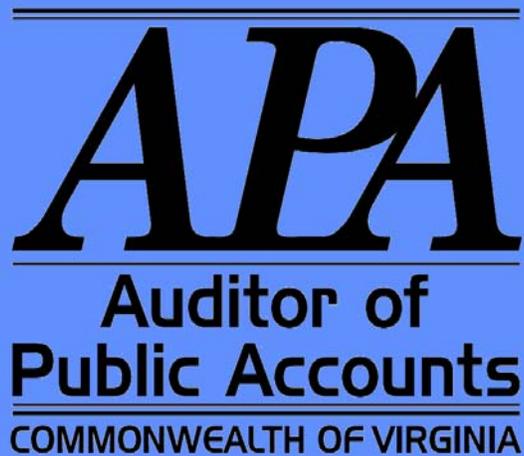


**DEPARTMENT OF STATE POLICE**

**REPORT ON AUDIT  
FOR THE PERIOD  
JANUARY 1, 2006 THROUGH JUNE 30, 2007**



## AUDIT SUMMARY

Our audit of the Department of State Police for the period of January 1, 2006 through June 30, 2007, found:

- amounts reported in the Commonwealth Accounting and Reporting System and the Department's accounting records were fairly stated;
- certain matters involving internal control and its operation that require management's attention and corrective action;
- instances of noncompliance that are required to be reported under Government Auditing Standards; and
- inadequate corrective action of certain prior year audit findings.

State Police management is responsible for establishing and maintaining effective internal control. Internal control is a framework designed to provide reasonable assurance over the reliability of financial records, effectiveness, and efficiency of operations including safeguarding of assets, and compliance with applicable laws, rules, and regulations.

The previous audit found several issues in areas related to accounting and internal controls that add to challenges in the overall financial management of the State Police. As part of our audit this year, we followed up on these findings and any progress made by State Police in addressing these issues. We found that State Police did make progress in addressing some of these issues. Having said that, results of this audit in addition to our other reviews continue to indicate a clear need for process changes as well as enhanced automation. These changes will require an extensive realignment of administrative and law enforcement interactions.

As we recommended last year, the State Police may need to seek outside expertise on how to achieve these changes. The use of someone independent of the organization will give management the opportunity to look at its administrative and law enforcement support functions and separate the activities that are truly unique to only the State Police from those used by other organizations, both law enforcement and civilian.

We understand that State Police management faces complex and difficult challenges. However, not making some of these longer-term changes will lead to more of the accounting and internal control issues included in this report.

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## **INTERNAL CONTROL AND COMPLIANCE FINDINGS AND RECOMMENDATIONS**

Our prior report included various findings related to improving accounting and 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**

<b>Prior Year Finding</b>	<b>Status of Finding</b>
Improve Internal Controls over Contracts	Resolved
Improve Security Awareness Training Program	Resolved
Improve Internal Controls over Payroll	Progress made
Non-compliance with Travel Regulations	Progress made
Improper Use of Petty Cash Funds	Progress made
Improve System Access Controls	Progress made
Improve Fleet Management	Limited Progress made
Lack of Adequate Information Technology Strategic Plan	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.

#### ***Information Technology Strategic Planning***

An organization's overall strategic plan sets organizational priorities, goals, and objectives, and the information technology strategic plan is an integral part of this overall strategic plan. The information technology (IT) strategic plan converts the organizational priorities, goals, and objectives into a set of specific goals for managing information and supporting delivery of information technology services to customers as well as its employees.

An organization's strategic plan also provides the basis for information technology investment decisions so that the identification, selection, control, life cycle management, and evaluation of technology investments considers the anticipated business value of the investment. The information technology strategic plan sets a priority for an organization's technology investments and directs plans and development efforts based on the benefit derived in achieving the organization's strategic goals. Both the Virginia Information Technology Agency and the Department of Planning and Budget give guidance to agencies on strategic planning.

In our prior reports, we have expressed concerns about the lack of information technology strategic planning at State Police. Specifically, we reported that State Police's plan focuses on a short-term list of projects as opposed to a long-range plan for the future of the Department. In addition, the overall agency strategic plan and the information technology plan did not correlate with each other.

At the same time, we had related concerns about the State Police's implementation of the Oracle E-Business Suite Application. Our concerns focused on how this application would fit in with any long-term direction for the department as well as compliance with statewide system development efforts. In an effort to clarify these issues, we met with staff from both the State Police and the Virginia Information Technology Agency in June 2007.

