

## Audit Report

# Efficiency of Selected Processes – Bon Air Branch, Richmond, VA

Report Number 22-141-1-R22 | September 23, 2022





OFFICE OF INSPECTOR GENERAL  
UNITED STATES POSTAL SERVICE

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September 23, 2022

**MEMORANDUM FOR:** GERALD A. ROANE  
MANAGER, VIRGINIA DISTRICT

*Michelle Lindquist*

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

**SUBJECT:** Audit Report – Efficiency of Selected Processes – Bon Air Branch, Richmond, VA  
(Report Number 22-141-1-R22)

This report presents the results of our audit of the Efficiency of Selected Processes – Bon Air Branch, Richmond, VA.

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  
Vice President, Retail & Post Office Operations  
Vice President, Atlantic Area

# Results

## Background

This interim report presents the results of our self-initiated audit of the efficiency of selected processes at the Bon Air Branch, Richmond, VA (Project Number 22-141-1). This audit was designed to provide U.S. Postal Service management with timely information on potential financial control risks at Postal Service locations. The Bon Air Branch is in the Virginia District of the Atlantic Area. We judgmentally selected the Bon Air Branch 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 Bon Air Branch for the period of October 1, 2021, through March 31, 2022.

To accomplish our objective, we reviewed data regarding inventories, daily reporting activities, clock ring errors, and employee separations to identify at-risk transactions.<sup>1</sup> 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 August 30, 2022, and included their comments where appropriate.

The Bon Air Branch is one of three post offices the U.S. Postal Service Office of Inspector General (OIG) reviewed during the week of June 27, 2022.<sup>2</sup> We issued this interim report to provide the Postal Service with timely information regarding the conditions we identified at the Bon Air Branch. We will issue a separate report that provides the Postal Service with the overall findings and recommendations for all three retail units. See [Appendix A](#) for additional information about this audit.

## Results Summary

During our review at the Bon Air Branch, we identified issues with cash and inventories, daily reporting activities, clock ring errors, and employee separations (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 U.S. Postal Service Office of Inspector General (OIG) fieldwork during the week of June 27, 2022.

<sup>1</sup> We did not review city or rural carriers.

<sup>2</sup> We visited the Bon Air Branch and the Southside and Montrose Heights Stations.

# Finding # 1: Cash and Inventories

## What We Found

Cash, inventories, and other assets were not always managed effectively. During our unit reserve count on June 28, 2022, we located a bank deposit totaling \$1,012.95 that had been missing since April 21, 2022. The deposit was in the unit reserve safe. In addition, we found the following:

- Unit personnel did not:
  - Properly verify 15 of 15 Postal Service (PS) Forms 17, *Stamp Requisition/Stamp Return*,<sup>3</sup> for internal stock transfers from the unit reserve stock to the retail floor stock totaling \$24,408.
  - Sign 14 of 14 PS Forms 17 to acknowledge the accuracy of external shipments received at the unit totaling \$92,616.
  - Retain PS Forms 17 documentation for two stock shipments transferred out of the unit totaling \$6,889.
- Unit personnel left the daily bank deposit in the registry mail safe compartment overnight. However, they kept the key to the compartment in an unlocked drawer at the [REDACTED]
- Unit personnel had unaccounted for stamp stock items in the unit reserve safe totaling \$525.97.
- This unit has 16 employees listed in the Retail Systems Software (RSS);<sup>4</sup> however, there were 15 PS Forms 3977, *Duplicate Key, Combination, and Password Envelope*, on file. Of these 15 forms:
  - Eight were for active unit employees
  - Five were for former employees
  - Two did not have names on them

- All were deficient in some way<sup>5</sup>
- Nine were witnessed by the same retired employee<sup>6</sup>
- Management did not maintain a PS Form 3902, *Log and Lock Examination*,<sup>7</sup> beyond April 2021, to support semiannual examinations of the PS Forms 3977.

## Why Did It Occur

Management did not provide proper supervision and oversight of cash and inventories. In addition, the lead retail associate (RA) stated that they inadvertently placed other employees' deposits and supporting documents in a stamp drawer rather than in the usual safe compartment in the unit reserve safe.

