

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER**

**AUDIT OF INTERNAL CONTROLS OVER THE METROPOLITAN
POLICE DEPARTMENT (MPD)'S SPECIAL OPERATIONS DIVISION'S
BILLING PROCESS**

OFFICE OF INTEGRITY AND OVERSIGHT



GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer



Office of Integrity and Oversight

November 23, 2015

Angelique H. Rice, Associate Chief Financial Officer
Public Safety and Justice Cluster
1100 4th Street, SW, Suite E730
Washington, DC 20024

Leeann Turner, Chief Operating Officer
Metropolitan Police Department
300 Indiana Avenue, NW, Suite 5114
Washington, DC 20001

Dear Mesdames Rice and Turner,

The attached final report summarizes the results of the Office of the Chief Financial Officer (OCFO)'s Office of Integrity and Oversight (OIO)'s *Audit of Internal Controls over the Metropolitan Police Department (MPD)'s Special Operations Division's Billing Process (OIO No. 15-01-08 PSJC)*. The objectives of the audit were to determine whether the Public Safety and Justice Cluster (PSJC) established effective internal controls to ensure: a) Timeliness, completeness, and accuracy of the MPD's Special Operations Division's billing and collection transactions; and b) Overtime payments made to MPD officers for the special events are valid and accurate.

The audit identified internal controls that needed to be strengthened in the following areas:

- The billing process over special event activities needed improvement to reduce the accumulated Accounts Receivable balance.
- Delinquent customers were not precluded from receiving additional services.
- Accounts Receivable were not adjusted for subsequent changes to special events.
- Customer credits were not always properly verified and applied.
- MPD Form 1130 (Overtime Approval Form) were not properly maintained, and not always matched with TACIS and PeopleSoft records.
- Some MPD officers worked beyond the time restrictions of 18 hours in a 24-hour period and 98 hours in a 7-day calendar week.

OIO provided 5 recommendations to the Associate Chief Financial Officer, PSJC; and 5 recommendations to the Chief Operating Officer, MPD. PSJC and MPD management concurred with our recommendations and provided corrective actions taken and planned to address the findings cited in the report. We consider the corrective actions taken and planned to be responsive to our recommendations. The full texts of the agencies' responses are included as Appendix 1 and 2.

We appreciate the assistance and cooperation that you and your staff provided to OIO during this audit. Should you have any questions related to the report, please contact me at (202) 442-6433; or Mohamad Yusuff, Internal Audit Director, at (202) 442-8240.

Sincerely,



Timothy Barry
Executive Director

cc: Jeffrey DeWitt, Chief Financial Officer, Government of the District of Columbia
Angell Jacobs, Deputy CFO and Chief of Staff, OCFO
Marshelle Richardson, Chief Risk Officer, OCFO
Jeffrey Barnette, Deputy CFO and Treasurer, OFT

**AUDIT OF INTERNAL CONTROLS OVER THE METROPOLITAN POLICE
DEPARTMENT (MPD)'S SPECIAL OPERATIONS DIVISION'S BILLING PROCESS**

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**AUDIT OF INTERNAL CONTROLS OVER THE METROPOLITAN POLICE
DEPARTMENT (MPD)'S SPECIAL OPERATIONS DIVISION'S BILLING PROCESS**

ACRONYMS

ABC	Alcoholic Beverage Control
ACFO	Associate Chief Financial Officer
A/R	Accounts Receivable
CCU	Central Collection Unit
GAAP	Generally Accepted Accounting Principles
MPD	Metropolitan Police Department
MSETG	Mayor's Special Events Task Group
OCFO	Office of the Chief Financial Officer
OFOS	Office of Financial Operations and Systems
OFT	Office of Finance and Treasury
OIO	Office of Integrity and Oversight
OT	Overtime
PSJC	Public Safety and Justice Cluster
PSB	Patrol Services Bureau
PSS BOOK	Patrol Signal System Book
SOAR	System of Accounting and Reporting
SOD	Special Operations Division
TACIS	Time, Attendance and Court Information System

EXECUTIVE SUMMARY

OVERVIEW

The Office of the Chief Financial Officer (OCFO)'s Office of Integrity and Oversight (OIO) conducted an audit of the Internal Controls over the Metropolitan Police Department (MPD)'s Special Operations Division's Billing Process. This audit was included in the OIO's Fiscal Year (FY) 2015 Audit and Integrity Plan.

The audit objectives were to determine whether the Public Safety and Justice Cluster (PSJC) established effective internal controls to ensure:

1. Timeliness, completeness, and accuracy of the MPD's Special Operations Division's billing and collection process; and
2. Overtime payments made to MPD officers for the special events are valid and accurate.

CONCLUSION

We concluded that internal controls over the billing process need to be strengthened. We found:

- The billing process over special event activities needed improvement to reduce the accumulated Accounts Receivable (A/R) balance.
- Delinquent customers were not precluded from receiving additional services. We found 10 delinquent customers that continued to receive MPD services.
- A/R balances were not adjusted for subsequent changes to special events. In the statistical sample selected, we found that the A/R balance was overstated by \$8,569.45.
- Customer credits were not always properly verified and applied.
- MPD Form 1130 (Overtime Approval Form) were not properly maintained. We found 68 forms were missing, and 17 forms had different work hours than TACIS and PeopleSoft records.
- Some MPD officers worked beyond the time restrictions of 18 hours in a 24-hour period and 98 hours in a 7-day calendar week. We found: a) 65 instances where MPD officers worked over 18 hours in a 24-hour period; and b) 8 instances where MPD officers worked over 98 hours in a 7-day calendar week.

