

Capping Report - Ohio 2 District: Controls Over Retail Transactions

AUDIT REPORT

Report Number 23-106-R23 | August 11, 2023



Grosbeck
Post Office



Madeira
Post Office



Cincinnati Main
Post Office

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Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

August 11, 2023

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

A handwritten signature in black ink, appearing to read "J. Littlejohn", is centered below the memorandum header.

FROM: John T. Littlejohn
Director, Financial Controls

SUBJECT: Audit Report – Capping Report – Ohio 2 District: Controls Over Retail
Transactions (Report Number 23-106-R23)

This capping report presents the results of our audits of the Controls Over Retail Transactions in the Ohio 2 District.

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

Results

Background

This report presents a summary of the results of our self-initiated audits assessing the controls over retail transactions at three selected retail units in the Ohio 2 District (Project Number 23-106). These retail units include Madeira Branch, Groesbeck Branch, and the Cincinnati Main Post Office in the Ohio 2 District of the Central Area. The U.S. Postal Service Office of Inspector General (OIG) previously issued interim reports¹ to district management for each of these retail units regarding the conditions we identified.

Objective, Scope, and Methodology

Our objective was to review cash and stamp inventories, daily reporting activities, clock ring adjustments, and employee separations at the Madeira Branch, Groesbeck Branch, and the Cincinnati Main Post Office. Our audit review scope period was October 1, 2022, through March 31, 2023. We reviewed the three post offices during the week of May 8, 2023. We are issuing this capping report to provide the U.S. Postal Service with overall findings and recommendations for all three post offices.

We conducted physical counts of 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 cause of clock ring adjustments and the steps taken to resolve them, and we reviewed compliance with procedures for separated employees, including timely suspending system access and collecting and protecting accountable property.

In planning and conducting the audit, we obtained an understanding of the Ohio 2 District internal control structure to help determine the nature, timing, and extent of our audit procedures. We reviewed the

management controls for overseeing the program and mitigating associated risks. Additionally, we assessed the internal control components and underlying principles, and we determined that the following four components were significant to our audit objective:

- Control Environment
- Control Activities
- Information and Communication
- Monitoring

We developed audit work to ensure that we assessed these controls. Based on the work performed, we identified internal control deficiencies related to control activities that were significant within the context of our objectives. Our recommendations, if implemented, should correct the weaknesses we identified.

We conducted these audits from July 2023 through September 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 discussed our observations and conclusions with management on August 3, 2023, and included their comments where appropriate.

We assessed the reliability of Enterprise Data Warehouse (EDW),² Retail Systems Software (RSS)³ inventory reports, and Time and Collection System (TACS)⁴ data by reviewing related documentation,

¹ *Controls Over Retail Transactions – Madeira Branch, Cincinnati, OH* (Report Number 23-106-1-R23, dated July 11, 2023), *Controls Over Retail Transactions – Groesbeck Branch, Cincinnati, OH* (Report Number 23-106-2-R23, dated July 11, 2023), and *Controls Over Retail Transactions, Cincinnati, OH* (Report Number 23-106-3-R23, dated July 11, 2023).

² 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.

³ The hardware and software retail transaction system used in post offices.

⁴ 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.

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.

Results Summary

We identified issues regarding cash and inventories and clock ring adjustments at all three retail units. In addition, we identified issues regarding daily report activities at two of the retail units. Lastly, we identified an issue with employee separations at one unit (see Table 1).

Table 1. Summary of Results

Controls Reviewed	Deficiencies Identified – Yes or No		
	Madeira	Groesbeck	Cincinnati Main
Cash and Inventories	Yes	Yes	Yes
Daily Reporting Activities	Yes	No	Yes
Clock Ring Adjustments	Yes	Yes	Yes
Employee Separations	No	No	Yes

Source: OIG summary of results from fieldwork during week of May 8, 2023.

Finding #1: Cash and Inventories

What We Found

Cash and stamps and other accountable items were not always managed effectively (see Table 2).

