

Office of Inspector General | United States Postal Service

Audit Report

Efficiency of Selected Processes – Marietta Main Post Office, Marietta, GA

Report Number 22-123-R22 | July 19, 2022





OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

July 19, 2022

MEMORANDUM FOR: KEITH A. PIERLE
MANAGER, GEORGIA DISTRICT

Michelle Lindquist

FROM: Michelle Lindquist
Director, Financial Controls

SUBJECT: Audit Report – Efficiency of Selected Processes – Marietta Main Post Office, Marietta, GA (Report Number 22-123-R22)

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

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: 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 Marietta Main Post Office (MPO) in Marietta, GA (Project Number 22-123). This audit was designed to provide U.S. Postal Service management with timely information on potential financial control risks at Postal Service locations. The Marietta MPO is in the Georgia District of the Southern Area. We judgmentally selected the Marietta 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 Marietta, GA 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 July 8, 2022 and included their comments where appropriate.

The Marietta MPO is one of three post offices the U.S. Postal Service Office of Inspector General (OIG) reviewed during the week of May 2, 2022.² We issued this interim report to provide the Postal Service with timely information regarding the conditions we identified at the Marietta 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

Marietta MPO personnel appropriately processed employee separation; however, we identified issues with cash and inventories, daily reporting activities, and clock ring errors (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 week of May 2, 2022.

¹ We did not review city or rural carriers.

² We visited the Atlanta Main, Marietta Main, and the Stone Mountain post offices.

Finding # 1: Cash and Inventories

What We Found

Internal controls over cash, stamps, and other nonmail items were not always managed effectively at the Marietta MPO. Unit management did not provide proper supervision and oversight of cash and stamp inventories. See Table 2 for the result of our inventory counts on May 3, 2022 and the two prior Postal Service employee counts from fiscal year (FY) 2022.

Table 2. Count Results Differences

Issues	Dates	Overages	Shortages	Percentage Of Total
Two of the six cash drawers were outside acceptable tolerance level ³	5/3/22	\$49	\$(30)	48%, (30%)
Unit Reserve Stamp Stock	5/3/22	-	(5,194)	(5%)
Retail Floor Stamp Stock ⁴	5/3/22	3,225	-	69%
Retail Floor Stamp Stock	2/1/22	-	(4,066)	(23%)
Retail Floor Stamp Stock	10/30/21	-	(7,447)	(41%)

Source: Results of OIG counts on 5/3/22 and prior counts conducted at unit during FY 2022.

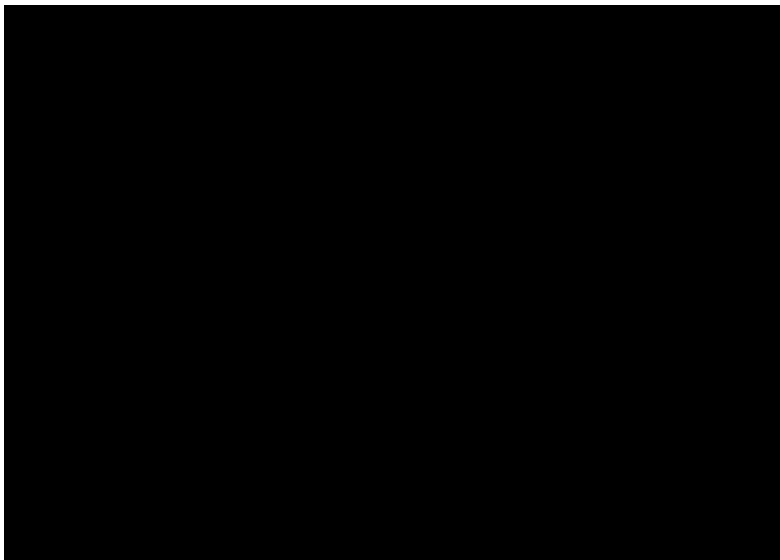
In addition, we identified the following:

- Over \$7,900⁵ of retail floor stamp stock was left unsecured in a [redacted] after the retail unit closed for

business. The stock was left unsecured for several hours until the [redacted] was locked at the end of the day.