Based on our review, State Police's strategic planning process has shown some improvement; however, there are still areas for improvement. For example, the information technology strategic plan has a listing of projects they would like to complete in the upcoming years, focusing more on the short-term. We also noted some areas or business processes that could be improved with the creation or modernization of systems, but these areas were not part of the current IT strategic plan. We recommend that State Police adopt a more long-term approach to their strategic planning efforts. In addition, these efforts should include the entire agency in order to better plan for the future and identify opportunities to improve operations over the entire department.

In addition, we found that there was no prioritization of the information technology projects in the information we reviewed. Prioritization helps keep focus on the goals and projects of the agency. In past reports, we have found that State Police has had issues with setting priorities with their information technology strategic plan. The Billing system and the Oracle E-Business procurement and implementation serve as examples of needs without priority and adequate funding.

Our conclusion from the meeting and documentation reviewed is that the State Police's system development efforts and direction depends largely on funding and very little on strategic direction or priority. While any new system is better than nothing, this approach diverts management and staff's attention from potentially higher and more important needs. Finally, without a complete information technology strategic plan that ties to the organization's overall strategic plan, it is challenging to determine the value of funding development projects versus addressing other needs.

The Oracle E-Business procurement and implementation should serve as a case model that this unfunded development effort could have a higher rate of return to the State Police and the Commonwealth, since the system could reduce overall administrative efforts. A system of this nature could allow troopers to increase their enforcement efforts, because the system could reduce their time doing timesheets, travel vouchers and other administrative functions.

Our conclusions are that there remain areas for improvement in the IT strategic planning processes at State Police. We communicated these conclusions in correspondence to State Police, Virginia Information Technology Agency and staff of the Secretary of Public Safety in July 2007.

### Payroll

Payroll is the single largest expense at State Police, with over 2,600 employees, accounting for 75% of total expenses. In our prior report, we reported several areas of non-compliance in the area of payroll processing and overtime. Issues found included inadequate documentation of hours worked and discrepancies between hours reported on timesheets and those logged in the computer dispatch system.

Effective July 1, 2006, State Police transferred their payroll processing function to the Payroll Service Bureau at the Department of Accounts. Prior to the transition, the Payroll Service Bureau audited and found various over and under payments to State Police personnel, primarily troopers. State Police management paid the additional funds to those underpaid employees and recovered the overpayments from the affected employees.

Under the Service Bureau arrangement, State Police retains responsibility for making sure that timesheets are accurate and for certifying payroll. We found some improvements in their payroll processing functions since this transition; however, we recommend that State Police continue to evaluate their procedures for certifying payroll to ensure they are performing an adequate review.

As part of our review this year, 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 guidance issued by the US Citizenship and Immigration Services of the U.S. Department of Homeland Security.

A sample of twenty I-9 forms completed in fiscal year 2007 found nineteen I-9 forms incorrectly completed. We found the following errors with in each section. In section 1, the employee did not sign and/or date in the correct place; the employee dated with the incorrect year; and the employee did not complete the social security number block. In section 2, the employer did not complete the review within three business days, did not complete the document title name and/or issuing authority, and did not complete the Certification Section with the correct start date; and the employer did not use acceptable forms of identification.

U.S. Department of Homeland Security regulates the process for completing the I-9 forms and failure to complete the forms properly can result in significant penalties to both the employee and employer. Because of the potential sanctions, we recommend that the Human Resources Division train human resource employees on the requirements of completing I-9s and then develop a process for continuously reviewing State Police's I-9 process.

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. Furthermore, we recommend that State Police be cautious in the amount of documents it requests from each employee because employers requesting more than the minimum amount of documentation from employees could be subject to fines and penalties, as the Department of Homeland Security considers it a form of harassment.

Additionally the Departments of Accounts and Human Resource Management, which help regulate and coordinate the Commonwealth's efforts in obtaining I-9 form information, provide training and we recommend State Police take advantage of this effort.

### Travel

The State Police must comply, at a minimum, with the Commonwealth's policies and procedures concerning travel expense reimbursements by communicating state travel policies, regulations, and procedures to all employees who travel on state business. In our prior report, we reported several instances of non-compliance with the Commonwealth's policies and procedures, which included improper coding, payment of non-reimbursable expenses, lack of required documentation, and incorrect calculations.

