

Office of Inspector General | United States Postal Service

Audit Report

Efficiency of Selected Processes – Atlanta Main Post Office, Atlanta, GA

Report Number 22-122-R22 | July 19, 2022





OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

July 19, 2022

MEMORANDUM FOR: KEITH A. PIERLE
MANAGER, GEORGIA DISTRICT

Michelle Lindquist

FROM: Michelle Lindquist
Director, Financial Controls

SUBJECT: Audit Report – Efficiency of Selected Processes – Atlanta Main Post Office, Atlanta, GA
(Report Number 22-122-R22)

This report presents the results of our audit of the Efficiency of Selected Processes – Atlanta Main Post Office, Atlanta, GA.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Gregory M. Williams, Audit Manager, or me at 703-248-2100.

Attachment

cc: Postmaster General
Corporate Audit and Response Management
Vice President, Retail & Post Office Operations,
Vice President, Southern Area

Results

Background

This interim report presents the results of our self-initiated audit of the efficiency of selected processes at the Atlanta Main Post Office (MPO) in Atlanta, GA (Project Number 22-122). This audit was designed to provide U.S. Postal Service management with timely information on potential financial control risks at Postal Service locations. The Atlanta MPO is in the Georgia District of the Southern Area. We judgmentally selected the Atlanta MPO for our audit.

Objective, Scope, and Methodology

Our objective was to review cash and stamp inventories, daily reporting activities, clock ring errors, and employee separations at the Atlanta, GA, MPO.

To accomplish our objective, we reviewed data regarding inventories, daily reporting activities, clock ring errors, and employee separations to identify at risk transactions.¹ We conducted physical counts of all cash, stamp, and money order inventories; reviewed stamp transfers; and evaluated selected internal controls. We also observed daily closing procedures, traced selected transactions to source documentation, and interviewed unit personnel. We determined the causes for issues identified with cash and inventory, daily reporting activities, clock ring errors, and employee separations and the steps taken to resolve them. We discussed our observations and conclusions with management on July 8, 2022 and included their comments where appropriate.

The Atlanta MPO is one of three post offices the U.S. Postal Service Office of Inspector General (OIG) reviewed during the week of May 2, 2022.² We issued this interim report to provide the Postal Service with timely information regarding the conditions we identified at the Atlanta MPO. We will issue a separate report that provides the Postal Service with the overall findings and recommendations for all three post offices. See [Appendix A](#) for additional information about this audit.

Results Summary

During our observations at the Atlanta MPO, we identified issues with cash and inventories, daily reporting activities, clock ring errors and employee separations (see Table 1).

Table 1. Summary of Results

Audit Area	Issues Identified	
	Yes	No
Cash and Inventories	X	
Daily Reporting Activities	X	
Clock Ring Errors	X	
Employee Separations	X	

Source: Results of OIG fieldwork during week of May 2, 2022.

¹ We did not review city or rural carriers.

² We visited the Atlanta Main, Marietta Main, and the Stone Mountain post offices.

Finding # 1: Cash and Inventories

What We Found

Internal controls over cash, stamps, money orders, and other nonmail items were not always managed effectively at the Atlanta MPO. See Table 2 for the results of our inventory counts on May 3, 2022 through May 5, 2022 and a prior Postal Service retail floor stock count from fiscal year (FY) 2022.

Table 2. Count Results Differences

Issues	Date	Overages	Shortages	Percent of Total
Three cash drawers were outside acceptable tolerance level ³	5/3-5/5/22	\$36	\$(77)	36%, (38%)
Unit Cash Reserve ⁴	5/3/22	–	(11)	(3%)
Retail Floor stamp stock ⁵	5/4/22	261	–	1%
Retail Floor stamp stock	2/19/22	–	(2,645)	(11%)

Source: Results of OIG counts May 3, 2022 through May 5, 2022 counts and a prior retail floor stock count at the unit.

