

Audit Report

Capping Report – Efficiency of Selected Processes at Select Retail Units, Texas 1 District



Report Number 22-092-R22 | July 22, 2022

**Dallas
Main PO**



Wylie PO



**Mesquite
PO**



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Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

July 22, 2022

MEMORANDUM FOR: SCOTT HOOPER
DISTRICT MANAGER, TEXAS 1 DISTRICT

Michelle Lindquist

FROM: Michelle Lindquist
Director, Financial Controls

SUBJECT: Audit Report – Capping Report – Efficiency of Selected
Processes, Texas 1 District (Report Number 22-092-R22)

This capping report presents the results of our audits of Efficiency of Selected Processes in the Texas 1 District.

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

Results

Background

This report presents a summary of the results of our self-initiated audits assessing the efficiency of selected processes at three selected retail units in the Texas 1 District (Project Number 22-092). These retail units included the Dallas, TX Main Post Office (MPO), the Mesquite, TX Post Office (PO), and the Wylie, TX PO in the Southern Area. We 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 errors, and employee separations at the Dallas MPO and the Mesquite and Wylie POs in the Texas 1 District.

To accomplish our objective, we reviewed data regarding inventories, daily reporting activities, clock ring errors, and employee separations to identify at risk transactions.² 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 and reviewed compliance with procedures for separated employees, including suspending system access timely and collecting and protecting accountable property.

The Dallas MPO and the Mesquite and Wylie POs are the three retail units the U.S. Postal Service Office of Inspector General (OIG) reviewed during the weeks of February 7 and 14, 2022. We are issuing this capping report to provide

the Postal Service with overall findings and recommendations for all three post offices.

We conducted these audits from February 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 discussed our observations and conclusions with management on June 29, 2022, and included their comments where appropriate.

We relied on computer-generated data from the Enterprise Data Warehouse (EDW)³ and Retail Systems Software⁴ inventory reports. We did not test the validity of controls over this system; 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 these reports.

Results Summary

We did not identify any issues with selected internal controls regarding employee separations. However, we identified issues regarding cash and inventory at the Dallas MPO and the Mesquite PO and an issue regarding daily financial reporting at the Wylie PO. In addition, we identified issues regarding clock ring errors at the Dallas MPO (see [Table 1](#)).

¹ Dallas Main PO (Report Number 22-065-R22, dated May 31, 2022), Wylie PO (Report Number 22-066-R22, dated May 31, 2022), and Mesquite PO (Report Number 22-067-R22, dated May 31, 2022).

² We did not review city or rural carriers.

³ 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.

⁴ The hardware and software retail transaction system used at post offices.

Table 1. Summary of Results

Controls Reviewed	Deficiencies Identified – Yes or No		
	Dallas MPO	Mesquite PO	Wylie PO
Cash and Inventories	Yes	Yes	No
Daily Reporting Activities	No	No	Yes
Clock Ring Errors	Yes	No	No
Employee Separations	No	No	No

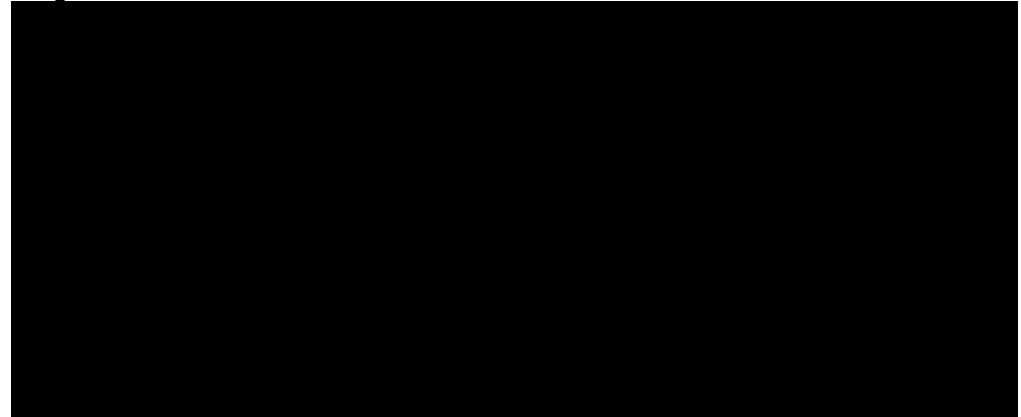
Source: OIG summary of results from fieldwork during the weeks of February 7 and 14, 2022.

