



## AUDIT REPORT

# Local Purchases and Payments - Old National Branch, Atlanta, GA

September 11, 2018



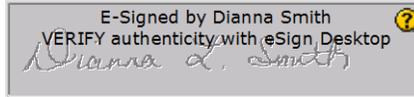
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Report Number FCS-FM-18-025



September 11, 2018

**MEMORANDUM FOR:** SAMUEL E. JAUDON  
MANAGER, ATLANTA DISTRICT



**FROM:** *for*  
Michelle Lindquist  
Director, Financial Controls

**SUBJECT:** Audit Report – Local Purchases and Payments - Old  
National Branch, Atlanta, GA  
(Report Number FCS-FM-18-025)

This report presents the results of our audit of the Local Purchases and Payments - Old National Branch, Atlanta, GA (Project Number 18BFM024FCS000).

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact please contact Dianna PruDe, 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 - Old National Branch, Atlanta, GA (Project Number 18BFM024FCS000). The Old National Branch is in the Atlanta District of the Capital Metro 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 that Old National Branch, Atlanta, GA had a 164 percent increase in dollars for local payments from October 1, 2017, to April 13, 2018, compared to fiscal year (FY) 2017.<sup>1</sup> Of the local payments, \$8,003, or 87 percent, were recorded to account identification code (AIC)<sup>2</sup> 594, Vehicle Fuel and Oil Expense Paid Locally.<sup>3</sup> It is unusual for one post office to have such a high percentage of local purchases for vehicle fuel and oil in one fiscal year, since the Postal Service vehicle card is the primary means to pay for all commercial fuel and oil.<sup>4</sup> However, Postal Service employees can use cash for emergency one-time expenses, not to exceed \$25, and can use no-fee money orders (money orders) for emergency one-time local expenses, not to exceed \$1,000.<sup>5</sup>

## Objective, Scope and Methodology

The objective was to determine whether local payments issued at the Old National Branch, Atlanta, GA were valid, properly supported, and processed timely.

We extracted and analyzed Enterprise Data Warehouse (EDW)<sup>6</sup> and Fuel Asset Management System (FAMS)<sup>7</sup> data for all 338 local purchases and payments, totaling \$6,027, recorded in AIC 594 at the Old National Branch, Atlanta, GA between January 1 and June 30, 2018. We reviewed the unit's records and conducted interviews of personnel and Postal Service management.

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 by reviewing related documentation, tracing selected information to supporting source

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<sup>1</sup> FY 2017 covers October 1, 2016, to September 30, 2017.

<sup>2</sup> The AIC consists of three digits. It is used to classify financial transactions to the proper general ledger account.

<sup>3</sup> Expense associated with payment for emergency purchases of fuel, oil, and minor service of postal vehicles and washing vehicles at coin-operated car washers.

<sup>4</sup> *Voyager Fleet Card Standard Operation Procedures (SOP)*, Section 2.3, dated November 3, 2016.

<sup>5</sup> *No-Fee Money Order Quick Reference*, December 2015.

<sup>6</sup> 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.

<sup>7</sup> A cost management tool for managing and controlling fuel costs.

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 July through August 2018 in accordance with generally accepted government auditing standards. 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 discussed our observations and conclusions with management on August 21, 2018, and included their comments where appropriate.

## Finding #1: Local Purchases and Payments

We could not determine if the local purchases and payments were valid, properly supported and processed timely. Specifically, of 338 transactions reviewed:

- 145, valued at \$2,501, had a Postal Service (PS) Form 3533, *Application for Refund of Fees, Products and Withdrawal of Customer Accounts*,<sup>8</sup> and a receipt. However, the vehicle identification number was not recorded on the receipt.
- 87, valued at \$1,771, had PS Form 3533 but did not have a receipt attached for support.
- 61, valued at \$889, did not have PS Form 3533 or a receipt.

Forty-five, valued at \$866, were properly supported with a PS Form 3533, a receipt, and the vehicle identification number.

Postal Service policy<sup>9</sup> states the vehicle card is the primary means to pay for all commercial fuel and oil. In addition, Postal Service policy<sup>10</sup> allows a temporary cash advance or a reimbursement for vehicle fuel and oil purchases. The manager or designated employee documents the amount and the reason for the temporary cash advance on a routing slip.<sup>11</sup> The original sales receipt and the routing slip is maintained as supporting documentation to the unit's PS Form 1412, *Daily Financial Report*. The vehicle number must be written on the receipt.<sup>12</sup>

We also found that the advanced cash transactions were not always processed and settled by close of business on the day the funds were issued; however, all transactions with a receipt attached were completed within 30 days. For cash advances, transactions must be completed by close-of-business the same day.<sup>13</sup>

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<sup>8</sup> The PS Form 3533 is used to document all refund activities.

<sup>9</sup> Voyager Fleet Card SOP, Section 2.3.

<sup>10</sup> Handbook F-101, *Field Accounting Procedures*, Section 19-1.6.a and g, dated June 2016.

<sup>11</sup> At this unit, the former unit manager instructed the employees to use the PS Form 3533 instead of the routing slip.