SUMMARY OF RECOMMENDATIONS

We provided 10 recommendations to the Associate Chief Financial Officer, PSJC, and the Chief Operating Officer, MPD, to improve the internal controls over the billing process. The recommendations focused on:

EXECUTIVE SUMMARY

- Establishing an effective communication process to notify MPD whether or not customers have paid for services within the required 5 days of the invoice issuance date. This will ensure events will only be staffed when paid in advance, as well as reduce A/R balances.
- Improving the invoicing process by providing concurrent analysis of PD Form 157 with the A/R Aging Detail Report, to prevent issuance of invoices to customers with uncollected balances. Additionally, notify MPD when a customer is in default to assure additional police services are not provided.
- Ensuring that accounts receivable balances are reviewed and adjusted for any subsequent changes taking place in special events operations.
- Ensuring proper review of A/R Aging Detail Report, to preclude delinquent customers from receiving additional police services.
- Safeguarding and organizing supporting documentation in a systematic and orderly manner within officers' files (i.e., by date) to assure that documentation can be easily available and retrieved for examination and review.
- Reinforcing to MPD supervisors the importance of monitoring officer's work hours to comply with Department established work rules.

MANAGEMENT RESPONSES AND OIO COMMENTS

OIO received written responses from the Public Safety and Justice Cluster (PSJC) on October 13, 2015; and the Metropolitan Police Department (MPD) on November 13, 2015. PSJC and MPD management concurred with the report recommendations and provided corrective actions, taken and planned, to address the findings cited in the report.

We consider the corrective actions to be responsive and meet the intent of the recommendations. The full texts of the PSJC and MPD responses are provided in Appendix 1 and 2.

INTRODUCTION

BACKGROUND

The objectives of the Public Safety and Justice Cluster (PSJC) are to: a) contribute to the fulfillment of the OCFO's mission by developing sound budgets for agencies within the Cluster; b) ensure that financial operations are transacted and reported in accordance with the Generally Accepted Accounting Principles (GAAP); and c) ensure that the Cluster agencies have the financial management services to support their program missions.

As the nation's capital, Washington DC hosts numerous "special events" throughout the year. The Government of the District of Columbia provides essential municipal services in support of special events, which take place in public space, and are conducted in a manner that protects public health and safety. Coordinating the City's public safety planning efforts for events requiring interagency coordination is the responsibility of the Mayor's Special Events Task Group (MSETG). The MSETG is responsible for providing interagency reviews and assessments of the operational, public safety and logistical components of proposals for special events. One of MSETG participating agencies is the Metropolitan Police Department (MPD)'s Special Operations Division Unit (SOD).

The mission of the MPD's SOD is to support patrol operations by developing special tactics and deploying specially trained personnel in unusual law enforcement situations and events. The SOD is divided into three branches: 1) The Special Tactics Branch; 2) The Training Unit; and 3) The Special Events Branch.

Some of the Special Events Branch specific functions are listed as follows:

- Plans, coordinates and develops operational orders with outside agencies for special events, parades, demonstrations, and other incidents occurring in public.
- Coordinates with appropriate agencies in planning, developing, and executing escort and security support for distinguish guests of the Federal and Municipal Government, as well as, for the President and Vice President of the United States.

In addition to special events staffed by the SOD, the Patrol Services Bureau (PSB) is assigned to provide services to the Alcoholic Beverage Control (ABC) Establishments, or Club Zones. PSB is the central unit within MPD to manage Patrol services for the District, including Patrol Support Division, Special Liaison Units and Central Cellblock/Prisoner Processing.

MPD General Order GO-SPT-404.02, "*Processing Reimbursable Details*," stipulates that special events should be processed as follows:

- Vendors/Organizers will submit requests, to SOD or PSB, for reimbursable details at least thirty (30) days in advance whenever possible.
- SOD or PSB prepares an Estimate for Police Services (PD Form 157) which will be reviewed and approved by the vendor/organizer.
- SOD or PSB submits the approved PD Form 157 to PSJC Accounting Staff.

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- The PSJC Accounting Staff reviews PD Form 157, and issues Time, Attendance and Court Information System (TACIS) Codes, to the SOD or PSB, as appropriate.
- SOD or PSB notifies the affected units within MPD with the dates, times, number of members to be deployed and the approved TACIS Codes received from PSJC.

PSJC's Financial Policies and Procedures Manual included the following steps for the billing and collection for MPD's Special Events:

- PSJC creates an invoice in QuickBooks, based on PD Form 157. The invoice is sent to the Event Organizer and the Payroll Staff. As of January 1, 2015, the fee for the police services is \$65.45 per officer/per hour.
- The Payroll Staff creates and/or updates in TACIS an Overtime (OT) Code.
- Once payment is received from the vendor/organizer, PSJC updates the QuickBooks to reflect collection.
- At the end of the fiscal month, accounts receivable are established for the outstanding uncollected balances.
- For any outstanding invoice over thirty (30) days, a second notice of payment is sent to the Event Organizer. If an invoice is outstanding for 45 days or more, PSJC notifies MPD's Executive Director for the Corporate Support Bureau that the Event Organizer is no longer in good standing and all pending activities must be suspended.

PSJC uses a non-lapsing Special-Purpose Fund "*MPD Overtime Reimbursement Fund*" (Fund 1614). This Fund is used to reimburse MPD for services provided for special events. Reimbursements for police services received from event organizers are recorded as revenue to Fund 1614.

OBJECTIVES, SCOPE AND METHODOLOGY

The audit objectives were to determine whether PSJC established effective internal controls to ensure:

1. Timeliness, completeness, and accuracy of the MPD's Special Operations Division's billing and collection transactions; and
2. Overtime payments made to MPD officers for the special events are valid and accurate.

The audit covered special events for a 17-month period, from October 1, 2013, to February 28, 2015.

In order to achieve the audit objectives, we reviewed PSJC's and MPD's policies and procedures with special attention to "special events". We met and interviewed officials at PSJC, MPD, and the Office of Finance and Treasury (OFT)'s Central Collection Unit (CCU). We selected a

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statistical sample¹ of 127 special events (out of 1,208 events). For the sample selected, we examined supporting documentation for each event, such as: invoices, PD Form 157, accounting records, and checks received from event organizers. The purpose of this test work was to ensure completeness and accuracy of special event's billing and collection processes.