At the Madeira Branch we found:

- The stock custodian did not have a key to the unit stock storage room and regularly unlocked the door with a coat hanger. The value of the unit stock not secured in the room totaled \$43,954.
- The sales and service associates (SSA) used unsecured drawers while performing transactions,

instead of using the register drawer attached to RSS units.

- One SSA's drawer was found unsecured in the safe and contained \$208; no assets were missing, as verified by Postal Service (PS) Form 1412, *Daily Financial Report*.
- The round date stamps⁵ were not secured at the close of business day.
- Bait money orders⁶ were not left on the counters.
- Unit Personnel did not properly complete, update, or maintain PS Forms 3977 – *Duplicate Key, Combination and Password Envelope*. Specifically, of the seven PS Forms 3977 on file at the unit, none were completed properly. Additionally, management did not maintain a PS Form 3902, *Form 3977 Log and Lock Examination* for the unit.
- Comingled cash in a locked drawer in the safe. This drawer was used by the lead sales and service associate (LSSA). The amount in the drawer was \$504.66.

At the Groesbeck Branch, we found:

- The unit needed to significantly improve accountability of Voyager cards.⁷ 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 personal identification number (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 March 2023.
- There were 51 domestic money orders with a value of up to \$51,000,⁸ not recorded in RSS.

5 Handbook PO-209, *Retail Operations Handbook*, Chapter 6-11.3.2 Round Date Stamp, October 2012 - The all-purpose date stamp is used for stamping the customer copy of receipts for services such as Certified Mail or Delivery Confirmation. This stamp is also used for Registered Mail and on the daily bank deposit slip.

6 The purpose of the Bait Money Order Program is to provide post office employees with prepared money orders. If a bait money order is stolen and cashed, it may provide investigative leads that will help identify and apprehend criminals. The Bait Money Order Program was designed for both robberies and burglaries.

7 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.

8 Value is based on \$1,000 maximum face value of a Postal Service domestic money order (51 Domestic X \$1,000 = \$51,000).

- The unit had \$9,695 worth of nonsaleable stamps not recorded in RSS and should have been returned for destruction.

At the Cincinnati Main Post Office, we found:

- Unit personnel did not always conduct an independent count of internal stamp stock transfers from the unit reserve stock to the retail floor stock to verify accuracy. Specifically, we found 21 of 26 PS Forms 17, *Stamp Requisition/Stamp Return*, totaling \$100,076, did not contain the receiver or witness signatures, as required. In addition, verification of stamp stock counts did not occur due to the lack of adequately stored support documentation.
- Unrecorded off-sale stamp stock totaling approximately \$216 stored in drawers and a shelf unit within the vault. The unit reserve stamp stock or retail floor stock inventory recorded in RSS did not include this off-sale stock.

- Unit management did not always adequately secure accountable and non-mail items. Specifically, we found various loose keys labeled parcel locker, lobby copy machine, and supply cabinet; two keys to a gate; and two arrow keys stored on the top of a drawer cabinet within the vault, but not inside a locked drawer or cabinet.
- One SSA's cash drawer contained a key in the slot that allowed access to the contents. This unsecured drawer contained cash and 191 blank domestic money orders with a potential value of \$191,100.⁹ This drawer belongs to an employee who transferred to a different functional area within the Postal Service.
- One SSA assigned to the Cincinnati Main Office was in possession of the LSSA and supervisor customer services' (SCS) RSS passwords. This SSA also maintained the key to the locked section of the main vault, which contained the inventory of the unit reserve stamp stock.

Table 2. Cash and Inventory Issues

#	Issues	Madeira	Groesbeck	Cincinnati Main	Corrective Action Taken Yes or No
1	Retail Floor Stamps	\$637	\$1,215	(\$626)	Yes
2	Unit Cash Reserve	(148)	(20)	0	Yes
3	Unit Reserve Stamps	78	0	63	Yes
4	Stamp Stock Security	43,954			Yes
5	Cash Drawer Security	208			Yes
6	Cash Drawer Security			191,100	No
7	Comingled Cash	505			Yes
8	Premium Fuel Purchases		6,800		Yes
9	Unrecorded Domestic Money Orders		51,000		Yes
10	Unrecorded Stamps		9,695	216	No
11	PS Form 17 Incomplete			100,076	No

Source: OIG interim reports issued May 8, 2023.

