

Groesbeck Branch in Cincinnati, OH: Controls Over Retail Transactions

AUDIT REPORT

Report Number 23-106-2-R23 | July 11, 2023



Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

July 11, 2023

MEMORANDUM FOR: WILLIAM D. JONES
MANAGER, OHIO 2 DISTRICT

A handwritten signature in black ink, appearing to read "J. Littlejohn", is positioned below the recipient information.

FROM: John T. Littlejohn
Audit Director, Financial Controls Team

SUBJECT: Audit Report – Groesbeck Branch in Cincinnati, OH: Controls Over Retail Transactions (Report Number 23-106-2-R23)

This report presents the results of our audit of the Groesbeck Branch in Cincinnati, OH: Controls over Retail Transactions.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Frank McElligott, 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, Area Retail and Delivery Operations, Central

Results

Background

This interim report presents the results of our self-initiated audit of the controls over retail transactions at Groesbeck Branch in Cincinnati, OH (Project Number 23-106-2). The Groesbeck Branch is in the Ohio 2 District of the Central Area. We judgmentally selected the Groesbeck Branch for our audit.

Objective, Scope, and Methodology

Our objective was to review cash and stamp inventory, daily reporting activities, clock ring adjustments, and employee separations at Groesbeck Branch. Our audit scope was October 1, 2022, through March 31, 2023.

To accomplish our objective, we reviewed data regarding inventories, daily reporting activities, clock ring adjustments, and employee separations to identify at-risk transactions.¹ We conducted physical counts of the unit cash reserve, 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 June 23, 2023, and included their comments where appropriate.

The Groesbeck Branch is one of three post offices² the U.S. Postal Service Office of Inspector General (OIG) reviewed during the week of May 8, 2023. We are issuing this interim report to provide the U.S. Postal Service with timely information regarding the conditions we identified at the Groesbeck Branch. 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

Groesbeck management appropriately performed daily reporting activities and employee separations; however, we identified issues with cash and inventories, as well as clock ring adjustments (see Table 1).

Table 1. Summary of Results

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

Source: Results of OIG fieldwork during the week of May 8, 2023.

We looked at daily reporting activities, including a test of PS Forms 1412 and found no issues. Similarly, we reviewed 4 employee separations and found the unit followed all related policy.

During fieldwork, we conduct an independent count of cash and stamp inventories. Unit management is required to complete periodic counts throughout the year. Having a shortage or overage on a count does not necessarily indicate wrongdoing, but it is an indicator of the strength of internal controls at the unit. At this unit, we found the retail floor stock was over \$1,215, or 5.8 percent of the total, and the unit cash reserve was short \$20, or 3 percent of the total.

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

² We also visited the Madeira Branch (Project Number 23-106-1) and Cincinnati Main Office (Project Number 23-106-3).

Finding #1: Cash and Inventories

What We Found

At Groesbeck Branch, we identified issues with Voyager cards³ and respective personal identification numbers⁴ (PIN), premium gas purchases, and unrecorded blank money orders and stamps. Specifically,

- We found the unit needed to significantly improve accountability of Voyager cards. Specifically, on January 11, 2023, they ordered 32 cards to replace those lost or missing. The unit ordered an additional 32 cards on May 8, 2023, to replace lost or missing cards. The unit currently has 67 Voyager cards.
- The unit did not issue a Voyager card PIN for each of their drivers. We found unit management needed to issue 11 PINs.
- The unit's drivers purchased about \$6,800 of premium fuel from April 2022 to April 2023.
- We found 51 domestic money orders with a value of up to \$51,000⁵ were not recorded in Retail Systems Software (RSS).⁶
- The unit had \$9,695 worth of nonsaleable stamps that were not recorded in RSS and should have been returned for destruction (see Figure 1).

Figure 1. Nonsaleable Stamps



Source: OIG photo taken May 9, 2023.

Why Did it Occur

These issues occurred because:

- Unit management stated a district representative previously communicated that there was a union grievance that stated drivers did not need to sign for their Voyager cards. We asked for a copy of this grievance but they were not able to obtain it. As a result of the district's communication regarding the grievance, unit management did not maintain any records or sign out sheet to track if drivers returned the cards.
- Unit management began at the unit in January 2023, and stated they were unaware all drivers did not have their respective PINs. Unit management took immediate corrective action and issued Voyager PINs to all drivers.
- Unit management instructed drivers not to purchase premium fuel. In April 2023, there were no premium fuel purchases. Unit management stated there was confusion caused by the sticker located above the gas filler port on Mercedes Metris vans that states a minimum of 91 octane fuel, typically considered premium fuel, must be used (see Figure 2).

Figure 2. Octane Fuel Rating



Source: OIG photo taken on May 10, 2023.

3 The U.S. Postal Service uses credit cards, called Voyager cards, to pay for the commercially purchased fuel, oil, and routine maintenance for its vehicles.
4 Each driver is assigned a unique PIN for their Voyager card purchases.
5 Value is based on \$1,000 maximum face value of a Postal domestic money order (51 Domestic X \$1,000 = \$51,000).
6 The hardware and software retail transaction system used in post offices.