Finding #1: Cash and Inventories

What We Found

Cash and stamp inventories were accurately recorded. In addition, all inventories were safeguarded and secured and transfers between systems were properly supported. However, safeguarding and returning nonmail items were not always properly secured or returned to the customers at the Dallas MPO and Mesquite PO. Specifically, we observed unsecured drawers of lost and found nonmail items, including passports, wallets, identification cards, and credit cards (see Figure 1).

Figure 1. Nonmail items



Source: From left to right, OIG photos taken February 9, 2022, at the Dallas MPO and February 15, 2022, at the Mesquite PO.

Why Did It Occur

This occurred because management at the Dallas MPO and Mesquite PO were not aware of the requirement and proper procedures to return the nonmail items.

What Should Have Happened

Postal Service policy states that nonmail matter, including wallets, found in collection boxes or at other points in the Postal Service’s jurisdiction are returned to the appropriate individual, with postage due at the single-piece First-Class Mail rate.⁵

After our site visit, management at both post offices stated that they are or will be taking corrective action and sending these items back to the appropriate individuals.

Effect on the Postal Service and Its Customers

If employees do not follow controls over nonmail items, there is an increased risk of identity and property theft.

⁵ *Domestic Mail Manual*, Section 507.1.9.1a., updated April 4, 2022.

District management stated that they have completed corrective action for the Mesquite PO and the Dallas MPO regarding this issue. Based on management's comments received on the interim reports⁶ and the supporting documentation, we will not make a recommendation for this issue.

Finding #2: Daily Financial Reporting Process

What We Found

While reviewing the daily financial reporting process, we found that the Dallas MPO and Mesquite PO did not have any issues. However, at the Wylie PO, we judgmentally reviewed ten days of daily financial reporting documentation during our audit scope period of July 1 through December 31, 2021. We found that retail associates (RA) did not include supporting documentation for 10 of 48 refund transactions.⁷ These exceptions occurred on six of the ten days we reviewed.

Why Did it Occur

The new supervisor had not been fully trained to review the daily Postal Service (PS) Form 1412, Daily Financial Report, including the supporting documentation. Prior to completing our fieldwork, the postmaster took corrective action by implementing a supervisory review checklist to help ensure that supporting documentation and the daily financial report are accurate and complete.

What Should Have Happened

Postal Service policy states that RAs, at time of closing, verify that PS Form 1412 entry amounts match the supporting documentation.⁸ In addition, policy states that the closeout employee must confirm all required supporting documentation is submitted, closing procedures followed and, PS Form 1412 is filed with the

supporting documentation.⁹ Further, policy states field 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.¹⁰

Effect on the Postal Service

When unit management does not review financial reports, including verifying supporting documentation, the Postal Service has an increased risk of undetected theft, lost revenue, and fraudulent activity.

District management stated in their management comments on the interim report¹¹ that they have completed corrective action for the Wylie PO regarding this issue and provided sufficient support; therefore, we will not make a recommendation on this issue.

Finding #3: Clock Ring Errors and Warnings

What We Found

Generally, unit management corrected fatal clock ring errors¹² timely, avoiding pay adjustments.¹³ However, we found 2,837 clock rings considered to be warnings¹⁴ that show on the Clock Ring Error Report from July 1 to December 31, 2021, at the Dallas MPO, that we consider to be avoidable. Specifically:

- Unit employees did not always adhere to scheduled start times. We found that 649 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 that 273 of

6 *Efficiency of Selected Processes – Dallas Main Post Office* (Report Number 22-065-R22, dated May 31, 2022) and *Efficiency of Selected Processes – Mesquite Post Office* (Report Number 22-067-R22, dated May 31, 2022).

