

Office of Inspector General | United States Postal Service

Audit Report

Efficiency of Selected Processes – Stone Mountain Post Office, Stone Mountain, GA

Report Number 22-124-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 – Stone Mountain Post Office, Stone Mountain, GA (Report Number 22-124-R22)

This report presents the results of our audit of the Efficiency of Selected Processes – Stone Mountain Post Office, Stone Mountain, 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, Operational 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 Stone Mountain Post Office in Stone Mountain, GA (Project Number 22-124). This audit was designed to provide U.S. Postal Service management with timely information on potential financial control risks at Postal Service locations. The Stone Mountain Post Office is in the Georgia District of the Southern Area. We judgmentally selected the Stone Mountain Post Office for our audit.

Objective, Scope, and Methodology

Our objective was to review cash, inventory, daily reporting activities, clock ring errors, and employee separations processing at Stone Mountain Post Office.

To accomplish our objective, we reviewed data regarding inventories, daily reporting activities, clock ring errors, and employee separation 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 of clock ring errors and the steps taken to resolve them. We also reviewed compliance with procedures for separated employees, including timely suspending system access and collecting and protecting accountable property. We discussed our observations and conclusions with management on July 8, 2022, and included their comments where appropriate.

The Stone Mountain Post Office 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 Stone Mountain 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

We did not identify issues with clock ring errors or employee separation processing. However, although unit management safeguarded and secured all inventories, the unit did not always properly account for cash and stamp inventories as required. Specifically, we identified issues with receipt of stamp stock, money orders left loose, and duplicate key, combinations, and password not kept as required. In addition, the unit personnel did not always properly support all daily reporting activities (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 Stone Mountain post offices.

Finding #1: Cash and Inventories

What We Found

We determined the unit did not always properly account for cash and stamp inventories. Specifically, we conducted an independent count of cash and stamp stock and identified cash and stamp balances outside of tolerance levels.³ The results of our independent counts are in Table 2.

Table 2. Count Results Differences

Issues	Date	Overages	Shortages	Percent of Total
Clerk Cash Retained ⁴	5/3/22	\$32		31.7%
Unit Cash Reserve ⁵	5/3/22		(\$15)	(2.5%)
Unit Reserve Stock	5/3/22	\$1,453		7%
Retail Floor Stamp Stock ⁶	5/3/22		(\$30)	(1.3%)

Source: Results of OIG counts on May 3, 2022.

In addition, we identified:

- 396 unrecorded⁷ blank money orders loose on top of the [REDACTED] with a face value up to \$367,500.⁸
- The unit did not complete PS Form 3977, *Duplicate Key, Combination and Password Envelopes*, for employees.⁹
- Unit management could not provide 22 of 31 (71 percent) PS Forms 17, *Stamp Requisition/Stamp Return*, for stamp shipments received from the Stamp Fulfillment Center. Further, 4 of 9 (44 percent) documents provided

were missing employee and witness signatures and only one had a witness signature.

Why Did it Occur

- Unit management stated they did not know the correct procedure for managing the unrecorded money orders.
- Regarding PS Form 3977, unit personnel stated that they were unaware of the requirement.
- The unit reserve stock custodian of the unit reserve stock is not stationed at the unit, limiting availability to carry out responsibilities relating to the processing and maintenance of receipt of stamp 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 within the postal retail unit. Further, policy states 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.

Postal Service policy also states the field unit manager or supervisor is responsible for providing and monitoring adequate security for all building-related security matters, including compliance with duplicate keys, passwords, combinations for use with safes and vaults, etc.¹⁰

Unit reserve stock custodians are responsible for the value of their assigned stamp stock and money orders.¹¹ PS Form 17 is used to document shipments of stock and should be signed, witnessed, and retained for a period of two years.¹²