⁹ Value is based on \$1,000 maximum face value of a Postal Service domestic money order (191 Domestic X \$1,000 = \$191,000).

Why Did It Occur

At the Madeira Branch:

- These issues occurred due to a lack of unit management oversight. Specifically, the supervisor was unaware the inventory of PS Forms 3977 was not all complete. Additionally, the LSSA said the \$504.66 in the comingled drawer was his own money, as he did not have a personal bank account. The LSSA was unaware of postal policy prohibiting comingling.

At the Groesbeck Branch:

- The Voyager card issues occurred because of communication around a grievance, confusion around Postal Service policy, and new management not being aware of issues. 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.¹⁰ 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 stated there was past confusion over the policy around premium fuel 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. Management instructed drivers not to purchase premium fuel, and in April 2023, there were no premium fuel purchases. 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 was not aware of the stamps or money orders stored in the unit reserve because they were new to the unit.

At the Cincinnati Main Post Office:

- Independent counts of internal stamp stock transfers from the unit reserve stock to the retail

floor stock to verify accuracy and the sharing of the RSS password did not occur due to a transition period in which the unit reserve custodian worked at other retail units and was not accessible. Also, other duties taking priority and management misplacing supporting documents were contributing causes for this occurrence.

- The unit reserve custodian did not return the off-sale stamp stock found in the main vault because they were not aware of these items.
- The unsecured loose keys and the key found in the SSA drawer containing cash and accountable items was due to lack of management oversight. The position of SCS was in transition during the audit scope period, which affected internal controls at this unit. A rotation of personnel was instituted to fill the SCS role because the assigned SCS was working outside of this unit at other Cincinnati area retail units.

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, such as money orders and stamps in the postal retail unit.¹¹ Further, policy¹² 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) the laptop computer, arrow keys and stamp stock, and ensure proper entry of all financial transactions. Postal Service funds must always be kept separate from personal funds.¹³
- The field unit manager or supervisor is responsible for providing and monitoring adequate security for all building-related security matters, including compliance with PS Form 3902, Form 3977 *Log and Lock Examination*. This form is used to maintain a record showing the employee's name, the date of examination of the PS Form 3977, the date of examination of locks and keys, and the

¹⁰ We asked for a copy of this grievance, but they were not able to obtain it.

¹¹ Handbook F-101, *Field Accounting Procedures*, Section 11-3.1, September 2022.

¹² Handbook F-101, Section 3-1.1.

¹³ Handbook PO-209, Chapter 6-8.

supervisor's initials. RSS units must enter results into RSS.¹⁴

- 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.¹⁵ Postal Service employees should only have one assigned Voyager card PIN that should never be shared.¹⁶
- Vehicles certified for unleaded gasoline are required to be fueled with unleaded regular.¹⁷ 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.
- Unit management should destroy all parts of the money order stock locally by shredding or cutting each money order into at least eight pieces.¹⁸
- A stamp stock custodian may return nonsaleable stock for destruction for obsolete stock that is removed from sale at all locations.¹⁹
- An employee assigned a retail floor stock role must independently count and verify with a witness all stock moved in and out of the retail floor stock.²⁰ Additionally, unit personnel must count the stock and verify with a witness on the computer-generated PS Form 17.²¹

- Field unit managers must count the unit reserve stamp stock for stock held by a bargaining employee quarterly and record the information in RSS.²²
- When stamp stock is received, employees must count the stock and verify, sign, and witness, the amount reported on PS Form 17 and sign the form as the person receiving the stock (a witness signature is required).²³
- All personnel should not share their personal password with coworkers to enable them to access their system for any reason; and should not let anyone else use their logon ID or password nor use anyone else's.²⁴

Effect on the Postal Service and Its Customers

Improperly accounting for accountable items, such as SSA's cash drawers, arrow keys, money orders, and stamp stock shipments both physically and in financial records increases the risk of loss and opportunities for theft to occur and go unnoticed. We consider the unsecured and unrecorded stamps as assets or accountable items at risk,²⁵ totaling \$53,649. We consider the unrecorded money orders as assets or accountable items at risk totaling \$51,000. We consider the stock transfer documents processed without receiver and witness signatures, and the unrecorded stamp stock inventory accountable items at risk totaling \$100,292.

