

# Efficiency of Selected Processes - Fort Point Station, Boston, MA

## AUDIT REPORT

Report Number 22-188-1-R23 | November 22, 2022



# Transmittal Letter



OFFICE OF INSPECTOR GENERAL  
UNITED STATES POSTAL SERVICE

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November 22, 2022

**MEMORANDUM FOR:** MICHAEL W. RAKES  
MANAGER, MA-RI DISTRICT

*Michelle Lindquist*

**FROM:** Michelle Lindquist  
Director, Financial Controls

**SUBJECT:** Audit Report – Efficiency of Selected Processes – Fort Point Station,  
Boston, MA (Report Number 22-188-1-R23)

This report presents the results of our audit of the Efficiency of Selected Processes – Fort Point Station, Boston, MA.

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

Attachment

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

# Results

## Background

This interim report presents the results of our self-initiated audit of the efficiency of selected processes at the Fort Point Station in Boston, MA (Project Number 22-188-1). The Fort Point Station is in the Massachusetts-Rhode Island (MA-RI) District of the Atlantic Area. We judgmentally selected the Fort Point Station for our audit.

## Objective, Scope, and Methodology

Our objective was to review cash and inventory, daily reporting activities, clock ring errors, and employee separations at the Fort Point Station. The scope period was January 1 through June 30, 2022.

To accomplish our objective, we reviewed data regarding inventories, daily reporting activities, clock ring errors, and employee separations to identify at-risk transactions. 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 and discussed our observations and conclusions with management on November 1, 2022, and included their comments where appropriate.

Fort Point Station is one of three post offices<sup>1</sup> the U.S. Postal Service Office of Inspector General (OIG) reviewed during the week of September 12, 2022. We issued this interim report to provide the Postal Service with timely information regarding the conditions we identified at the Fort Point Station.

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

Fort Point Station personnel appropriately performed daily reporting activities; however, we identified issues with cash and inventories, 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 September 12, 2022.

<sup>1</sup> We visited the Fort Point Station, Norwood, and Woburn Main Post Offices.

# Finding #1: Cash and Inventories

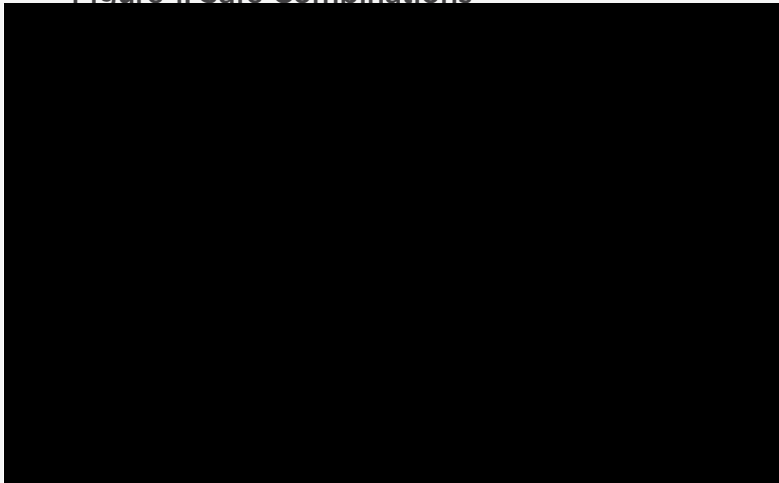
## What We Found

We identified issues with security of postal and non-postal assets. See Table 2 for the results of our inventory counts conducted September 13-15, 2022, and a prior Postal Service retail floor stock count from fiscal year (FY) 2022.

In addition, we identified the following:

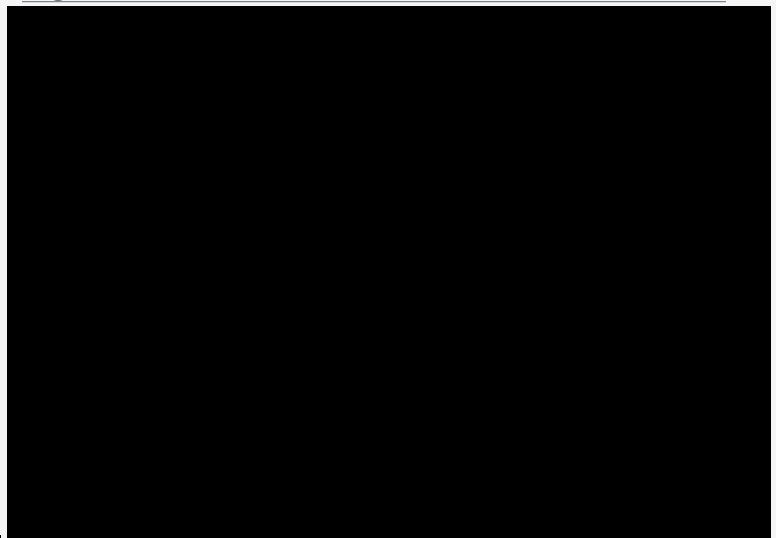
- Unit personnel posted safe combinations on their bulletin board (see Figure 1).
- Unit personnel kept a container with lost and found nonmail items — including wallets, credit cards, identification cards, checks and passports — unsecured (see Figure 2).

Figure 1. Safe Combinations



Source: OIG photo taken September 13, 2022.

Figure 2. Nonmail Items



Source: OIG photo taken September 13, 2022.

## Why Did It Occur

The issues occurred due to the following:

- Unit management stated they did not know the specific reasons for the shortages; however, they said the unit experienced high employee turnover and extended leave usage. In addition, unit management were recent transfers.
- Unit management stated they posted safe combinations for convenience to allow personnel to open the safes at any time.
- Unit management was unaware of the policy to return the nonmail items to the original owner.

Table 2. Count Results Differences

Issue	Date	Overages	Shortages	Percent of Total
One cash drawer outside acceptable tolerance level <sup>2</sup>	9/15/22	\$45	-	45%
Two Unit Cash Reserves <sup>3</sup>	9/14-9/15/22	-	(\$109), (5)	(7%)
Retail Floor Stamp Stock <sup>4</sup>	9/14/22	6,341	-	17%
Prior Retail Floor Stamp Stock	2/21/22	-	(4,835)	(2%)

Source: Results of OIG counts conducted September 13-15, 2022, counts and a prior retail floor stock count at the unit.

<sup>2</sup> PS Form 3294, *Cash/Stamp Credit Count Report*, allows a tolerance limit of \$25 either over the \$100 cash drawer amount or short.

<sup>3</sup> Handbook F-101, *Field Accounting Procedures*, Section 13-8.1, September 2022. Postal Service policy states there is no tolerance for the unit cash reserve.

<sup>4</sup> 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 making sales from this credit is responsible for ensuring accurate reporting of the sales from the retail floor stock.

## What Should Have Happened

Postal Service policy states:

- The postmaster or unit manager is responsible for ensuring that controls are in place for maintaining an accurate inventory for all accountable paper in the postal retail unit.<sup>5</sup> Further, policy states that 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, and ensure proper entry of all financial transactions.<sup>6</sup>
- Unit management must change safe and vault combinations whenever a person who knows the combinations is separated or transferred.<sup>7</sup>
- Nonmail items, including wallets, found in collection boxes or at other points in the Postal Service's jurisdiction are returned to the appropriate individual, with postage due, at the single-piece First-Class Mail rate.<sup>8</sup>

On September 14, 2022, unit management took corrective action and removed safe combinations from the bulletin board and issued a work order to change the safe combinations. In addition, they started returning nonmail items to their respective owners.

### Effect on the Postal Service and Its Customers

Properly accounting for cash, money orders, and stamp stock, physically and in financial records, decreases opportunities for theft to occur and go unnoticed. In addition, when combinations and locks are not changed, it leaves Postal Service funds and other assets vulnerable to theft. Further, if management does not enforce controls over nonmail items, there is an increased risk of identity and property theft.

<sup>5</sup> Handbook F-101, Section 11-3.

<sup>6</sup> Handbook F-101, Section 3-1.1.

<sup>7</sup> Handbook F-101, Section 3-9.2.

<sup>8</sup> *Domestic Mail Manual*, Section 507.1.9.1a, September 12, 2022.

## Finding #2: Clock Ring Errors

### What We Found

Unit management corrected fatal clock ring errors<sup>9</sup> in a timely manner. However, we found 1,140 clock rings considered to be warnings<sup>10</sup> that show on the *Clock Ring Error Report* from January 1 to June 30, 2022.

We consider these clock rings to be avoidable.

