifications to meet our needs. In addition, the system would be cost prohibitive. The cost to use their system is \$4 per vehicle per month, a monthly cost of approximately \$10,000 to the Department. The Department of State Police operates a

fleet of police vehicles which have unique needs and operational requirements which are much different than those of the Office of Fleet Management. We believe that our vehicle expense reporting system and monthly vehicle inspections ensure our vehicles are being maintained in accordance with Department policies and manufacturer's recommended maintenance schedules.

The report indicated that monthly vehicle expense reports for 226 vehicles were not submitted for the month December 2009. The report failed to identify the vehicles. It is conceivable that the vehicles either surplus, out of service, or no expenses were incurred during the period. The 196 vehicles found to exceed 8,000 miles over a three-month period without logging an oil change were not identified. Without knowing the circumstances of each, it would appear this is a matter which could easily be addressed by the appropriate bureau as outlined in General Order ADM 3.12, of the *State Police Manual*.

The Department's method for ensuring the integrity of the fleet management system is effective, consistent, and accurate when properly administered at all levels pursuant to General Order ADM 3.10 – 3.12, of the *State Police Manual* and the *Fleet Management Procedure Manual*.

While the fleet management system suggested for use by APA may appear to be more efficient, the system is costly and is designed for pool car application, with vehicles being garaged at the same locations.

The Department acknowledges that the automated vehicle expense report system can be improved and the MAPPER based system should be replaced. The agency is exploring implementing an automated fleet management system. The Information Technology Division is having a requirements study conducted to determine how the Statewide Agencies Radio System (STARS) assets and software configurations can be managed and tracked. A fleet management component that will address the fleet management issues raised in the APA audits is necessary to track the STARS assets, since most of the STARS assets are vehicle based. The fleet management component will include all State Police vehicles as well as the vehicles in-service with the other 20 STARS state agencies.

The current MAPPER system ensures our vehicles are safe and well maintained, and meets the unique needs and characteristics associated with managing a statewide emergency response fleet; however, that system is not capable of meeting the needs of STARS.

Current Year Findings

Upgrade Database System Software

MAPPER has been VSP's data management system for several decades and has and continues to meet the day-to-day needs of the agency. This data management system

has been supported both internally and by the vendor, but both vendor and internal support have become difficult to obtain.

VSP is currently working to replace and integrate all of the agency's asset tracking systems into one system. This will eliminate approximately 35% of MAPPER usage. As soon as this project is complete, the remaining MAPPER usage will be transitioned to other systems. This is a major undertaking and will take several years to accomplish. If sufficient funding can be identified and used for this purpose, the transition should be sooner than the five-year target date.

Obtain Assurance Over Outsourced IT services

A letter has been written to Mr. Samuel A. Nixon, CIO, VITA requesting a corrective action plan and a plan of assurance for the path forward to audit vulnerabilities of the VSP network. VSP's ISO will monitor and follow-up upon receipt of a corrective action plan as necessary to ensure the risks are adequately addressed now and in the future.

Improve Controls over Equipment Inventories

We recognize that many of the equipment inventories are completed after the due dates and are working to identify problems and develop procedures to help alleviate these issues.

One area of concern is a perceived lack of emphasis on the importance of the equipment inventories. We will emphasize to the Divisions that are being asked to conduct the inventory the significance of tracking our equipment. The memo that we send to these divisions will be reworded somewhat to point out why the inventory should be completed accurately and in a timely manner. We will develop a more structured and formal method of requesting extensions for inventories that will not be able to be completed by the due date. This will provide some documentation as to the reason for the delay, an anticipated completion date, and open a door for us to offer assistance.

Another area of concern regarding the equipment inventories is the shortage of scanners. We will explore the possibility of acquiring additional barcode scanners, either to be kept in the Finance Division for loaner purposes, or to be assigned to the areas that need a scanner. There also appears to be a lack of expertise on the use of the barcode scanners. We will develop a better understanding of the scanners and how they interface with the MAPPER system so that we can distribute more detailed instructions and offer more assistance to the users. Educating Department personnel on the use of the scanners should reduce the time spent on scanning and uploading equipment inventory data.

Furthermore, some Divisions, by their structure, are more difficult to inventory than others. We will explore the possibility of increasing some divisions due dates from 45 days to 60 days. For example, BCI has so many offices spread across the state it is

somewhat unreasonable to expect their inventory to be completed in the same time frame as Division Seven with six offices in relatively close proximity to each other. Some Divisions are logistically more difficult to inventory and we should take this into consideration.

Recommendations for Process Improvement

Properly Implement ERP Applications

Financials

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.

Mobile Supply Chain

A Mobile Supply Chain application will be included in the exploration of a comprehensive asset management system as stated above.

Mobile Field Service

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.

Time and Labor and Efficiency through Automation

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

The Department currently uses a manual paper process to document the delivery of gasoline to State Police vehicles at the more than 40 department-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 use of gasoline. The cost to automate the Department-owned fuel pumps is extremely costly; VDOT provided an estimate to automate each gasoline pump to be about \$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 Department offices are constructed, gasoline pumps are not included.

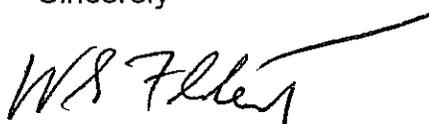
The Department-owned gasoline pumps were originally installed to allow procurement of gasoline at a bulk rate. The Department pumps also serve to provide a secure source of gasoline in emergencies and disasters, when the supply of gasoline may be limited.

There are two other sources of gasoline available for State Police vehicles. First, VDOT sources of gasoline 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 transactions. 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 Department receives the Voyager invoice.

As the Department 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 Department.

Thank you and your staff for your professionalism during the review. We look forward to continuing to work with you to improve accounting and internal controls.

Sincerely



Superintendent

WSF/JPD

Cc: The Honorable Marla Graff Decker
Secretary of Public Safety

OFFICIALS

Marla G. Decker
Secretary of Public Safety

DEPARTMENT OF STATE POLICE

Colonel W. Steven Flaherty
Superintendent

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