MPD officials stated that the 127 special events selected for testing were staffed by the following MPD's divisions/units:

- Fifteen (15) special events where the SOD completes PD Form 157 (Estimate for Police Services) but staffed by the Patrol Districts.
- Sixty (60) reimbursable Details for Club Zones staffed by the PSB.
- Fifty (50) special events staffed by SOD personnel. Personnel from other MPD Divisions staffed some of these events.
- Two (2) special events cancelled.

MPD uses the PD Form 1130 (Overtime Approval) to approve and record overtime. We found that these forms were not centralized at a single MPD location, but maintained across separate MPD's divisions and units. Therefore, to achieve the audit objective of testing the validity and accuracy of overtime payments made to MPD officers, we were provided with data for 36 events out of the 50 special events staffed by SOD, and 19 events out of the 60 events staffed by PSB. For 55 (36 + 19) special events, we examined 565 PD Forms 1130. The purpose of these examinations was to ensure that PD Forms 1130 matched with TACIS and PeopleSoft records.

This performance audit was conducted 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.

¹ The statistical sample criteria were: confidence level 95%, materiality level 5%, and auditor's expectation of error 1.5%.

FINDING AND RECOMMENDATIONS

FINDING: MANAGEMENT OF BILLING PROCESSES
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SYNOPSIS

We found that the PSJC:

- Did not establish an effective communication process to: a) notify MPD whether or not customers paid their invoices within the required 5 day period which would ensure that events are only staffed after payments are received; and b) notify MPD when a request for services are received from customers with outstanding balances which would prevent delinquent customers from receiving additional police services.
- Did not adjust A/R balances for subsequent changes in accounting for special events, which resulted in a net overstatement of A/R of \$8,569.45.
- Did not establish an effective process for verifying customer credits.

These conditions occurred because of ineffective supervisory monitoring, and lack of effective communication between the PSJC and MPD. As a result, there was an outstanding accounts receivable accumulated balance of \$3.1 million for the period March 31, 2012 to June 30, 2015; police services were provided to delinquent customers; there was no assurance that receivable balances were properly stated in the accounting records; and credits on customers' account were valid and accurate.

We found that the MPD:

- Did not properly review the weekly A/R Aging Detail Report provided by PSJC, to preclude delinquent customers from receiving additional police services.
- In general, did not maintain and properly safeguard PD Forms 1130 against misplacement. For 55 special events, there were 633 PD Forms 1130, of which 565 were examined; however, 68 forms were missing. Additionally, we found that 17 forms out of the 565 we examined had different work hours than TACIS and PeopleSoft records.
- Did not observe time restrictions on hours worked by MPD officers. We found: a) 65 instances where officers worked over 18 hours in a 24-hour period; and b) 8 instances where officers worked over 98 hours in a 7-day calendar week.

These conditions occurred because of lack of effective management review. As a result, there was no assurance that police services were provided to delinquent customers; PD Forms 1130 were properly maintained and safeguarded against misplacement; and that some MPD officers' work hours exceeded the time restrictions.

FINDING AND RECOMMENDATIONS

DISCUSSION

Accounts Receivable

OFOS's District-Wide Policies and Procedures Manual, "*General Accounting Revenue/Receivables*" states that each agency Director is responsible for revenue collection, and must establish policies with regards to revenue collection and the accrual of receivables:

- All delinquent accounts must be followed up for collection.
- Procedures must be established to ensure that entities with delinquent accounts are precluded from receiving additional goods or services on credit.

PSJC officials stated that the Cluster started handling MPD special events billing process as of March 2012 (FY 2012). The Cluster officials also stated that prior to FY2012, MPD's billing process was kept on a cash basis, and that no receivables were set up at the end of the reporting period. There were no A/R files prior to FY2012, and PSJC officials involved in the collection process are no longer employed by the District.

MPD officials stated that prior to FY2012 the billing and collection process for special events was performed at SOD. MPD officials explained that all events, with only a few exceptions (i.e., big events), were paid in advance by customers. MPD officials further explained that only if payments were received from customers in advance, the events were staffed; otherwise, MPD would not provide services for these special events.

PSJC officials explained that once the billing and collection process was transferred to the Cluster during FY2012, and as a matter of practice, a legend under Payment Instructions was kept on the invoices. This legend reads: "Remittance within 5 days, made payable to DC Treasurer". However, and unlike the practice performed prior to FY2012 when billing and collection processes were housed at SOD, events are now staffed whether or not payment is received in advance.

We found that since FY2012, and as of June 30, 2015, there was an uncollected and outstanding A/R balance of \$3,103,802.81 (32% of the total amount of A/R \$9,685,554.69, recorded for the period March 31, 2012 to June 30, 2015). Table 1 below presents the details of our analysis of the outstanding and uncollected A/R balances.

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Table 1: Analysis of Outstanding and Uncollected Accounts Receivable

Year	Total Accounts Receivable Posted to Fund 1614	Total Accounts Receivable Collected	Outstanding and Uncollected Accounts Receivable as of 6/30/15
2012	\$647,053.10	\$54,817.67	\$592,235.43
2013	\$1,549,894.53	\$336,483.27	\$1,213,411.26
2014	\$3,535,662.09	\$3,166,779.13	\$368,882.96
2015 (as of 6/30/15)	\$3,952,944.97	\$3,023,671.81	\$929,273.16
Total	\$9,685,554.69	\$6,581,751.88	\$3,103,802.81

Services Provided to Delinquent Customers

The D.C. Mayor's Special Events Task Group (MSETG)'s Special Events Planning Guide, states that if an event organizer has any outstanding balance from any previous special event, the MPD will not provide support to the special event being presented to the MSETG. The Planning Guide further states that outstanding balances related to police services must be settled prior to submitting the request to MSETG.

