

Efficiency of Selected Processes – Norwood Post Office, Norwood, MA

AUDIT REPORT

Report Number 22-188-2-R23 | November 22, 2022



Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

November 22, 2022

MEMORANDUM FOR: MICHAEL RAKES
MANAGER, MA-RI DISTRICT

Michelle Lindquist

FROM: Michelle Lindquist
Director, Financial Controls

SUBJECT: Audit Report – Efficiency of Selected Processes – Norwood Post Office,
Norwood, MA (Report Number 22-188-2-R23)

This report presents the results of our audit of the Efficiency of Selected Processes – Norwood Post Office, Norwood, 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 Norwood Post Office in Norwood, MA (Project Number 22-188-2). The Norwood Post Office is in the Massachusetts-Rhode Island (MA-RI) District of the Atlantic Area. We judgmentally selected the Norwood Post Office 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 Norwood Post Office. 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.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 cause for issues identified and discussed our observations and conclusions with management on November 1, 2022, and included their comments where appropriate.

The Norwood Post Office is one of three post offices the U.S. Postal Service Office of Inspector General

(OIG) reviewed during the week of September 12, 2022.² We issued this interim report to provide the Postal Service with timely information regarding the conditions we identified at the Norwood Post Office.

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

Norwood Post Office had no employee separations during our review. However, we identified issues with the security of cash and inventories, daily reporting activities, and clock ring errors (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.

¹ We did not review data for city or rural carriers.

² We visited the Norwood Post Office, the Woburn Main Post Office, and the Fort Point Station.

Finding #1: Cash and Inventories

What We Found

Cash counts were managed effectively at the Norwood Post Office; however, we identified issues pertaining to stamp inventories and oversight. Specifically:

- The OIG count of the Unit Reserve Stamp Stock on September 13, 2022, indicated a \$110 shortage.³
- The unit reserve stamp stock custodian shared her Retail Systems Software⁴ (RSS) logon information with the unit supervisor to issue stock in her absence.

Why Did It Occur

The unit reserve stamp stock custodian stated that the former postmaster required access to their password and a key to the vault while they were the postmaster at the facility.

What Should Have Happened

Postal Service policy states field unit employees must complete a Postal Service (PS) Form 3977, *Duplicate Key, Combination, and Password Envelope*, to protect each duplicate key, combination, and logon ID and password.⁵

Effect on the Postal Service and Its Customers

Sharing passwords could lead to unauthorized individuals having access to stamp stock. If employees do not follow internal controls over accountable items, there is an increased risk to the Postal Service of undetected theft, lost revenue, and increased fraudulent activity.

³ Numbers are rounded to the nearest whole number.

⁴ The hardware and software retail transaction system used in post offices.

⁵ Handbook F-101, *Field Accounting Procedures*, Section 3-8.2.1, September 2022.

Finding #2: Daily Reporting Activities

What We Found

We reviewed a judgmental sample of five days' worth of daily financial reporting documentation during our audit scope period and found that the unit did not submit all refunds timely. Specifically, a refund for stamps totaling \$1,235.90 was requested on June 2, 2020. However, the PS Form 3533, *Application for Refund of Fees, Products and Withdrawal of Customer Accounts*, was not submitted in the Enterprise Imaging Workflow System⁶ (eIWS) until January 6, 2022.

Why Did It Occur

Unit management stated the former postmaster was not aware of the procedure for refunds over \$1,000.

What Should Have Happened

The Accounting Service Center issues refunds for more than \$1,000. The PS Form 3533 should be completed and submitted using eIWS online forms. Furthermore, all unit managers are required to perform a daily closeout which sends all applicable financial records to the appropriate USPS system.⁷

Effect on the Postal Service and Its Customers

Delayed processing creates a backlog of work for unit personnel and does not ensure good customer service.

⁶ USPS Enterprise Tool for completing and submitting certain accounting forms.

⁷ Handbook F-101, *Field Accounting Procedures*, Section 21-1.2.

Finding #3: Clock Ring Errors

What We Found

Generally, unit management corrected fatal clock ring errors⁸ in a timely manner. However, we found 275 clock rings considered to be warnings⁹ that show on the *Clock Ring Error Report* for our scope period that we consider to be avoidable. We determined that 91 of the warnings (33 percent) represented three unit personnel starting their workday outside the five-minute allowance period.

Why Did It Occur

Unit management stated the issues occurred due to their lack of oversight regarding enforcement of the policy regarding late arrivals.

What Should Have Happened

Postal Service policy¹⁰ 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.

Effect on the Postal Service and Its Customers

When managers do not enforce policies for clock-in, employees may receive improper pay and management could incur excess administrative time validating the accuracy of clock ring entries. The compensation paid to employees for time outside the five-minute allowance period totaled \$23,684.¹¹

Management's Comments

Management agreed with finding 2, daily financial activities and finding 3, clock ring errors. However, management did not agree with finding 1, regarding cash and inventories. Management stated the OIG did not include and/or miscounted some of the inventory, which caused a shortage of \$110 in the RSS. However, after recounting the inventory count had an overage of \$83.30, and not a shortage. See [Appendix B](#) for management's comments in their entirety.

Evaluation of Management's Comments

The OIG considers management's comments responsive to findings 2, and 3. Regarding finding 1, unit management supplied all available inventory at the time the OIG conducted the stamp stock count, and the OIG input the results of the count into the RSS system. Later, management stated they found additional inventory, but the count had already been completed and could not be amended. At the completion of the unit reserve and retail floor stock counts, there were shortages of \$110 and \$83.30, respectively.

⁸ Errors that appear in red in the system prevent the employee from being paid correctly for that day.

⁹ Messages that 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").

¹⁰ Handbook F-21, *Time and Attendance*, Section 142.21, February 2016.

¹¹ We calculated compensation paid based on number of minutes outside the five-minute allowance period, converted to hours, multiplied by hourly rate with benefits.

Appendix A: Additional Information

We conducted this audit from August 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),¹² 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.

¹² 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



November 10, 2022

JOHN CIHOTA
DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response: Efficiency of Selected Processes – Norwood Post Office, Norwood, MA (Project Number 22-188-2-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 – Norwood Post Office, Norwood, MA*.

Management disagrees with finding #1: Cash and Inventories. The OIG counted the unit reserve stock after close of business September 13, 2022, which resulted in a \$110 shortage. The OIG did not include and/or miscounted some of the inventory. For example, duck stamps were overlooked, and flag coils were miscounted. These oversights were brought to the OIG's attention the morning of September 14, 2022, and the a few items were recounted, and the count was adjusted which resulted in an \$83.30 overage. The stock was never 110 dollars short; the adjustment was made to the count before the 110 count was put into the RSS system.

Management agrees there were issues with employees having access to the stamp stock custodian stock, not passwords.

Management agrees with finding #2 refunds were not issued timely.

Management agrees with finding # 3 Management has always addressed attendance issues but admits it should be doing a better job addressing employees showing up to work late and have put forth measures in place to address this problem.

A handwritten signature in black ink, appearing to read "Michael W. Rakes".

Michael W. Rakes
Manager, Massachusetts -Rhode Island District

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

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