

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



AUDIT REPORT

Report Number 22-141-R23 | October 28, 2022



Table of Contents

Cover	1	Finding #3: Clock Ring Errors and Warnings	8
Table of Contents	1	What We Found	8
Transmittal Letter	2	Why Did It Occur	8
Results	3	What Should Have Happened	8
Background	3	Effect on the Postal Service and Its Customers	8
Objective, Scope, and Methodology	3	Recommendation #11.....	9
Finding #1: Cash and Inventories	4	Recommendation #12.....	9
What We Found	4	Finding #4: Employee Separations	9
Why Did It Occur	4	What We Found	9
What Should Have Happened	5	Why Did It Occur	9
Effect on the Postal Service and Its Customers	6	What Should Have Happened	9
Recommendation #1	6	Effect on the Postal Service and Its Customers	9
Recommendation #2	6	Recommendation #13	9
Recommendation #3	6	Recommendation #14	9
Recommendation #4	6	Management’s Comments	9
Recommendation #5	6	Evaluation of Management’s Comments....	10
Recommendation #6	6	Appendix A: Management’s Comments	11
Finding #2: Daily Financial Reporting Process	6	Contact Information	17
What We Found	6		
Why Did It Occur	7		
What Should Have Happened	7		
Effect on the Postal Service.....	7		
Recommendation #7	8		
Recommendation #8	8		
Recommendation #9	8		
Recommendation #10	8		

Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

October 28, 2022

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

Michelle Lindquist

FROM: Michelle Lindquist
Director, Financial Controls

SUBJECT: Audit Report – Capping Report – Efficiency of Selected Processes at
Select Retail Units, Virginia District (Report Number 22-141-R23)

This capping report presents the results of our audits of the Efficiency at Select Retail Units, Virginia 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, Audit Manager, or me at 703-248-2100.

Attachment

cc: Postmaster General
Corporate Audit 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 Virginia District (Project Number 22-141). These retail units include Bon Air Branch, Southside Station, and Montrose Heights Station in the Virginia District of the Atlantic 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 Bon Air Branch and, the Southside and Montrose Heights Stations. Our audit scope was 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.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 timely suspending system access and collecting and protecting accountable property.

The Bon Air Branch and the Southside and Montrose Heights Stations are the three retail units the U.S. Postal Service Office of Inspector General (OIG) reviewed during the week of June 27, 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 June through October 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 October 12, 2022 and included their comments where appropriate.

We relied on computer-generated data from the Enterprise Data Warehouse (EDW)³, Retail Systems Software (RSS)⁴ inventory reports, and Time and Collection System (TACS)⁵ reports. 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 these reports.

Results Summary

We identified issues regarding cash and inventory, daily reporting activities, and clock ring errors at all three retail units. In addition, we identified issues regarding employee separations at the Bon Air Branch and Southside Station (see [Table 1](#)).

1 Bon Air Branch (Report Number 22-141-1-R22, dated September 23, 2022), Southside Station (Report Number 22-141-2-R22 dated September 23, 2022), and Montrose Heights Station (Report Number 22-141-3-R22, dated September 23, 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.

5 A web-based automated payroll program that collects and processes time and attendance data and provides "real time" workhour data to help run day-to-day operations.

Table 1. Summary of Results

Controls Reviewed	Deficiencies Identified – Yes or No		
	Bon Air Branch	Southside Station	Montrose Heights Station
Cash and Inventories	Yes	Yes	Yes
Daily Reporting Activities	Yes	Yes	Yes
Clock Ring Errors	Yes	Yes	Yes
Employee Separations	Yes	Yes	No

Source: OIG summary of results from fieldwork during week of June 27, 2022.

Finding #1: Cash and Inventories

What We Found

Cash, stamps, and other nonmail items were not always managed effectively (see Table 2). We found the following outside of tolerance:

- One cash drawer at the Montrose Heights Station in the amount of a \$79 shortage.
- Unit cash reserve at the Montrose Heights and Southside Stations, in the amount of an \$11 shortage and a \$38 overage, respectively.

