



AUDIT OF THE FINANCIAL MANAGEMENT OF THE UNITED STATES MARSHALS SERVICE'S OFFICE IN THE SUPERIOR COURT OF THE DISTRICT OF COLUMBIA

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EXECUTIVE SUMMARY

A U.S. Marshal serves each of the 94 federal judicial districts and is charged with protecting court officers and buildings, apprehending fugitives, and exercising custody of federal detainees, including providing for their security and transportation to correctional facilities. To assist the District of Columbia Court of Appeals and the Superior Court of the District of Columbia in their mission to adjudicate criminal cases in Washington, D.C., Congress created the United States Marshal Service's Office in the Superior Court of the District of Columbia (USMS SCDC or district), thereby making these courts the only courts of local jurisdiction served by a U.S. Marshal. In fulfilling its mission with these courts, the USMS SCDC serves in a role analogous to that of a sheriff's office for Washington, D.C. Accordingly – and unlike any other district – the USMS SCDC executes Writs of Restitution (evictions), produces for court appearances local detainees charged with crimes ranging from traffic violations to homicides, and assists the Metropolitan Police Department by producing arrestees for arraignment.

Since March 2009, three USMS SCDC employees have been accused of fraudulent financial activity and have been investigated by the Department of Justice Office of the Inspector General (OIG). In May 2011, Sno Rush, the former USMS Administrative Officer for the USMS SCDC, was sentenced to 21 months in prison for theft of \$104,000 in U.S. government funds. An OIG investigation revealed that between April 2006 and February 2009 Rush issued over \$58,000 in false checks to pay her personal credit card bills, misused a government fleet card to buy approximately \$15,000 worth of fuel and services for her personally owned vehicle, created a fictitious employee in the USMS payroll system, and submitted falsified time records for that employee that resulted in fraudulent payments totaling over \$31,000. A second OIG investigation that concluded in October 2012 found that 2 other district employees fraudulently claimed more than 110 overtime hours and received \$4,591 in overtime pay.¹

¹ The OIG presented the results of this investigation to the Public Integrity Section of the Department of Justice Criminal Division, which declined to prosecute. The OIG subsequently provided its Report of Investigation to the USMS for appropriate administrative discipline.

In light of the findings of these investigations, the OIG performed this audit with the objective of assessing the internal controls over financial management for the USMS SCDC. Our audit work at the district and USMS Headquarters identified several problems in internal controls over salaries and overtime, procurement, and accountable property.

From October 2008 through September 2011, USMS SCDC employees received over \$6 million in compensation for nearly 160,000 overtime hours. Certain USMS employees can receive overtime compensation when they work more than 8 hours per day. We identified several operational employees who recorded over 1,000 hours of overtime each year and earned more than \$35,000 each in overtime. In particular, a subject of the previously mentioned OIG investigation of fraudulent overtime recorded an average of 1,673 overtime hours each year and earned more in overtime (\$68,331) than in base pay (\$62,050). According to USMS officials, the district's need to keep the cellblock operating during court times generated most of the overtime.

District supervisors who had overseen the cellblock told us that the number of cellblock overtime shifts they had made available was based primarily on their own judgment. We found that relying on the judgments of supervisors could potentially result in either costly overstaffing on the cellblock or understaffing that could risk the safety of those working and being held in the cellblock. In January 2013, the district implemented a new staffing plan intended in part to eliminate cellblock overtime shifts during weekdays. Although district officials told us that this staffing plan is based on updated metrics and district processes, the staffing plan does not address the USMS SCDC's continued reliance on cellblock employees working overtime on Saturdays. As the Superior Court of the District of Columbia regularly hears arraignments on Saturdays, we recommend that the USMS develop a solution to reduce the cellblock's continued reliance on overtime during Saturdays. An adequate solution, once implemented, should alleviate all unnecessary overtime shifts while also ensuring the security of the cellblock.

We also assessed the SCDC's financial oversight of "law enforcement availability pay" (LEAP), which is additional remuneration provided to USMS Criminal Investigator-Deputy U.S. Marshals (Criminal Investigators) equal to 25 percent of their base pay in exchange for being available for work an average of 2 hours of unscheduled duty per workday. Although Criminal Investigators are not required to actually work these unscheduled duty hours, Department of Justice (DOJ) guidelines require their supervisors to ensure, to the extent feasible, that Criminal Investigators actually work a

“substantial majority” of these unscheduled duty hours instead of just being available to work.

We therefore assessed 1 year of timesheets for 6 sampled employees to determine whether USMS SCDC Criminal Investigators appeared to be working the substantial majority of their unscheduled duty hours. The 6 employees reported working 1,598 unscheduled duty hours. Applying the required average of 2 hours of unscheduled duty hours per regular workday to the number of hours reported worked, the employees were presumably available, but not working, for 985 hours of unscheduled duty. Our sample included one Criminal Investigator who reported working just 7 hours of unscheduled duty in a year when he received over \$26,000 in LEAP. In addition, we found that USMS Directives require Criminal Investigators to record unscheduled duty worked, but that they do not require Criminal Investigators to record the time that they were available but not working, thus making it significantly more difficult for the USMS to identify and take corrective action with respect to Criminal Investigators who are not working a substantial majority of their unscheduled duty hours. Based on these results, we believe USMS SCDC managers could do more to ensure that Criminal Investigators worked or reported working a substantial majority of unscheduled duty hours as required by DOJ.

Our audit also determined that the district needs to strengthen internal controls over both fleet and purchase cards. The district spent an average of over \$200,000 on fleet card purchases and an average of \$120,000 on purchase card transactions each year during our review period. With regard to fleet cards, our audit found that the district has not maintained accurate and complete records of employee fleet card use. Because the USMS assigns fleet cards to vehicles rather than to employees, the district is unable in many instances to ascertain which employee incurred a specific fleet card charge. Moreover, district employees have not consistently submitted documents such as receipts and vehicle logs to support their monthly fleet card charges. Our sample of 1,222 fleet card transactions with a value of \$65,157 found that 949 transactions totaling \$51,648 (79 percent of sample value) lacked documentation necessary to support the transactions. This indicates that the district’s monthly review of fleet card transactions – in which a single supervisor is responsible for reviewing up to 500 fleet card charges each month – is ineffective at ensuring that all transactions are fully supported and properly documented. In view of these weaknesses, we believe that there is a high risk that employees can use fleet cards inappropriately.

The district is similarly not maintaining adequate support for its purchase card transactions. Of the district’s 610 purchase card transactions

during our review period totaling over \$360,000, we sampled 99 transactions collectively valued at more than \$80,000. We found the district could not provide all required supporting documents – including a requisition form, vendor invoice, and receiving report – for 70 transactions totaling nearly \$61,000 (75 percent of the sample value).

With respect to accountable property, in September 2010, the USMS SCDC conducted its first “wall-to-wall” property inventory since a 2007 inventory that identified 245 district assets worth almost \$1 million that were lost or stolen.² The 2010 inventory found only 11 missing items with a total value of almost \$50,000, including 7 transceiver radios that cost the district \$5,000 each. We reviewed the steps district personnel took to perform the inventory, and while we found the district’s inventory procedures to be sufficient, we identified various internal controls that the USMS should implement to improve the efficiency and effectiveness of its inventory process.

We also found that the USMS does not have policies adequate to ensure that stolen USMS weapons remain listed as stolen in the National Crime Information Center (NCIC) online database, which serves as a national clearinghouse for information regarding criminal activity. During our audit period, district employees reported stolen two USMS-owned weapons: an AR-15 semi-automatic rifle and a shotgun. Both weapons were stolen on May 16, 2009, from the trunk of a USMS vehicle that was parked outside a residence. We found that the investigating local law enforcement agency ensured that the theft of both weapons was listed in the NCIC and the weapons were later reported to be recovered. However, by the time the AR-15 rifle was recovered in February 2013 at the home of an acquaintance of a suspect in an armed robbery, its listing had been removed from the NCIC’s active database. While we could not determine why the listing had been removed, an NCIC official told us that the listing was most likely removed because the NCIC had not received the requested confirmation from the local law enforcement agency that the weapon was still missing. We have therefore recommended that the USMS develop a policy sufficient to ensure that all stolen USMS weapons remain listed in the NCIC until they are recovered.

Our report identifies over \$275,000 in total unsupported costs associated with district-level salaries, fleet cards, and purchase cards, and concludes that the district needs to improve how it accounts for salaries and

² The USMS defines accountable property as nonexpendable personal property that costs \$1,000 or more and has a useful life of at least 1 year.

LEAP, documents purchases, and ensures that lost or stolen firearms remain active in the NCIC until recovered. To help improve the USMS's procedures and controls over its financial management of USMS SCDC, we make 18 recommendations, including: (1) enhancing management tracking of Criminal Investigator's unscheduled duty time, (2) improving the tracking and accountability of fleet card use, (3) ensuring that required support for purchase card transactions is approved and maintained, and (4) updating the inventory sheet to allow property teams to annotate the location or individual holding the property.

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INTRODUCTION

A U.S. Marshal serves each of the 94 federal judicial districts and is charged with protecting court officers and buildings, apprehending fugitives, and exercising custody of federal detainees, including providing for their security and transportation to correctional facilities. To assist the District of Columbia Court of Appeals and the Superior Court of the District of Columbia in their mission to adjudicate criminal cases in Washington, D.C., Congress created the United States Marshal Service's Office in the Superior Court of the District of Columbia (USMS SCDC or district), thereby making them the only courts of local jurisdiction served by a U.S. Marshal. In fulfilling its mission with these courts, the USMS SCDC serves in a role analogous to that of a sheriff's office for Washington, D.C. Accordingly – and unlike any other district – the USMS SCDC executes Writs of Restitution (evictions), produces for court appearances local detainees charged with crimes ranging from traffic violations to homicides, and assists the Metropolitan Police Department by producing arrestees for arraignment.

According to payroll data, an average of 277 employees and contractors worked at the USMS SCDC from fiscal years (FY) 2009 to 2011, thus making it one of the largest USMS districts by total number of personnel.³ Exhibit 1 details the types of USMS employees who worked at the district during this period and the functions they performed.

³ The reported average includes employees and contractors that may not have worked full-time or throughout an entire year. According to USMS statistics, an average of 49 employees and contractors are assigned to each district. The only other district during this period with a similar number of employees and contractors as the USMS SCDC is the USMS Southern District of Texas (260 employees and contractors). As of March 2013, the USMS SCDC reported having 186 full-time employees and 30 contractors.

**EXHIBIT 1: COMPOSITION OF THE USMS SCDC WORKFORCE
(FISCAL YEARS 2009 TO 2011)**

Type of Employee or Contractor	Average Number of Employees and Contractors
Criminal Investigator-Deputy U.S. Marshals (Criminal Investigators). Law enforcement officers who plan, conduct, or manage investigations related to suspected criminal violations of federal laws.	102
Deputy U.S. Marshals. Law enforcement officers whose responsibilities include providing for the physical security of judicial officials, transporting and securing prisoners, and supporting criminal investigations and the apprehension of fugitives.	90
District Security Officers (Contract Guards). Personal services contract guards whose duties include securing and processing prisoners in the cellblock.	47
Detention Enforcement Officers. USMS employees whose main function is to secure and process prisoners in the cellblock. They do not have arrest power once shift ends and cannot take firearms home.	17
Administrative Positions. Comprised of various administrative USMS employees, including 15 employees working under an Administrative Officer and 6 other Accounting Technicians, Budget Analysts, or Clerks assigned to other district units.	21
TOTAL	277

Source: USMS

During the audit period, the USMS SCDC was divided into 10 different operational squads, each supervised by a Deputy U.S. Marshal or an equivalent.⁴ About 15 full-time, non-law enforcement employees worked under an Administrative Officer who reports to the Chief Deputy U.S. Marshal and is responsible for the administrative management of the district's finances. The administrative staff budgeted and approved financial transactions, verified employee time and attendance records, and allocated and tracked accountable property, including vehicles and firearms.

According to USMS officials, the workload of the USMS SCDC is not comparable to the workloads of other USMS districts, specifically in terms of the number of courtrooms secured, detainees handled, and operating days

⁴ Appendix II presents a description of the 10 USMS SCDC district operational squads.

and hours of the courthouse. The SCDC itself has up to 130 judges and can have over 50 courtrooms hearing cases at one time. On average, the district handles between 250 and 400 detainees daily, which the USMS states is one of the largest average daily number of detainees handled by any USMS district. In addition, while most federal courts are generally open only during regular business hours on weekdays, the SCDC hears cases on Saturdays and federal holidays, and arraignments can be heard as late as 10 p.m.

Between May 2008 and November 2011, the district did not have a presidentially appointed, Senate confirmed U.S. Marshal, and instead was led by acting U.S. Marshals appointed by the USMS Director. In November 2011, the Senate confirmed Michael Hughes as the U.S. Marshal for the USMS SCDC.

Theft of Funds by Administrative Officer

The USMS SCDC's former lead Administrative Officer, Sno Rush, pleaded guilty to stealing \$104,000 in USMS funds and was sentenced to 21 months in prison in May 2011. The plea followed the results of a Department of Justice Office of the Inspector General (OIG) investigation that found Rush took advantage of a persistently weak internal control environment at the USMS SCDC and criminally misused her authority to safeguard funds to commit several different fraudulent schemes. Specifically, between April 2006 and February 2009, Rush issued over \$58,000 in false checks to pay her personal credit card bills, misused a government fleet card to buy approximately \$15,000 worth of fuel and services for her personally owned vehicle, created a fictitious employee in the USMS payroll system, and submitted falsified time records for that employee that resulted in fraudulent payments totaling over \$31,000.

After the USMS learned of the results of the OIG investigation, it worked to identify and address specific internal control deficiencies at the district. A May 2009 internal USMS review of district-level operations cited 163 separate violations of USMS directives. Deficiencies included incomplete timekeeping records, unapproved overtime requests, and missing firearm and vehicle inventory records. The review also noted the results of a 2007 district inventory that found 245 property items valued at almost \$1 million were stolen or missing. Subsequent to this internal review, the USMS dispatched a high-level official from its headquarters to the district to establish standard policies and processes to help its administrative office address financial management deficiencies.

In less than 2 years after Sno Rush's resignation, about half of the administrative employees on board during her tenure resigned or retired from the USMS. The district hired a new, full-time Administrative Officer in August 2009.