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.²⁶

The sharing of passwords could lead to unauthorized individuals having access to stamp stock.

14 Handbook F-101, Exhibit 3-8.2.2.

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

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

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

18 Handbook F-101, Section 11-12.6.2c.

19 Handbook F-101, Section 11-6.2.1.

20 Handbook F-101, Section 14-2.2. b.

21 Handbook F-101, Section 11-5.1.

22 Handbook F-101, Section 14-2.5.

23 Handbook F-101, Section 13-2.8.

24 Handbook AS-805-C, Section 2 page 3, November 2021.

25 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.

26 Monetary impacts related to premium fuel were identified in a previously issued audit, *Management Alert - Voyager Card - Internal Control Issues* (Report Number 22-006-1-R23, dated October 27, 2022). Therefore, we will not be claiming monetary impact related to premium fuel purchases.

Management Actions

At the Madeira Branch, to ensure stamps and cash are secured, management installed a new strike plate and set screw that provided a tamper free locking mechanism. Additionally, duplicate key envelopes have been updated, new cash drawers were ordered and are now in use, round date stamps are secured nightly, and bait money orders left on counters.

At the Groesbeck Branch, 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.

At the Cincinnati Main Post Office, management will ensure all required personnel complete a HERO training course, Field: Stamp Stock Management. An audit of the stamp stock has been conducted to include non-saleable stock and recorded appropriately. All loose keys have been properly identified and secured. The extra arrow keys have been returned to the Inspection Service. Locks have been changed, and duplicate key envelopes updated for all personnel. The SCS took corrective action and changed their RSS password.

Recommendation #1

We recommend the **District Manager, Ohio 2 District**, verify unit management at Madeira Branch, Groesbeck Branch, and Cincinnati Main Post Office take supplemental training about how to effectively manage and secure cash and inventory.

Recommendation #2

We recommend the **District Manager, Ohio 2 District**, reiterate requirements for unit management at the Cincinnati Main Post Office to monitor the stamp stock transfer process and confirm PS Forms 17, *Stock Requisition/Stamp Return*, are properly completed and maintained.

Finding #2: Daily Financial Reporting Process

What We Found

We identified issues relating to accuracy and timeliness of financial reporting activities at Madeira Branch and Cincinnati Main Office. At both units, supporting documentation was not always complete, accurate, or missing for judgmentally selected transactions reviewed during October 1, 2022, through March 31, 2023.

At the Madeira Branch, there was no evidence of review of the financial reporting activities. There was no Postage Validation Imprinter (PVI) voids/refund documentation. The unit did have all documentation for AIC 676 (express mail refunds) and AIC 553 (refunds for postage). At the Cincinnati Main Office, we found unit personnel did not maintain documentation or properly complete forms for 35 percent of transactions (21 of 60) with a value totaling \$31,718.²⁷ In addition, unit management did not maintain a file for financial differences.

Why Did It Occur

Unit management at the Madeira Branch stated they did not have time to review the daily PS Forms 1412, as the supervisor spent the majority of their time at the carrier annex. The management team has been operating with only three of four assigned supervisors, as one has been on extended leave for a year. As a result, the LSSAs in each finance station are required to do all paperwork with little to no supervision from the management team. The LSSA at Madeira stated he had no formal training for the position and was not aware of all the documentation needed for each day.