In addition, we identified the following:

- Management did not conduct a count of the retail floor stock when the unit reserve stock was counted

in October 2021 and January 2022⁶ as required.

Management only counted the unit reserve stock at that time. However, when management conducted the count of the retail floor stock on February 19, 2022, there was a \$2,645 shortage.

- Two unassigned cash drawers containing cash totaling \$250 and 347 blank money orders with a face value of up to \$347,000,⁷ were stored in the [REDACTED] but were not recorded in Retail Systems Software (RSS).⁸
- Three retail clerk cash drawers containing cash totaling \$301 and 489 blank money orders with a face value of up to \$489,000,⁹ were missing from the unit and management did not notify the U.S. Postal Inspection Service (USPIS).
- Unit personnel stored saleable and nonsaleable stamp stock totaling \$20,000 and 296 old blank money orders with a face value of up to \$293,000,¹⁰ in the [REDACTED] but did not record the stock in RSS inventory records nor send the stock for destruction.
- Unit personnel could not locate 40 of 81 (49 percent), Postal Service (PS) Forms 17, *Stamp Requisition/Stamp Return*.¹¹
- Retail floor stamp stock totaling \$15,000 was left unsecured and unattended behind the [REDACTED] daily prior to the window opening (see [Figure 1](#)).
- Unit personnel kept an unsecured container with lost and found nonmail items, including wallets, credit cards, identification cards, and a passport (see [Figure 2](#)).

3 PS Form 3294, *Cash/Stamp Credit Count Report*, allows a tolerance limit of \$25 either over the \$100 cash drawer amount or short.

4 Handbook F-101, *Field Accounting Procedures*, Section 13-9.1, January 2022. Postal Service policy states there is no tolerance for the unit cash reserve.

5 A common inventory for use by retail employees who are not directly accountable for that inventory. Although no individual retail employee is accountable for this stock, each retail associate (RA) making sales from this credit is responsible for ensuring accurate reporting of the sales from the retail floor stock.

6 The October 30, 2021, count did not have any differences. The January 27, 2022, count had a \$1.74 shortage.

7 Value is based on maximum face value of a Postal domestic money order, \$1,000 (347 domestic X \$1000 = \$347,000).

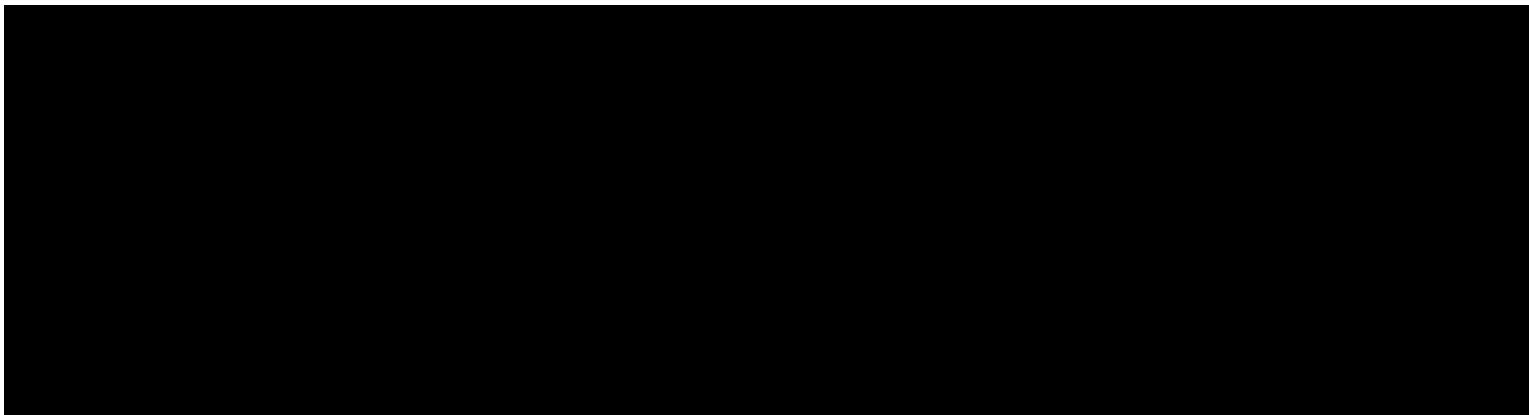
8 The hardware and software retail transaction system used in post offices.