- The unit reserve stamp stock custodian shared their Retail Systems Software (RSS) logon access with unit supervisors.
- Several unit employees had the key to the secured unit reserve stamp stock inventory cage door inside the [redacted]
- Unit personnel physically transferred stamp stock from unit reserve to the floor, but unit management did not always properly or timely document internal stamp stock transfers using the required PS Form 17, Stamp Requisition/Stamp Return. Specifically, they could not locate February and March 2022 PS Forms 17 and management did not always transfer the stamp stock in RSS.
- Unit personnel stored lost and found and nonmail items in an unsecured container. The items included wallets, credit cards, identification cards, a passport, and a check book (see Figure 1).

Figure 1. Nonmail Items



Source: OIG photo taken May 3, 2022. Items were arranged on the counter for the photo.

3 Handbook F-101, *Field Accounting Procedures*, Section 13-8.2, October 2020. Policy allows a tolerance of \$25 either over the \$100 cash drawer amount or short.
4 A common inventory for use by retail employees who are not directly accountable for that inventory. Although no individual is accountable for this stock, each employee making sales from this credit is responsible for ensuring accurate reporting of the sales from the retail floor stock.
5 Based on the retail floor stamp stock count the OIG conducted on May 3, 2022.

Why Did It Occur

The issues occurred for the following reasons:

- The retail floor stamp stock was left unsecured because the lock on the interior door of the [REDACTED] was broken. Unit personnel could not remember how long the lock had been broken.
- Regarding the safeguarding of passwords, unit management did not provide a reason for sharing their password.
- Unit management stated that they did not have time to input RSS transfers of stamp stock movement daily because they are responsible for multiple offices. In addition, they did not know what happened to the missing documentation.
- Unit personnel stated that they were unaware of the requirement and proper procedures to return the nonmail items.

What Should Have Happened

Postal Service policy states that the postmaster or unit manager is responsible for ensuring that controls are in place for maintaining an accurate inventory for all accountable paper at the postal retail unit. Further, policy states that the postmaster, manager, or supervisor must provide adequate security for all accountable items, which includes Postal Service funds (cash, checks, and money orders) and stamp stock.⁶ The security requirements for protecting retail floor stock stamps are to lock retail floor stock (all portions) after the close of business each day.⁷

Postal Service policy states that passwords used to connect to Postal Service information resources must be treated as sensitive information and not be disclosed to anyone other than the authorized user, including system administrators and technical support staff.⁸

PS Form 17 is used to document shipments of stock from the unit reserve to retail floor stock and from retail floor stock back to the unit reserve.⁹

Postal Service policy states that nonmail items, 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.¹⁰

Effect on the Postal Service and Its Customers

If employees do not follow internal controls over accountable items, there is an increased risk to the Postal Service of undetected theft, lost revenue, and increased fraudulent activity. If employees do not follow controls over nonmail items, there is an increased risk of identity and property theft.

⁶ Handbook F-101, Sections 11-3.1 and 3-1.1.

⁷ Handbook F-101, Section 3-3.2.

⁸ Handbook AS-805, *Information Security*, June 2021, Section 9-6.1.9.

⁹ Handbook F-101, Section 14-2.2.

¹⁰ *Domestic Mail Manual*, Section 507.1.9.1a, January 26, 2020.

Finding #2: Daily Reporting Activities

What We Found

Unit management did not review PS Forms 1412, Daily Financial Report, to ensure the accuracy and timeliness of financial reporting. We reviewed a judgmental sample of 22 days during our audit scope of October 1, 2021, through March 31, 2022, and noted that none of the deposit slips contained a separate witness signature. The same employee signed both the verifier and the witness sections.

Why Did It Occur

Unit management was unaware that they needed to review final PS Form 1412 documentation daily. In addition, unit personnel performing the daily closing procedures, including preparing the bank deposit, stated that they never had a witness and were instructed by a former supervisor to sign in both locations.

What Should Have Happened

Postal Service policy states that 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.¹¹ Further, a witness must be used to verify the unit's bank deposit whenever possible. When a witness is not available, the preparer signs the deposit ticket on the "Verifier" line and the "Witness" line is left blank.¹²

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 theft, lost revenue, and fraudulent activity. Without ensuring that deposits are independently verified, there is an increased risk of loss.