PSJC provides, on a weekly basis, an Accounts Receivable Aging Detail Report to MPD. The purpose of this report is to inform MPD of delinquent customers that should be debarred from receiving police services for special events. This report presents information on delinquent customers for the current fiscal year only. However, we found that MPD's services have been provided to delinquent customers from the current and previous fiscal years.

Our examination revealed that 5 delinquent customers in the sample continued to receive MPD services for special events. MPD officials stated that authorization to discontinue providing police services to customers in default is a joint decision between MPD and PSJC.

Table 2 below presents the details of our analysis of MPD services provided to delinquent customers in the statistical sample selected.

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**Table 2: Analysis of MPD Services Provided to Delinquent Customers
(Customers in the Statistical Sample Selected)**

Customer No.	Invoice No.	Dates of Services Provided	Unpaid Balance (As of 4/3/2015)	OIO Comments
1	2333	September 2013	\$363.48	Services were provided in September and October of 2014, even though there was an unpaid invoice from September 2013. All invoices remain unpaid (as of 4/3/15).
	3132	September 2014	\$908.70	
	1516	October 2014	\$969.28	
2	2382	October 2013	\$891.52	All invoices remain unpaid (as of 4/3/15).
	2444	November 2013	\$1,114.40	
	2528	December 2013	\$668.64	
	2571	January 2014	\$891.52	
3	2544	December 2013	\$193.84	All invoices remain unpaid (as of 4/3/15)
	2745	April 2014	\$629.98	
	2848	May 2014	\$387.68	
	3025	August 2014	\$1,211.50	
	3057	August 2014	\$581.52	
4	2897	June 2014	\$4,119.44	All invoices remain unpaid (as of 4/3/15).
	2924	July 2014	\$5,573.36	
	3067	August 2014	\$5,088.72	
5	1641	September 2014	\$27,775.93	All invoices remain unpaid (as of 4/3/15)
	1642	October 2014	\$17,810.52	
	1643	November 2014	\$29,684.20	
	1715	December 2014	\$31,168.41	
	1761	January 2015	\$34,136.83	
	1841	February 2015	\$43,295.18	
	1924	March 2015	\$63,813.75	
Total unpaid invoices (As of 4/3/15)			\$271,278.40	

Additionally, we expanded our test work to review the entire population of 1,208 special events during the audit period. We found 5 additional delinquent customers that continued to receive MPD services. Table 3 below presents the details of our expanded analysis of MPD Services provided to Delinquent Customers.

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**Table 3: Analysis of MPD Services provided to Delinquent Customers
(Customers in the Population of 1,208 special events)**

Customer No.	Invoice No.	Dates of Services Provided	Unpaid Balance (As of 4/3/2015)	OIO Comments
6	2368	October 2013	\$6,462.64	Services were provided for a 10-month period for total amount of \$38,693.01. Partial payment was made on March 2014, for \$18,162.44. Unpaid balance of \$20,530.57 (as of 4/3/15)
	2433	November 2013	\$6,072.74	
	2498	December 2013	\$5,627.06	
	2555	January 2014	\$6,267.69	
	2598	February 2014	\$5,571.28	
	2718	March 2014	\$3,287.10	
	2754	April 2014	\$2,145.01	
	2798	May 2014	\$1,253.65	
	2869	June 2014	\$1,002.92	
	2952	July 2014	\$1,002.92	
7	2443	November 2013	\$1,671.60	All invoices remain unpaid (as of 4/3/15)
	2500	December 2013	\$1,337.28	
	2557	January 2014	\$1,504.44	
8	2827	May 2014	\$1,696.24	All invoices remain unpaid (as of 4/3/15)
	2885	May 2014	\$1,696.24	
	2909	June 2014	\$848.12	
	2940	June 2014	\$302.90	
	2975	August 2014	\$848.12	
	2992	July 2014	\$424.06	
9	1530	October 2014	\$36,045.10	All invoices remain unpaid (as of 4/3/15)
	1595	November 2014	\$35,621.04	
	1699	December 2014	\$36,893.22	
	1770	January 2015	\$38,165.40	
	1822	February 2015	\$38,484.60	
	1907	March 2015	\$42,607.95	
10	1798	January 2015	\$1,002.88	All invoices remain unpaid (as of 4/3/15)
	1833	February 2015	\$2,552.70	
	1890	March 2015	\$837.84	
	1956	March 2015	\$137.48	
	1960	April 2015	\$1,924.72	
Total unpaid invoices (As of 4/3/15)			\$265,132.50	

Unadjusted Accounts Receivable

For the 127 selected events, we tested the PD Form 157, against the invoices, copies of payments, and the QuickBooks records. We found that 8 out of the 127 events were not processed accurately. These 8 events resulted in a net overstated A/R balance of \$8,569.45.

PSJC officials confirmed that the A/R balances are not adjusted for subsequent changes occurred in the special events (e.g., increase or decrease in number of hours worked compared to number of hours initially requested for an event). PSJC officials also stated that the Cluster will take

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immediate actions to correct the misstated receivables found in the sample and will review the entire population of outstanding receivables and invoices to adjust receivables accordingly. Table 4 below presents the details of our analysis and findings related to these 8 events.