- Unit management stated they believed these money orders were reported as lost and they were unaware of how to dispose of them. Unit management took corrective action and destroyed these 51 blank money orders.
- Unit management had been at the unit for four months, and was unaware these stamps were stored in the unit reserve and did not know how they got there.

What Should Have Happened

Postal Service Voyager card standard operating procedure states Voyager cards must be kept in secure locations. Unit management must create a process for drivers to sign for the card associated with the vehicle they will be operating and to ensure the card is returned to the same secure location at the end of the vehicle's usage.⁷ Postal Service employees should only have one assigned Voyager card PIN that should never be shared.⁸

Postal Service policy requires that vehicles certified for unleaded gasoline are required to be fueled with unleaded regular.⁹ Further, during our scope, on November 10, 2022, the Vice President for Delivery Operations issued a letter stating regular unleaded fuel is approved for use in all Postal Service-owned vehicles and should be used to refuel light delivery, medium delivery, and administrative vehicles unless no regular unleaded fuel is available in the vicinity. To further clarify, light delivery vehicles refer to all Long-Life Vehicles, Flex Fuel Vehicles, minivans, ProMasters, and Metris.

Postal Service policy states unit management should destroy all parts of the money order stock locally by shredding or cutting each money order into at least eight pieces.¹⁰

Finally, Postal Service policy states a stamp stock custodian may return nonsaleable stock for destruction for obsolete stock that is removed from sale at all locations.¹¹

Effect on the Postal Service

When there is insufficient oversight and supervision of accountable items, such as Voyager cards and respective PINs, there is increased risk of misuse and theft. We consider the \$6,800 value of premium fuel purchases as funds put to better use.¹²

Improperly accounting for money orders and stamp stock, physically and in financial records, increases the risk of loss and opportunities for theft to occur and go unnoticed. We consider the unrecorded blank money orders and stamps as assets or accountable items at risk¹³ totaling \$51,000 and \$9,695 respectively.

⁷ *Voyager Fleet Card Standard Operating Procedure (SOP)*, Section 2.1, October 2021.

⁸ *Voyager Fleet Card SOP*, Section 2-2-2.

⁹ Handbook PO-701, *Fleet Management*, Section 373.1, October 2008.

¹⁰ Handbook F-101, *Field Accounting Procedures*, Section 11-12.6.2c, September 2022.

¹¹ Handbook F-101, Section 11-6.2.1.

¹² Funds that could be used more efficiently by implementing recommended actions. Generally, the category "funds put to better use" applies to future events, not more than 5 years (or 60 future months, 20 quarters, etc.).

¹³ Assets or accountable items at risk of loss is a category due to lack of inadequate internal controls. Examples include, but are not limited to cash, stamps, or money orders.

Finding #2: Clock Ring Adjustments

What We Found

Generally, unit management corrected fatal clock ring adjustments in a timely manner. However, the lead sales and service associate (LSSA) completed Time and Collection System (TACS)¹⁴ training but did not request access to TACS and therefore, did not perform duties as required.

Why Did it Occur

Unit management had recently transferred to the unit in January 2023, and they had not had time to address TACS issues. We interviewed the LSSA and she stated she was uncomfortable in performing TACS duties.

What Should Have Happened

Policy states unit management should assign LSSAs TACS duties, including correcting daily clock ring errors. On July 16, 2021, multiple headquarters' officials issued a letter to all district managers stating that all units must have lead clerks trained and assigned TACS timekeeping duties.

Effect on the Postal Service

When the LSSA is not trained or assigned TACS duties, it could lead to inaccurate timekeeping.

Management's Comments

Management agreed with the two findings in the report. In addition, management stated they have begun taking steps to address the findings by returning nonsaleable stamp stock and implementing a process to account for all Voyager cards and pins. See [Appendix B](#) for management's comments in their entirety.

Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendations in the report.

¹⁴ 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.

Appendix A: Additional Information

We conducted this audit from May through July 2023 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 assessed the reliability of EDW,¹⁵ RSS, and TACS 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.

¹⁵ 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.



July 3, 2023

JOHN CIHOTA
DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response: Groesbeck Branch in Cincinnati, OH: Controls over
Retail Transactions (Report Number 23-106-2-DRAFT)

Thank you for providing the Postal Service an opportunity to review and comment on the findings contained in the draft audit report, *Groesbeck Branch in Cincinnati, OH: Controls over Retail Transactions*.

Management agrees with the two findings in the report on cash and inventories, and clock ring adjustments.

Management has begun taking steps to address the two findings.

Cash and Inventories: Stamp stock counts will be reviewed by management to confirm accuracy. Non-saleable stamp stock is scheduled to be returned in July 2023. Management has implemented a process to account for all Voyager cards that includes use of a log to sign cards in and out. All Voyager card pins have been verified and pins issued to each driver. Additionally, a service talk was given to carriers on proper use of Voyager cards. The 51 domestic money orders mentioned in the report have been destroyed.

Clock Ring Adjustments: The Lead SSA has been trained and is performing Time and Attendance Collection System (TACS) duties.

A handwritten signature in cursive script that reads "William D Jones".

William D. Jones
Manager, Ohio 2 District

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

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