9 Value is based on maximum face value of a Postal domestic money order, \$1,000 (489 domestic X \$1000 = \$489,000).

10 Value is based on maximum face value of a Postal money order, \$1,000 for domestic and \$700 for international (286 domestic X \$1000 = \$286,000 + 10 international X \$700 = \$7,000 = \$293,000).

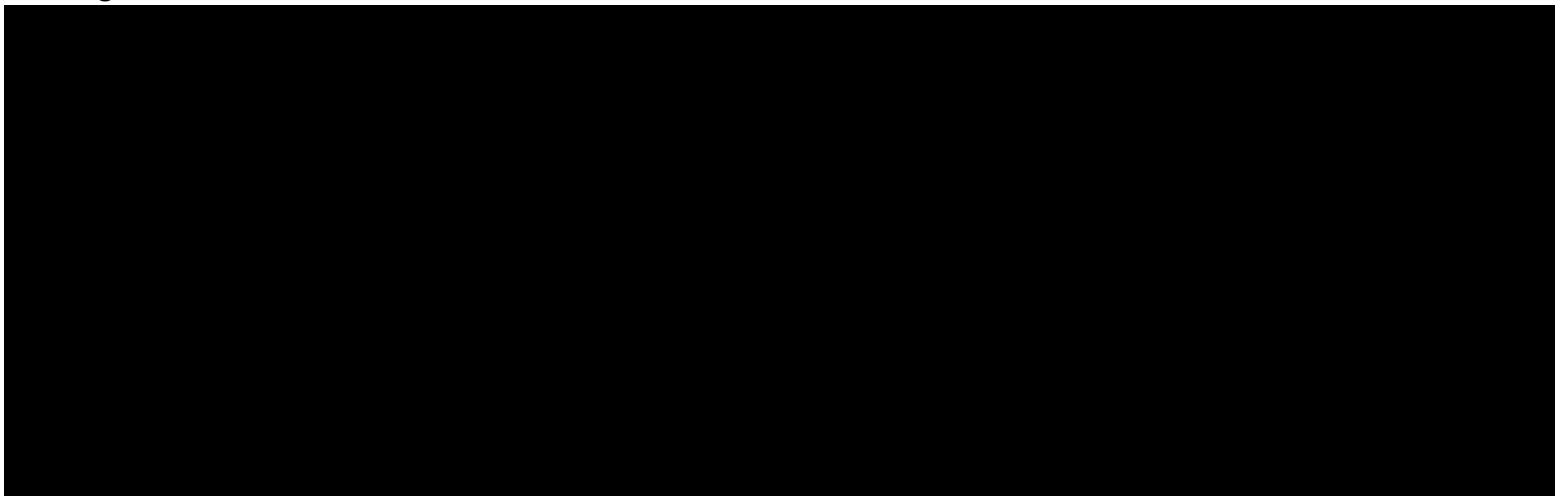
11 The form used to document shipments of stock from the unit reserve to retail floor stock and from retail floor stock back to the unit reserve.

Figure 1. Retail Stamp Stock



Source: OIG photos taken May 3, 2022.

Figure 2. Nonmail Items



Source: OIG photos taken May 3, 2022. Items were arranged on the counter for the photo.