Table 4: Analysis of Unadjusted Accounts Receivable

Item No.	Invoice No.	Original Invoice Amount and Date	Recorded Account Receivables	Revised Invoice Amount and Date	A/R Overstatement/ (Understatement)	OIO Comments
1	2469	\$2,544.36 (11/18/13)	\$2,544.36	\$2,302.04 (1/9/14)	\$242.32	Reduction in services originally requested - from 42 hours to 38 hours.
2	2624	\$7,132.16 (2/6/14)	\$7,132.16	\$5,237.68 (3/14/14)	\$1,894.48	Reduction in services originally requested - from 256 hours to 188 hours.
3	2685	\$12,358.32 (3/7/14)	(\$12,358.32)	\$0 (N/A)	(\$12,358.32)	Event cancelled by customer.
4	2807	\$4,276.34 (5/1/14)	\$629.60	No revised invoice	(\$3,646.74)	The amount billed and the amount recorded in A/R does not match.
5	2836	\$31,350.15 (5/22/14)	\$31,350.15	\$10,941.87 (9/23/14)	\$20,408.28	Reimbursement to customer due to Memorandum of Understanding (MOU).
6	3125	\$9,692.80 (9/24/14)	\$9,692.80	\$8,572.07 (10/3/14)	\$1,120.73	Reduction in services originally requested from 160 hours to 141.5 hours
7	1519	\$5,149.30 (9/22/14)	\$5,149.30	\$4,906.98 (10/3/14)	\$242.32	Reduction in services originally requested - from 101 hours to 97 hours.
8	1698	\$11,813.10 (12/10/14)	\$11,813.10	\$11,146.72 (12/15/14)	\$666.38	Increase in customer's credit - from 25 hours of credit to 36 hours.
Net Overstated A/R					\$8,569.45	

Customer Credits

MPD may issue credits to accounts, based on customer requests, for events that have already been paid, but for which the services, or part of the services, were not provided. In order to verify credits, PSJC Accounting Staff checks customer invoices to ensure that credits requested were for services previously billed. However, this procedure does not take into consideration whether or not the original requested services were actually completed or partially performed. PSJC officials stated that MPD officers are in direct contact with the customers, and it is MPD's responsibility to ensure that credits are correctly applied.

Out of the 127 sample events, we found invoices for 11 events that included customer credits. One invoice included an incorrect credit of \$302.90 for services provided on August 23, 2014.

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The customer requested a credit stating that services were partially provided on August 23, 2014. However, we noted that the MPD Reimbursable Detail Sign-in sheets matched the invoice of August 23, 2014, with services provided and the customer's original request.

MPD's Overtime Authorization Forms

MPD officers record their overtime hours on PD Form 1130. These forms are approved and signed by supervisors. MPD's timekeepers use the PD Form 1130 to record the overtime hours in TACIS. For the 55 special events, we examined 565 PD Forms 1130 against TACIS and PeopleSoft records, and found the following:

- Seventeen (17) forms had different number of hours worked than shown in TACIS and PeopleSoft records.
- Five (5) forms had different dates worked than shown in TACIS and PeopleSoft records.
- Four (4) forms were not approved or signed by supervisors.

MPD Member Time Restrictions

MPD General Order GO-PER-201.21 "*Limitations on Work Hours,*" states that MPD management will evaluate and monitor the total number of hours a member works in an effort to prevent police officer fatigue. Total number of hours includes: a) regular tour of duty; b) court appearance overtime; c) department overtime; and d) outside employment. This MPD General Order also states:

- a) No member shall work more than 18 (eighteen) hours within a 24 (twenty-four) hour period.
- b) Members shall not work in excess of 98 (ninety-eight) hours per 7 (seven-day) calendar week.

During our examination of work hours recorded in PeopleSoft against TACIS records, we noted several instances where MPD officers did not comply with the above regulations and exceeded the limitations on work hours allowed. In particular, we found:

- 65 instances where MPD officers worked over 18 hours within a 24-hour period; and
- 8 instances where MPD officers worked over 98 hours within a 7-day calendar week.

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OTHER MATTERS

Special Events not Centralized

Both SOD and PSB coordinates special events and other reimbursable details. MPD officials stated that special events are not coordinated or centralized at one specific division. Furthermore, special events may be initiated by personnel in one division and staffed by personnel from other divisions. Information about special events worked by MPD officers are scattered at MPD divisions across the District. Therefore, searching, analyzing, and reviewing special events information were not always easy tasks. MPD did not establish an electronic central database to capture all the information on special events worked by different divisions.

Out of the 50 events identified by MPD officials as staffed by SOD personnel, 5 events were staffed by personnel in other divisions, and we were unable to obtain any information about 9 events, neither from TACIS records nor from any additional tracking mechanism available, such as the Patrol Signal System Book (PSS Book) where MPD officers record their times worked for an event.

Office of Finance and Treasury (OFT)'s Central Collection Unit (CCU)

The District's "*Delinquent Debt Recovery Act of 2012*" states that the Office of Finance and Treasury (OFT)'s Central Collection Unit (CCU) is the agency responsible to implement the Act and perform collection activities for District Agencies. The Act states that each District Agency shall transfer and refer delinquent debts to CCU within 60 days after a financial obligation owed to the District becomes a delinquent debt.

Our audit noted that on May 6, 2014, PSJC met with CCU officials to discuss transferal of accounts receivable accumulated balance (FY2012 through FY2014) for collection of MPD's special events. However, CCU's response was that CCU was not ready to commence collection activity for these delinquent A/R until further notice. On October 16, 2014, PSJC officials inquired again to transfer past due receivable balances to CCU for collection; however, CCU's response remained the same.

We met with CCU officials who advised that until a Collection Agency is procured and becomes operational, collection actions cannot be performed on MPD's delinquent \$3.1 million accounts receivable balance, detailed in Table 1. During the Exit Conference, OFT officials stated that the contract awarded to the Collection Agency was under protest. It is expected that the outstanding accounts receivable (\$3.1 million) will be serviced by the CCU when it becomes fully operational through the Collection Agency.

