

Office of Inspector General | United States Postal Service

Audit Report

Efficiency of Selected Processes – Dallas Main Post Office, Dallas, TX

Report Number 22-065-R22 | May 31, 2022





OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

May 31, 2022

MEMORANDUM FOR: SCOTT S. HOOPER
MANAGER, TEXAS 1 DISTRICT

Michelle Lindquist

FROM: Michelle Lindquist
Director, Financial Controls

SUBJECT: Audit Report – Efficiency of Selected Processes – Dallas Main Post Office, Dallas, TX
(Report Number 22-065-R22)

This report presents the results of our audit of the Efficiency of Selected Processes – Dallas Main Post Office, Dallas, TX.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Gregory M. Williams, 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, Southern Area

Results

Background

This interim report presents the results of our self-initiated audit of the efficiency of selected processes at the Dallas Main Post Office (MPO) in Dallas, TX (Project Number 22-065). This audit was designed to provide U.S. Postal Service management with timely information on potential financial control risks at Postal Service locations. The Dallas MPO is in the Texas 1 District of the Southern Area. We judgmentally selected the Dallas MPO for our audit.

Objective, Scope, and Methodology

Our objective was to review cash and stamp inventories, daily reporting activities, clock ring errors, and employee separations at the Dallas, TX, MPO.

To accomplish our objective, we reviewed data regarding inventories, daily reporting activities, clock ring errors, and employee separations 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 May 9, 2022 and included their comments where appropriate.

The Dallas MPO is one of three post offices the U.S. Postal Service Office of Inspector General (OIG) reviewed during the weeks of February 7 and 14, 2022.² We issued this interim report to provide the Postal Service with timely information regarding the conditions we identified at the Dallas MPO. 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

Dallas MPO personnel appropriately performed daily reporting activities and processed employee separations. However, we identified issues with cash and inventories and 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 Errors	X	
Employee Separations		X

Source: Results of OIG fieldwork during weeks of February 7 and 14, 2022.

¹ We did not review city or rural carriers.

² We visited the Dallas Main, Mesquite, and the Wylie post offices.

Finding # 1: Cash and Inventories

What We Found

Cash and stamp inventories were accurately recorded. In addition, all inventories were safeguarded, secured, and transfers between systems were properly supported. Further, we did not identify any issues with selected internal controls; however, nonmail items were not always properly secured or returned to the customer. Specifically, we observed an unsecured drawer of lost and found nonmail items, including passports, wallets, identification cards, and credit cards (see Figure 1).

Why Did It Occur

Unit management stated they were unaware of the requirement and proper procedures to return the nonmail items.

What Should Have Happened

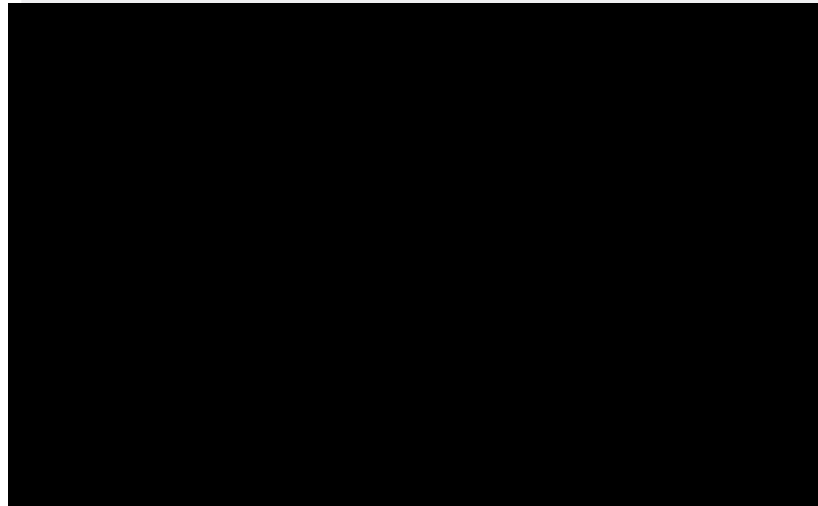
Postal Service policy states nonmail items, including wallets, found in collection boxes or at other points within the Postal Service's jurisdiction are returned to the appropriate individual, with postage due at the single-piece First-Class Mail rate.³

During our exit conference, unit management stated they took corrective action and sent items back to the appropriate individuals.