At the Cincinnati Main Office, unit supervisors did not always perform required reviews of the daily financial report transactions for accuracy and support due to frequent rotation of supervisors at the unit. This lack of permanent supervision caused by the gapped SCS position contributed to providing minimal oversight of the Cincinnati Main Office daily retail operation, including missing required witness signatures on completed PS Forms. The unit manager was aware of the requirement to document and maintain a log of all financial differences occurring at the unit. They delegated this function to the LSSA who

27 The amount is the total for all sixty transactions examined. The total for the twenty-one unsupported or incomplete forms was \$16,186.

was not aware of this responsibility; however, unit management did not monitor this function or provide oversight for compliance.

What Should Have Happened

Postal Service policy²⁸ states unit managers must review supporting documentation for all entries included on PS Form 1412 and concur with the overall presentation of the report each day. Also, unit management must review and maintain a file for all financial differences expensed to the unit.

Effect on the Postal Service and Its Customers

When unit management does not review financial reports, including verifying supporting documentation, the Postal Service has an increased risk of undetected errors, theft, lost revenue, and fraudulent activity. We consider the unsupported transactions totaling \$16,186 as unsupported unrecoverable questioned costs.²⁹

Management Actions

At the Madeira Branch, the LSSA has received training on how to properly document voids/refunds for PVI labels. Management has a process in place to conduct reviews of daily PS Form 1412 to ensure accuracy and timeliness. At the Cincinnati Main Office, all required personnel will complete a HERO course, Field: Daily Financial Reporting. Management will implement a process to validate daily financial reports for accuracy and timeliness. A file for financial differences has been created and maintained.

Recommendation #3

We recommend the **District Manager, Ohio 2 District**, train personnel and implement a process to validate financial reports for accuracy at the Cincinnati Main Office.

Finding #3: Clock Ring Adjustments

What We Found

At all three units, the LSSAs did not perform TACS duties, as required. In addition, unit management at the Madeira Branch Office did not always retain documentation to support clock ring adjustments

occurring between October 1, 2022, and March 31, 2023. Specifically, unit management did not retain PS Forms 1017-A, *Time Disallowance Record*,³⁰ for three instances involving two employees when the time was disallowed, and they were also missing PS Form 1017-B, *Unauthorized Overtime Record*³¹ log.

Why Did It Occur

At the Madeira Branch, the LSSA did not have access to TACS and has yet to receive the training. Unit management misinterpreted the requirement to retain the PS Forms 1017-A and 1017-B locally, since the information to support the adjustments was already entered into TACS. At the Groesbeck Branch, 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 performing TACS duties. At the Cincinnati Main Office, the LSSA did not perform TACS duties, as required, because management completed TACS responsibilities to focus on addressing and decreasing clock ring errors for all retail units within their assigned functional area.

What Should Have Happened

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. In addition, Postal Service policy³² states unit personnel must complete PS Form 1017-A or PS Form 1017-B in its entirety and document the reason for disallowance with the first incident of disallowed time.

Effect on the Postal Service and Its Customers

The Postal Service risks violation of the federal law, Fair Labor Standards Act, when unit management does not maintain documentation that shows the justifiable reason and the employee notification for disallowed time. In addition, when the LSSA is not trained or assigned TACS duties, it could lead to inaccurate timekeeping.

Management Actions

At the Madeira Branch, the LSSA completed TACS training and is now performing TACS duties. PS Forms

28 Handbook F-101, Section 2-4.1.

29 A subset of questioned costs that are called into question because of missing or incomplete documentation or failure to follow required procedures.

30 Form used only when a supervisor observes, or has reason to know, that an employee did not work, while "on the clock." The supervisor must document the basis for any such disallowance. Serves as a cumulative record of disallowed time.

31 Managers and supervisors are required to complete a PS Form 1017-B the first time a non-exempt employee incurs unauthorized overtime. The form serves as a cumulative record of unauthorized overtime.

32 TACS Supervisor's Training Participant's Workbook, April 2012, Draft.

1017-A, *Time Disallowance Record*, and PS Form 1017-B, *Unauthorized Overtime Record*, are maintained and updated when necessary.