FINDING AND RECOMMENDATIONS

RECOMMENDATIONS

We recommend that the Associate Chief Financial Officer (ACFO), PSJC:

1. Establish an effective communication process to notify MPD whether or not customers have paid for services within the required 5 days of the invoice issuance date. This will ensure events will only be staffed when paid in advance, as well as reduce A/R balances.
2. Improve the invoicing process by providing concurrent analysis of PD Form 157 with the A/R Aging Detail Report, to prevent issuance of invoices to customers with uncollected balances. Additionally, notify MPD when a customer is in default to assure additional police services are not provided.
3. Update the Cluster's Policies and Procedures Manual to include payment requirement within 5 days from the invoice date, as currently stated on the invoices.
4. Ensure that accounts receivable balances are reviewed and adjusted for any subsequent changes taking place in special events operations.
5. Improve the verifying process of the customer credits to include analysis of original requested services, PD Form 1130s, customer's source documentation for services provided, and invoices.

We recommend that the Chief Operating Officer, MPD:

6. Ensure proper review of A/R Aging Detail Report, to preclude delinquent customers from receiving additional police services.
7. Safeguard and organize supporting documentations in a systematic and orderly manner within officers' files (i.e., by date) to assure that documentation can be easily available and retrieved for examination and review.
8. Ensure that the work hours reported in the PD Form 1130 match with the hours recorded in TACIS and PeopleSoft.

FINDING AND RECOMMENDATIONS

9. Reinforce to MPD supervisors the importance of monitoring officers' work hours to comply with Department established work rules.
10. Establish an electronic central database for all special events worked by MPD officers to improve the efficiency of searching, analyzing, and reviewing processes.

MANAGEMENT RESPONSES AND OIO COMMENTS

Management Response (Recommendation 1)

PSJC's management concurred with the recommendation and stated that a new billing process will be implemented in FY 2016 which will incorporate resolution of the issue.

OIO Comment

PSJC's corrective actions are responsive and meet the intent of the recommendation.

Management Response (Recommendation 2)

PSJC's management concurred with the recommendation to adjust the A/R Aging Report. PSJC stated that weekly reports have been provided to MPD identifying organizations in default since FY 2014.

OIO Comments

PSJC's corrective actions are responsive and meet the intent of the recommendation.

Management Response (Recommendation 3)

PSJC's management concurred with the recommendation. However, PSJC did not provide a target completion date for updating the Cluster's Policies and Procedures Manual.

OIO Comments

PSJC's corrective actions are responsive and meet the intent of the recommendation, provided that the actions are completed within a reasonable timeline.

Management Response (Recommendation 4)

PSJC's management concurred with the recommendation and stated that corrective action was implemented as of July 30, 2015.

FINDING AND RECOMMENDATIONS

OIO Comments

The corrective actions taken by PSJC are responsive and meet the intent of the recommendation.

Management Response (Recommendation 5)

PSJC's management concurred with the recommendation and stated that the new billing process will incorporate the review of the PD Form 157; PD Form 1130; and related invoices.

OIO Comments

PSJC's corrective actions are responsive and meet the intent of the recommendation.

Management Response (Recommendation 6)

MPD's management concurred with the recommendation and acknowledged that a more thorough review and reconciliation should be done using the Aging Detail Report. However, MPD stated that many of the delinquent account establishments, if not provided attention in the form of uniformed police services, would generate public safety issues. MPD will work with the Public Safety and Justice Cluster to develop a more accurate report and provide recommendations as to the best means of enforcing the receipt of payment prior to discontinuing service.

OIO Comments

MPD's corrective actions are responsive and meet the intent of the recommendation.

Management Response (Recommendation 7)

MPD's management concurred with the recommendation and stated that MPD has been working on the development and implementation of an electronic scheduling and time reporting tool that will provide a more secure and orderly environment for time and attendance records. MPD further stated that until the automated scheduling and time reporting tool is fully implemented, they will establish a process where the overtime authorization form is kept in both members' unit file, as well as with the unit responsible for the overtime detail.

OIO Comments

MPD's corrective actions are responsive and meet the intent of the recommendation.

FINDING AND RECOMMENDATIONS

Management Response (Recommendation 8)

MPD's management concurred, in part, with the recommendation. MPD stated that there are strict safeguards and mechanisms in place through the chain of command that will be reinforced through a memorandum to prevent these occurrences. MPD further stated that it should be noted that TACIS captures the specific hours worked, with start and end time, while PeopleSoft merely captures the aggregate hours worked, and that discrepancies between the two systems is not unexpected. MPD stated that once implemented, the electronic scheduling and time reporting tool will resolve this issue.

OIO Comments

MPD's corrective actions are responsive and meet the intent of the recommendation.

Management Response (Recommendation 9)

MPD's management concurred with the recommendation and stated that they will work diligently to ensure compliance with the established directives. MPD's management stated that the Office of Risk Management, MPD, will continue to conduct regular audits on the PD Form 1130 process and address the specific findings listed in the audit report. Furthermore, MPD is building business rules, such as restrictions on hours worked, into the electronic scheduling and time reporting tool to help prevent members from electively working beyond the time restrictions.

OIO Comments

MPD's corrective actions are responsive and meet the intent of the recommendation.

Management Response (Recommendation 10)

MPD's management concurred with the recommendation and stated that the automated scheduling and time keeping tool will serve as the centralized database for all special events worked. This automated scheduling is planned to go live in FY 2016 Third Quarter.

OIO Comments

MPD's corrective actions are responsive and meet the intent of the recommendation.

