



AUDIT REPORT

Local Purchases and Payments: Fuel and Oil – Tallahassee, FL, TLH Lake Jackson Station

March 20, 2020

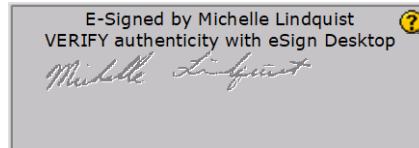


Report Number 20-148-R20



March 20, 2020

MEMORANDUM FOR: TOM BILLINGTON
MANAGER, GULF ATLANTIC DISTRICT



FROM: Michelle Lindquist
Director, Financial Controls

SUBJECT: Audit Report – Local Purchases and Payments: Fuel and Oil
– Tallahassee, FL, TLH Lake Jackson Station
(Report Number 20-148-R20)

This report presents the results of our audit of Local Purchases and Payments: Fuel and Oil – Tallahassee, FL, TLH Lake Jackson Station.

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

Attachment

cc: Corporate Audit and Response Management

Background

This report presents the results of our self-initiated audit of Local Purchases and Payments: Fuel and Oil – Tallahassee, FL, TLH Lake Jackson Station (Project Number 20-148). The TLH Lake Jackson Station is in the Gulf Atlantic District of the Southern Area. This audit was designed to provide U.S. Postal Service management with timely information on potential financial control risks at Postal Service locations.

The U.S. Postal Service Office of Inspector General's (OIG) data analysis identified this unit had a 159 percent increase in account identifier code (AIC)¹ 594 Vehicle Fuel and Oil Expense Paid Locally,² between fiscal year (FY) 2019, Quarter (Q) 4, and FY 2020, Q1, from \$1,470 to \$3,811,³ respectively. In addition, \$5,281 represented 39 percent of overall expenses paid in the Gulf Atlantic District for the same timeframe. Further, there were no payments made in FY 2018, Q4, or FY 2019, Q1 (same period last year).⁴

It is unusual for one post office to have such a high percentage of local purchases for vehicle fuel and oil using cash in one fiscal year. The Postal Service vehicle (Voyager) card is the primary means to pay for all commercial fuel and oil.⁵ However, the district allowed cash purchases to be made at this unit for a temporary basis due to problems with their Voyager cards.

Objective, Scope, and Methodology

Our objective was to determine whether local payments for fuel and oil issued at the Tallahassee, FL, TLH Lake Jackson Station were valid, processed timely, and properly supported. To accomplish our objective, we extracted and analyzed Enterprise Data Warehouse (EDW)⁶ and Fuel Asset Management System (FAMS)⁷ data for all 327 local purchases and payments, totaling \$5,281, recorded in AIC 594 at the unit between July 1 and December 31, 2019. We statistically sampled 125⁸ of the 327 transactions and reviewed them for accuracy and completeness. The total payment amount of the 125 transactions was \$2,172. We also interviewed Postal Service management regarding the transactions.

We relied on computer-generated data from EDW and FAMS. We did not test the validity of controls over these systems; however, we assessed the accuracy of the data

¹ The AIC consists of three digits and is used to classify financial transactions to the proper general ledger account.

² Expense associated with payment for emergency purchases of fuel, oil, and minor service of postal vehicles and washing vehicles at coin-operated car washes.

³ FY 2019, Q4 is equal to the accounting period of July 1 through September 30, 2019. FY 2020, Q1 is October 1 through December 31, 2019.

⁴ The quarter compared with the same quarter of the previous year.

⁵ *Voyager Card Standard Operation Procedures* (SOP), November 3, 2016, Section 2.3.

⁶ A repository intended for all data and the central source for information on retail, financial, and operational performance. Mission critical information comes to the EDW from transactions that occur across the mail delivery system, points-of-sale, and other sources.

⁷ A cost management tool for managing and controlling fuel costs.

⁸ Using Windows RAT-Stats Statistical Software with a standard confidence level of 95 percent and precision range of 14 percent, we determined the sample size to be 125 records using an anticipated rate of occurrence of 50 percent.

by reviewing related documentation, tracing selected information to supporting source records, and interviewing knowledgeable Postal Service personnel. We determined the data were sufficiently reliable for the purposes of this report.

We conducted this audit from January through March 2020 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 objective. We believe that the evidence obtained provides a reasonable basis for our finding and conclusion based on our audit objective. We discussed our observations and conclusions with management on March 6, 2020, and included their comments where appropriate.