¹¹ Handbook F-101, Section 2-4.1.

¹² Handbook F-101, Section 9-1.2.2.

Finding #3: Clock Ring Errors

What We Found

Generally, unit management corrected fatal clock ring errors¹³ in a timely manner. However, we found the lead clerk had not been assigned Time and Collection System (TACS) duties.

Why Did It Occur

The lead clerk had not been fully trained to perform TACS duties.

What Should Have Happened

On July 16, 2021, multiple headquarters' officials issued a letter to all district managers stating all units must have lead clerks trained and assigned TACS timekeeping duties.

Effect on the Postal Service and its Customers

When the lead clerk is not trained and assigned TACS duties, the Postal Service could be exposed to financial liability resulting from grievance settlements.

¹³ Errors that appear in red in the system prevent the employee from being paid correctly for that day.

Appendix A: Additional Information

We conducted this audit from May 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 relied on computer-generated data from the Enterprise Data Warehouse (EDW)¹⁴ and RSS.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



DATE 7/11/2022

JOHN CIHOTA
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Efficiency of Selected Processes - Marietta Main Post Office, Marietta, GA Project Number 22-123-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 Marietta Main Post Office, Marietta, GA

Following are our comments on each of the three findings.

Finding #1: Cash and Inventories

Internal controls over cash, stamps, and other nonmail items were not always managed effectively at the Marietta MPO. Unit management did not provide proper supervision and oversight of cash and stamp inventories

Management Response/Action Plan:

Management agrees with this finding.

- Management will conduct retail floor stock and unit reserve stock quarterly as required.
- Management has all retail cash drawers locked and secured as required
- Management will ensure proper recording of unit reserve stock in RSS inventory
- Management has established a file system for PS Forms 17
- Retail stock is not left unattended by retail clerks
- Lost and found nonmail items are sent to Mail Recovery Center

Responsible Official: Postmaster Marietta Ga

Finding #2: Daily Reporting Activities

Unit management did not review PS Forms 1412, Daily Financial Report, to ensure the accuracy and timeliness of financial reporting. We reviewed a judgmental sample of 22 days during our audit scope of October 1, 2021, through March 31, 2022.

Management Response/Action Plan:

Management agrees with this finding.

- Management will review PS Form 1412 daily as required

Responsible Official: Postmaster Marietta Ga

Finding #3: Clock Ring Error

Generally, unit management corrected fatal clock ring errors in a timely manner. However, we found the lead clerk had not been assigned Time and Collection System (TACS) duties.

Management Response/Action Plan:

Management agrees with this finding.

- Lead SSDA has completed TACS training to perform TACS duties
- Management will take the necessary action on employees are not following the guidelines on clock ring operations and proper usage of the EBR

Responsible Official: Postmaster Marietta Ga

Finding #4: Employee Separations

Unit management did not always follow Postal Service policies for processing separated employees. Specifically, the unit's financial records showed two of three employees separated from the Postal Service between October 19, 2021, and April 15, 2022, had a cash retained credit balance, assigned blank money orders, and active roles in the RSS data systems. In addition, two of the missing cash drawers reported in Finding #1 are assigned to two of the separated employees. Further, unit management did not change the safe combination and locks after each employee's separation and could not confirm if Postal Service work identification badges were surrendered upon the employees' separations.

Management Response/Action Plan:

Management agrees with this finding.

- Management has changed the lock and safe combinations upon employee separation
- Management will ensure to follow Postal Service policies for processing separated employees
- Management will ensure work identification badges are surrendered upon the employees' separation
- Management will ensure final count of a cash retained credit is conducted to ensure all potential financial liability is resolved prior to employee separation.
- Management will ensure all separated employees are removed from the RSS data systems

Responsible Official: Postmaster Marietta Ga



Keith Pierle
Georgia District Manager

cc: Vice President, Delivery Operations
Vice President, Retail & Post Office Operations
Vice President, Southern Area
Corporate Audit Response Management

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