Effect on the Postal Service and Its Customers

If controls over nonmail items are not followed, there is an increased risk of identity and property theft.

Figure 1. Nonmail Items



Source: OIG photo taken February 9, 2022. Items were arranged on the desk for the photo.

³ *Domestic Mail Manual*, Section 507.1.9.1a, April 4, 2022.

Finding #2: Clock Ring Errors

What We Found

Generally, unit management corrected fatal clock ring errors⁴ in a timely manner, avoiding pay adjustments.⁵ However, we found 2,839 clock rings considered to be warnings⁶ that show on the Clock Ring Error Report from July 1 to December 31, 2021, and that we consider to be avoidable. Specifically:

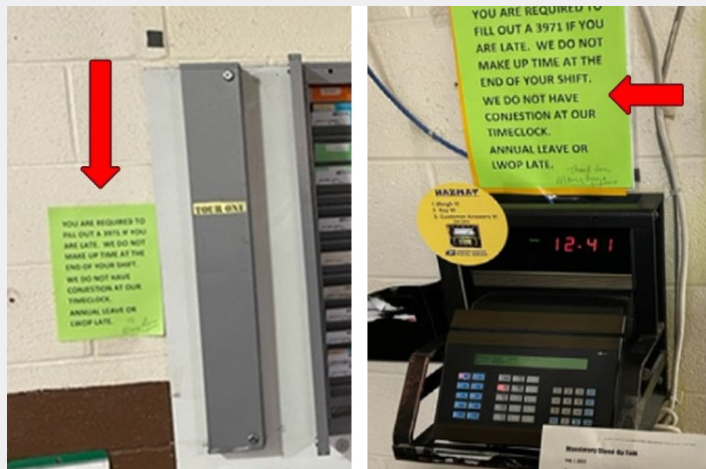
- Unit employees did not always adhere to scheduled start times. We found that 660 of the warnings (23 percent) represented 33 retail unit personnel starting their workday outside the five-minute allowance period.
- Unit management did not enter temporary changes to 13 retail unit employees' schedules into the Time and Collection System (TACS). We found 277 warnings (42 percent) that represented incorrect employee begin tour (BT) and end tour (ET) times in TACS.

Why Did It Occur

This occurred because management did not enforce policy regarding late arrival. Instead, they cleared the clock ring errors daily, allowing employees to continue arriving outside of the allowance period. During our site visit, management took corrective action by posting signs requiring employees to submit a Postal Service (PS) Form 3971, Request for or Notification of Absence, if they were late (see Figure 2).

In addition, management stated that employee temporary schedule changes were not entered into TACS because they were unaware that this was necessary. Further, the lead clerk at the Dallas MPO had not been fully trained to perform TACS duties.

Figure 2. Signs Posted Near Employee Time Cards and Time Clock⁷



Source: OIG photos taken February 9, 2022.

What Should Have Happened

The Postal Service uses TACS to capture the number of workhours employees spend in various Postal Service processes. Employees are required to record the time they work by swiping their timecard on a badge reader at the facility. Each swipe updates their timecard record in TACS and is commonly referred to as a clock ring. If the employee's BT and ET times are different from their scheduled time in the system, it will flag a warning; a correction is not necessary, but a leave entry may be required. Management may allow the employee to make up the lateness at the end of their tour. Lead clerks should be assigned TACS duties including correcting daily clock rings errors.⁸

4 Are errors that appear in red in the system and they prevent the employee from being paid correctly for that day.

5 Clock rings include time entries that are recorded electronically, mechanically (using a time clock), or manually (written in).

6 Messages which address issues other than fatal errors but should also be reviewed. They may be informational only (i.e., "Nonscheduled Begin Tour") or may require action (i.e., an instance of "Missing OT Transaction" that needs to be addressed with a Code 91 entry (overtime transaction). Unlike Fatal errors, which disappear when the error is corrected, most warning messages do not disappear (i.e., "Nonscheduled Begin Tour/End Tour").

7 The sign states, "You are required to fill out a 3971 if you are late. We do not make up time at the end of your shift. We do not have congestion at our time clock. Annual leave or LWOP late."