- Unit reserve stamp stock at the Montrose Heights and Southside Stations in the amount of a \$4,867 shortage and an \$146 overage, respectively.
- Retail floor stamp stock at the Montrose Heights and Southside Stations had shortages of \$1,163 and \$155, respectively.

Why Did It Occur

Outside Tolerance

- Southside Station management could not explain why the shortages and overages occurred. In addition, Southside Station management stated that they always secure the retail floor stock and that only the retail associates (RA) have access to it. However, management stated that they could have entered some items incorrectly.
- Montrose Heights unit personnel stated that they were told to open the [REDACTED] every morning because the window clerks do not have time to open them since they are scheduled to arrive when the retail window opens at 8:30 a.m.

Cash and Inventory Security

- Issue 1 from Table 2: The Bon Air Branch former unit stock custodian did not record \$526, the value of extra stamps received in inventory. In addition, unit management allowed RAs to sell flag booklets received from another branch before properly recording them in RSS.

Table 2. Cash and Inventory Issues

#	Issues	Bon Air Branch	Southside Station	Montrose Heights Station	Corrective Action Taken
1	Stamp Stock not Recorded in RSS	X			No
2	Stamp Stock Unsecured and Money Orders Not Recorded and Unsecured			X	No
3	Registry Key Unsecured	X			No
4	Missing Bank Deposit	X			No
5	Stamp Transfers Documentation Incorrect/Missing	X	X		No
6	Sharing RSS Passwords			X	No
7	Stamp Stock Count Not Properly Conducted			X	No
8	Duplicate Key, Password, Combination Envelopes and/or Log Missing	X			No
9	Nonmail Items Security		X		No

Source: OIG interim reports issued September 23, 2022.

- Issue 2 from Table 2: Montrose Heights Station management did not know the correct procedures for handling money order inventory.
- For Issue 3 from Table 2: Unit personnel at the Bon Air Branch 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.
- For Issue 4 from Table 2: The lead RA at the Bon Air Branch stated that they inadvertently placed another employee's deposits and supporting documents in a stamp drawer rather than in the usual safe compartment in the unit reserve safe.
- For Issue 5 from Table 2: Southside Station unit management did not know why Postal Service (PS) Forms 17, *Stamp Requisition/Stamp Return*, were not on file.

Unit personnel at Bon Air Branch 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, the incorrect transactions took place prior to the unit manager's assignment at the unit.

- For Issues 6 and 7 from Table 2: Unit management at Montrose Heights Station stated that the unit reserve stamp stock custodian shared their password and that counts were not properly conducted because the custodian was not stationed at the unit due to a staffing shortage.
- For Issue 8 from Table 2: Bon Air Branch management had not assumed or delegated responsibility for ensuring that duplicate keys, passwords, and combinations were properly maintained; or conducting semiannual reviews.
- For Issue 9 from Table 2: Southside Station management stated they were not aware of the policy to return the nonmail items to the original owner.

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 in the postal retail unit. In addition, 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,⁶ ensuring proper entry of all financial transactions.⁷ Further, RAs must ensure that Registered Mail items are always locked 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*, to retain individual responsibility.⁸
- For Issue 5 from Table 2, PS Form 17 is used to document transfers of stock to and from the unit reserve.⁹ PS Form 17 must be filed locally and retained for two years.¹⁰
- For Issue 6 from Table 2, passwords used to connect to Postal Service information resources must be treated as sensitive and not be disclosed to anyone other than the authorized user, including system administrators and technical support staff.¹¹
- For Issue 7 from Table 2: Accountability for stamp stock must be transferred when the unit reserve stock custodian is replaced or is scheduled to be absent. Further, an independent count of the unit reserve stock must be performed by the unit stock custodian and the replacement custodian when accountability is transferred to or from the unit reserve stock custodian.¹²
- For Issue 8 from Table 2: The field unit manager or supervisor is responsible for providing and monitoring adequate security for all building-related security matters, including compliance with duplicate keys, passwords, combinations for use with safes and vaults, etc.¹³ Use PS Form 3902, *Form 3977 Log and Lock Examination*, to maintain a record showing the employee's name, the date of examination of the

⁶ Handbook F-101, *Field Accounting Procedures*, Section 3-1.1.1, January 2022.