We reviewed a sample of sixteen travel reimbursements to verify compliance with the Commonwealth's new travel regulations issued in December 2006. Of the sample, one of the reimbursements did not comply with meal reimbursement guidelines. Although we noted improvements in compliance with travel regulations State Police must continue to review the travel vouchers with careful detail to prevent additional expenses from being processed that are not necessary or allowed.

### Contract Files

In our prior report, we found State Police had not established standing contracts with all vendors with which they have regular dealings and where the amount of purchases exceed \$50,000 annually, in accordance with Commonwealth purchasing laws and guidelines. In addition, in cases where there were standing contracts, State Police staff were not consistently monitoring the agreements to ensure the department was receiving the goods or services and the amount billed complied with the standing contract.

We reviewed a sample of seventeen vendor vouchers with over \$50,000 in payments during the year. We were able to trace all of the payments back to state contracts.

### Petty Cash and Charge Cards

Petty cash was an area of concern in our prior report due to improper use of petty cash funds to purchase items that should have followed regular vendor payment processes. In our prior report, we recommended that State Police review the nature of petty cash transactions to identify alternative methods of purchasing and/or payment.

Effective May 1, 2007, State Police eliminated all petty cash funds with the exception of seized assets and cafeteria. As an alternative payment method, approved employees can use their small purchase charge card for purchases. State Police issued new procedures in March 2007, Finance Procedures No. 5 on Allowable Small and Emergency Procedures. The procedures require the cardholder to submit a completed SP299 form, invoice, and approvals to the Finance Division within five business days of the purchase. Additionally, the allowable small purchases for the office include stamps, keys, and minor repairs up to \$100. In cases where a purchase is an emergency and the cost exceeds \$100, approval by the Property and Logistics Division is required before making the purchase.

We reviewed a sample of twelve small purchase charge card purchases from June 2007 to ensure compliance with new procedures established in March 2007. We found the following instances where employees were not following the new procedures. In our selection of small purchase charge card purchases completed between May 16, 2007 and June 15, 2007, the Finance Department did not date stamp any of the twelve SP299 forms sent in so we are not able to determine if they complied with receipt in five business days. Although the new procedures appear to strengthen controls in this area, State Police need to ensure staff follows the procedures.

### Fleet Management

Management of the fleet of vehicles owned and operated by the State Police is critical to the accomplishment of the department's mission. Our prior report documented that State Police needs to document all fleet management policies and procedures, and update or replace systems used to provide fleet information to enhance decision-making. We also recommended State Police consider using the statewide system available at the Department of General Services' Office of Fleet Management Services before attempting to incur significant costs in upgrading or replacing their current system.

State Police updated their Fleet Management procedures manual in February 2007; however, we did not review the new procedures as part of this review. Our Office did review these procedures as part of a Statewide Review of Fleet Management conducted by our office. Our Office issued this report in October 2007 and found that while State Police had developed new procedures, they had not addressed all of the recommendations from the previous statewide fleet management review done in 2004. Specifically, State Police does not have a fleet management system that provides an efficient and accurate method to track vehicle care and maintenance. Our report entitled "Statewide Review of Fleet Management" includes State Police's response to that report.

### Security Awareness

In our prior report, we identified that State Police did not have documented policies and procedures for security awareness and training programs for new and current employees. The Commonwealth Security Standard requires that agencies establish and maintain information security awareness and security training

programs. The State Police did not have either of these programs documented in their Security policy. Likewise, the security policy did not include any security training requirements for managers, administrators, and other IT staff.

State Police issued an information bulletin in October 2006, letting employees know the department would be implementing a security awareness training program over the next six months. The program is a web-based program designed to increase employee's understanding about the sensitivity of the department's information resources and each employee's responsibilities. Once employees complete the training, they must submit a form to the Training Division to update their training records. We selected a sample sixteen individuals and determined that employees are following the new policies and procedures over security awareness training. In addition, State Police is sending out monthly information to employees to increase security awareness.

### System Access

In our prior report, we found that State Police does not have adequate controls over access to various systems such as the Commonwealth's payroll system (CIPPS), and their virtual private network (VPN) which could allow unauthorized users to gain access. 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 departure or transfer of job duties.