Specifically, unit employees did not always adhere to scheduled start times. We found 582 warnings represented 22 retail unit personnel starting their workday outside the five-minute allowance period, and at times, their work hours different from their scheduled start times that had not been officially approved.

### Why Did It Occur

The supervisor at the Fort Point Station stated they were aware of the policy but did not have time to follow-up with employees clocking in after the five-minute allowance period. Management did not enforce the policy regarding late arrivals but instead cleared the clock ring errors daily, allowing employees to continue to arrive outside of the allowance period.

### What Should Have Happened

Postal Service policy states that, upon arrival, employees who are 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.<sup>11</sup>

### 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 validating the accuracy of clock ring entries. In addition, management could rely on inaccurate information when making staffing decisions for each tour. The compensation paid to 22 employees for time outside the five-minute allowance period totaled approximately \$16,538.

<sup>9</sup> An error that appears in red in the system and prevents the employee from being paid correctly for that day.

<sup>10</sup> Messages that address issues other than fatal errors but also need review. 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").

<sup>11</sup> Handbook F-21, *Time and Attendance*, Section 142.21, February 2016.



## Finding #3: Employee Separations

### What We Found

Unit management did not complete and forward PS Forms 337, *Clearance Record for Separated Employee to Human Resources*, for the five employees who retired during our scope.

### Why Did It Occur

Unit management stated they were unaware of their responsibilities related to the proper procedures for separating employees to ensure separated employees no longer had access to Postal Service data systems and property.

### What Should Have Happened

Field users must complete a PS Form 337 for each separating employee and a responsible manager must provide a signature certifying that computer access has been suspended and postal identification/building access cards and IT equipment have been collected.<sup>12</sup> Additionally, a local Standard Operating Procedures state the employee's manager/postmaster must ensure that a PS Form 337 has been completed.<sup>13</sup>

### Effect on the Postal Service and Its Customers

When procedures for employee separations are not properly performed, the Postal Service has an increased risk that cash, blank money orders, and other assets could be stolen or used for unintended purposes.

In subsequent communications, Human Resources confirmed that facility access for the five employees was revoked on their last day on duty.

### Management's Comments

Management agreed with all findings in the report. However, management did not agree with the compensation amount paid to employees in finding 2. Management stated that the OIG made a correction from 30 to 22 employees with clock ring errors, but there was no reduction to the associated monetary impact. In addition, management stated there were three employees that did not incur overtime during the scope of the audit, and that there were 84 incidents cited amongst these three employees. See [Appendix B](#) for management's comments in their entirety.

### Evaluation of Management's Comments

The OIG considers management's comments responsive to all findings. However, regarding finding 2, the OIG's monetary impact calculations were based on employees not reporting when scheduled, rather than overtime. The OIG calculated the amount of time each employee was late, multiplied by the average work hour rate. As stated in the report, the number of employees with clock ring errors were 22. In addition, as cited in the report, there were a total of 582 incidents, with 84 incidents amongst the three employees cited by management.

<sup>12</sup> U.S. Postal Service Chief Human Resources Officer memo dated June 30, 2020.

<sup>13</sup> Facility Access Item Collection Procedures.

# Appendix A: Additional Information

We conducted this audit from September through November 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),<sup>14</sup> 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.

<sup>14</sup> A repository intended for all data and the central source of 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



November 10, 2022

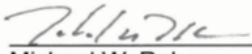
JOHN CIHOTA  
DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response: Efficiency of Selected Processes - Fort Point Station, Boston, MA (Project Number 22-188-1-DRAFT)

Thank you for providing the Postal Service an opportunity to review and comment on the findings and recommendations contained in the draft audit report, *Efficiency of Selected Processes - Fort Point Station, Boston, MA*.

Management agrees with the three findings on cash and inventories, clock ring errors, and employee separations. However, we disagree with the monetary impact associated with the 22 retail employees with clock ring exceptions. The OIG made a correction to the number of retail employees cited in their preliminary report—from 30 to 22—but we saw no reduction to the associated monetary impact. Three of the employees [REDACTED] incurred no overtime during the scope of the audit. Total number of incidents cited amongst these three was 84.

Management has begun taking steps to address these three findings.

  
Michael W. Rakes  
Manager, Massachusetts -Rhode Island District

cc: Vice President, Area Retail & Delivery Operations (Atlantic)  
Corporate Audit Response Management

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