Office of the Inspector General Audit Approach

In light of the USMS's unique role in supporting the SCDC and the weaknesses in district-level controls over financial recordkeeping, the objective of this audit was to assess the internal controls over financial management for the USMS SCDC. To accomplish the audit objective, we reviewed time and attendance and property records from FYs 2009 to 2011 and procurement activity from January 2009 to September 2011.⁵ We conducted over 60 interviews involving over 40 USMS officials and employees at USMS SCDC offices in Washington, D.C., and USMS Headquarters in Arlington, Virginia. We also discussed with OIG investigators the results of prior cases involving the misuse of funds by USMS employees.⁶

To understand the unique challenges facing the USMS SCDC, we met with the current U.S. Marshal, the prior U.S. Marshal and an official who served as one of the district's acting U.S. Marshals. To assess the district's internal control environment over financial management, we reviewed policies and procedures in place at the district and observed how the

⁵ We chose January 2009 as the start of our procurement review because Sno Rush was no longer employed at the USMS SCDC and the USMS had begun using a new purchase card system called "SmartPay 2." We chose September 2011 as the end of the audit period so that our audit would include the first complete federal fiscal year in which the administrative staff worked under the new policies and processes established by the visiting USMS Headquarters official.

⁶ In addition to the Sno Rush investigation, we considered the results of two other OIG investigations involving three other USMS employees working in Washington, D.C. One investigation found that Peter F. Rouse, a Deputy U.S. Marshal in the U.S. District Court for Washington, D.C. misappropriated a USMS fleet credit card and stole over \$5,000 worth of fuel. In October 2011, Rouse pled guilty to stealing government property and resigned from the USMS. On January 17, 2012, Rouse was sentenced to 2 years of probation and ordered to pay back the value of the stolen fuel.

The second investigation, concluded in October 2012, found SCDC Deputy U.S. Marshals were paid \$4,591 in overtime pay for falsely claiming over 110 hours of overtime over a 100-day period between September 25, 2009, and January 2, 2010. The OIG presented the results of this investigation to the Public Integrity Section of the Department of Justice Criminal Division, which declined to prosecute. The OIG subsequently provided its Report of Investigation to the USMS for appropriate administrative discipline.

administrative staff performed specific activities such as conducting inventories, processing timesheets, approving purchases, and reviewing purchase and fleet card transactions. Appendix I contains a detailed description of our audit objective, scope, and methodology.

FINDINGS AND RECOMMENDATIONS

I. SALARIES AND OVERTIME

The USMS SCDC needs to improve internal controls over time and attendance, reduce its use of overtime in the cellblock, and ensure that its Criminal Investigators are working and reporting a substantial majority of unscheduled duty hours needed to meet the average of 2 hours per regular workday required for Law Enforcement Availability Pay (LEAP). Although the district's overtime pay decreased by nearly half during our audit period, from \$2.7 million in FY 2009 to about \$1.5 million in FY 2011, the cellblock continued to account for over half of the overtime because the district relied on overtime shifts to staff the cellblock on weekdays and on Saturdays. Supervisors told us they primarily relied on their experience and intuition to determine the number of weekday overtime shifts in the cellblock. We found this could potentially result in either overstaffing on the cellblock or understaffing that could risk the safety of those working and being held in the cellblock. In January 2013, the USMS implemented a new staffing plan that includes an additional weekday cellblock shift; however, the plan does not address the district's continued use of overtime on Saturdays. The district further did not maintain complete records to show that: (1) overtime requests were necessary, approved, and actually worked; and (2) supervisors ensured that Criminal Investigators worked a substantial majority of unscheduled duty hours needed to meet the average of 2 hours per regular workday required for LEAP.

Certain USMS employees can receive overtime pay generally equal to 150 percent of their normal hourly salary for any hours worked beyond their normal tour of duty of 40 hours per week.⁷ During the 3 years from October 2008 to September 2011, USMS SCDC employees worked approximately 1.5 million hours – 10 percent of which were attributable to

⁷ Overtime pay is payment to employees for officially ordered or approved work exceeding 8 hours per day or 40 hours per week. GS-10 step 1 and lower-grade employees receive overtime pay calculated at 150 percent of their basic pay rate. Higher-grade employees receive overtime pay calculated at the greater of: (1) the hourly rate of basic pay for GS-10, step 1, multiplied by 1.5, or (2) the employee's hourly rate of basic pay. The overtime pay provisions of the Fair Labor Standards Act generally do not apply to Criminal Investigator-Deputy U.S. Marshals receiving availability pay. 5 C.F.R. 550.186(c) (2013).

overtime – and received over \$6 million in overtime pay. Considering that the district averaged 230 full-time employees during this time, each employee on average worked 228 hours of overtime and received almost \$9,000 in overtime pay each year.

However, these averages do not convey an accurate picture of what some individual district employees actually received in overtime pay. We identified several operational employees who each logged over 1,000 hours of overtime and earned more than \$35,000 in overtime each year. Five employees alone received a total of nearly \$679,000 in overtime pay in the three years we audited, representing more than 11 percent of the over \$6 million paid in overtime to all district employees.⁸ One employee, who was a subject of the previously mentioned OIG investigation of fraudulent overtime, recorded an average of 1,673 overtime hours each year and earned more in overtime (\$68,331) than in base salary (\$62,050). To work this amount of overtime in addition to a normal full-time schedule, this employee would have had to work 12-hour days every weekday and Saturday over this 3-year period. Some USMS district employees charged up to 80 overtime hours over a 2-week pay period, incurring just as many overtime hours as regular hours.

These individual employees notwithstanding, the district’s overall overtime costs decreased 46 percent from FYs 2009 to 2011, as shown in Exhibit 2.

**EXHIBIT 2: USMS SCDC OVERTIME
(FISCAL YEARS 2009 TO 2011)**

Fiscal Year	Overtime Charged (hours)	Total Overtime Cost (\$)
2009	71,384	2,697,580
2010	49,027	1,920,314
2011	36,874	1,456,187
TOTAL	157,285 hours	\$6,074,081

Source: OIG analysis of USMS data

District officials cited four main reasons for this decrease. First, beginning in FY 2010, the district’s managers and administrative team began monitoring each squad’s overtime use on a biweekly basis. Second, the district created a new court support squad shift with staggered start times for employees assigned to courtrooms that were open later. Third, night

⁸ Appendix III provides a list of the top 20 USMS SCDC earners of overtime in fiscal years 2009 to 2011.

renovations have necessitated that the courthouse close earlier, limiting the number of hearings that occur later in the evening. Fourth, in FY 2010, the USMS assigned 26 additional full-time operational employees to the district, which reduced the need for employees to incur regular overtime hours.

Operational Reliance on Cellblock Overtime

The district maintains a cellblock staffed by a squad of Deputy U.S. Marshals, Detention Enforcement Officers, and contractors to receive and secure detainees. Despite the decrease in total overtime hours and pay between FYs 2009 and 2011, we found that the district continued to use employees working in an overtime capacity to maintain cellblock operations. This practice resulted in cellblock duties accounting for over half of all the overtime incurred by the district between FYs 2009 and 2011. In FY 2011 alone, 14 USMS employees each received over \$20,000 in overtime pay largely accrued as a result of working extra shifts in the cellblock.

District supervisors told us that although the cellblock squad operated in multiple shifts, overtime was necessary to cover the times that the courtroom hears arraignments and to secure hundreds of local detainees each day in the cellblock.⁹ Each workday has an A.M. and a P.M. cellblock shift. Supervisors recruited an average of 10 to 14 employees to work A.M. overtime and usually recruit 6 to 8 employees to work P.M. overtime. Saturdays and holidays averaged 22 employees working overtime shifts.

Supervisors announced cellblock overtime opportunities via e-mail about 1 week in advance. Based on the responses received, supervisors assigned overtime shifts to those who volunteer. We found that A.M. overtime shifts in the cellblock were almost guaranteed each weekday, while P.M. overtime shift opportunities were based on whether the cellblock supervisor believed additional employees were needed to work overtime due to the number of detainees that were being held in the cellblock until the courts adjourn.

⁹ The USMS cellblock opens at 6 a.m. on weekdays and 8 a.m. on Saturdays and holidays. The arraignment court operates 6 days a week (Monday through Saturday), including holidays, and remains open until all new detainees are arraigned, which can be as late as 10 p.m. The district developed four overtime shifts to cover the detainees being seen by the courts: (1) A.M. overtime (6 a.m. to 8:30 a.m. on weekdays); (2) P.M. overtime (either after 5 p.m. or 7:30 p.m. depending on schedules); (3) Saturday overtime; and (4) holiday overtime (during federal holidays).

However, supervisors who are responsible for assigning overtime shifts told us that they largely relied on their work experience and familiarity with cellblock operations to gauge cellblock overtime needs.¹⁰ Furthermore, supervisors are not required to document their overtime need or otherwise justify the number of overtime shifts available. As a result, supervisors use different methods to assign overtime, and employees have accused supervisors in at least two instances of providing preferential treatment to some employees in comparison to others.¹¹

During our audit period, the district assigned only 14 detention officers or guards to work regular A.M. and P.M. cellblock shifts despite regularly recruiting additional employees to work overtime to secure the cellblock. USMS SCDC officials stated that they based the number of detention officers and guards working regular cellblock shifts on historical data, funding availability, and number of active employees. Nevertheless, several USMS officials confirmed that cellblock work was viewed as the least desirable assignment at the district, and one supervisor told us that he believed this perception has led to Deputy U.S. Marshals being over-assigned to other squads, such as warrants and evictions, in lieu of fully staffing the cellblock squad with regular employees.

In January 2013, the district implemented a new staffing plan that included an additional weekday cellblock shift. The Marshal told us that before implementing the plan, he and his management team tracked the ratio of detainees to employees and guards throughout the day to determine when the cellblock was in need of additional resources. Based on this assessment, the district added a new regular cellblock shift to eliminate the need for weekday A.M. and P.M. overtime. The Marshal also told us he anticipates that the new staffing plan will reduce future cellblock overtime costs by up to 50 percent. The Marshal further said that the district continues to evaluate methods to reduce the cellblock overtime hours while maintaining the safety and security of the cellblock. As the Superior Court of the District of Columbia regularly hears arraignments on Saturdays and the USMS SCDC needs to staff the cellblock when the court hears arraignments, we recommend that the USMS develop a solution to reduce

¹⁰ We note, however, that USMS SCDC policy dictates that a minimum of two USMS employees must be present when cells are unlocked, when detainees are moved within the cellblock, or whenever an employee handles detainees of the opposite sex.

¹¹ Because the USMS maintained no records justifying its cellblock overtime needs, we could not ascertain whether employees actually received preferential treatment. We did, however, note disparities between employees with respect to overtime hours and pay, including one employee who worked more than 5,000 overtime hours and received over \$200,000 in overtime pay between FYs 2009 and 2011.

the USMS SCDC's reliance on cellblock overtime for Saturdays. Such a solution may include staggering the start of the scheduled workweek of some guards so that Saturday would be designated a regular workday, and should ensure that overtime is not used for Criminal Investigators who receive Law Enforcement Availability Pay (LEAP) when the hours worked might qualify as unscheduled duty, such as working past scheduled hours when a court session runs late.

We remain concerned that the district has not uniformly assessed how many employees and contractors the USMS SCDC cellblock requires at different times to both ensure the security of the cellblock and minimize the instances when the cellblock may be overstaffed or understaffed. We therefore recommend that the USMS continue to assess cellblock operations under the January 2013 staffing plan to determine the ideal number of staff needed in the USMS SCDC cellblock, and if necessary, update the district staffing plan to meet that number.

Incomplete and Missing Overtime Records

During the audit, the OIG conducted a separate investigation into allegations of overtime fraud and abuse by two USMS SCDC employees. As described above, the investigation identified several instances when employees were not in the cellblock but were still claiming cellblock overtime. The investigation determined that these two employees fraudulently claimed a total of over 110 hours of overtime and received \$4,591 in overtime pay.

Based on the results of this investigation, coupled with the large amount of overtime worked by some district employees during our audit period, we examined the district's internal controls over overtime recordkeeping and approval. We judgmentally selected and requested from the district a sample of 319 time and attendance records for employees who recorded working overtime between FYs 2009 and 2011. The district could not locate for our review 108 of the requested records, which constituted approximately one-third of our selected sample.¹² We therefore reviewed the remaining 211 sampled records that the district was able to locate.

¹² Most of the missing records were from FY 2009. USMS SCDC administrative officials stated that the district has been the subject of multiple investigations since that time, and they noted that investigators internal and external to the USMS had removed many documents from the district. The administrative officials believed this was the reason the district was unable to provide several of the documents the OIG requested.

The USMS requires its employees to request and receive written supervisory approval for overtime in advance. During the audit period, USMS SCDC employees used an official USMS overtime request form to document this approval and to demonstrate that the requested overtime was necessary and actually worked by the employee. In addition, when the employee reported for overtime duty, the overtime supervisor was required to initial the original request form next to where the employee reported the actual number of hours worked for that shift. This annotation was intended to demonstrate that the employee actually worked the requested overtime shift. The USMS then required employees to attach the signed and verified overtime request forms to their biweekly timesheet.

We found that although employees generally attached overtime requests to their biweekly timesheets, 129 overtime requests for 3,994 overtime hours (\$144,831 in overtime pay) were not submitted and approved prior to the employee actually working overtime. Moreover, in 68 instances when employees reported working 420 hours of overtime (\$18,212 in estimated overtime pay), supervisors did not confirm on the request form that the employee actually worked the overtime hours recorded. We found that employees received payment for overtime recorded on their timesheets even though overtime requests lacked proper approval. Our review identified \$163,043 in unsupported overtime payments resulting from overtime hours that were not requested or approved in accordance with USMS SCDC policies. We consequently consider these payments to be questioned costs.¹³

In August 2011, the USMS began using an electronic time and attendance system called WebTA. District officials told us that employees using WebTA are required to complete sign-in sheets when they work in the cellblock. Supervisors subsequently upload the sign-in sheets to a district shared drive at the end of each pay period. Although supervisors can use the sign-in sheet to verify the number of hours employees worked, supervisors are not required to do so when they review and approve biweekly timesheets. In addition, our testing revealed that supervisors are still retroactively approving overtime requests in WebTA. Out of the eight sampled overtime requests in WebTA, none were approved by supervisors prior to the employee working overtime.

¹³ Questioned costs are expenditures that are not supported by adequate documentation at the time of the audit, or otherwise do not comply with legal, regulatory or contractual requirements.