Unit personnel stated that they were not aware of all the requirements regarding internal and external stock transfers because they had not received official training and were mostly self-trained. In addition, management stated that they were not aware that the forms were not properly signed or missing because the transactions took place prior to the unit manager's assignment at the unit.

Unit personnel stated that they leave the registry mail safe compartment key in the [REDACTED] at the retail counter because the RA who closes the passport unit needs access to it to prepare the final deposit.

The former unit reserve stock custodian<sup>8</sup> had received a stock shipment containing 24 more stamps than the quantity reported on the PS Form 17 with a value of \$190.80. The former custodian did not include the value of the extra stamps in the total amount received for that shipment and the new unit reserve stock custodian did not know how to handle them. In addition, unit management allowed RAs to sell flag booklets received from another branch before properly recording them as received in RSS.

3 Requisition form to document stamp stock from the stamp distribution office (SDO) or stamp services center (SSC), return stock to the SDO or SSC, or make an internal stock shipment.

4 The software used at all retail locations that sell Postal Service products and services.

5 Examples of deficiencies included enclosed item not identified, witness signature was missing, or form was not postmarked.

6 Employee retired in May 2021.

7 Used to record the semiannual examination of PS Forms 3977 to ensure they are on hand and intact.

8 The person accountable for the value of all items in the unit reserve stock is responsible for managing the stamp stock inventory and must report unit reserve stock activities.

Management had not assumed or delegated the responsibility for ensuring that duplicate keys, passwords, and combinations were properly maintained; or conducting semiannual reviews.

## What Should Have Happened

Postal Service policy states that:

- Bank deposits that cannot be dispatched on the same business day must be reported in AIC 752, Cash Remitted Final, and registered to the unit's safe or vault as a completed bank deposit and remitted to the bank with the next business day's earliest dispatch.<sup>9</sup>
- 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 include Postal Service funds (cash, checks, and money orders) and stamp stock, and ensure proper entry of all financial transactions.<sup>10</sup>
- Stamp stock shipments must be counted with a witness present; and PS Forms 17 must be signed, filed locally, and retained for two years in addition to the current fiscal year.<sup>11</sup>
- RAs must ensure that Registered Mail items are locked at all times in a [REDACTED]. Employees must sign the Registered Mail key over from one tour or one employee to the next by using PS Form 1625, *Record of Entry — Registry Section*, so that there is individual responsibility at all times.<sup>12</sup>
- For overages of less than \$250, the Postal Retail Unit (PRU) must enter the total quantity and value of the physical stamp stock received.<sup>13</sup> Further, when the stamp stock is received, the RA must enter the amount received in AIC 841 on PS Form 1412, *Daily Financial Report*. The unit reserve stock custodian is accountable for the value of all items in the unit reserve stock and managing the stamp stock inventory and must report all unit reserve stock activities. In addition, policy requires the Postal Service to send nonsaleable stamp stock items to the SDO<sup>14</sup> for destruction.<sup>15</sup>
- Each field unit employee must complete a PS Form 3977 to maintain duplicate keys, passwords, and combinations used in the operations of the unit.<sup>16</sup> Further, management must conduct semiannual examinations of duplicate key envelopes and document the examination on a PS Form 3902.<sup>17</sup>

## Effect on the Postal Service and Its Customers:

If cash, inventories, and other assets are not managed effectively, there is an increased risk to the Postal Service of undetected theft, lost revenue, and fraudulent activity.

9 Handbook F-101, *Field Accounting Procedures*, Section 9-1.2.1, January 2022.

10 Handbook F-101 (Draft), *Field Accounting Procedures*, Sections 11-3.1, October 2020.

11 Fiscal year is October 1 through September 30. Handbook F-101, Section 11-5.1, January 2022.

12 Handbook PO-209, *Retail Operations*, Section 6-9.1, October 2012.

13 Standard Operating Procedures (SOP) - Stamp Stock Discrepancies and Lost/Stolen Shipments, September 2020.

14 A postal unit that receives and disburses stamps, stationery, and philatelic products. It provides stamps and stamp products for all post offices, stations, branches, and contract stations within its service area.