Why Did It Occur

The issues occurred for the following reasons:

- Current unit personnel did not know why the retail floor stock was not counted concurrently when the unit reserve stock was counted in October 2021 and January 2022. In addition, management could not explain why retail floor stamp stock exceeded the RSS actual stock level during our May 4, 2022 count for three stock items, without creating shortages in the unit reserve stamp stock.
- The manager responsible for providing daily oversight at the Atlanta MPO, was assigned to manage this unit and one additional retail unit. Management stated they could not confirm the frequency the manager visited the unit.
- In addition, management stated they relied on the district field accounting analyst to alert them when financial related issues occurred at the unit, such as unidentified or missing cash drawers, saleable and nonsaleable items not sent for destruction, and missed counts. Management stated they did not receive the notifications and was not aware of the issues until we brought them to their attention.
- Unit management did not know why PS Forms 17, were not on file.
- Regarding the unsecured, unattended retail floor stamp stock, management stated it was a daily practice for the opening employee to remove the retail floor stock and leave it unattended at the [REDACTED] because not many people go to the [REDACTED] at that time of the day.

- Management stated they were aware of the policy to return the nonmail items to the original owner. However, they were hesitant to return the items because they were unsure of the addresses and wanted to prevent the items from being received by someone other than the owner.

What Should Have Happened

Postal Service policy states the following:

- If an employee with a retail floor stock role is also assigned the unit reserve stock, a count of the unit reserve stamp stock credit must also be completed concurrently. The postmaster, manager, or supervisor is responsible for the required count of the retail floor stock and to resolve any differences between the clerk balance list and the unit's daily financial report.¹²
- The postmaster or unit manager is responsible for ensuring that controls are in place for maintaining an accurate inventory for all accountable paper within the postal retail unit. Further, policy states the postmaster, manager, or supervisor must provide adequate security for all accountable items, which include Postal Service funds (cash, checks, and money orders) and stamp stock, ensuring proper entry of all financial transactions.¹³ If blank money orders are lost or stolen, the postmaster, manager, or supervisor must immediately contact the USPIS and report the serial numbers of the missing money orders.¹⁴
- PS Form 17 must be filed locally and retained for two years in addition to the current fiscal year.¹⁵
- The unit reserve stock custodian must check the Postal Bulletin¹⁶ to know when to withdraw specific stamps and stamped paper items from sale. When returning saleable stock from the unit reserve to the Stamp Distribution Center (SDC) or Stamp Distribution Office (SDO), the unit reserve stock custodian must request an authorization from the servicing SDC or SDO.¹⁷
- The unit reserve stock custodian must follow the return schedule provided by the SDC or SDO to return nonsaleable stock and unusable blank money orders to the SDC or SDO for destruction. With a witness, independently count the stock and enter totals for each item, by item number, on PS Form 17 for both saleable and nonsaleable stock and follow the guidance regarding returning the stamp stock to the SDC or the SDO. A copy of the PS Form 17 is to be filed locally.¹⁸
- The postmaster, manager, or supervisor must provide adequate security for all accountable items, which includes Postal Service funds (cash, checks, and money orders) and stamp stock.¹⁹
- Nonmail items, including wallets, found in collection boxes or at other points within the Postal Service's jurisdiction are returned to the appropriate individual, with postage due at the single-piece First-Class Mail rate.²⁰

On May 6, 2022, management initiated corrective action regarding the saleable and nonsaleable stamp stock. They conducted a count of the saleable and nonsaleable stamp stock items and old blank money orders, added the items to the unit reserve stock inventory and prepared the stock for destruction.

Effect on the Postal Service and Its Customers

Properly accounting for cash and blank money orders, physically and in financial records, decrease opportunities for theft to occur and go unnoticed. Not properly securing Postal Service assets increases the risk of loss of cash, money orders, stamp stock and other assets.

In addition, if controls over nonmail items are not followed, there is an increased risk of identity and property theft.

¹² Handbook F-101, Sections 14-2.4 and 14-2.6.

¹³ Handbook F-101, Sections 11-3.1 and 3-1.1.

¹⁴ Handbook F-101, Section 3-3.3.

¹⁵ Handbook F-101, Section 14-2.2 and Appendix D.