<sup>12</sup> Voyager Fleet Card SOP, Section 4.1.

<sup>13</sup> Handbook F-101, Section 19-1.6.h.

Further, we anticipated seeing a decrease in the amount of vehicle card purchases for the same period when cash advances were distributed for fuel purchases. However, FAMS data did not show a \$6,027 equivalent decrease in monthly vehicle card fuel purchases as compared to the advances disbursed to carriers, supervisors, and the former unit manager. For example, in March 2018, \$4,098 was advanced but the vehicle card invoiced amount for this month only decreased \$1,326 (see Table 1 and Table 2).

**Table 1. FAMS Vehicle Card Transactions**

Month	Number of Vehicles	Vehicle Card Invoiced Amount
January 2018	42	\$10,615
February 2018	43	12,401
March 2018	44	11,075
April 2018	45	13,310
May 2018	45	13,556
June 2018	45	16,362
Total		\$77,319

Source: FAMS data and OIG analysis.

**Table 2. Funds Disbursed and Volume of Receipts for Fuel Purchases**

Month	Number Cash Disbursements for Local Fuel Purchases	Cash Value of Funds Disbursed for Fuel Purchases <sup>14</sup>	Number of Fuel Purchase Receipts	Value of Fuel Purchase Receipts
January 2018	56	\$959	24	\$390
February 2018	46	868	22	374
March 2018	229	4,098	138	2,521
April 2018	2	30	1	10
May 2018	3	47	3	47
June 2018	2	25	2	25
Totals	338	\$6,027	190	\$3,367

Source: EDW data, unit documentation, and OIG analysis.

The former unit manager stated she mistakenly canceled all the unit’s vehicle cards sometime in February 2018. During the interim of obtaining new cards, she instructed the carriers to complete PS Form 3533, instead of a routing slip, get the form approved, and present the form to the retail associates to obtain funds for fuel purchases. The former manager also stated she was not sure when the new cards were received at the unit. Further, she stated she did not monitor this process due to other priorities.

<sup>14</sup> Differences in total dollars are due to rounding.

Maintaining adequate support documentation reduces the risk of issuing invalid payments and the potential for theft. We consider the 293 transactions valued at \$5,161 questioned costs.<sup>15</sup>

**Recommendation 1: We recommend the Manager, Atlanta District**, instruct the unit manager or designated employee to review all local payments for receipts and verify all required information is included on the supporting documentation.

### Management's Comments

Management agreed with the finding, recommendation, and monetary impact.

Regarding recommendation 1, management plans to issue a letter of instruction by September 7, 2018, to all post office operations managers (POOM), postmasters, and plant managers, outlining the requirements for proper use and reconciliation of Voyager credit cards, and the process for local payments when warranted. The message will also include a copy of the Voyager Fleet Card SOP. Additionally, each POOM, large city postmaster, and plant manager will be required to complete the certification of compliance form for the Voyager Fleet Card SOP dated 11/2016 and return it to the district finance office no later than September 12, 2018.

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. The planned corrective actions should resolve the issue identified in the report.

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 recommendation can be closed.

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<sup>15</sup> Unnecessary, unreasonable, unsupported, or an alleged violation of law, regulation, contract, et cetera. May be recoverable or unrecoverable. Usually a result of historical events.

## Appendix A: Management's Comments



September 7, 2018

Monique Colter  
Director Audit Operations  
Office of Inspector General  
United States Postal Service

**Subject:** Response to Draft Audit Report – Local Purchases and Payments- Old National Branch, Atlanta, GA Report Number: FCS-FM-18-DRAFT

Thank you for the opportunity to respond to the OIG Audit of Local Purchases and Payments- Old National Branch, Atlanta, GA. Management does agree with the findings noted in the audit report. Management also agrees with the recommendation as outlined in the audit.

Regarding the \$5,161.00 in refunds categorized as questioned costs, based on the findings in the audit we agree that a lack of management oversight and accountability diminished the ability to properly track and verify each purchase in the absence of Voyager credit cards to properly document them.

### **Recommendation #1**

We recommend the Manager, Atlanta District, instruct the unit manager or designated employee to review all local payments for receipts and verify all required information is included on the supporting documentation.

### **Management Response/ Action Plan**

Management agrees with this recommendation and has implemented by issuing a letter of instruction outlining proper use of Voyager credit cards along with reconciliation and the proper process for local payments in AIC 594 when warranted. The letter will be issued by 9/7/2018 to all post office operations managers, all postmasters and all plant managers detailing requirements to follow the established process for Voyager usage and reconciliation and local payments when necessary. The message also will include a copy of the Voyager Fleet Card SOP issued in November 2016 for reference. Additionally a certification form will be required to be completed by each POOM, large city postmaster and plant manager and returned to the district finance office no later than 9/12/2018.

### **Target Implementation Date**

September 2018

### **Responsible Official**

Atlanta District Manager

A handwritten signature in blue ink, appearing to read "Samuel Jaudon".

Samuel Jaudon  
Atlanta District Manager