⁷ Handbook F-101, Sections 11-3.1, October 2020, Draft and 3-1.1, January 2022.

⁸ Handbook PO-209, *Retail Operations*, Section 6-9.1, October 2012.

⁹ Handbook F-101, Section 14-2.2, January 2022.

¹⁰ Handbook F-101, Appendix D, January 2022.

¹¹ Handbook AS-805, *Information Security*, Section 9-6.1.9, June 2021.

¹² Handbook F-101, Sections 11-10.2.1 and 11-10.2.2, October 2022 Draft.

¹³ Handbook F-1, *Accounting and Reporting Policy*, Section 2-5.2.2.2, January 2015.

PS Form 3977, *Duplicate Key, Combination, and Password*, the date of examination of locks and keys, and the supervisor's initials. RSS units must enter results into RSS.¹⁴

- For Issue 9 from Table 2: 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.¹⁵

Effect on the Postal Service and Its Customers

Improperly accounting for cash, money orders, and stamp stock, physically and in financial records, increases the risk of loss and opportunities for theft to occur and go unnoticed. We consider the cash and stamp stock shortages at the Montrose Heights Station, totaling \$6,120¹⁶ revenue loss.¹⁷ In addition, we consider issues concerning the safeguarding and unrecorded stamps and money orders as accountable items at risk¹⁸ totaling \$135,325.¹⁹ Further, if employees do not maintain controls over nonmail items, there is an increased risk of identity and property theft.

Recommendation #1

We recommend the **Manager, Virginia District**, reiterate to Bon Air Branch, Southside Station, and Montrose Heights Station unit management and personnel the requirements to secure accountable items, properly manage cash and inventory, and conduct financial reviews.

Recommendation #2

We recommend the **Manager, Virginia District**, instruct Bon Air Branch, Southside Station, and Montrose Heights Station unit management to train all retail employees on receipt, documentation, and retention of stamp stock and money order transfers.

Recommendation #3

We recommend the **Manager, Virginia District**, improve the current bank deposit storing process followed at the Bon Air Branch.

Recommendation #4

We recommend the **Manager, Virginia District**, reiterate to Montrose Heights Station management and personnel the policy prohibiting the sharing of Retail Systems Software passwords and direct unit management to require unit personnel to change compromised passwords.

Recommendation #5

We recommend the **Manager, Virginia District**, direct unit management at Bon Air Branch to perform duplicate key examinations and update PS Forms 3977, *Duplicate Key, Combination and Password Envelopes*, as appropriate.

Recommendation #6

We recommend the **Manager, Virginia District**, to reiterate to unit management at Southside Station the policy for handling nonmail items.

Finding #2: Daily Financial Reporting Process

What We Found

We identified issues related to the accuracy and timeliness of financial reporting activities at all three retail units. We found:

- Supporting documentation at all three units, were not always complete, accurate or were missing for judgmentally selected transactions reviewed during October 1, 2021 through March 31, 2022. We identified issues with:
 - Twenty of 70 transactions²⁰ reviewed totaling \$1,055 at the Bon Air Branch.
 - Twenty-three of 44 of transactions²¹ reviewed totaling \$6,497²² at the Southside Station.
 - Three of 167 transactions²³ reviewed totaling \$3,486 at the Montrose Heights Station.

14 Handbook F-101, Exhibit 3-8.2.2, January 2022.

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

16 Total for cash and stamp stock shortages at Montrose Heights Station ($\$79+11+1,163+4,867 = \$6,120$), based on counts conducted by OIG auditors at the unit during the week of June 28, 2022. Employees were issued letters of demand totaling \$4,878 (\$11 unit cash reserve shortage and \$4,867 unit reserve stamp stock) to recover the losses. Note: We are only including impact for the shortages.

17 Revenue loss applies to funds such as postage or retail sales the Postal Service is entitled to receive but was not realized because policies or procedures were lacking or not followed.