District managers stated that they schedule Saturday and holiday overtime a month in advance and that supervisors have been retroactively approving overtime because employees were generally not submitting written requests prior to working overtime shifts. However, a stricter supervisory tracking and approval process is necessary in light of: (1) the instances of district-level overtime fraud identified by the OIG; (2) the number of overtime shifts worked by USMS SCDC employees; and (3) the lack of records necessary to show that over \$160,000 in sampled overtime was necessary, approved, and actually worked. We therefore recommend that the USMS remedy \$163,043 in unsupported questioned costs by seeking, as appropriate, recovery of funds it determines were improperly distributed and updating its WebTA policies and procedures to require that district employees submit overtime requests before working overtime shifts. Such policies and procedures should: (1) ensure that district supervisors review cellblock sign-in sheets to verify the number of overtime hours employees actually worked and (2) provide guidance to employees regarding the proper approval of overtime when prior approval is not possible due to exceptional circumstances.

Incomplete and Missing Law Enforcement Availability Pay (LEAP) Records

In addition to the 40 hours in the basic workweek and any scheduled overtime hours, Criminal Investigator-Deputy U.S. Marshals (Criminal Investigators) must be available to work an average of 2 hours of unscheduled duty each regular workday on an annual basis, regardless of the time of day.¹⁴ To compensate Criminal Investigators for this availability, the USMS pays its Criminal Investigators LEAP equal to 25 percent of their base salary. In FY 2011, USMS SCDC Criminal Investigators received base salaries ranging from approximately \$62,700 to \$110,000, and thus received LEAP ranging from just under \$16,000 to as much as \$27,500. In total, the USMS spent almost \$1.6 million during FY 2011 on LEAP compensation for USMS SCDC Criminal Investigators.

¹⁴ The term "regular workday" refers to each workday that the investigator worked at least 4 hours. Regular workday hours do not include overtime hours, unscheduled duty hours, time spent training or on travel status, approved leave, or excused leave with pay. For example, if a Criminal Investigator takes 16 hours of annual leave over the course of 2 days during a regular 10-day pay period, the number of regular workdays for that pay period decreases from 10 to 8 because the Criminal Investigator did not work at least 4 hours during 2 days of the pay period. 5 U.S.C. §5545a (2013) and 5 C.F.R. §550.183 (2013).

Notably, there is no statutory or regulatory requirement that Criminal Investigators actually work 2 additional hours each regular workday to receive LEAP. Rather, according to 5 CFR § 550.182, Criminal Investigators must either work or be “determined by the employing agency to be available to work” the unscheduled duty hours. A Criminal Investigator may therefore meet the LEAP availability requirement by being available to work but not actually working the requisite unscheduled duty hours. However, a Department of Justice (DOJ) policy separately requires that managers ensure, to the extent feasible, that Criminal Investigators actually work a substantial majority of these extra hours instead of just being available to work.¹⁵

USMS directives also require that, by October 31 of each year, Criminal Investigators certify in writing that they met the required daily average of two unscheduled duty hours, including available and worked hours, for the period since the last certification. If Criminal Investigators do not meet the required daily average of 2 unscheduled duty hours since the last certification, USMS policies state that the Criminal Investigators may be decertified and no longer eligible to receive LEAP.¹⁶

Our audit found that Criminal Investigators at the district did not certify that they met the 2-hours per day requirement in FYs 2009 and 2010, but nevertheless continued to earn LEAP. On October 1, 2011, district Criminal Investigators began certifying that they met this requirement for the prior FY 2011.

Because the USMS SCDC Criminal Investigators did not certify that they had met the LEAP average for two years of the audit period, we reviewed district records from FY 2009 to 2011 to determine the extent to which USMS SCDC managers ensured that Criminal Investigators actually worked a substantial majority of unscheduled duty hours instead of just being available for unscheduled duty. USMS Directives require that Criminal Investigators record unscheduled duty worked, but they do not require Criminal Investigators to record the time that they are available but not

¹⁵ DOJ Human Resources Order 1200.1 (August 1998).

¹⁶ The regulations governing LEAP state that a Criminal Investigator may be decertified from receiving LEAP if he or she: (1) has failed to perform unscheduled duty as assigned or reported or (2) is unable to perform unscheduled duty for an extended period of time due to physical or health reasons. 5 C.F.R. §550.184(d) (2012). *Cf. Smith v. Dep't of the Army*, 2012 MSPB 24, paragraph 10 (2012) (finding that § 550.184(d) permits the involuntary termination of LEAP “only for inability or unwillingness to perform the unscheduled duty” (emphasis added)).

working. We therefore reviewed all available time and attendance records for six judgmentally selected USMS SCDC Criminal Investigators and identified the number of unscheduled duty hours each reported having worked.¹⁷ We also used the number of regular workdays reported in these records as a basis for estimating the number of unscheduled duty hours each Criminal Investigator would have needed to have been available but not working to meet the minimum average number of hours for LEAP.

Using this method, we determined that the six sampled Criminal Investigators needed to work or be available to work an estimated total of 2,583 unscheduled duty hours, and that they had recorded working 1,598 unscheduled duty hours, leaving 985 hours (38 percent) of unscheduled duty for which they were presumably available but not working. We also found significant variation among the six tested Criminal Investigators. Notably, one Criminal Investigator who would have needed to be available for a total of 384 hours during one year reported working just 7 hours, or less than 2 percent, of unscheduled duty. This Criminal Investigator received over \$26,000 in LEAP during the tested year.

According to the USMS, in some instances, unscheduled duty hours worked may not have been reported by Criminal Investigators. The USMS stated that such may have been the case with regard to the Criminal Investigator who reported working just 7 hours of unscheduled duty. Yet maintaining accurate and complete records of hours worked is essential to the appropriate management of LEAP. If Criminal Investigators are not accurately reporting unscheduled duty hours worked, SCDC managers need to correct this problem so they can ensure that Criminal Investigators actually work a substantial majority of unscheduled duty hours as directed by Department policy.

In light of these results, we recommend that the USMS require district managers track unscheduled duty time worked by Criminal Investigators in a manner that: (1) provides them with regular snapshots of unscheduled duty hours worked by each Criminal Investigator, and (2) identifies Criminal Investigators who do not appear to be working a substantial majority of unscheduled duty hours. An adequate tracking system should provide USMS managers with reasonable assurances that any unscheduled duty time for

¹⁷ The district was not able to provide copies of all timesheets for all tested employees. We therefore estimated the unscheduled duty hours worked during periods for which timesheets were not provided using the ratio of regular workdays to total workdays the employee had worked the rest of the year.

which Criminal Investigators claimed they were available but not working is not also claimed as overtime.

In addition, while not strictly required by Department policy, we encourage the USMS to seek every opportunity to ensure that Criminal Investigators work as many of their unscheduled duty hours as possible so that the USMS receives the maximum benefit from its investment in LEAP. We therefore further recommend that the USMS require that the district implement corrective action to increase unscheduled duty hours worked by Criminal Investigators who are not working a substantial majority of the required average of unscheduled duty hours. A progressive range of corrective actions should be available to managers in this effort, including adjusting Criminal Investigator work schedules and precluding them from soliciting overtime on non-regular workdays.

Recommendations

We recommend that the USMS:

1. Develop a solution to reduce the USMS SCDC's reliance on cellblock overtime for Saturdays.
2. Continue to assess cellblock operations under the January 2013 staffing plan to establish the ideal number of staff needed in the USMS SCDC cellblock, and if necessary, update the district staffing plan to meet that number.
3. Remedy \$163,043 in unsupported questioned costs by seeking, as appropriate, recovery of funds it determines were improperly distributed and updating its WebTA policies and procedures to require that district employees submit overtime requests before working overtime shifts.
4. Require district managers track unscheduled duty time worked by Criminal Investigators in a manner that: (1) provides them with regular snapshots of unscheduled duty hours worked by each Criminal Investigator, and (2) identifies Criminal Investigators who do not appear to be working a substantial majority of unscheduled duty hours.
5. Require that the USMS SCDC implement corrective action to increase unscheduled duty hours for Criminal Investigators who are not working a substantial majority of the required average of unscheduled duty hours.

II. PROCUREMENT

To mitigate the risk of improper transactions, the district needs to strengthen internal controls over fleet cards and purchase cards. Our audit found that the district could not support over \$51,000 in fleet card transactions out of a sample of over \$65,000. The district further could not provide full support for more than \$60,000 out of approximately \$80,000 purchase card transactions we sampled.

USMS employees at the USMS SCDC can purchase products and services through various procurement methods, depending on the purchase price and the product or service. For example, employees can use credit cards (either purchase or fleet cards) to make micro purchases that are less than \$3,000. For larger purchases, including contracted guard services, the district uses purchase orders and other contracts.

USMS financial records show that the district spent almost \$6.8 million for the period of January 1, 2009, to September 30, 2011, using four different types of procurement methods, as shown in Exhibit 3.

EXHIBIT 3: USMS SCDC PROCUREMENT (JANUARY 2009 TO SEPTEMBER 2011)

Procurement Method	Description	Total (\$)
Purchase Card	A commercial purchase charge card authorized for use in making and paying for purchases for supplies or services.	360,771
Fleet Card	A commercial fleet charge card authorized for the purchase of fuel, maintenance, and repair of government-owned vehicles.	606,830
Blanket Purchase Agreement	A simplified acquisition method used to fill anticipated recurring needs for the same or similar supplies or services.	462,474*
Purchase Order	An offer to buy supplies or services, including personal services contracts between USMS and district security officers, upon specified terms and conditions using simplified acquisition procedures.	5,344,933*
TOTAL		\$6,775,008

Source: USMS Procurement Records

* Figures for blanket purchase agreements and purchase orders are pro-rated using FY 2009 totals to reflect financial activity beginning January 2009.

Of the \$5.3 million spent on purchase orders, over \$3.3 million (63 percent) were for personal service contracts for district security officers.

The OIG's investigation of Sno Rush found that, as the Administrative Officer, she took advantage of weak internal controls over three different procurement methods – fleet cards, purchase cards, and purchase orders for guard contracts – to misuse and steal USMS funds.¹⁸ Based on the results of the investigation, we believe that these three procurement methods remain most at risk of district-level procurement fraud and abuse. For guard contracts, the same district official that approves contract guard agreements is also responsible for monitoring contract guard time and attendance. For fleet and purchase cards, because individual employees are responsible for their use, there exists an inherent risk that individual employees could misuse their cards to make improper purchases.¹⁹ During our period of review, the district spent approximately \$4.3 million on these three procurement methods, constituting nearly 63 percent of the nearly \$6.8 million it spent in total.

The following sections discuss the results of our testing regarding each of these three potentially at-risk procurement methods.

Fleet Cards

The USMS SCDC maintains a fleet of about 115 government vehicles used for investigative and law enforcement purposes. Employees use credit cards, or fleet cards, to purchase fuel and related services. Although individual employees assigned a vehicle use the fleet cards to make these purchases, the USMS assigns each fleet card to a vehicle, not to a person, and each fleet card may only be used to purchase fuel or services to the specific vehicle to which it is assigned. The fleet cards have been programmed to prevent employees from using them to buy goods or services from different categories of merchants, such as antique shops, casinos, jewelry stores, and pawn shops.

From January 1, 2009, to September 30, 2011, district employees used fleet cards to purchase almost \$561,000 worth of fuel, which accounted for more than 90 percent of all fleet card purchases totaling almost

¹⁸ The investigation did not find that Rush specifically misused or committed fraud with regard to blanket purchase agreements.

¹⁹ Office of Management and Budget (OMB) Circular A-123, Appendix B (2009) defines improper transactions as purchases of goods and services intended for government use but not permitted by law or regulation. Under this definition, improper purchases include: (1) fraudulent purchases for goods or services that are unauthorized or acquired for or converted to personal use and (2) abusive purchases that, while authorized, are excessive, of questionable government need, or both.

\$607,000. Employees also spent over \$10,000 on car washes and over \$35,000 on other types of vehicle-related transactions, such as oil changes and emergency towing. Exhibit 4 details this fleet card spending by fiscal year.

**EXHIBIT 4: USMS SCDC FLEET CARD PURCHASES
(JANUARY 2009 TO SEPTEMBER 2011)**

Fiscal Year	Fuel		Car Washes		Other		TOTAL	
	Count	Cost (\$)	Count	Cost (\$)	Count	Cost (\$)	Count	Cost(\$)
2009*	3,890	126,749	238	3,724	335	16,342	4,463	146,815
2010	4,765	193,197	203	3,015	322	12,101	5,290	208,313
2011	4,772	240,987	235	3,634	194	7,081	5,201	251,702
TOTAL	13,427	\$560,933	676	\$10,373	851	\$35,524	14,954	\$606,830

Source: USMS

* FY 2009 data encompasses transactions incurred from January 2009 to September 2009. Prior to January 2009, a different credit card program administered the USMS's fleet cards.

The USMS pays individual fleet card transactions monthly using a centrally billed account. Under this process, the USMS pays all district fleet card transactions incurred by its employees, including those that may have been improper. As such, district management is responsible for establishing controls over fleet cards to prevent unauthorized charges. However, the OIG's Sno Rush investigation found that district-level internal controls over fleet cards were so weak that Rush was repeatedly able to misuse a fleet card to buy approximately \$15,000 worth of fuel and services for her privately owned vehicles. The investigation further found that Rush was able to misuse this card even though she was not assigned or otherwise permitted to use a government vehicle.

To assess the district's controls over fleet cards in the aftermath of Sno Rush, we reviewed the nearly 15,000 fleet card transactions listed in Exhibit 4 totaling \$606,830. We examined fleet card statements and vehicle records, and we analyzed the district's oversight of fleet operations. We found that the district has not established an effective internal control environment to monitor employee fleet card use because it does not: (1) maintain complete assignment and dispatch records that show employee fleet card use; (2) ensure that employees submit documentation for vehicle use and fleet card charges; (3) periodically review fleet card activity to ensure that employees use fleet cards appropriately, specifically with regard to premium fuel; and (4) ensure that fleet cards associated with disposed vehicles are closed during the disposition process. The following sections detail the results of our analysis of each of these areas.

Incomplete Fleet Card Dispatch Records

Following the Sno Rush investigation, the district transferred the responsibility for maintaining unassigned fleet cards from the Administrative Officer to the Property Officer. The Property Officer told us that the district did not have a formal method to track which employee had custody of a specific fleet card until June 2010, when the Property Officer created a "dispatch log" to track which specific employee had used a fleet card. Each time an employee receives or returns a fleet card, the employee is supposed to record an entry in the dispatch log to annotate the date the card was received or returned and the vehicle's tag and identification numbers, which are inscribed on the fleet card.