At Groesbeck Branch and Cincinnati Main Office, the LSSA has been trained and is performing TACS duties. Therefore, there will be no recommendation for this specific finding in this report.

Finding #4: Employee Separations

What We Found

Unit management at the Cincinnati Main Office did not always properly process separated employees. Specifically, three employees that separated by transfer or termination between February 10, 2022, and March 24, 2023, had active retail roles in RSS at the time of our site visit. We found the main vault contained SSA accountability drawers designated for these separated employees. The drawers included cash totaling \$300 and a total of 405 assigned blank domestic money orders valued at \$405,000. Further, unit management did not complete PS Form 337, *Clearance Record for Separated Employees*, or change the safe combination and locks after each employee's separation, as required.

Why Did It Occur

Unit management initially stated that no employees separated from the unit during our scope period. After we inquired about the status of three former employees, unit management stated the employees changed jobs to work in a processing and distribution center, and it has been difficult coordinating with the plant managers to get two of the three employees to come back to the unit to close out their cash drawers. Unit management could not state a specific reason why they did not follow the required close-out process for one employee that was terminated 438 days ago.

What Should Have Happened

Postal Service policy states:

- Management must ensure that they remove an employee's role from RSS no later than the employee's last day of work at that unit.³³
- When a retail associate separates from the unit, management must conduct a final count of the cash-retained credit.³⁴ When a retail associate's cash retained credit is considered inactive, the retail unit ships all assigned money orders to the unit reserve and deposits to the bank or transfers any funds to another retail associate.³⁵
- When a Postal Service manager is aware that an employee will be separating, the manager must ensure that the separated employee completes the appropriate checklist, PS Form 337.³⁶
- Management must change the safe's combination whenever a person who knows a combination of a safe or vault separates or transfers from the unit.³⁷

Effect on the Postal Service

Cash, blank money orders, and other Postal Service assets could be stolen or used for unintended purposes when appropriate policies are not followed. Failure to change a combination is considered contributory negligence by the responsible employee if property is stolen from a safe and vault without force.³⁸ We consider the cash and blank domestic money orders found in the three SSAs' cash drawers that were not closed out when the employees separated from retail operations at the Cincinnati Main Office, valued at \$405,300,³⁹ as accountable items at risk.

³³ Handbook F-101, Section 2-4.8 b.

³⁴ Handbook F-101, Section 13-7.4 b.

³⁵ Handbook F-101, Section 13-6.5 c.

³⁶ Handbook AS-353, *Guide to Privacy, the Freedom of Information Act, and Records Management*, Section 6-6.2 a, February 2019.

³⁷ Handbook F-101, Section 3-9.2 b.

³⁸ Handbook F-101, Section 3-9.2.

³⁹ Includes \$300 cash and the value of the 405 blank domestic money orders. The value is based on \$1,000 maximum face value of a Postal domestic money order (405 domestic X \$1,000 = \$405,000).

Management Actions

The one terminated employee has been removed from the system. Management initiated action to remove the two transferred employees from the system.

Recommendation #4

We recommend the **District Manager, Ohio 2 District**, verify all separated/transferred employees are closed out in RSS at the Cincinnati Main Post Office.

Management's Comments

Management agreed with all findings, recommendations, and monetary impact.

Regarding recommendation 1, management stated they completed training related to proper management and security of cash and inventory. Management requested this recommendation be closed with issuance of the final report.

Regarding recommendation 2, management stated the Cincinnati Main Post Office completed the Daily Financial Reporting and Stamp Stock Management courses in HERO. Additionally, management completed PS Form 17 and returned all obsolete stamp stock. Management requested this recommendation be closed with issuance of the final report.

Regarding recommendation 3, management stated that management at the Cincinnati Main Post Office completed the Daily Financial Reporting training. The supervisor reviews daily financial reports for accuracy and validates with signature. Management requested this recommendation be closed with issuance of the final report.

Regarding recommendation 4, management stated that all separated and or transferred employees have been closed out in RSS. Management requested this recommendation be closed with issuance of the final report.