EXHIBIT A: SUMMARY OF POTENTIAL BENEFITS RESULTING FROM AUDIT

Recommendation	Potential Benefit	Type of Benefit	Agency Reported Completion Date	Status ²
1	Establish an effective communication process to notify MPD whether or not customers have paid for services within the required 5 days of the invoice issuance date. This will ensure events will only be staffed when paid in advance, as well as reduce A/R balances.	Internal Control/ Economy	Fiscal Year 2016	Open
2	Improve the invoicing process by providing concurrent analysis of PD Form 157 with the A/R Aging Detail Report, to prevent issuance of invoices to customers with uncollected balances. Additionally, notify MPD when a customer is in default to assure additional police services are not provided.	Internal Control/ Economy	October 13, 2015	Closed
3	Update the Cluster's Policies and Procedures Manual to include payment requirement within 5 days from the invoice date, as currently stated on the invoices.	Internal Control	Not provided	Open
4	Ensure that accounts receivable balances are reviewed and adjusted for any subsequent changes taking place in special events operations.	Internal Control	July 30, 2015	Closed
5	Improve the verifying process of the customer credits to include analysis of original requested services, PD Form 1130s, customer's source documentation for services provided, and invoices.	Internal Control	October 13, 2015	Closed

² This column provides the status of the recommendation as of the report date. For final reports "Open" means management and OIO are in agreement on the action to be taken, but the action is not complete. "Closed" means that management advised OIO that they took the action needed to correct the condition and that action is complete. If a completion date was not provided the date of management's response was used. "Unresolved" means that management has neither agreed to the recommended action nor proposed a satisfactory alternative action to correct the condition.

EXHIBIT A: SUMMARY OF POTENTIAL BENEFITS RESULTING FROM AUDIT

Recommendation	Potential Benefit	Type of Benefit	Agency Reported Completion Date	Status³
6	Ensure proper review of A/R Aging Detail Report, to preclude delinquent customers from receiving additional police services.	Internal Control/ Economy	November 13, 2015	Closed
7	Safeguard and organize supporting documentations in a systematic and orderly manner within officers' files (i.e., by date) to assure that documentation can be easily available and retrieved for examination and review.	Internal Control	November 13, 2015	Closed
8	Ensure that the work hours reported in the PD Form 1130 match with the hours recorded in TACIS and PeopleSoft.	Internal Control	Third Quarter FY 2016	Open
9	Reinforce to MPD supervisors the importance of monitoring officers' work hours to comply with Department established work rules.	Internal Control	November 13, 2015	Closed
10	Establish an electronic central database for all special events worked by MPD officers to improve the efficiency of searching, analyzing, and reviewing processes.	Efficiency/ Internal Control	Third Quarter FY 2016	Open

³ This column provides the status of the recommendation as of the report date. For final reports "Open" means management and OIO are in agreement on the action to be taken, but the action is not complete. "Closed" means that management advised OIO that they took the action needed to correct the condition and that action is complete. If a completion date was not provided the date of management's response was used. "Unresolved" means that management has neither agreed to the recommended action nor proposed a satisfactory alternative action to correct the condition.

APPENDIX 1: PSJC MANAGEMENT'S RESPONSE

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE ASSOCIATE CHIEF FINANCIAL OFFICER
PUBLIC SAFETY & JUSTICE CLUSTER



MEMORANDUM

TO: Timothy Barry
Executive Director
Office of Integrity & Oversight

FROM: Angelique Hayes Rice *Angelique Hayes Rice*
Associate Chief Financial Officer

DATE: October 13, 2015

SUBJECT: OIO Draft Report No. 15-01-08 PSJC

The purpose of this correspondence is to address the internal controls over the billing process for the Metropolitan Police Department's (MPD) Special Operations Division.

We appreciate the hard work that went into this audit at our request and we agree with many of the recommendations. However, we take strongly disagree with the statement on page six (6) of the report which states "MPD officials stated that authorization to discontinue providing police services to customers in default is a joint decision between MPD and PSJC" (Public Safety and Justice Cluster). PSJC is not involved in the decision-making about which events are supported by MPD.

Our comments regarding the recommendations are as follows:

Recommendation #1: Establish an effective communication process to notify MPD whether or not customers have paid for services within the required 5 days of the invoice issuance date. This will ensure events will only be staffed when paid in advance, as well as reduce A/R balances. **Response** – we concur with the recommendation; the new billing process which we will be implementing in fiscal year (FY) 2016 will incorporate resolution of this issue.

Recommendation #2: Improve the invoicing process by providing concurrent analysis of PD Form 157 with the A/R Aging Detail Report, to prevent the issuance of invoices to customers with uncollected balances. Additionally, notify MPD when a customer is in default to assure additional police services are not provided. **Response** – we concur with the recommendation as it relates to adjusting the A/R Aging Detail Report. Weekly reports have been provided to MPD identifying organizations in default since FY 2014.

APPENDIX 1: PSJC MANAGEMENT'S RESPONSE

Timothy Barry
Page Two
October 13, 2015

Recommendation #3: Update the Cluster's Policies and Procedures Manual to include payment requirement within 5 days from the invoice date, as currently stated on the invoices.

Response – we concur with the recommendation.

Recommendation #4: Ensure that accounts receivable balances are reviewed and adjusted for any subsequent changes taking place in special events operations. **Response** – we concur with the recommendation; corrective action was implemented as of July 30, 2015.

Recommendation #5: Improve the verifying process of the customer credits to include analysis of original requested services, PD Form 1130s, customer's source documentation for services provided, and invoices. **Response** – we concur with the recommendation. The new billing process will incorporate the review of the PD 157, PD 1130, and related invoice.

It should be noted that the MPD Program staff will provide a separate response related to recommendations six through ten.

If you have any questions, please contact Loretta Walker on 727-4317 or via Email Loretta.Walker@dc.gov.

cc: Mohamad Yusuff, Internal Audit Director
Leeann Turner, Chief Operating Officer, MPD
Loretta Walker, Cluster Controller, PSJC
Winston Jackson, Accounting Officer, PSJC

APPENDIX 2: MPD MANAGEMENT'S RESPONSE



GOVERNMENT OF THE DISTRICT OF COLUMBIA
METROPOLITAN POLICE DEPARTMENT

NOV 13 2015

Mr. Timothy Barry
Executive Director
Office of Integrity and Oversight
Office of the Chief Financial Officer
1100 4th Street, SW, Suite 750E
Washington, DC 20024

Dear Mr. Barry,

The Metropolitan Police Department is in receipt of the draft of the *Audit of Internal Controls Over the Metropolitan Police Department (MPD)'s Special Operations Division's (SOD) Billing Process*. MPD would like to point out that the title of the audit is a bit misleading in that the audit appears to have been on reimbursable detail billings as a whole and not specifically on the billing process on SOD events alone. We appreciate the opportunity to provide comments to the audit results and recommendations.