The Property Officer maintained about 115 dispatch logs – one for each vehicle – that collectively had 434 entries by 133 different employees. We reviewed a sample of 28 fleet card accounts to determine whether charges incurred after the implementation of the dispatch logs could be traced to a specific employee. These 28 accounts had nearly 1,900 transactions that totaled \$87,715. By comparing actual charges against dispatch log entries, we found that many dispatch logs were incomplete. Some employees had not signed and dated the dispatch log for their assigned vehicles, and several cards had transactions for months where there were no dispatch log entries. We also noted 26 instances where employees recorded an entry for receiving a fleet card but never recorded an entry for returning the fleet card, or vice versa. In some instances, employees listed dates that did not appear to make sense. For example, one employee dated a "sign out" of a card on July 22, 2009, which was almost one full year before the property officer began using dispatch logs.

Because the dispatch logs were incomplete, we could not always determine which employee used the fleet cards to make charges. Of our sample of 28 cards with approximately 2,000 transactions, we could not trace 272 transactions totaling \$11,005 (13 percent of sample value) to specific employees. Moreover, eight transactions totaling \$678 were incurred even though the dispatch logs showed that the fleet card had not been signed out by an employee during the times the charges were made. For example, a fleet card assigned to a 2003 Chevrolet Suburban was used by the same employee from March 29, 2011, to April 19, 2011, to make a series of fuel purchases in Fredericksburg, Virginia. On April 19, 2011, the employee returned the fleet card to the Property Officer. This was the last entry recorded in the dispatch log for that fleet card. However, just a few days later, when the dispatch log indicated the vehicle and associated fleet card were not in use, the fleet card was used to purchase more than \$300 of fuel (79 gallons) over a 6-day period. Because the dispatch log was not

complete, we could not determine the identity of the employee who used the card or whether the purchase of such a large amount of fuel over a few days was appropriate.

Our testing further revealed at least nine instances when district employees used fleet cards assigned to one vehicle to purchase fuel or services for another vehicle. In one instance, a fleet card was used to make two fuel purchases 10 minutes apart – one for regular gasoline and one for diesel fuel. The vehicle to which this fleet card was assigned did not run on diesel fuel. District management and the Property Officer told us that, in the past, they believe employees borrowed and used each other's fleet cards. The Chief Deputy U.S. Marshal further told us that employees have been instructed to pay for fuel with personal funds and subsequently request reimbursement when their vehicles need fuel but they do not have the proper fleet card with them.

Had it been properly implemented, we believe the fleet card dispatch log system could have ensured that the district could readily trace specific charges to individual employees and hold employees accountable for their purchases. However, the district would have needed to mandate that all employees use the dispatch log to sign out and return fleet cards, and ensure that employees did so. We therefore recommend that the USMS improve the tracking and accountability of fleet card use by updating its policies and procedures and developing a mechanism to mandate that district employees who are assigned vehicles sign fleet cards in and out using the dispatch log.

Unsupported Fleet Card Transactions

USMS policies require districts to maintain complete and accurate documents to support each fleet card transaction. Moreover, the district requires employees with fleet cards to maintain a vehicle log detailing vehicle condition, mileage, and the support for fleet card transactions. Each month, employees with fleet cards are required to submit their vehicle log and all corresponding receipts to their supervisor, who then sends the vehicle log to the district's oversight squad. If a receipt is not available, employees are told to submit a signed verification of the transaction.

To assess the support maintained by the district for fleet card transactions, we reviewed the vehicle logs and receipts for the five district vehicles recording the highest total-dollar transactions. From January 2009

to September 2011, the fleet cards for these 5 vehicles were used to make 1,222 purchases totaling \$65,157.²⁰

As shown in Exhibit 5, receipts attached to the logs for these five vehicles supported just \$13,509 worth of transactions (21 percent of sample value); the remaining \$51,648 in expenses charged to these fleet cards lacked receipts or other supporting documentation. The monthly logs for one fleet card with 188 transactions totaling \$14,655 included no receipts.

EXHIBIT 5: FLEET CARD SAMPLE RESULTS

Tested Vehicle	Transactions Reviewed		Transactions Supported		
	Number	Amount (\$)	Number	Amount (\$)	Percentage of Amount Reviewed
Fleet Card 1	149	11,319	30	2,443	22
Fleet Card 2	280	11,428	32	1,258	11
Fleet Card 3	272	13,569	114	5,629	41
Fleet Card 4	333	14,186	97	4,179	29
Fleet Card 5	188	14,655	0	0	0
TOTAL	1,222	\$65,157	273	\$13,509	21%

Source: USMS

Without complete vehicle logs and fleet card receipts, the USMS is not able to verify the propriety of individual fleet card purchases or adequately track how employees are using their assigned vehicles. Maintaining proper support and accountability for individual transactions is particularly important when transactions are paid all at once, as the USMS does with its fleet card purchases. We therefore recommend that the USMS remedy \$51,648 in unsupported questioned costs by implementing a policy that prohibits district employees who do not submit receipts or signed transaction verifications, or otherwise prepare incomplete vehicle logs, from using USMS vehicles, and by recovering improperly distributed funds as appropriate.

²⁰ Even though these five vehicles constitute approximately 4 percent of the district's vehicle fleet, their fleet card charges constituted more than 10 percent of all district fleet card purchases during this period.

Review Process for Fleet Card Transactions

Concerned as to why district employees – especially heavy fleet card users – could have submitted incomplete vehicle logs lacking receipts to support fleet card charges, we also reviewed the district's fleet card oversight process. We found that at the end of each monthly billing cycle, a supervisor reviews fleet card charges incurred by the district to look for "suspicious" purchases and initials the cover page of the monthly statement print-out. To perform this review, the district's Administrative Officer provides the reviewing supervisor with about 115 fleet card statements for the district, which can total up to about 500 transactions each month. The reviewing supervisor does not formally record the review or sign-off on the allowability of the transactions, nor does the supervisor compare the statements to the vehicle logs and receipts.

We conclude that the supervisory review, as performed, does not serve as an effective control to identify improper fleet card charges. First, the fleet card statements provided to the supervisor do not include any information regarding the vehicle's type, make, or model. This makes it exceedingly difficult for the reviewing supervisor to gauge whether the fuel amounts and charges are reasonable as different types, makes, or models of vehicles have different fuel efficiencies and tank capacities. Second, as discussed in the dispatch log section, because fleet cards are assigned to vehicles and not individual employees, supervisors cannot readily identify the employee who used the fleet card to make a specific transaction by reviewing fleet card bank statements. This is particularly important because we found that employees incur widely varying fuel costs depending on how far they live from the district office.²¹ Third, the reviewing supervisor does not trace bank statement entries, even on a test basis, to the vehicle logs or receipts to ensure that charges are supported. Fourth, the methodology the supervisor uses to review the statements is not standardized or documented. Fifth, having 1 supervisor responsible for reviewing 115 different fleet card account statements each month is not an appropriate "span of control" ratio of reviewer to card holder. Under DOJ credit card policies, each component needs to ensure that supervisors or administrative officers can perform effective oversight of government credit card use.²² Although DOJ policies do not delineate an optimal span of control ratio, we are concerned that a 1:115 span of control ratio between reviewers and fleet card accounts, as we found at the district, does not provide effective

²¹ USMS employees used their assigned government-owned vehicles to commute as little as 8 miles and as much as 154 miles to and from the office each work day.

²² Justice Management Division Charge Card Management Plan (January 2011).

oversight of fleet card and creates a realistic likelihood that a supervisor will not identify improper charges.

Based on our review of the internal control environment used by the district to track and monitor fleet cards, we believe that the district's entire fleet card review process needs to be revamped. Simply requiring that employees maintain vehicle logs and receipts will not help the USMS identify improper fleet card transactions or make certain that employees use their fleet cards properly. We therefore recommend that the USMS determine an appropriate span of control ratio for the supervisory fleet card review process and develop a formal district-level fleet card review methodology for supervisors reviewing fleet card transactions. Such a methodology should require that supervisors receive: (1) the fleet card statement, (2) the vehicle log and receipts for the vehicle to which the fleet card was assigned, (3) the fleet card user's regular commuting distance, and (4) the vehicle's respective mileage and fuel tank size based on make and model.

Premium Fuel Purchases

USMS policies state that government vehicles should use only the manufacturer's recommended type or octane rating of fuel. The district did not have in its fleet any vehicles that required fuel with an octane rating higher than regular unleaded. Nevertheless, we found that district employees spent more than \$59,000 on mid-grade and premium gasoline, as shown in Exhibit 6.

**EXHIBIT 6: FUEL PURCHASES BY OCTANE RATING
(JANUARY 2009 TO SEPTEMBER 2011)**

Octane Rating	Number of Transactions	Total Quantity (Gallons)	Total Amount (\$)
87 (Regular)*	11,904	172,767	498,324
89 (Mid-Grade/Super)	1,338	18,195	53,144
91 or 93 (Premium)	132	2,052	5,969
Diesel**	53	1,064	3,496
TOTAL	13,427	194,078 gallons	\$560,933

Source: USMS

* Regular octane data includes 7 fuel purchases for fuel with "other" octane rating.

** Two district vehicles used to transport large numbers of detainees require diesel fuel.

Applying the average weekly fuel price of gasoline recorded by the U.S. Energy Information Administration (EIA) to the date and amount of each mid-grade and premium fuel purchase, we found that district employees' purchase of \$59,000 of mid-grade and premium fuels instead of regular unleaded fuel cost the USMS an additional \$2,500.²³ Because premium and mid-grade fuel is not necessary for the operation of district vehicles, purchases of higher-octane fuel violate USMS guidelines. We recommend that the USMS incorporate as part of its fleet card review methodology steps where (1) supervisors review fleet card statements and receipts for premium and mid-grade fuel purchases and (2) district employees must personally reimburse the USMS the cost of unnecessary premium and mid-grade fuel.

Fleet Card Accounts Associated with Disposed Vehicles

The OIG Sno Rush investigation also found that the former Administrative Officer abused her capacity as Administrative Officer to obtain a fleet card for a vehicle that was being disposed. Instead of allowing the fleet card to be deactivated, Rush acquired the card and used it to purchase fuel and other vehicle-related services for her personally owned vehicle. The investigation found that Rush misused the fleet card assigned to this vehicle for nearly 3 years to steal over \$15,000 worth of fuel and vehicle-related services.

When the USMS disposes of a vehicle, the district is required to cancel the vehicle's corresponding fleet card immediately. To do so, the district Administrative Officer contacts USMS Headquarters and request that the fleet card account be canceled. The Property Officer is to physically destroy the vehicle's corresponding fleet card once this call is placed. However, we found that USMS Headquarters does not confirm that the fleet card account was cancelled and that the card was actually destroyed.

We traced fleet card accounts active during our audit period to vehicles and ensured that there was no financial activity on these accounts following the disposition of the vehicle assigned to each account. That review identified five fleet card accounts that corresponded to vehicles that had been disposed of several months before the accounts were closed, although none of the five fleet cards had been used after the assigned vehicle had been disposed. Additionally, after the close of our audit period, USMS Headquarters reconciled existing district fleet cards to vehicles and found

²³ This calculation relies on the EIA's weekly average fuel prices for the U.S. Central Atlantic region reported from January 2009 to September 2011.

that 27 fleet card accounts should be closed because the account was inactive. We confirmed that there was no activity on these 27 accounts following vehicle disposition, and the USMS subsequently closed these accounts during our audit.

Considering the findings of the OIG investigation and the number of inactive but not cancelled fleet cards at the district at the time we began this audit, we remain concerned that the USMS will not expeditiously close fleet card accounts that correspond to vehicles it has disposed of. As demonstrated by Rush, fleet card accounts associated with disposed vehicles can readily be used to make improper charges. We thus recommend that the USMS establish policies and procedures ensuring that fleet cards associated with vehicles that have been disposed are destroyed or otherwise deactivated. Such a process should also require that USMS Headquarters periodically reconcile district vehicles to fleet card accounts to identify fleet card accounts that should be deactivated.

Purchase Cards

The district uses government purchase cards to buy goods and services such as uniforms, utilities, and weapons. Unlike fleet cards, purchase cards are assigned to individual employees. From January 2009 to September 2011, 7 district employees who had been assigned purchase cards made 610 purchase card transactions totaling more than \$360,000, as shown in Exhibit 7.²⁴

EXHIBIT 7: USMS SCDC PURCHASE CARD TRANSACTIONS (JANUARY 2009 TO SEPTEMBER 2011)

Cardholder	Number of Transactions	Total Amount (\$)
Cardholder 1	212	106,075
Cardholder 2	152	92,733
Cardholder 3	127	85,654
Cardholder 4	65	33,258
Cardholder 5	26	29,543
Cardholder 6	23	12,128
Cardholder 7	5	1,380
TOTAL	610	\$360,771

Source: USMS

²⁴ As of December 2011, only three district employees had purchase cards.

Employees assigned purchase cards are responsible for: (1) limiting purchases to authorized thresholds; (2) purchasing only appropriate and approved items; (3) recording purchases in the USMS financial system; (4) maintaining supporting documents for purchases; and (5) reconciling their purchases with the actual charges to their monthly purchase card bank statements.

To ascertain whether the district has internal controls in place to ensure that district employees used purchase cards properly and adhered to USMS policies governing purchase cards, we judgmentally selected a sample of 99 purchase card transactions totaling \$80,540, which was 22 percent of the value of all purchase card transactions. Our sample evaluated whether purchase card holders properly requisitioned and maintained adequate documentation to support each sampled transaction.

Improper and Incomplete Requisitions

USMS directives require that requisitions for supplies and services be submitted by employees using an official USMS requisition form. The requisition form requires employees to include a description, total cost, and justification for the requested items. The requisition form must be signed by both the approving and certifying officials. To ensure segregation of duties, USMS policies prohibit the cardholder from being the employee requesting the goods and services. The policies further prohibit the same official from both approving the requisition and certifying that funds for the requisition are available.

Our sample of 99 transactions revealed that district employees did not uniformly adhere to USMS procurement policies. We found three requisition forms for the purchase of wrist bands and uniforms totaling \$2,752 lacked signatures of both the approving and certifying officials. In two cases, the cardholder who purchased the goods was also the same employee who requested the goods. Because the requisition forms did not contain the required approving signatures, the transactions were not properly authorized.