Finding #1: Local Purchases and Payments

Local purchases and payments were processed timely but were not always valid or properly supported. Specifically, of the 125 cash advance transactions for fuel reviewed:

- Fifty transactions valued at \$878 did not have vehicle numbers on the receipts as required.
- Fifteen transactions valued at \$243, did not have receipt or Voyager Fleet Card Transaction-No Receipt forms⁹ for support.

Postal Service policy requires the vehicle number to be written on the receipt¹⁰ and the original sales receipt or a Voyager Fleet Card Transaction – No Receipt form to be maintained as supporting documentation to the unit's Postal Service Form 1412, *Daily Financial Report*.¹¹

This unit used a fuel truck contractor to provide fuel to its vehicles until October 22, 2018. Prior management did not properly enforce control over fuel cards. Carriers at the unit frequently lost, misplaced, or failed to return Voyager cards at close of business; therefore, the unit did not have enough Voyager cards for each vehicle. A new station manager started in June 2019 and stated that he cancelled all the Voyager cards due to the problems. He also requested authorization from the district office and received verbal approval in August 2019 to use cash from the retail window to refuel vehicles until replacement cards were received in October 2019. During our site visit in January 2020, the financial institution alerted management that their Voyager cards were canceled due to recent suspicious activity; therefore, unit management reinstated retrieving cash from the retail window for fuel purchases until they could obtain new Voyager cards.

⁹ Form used to replace a missing receipt.

¹⁰ Voyager Card SOP, Section 4.1.

¹¹ Handbook F-101, Section 19-1.5.1, page 6.

Unit management did not always enforce the requirements to document transactions when using the temporary process to pay for fuel purchases, documenting vehicle numbers on receipts, and using Voyager Fleet Card Transaction-No Receipt forms. Due to the urgency of the situation, unit management did not take the time to review current policies and procedures. In addition, during interviews, unit personnel said they were not aware of standard operating procedures for handling local payments for vehicle fuel expenses. A review of management training records revealed that the station manager was the only unit employee with eFleet Card Site Manager or Daily Financial Reporting training.

Maintaining adequate support documentation reduces the risk of issuing invalid payments and the potential for theft. We projected the results of our sample to the entire population of transactions and consider the 327 local purchases and payments totaling \$5,281 as disbursements at risk.¹²

Recommendation 1: We recommend the Manager, Gulf Atlantic District, direct the Station Manager, TLH Lake Jackson, to reiterate and train applicable unit personnel at the Lake Jackson Station on the proper procedures and management of Voyager card transactions and local purchase and payments for fuel.

Management's Comments

Management agreed with the finding and recommendation. District management directed local management to submit a document by close of business March 20, 2020, certifying proper procedures and management of Voyager card transactions and local purchase and payments for fuel. Also, in subsequent communication, district management advised they instructed local management to reiterate and train unit personnel on the topic. Upon completion of certification, the Manager, Post Office Operations will conduct a follow-up review to ensure compliance. Management expects to complete these tasks by April 1, 2020.

See [Appendix A](#) for management's comments in their entirety.

Evaluation of Management's Comments

The OIG considers management's comments responsive to the finding and recommendation in the report and corrective actions should resolve the issues identified.

All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. The recommendation should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendations can be closed.

¹² Disbursement made when employees did not follow proper Postal Service internal controls.

Appendix A: Management's Comments

DISTRICT MANAGER
GULF ATLANTIC DISTRICT



3/13/2020

LAZERICK POLAND
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Local Purchases and Payments: Fuel and Oil – Tallahassee, FL, TLH
Lake Jackson Station
(Project Number 20-148-DRAFT)

Management agrees with the OIG finding for the Tallahassee Lake Jackson Station for local purchases and payments not always valid or supported properly.

Recommendation [1]:

We recommend the Manager, Gulf Atlantic District, direct the Station Manager, TLH Lake Jackson, to reiterate and train applicable unit personnel at the Lake Jackson Station on the proper procedures and management of Voyager card transactions and local purchase and payments for fuel.

Management Response/Action Plan:

Management agrees with the findings and recommendation. The District Manager will send a letter to the Tallahassee Postmaster and Station Manager, TLH Lake Jackson with instructions. A document certifying proper procedures and management of Voyager card transactions and local purchases and payments for fuel will be submitted by the Station Manager by COB March 20th, 2020. Upon completion of certification, a follow up review will take place to ensure compliance by the MPOO.

Target Implementation Date:

April 1st, 2020

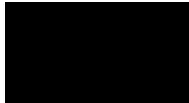
Responsible Official:

Station Manager, TLH Lake Jackson Station, will be responsible for implementation of the agreed upon action.



Thomas Billington III
Gulf Atlantic District Manager

cc:



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JACKSONVILLE, FL 32203-0005