15 Handbook F-101, (Draft) Section 11-10.3.2, Section 11-6.2 and Section 13-2.5, October 2020.

16 Handbook F-101, Sections 3-8.1 and 3-8.2.1, January 2022.

17 Handbook F-101, Sections 3-8.4 and 3-8.6, January 2022.

# Finding #2: Financial Reporting

## What We Found

Management did not always properly perform the daily financial reporting activities to ensure accuracy and timeliness.

We selected a judgmental sample of 22 days from our audit scope of October 1, 2021, through March 31, 2022. We reviewed PS Forms 1412 and supporting documentation for 70 transactions totaling \$3,983. We found that unit personnel did not include supporting documentation or included incomplete and inaccurate supporting documentation for 20 of 70 transactions totaling \$1,054.72. These exceptions occurred on 11 of the 22 days we reviewed.

In addition, unit personnel:

- Prepared daily bank deposits without a witness and used unofficial<sup>18</sup> bank deposit slips.
- Did not maintain supporting documentation to show efforts to resolve four bank reconciliation differences totaling \$874 (see Table 2).

**Table 2: Unresolved Net Financial Differences**

Business Date	Posting Date	Source of Difference	Financial Differences Overage	Financial Differences Shortage
10/23/21	11/2/21	BANK DEPOSIT	\$0	\$305
11/8/21	11/16/21	BANK DEPOSIT	0	82
11/14/21	11/22/21	BANK DEPOSIT	0	392
3/9/22	3/16/22	BANK DEPOSIT	0	95
<b>Total</b>			<b>\$0</b>	<b>\$874</b>

Sources: EDW Net Financial Differences data, fieldwork interviews, and auditors' analysis.

- Further, unit management did not maintain documentation regarding outstanding emergency salary advances issued in April and May 2021 totaling \$6,196.

## Why Did It Occur

- Unit management was not regularly present during daily financial reporting activities to review PS Form 1412 transactions to ensure accuracy and timeliness.
- Management did not ensure that a witness was available while unit personnel performed daily financial reporting activities, including preparing the daily bank deposit. In addition, management had not ordered official deposit slips for this unit.
- Unit management stated that they had recently become aware of the financial differences during a local PRU review; however, due to staffing shortages, they had not implemented procedures to monitor or review transactions expensed to the unit.
- Regarding unresolved emergency salary advances, management stated that they were not assigned to the unit when the transactions occurred and were unaware of the outstanding employee items.

## What Should Have Happened

- Management is required to review supporting documentation for all entries included on the daily financial report and concur with the overall presentation of the report each day.<sup>19</sup>
- Whenever possible, a witness must verify the unit's bank deposit. When a witness is not available, the preparer signs the deposit ticket on the "Verifier" line and leaves the "Witness" line blank. Additionally, the procedure for preparing and dispatching bank deposits includes completing a two-part deposit ticket: the original for the bank and the copy for the unit.<sup>20</sup> Further, all PRUs must order bank deposit slips through the national contract.<sup>21</sup>

<sup>18</sup> Copies of a typed sheet of paper with the banking information.

<sup>19</sup> Handbook F-101, Section 2-4.1, January 2022.

<sup>20</sup> Handbook F-101, Section 9-1.2.2, Section 9-1.2.2(a), January 2022.

<sup>21</sup> Handbook F-101, Section 9-1.3, January 2022.

- Unit management is required to research discrepancies, make necessary entries, maintain a file with detailed records (documentation) for all financial differences expensed to the postal retail unit, monitor expenses, and ensure timely clearance.<sup>22</sup>
- Emergency salary advances issued for a nonreceipt of salary checks must be collected from the employee when they receive the original or replacement check. The unit supervisor reporting the emergency salary advance issued is responsible for local collection.<sup>23</sup>

## Effect on the Postal Service and Its Customers

Management's review of supporting documentation and regular employee training on daily financial reporting activities decreases opportunities for errors or theft to occur and go unnoticed. In addition, when emergency salary advances are not monitored and promptly collected there is an increased risk the receiving employee could separate from the Postal Service and the advance remains unnoticed.

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<sup>22</sup> Handbook F-101, Section 8-6.1, January 2022.

<sup>23</sup> Handbook F-101 (Draft), Section 23.3.2.3, October 2020.