In our follow up this year, we tested access controls over the VPN, CIPPS, and the Commonwealth Accounting and reporting System (CARS) and found the following:

- We reviewed twenty employees with VPN access and found one individual who still had VPN access even though they no longer worked at State Police.
- We reviewed all employees with CIPPS access and found two employees whose access was no longer appropriate given their job duties. We also found one employee who still had access to CIPPS even though they no longer worked for State Police.
- We reviewed twenty-two employees with CARS access and found that State Police does not have adequate segregation of duties for CARS transaction processing. There are five employees with Type 8 access, which enables them to both enter and approve information in CARS. This lack of segregation of duties increases the risk that an employee could circumvent other procedures in place over payment processing.

CAPP Manual Section 70220 requires CARS Security Officers at state agencies to maintain adequate internal controls over CARS security. It is the responsibility of the agency to ensure that adequate internal controls exist within that agency to prevent unauthorized access to online CARS data. Management must monitor access controls to ensure the integrity of accounting transactions submitted through CARS. Management should ensure appropriate system access controls are in place and operating effectively. Appropriate system access should depend on position and responsibilities. Unnecessary update access in CARS increases the risk of unauthorized changes and misuse of the CARS system.

## **SELECTED AGENCY INFORMATION AND FINANCIAL HIGHLIGHTS**

The Department of State Police is the Commonwealth's law enforcement agency. In addition to their headquarters, which is located in Richmond, there are 7 field divisions and 48 area offices located throughout the state. State Police employs over 2,600 employees, which includes 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 finger print 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 record, 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 Polices administers various programs detailed in the tables below. In fiscal year 2007, the Commonwealth changed their budget and accounting program structure. As part of this effort, State Police

reorganized their programs, resulting in changes in the program classification between 2006 and 2007. The following tables show detailed budgeted and actual operating expenses by program for 2006 and 2007.

**Analysis of Budgeted and Actual Operating Expenses By Program**

<b><u>Program</u></b>	<b>FY 2006</b>	
	<b><u>Budget</u></b>	<b><u>Actual</u></b>
Criminal justice information systems and statistics	\$ 37,413,396	\$ 36,553,540
Criminal justice training, education, and standards	3,549,377	3,549,376
Crime detection, investigation and apprehension	185,123,498	182,619,865
Administrative and support services	14,201,672	14,196,106
Ground transportation system safety	18,721,424	16,147,900
Vending facilities, snack bars and cafeterias	<u>673,959</u>	<u>622,186</u>
 Total	 <u>\$259,683,326</u>	 <u>\$253,688,973</u>
	<b>FY 2007</b>	
	<b><u>Budget</u></b>	<b><u>Actual</u></b>
Criminal justice information systems and statistics	\$ 40,949,868	\$ 36,898,666
Administrative and support services	18,301,372	18,276,771
Law enforcement and highway safety services	<u>209,093,959</u>	<u>194,340,147</u>
 Total	 <u>\$268,345,199</u>	 <u>\$249,515,584</u>

In fiscal years 2006 and 2007, State Police spent a total of \$253,688,973 and \$249,515,584 respectively. The majority of these expenses are personnel related costs for the department's employees which number over 2,600. The following table breaks down operating expenses by type.

**Operating Expenses by Type**

	<b><u>FY 2007</u></b>	<b><u>FY 2006</u></b>
Personnel services	\$186,839,123	\$187,800,244
Contractual services	24,859,692	23,354,863
Supplies and materials	12,595,507	13,155,649
Transfer payments	375,501	2,717,320
Continuous charges	8,904,478	10,340,610
Equipment	15,566,122	14,238,658
Plant and improvements	15,350	147,382
Property and improvements	<u>359,811</u>	<u>1,934,247</u>
 Total operating expenditures	 <u>\$249,515,584</u>	 <u>\$253,688,973</u>

In addition to the operating expenses detailed above, State Police also had significant capital expenses in both 2006 and 2007, the majority of which was for the Statewide Agencies Radio System (STARS) project. State Police spent \$71 million and \$72 million on this project in fiscal years 2006 and 2007, respectively.

*Oxycontin Settlement*

In fiscal 2007, the Commonwealth of Virginia was awarded a \$105 million settlement resulting from investigations in the Perdue Oxycontin case. The settlement will go to several agencies including the Medicaid Fraud Control Unit of the Attorney General's Office, the Department of Health Professions and State Police. State Police received \$44 million from the settlement and there are some restrictions on how they can spend these funds. State Police expects to receive these funds in installments with the last amount due in September 2008.