³ Tolerance is the allowed difference for individually accountable inventory segments.
⁴ Handbook F-101, *Field Accounting Procedures*, January 2022, Section 13-7.4. Policy allows a tolerance of \$25 either over the \$100 cash drawer amount or short.
⁵ 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.
⁶ A common inventory for use by retail employees who are not directly accountable for that inventory. Although no individual is accountable for this stock, each employee making sales from this credit is responsible for ensuring accurate reporting of the sales from the retail floor stock.
⁷ The money orders were not associated with any clerks or recorded in the unit reserve stock.
⁸ Value is based on maximum face value of a Postal money order, \$1,000 for domestic and \$700 for international (301 domestic X \$1000 = \$301,000 + 95 international X \$700 = \$66,500 = \$367,500).
⁹ Used to record and store duplicate keys, passwords, and log-on ID.
¹⁰ Handbook F-1, *Accounting and Reporting Policy*, January 2015, Section 2-5.2.2.2.
¹¹ Handbook F-101, Section 13-1.
¹² Handbook F-101, Appendix D.

Effect on the Postal Service

If internal controls over accountable items are not followed, there is an increased risk to the Postal Service of undetected theft, lost revenue and increased fraudulent activity. If an employee is absent and management cannot access the employee's duplicate key and updated password, management will not be able to conduct cash counts timely, decreasing the ability to mitigate risks of theft.

Finding #2: Daily Reporting Activities

What We Found

We reviewed a judgmental sample of ten days of daily financial reporting documentation during our audit scope period of October 1, 2021, through March 31, 2022, and found that a retail associate (RA) did not include supporting documentation for one cash refund transaction for \$4. In addition, 9 of 45 Account Identifier Code (AIC) 509,¹³ *Voided Postage Validation Imprinter (PVI) Labels*, transactions were missing the Retail System Software support, voided PVI labels, and/or witness signatures.

Why Did it Occur

Unit management stated they did not know why the support was missing for the refund or PVI voided transactions, or why the responsible clerk did not obtain a signature on the PVI voids.

What Should Have Happened

Postal Service policy states RAs, at time of closing, verify PS Form 1412, *Daily Financial Report*,¹⁴ entry amounts match the supporting documentation.¹⁵ In addition, policy states the closeout employee must confirm all required supporting documentation is submitted and, following closing procedures, PS Form 1412 is filed with the supporting documentation.¹⁶

Effect on the Postal Service

When supporting documentation for transactions are not provided, the Postal Service has an increased risk of undetected errors or theft from fraudulent activity.

¹³ AIC records PVI labels and Post Office Postage Meter strips that are damaged or printed in error and therefore voided.

¹⁴ 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.

¹⁵ Handbook F-101, Section 5-3.1.c.

¹⁶ Handbook F-101, Section 5-3.2.b.

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)¹⁷ and Retail Systems Software.¹⁸ 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.

¹⁷ 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.

¹⁸ The hardware and software retail transaction system used in post offices.

Appendix B: Management's Comments



07/11/2022

JOHN CIHOTA
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Efficiency of Selected Processes – Stone Mountain Post Office, Stone Mountain, GA (Project Number 22-124-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 – Stone Mountain Post Office, Stone Mountain, GA.

Following are our comments on each of the two findings.

Finding #1: Cash and Inventories

We determined the unit did not always properly account for cash and stamp inventories. Specifically, we conducted an independent count of cash and stamp stock and identified cash and stamp balances outside of tolerance levels.⁴

Management Response/Action Plan:

Management agrees with this finding.

- Stone Mountain has resolved the shortages as of counts performed on 07/07/2022 all counts within tolerance

Responsible Official: Postmaster Stone Mountain Post Office

Finding #2: Daily Reporting Activities

We reviewed a judgmental sample of ten days of daily financial reporting documentation during our audit scope period of October 1, 2021, through March 31, 2022, and found that a retail associate (RA) did not include supporting documentation for one cash refund transaction for \$4. In addition, 9 of 45 Account Identifier Code (AIC) 509, *Voided Postage Validation Imprinter (PVI) Labels*, transactions were missing the Retail System Software support, voided PVI labels, and/or witness signatures.

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