## Finding #3: Clock Ring Errors

### What We Found

During our audit scope period one employee had two fatal clock ring errors that were not corrected timely.<sup>24</sup> In addition, from November 6, 2021, through March 31, 2022, the unit had 1,574 clock ring warnings<sup>25</sup> that were on the Clock Ring Error Report and that we consider to be avoidable. Specifically, unit employees did not always adhere to scheduled begin tours (BT). We found 542 of the warnings represented 10 retail unit personnel with non-scheduled BTs, including eight employees with 169 BTs outside of the five-minute allowance period. Unit management could not provide supporting documentation for any actions taken in the Time and Collection System<sup>26</sup> (TACS) to authorize the temporary schedule adjustments for those eight employees. In addition, the lead clerk did not perform TACS duties.

### Why Did It Occur

These issues occurred due to insufficient management oversight. Management cleared the clock ring warning errors daily, allowing employees to continue arriving outside of the allowance period. In addition, the lead clerk has not been trained to perform timekeeping duties.

### What Should Have Happened

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 timecards before the scheduled tour begins.<sup>27</sup> 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 permitted to make up the time by extending his or her regular work schedule for the tour, provided 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, management may take appropriate disciplinary action, in addition to leave charge.<sup>28</sup>

Further, management is responsible for ensuring that employees clock in and out according to their assigned schedules, approving all daily clock rings totaled by the timekeeper for full-time and part-time regular employees, identifying any deviation from the scheduled tour by more than 0.08 hours (5 minutes), acting on all leave requests, acting on all requests for temporary schedule changes, and completing supporting forms as required by established procedures.<sup>29</sup>

Finally, lead clerks should be assigned TACS duties, including correcting daily clock rings errors.<sup>30</sup> 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.

### Effect on the Postal Service and Its Customers

Unresolved timekeeping errors can result in the issuance of incorrect paychecks, requiring payroll adjustments. In addition, when the lead clerk does not perform TACS duties, the Postal Service could be exposed to financial liability resulting from grievance settlements.

<sup>24</sup> Errors that appear in red in the system and prevent the employee from being paid correctly for that day.

<sup>25</sup> 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").

<sup>26</sup> 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.

<sup>27</sup> Handbook F-21, *Time and Attendance*, Section 142.21, February 2016.

<sup>28</sup> Handbook F-21, Sections 143.11, 143.12, and 143.22.

<sup>29</sup> Handbook F-21, Section 114.1.

<sup>30</sup> As a result of a February 2016 grievance settlement with the American Postal Workers Union.



# Finding #4: Employee Separations

## What We Found

Four employees who were separated, suspended, transferred, or reassigned from February 2017 to July 2022, had active access to Postal Service data systems, such as RSS, Mainframe, ACE Active Directory, eBuyPlus, Mail Transport Equipment Labeler, Remote Forwarding System. One of the four still had cash and/or money order accountabilities.

## Why Did It Occur

These issues occurred due to inadequate management oversight and limited knowledge of human resources duties at the unit.

## What Should Have Happened

Postal Service policy states that 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.<sup>31</sup> In addition, when an RA is separated from the unit, management must conduct a final count of the cash-retained credit, deposit funds in the bank, and transfer blank money orders to the unit reserve custodian for reassignment.<sup>32</sup>

## Effect on the Postal Service and Its Customers

Timely removal of employees' system access reduces the risk of unauthorized financial transactions.

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<sup>31</sup> Handbook F-101, Section 2-4.8, January 2022.

<sup>32</sup> Handbook F-101 (Draft), Section 13-7.6 and 13-8.4, October 2020.

# Appendix A: Additional Information

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We conducted this audit from June through September 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),<sup>33</sup> TACS, and RSS. 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.

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<sup>33</sup> 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.

# Appendix B: Management's Comments



September 12, 2022

JOHN CIHOTA  
DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response: Efficiency of Selected Processes – Bon Air Branch,  
Richmond, VA (#22-141-1-DRAFT)

Thank you for providing the Postal Service an opportunity to review and comment on the findings and recommendations contained in the draft audit report, Efficiency of Selected Processes – Bon Air Branch, Richmond VA.