# Commonwealth of Virginia

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

**Walter J. Kucharski, Auditor**

October 18, 2007

The Honorable Timothy M. Kaine  
Governor of Virginia  
State Capital  
Richmond, Virginia

The Honorable Thomas K. Norment, Jr.  
Chairman, Joint Legislative Audit  
and Review Commission  
General Assembly Building  
Richmond, Virginia

We have audited the financial records and operations of the **Department of State Police** for the year ended June 30 2007. We conducted our audit in accordance with Government Auditing Standards, issued by the Comptroller General of the United States.

## Audit Objectives

Our audit's primary objectives were to evaluate the accuracy of recorded financial transactions on 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 control 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.

- General Fund appropriations
- Revenues
- Expenses

Our audit did not include the management of agency owned vehicles. These were audited separately and reported on in a report entitled "Statewide Review of Fleet Management" issued in October 2007.

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. The 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 "Internal Control and Compliance Findings and Recommendations." The status of prior year findings is included in the section entitled "Internal Control and Compliance Findings and Recommendations."

### Exit Conference and Report Distribution

We discussed this report with management on November 28, 2007. 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

LCW:clj

AGENCY OFFICIALS

Department of State Police

Colonel W. Steven Flaherty  
Superintendent



# COMMONWEALTH OF VIRGINIA

Colonel W. S. (Steve) Flaherty  
Superintendent

(804) 674-2000

## DEPARTMENT OF STATE POLICE

P. O. Box 27472, Richmond, VA 23261-7472

Lt. Colonel Robert B. Northern  
Deputy Superintendent

December 6, 2007

Mr. Walter J. Kucharski  
Auditor of Public Accounts  
James Monroe Building  
101 N 14<sup>th</sup> 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 Department's financial accounting and control operations. I would like to address each of your comments as presented in your report.

### **Information Technology Strategic Planning**

***"Overall agency strategic plan and the information technology plan did not correlate with each other."*** Information technology initiatives are incorporated into the Department's strategic planning process through the service area plans mandated by the Department of Planning and Budget. All current and anticipated projects are listed as strategies under specific objectives within the service area plans.

In addition, we provided an IT Summary section in the Agency Strategic Plan as required by DPB's Agency Planning Handbook for development of Agency Strategic and Service Area Plans. The IT Summary plan explains how the IT Investments in Appendix A support the agency's business goals and objectives. It also indicates how these projects will move the agency from its current state to its future state.

***"We would recommend that State Police adopt a more long term approach to their strategic planning efforts."*** The Information Technology Division has entered its proposed IT projects and procurements into the ProSight system that is maintained by VITA. Many of these projects will not be completed until the 2012-2014 timeframe. Of the 13 projects entered, three are active and the other 10 are in the planning stage or listed to document a need including funding.

These projects include the replacement of the COBOL and Mapper legacy systems such as Computerized Criminal History (CCH), Incident Based Reporting (IBR), Tactical Intelligence Processing (TIPS), Field Activity Computerized Tracking (FACTS) and Firearms systems. Efforts are already underway for the replacement of the CCH and FACTS systems. In addition, we have received planning approval for a new intelligence system and a new motor vehicle inspection system. These projects are linked to VSP's agency service areas and are the basis for our IT Strategic Plan. They are listed as Appendix A in our Agency Strategic Plan.

While the Department's information technology planning tends to focus on the correction of immediate needs, the current and anticipated projects will take a number of years to complete. Some projects in ProSight will not be completed until 2014. The Department has been reluctant to plan information technology projects too far in advance due to rapidly changing requirements and technology.

***“Our conclusion from the meeting and documentation reviewed is that the State Police's system development efforts and direction depends largely on funding and very little on strategic direction or priority.”*** The Department is striving to develop better planning processes for handling major projects. This will enable us to better prioritize our efforts and focus on the Department's key goals and objectives. However, the setting of system priorities is difficult since we lack an IT budget for new systems or major development efforts and rely solely upon federal grant funds or special funds for projects. The funding determines whether we can undertake these projects.

***“The E-Business Oracle procurement and implementation should serve as a case model that this unfunded development effort could have a higher rate of return to the State Police and the Commonwealth since the system could reduce overall administrative efforts.”*** We have delayed the planning of further implementations of financial and human resource systems in E-Business Suite because of the Virginia Enterprise Applications Program, which may address many of these needs. We documented our needs in these areas in ProSight, but the instructions indicated that “these investments will be placed into a special hold status unless an agency presents a strong business case to proceed”.