8 As a result of a February 2016 grievance settlement with the American Postal Workers Union.

Postal Service policy states that, upon arrival, employees required to use time clocks must clock in at their scheduled reporting time. Employees must not be permitted to clock in more than five minutes before or after their scheduled reporting time. Supervisors must take all necessary actions to restrict employee access to time cards before the scheduled tour begins.⁹ At six minutes after the scheduled reporting time, the supervisor must withdraw time cards or badges for those scheduled employees who did not report for duty. Employees arriving after their scheduled reporting time must report directly to their supervisor to obtain their time card and may be required or permitted to make up the time by extending his or her regular work schedule for the tour, providing the period of tardiness is without pay. Alternatively, the tardiness can be charged to annual leave (if available), leave without pay or absence without leave. If the tardiness is not excused, appropriate disciplinary action, in addition to leave charge, may be taken.¹⁰

Employees requesting temporary schedule changes should complete a PS Form 3189, Request for Temporary Schedule Change for Personal Convenience. Upon approval, the supervisor is required to contact the TACS Help Desk.¹¹

Effect on the Postal Service and its Customers

When managers do not properly address clock ring errors or warnings employees could be improperly paid and management could incur excess administrative time with the TACS Help Desk correcting schedules. Further, management could rely on inaccurate information when making staffing decisions for each tour. We considered the compensation paid to employees for time outside the five-minute allowance period totaling \$33,252¹² as unsupported questioned costs,¹³ which will be shown in an overall capping report that provides the Postal Service with the overall findings, recommendations, and monetary impact for all three post offices.

⁹ Handbook F-21, *Time and Attendance*, Section 142.21, February 2016.

¹⁰ If the employee's tour is extended solely because of tardiness, they are not entitled to out-of-schedule premium or Sunday premium, which would otherwise be paid because of the tour extension.

¹¹ Handbook F-21, Section 232.23, February 2016.

¹² Monetary impact calculated based on number of minutes outside the five-minute allowance period, converted to hours, multiplied by hourly rate with benefits.

¹³ A weaker claim and a subset of questioned costs. Claimed because of failure to follow policy or required procedures, but does not necessarily connote any real damage to Postal Service.

Appendix A: Additional Information

We conducted this audit from February through May 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)¹⁴ and Retail Systems Software.¹⁵ 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.

¹⁴ 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.

¹⁵ The hardware and software retail transaction system used in post offices.

Appendix B: Management's Comments

CUSTOMER SERVICE
TEXAS - 1



May 25, 2022

JOHN CIHOTA
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Efficiency of Selected Processes – Dallas Main Post Office - Project
Number 22-065-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 – Dallas Main Post Office.

Following are our comments on the findings.

Finding #1: Cash and Inventories

Cash and stamp inventories were accurately recorded. In addition, all inventories were safeguarded, secured, and transfers between systems were properly supported. Further, we did not identify any issues with selected internal controls; however, nonmail items were not always properly secured or returned to the customer. Specifically, we observed an unsecured drawer of lost and found nonmail items, including passports, wallets, identification cards, and credit cards.

Management Response/Action Plan:

Management agrees with this finding. Once this was brought to the attention of the Station Manager, she immediately acted on the finding at the time of the audit. Staff were already aware of the requirements however were not in compliance. Non-mail items were properly returned to the address on the items. The Main Office continues to comply following the audit.

Responsible Official: Station Manager Dallas Main Office

Finding #2: Clock Ring Errors

Generally, unit management corrected clock ring errors in a timely manner, avoiding pay adjustments. However, we found 14,823 clock ring errors from July 1 to December 31, 2021, that we considered avoidable. Specifically:

- Unit employees did not always adhere to their scheduled start times. We found that 8,072 of the errors (55 percent) represented 13 retail unit personnel starting their workday outside the five-minute allowance period.

951 W BETHEL ROAD
COPPELL TX 75096-9999

- Unit management did not enter temporary changes to employee schedules into the Time and Collection System (TACS). We found 6,751 errors (46 percent) represented incorrect employee begin tour (BT) and end tour (ET) times in TACS.

Management Response/Action Plan:

Management agrees with this finding. Management immediately posted a sign notifying the employee of their requirement to complete a PS Form 3971 for late arrivals. Unit management is ensuring compliance with the policy. Follow up reviews after the audit found that the management is holding employees accountable for their tardiness and are requesting 3971s for tardiness. The unit is complying and will continue to monitor and hold employees accountable for their attendance.

Responsible Official: Station Manager Dallas Main Office



Scott Hooper
Manager, Texas District 1

cc: Chief Retail & Delivery Officer & Exec VP
Vice President, Delivery Operations
Corporate Audit Response Management

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