A significant contributing factor to the noted uncollected accounts receivable amount is the current process of creating a receivable before the overtime is actually worked. Whether the receivable was truly a receivable requires reconciliation between hours billed and hours worked. MPD acknowledges that the OCFO relied on program staff to identify which events should have been modified, however, the fact remains that the receivable should not have been recorded until the hours were worked. To that end, MPD's Office of Risk Management has been directed to reconcile the \$3.1M uncollected accounts receivable to determine whether the hours were actually worked and will share the results of this audit with the OCFO when complete.

The following outlines MPD's response to the specific findings and recommendations as they relate to our agency:

6. **Ensure proper review of A/R Aging Detail Report, to preclude delinquent customers from receiving additional police services.**

The Metropolitan Police Department agrees with this recommendation. It is acknowledged that a more thorough review and reconciliation should be done using the Aging Detail Report to identify those establishments with delinquent accounts, however many of the delinquent account establishments, if not provided attention in the form of uniformed police officers, would generate public safety issues that would result in calls for service that would require on duty officers to respond. As one of the goals of providing this service is to reduce the impact of these specific establishments and events on patrol functions, precluding the delinquent account holders from services would be counterproductive.

Therefore, MPD will work with the Office of the Chief Financial Officer, to develop a more accurate report of those account holders that are delinquent and provide recommendations as to the best means of enforcing the receipt of payment prior to discontinuing service. This should

APPENDIX 2: MPD MANAGEMENT'S RESPONSE

provide a balance between the public safety needs associated with these establishments and the collection of overdue payments.

7. **Safeguard and organize supporting documentations in a systematic and orderly manner within officer's files (i.e., by date) to assure that documentation can be easily available and retrieved for examination and review.**

MPD agrees with this recommendation but would like to clarify that while the audit suggests there were a number of PD1130 forms missing, it remains unclear as to whether the event actually took place. As previously noted, the current practice of establishing a receivable prior to work being completed contributes to this perception. In instances such as this, the options are to either cancel the receivable or apply a credit. This will be remedied once receivables are established only after work is performed.

MPD operates in a decentralized fashion regarding its time and attendance functions to facilitate quick and accurate reporting from our various elements. Overtime forms are maintained at the unit the member works and not with the unit responsible for the overtime detail.

MPD has been working on the development and implementation of an electronic scheduling and time reporting tool that will, by its nature, provide a more secure and orderly environment for time and attendance records. With this tool, an MPD employee will enter an electronic overtime approval request. Once electronically approved by a supervisor, that request will populate the member's schedule. Supervisors will use these electronic schedules to confirm time and attendance.

Until the automated scheduling and time reporting tool is fully implemented, MPD will establish a process where the overtime authorization form is kept in both the members' unit file as well as with the unit responsible for the overtime detail. MPD anticipates the automated tool to be implemented during the third quarter of FY16.

8. **Ensure that the work hours reported in the PD Form 1130 match with the hours recorded in TACIS and PeopleSoft.**

MPD agrees, in part, with the premise of this recommendation. There are strict safeguards and mechanisms in place through the chain of command that will be reinforced through a memorandum to prevent these occurrences. It should be noted that TACIS captures the specific hours worked, with start and end time, while PeopleSoft merely captures the aggregate hours worked. Discrepancies between the two systems is not unexpected, particularly when an overtime form is submitted after the pay period ends in TACIS. Specifically, if a supplemental adjustment is done after the pay period ends, the hours will only be recorded in Peoplesoft. This would occur anytime a code is issued after the pay period ends or if the overtime slip was not transmitted to the unit time and attendance clerk before the end of the pay period. That is a function of how TACIS works.

APPENDIX 2: MPD MANAGEMENT'S RESPONSE

Once implemented, the electronic scheduling and time reporting tool will resolve this issue as the electronic approval request will feed the start and stop times from the scheduling module to the timekeeping module without manual entry or reliance on paper overtime forms.

9. **Reinforce to MPD supervisors the importance of monitoring officers' work hours to comply with Department established work rules.**

MPD agrees with the premise of this and works diligently to ensure compliance with the establish directives on this front. It should be noted, that only seven instances from the sample were specifically identified, making it difficult for MPD to address the specific violations. Those events that were provided to our Office of Risk Management were found to be consistent with audits conducted by ORM in the past. I will ask our Office of Risk Management to continue to conduct regular audits on the PD Form 1130 process and address the specific findings listed here. The OCFO's payroll division has recently created a new report that shows all members that worked in excess of these established work rules so the problem can be addressed quickly.

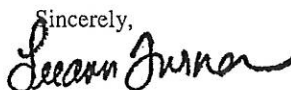
MPD is building business rules, such as restrictions on hours worked (18 hours in a 24-hour period and 98 hours in a 7-day calendar week) into the electronic scheduling and time reporting tool. This automation will help MPD prevent members from electively working beyond the time restrictions.

10. **Establish an electronic central database for all special events worked by MPD officers to improve the efficiency of searching, analysis, and reviewing processes.**

MPD agrees with this recommendation. The new automated scheduling and time keeping tool will serve as the centralized database for all special events worked. As previously noted, this tool is scheduled to go live in the third quarter of FY16.

If you should have any questions or comments, please feel free to contact me or Commander Keith L. Williams (202.645.5333).

Sincerely,



Leeann Turner
Chief Operating Officer
Metropolitan Police Department