### **Payroll**

To address these issues, VSP will implement changes to strengthen the procedures over payroll certification to ensure that an adequate review is performed. Furthermore VSP will implement the changes to strengthen the internal controls over the Employment Eligibility Verification forms (I-9) process.

### **Travel**

To address these issues, VSP will implement changes to strengthen the internal control procedures over reimbursements of travel expenditures to ensure compliance with the Commonwealth's travel regulations.

### **Petty Cash and Charge Cards**

To address these issues, VSP will implement changes to strengthen the internal control procedures over petty cash and charge cards disbursements to ensure compliance with existing VSP policies and procedures.

### **Fleet Management**

The audit report on fleet management states the State Police does not have a fleet management system that provides an efficient and accurate method to track care and maintenance of their fleet of vehicles. We disagree with this statement. This is an erroneous assumption made by APA. During the 2004 "Statewide Review of Fleet Management," the Department provided the auditors with the forms utilized by the Department's sworn personnel to document and report maintenance performed on their assigned vehicle. In addition, vehicle summary reports were provided which showed the maintenance performed, related cost, and a cost-per-mile operating cost. Individual vehicle reports by vehicle number can be generated detailing all cost and maintenance performed on that specific vehicle. During follow-up audits, the same information was provided and the procedures for ensuring our fleet of vehicles are being properly maintained in accordance with Department policies and manufacturer's recommended maintenance schedules was provided to the auditors, yet the APA continues to erroneously report that the State Police does not have a fleet management system.

The audit report recommended the State Police use the statewide system (FASTER) available at the Department of General Services' 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 \$4.00 per vehicle per month, a monthly cost of approximately \$10,000.00 to the Department. In addition to utilize the system, the Department would be required to install a card reader at each of the Department gas pumps. The cost to install the card reader would be approximately \$4,500.00 per pump for a total cost of approximately \$193,500.00. These costs do not include servers and hardware and software costs.

In order for the Department to capture maintenance and related cost through the FASTER System, all businesses that perform vehicle maintenance would need to have the card reader and be contracted with the FASTER System. While the Office of Fleet Management has established contracts with vendors across the Commonwealth to participate in the FASTER System, not all localities have vendors that participate. When the system indicates a vehicle is due scheduled maintenance, i.e., an oil change, the system contacts a participating vendor, schedules the maintenance, and notifies the Trooper via e-mail that the vehicle is due maintenance and when and where to take the vehicle for service. This is not an acceptable practice for a 24/7 agency.

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 vehicle are being properly maintained in accordance with Department policies and manufacturer's recommended maintenance schedules. The Department of State Police has an automated system that tracks the care and maintenance of our fleet. While this system may not be what APA thinks the Department should have, it meets the unique needs and operational requirements of the Department.

### **Security Awareness**

To address the issue of documented policies and procedures for Security Awareness training, the requirement to have a Security Awareness Program have been added to the Virginia State Police (VSP) Information Technology Security Program Manual. The VSP Information Security Officer (ISO) is in the process of creating Security Awareness Training to be presented on the VSP Learning Management System (LMS) for 2008. This will replace the MOAT system that was used previously.

### **System Access**

To address the VPN and CIPPS issue with respect to a person still having access after leaving the department, in addition to being notified by personnel when an employee separates service from VSP the ISO also reviews the VSP Special Orders which is another resource to discover employees that are separating service with VSP. In addition, for VPN and CIPPS the ISO will periodically review the list of personnel who have access to verify the access is still appropriate.

To address the CIPPS issue with respect to access no longer appropriate given their job duties, the employee's supervisor must make the determination before requesting the access to any system.

Mr. Walter J. Kucharski  
Page 5  
December 6, 2007

To address the CARS issue with respect to segregation of duties, the ISO has conferred with the VSP Finance Division Commander and determined that the type eight access will be removed from all but two employees, a primary and backup. The ISO has submitted the request to Department of Accounts for removal.

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,

A handwritten signature in black ink, appearing to be 'J. Marshall', with a long, sweeping flourish extending to the right.

Superintendent

WSF/JPD

cc: The Honorable John W. Marshall  
Secretary of Public Safety