We also found that district employees did not justify on the requisition why 17 out of the sampled 99 purchases, costing more than \$11,000 in total, were necessary. For example, the requisition form for four Apple iPads costing a total \$2,505 (or \$626 each) lacked any details regarding which employees needed the devices or how the devices were to be used. Although we were able to determine that the iPad purchases were part of a DOJ-approved pilot program intended to improve communication between managers, the requisition form lacked the required justification. Such a

justification is necessary for the approving official to assess the appropriateness of the request prior to approval. Therefore, while ultimately permissible, we concluded that the iPad purchases were not adequately justified in the requisition at the time of purchase.

In addition, we found that 1 cardholder certified that funds were available for 17 of the cardholder's own transactions totaling more than \$14,900. In three instances, adequate segregation of duties was not achieved because the requestor of goods or services also certified the availability of funds in contravention of USMS policies.

We recommend that the USMS ensure that purchase card approving officials not approve requisitions lacking required information, such as justifications for the purchase. We further recommend that the USMS strengthen the segregation of duties with regard to purchase cards by precluding cardholders from certifying the availability of funds or approving purchase requests related to their own purchases.

Unsupported Purchase Card Transactions

The USMS requires that its districts maintain supporting documents, including requisition forms, proof of availability of funds, invoices or receipts, and receiving reports for all credit card purchases, and that they retain documents supporting purchase card transactions for at least 6 years and 3 months.²⁵ In addition, cardholders are required to reconcile their purchase card bank statements to the actual transactions each month. Approving officials are required to review these reconciliations to ensure that the purchased goods and services were for official purposes.

Our audit found that the district did not maintain all of the documents required to support the 99 tested transactions. As shown in Exhibit 8, we found that only 29 of the 99 sampled transactions, valued at \$19,978 (25 percent of sample value), were properly supported with requisition forms, invoices, and a receiving report necessary to demonstrate what items or services were purchased and that the items or services purchased were actually approved and received. The remaining 70 sampled transactions totaling \$60,562 (75 percent of sample value) lacked a requisition form, receipt or invoice, or a receiving report.

²⁵ A receiving report records the receipt, inspection, and acceptance of items and services of a purchase.

EXHIBIT 8: PURCHASE CARD SAMPLE RESULTS

Required Supporting Document	Transactions With		Transactions Without	
	Number	Amount (\$)	Number	Amount (\$)
Requisition Form	73	54,463	26	26,077
Receiving Report	42	28,527	57	52,013
Vendor Invoice	52	38,481	47	42,059
Results Summary	29	\$19,978	70*	\$60,562

Source: USMS

* This figure counts each transaction once (regardless of the number of missing support documents).

Of the 70 transactions missing at least 1 required supporting document, 26 transactions totaling over \$26,000 (32 percent of sample value) lacked all 3 types of required supporting documents. Among these 26 transactions were 2 of the costliest sampled purchase card transactions – one for \$6,490 and another for \$3,089, both placed at an office supply store. Because there were no supporting documents for these transactions, the USMS cannot show whether these purchases were approved, what items or services these transactions purchased, or whether the items or services purchased were actually received by the USMS. Further, by not maintaining the documents needed to show that \$60,562 worth of items and services were necessary, approved, and received prior to payment, the district cannot determine whether district employees used purchase cards to make improper purchases.

Moreover, none of the tested transactions included sufficient evidence under USMS policy that funding was available at the time of purchase. USMS policies state that the signature of the certifying official is not sufficient evidence of the commitment of funding. The certifying official must also provide a printout from the USMS financial system showing the balance of remaining funds in the account to be charged. However, district certifying officials did not include these printouts from the USMS financial system. The Administrative Officer told us that she was not aware such a document was necessary for purchase card transactions. We recommend that the USMS remedy \$60,562 in unsupported questioned costs by implementing policies that ensure the district maintains the required support for purchase card transactions and by recovering improperly distributed funds as appropriate.

Purchase Card Reconciliation

The USMS requires that purchase cardholders record all transactions in its Purchase Card Information System (PCIS) and reconcile PCIS data with their monthly purchase card bank statements.²⁶ The USMS also requires managers to review the monthly purchase card bank statements.

We reviewed the process the district used to reconcile and review purchase card transactions to assess the district's compliance with these policies. We found that district cardholders recorded their purchases in PCIS and that those purchase amounts matched the bank statements. However, for 89 of the 99 transactions we reviewed totaling \$73,852 (92 percent of sample value), we found no evidence that the corresponding bank statements had been reviewed by either the Administrative Officer or the Chief Deputy U.S. Marshal.

Given the potential for individual cardholders to make improper purchases, which is an inherent risk of any purchase card system, and particularly in light of the lack of supporting documents for many purchase card transactions as previously noted, we believe it is important for district managers to review and approve purchase card activity reconciled in PCIS to bank statements on a regular basis, and to document these reviews in a manner that allows the USMS to ensure that they are completed expeditiously. We therefore recommend that the USMS ensure that district managers receive and review the monthly reconciliation of purchase card transactions and confirm that each transaction is proper and supported by required documents.

District Security Officer Purchase Orders

The USMS SCDC uses purchase orders to establish personal services contracts to hire district security officers (DSO), who largely work in the cellblock. DSO contracts are valued at \$25,000 each and permit the DSO to work up to 1,000 hours at a rate of \$25 per hour. Even though they are contractors, each DSO prepares and submits biweekly timesheets for supervisory approval similar to full-time USMS employees. Between October 2008 and September 2011, the district hired 59 DSOs and spent a total of over \$3.76 million on DSO contracts.

²⁶ Cardholders receive an automated email to notify them that they must reconcile purchases generally by the end of each month. District employees are then required to verify, reconcile, and submit the monthly credit card statement, together with relevant documentation, to the reviewing official. Once all USMS cardholders reconcile their purchases, the USMS makes the agency-wide payment.

The OIG's Sno Rush investigation found that the district's former Administrative Officer fraudulently approved a DSO guard contract in the name of her minor stepson. She then prepared and approved false biweekly timesheets under her stepson's name. Because the timesheets were approved, the USMS paid the stepson the amount due under the purchase order, and Rush obtained the checks totaling \$31,050 and deposited them to her private bank account. In committing this fraud, Rush as the district's Administrative Officer had the responsibility of approving guard contracts with minimal oversight or supervision. In FY 2009, the district transferred the duty of approving guard contracts from the Administrative Officer to an Assistant Chief Deputy U.S. Marshal.

Working with the OIG Investigations Division, we reviewed the purchase order records for the contract guards and confirmed the identity of all district security officers hired in FYs 2009, 2010, and 2011, and we determined that none of the security officers appeared to be fictitious or otherwise fraudulent.

Recommendations

We recommend that the USMS:

6. Improve the tracking and accountability of fleet card use by updating its policies and procedures and developing a mechanism to mandate that district employees who are assigned vehicles sign fleet cards in and out using the dispatch log.
7. Remedy \$51,648 in unsupported questioned costs by implementing a policy that prohibits district employees who do not submit receipts or signed transaction verifications, or otherwise prepare incomplete vehicle logs, from using USMS vehicles, and by recovering improperly distributed funds as appropriate.

8. Determine an appropriate span of control ratio for the supervisory fleet card review process and develop a formal district-level fleet card review methodology for supervisors reviewing fleet card transactions whereby (1) supervisors review fleet card statements and receipts for premium and mid-grade fuel purchases and (2) district employees must personally reimburse the USMS the cost of unnecessary premium and mid-grade fuel.
9. Establish policies and procedures ensuring that fleet cards associated with vehicles that have been disposed are destroyed or otherwise deactivated.
10. Ensure that purchase card approving officials not approve requisitions lacking required information, such as justifications for the purchase.
11. Strengthen the segregation of duties with regard to purchase cards by precluding cardholders from certifying funds availability or approving purchase requests related to their own purchases.
12. Remedy \$60,562 in unsupported questioned costs by implementing policies that ensure the district maintains the required support for purchase card transactions, and by recovering improperly distributed funds as appropriate.
13. Ensure that district managers receive and review the monthly reconciliation of purchase card transactions and confirm that each transaction is proper and supported by required documents.

III. ACCOUNTABLE PROPERTY

The district generally complied with USMS property tracking procedures and, in general, its property team correctly recorded accountable property in the USMS automated property management system. However, our audit found that the district did not consistently enter acquired property into the property management system in a timely fashion and that the USMS needs to update its directives to ensure that weapons lost or stolen remain listed on the National Crime Information Center (NCIC) until they are recovered.

The USMS defines accountable property as nonexpendable personal property that costs \$1,000 or more and has a useful life of at least 1 year.²⁷ The USMS maintains an automated property management system called ARGIS that stores identifying information on each item of accountable property for each USMS district. The USMS SCDC Chief Deputy U.S. Marshal serves as the property custodian and is ultimately responsible for all personal property at the district. A full-time Property Officer and a Property Specialist work under the Chief Deputy to manage the acquisition, receipt, recordkeeping, maintenance, and disposal of accountable property at the district. The USMS requires that the district's property team inventory accountable property at least every 2 years.

During our audit, ARGIS contained more than 1,300 accountable items for the district, including vehicles, weapons, cell phones, and laptops, with a total acquisition cost of approximately \$4.6 million. The district's 2007 biennial inventory identified 245 assets valued at nearly \$1 million as stolen or lost. These items accounted for 38 percent of the value of all property the entire USMS reported as lost or stolen during 2007. In April 2009, the USMS's Board of Survey, which adjudicates matters of lost property, attributed the results of the 2007 inventory to "possible negligence and poor documentation on the disposal of accountable property." The next district-level accountable property inventory, which began in September 2010, reported just 11 items valued at almost \$50,000 lost or stolen. However, we note that some of the missing items were very expensive, such as seven transceiver radios that cost \$5,000 each.

²⁷ Personal property items are tangible assets other than federal records and real property. Expendable property is property which is consumed with use or loses its identity in use, becomes a component part of another item, or has a useful life of less than one year. Projectile-launching devices, firearms, sighting equipment, and items with data storage capacity are considered accountable, regardless of value or life expectancy.

Based on the results of the 2007 and 2010 inventories, we examined the internal controls employed by the district to track and safeguard its accountable property.

Property Acquisitions

From October 2008 to September 2011, the USMS SCDC acquired 1,100 accountable property items that cost over \$3.3 million. As shown in Exhibit 9, a large portion of these funds (88 percent) was spent on vehicles and portable radios.

EXHIBIT 9: USMS SCDC ACCOUNTABLE PROPERTY (FYs 2009 TO 2011)

Asset Type	Number Acquired	Cost (\$)
Portable radios	305	1,695,425
Vehicles	59	1,217,727
Weapons	299	238,923
Electronics	426	107,276
Miscellaneous*	11	43,792
TOTAL	1,100	\$3,303,143

Source: USMS

* Miscellaneous includes security equipment such as ballistic shields, metal detectors, stun belts, and surveillance devices.

While the district usually acquires accountable property through purchases, the USMS can also acquire accountable property via other methods, such as direct exchanges, transfers from another federal agency, forfeitures, or gifts. The type of property being acquired dictates whether USMS Headquarters or the district procures the property. With regard to accountable property, districts can only purchase electronics and certain miscellaneous security equipment, while USMS Headquarters is responsible for purchasing vehicles, weapons, and radios.

The Property Officer places a unique barcode on accountable property items when they are received and accepted by the district. For accountable property costing less than \$25,000, USMS policies require property officers to record the property in ARGIS within 10 business days of receipt.²⁸

²⁸ The USMS Office of Property Management records in ARGIS all property over \$25,000. In FY 2011, the USMS decided to shift the responsibility of recording vehicles in ARGIS (including those under \$25,000) to the Office of Property Management to resolve the issue of duplicate entries in ARGIS.

We reviewed district ARGIS entries and identified three duplicate barcodes and one duplicate serial number in the system. We determined that two of the entered barcode numbers were not recorded correctly into the system. The third barcode corresponded to the duplicate serial number, and the Property Officer confirmed that this was a duplicate entry for one property item. Upon learning of the erroneous and duplicate entries, the USMS corrected the data in ARGIS.

We also judgmentally selected 7 purchases of 20 accountable property items totaling \$5,892 to determine whether the property was recorded in ARGIS within 10 business days of receipt. Our sample selection was largely predicated on whether the property item was easily susceptible to theft. As shown in Exhibit 10, our review found that although the district property team recorded each of the sampled items in ARGIS, the district did not record 8 of the 20 sampled items within the required 10 business days after receipt, and one item was not recorded until 198 days after receipt.²⁹

EXHIBIT 10: RESULTS OF ACQUIRED PROPERTY REVIEW

No.	Purchased Property	Quantity	Amount (\$)	Time to Record in ARGIS (Business Days)	Recorded Accurately in ARGIS
1	Global Positioning System	5	1,279	17	Yes
2	Training Pistol	3	1,200	9	Yes
3	Global Positioning System	8	1,156	Undetermined*	Yes
4	Global Positioning System	1	1,025	0	Yes**
5	iPad 2	1	626	37	Yes
6	Taser	1	350	198	Yes
7	Global Positioning System	1	256	15	Yes
TOTAL		20 Items	\$5,892		

Source: USMS

* The USMS could not provide documents showing when the property was received.

** The district recorded this item twice in ARGIS.

We also found one item – a Global Positioning System (GPS) beacon and tracker unit that cost \$1,025 – recorded in ARGIS twice. We reviewed the requisition and other supporting documents and confirmed that the district purchased only one GPS beacon in that transaction.

²⁹ USMS officials told us that the district did not record the iPad within 10 days because the purchase was first sent to USMS Headquarters for configuration. For one additional tested transaction, the district could not provide documents to show when it actually received the property; therefore, we could not ascertain whether the district timely recorded assets purchased in this transaction in ARGIS.

Recording accountable property promptly and accurately in ARGIS is an important step in ensuring that accountable property is adequately tracked and safeguarded. Inaccuracies and delayed entries complicate the inventory process and increase the likelihood that items could be lost or misused. We therefore recommend that the USMS ensure that the district promptly and accurately records accountable property items in ARGIS.

Physical Inventories

In addition to performing a physical inventory of all accountable property at least every 2 years (the biennial inventory), districts must inventory capitalized property and firearms annually. The objective of an inventory is to record and physically identify all accountable property. As a critical internal control, it is imperative that districts complete required inventories on time and accurately.