## **Finding #1: Cash and Inventories**

Management agrees with this finding. Cash, inventories, and other assets were now being managed effectively by EAS employees (EAS) assigned to Pocoshock / Bon Air Carrier Office. We have scheduled spot unit reserve counts and cash drawers counts for clerks assigned to unit. All bank deposits unable to be sent to Plant for processing will be secured in locked safe to avoid any future lost. EAS will ensure that all Postal Service (PS) Forms 17, Stamp Requisition / Stamp Return for internal stock transfers from the unit reserve stock to the retail floor stock are properly verified and signed by Management and / or 2<sup>nd</sup> SSA assigned to unit upon accepting. EAS will ensure that all PS Forms 17 are signed to acknowledge the accuracy of external shipments received at the unit upon receipt. EAS will ensure that PS Forms 17 are retained for stock shipments transferred out of the unit. EAS will ensure that daily bank deposits are left in registry mail safe compartment overnight and no keys are left in [REDACTED] EAS will ensure all stamp stock is accounted for upon receipt.

## **Finding #2: Financial Reporting**

Management agrees with this finding. This unit has deleted SSA Clerks no longer utilized from Retail Systems Software (RSS); EAS has updated PS Form 3977, *Duplicate Key, Combination, and Password Envelope*, on file for assigned clerks. EAS has generated a PS Form 3902, *Log and Lock Examination*, to support semiannual examinations of the PS Forms 3977. Unit personnel is in the ongoing process of being completely trained on all the requirements regarding internal and external stock transfers. EAS has implemented Lead Clerk make full deposit of all available monies at close of retail window, the only monies that will remain on-site secured in safe will be from 5pm – 9pm Passport Sales. The deposit will be reported in AIC 752, Cash Remitted Final, and registered to the unit's safe or vault as a completed bank deposit and remitted to the bank with the next business day's earliest dispatch. EAS has assumed responsibility for all stock reserve shipments and disbursements to retail floor. All PS Forms 17 will be signed, filed locally, and retained for two years in addition to the current fiscal year. EAS has generated PS Form 1625, *Record*

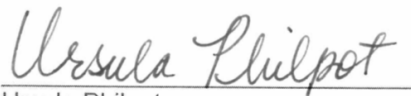
of Entry — Registry Section, so that there is an individual responsible at all times. EAS will monitor and ensure all Registered Mail items are locked at all times in a [REDACTED]. Employees must sign the Registered Mail key over from one tour or one employee to the next by using PS Form 1625, *Record of Entry — Registry Section*, so that there is an individual responsible at all times. EAS will ensure for overages of less than \$250, the Postal Retail Unit (PRU) will enter the total quantity and value of the physical stamp stock received. When the stamp stock is received, the EAS will enter the amount received in AIC 841 on PS Form 1412, *Daily Financial Report*. The EAS stock custodian will account for the value of all items in the unit reserve stock and managing the stamp stock inventory and will report all unit reserve stock activities. Management will conduct semiannual examinations of duplicate key envelopes and document the examination on a PS Form 3902. Management ordered bank deposit slips for proper usage that are pending receipt. Management has been working with the Accounting Help Desk to reconcile current financial differences and will have all finalized by September 15, 2022. EAS will ensure all documentation regarding outstanding emergency salary advances are properly maintained.

### **Finding #3: Clock Ring Errors**

Management agrees with this finding. Current EAS finalizes clock ring errors and unauthorized overtime transactions daily. In the event of any questionable or missing time EAS ensures PS Form 1260's are received prior to 11 a.m. the following day. The Lead Clerk is in the process of receiving all required trainings to perform duties as assigned. The Academy does not have all the trainings needed on their current schedule, but the Lead Clerk has been assigned several HERO trainings to complete. EAS is monitoring to ensure the training is taken timely.

### **Finding #4 Employee Separations**

Management agrees with this finding. EAS has removed all separated, suspended, transferred, or reassigned SSAs not assigned to the Bon Air Branch from RSS. Current EAS do not have eAccess system privileges to these employees' profiles to make any additional changes.



Ursula Philpot  
Postmaster, Richmond, Virginia

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

OFFICE OF  
**INSPECTOR  
GENERAL**  
UNITED STATES POSTAL SERVICE

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