¹⁶ The Postal Bulletin is the official record of changes in Postal Service policies and procedures, and it is the vehicle for time-sensitive instructions and advance notice of changes in other directives.

¹⁷ Handbook F-101, Sections 11-6.2 and 11-6.4.

¹⁸ Handbook F-101, Sections 11-6.5 and 11-6.11.

¹⁹ Handbook F-101, Sections 3-1.1.

²⁰ *Domestic Mail Manual*, Section 507.1.9.1a, January 26, 2020.

Finding #2: Daily Reporting Activities

What We Found

Management did not review the PS Form 1412, *Daily Financial Report*,²¹ to ensure accuracy and timeliness of financial reporting. We reviewed a judgmental sample of ten days during our audit scope of October 1, 2021, through March 31, 2022, of daily financial reporting documentation totaling 102 transactions. We found that RAs did not include supporting documentation for 20²² of the 102 transactions. These exceptions occurred on four of the ten days we reviewed.

Why Did It Occur

Management stated they did not review the daily financial reports because there was not a manager scheduled to perform the review when the unit closes.

What Should Have Happened

Postal Service policy states field unit managers must review supporting documentation for all entries included on the daily financial report and concur with the overall presentation of the report each day.²³

Effect on the Postal Service and its Customers

When unit management does not review financial reports, including verifying supporting documentation, the Postal Service has an increased risk of undetected theft, lost revenue, and fraudulent activity. The unsupported refund and payroll adjustments totaled \$1,878.

²¹ All Postal Retail Units, regardless of size or revenue, must report their financial activity to Accounting Services electronically at the close of each business day.

²² Fifteen Postal Validation Imprinter refunds, one PS Form 3533, *Application for Refund of Fees, Products and Withdrawal of Customer Accounts*, for an express mail refund, and four Payroll Adjustment forms.

²³ Handbook F-101, Section 2-4.1.

Finding #3: Clock Ring Errors

What We Found

Generally, unit management corrected fatal clock ring errors²⁴ timely, avoiding payroll adjustments.²⁵ However, we found 587 clock rings considered to be warnings²⁶ that show on the Clock Ring Error Report from October 1, 2021 to March 31, 2022, that we consider to be avoidable. Specifically, unit employees did not always adhere to scheduled start times. We found that 28 of the warnings (5 percent) represented four retail unit personnel starting their workday outside the five-minute allowance period. Additionally, the lead clerk did not perform Time and Collection System (TACS)²⁷ duties.

Why Did It Occur

Unit management stated they discussed the clock ring errors with applicable employees but did not always enforce the policy because the unit is short staffed and did not want to risk losing more employees.

In addition, management stated the lead clerk had not attended TACS training. They stated the lead clerk is registered to attend the training session in June 2022.

What Should Have Happened

Postal Service policy states that, upon arrival, employees required to use time clocks must clock in at their scheduled reporting time. Employees must not be permitted to clock in more than five minutes before or after their scheduled reporting time. Supervisors must take all necessary actions to restrict employee access to timecards before the

scheduled tour begins.²⁸ At six minutes after the scheduled reporting time, the supervisor must withdraw timecards or badges for those scheduled employees who did not report for duty. Employees arriving after their scheduled reporting time must report directly to their supervisor to obtain their timecard. The employee may be required or permitted to make up the time by extending his or her regular work schedule for the tour, providing the period of tardiness is without pay. Alternatively, the tardiness can be charged to annual leave (if available), leave without pay or absence without leave. If the tardiness is not excused, appropriate disciplinary action, in addition to leave charge, may be taken.²⁹

Further, lead clerks should be assigned TACS duties, including correcting daily clock rings errors.³⁰ On July 16, 2021, multiple headquarters' officials issued a letter to all District Managers stating all units must have lead clerks trained and assigned TACS timekeeping duties.