USMS physical inventories are referred to as “wall-to-wall” because, in performing the inventory, a team of employees inspects all areas it may reasonably expect to contain USMS accountable property. The Property Custodian is responsible for reporting to USMS Headquarters any items unaccounted for or otherwise not listed on the inventory. The Property Custodian also must report any missing sensitive property – laptops, firearms, vehicles, and radios – to the NCIC, which serves as a countrywide clearinghouse for information regarding criminal activity.

From FY 2009 to 2011, the district conducted eight property inventories, including its biennial inventory in FY 2010. We reviewed inventory records and found that the district generally complied with USMS inventory procedures. However, we noted that the FY 2010 biennial inventory was completed approximately 1 month after its required due date.

We identified two factors that contributed to the delayed completion. First, even though the Property Officer is required to annotate the location or individual holding the property when conducting the inventory, the property information sheet that USMS Headquarters provides for use during inventories does not include a field or entry denoting where the item was last located or which employee was assigned the items. The lack of this information on the inventory sheet may delay the efforts of subsequent inventory teams attempting to locate the same property during the next inventory. We therefore recommend that the USMS revise its inventory sheet to provide a field for personnel to record the location or individual holding the property.

Second, in one instance, a district employee transferred to another USMS duty station, but the employee's new district did not complete the property transaction form needed to remove a weapon from the USMS SCDC's inventory. Without this form, the property team could not be assured that the weapon was transferred. We recommend that the USMS ensure that districts that receive property from another district submit on time all required property forms.

In addition, we sampled 18 property items recorded in ARGIS with an original cost of about \$96,000 and determined that the district was able to account for all 18 items. We also selected a sample of 15 property items that we found physically located in USMS-controlled areas of the SCDC and traced these items back to ARGIS. The purpose of this selection was to test whether the district's property records were complete. We found that the district had generally recorded the items in ARGIS.

Tracking Lost or Stolen Firearms

USMS directives state that stolen or missing firearms must be reported to the National Crime Information Center (NCIC), which serves as a national clearinghouse for information regarding criminal activity. District inventories listed approximately 450 USMS weapons including pistols, rifles, and machine guns. During our audit period, district employees reported stolen two USMS-owned weapons: an AR-15 semi-automatic rifle and a shotgun.

Both weapons were stolen on May 16, 2009, from the trunk of a USMS vehicle parked outside a residence and reported to the NCIC shortly thereafter by the local police department.³⁰ The stolen shotgun was reported to be recovered by another police department approximately one month after the theft.³¹ The AR-15 rifle, however, was not recovered until February 6, 2013, when it was found at the residence of an acquaintance of a suspect in an armed robbery. At the time the AR-15 was recovered, it was no longer listed in the active NCIC database that is available to law enforcement investigators online. Instead, the listing had been removed

³⁰ Our audit found that the USMS confirmed that the stolen weapons were listed to the NCIC shortly after they were found to have been stolen.

³¹ According to the Firearms Tracing Branch of the Bureau of Alcohol, Tobacco, Firearms, and Explosives, the District of Columbia Metropolitan Police Department reported that it recovered the shotgun at a traffic stop in June 2009. We note, however, that the police report for the incident stated that the suspect was charged with carrying a pistol without a license. We did not attempt to resolve this apparent inconsistency because it was outside the scope of our audit.

from the active database in October 2012 and retained only in an offline database available to NCIC staff.

Our audit was unable to determine why the listing for the AR-15 rifle was removed from the active NCIC database in October 2012. An NCIC official told us that the most likely reason would have been that the local police department that originally listed the weapon's theft with the NCIC had not responded to the NCIC's attempts to confirm that the weapon was still missing.

In addition, our audit identified an inconsistency in USMS directives with regard to which official is responsible for reporting lost or stolen weapons to the NCIC: USMS Directive 2.3 states that the USMS Communications Center should report any theft or loss of a firearm to the NCIC, while USMS Directive 7.1 states that reports to the NCIC are the responsibility of the district Property Custodian.

When stolen USMS weapons are not properly listed in the active NCIC database, other law enforcement agencies face unnecessary obstacles in their efforts to identify those weapons when they are recovered. We therefore believe that the USMS should take affirmative steps to ensure that all of its stolen weapons are listed promptly with the NCIC and remain so until they are recovered. We recommend that the USMS review its directives to clarify who within the USMS is responsible for reporting lost or stolen weapons to the NCIC. We also recommend that the USMS develop a policy to ensure that if one of its weapons is stolen in the future, the weapon will remain listed in the NCIC until it is recovered. Such a policy should require, if applicable, that the USMS work closely with reporting law enforcement agencies to provide any information requested by the NCIC, and that it periodically check on the status of missing and stolen weapons in the NCIC database to confirm that they are properly listed until they are recovered.

Property Disposals

Property disposals refer to the transfer, donation, sale, or destruction of accountable property and result in the removal of the disposed items from USMS records. The district must request and receive approval and instructions for any disposal from the USMS Office of Property Management. However, the techniques used to dispose of different types of property may vary. For example, property containing hard drives or memory must be disposed of using methods that ensure that all data is destroyed.

During the audit period, the district disposed of 314 accountable property items. We selected a sample of 50 disposed assets with an original acquisition value of more than \$482,000, including vehicles, weapons, and radios, to determine whether the district complied with USMS disposal procedures and adequately removed property items from its inventory. We found that the district usually excessed the property to the General Services Administration and generally performed the required disposal procedures.

Recommendations

We recommend that the USMS:

14. Ensure that the district promptly and accurately records accountable property items in ARGIS.
15. Revise its inventory sheet to provide a field for personnel to record the location or individual holding the property.
16. Ensure that districts that receive property from another district submit on time all required property forms.
17. Review its directives to clarify who within the USMS is responsible for reporting lost or stolen weapons to the NCIC.
18. Develop a policy to ensure that if one of its weapons is stolen in the future that the weapon will remain listed in the NCIC until it is recovered.

STATEMENT ON COMPLIANCE WITH LAWS AND REGULATIONS

As required by the *Government Auditing Standards*, we tested, as appropriate given our audit scope and objectives, selected transactions, records, procedures, and practices to obtain reasonable assurance that the management of the U.S. Marshals Service (USMS) complied with federal laws and regulations for which noncompliance, in our judgment, could have a material effect on the results of our audit. The USMS's management is responsible for ensuring compliance with applicable federal laws and regulations. The specific laws and regulations we reviewed included the Law Enforcement Availability Pay Act, the Fair Labor Standards Act, and the Federal Acquisition Regulation.

Our audit included examining, on a test basis, the USMS's compliance with the aforementioned laws and regulations that could have a material effect on the operations of the USMS SCDC. We accomplished this by interviewing personnel, analyzing data, assessing internal control procedures, and examining procedural practices. During this audit, nothing came to our attention that caused us to believe that the USMS as a whole was not in compliance with the aforementioned laws and regulations.

SCHEDULE OF DOLLAR-RELATED FINDINGS

DESCRIPTION	AMOUNT (\$)	PAGE
<u>QUESTIONED COSTS</u> ³²		
<u>Unsupported Costs</u>		
Payments pertaining to 3,994 hours of sampled overtime that lacked evidence of prior request and supervisory approval	144,831	11
Payments pertaining to 420 hours of sampled overtime lacking contemporaneous supervisory confirmation	18,212	11
949 sampled fleet card transactions lacking required receipts	51,648	21
70 sampled purchase card transactions lacking required requisition forms, receiving reports, or vendor invoices	60,562	27
<u>Total Unsupported Costs</u>	<u>275,253</u>	
<u>TOTAL QUESTIONED COSTS</u>	<u>275,253</u>	

³² *Questioned costs* are expenditures that are not supported by adequate documentation at the time of the audit or otherwise do not comply with legal, regulatory or contractual requirements.

OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

The objective of this audit was to assess the internal controls over financial management for the U.S. Marshals Service's Office in the Superior Court of the District of Columbia (USMS SCDC). We conducted our review largely in response to the results of a U.S. Department of Justice Office of the Inspector General (OIG) investigation into fraudulent financial activity committed by a former Administrative Officer at the district. Our review focused on three primary areas that the investigation found had weak internal controls which the former USMS Administrative Officer took advantage of in order to steal government funds: (1) salaries and overtime; (2) procurement using fleet cards, purchase cards, and guard contracts; and (3) accountable property and inventory controls.

Scope and Methodology

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Unless otherwise stated in the report, the scope of our audit generally covered the period of October 1, 2008, through September 30, 2011. Because the USMS began using a new fleet and purchase card system in January 2009, the scope of our review of procurement activity was limited to January 1, 2009, to September 30, 2011.

To meet the objectives of the audit, we tested compliance with what we considered to be the most important laws, regulations, and policies pertaining to the financial management of a USMS district. As noted in the report, in establishing the methodology of our review, we considered the results of other OIG investigations that found financial mismanagement and abuse at the USMS SCDC and at the nearby USMS district at the U.S. District Court for Washington, D.C. We further identified internal controls that the USMS reported it had in place to ensure policies were followed appropriately.

We performed our audit work at the SCDC in Washington, D.C., and USMS Headquarters in Arlington, Virginia. We conducted over 60 interviews involving over 40 USMS officials and employees. We discussed with the new Administrative Officer the control environment at the district in August 2009 and changes made since the time of her hire, as well as the functions carried out by the administrative staff under her supervision or authority. We interviewed district supervisors about each of the district's operational sections and the procedures they employed over time and attendance and property. We interviewed the district Property Officer about the physical inventories conducted by the district's property team since the 2007 inventory that found nearly \$1 million of missing property, and about the overall tracking and safeguarding of accountable property at the district. To understand how district employees completed hard-copy timesheets and how the time and attendance process changed with the transition to WebTA, we interviewed the Administrative Assistant charged with time and attendance record-keeping. We also interviewed USMS officials from the Office of Property Management, Financial Services Division, and Human Resources Division concerning ARGIS, the purchase card system, and the USMS financial system.

We obtained the universe of payroll data for employees who worked at the district in FYs 2009 through 2011 from the National Finance Center. Statisticians with the OIG Office of Advanced Audit Techniques reviewed the data for completeness and accuracy. The USMS further provided us with direct access to the fleet and purchase card system and we obtained the universe of fleet and purchase card transactions during the period of January 1, 2009, to September 30, 2011. We also obtained the universe of property acquisitions and disposals made by the district from October 1, 2008, to September 30, 2011.

Once the necessary data was obtained, we selected judgmental samples for each of the areas we reviewed for testing. The purpose of employing discrete judgmental sample designs on each subset of data was to obtain a broad exposure to the numerous facets of the specific area reviewed, including to determine whether: (1) USMS employees obtained supervisory approval to work overtime, (2) Criminal Investigators who received law enforcement availability pay worked the minimum number of unscheduled duty hours required by law, (3) district vehicle operators submitted required supporting documentation for purchases made using fleet cards, (4) district purchase card holders followed procurement policies in their purchase activity, and (5) accountable property at the district was received and disposed timely and in accordance with policies.

We selected 319 sample units, defined as one employee's pay period, for testing of overtime to include employees who had a significant number of overtime hours in a single year. Additionally, as part of our analysis of salaries and overtime, we analyzed payroll data to identify Criminal Investigators who did not appear to work a substantial majority of their unscheduled duty hours. Based on our analysis, we selected six sample units, defined as one Criminal Investigator's entire fiscal year time and attendance records, for testing to include two Criminal Investigators from FY 2009, 2010, and 2011 that appeared to not work a substantial majority of their unscheduled duty hours over the course of a single year. The USMS informed us that, because of the ongoing investigations at the district, many of the district's time and attendance records had been removed from the district. Therefore, our testing was limited to those records which the USMS was able to locate and provide to us. When we did not have a specific record, we applied the ratio of regular workdays to unscheduled duty hours across the entire assessed year. We do not believe the lack of these timesheets negatively affected any estimates or conclusions made with regard to this analysis.

For our review of fleet card transactions, we judgmentally selected a sample of 28 fleet card accounts which had nearly 1,900 transactions totaling \$87,715 to determine whether charges could be traced to specific employees. Our sample included fleet cards that were used to make purchases on weekends, evenings, or at gas stations located far from the SCDC. We also selected to review supporting documents for the five fleet cards totaling the highest-dollar transactions from January 2009 to September 2011. These 5 fleet cards were used to make 1,222 purchases totaling \$65,157. To determine whether purchase card holders used purchase cards to make allowable and approved purchases, we selected a sample of 99 purchase card transactions totaling \$80,540. Our sample included purchase card transactions with a high dollar amount, made on weekends or holidays, or involving vendors with an unusual merchant name.

To determine whether the district recorded acquired property timely and accurately in ARGIS, we judgmentally selected 7 purchases of 20 accountable property items totaling \$5,892. We also physically inspected 18 property items recorded in ARGIS with an original cost of about \$96,000 to ensure the district could account for all the items. During our physical inspection of property items, we selected a sample of 15 items that we found physically located in USMS-controlled areas of the SCDC to ensure those items were recorded in ARGIS. Moreover, we selected a sample of 50 disposed assets with an original acquisition value of more than \$482,000 to determine whether the district complied with USMS disposal procedures and adequately removed property items from its inventory. Because the USMS

only maintains asset disposition records for 2 years, our disposal sample was limited to this timeframe.

Because the samples for salaries and overtime, fleet and purchase cards, and accountable property were selected judgmentally, the results of the sample testing cannot be projected to the total universe of purchase transactions.

Throughout the audit, we relied on computer-generated data provided by the district and headquarters, which contained payroll data from the National Finance Center, procurement activity from the USMS financial system and purchase card system, and property records from ARGIS. We further relied on weapons listings provided by NCIC officials from its offline database. Although we did not test the reliability of these systems as a whole, we believe that our reliance on the aforementioned computer-generated data did not significantly affect the outcomes of our audit or impede meeting the audit objective.

