

**UNITED STATES CAPITOL POLICE
OFFICE OF INSPECTOR GENERAL**

STATEMENT OF

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INSPECTOR GENERAL**

before the

SUBCOMMITTEE ON CAPITOL SECURITY

**COMMITTEE ON HOUSE ADMINISTRATION
U.S. HOUSE OF REPRESENTATIVES**

July 29, 2010



Mr. Chairman and Members of the Subcommittee:

Good morning. My name is Carl W. Hoecker. I am the Inspector General for the United States Capitol Police (USCP or Department). Thank you for inviting me here today to discuss our work of the Department's budget formulation process.

At the request of the Chief of Police, my office conducted an audit of USCP's budget formulation process. Our objectives were to: (1) assess whether the Department has established adequate controls over the budget formulation process to ensure accurate data is collected and developed; (2) if so, determine if staff complied with those controls during the formulation process of the FY 2010 and 2011 budgets; (3) if not, note exceptions and root causes; and (4) determine the reasonableness of the FY 2010 and 2011 revised budgets for personnel compensation and benefits. Our scope included the original and revised/amended FY 2010 and 2011 budget submissions and processes/controls utilized to formulate those submissions.

OIG found that the Department does not have adequate controls over the budget formulation process to ensure that accurate data is collected and

developed. The Department's policies and procedures did not accurately document and define its budget formulation processes. And, the budget execution and monitoring standard operating procedures (SOPs) are incomplete and outdated.

During the formulation of the FY 2010 and 2011 budgets, the Department did not follow its proven past budget practices or comply with prior controls over the budget process. During the formulation of the FY 2010 budget, the Department did not fully utilize its Force Development Process, nor did it apply the FY 2009 format or consistently follow past best practices for developing the personnel compensation and benefits. We also noted noncompliance with the funds control process was permitted. As a result, the Department is at risk of requesting insufficient funding or overspending its appropriations.

OIG concluded that the overarching root cause is that the Department's administrative management has allowed inadequate financial weaknesses to persist, neglected to hold individuals accountable for implementation of Government Accountability Office and OIG recommendations, and ineffectively managed its workforce.

OIG found that miscalculations, omissions, and other factors contributed to the insufficient budget submissions for FY 2010 and 2011, resulting in a significant deficit for the Department. For FY 2010, OIG projects the salary and benefits budget shortfall to range between \$3.8 million and \$5.1 million. The differential depends on actual attrition for the remainder of FY 2010 and the impact of the Department's cost-cutting measures implemented by the Chief. Since our projection for the budget shortfall is about \$1.7 million less than the Department's, OIG believes the Department's FY 2010 revised projected shortfall of \$6.8 million is reasonable.

For FY 2011, OIG projects the salary and benefits budget shortfall to range between \$9.3 million and \$14.8 million. This is based on the Department's budget estimate submission and depends on the actual attrition and the Department's cost-cutting measures. OIG's projection of the FY 2011 shortfall is about \$5.4 million more than the Department's \$9.4 million.

OIG made eight recommendations which provide a genuine opportunity to strengthen controls over processes involved in budget formulation.

Specifically, OIG recommended USCP immediately establish a formal

budget formulation and allocation process that links all costs to its mission, goals, and objectives within its strategic and human capital plans. This process should include written policies and procedures delineating each office's roles and responsibilities to include specific methodology, sources of data, and records management for calculating personnel compensation and benefits.

Also, USCP should establish a mechanism for the Investment Review Board and Executive Management Team to review specific programs each year, evaluating their effectiveness, efficiency, and how they contribute to achieving a specific strategic goal(s). The Department should implement and document processes, procedures, and controls to identify and help ensure that key funds control personnel are properly trained. OIG also recommended that the Chief evaluate whether the Department has the appropriate leadership and management within the Office of Administration.

This concludes my testimony. I would be pleased to address your questions.