Effect on the Postal Service and its Customers

When managers do not enforce policies for clocking in, employees may receive improper pay, and management could incur excess administrative time with the TACS Help Desk validating the accuracy of clock ring entries.

When the lead clerk is not trained and assigned TACS duties, the Postal Service could be exposed to financial liability resulting from grievance settlements.

24 Are errors that appear in red in the system and they prevent the employee from being paid correctly for that day.

25 Clock rings include time entries that are recorded electronically, mechanically (using a time clock), or manually (written in).

26 Messages which address issues other than fatal errors but should also be reviewed. They may be informational only (i.e., "Nonscheduled Begin Tour") or may require action (i.e., an instance of "Missing OT Transaction" that needs to be addressed with a Code 91 entry (overtime transaction). Unlike Fatal errors, which disappear when the error is corrected, most warning messages do not disappear (i.e., "Nonscheduled Begin Tour/End Tour").

27 A Web-based automated payroll program that collects and processes time and attendance data and provides "real time" workhour data to help run day-to-day operations.

28 Handbook F-21, *Time and Attendance*, Section 142.21, February 2016.

29 If the employee's tour is extended solely because of tardiness, they are not entitled to out-of-schedule premium or Sunday premium, which would otherwise be paid because of the tour extension.

30 As a result of a February 2016 grievance settlement with the American Postal Workers Union.

Finding #4: Employee Separations

What We Found

Unit management did not always follow Postal Service policies for processing separated employees. Specifically, the unit's financial records showed two of three employees separated from the Postal Service between October 19, 2021 and April 15, 2022, had a cash retained credit balance, assigned blank money orders, and active roles in the RSS data systems. In addition, two of the missing cash drawers reported in Finding #1 are assigned to two of the separated employees. Further, unit management did not change the safe combination and locks after each employee's separation and could not confirm if Postal Service work identification badges³¹ were surrendered upon the employees' separations.

Why Did It Occur

Management stated they did not receive confirmation from Human Resources of the final removal status for the separated employees.

What Should Have Happened

Postal Service policy states a final count of a cash retained credit must be conducted when the RA is separated from the Postal Service.³² The funds are included in the nightly deposit and the blank money orders are transferred to the unit reserve custodian for reassignment.³³ An employees' role must be removed (terminated) from RSS no later than the employee's last day of work when the employee is separated from the Postal Service.³⁴

In addition, management must change the safe's combination whenever a person knowing a combination of a safe or vault is separated or transferred.³⁵ Further, management must maintain a Postal Service ID log to record the badge's date of return and the initials of the employee clearing the badge back into the office.³⁶

Effect on the Postal Service and its Customers

Cash, blank money orders and other Postal Service assets could be stolen or used for unintended purposes when policies are not followed. Failure to change a combination is considered contributory negligence by the responsible employee if property is stolen from a safe and vault without force.³⁷

³¹ ID badges are accountable items.

³² Handbook F-101, 13-8.4.

³³ Handbook F-101, 13-7.6 and 13-8.4.

³⁴ Handbook F-101, 2-4.8.

³⁵ Handbook F-101, 3-9.2.

³⁶ Handbook F-101, 3-10.4.

³⁷ Handbook F-101, 3-9.2.

Appendix A: Additional Information

We conducted this audit from May through July 2022, in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

We relied on computer-generated data from the Enterprise Data Warehouse (EDW),³⁸ RSS, and TACS. We did not test the validity of controls over these systems; however, we verified the accuracy of the data by reviewing related documentation, tracing selected information to supporting source records, and interviewing knowledgeable Postal Service employees. We determined that the data were sufficiently reliable for the purposes of this report.

³⁸ A repository intended for all data and the central source for information on retail, financial, and operational performance. Mission-critical information comes to EDW from transactions that occur across the mail delivery system, points-of-sale, and other sources.