APPENDIX II

USMS SCDC OPERATIONAL SECTIONS (Prior to January 2013 Staffing Plan Update)

Operational Section	Functions
Cellblock (A.M. & P.M. Shifts)	Maintain physical security in the cellblock and transport prisoners to and from local detention facilities. The adult cellblock is opened at 6:30 a.m. on Monday and Friday, and 7 a.m. Tuesday through Thursday. The cellblock remains open until the last prisoner is transferred or released from the facility. The juvenile cellblock is open from 7:30 a.m. Monday through Saturday, until the last juvenile is transferred or released.
Court Support (A.M. & P.M. Shifts)	Produce prisoners from the cellblock to the courtrooms and maintain security and decorum in the courts.
Warrants	Execute and close a variety of criminal warrants, including warrants held by the USMS SCDC and federal warrants, and conduct fugitive investigations.
Judicial Security Branch	Comprised of two main components – the Protective Operations and Capital Projects section and the Office of Court Security. The former plan and executes the protective details for all Superior Court functions including investitures, conferences, training and site visits, and monitors courthouse renovations. The latter is responsible for the Special Security Officer Program and for conducting building surveys.
Writs	Process and execute residential and commercial evictions filed with the SCDC Landlord and Tenant Office, civil warrants, seizures, and court orders.
Prisoner Operations	Coordinate and transport prisoners on Writ of Habeas Corpus ad Prosequendum, Writ of Habeas Corpus ad Testificandum, Attorney's Special Request, Warrant of Removal, and inmates that have been federally designated.
Oversight	Oversee the management of the district's vehicle fleet, fulfill the role of the Contracting Officer Technical Representative for guard contracts, and conduct annual compliance assessments.
SWAT/ SWIFT	Two special response teams assembled upon call. SWAT is responsible for high-risk entries, facilities, trials, and prisoner movements. SWIFT is a rapid deployment team responsible for evacuating key personnel to a safe site.
OPI	Provide threat assessments for any high threat operation, such as high-profile trials, and high-threat civil process and fugitive investigations.
Administrative Office	Responsible for overseeing human resource management, procurement, budget, and property accountability functions.

Source: USMS

* Special Security Officers (SSO) are not employees of the USMS. The SSOs are employed by a privately-owned and managed security company. The Judicial Security Branch is required to conduct Background Investigations for the SSO Program.

APPENDIX III

**TOP 20 USMS SCDC EMPLOYEES BY OVERTIME
REPORTED WORKED
(FY 2009 TO 2011)**

Employee Name	Overtime Hours	Total Overtime Compensation (\$)
Employee 1	5,018	204,992
Employee 2	3,899	158,749
Employee 3	3,221	120,588
Employee 4	2,466	98,351
Employee 5	2,462	95,966
Employee 6	2,640	92,930
Employee 7	2,204	92,000
Employee 8	2,172	88,093
Employee 9	2,084	85,901
Employee 10	2,157	84,824
Employee 11	2,220	82,618
Employee 12	1,955	81,041
Employee 13	1,896	78,117
Employee 14	2,186	77,952
Employee 15	1,798	74,658
Employee 16	1,615	74,364
Employee 17	1,782	74,148
Employee 18	1,733	71,287
Employee 19	1,963	70,535
Employee 20	1,949	69,085
TOTAL	47,420 hours	\$ 1,876,199

Source: USMS

* Figures presented adjusted due to rounding.

**THE UNITED STATES MARSHALS SERVICE'S RESPONSE
TO THE DRAFT AUDIT REPORT**



U.S. Department of Justice

United States Marshals Service

Associate Director for Administration

Alexandria, Virginia 22301-1025

May 15, 2013

MEMORANDUM TO: Raymond Beaudet
Assistant Inspector General for Audit

FROM: Steven Mertens 
Associate Director for Administration

SUBJECT: Response to Draft Audit Report: Audit of the Financial
Management of the United States Marshals Service's Office in the
Superior Court of the District of Columbia

This memorandum is in response to correspondence from the Office of the Inspector General requesting comment on the recommendations associated with the subject draft audit report. Please find attached our response.

Should you have any questions or concerns regarding this response, please contact Isabel Howell, Audit Liaison, at 202-307-9744.

Attachments

cc: Louise Duhamel
Acting Director, Audit Liaison Group
Internal Review and Evaluation Office
Justice Management Division

Isabel Howell
External Audit Liaison
United States Marshals Service

USMS Response to OIG Draft Report
Audit of the Financial Management of the United States Marshals Service's Office in the
Superior Court of the District of Columbia (SCDC)

Recommendation 1: Develop a solution to reduce the USMS SCDC's reliance on cellblock overtime for Saturdays.

Response (Concur): Current fiscal challenges notwithstanding, the USMS will develop a long term solution that reduces the reliance on Saturday overtime at SCDC. The USMS will provide OIG documentation of the solution when it is developed.

Recommendation 2: Continue to assess cellblock operations under the January 2013 staffing plan to establish the ideal number of staff needed in the USMS SCDC cellblock, and if necessary, update the district staffing plan to meet that number.

Response (Concur): Since its January 2013 implementation, the new staffing plan has been under assessment by District management. During the last four months, District management has determined that the January 2013 staffing model provides a safe and secure environment and properly addresses the amount of staff needed in the cellblock.

Recommendation 3: Remedy \$163,043 in unsupported questioned costs by seeking, as appropriate, recovery of funds it determines were improperly distributed and updating its WebTA policies and procedures to require that district employees submit overtime requests before working overtime shifts.

Response (Concur): The USMS Human Resources Division (HRD) will update time and attendance policy and procedures to require that overtime requests are submitted prior to working overtime shifts. The policy update will be drafted in the fourth quarter of the current fiscal year (FY), and finalization and dissemination are expected by the second quarter of FY 2014. The revised policy will be provided to OIG once it has cleared the policy review process and been finalized, signed, and disseminated. If funds have been distributed improperly, the USMS will seek to recover such payments.

Recommendation 4: Require district managers track unscheduled duty time worked by Criminal Investigators in a manner that: (1) provides them with regular snapshots of unscheduled duty hours worked by each Criminal Investigator, and (2) identifies Criminal Investigators who do not appear to be working a substantial majority of unscheduled duty hours.

Response (Concur): District management has now provided guidance to SCDC Criminal Investigators on the use and documentation of LEAP hours. Management has initiated a process that will track LEAP hours on a regular basis. The Financial Services Division (FSD) and HRD are developing specific reports that will assist the District in tracking unscheduled duty hours worked. During the interim, FSD will provide SCDC with reports as needed.

Recommendation 5: Require that the USMS SCDC implement corrective action to increase unscheduled duty hours for Criminal Investigators who are not working a substantial majority of the required average of unscheduled duty hours.

Response (Concur): The District will develop and implement a standard operating procedure (SOP), including internal controls, that will stipulate that Criminal Investigators identified through the aforementioned tracking system (see response to Recommendation 4) will be notified by their immediate supervisor that they are not meeting the required average of unscheduled LEAP hours. The supervisor will schedule a meeting with the employee to determine whether a recording issue exists or whether the employee is not working LEAP and/or is not available to work LEAP. The employee will be counseled by his/her supervisor regarding the use of LEAP and USMS LEAP policy, and will be provided the proper guidance and opportunity to work and/or be available to work LEAP. The employee will also be notified in writing that he/she may be subject to decertification if he/she continually fails to meet the required average of unscheduled LEAP hours. A copy of the new SOP will be provided to OIG when complete.

Recommendation 6: Improve the tracking and accountability of fleet card use by updating its policies and procedures and developing a mechanism to mandate that district employees who are assigned vehicles sign fleet cards in and out using the dispatch log.

Response (Concur): Currently, fleet cards are assigned to each individual vehicle for payment of costs (e.g., gas, repairs, etc.) associated with that specific vehicle. All unassigned fleet cards are to be locked in a safe and monitored by the Administrative Officer. Additionally, Fleet Credit Cards for Prisoner vans and unassigned vehicles are to be signed in and out by district personnel when the vehicle is used. The district also uses an electronic key and credit card watcher system that logs the specific person who checks out the vehicle keys and credit card. The system also allows for detailed reporting. In addition vehicle mileage is logged on the USM-75. These procedures are being documented in a formal internal control SOP. OIG will be provided a copy of the SOP once completed.

Recommendation 7: Remedy \$51,648 in unsupported questioned costs by implementing a policy that prohibits district employees who do not submit receipts or signed transaction verifications, or otherwise prepare incomplete vehicle logs, from using USMS vehicles, and by recovering improperly distributed funds as appropriate.

Response (Concur): District management is currently drafting a SOP that will provide detailed guidance regarding government vehicles and fleet cards, and will provide OIG with copy of the SOP once completed. In the interim, District management has notified all operational personnel who are assigned vehicles that if they fail to comply with existing USMS policy requiring the submission of receipts or signed transaction verifications, or if they otherwise prepare incomplete vehicle logs, their assigned GOV may be placed back into the motor pool for reassignment. In addition, the District section supervisors are responsible for reviewing and initialing monthly statements along with any supporting documentation to include receipts. (Please see Attachment 1, 5/3/13 email from CDUSM James Brooks to all District personnel.)

Recommendation 8: Determine an appropriate span of control ratio for the supervisory fleet card review process and develop a formal district-level fleet card review methodology for supervisors reviewing fleet card transactions whereby (1) supervisors review fleet card statements and receipts for premium and mid-grade fuel purchases and (2) district employees must personally reimburse the USMS the cost of unnecessary premium and midgrade fuel.

Response (Concur): Currently, the District section supervisors are responsible for approximately 111 vehicles. This responsibility includes reviewing and initialing monthly statements along with any supporting documentation, to include receipts, which show the type of fuel purchased. Each section has no more than 16 vehicles assigned. District management is currently drafting a SOP that will provide detailed guidance regarding government vehicles and fleet cards. OIG will be provided a copy of the SOP once complete. In the interim, District management has notified all employees via email that only standard and regular fuel is allowed for use in the vehicles. Moreover, the email indicated that individual employees may be held responsible for any charges over and above the regular fuel charges if the policy is not followed. (Please see Attachment 1, 5/3/13 email from CDUSM James Brooks to all District personnel.) Lastly, District management will coordinate with the Fleet Card Agency Organization Program Coordinator (AOPC) to provide training on using the JP Morgan Fleet card database (Payment Net) for monitoring activities of Fleet Card transactions.

Recommendation 9: Establish policies and procedures ensuring that fleet cards associated with vehicles that have been disposed are destroyed or otherwise deactivated.

Response (Concur): District management will coordinate with the Fleet Card AOPC to provide training on using the JP Morgan Fleet Card Database (Payment Net) to monitor active Fleet Cards. The District will also ensure that the Office of Fleet Management is notified when a vehicle has been sold or destroyed. Further, effective March 2013, the Office of Fleet Management provides a monthly list to the Fleet Card AOPC outlining vehicles that were sold or destroyed during that month, so that action can ensue to terminate those vehicle fleet cards, as needed (Attachment 2). Additionally, cards inactive for one year will be suspended automatically. A draft policy revision addressing this issue is currently under review. Proposed language is as follows: "If a fleet card is inactive for 1 year, then the card will be suspended. If a suspended card needs to be reactivated, the cardholder has 10 days from the suspension date to contact OFM to request the reactivation. If 10 days pass after the suspension, the card will be cancelled."

Recommendation 10: Ensure that purchase card approving officials not approve requisitions lacking required information, such as justifications for the purchase.

Response (Concur): District management will coordinate with the Purchase Card AOPC to provide training on approving official responsibilities. To ensure completeness and appropriate justifications, District management and the Purchase Card AOPC will conduct reviews on requisitions and supporting documentation for supplies and services. We will encourage justification of purchases on all purchase card documents regardless of the micro-purchase exception.

Recommendation 11: Strengthen the segregation of duties with regard to purchase cards by precluding cardholders from certifying funds availability or approving purchase requests related to their own purchases.

Response (Concur): With the implementation of the Unified Financial Management System (UFMS) in October 2012, purchases above the micro-purchase are now entered into UFMS and the segregation of duties is managed within the system.

Recommendation 12: Remedy \$60,562 in unsupported questioned costs by implementing policies that ensure the district maintains the required support for purchase card transactions, and by recovering improperly distributed funds as appropriate.

Response (Concur): See response to Recommendation 10. Additionally, District management will prepare appropriate paperwork and forward it for review and necessary action as outlined in USMS Policy Directive 6.1.G, *Ratifications of Unauthorized Commitments*, to include review by the Ratification Review Board as necessary. (See Attachment 3, PD 6.1, p. 3)

Recommendation 13: Ensure that district managers receive and review the monthly reconciliation of purchase card transactions and confirm that each transaction is proper and supported by required documents.

Response (Concur): Per USMS Policy Directive 6.8, *GSA SMARTPAY2 Commercial Credit Card Program*, card holders and approving officials must review and sign their monthly statements and attach supporting documentation to ensure that purchases are proper. The Office of Procurement (OOP) will also conduct biannual reviews of district/division purchase card transactions. District management will implement standard operating procedures to ensure the monthly review and approval of the statements. A copy of the new SOP will be provided to OIG once completed.

Recommendation 14: Ensure that the district promptly and accurately records accountable property items in ARGIS.

Response (Concur): The Office of Property Management has implemented a District Dashboard tool that accurately records accountable property items entered in ARGIS within 15 calendar days. When districts do not comply with the 15-day requirement, the Dashboard puts them in the RED (non-compliant). The CDUSM is then notified immediately that his/her district is not in compliance with policy and procedures. A Property Management Specialist at USMS Headquarters reviews the Dashboard on a monthly basis to monitor district offices' compliance with the 15-day requirement. Attached is a screenshot of the current District Dashboard for SCDC, showing that the District is in compliance with the 15-day requirement. (Please see Attachment 4, District Dashboard Screenshot.)

Recommendation 15: Revise its inventory sheet to provide a field for personnel to record the location or individual holding the property.

Response (Concur): The current property management system has a “location” field that the district Property Officer can populate for accountable property assigned to each employee. This can be accomplished during the annual review of hand receipts and/or while performing the biennial inventory. This will ensure that the location field is populated with the most current information. (Please see Attachment 5, ARGIS Screenshot.)

Recommendation 16: Ensure that districts that receive property from another district submit on time all required property forms.

Response (Concur): Per USMS Policy Directive 7.1.2, *Property Acquisition and Disposal, F.6.b, c*, the gaining Property Custodian and losing Property Custodian should work together on property to be transferred between districts and ensure documentation (Form USM-170) is forwarded to the Office of Property Management for adjustment in the property management system. To ensure districts are complying with this policy, the District Self-Assessment Guide (SAG) will be revised to address this issue. The revised Self-Assessment Guide will be disseminated to all districts in the fourth quarter of FY 2013. A copy of the revised SAG will be provided to OIG.

Recommendation 17: Review its directives to clarify who within the USMS is responsible for reporting lost or stolen weapons to the NCIC.