See [Appendix A](#) 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. We reviewed and approved management's actions and supporting documents for all recommendations in this report. The evidence provided by Postal Service management was sufficient to consider all recommendations closed upon final report issuance.

Appendix A: Management's Comments



August 4, 2023

JOHN CIHOTA
DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response: Capping Report - Ohio 2 District: Controls Over Retail Transactions (Report Number 23-106-DRAFT)

Thank you for providing the Postal Service with an opportunity to review and comment on the findings and recommendations contained in the draft audit report, *Capping Report - Ohio 2 District: Controls Over Retail Transactions*.

Management generally agrees with the four findings in the report related to cash and inventories, daily financial reporting processes, clock ring adjustments, and employee separations.

This report summarizes findings initially reported in three separate draft audit reports for the Madeira Branch, Groesbeck Branch, and Cincinnati Main Post Office in June 2023. When first reported, management immediately acted. Action plans for all the identified issues have been implemented and verifying documentation was reviewed and approved by the Office of Audit prior to issuance of this summary capping report. Closure of all recommendations is requested with issuance of the OIG's final report.

Management agrees with the monetary impact related to Finding #2: Daily Financial Reporting Process.

Following are our comments on each of the four recommendations.

Recommendation 1:

We recommend the **District Manager, Ohio 2 District**, verify unit management at Madeira Branch, Groesbeck Branch, and Cincinnati Main Post Office take supplemental training about how to effectively manage and secure cash and inventory.

Management Response/Action Plan:

Management agrees with this recommendation. Management at Madeira Branch, Groesbeck Branch, and Cincinnati MPO completed training related to proper management and security of cash and inventory. Management's actions and support documents were reviewed and approved by the OIG prior to issuance of the final capping report. Management requests this recommendation be closed with issuance of the final report.

Target Implementation Date: 08/31/2023

Responsible Official: Postmaster, Cincinnati

Recommendation 2:

We recommend the District Manager, Ohio 2 District, reiterate requirements for unit management at the Cincinnati Main Post Office to monitor the stamp stock transfer process and confirm PS Forms 17, Stock Requisition/Stamp Return, are properly completed and maintained.

Management Response/Action Plan:

Management agrees with this recommendation. Management at the Cincinnati Main Post Office completed the *Daily Financial Reporting* and *Stamp Stock Management* courses in HERO. Additionally, management completed PS Form 17 and returned all obsolete stamp stock. Management's actions and support documents were reviewed and approved by the OIG prior to issuance of the final capping report. Management requests this recommendation be closed with issuance of the final report.

Target Implementation Date: 08/31/2023

Responsible Official: Postmaster, Cincinnati

Recommendation 3:

We recommend the District Manager, Ohio 2 District, train personnel and implement a process to validate financial reports for accuracy at the Cincinnati Main Office.

Management agrees with this recommendation. Management at the Cincinnati Main Post Office completed the *Daily Financial Reporting*. The supervisor reviews daily financial reports for accuracy and validates with signature. Management's actions and support documents were reviewed and approved by the OIG prior to issuance of the final capping report. Management requests this recommendation be closed with issuance of the final report.

Target Implementation Date: 08/31/2023

Responsible Official: Postmaster, Cincinnati

Recommendation 4:

We recommend the District Manager, Ohio 2 District, verify all separated/transferred employees are closed out in RSS at the Cincinnati Main Post Office.

Management agrees with this recommendation. All separated and or transferred employees have been closed out in RSS. Management's actions and support documents were reviewed and approved by the OIG prior to issuance of the final capping report. Management requests this recommendation be closed with issuance of the final report.

Target Implementation Date: 08/31/2023

Responsible Official: Postmaster, Cincinnati

 E-SIGNED by William.D Jones
on 2023-08-04 13:13:40 CDT

William D. Jones
Manager, Ohio 2 District

*cc: Area Vice President, Retail & Delivery Operations
Corporate Audit & Response Management*

OFFICE OF INSPECTOR GENERAL

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