Appendix B: Management's Comments



July 11, 2022

JOHN CIHOTA
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Efficiency of Selected Processes Atlanta Main Post Office, Atlanta, GA.
Project Number 22-122-DRAFT

Thank you for providing the Postal Service with an opportunity to review and comment on the findings contained in the draft audit report, Efficiency of Selected Processes – Atlanta Main Post Office, Atlanta, Georgia.

Following are our comments on each of the four findings.

Finding #1: Cash and Inventories

Internal controls over cash, stamps, money orders, and other nonmail items were not always managed effectively at the Atlanta MPO. See Table 2 for the results of our inventory counts on May 3, 2022, through May 5, 2022, and a prior Postal Service retail floor stock count from fiscal year 2022.

Management Response/Action Plan:

Management agrees with this finding.

Cash and Inventories

- Management will conduct retail floor stock and unit reserve stock quarterly as required.
- Management has all retail cash drawers locked and secured as required
- Management will ensure proper recording of unit reserve stock in RSS inventory
- Management has established a file system for PS Forms 17
- Retail stock is not left unattended by retail clerks
- Lost and found nonmail items are sent to Mail Recovery Center

Responsible Official: Manager Customer Service Operations Atlanta Ga

Finding #2: Daily Reporting Activities

Management did not review the PS Form 1412, *Daily Financial Report*, to ensure accuracy and timeliness of financial reporting. We reviewed a judgmental sample of ten days during our audit scope of October 1, 2021, through March 31, 2022, of daily financial reporting documentation totaling 102 transactions. We found that

RAs did not include supporting documentation for 20 of the 102 transactions. These exceptions occurred on four of the ten days we reviewed.

Management Response/Action Plan:

Management agrees with this finding.

- Management will review PS Form 1412 daily as required

Responsible Official: Manager Customer Service Operations Atlanta Ga

Finding #3: Clock Ring Error

Generally, unit management corrected fatal clock ring errors timely, avoiding payroll adjustments. However, we found 587 clock rings considered to be warnings that show on the Clock Ring Error Report from October 1, 2021, to March 31, 2022, that we consider to be avoidable. Specifically, unit employees did not always adhere to scheduled start times. We found that 28 of the warnings (5 percent) represented four retail unit personnel starting their workday outside the five-minute allowance period. Additionally, the lead clerk did not perform Time and Collection System duties.

Management Response/Action Plan:

Management agrees with this finding.

- Management will conduct training and document on PS Form 2548 on proper usage of the EBR and correct ring operations
- Lead SSDA has completed TACS training to perform TACS duties
- Management will retrain and follow up with employees not following the guidelines on clock ring operations and proper usage of the EBR
- Management will order badge racks to restrict employee access before tour and after five minutes of begin tour
- Management will retrain and follow up with for their attendance

Responsible Official: Manager Customer Service Operations Atlanta Ga

Finding #4: Employee Separations

Unit management did not always follow Postal Service policies for processing separated employees. Specifically, the unit's financial records showed two of three employees separated from the Postal Service between October 19, 2021, and April 15, 2022, had a cash retained credit balance, assigned blank money orders, and active roles in the RSS data systems. In addition, two of the missing cash drawers reported in Finding #1 are assigned to two of the separated employees. Further, unit management did not change the safe combination and locks after each employee's separation and could not confirm if Postal Service work identification badges were surrendered upon the employees' separations.

Management Response/Action Plan:

Management agrees with this finding.

- Management has changed the lock and safe combinations upon employee separation
- Management will ensure to follow Postal Service policies for processing separated employees
- Management will ensure work identification badges are surrendered upon the employees' separation
- Management will ensure final count of a cash retained credit is conducted to ensure all potential financial liability is resolved prior to employee separation.
- Management will ensure all separated employees are removed from the RSS data systems

Responsible Official: Manager Customer Service Operations Atlanta Ga



Keith Pierle
District Manager Georgia

cc: Vice President, Delivery Operations
Vice President, Retail & Post Office Operations
Vice President, Southern Area
Corporate Audit Response Management

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