7 Nine Postal Validation Imprinter refunds and one Postal Service (PS) Form 3533, *Application for Refund of Fees, Products and Withdrawal of Customer Accounts*, for retail services.

8 Handbook F-101, *Field Accounting Procedures*, Section 5-3.1.c, January 2022.

9 Handbook F-101, Section 5-3.2. b.

10 Handbook F-101, Section 2-4.1.

11 *Efficiency of Selected Processes – Wylie Main Post Office* (Report Number 22-066-R22, dated May 31, 2022).

12 Errors that appear in red in the system and they prevent the employee from being paid correctly for that day.

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

14 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").

the 649 warnings (42 percent) 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 and, instead, 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 Timecards and Time Clock¹⁵



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.¹⁶

Postal Service policy states that upon arrival, employees required to use time clocks must clock in at their scheduled reporting time. Employees are not permitted to clock in more than five minutes before or after their scheduled reporting time and supervisors must take all necessary actions to restrict employee access to the timecards before the scheduled tour begins.¹⁷ At six minutes after the scheduled reporting time, the supervisor must withdraw timecards 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 timecard 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.¹⁸

Employees requesting temporary schedule changes should complete a PS Form 3189, *Request for Temporary Schedule Change for Personal Convenience*.¹⁹ Upon approval, the supervisor is required to contact the TACS Help Desk.²⁰

¹⁵ 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."

¹⁶ As a result of a February 2016 grievance settlement with the American Postal Workers Union.

¹⁷ Handbook F-21, *Time and Attendance*, Section 133.63, February 2016.

¹⁸ 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.

¹⁹ Handbook F-21, Section 232.23.

²⁰ PS Form 3189, Quick Reference, August 19, 2016.

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 \$33,252²¹ as unsupported questioned costs.²²

Recommendation #1

We recommend the **Manager, Texas 1 District**, train Dallas Main Post Office management and lead clerks on policies and procedures relating to time and attendance.

Management's Comments

Management stated that they agree with the findings in the interim reports²³ and also agrees with the recommendation. In subsequent communication, management disagreed with the monetary impact, stating that there is no definitive way to determine the amount.

Regarding recommendation 1, unit personnel completed the time and attendance training on July 6, 2022, for which management provided supporting documentation.

See [Appendix A](#) for management's comments in their entirety.

Evaluation of Management's Comments

The OIG considers management's comments responsive to the report. We consider the recommendation closed with the issuance of this report.

Regarding management's disagreement with the monetary impact, it was claimed because of failure to follow policy or required procedures, but does not necessarily connote any real damage to the Postal Service.

²¹ Monetary impact calculated based on number of minutes outside the five-minute allowance period, converted to hours, multiplied by hourly rate with benefits.

²² 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 the Postal Service.

²³ Dallas Main PO (Report Number 22-065-R22, dated May 31, 2022), Wylie PO (Report Number 22-066-R22 dated May 31, 2022), and Mesquite PO (Report Number 22-067-R22, dated May 31, 2022).

Appendix A: Management's Comments



July 13, 2022

MICHELLE LINDQUIST
DIRECTOR, FINANCIAL CONTROLS

SUBJECT: Capping Report – Efficiency of Selected Processes, Texas 1, District
(Project Number 22-092-DRAFT)

Thank you for providing the Postal Service with an opportunity to review and comment on the recommendations contained in the draft report, Capping Report – Efficiency of Selected Processes, Texas 1, District.

Management agrees with the recommendations:

Recommendation # 1: We recommend the **Manager, Texas 1 District**, train Dallas Main Post Office management and lead clerks on policies and procedures relating to time and attendance. Unit management is ensuring compliance with the attendance policy. Follow-up reviews after the audit found that management is holding employees accountable for their tardiness and are documenting on PS Form 3971's. The unit is complying and will continue to monitor and hold employees accountable for their attendance. Please see the attached Time and Attendance Collection System (TACS) training certificates.

A handwritten signature in black ink, appearing to read "Scott Hooper".

Scott Hooper
District Manager, Texas 1 District

cc: Chief Retail & Delivery Officer
Area Vice President, Retail & Delivery Operations (Southern)
Corporate Audit Response Management

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