Response (Concur): The USMS Training Division has consulted with all affected divisions in order to correct current policies and introduce revisions which clarify responsibilities for reporting, notification, and annual NCIC entry confirmation requirements. A copy of revised Policy Directive 2.3 will be provided to OIG once it has cleared the policy review process and been finalized, signed, and disseminated.

Recommendation 18: Develop a policy to ensure that if one of its weapons is stolen in the future that the weapon will remain listed in the NCIC until it is recovered.

Response (Concur): The USMS will develop a policy to ensure that stolen weapons will remain listed in NCIC until recovered. A copy of revised Policy Directive 2.3 will be provided to OIG once it has cleared the policy review process and been finalized, signed, and disseminated.

**OFFICE OF THE INSPECTOR GENERAL
ANALYSIS AND SUMMARY OF ACTIONS
NECESSARY TO CLOSE THE REPORT**

The OIG provided a draft of this audit report to the USMS. The USMS's response is incorporated in Appendix IV of this final report. The USMS also included several attachments in its response that we considered in our analysis but did not include in Appendix IV. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

Recommendation Number:

1. **Resolved.** The USMS concurred with our recommendation to develop a solution to reduce the USMS SCDC's reliance on cellblock overtime for Saturdays. The USMS stated in its response that it will develop a long-term solution that reduces the reliance on Saturday overtime at the SCDC.

This recommendation can be closed when we receive:

(1) documentation detailing the USMS SCDC's solution to reduce reliance on cellblock overtime for Saturdays, and (2) evidence that such solution, when implemented, results in reduced Saturday overtime hours.

2. **Resolved.** The USMS concurred with our recommendation to continue to assess cellblock operations under the January 2013 staffing plan to establish the ideal number of staff needed in the USMS SCDC cellblock, and if necessary, update the district staffing plan to meet that number. The USMS stated in its response that since its implementation, the new staffing plan has been under assessment by district management, and based on that assessment, district management has determined that the January 2013 staffing model provides a safe and secure environment and properly addresses the amount of staff needed in the cellblock.

This recommendation can be closed when we receive evidence of district management's assessment of the January 2013 staffing plan following its implementation, including management's basis for determining the ideal number of staff needed in the USMS SCDC cellblock.

3. **Resolved.** The USMS concurred with our recommendation to remedy \$163,043 in unsupported questioned costs by seeking, as appropriate, recovery of funds it determines were improperly distributed and updating its WebTA policies and procedures to require that district employees submit overtime requests before working overtime shifts. The USMS stated in its response that the USMS Human Resources Division will update time and attendance policy and procedures to require that overtime requests are submitted prior to working overtime shifts. The policy update will be drafted in the fourth quarter of FY 2013 and finalization and dissemination are expected by the second quarter of FY 2014. Moreover, the USMS stated that if funds have been distributed improperly, it will seek to recover such payments.

This recommendation can be closed when we receive documentation showing the completion and dissemination of updated WebTA policies and procedures that require that district employees submit overtime requests before working overtime shifts, as well as evidence of the collection of any funds the USMS determined to have been distributed improperly.

4. **Resolved.** The USMS concurred with our recommendation to require district managers to track unscheduled duty time worked by Criminal Investigators in a manner that: (1) provides them with regular snapshots of unscheduled duty hours worked by each Criminal Investigator, and (2) identifies Criminal Investigators who do not appear to be working a substantial majority of unscheduled duty hours. The USMS stated in its response that USMS SCDC management provided guidance to Criminal Investigators on the use and documentation of LEAP hours and that management has initiated a process that will track LEAP hours on a regular basis. In addition, the Financial Services Division and the Human Resources Division are developing specific reports that will assist the district in tracking unscheduled duty hours worked.

This recommendation can be closed when we receive evidence of the process initiated by district management to track LEAP hours on a regular basis and the reports developed by the Financial Services Division and Human Resources Division that will assist district management to track the unscheduled duty hours worked by each Criminal Investigator and identify Criminal Investigators who do not appear to be working a substantial majority of unscheduled duty hours.

5. **Resolved.** The USMS concurred with our recommendation to require that the USMS SCDC implement corrective action to increase unscheduled duty hours for Criminal Investigators who are not working a substantial majority of the required average of unscheduled duty hours. The USMS stated in its response that the district will develop and implement standard operating procedures that will stipulate that Criminal Investigators identified as not working a substantial majority of unscheduled duty hours will be notified by their immediate supervisor that they are not meeting the required average. The supervisor will schedule a meeting with the employee to determine whether a recording issue exists or whether the employee is not working LEAP hours or is not available to work LEAP hours. The employee will be counseled regarding the use of LEAP and USMS LEAP policy. Under the standard operating procedures, the Criminal Investigator will be notified in writing that continual failure to meet the required average of unscheduled LEAP hours may result in decertification.

This recommendation can be closed when we receive documentation of the completion and implementation of district standard operating procedures detailing the monitoring of unscheduled duty hours worked by Criminal Investigators and the corrective action to be taken to increase unscheduled duty hours for Criminal Investigators who are not working a substantial majority of the required average of unscheduled duty hours.

6. **Resolved.** The USMS concurred with our recommendation to improve the tracking and accountability of fleet card use by updating its policies and procedures and developing a mechanism to mandate that district employees who are assigned vehicles sign fleet cards in and out using the dispatch log. The USMS stated in its response that it will document the formal standard operating procedures for the signing in and out of fleet credit cards.

This recommendation can be closed when we receive documentation of the completion and implementation of district standard operating procedures for the signing in and out of fleet credit cards for all government vehicles. Such standard operating procedures should mandate that district employees assigned vehicles sign fleet cards in and out using the dispatch log.

7. **Resolved.** The USMS concurred with our recommendation to remedy \$51,648 in unsupported questioned costs by implementing a policy that prohibits district employees who do not submit receipts or signed transaction verifications, or otherwise prepare incomplete vehicle logs, from using USMS vehicles, and by recovering improperly distributed funds as appropriate. The USMS stated in its response that district management is currently drafting standard operating procedures that will provide detailed guidance regarding government vehicles and fleet cards. In the interim, district management has notified all operational personnel who are assigned vehicles that if they fail to comply with existing USMS policy requiring the submission of receipts or signed transaction verifications, or if they otherwise prepare incomplete vehicle logs, their assigned vehicle may be placed back in the motor pool for reassignment.

This recommendation can be closed when we receive documentation showing the completion and implementation of district standard operating procedures for the use and monitoring of government vehicles and fleet cards, as well as evidence of the collection of any funds the USMS determined to have been distributed improperly. Such standard operating procedures should prohibit district employees who do not submit receipts or signed transaction verifications, or otherwise prepare complete vehicles logs, from using USMS vehicles.

8. **Resolved.** The USMS concurred with our recommendation to determine an appropriate span of control ratio for the supervisory fleet card review process and develop a formal district-level fleet card review methodology for supervisors reviewing fleet card transactions whereby: (1) supervisors review fleet card statements and receipts for premium and mid-grade fuel purchases, and (2) district employees reimburse the USMS the cost of unnecessary premium and mid-grade fuel. The USMS stated in its response that district management is drafting standard operating procedures that will provide detailed guidance regarding government vehicles and fleet cards. In the interim, district management has notified all employees via e-mail that only standard and regular fuel is allowed for use in vehicles and that individual employees may be held responsible for any charges over and above the regular fuel charges if the policy is not followed. Additionally, district management will coordinate with the fleet card Agency Organization Program Coordinator to provide training on using the JP Morgan fleet card database for monitoring activities of fleet card transactions.

This recommendation can be closed when we receive:

(1) documentation showing the completion and implementation of district standard operating procedures for the use and monitoring of government vehicles, fleet cards, and monthly charges; and
(2) documentation of the training provided to all SCDC section supervisors on the use of the JP Morgan fleet card database to monitor fleet card transactions, including training materials provided to participants and a list of attendees.

9. **Resolved.** The USMS concurred with our recommendation to establish policies and procedures ensuring that fleet cards associated with vehicles that have been disposed are destroyed or otherwise deactivated. The USMS stated in its response that district management will coordinate with the fleet card Agency Organizational Program Coordinator to provide training on using the JP Morgan fleet card database to monitor active fleet cards. The district will also ensure that the Office of Fleet Management is notified when a vehicle has been sold or destroyed. Further, effective March 2013, the Office of Fleet Management provides a monthly list to the fleet card Agency Organizational Program Coordinator outlining vehicles that were sold or destroyed during that month in order to terminate those vehicle fleet cards, as needed. Additionally, fleet cards inactive for one year will be suspended automatically. A draft policy revision addressing this issue is currently under review.

This recommendation can be closed when we receive:

(1) documentation of the training provided to all SCDC section supervisors on the use of the JP Morgan fleet card database to monitor active fleet cards, including training materials provided to participants and a list of attendees; and (2) documentation showing the update to USMS policy directives that includes the proposed language regarding the suspension and cancelation of inactive cards, or similar language.

10. **Resolved.** The USMS concurred with our recommendation to ensure that purchase card approving officials not approve requisitions lacking required information, such as justification for the purchase. The USMS stated in its response that district management will coordinate with the purchase card Agency Organizational Program Coordinator to provide training on approving official responsibilities. To ensure completeness and appropriate justifications, district management and the Agency Organizational Program Coordinator will conduct reviews on requisitions and supporting documentation for supplies and services.

This recommendation can be closed when we receive documentation of the training provided to all purchase card approving officials on approving official responsibilities, including training materials provided to participants and a list of attendees, as well as evidence showing the effectiveness of the reviews conducted by district management and the Agency Organizational Program Coordinator to ensure complete and appropriate justifications.

11. **Resolved.** The USMS concurred with our recommendation to strengthen the segregation of duties with regard to purchase cards by precluding cardholders from certifying funds availability or approving purchase requests related to their own purchases. The USMS stated in its response that with the implementation of the Unified Financial Management System in October 2012, purchases above the micro-purchase threshold are now entered into the financial system and the segregation of duties is managed within the system.

This recommendation can be closed when we receive: (1) evidence detailing the segregation of duties within the Unified Financial Management System for USMS SCDC personnel who make purchases above the micro-purchase threshold, and (2) evidence that the USMS has strengthened the segregation of duties with regards to purchases below the micro-purchase threshold.

12. **Resolved.** The USMS concurred with our recommendation to remedy \$60,562 in unsupported questioned costs by implementing policies that ensure the district maintains the required support for purchase card transactions, and by recovering improperly distributed funds as appropriate. The USMS stated in its response that in addition to providing training on approving official responsibilities, district management will prepare appropriate paperwork and forward it for review and necessary action as outlined by USMS Policy Directive 6.1.G, *Ratification of Unauthorized Commitments*, to include review by the Ratification Review Board as necessary.

This recommendation can be closed when we receive:
(1) documentation of the training provided to all purchase card approving officials on approving official responsibilities, including training materials provided to participants and a list of attendees;
(2) copies of the paperwork completed and forwarded to the Ratification Review Board and the Board's official ruling; and
(3) evidence of the collection of any funds the USMS determined to have been distributed improperly.

13. **Resolved.** The USMS concurred with our recommendation to ensure that district managers receive and review the monthly reconciliation of purchase card transactions and confirm that each transaction is proper and supported by required documents. The USMS stated in its response that the Office of Procurement will conduct biannual reviews of district and division purchase card transactions and that district management will implement standard operating procedures to ensure the monthly review and approval of the statements.

This recommendation can be closed when we receive documentation of the biannual review conducted by the Office of Procurement and evidence showing the completion and implementation of standard operating procedures for the monthly review of purchase card reconciliations conducted by district managers.

14. **Resolved.** The USMS concurred with our recommendation to ensure that the district promptly and accurately records accountable property items in ARGIS. The USMS stated in its response that the Office of Property Management has implemented a district dashboard tool that accurately records accountable property items entered in ARGIS within 15 calendar days. When districts do not comply with this requirement, the dashboard identifies the district as non-compliant and the Chief Deputy U.S. Marshal for the district is notified of the non-compliance. A Property Management Specialist at USMS Headquarters reviews the tool on a monthly basis to monitor district offices' compliance with the 15-day requirement.

This recommendation can be closed when we receive: (1) additional documentation showing that accountable property acquired by the USMS SCDC, following the implementation of the dashboard tool, has been accurately recorded in ARGIS within 15 calendar days; and (2) standard operating procedures outlining the process by which the Chief Deputy U.S. Marshal for the USMS SCDC is contacted in instances of non-compliance and the actions taken by the Property Management Specialist at USMS Headquarters in such instances.

15. **Resolved.** The USMS concurred with our recommendation to revise its inventory sheet to provide a field for personnel to record the location or individual holding the property. The USMS stated in its response that the current property management system has a field that allows the district Property Officer to record the location of accountable property assigned to each employee. The USMS stated in its response that this can be accomplished during the annual review of hand receipts or while performing the biennial inventory, which will ensure that the location field is populated with the most current information.

This recommendation can be closed when we receive evidence that the "location" field has been populated in the property management system for USMS SCDC accountable property and that the inventory sheet used by the district inventory team contains this information.

16. **Resolved.** The USMS concurred with our recommendation to ensure that districts that receive property from another district submit on time all required property forms. The USMS stated in its response that the Self-Assessment Guide will be revised and disseminated to all districts in the fourth quarter of FY 2013 to ensure that districts comply with USMS policies for property acquisition and disposal.

This recommendation can be closed when we receive evidence that the Self-Assessment Guide was revised, disseminated to all districts, and is effective in ensuring that districts that receive property from another district submit on time all required property forms.

17. **Resolved.** The USMS concurred with our recommendation to review its directives to clarify who within the USMS is responsible for reporting lost or stolen weapons to the NCIC. The USMS stated in its response that the USMS Training Division has consulted with all affected divisions in order to correct current policies and introduce revisions which clarify responsibilities for reporting, notification, and annual NCIC entry confirmation requirements.

This recommendation can be closed when we receive documentation of USMS policy directives clarifying who within the USMS is responsible for reporting lost or stolen weapons to the NCIC and that such policy has been communicated to the responsible individuals.

18. **Resolved.** The USMS concurred with our recommendation to develop a policy to ensure that if one of its weapons is stolen in the future that the weapon will remain listed in the NCIC until it is recovered. The USMS stated in its response that it will develop a policy to ensure that stolen weapons will remain listed in NCIC until recovered.

This recommendation can be closed when we receive documentation of USMS policy directives clarifying that USMS stolen weapons must remain in NCIC until recovered.