18 Assets or accountable items at risk of loss is a category due to lack of inadequate internal controls. Examples include, but are not limited to cash, stamps, or money orders.

19 The \$135,325 was other impact identified at the Bon Air Branch (unrecorded stamp stock \$526) and the Montrose Heights Station (unsecured stamp stock totaling \$5,799 + unsecured money orders valued at \$100,000 + unrecorded money orders valued at \$29,000).

20 The transactions included four voided postage validation imprinter (PVI) refunds, one spoiled or unused customer meter stamps refund, one PO Box refund, six refunds of postage and fees, one miscellaneous refund, two miscellaneous non-postal revenue refunds, one replacement money order, and four express mail refunds.

21 The transactions included three voided PVI refunds, one express mail refund, three financial difference overages/shortages, 14 RAs final bank deposit shortages, and two PS Forms 3533 that did not have certifying employee and witness signatures.

22 The 23 exception transactions totaling \$6,497 includes 14 transactions related to retail associate final bank deposit shortages totaling \$3,325. There is a separate finding for retail associate final bank deposit shortages below. To avoid double counting the issue, we did not include the sampled 14 transactions in our impact calculations for this issue.

23 One voided PVI refund, one claim for loss, and one salary advance transaction.

Additionally:

- Management at the Bon Air Branch did not maintain documentation regarding outstanding emergency salary advances issued in April and May 2021 totaling \$6,196. Additionally, unit personnel did not maintain supporting documentation to show efforts undertaken to resolve four bank reconciliation differences totaling \$874. Further, unit personnel prepared daily bank deposits without a witness and used unofficial bank deposit slips.
- Management at Southside Station did not research RA final bank deposit shortages totaling \$19,082 that occurred between October 1, 2021 and March 31, 2022.

Why Did It Occur

- Bon Air Branch unit management was not regularly present to review PS Form 1412, *Daily Financial Report*, transactions for accuracy, support, and timeliness. Additionally, the unit manager stated that she was not assigned to the unit when the emergency salary advance transactions occurred and was unaware of the outstanding employee items. She also stated that she had recently become aware of the financial differences during a local Postal Retail Unit (PRU) review; however, due to staffing shortages, she had not implemented procedures to monitor or review transactions expensed to the unit. Further, no explanation was provided for why official deposit slips were not ordered for this unit.
- Southside Station unit management stated that they did not perform reviews of the daily financial reports or the deposits unless they became aware that a problem has occurred. They were unaware of the final bank deposit shortages and did not know why they occurred.
- Montrose Heights Station unit management could not provide an explanation for why there was no supporting documentation for the three refund transactions.

What Should Have Happened

Postal Service 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. The daily review of PS Form 1412 must include the following:
 - Monitor unresolved employee items for timely clearance and use the system-generated Unresolved Employee Items report to maintain details of all pending employee items to be resolved by the unit.
 - Review the RA's final bank deposit overages or shortages.
 - Review and maintain a file for all financial difference expenses issued to the unit.
 - Review PS Forms 3533, *Application for Refund of Fees, Products and Withdrawal of Customer Accounts*, to ensure they are completed properly and include the appropriate signatures.²⁴
- Additionally, 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.²⁵ Further, all PRUs must order bank deposit slips through the national contract.²⁶

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. Our audits identified \$7,713²⁷ in unsupported questioned costs²⁸ related to unsupported transactions. In addition, we consider the unresolved banking expenses totaling \$19,956²⁹ as unsupported questioned costs. Further, when emergency salary advances are not monitored and promptly collected there is an increased risk that the receiving employee could separate from the Postal Service and the advance remains unnoticed. The uncollected salary

²⁴ Handbook F-101, Sections 2-4.1 (l), (h), (j), (k), and (e), January 2022.

²⁵ Handbook F-101, Sections 9-1.2.2, January 2022.

²⁶ Handbook F-101, Section 9-1.3, January 2022.

²⁷ Bon Air Branch \$1,055, Southside Station \$3,172, and Montrose Heights Station \$3,486. Note, we counted \$3,172 and not \$6,497 for Southside Station because \$3,325 related to retail associate final bank deposit shortages and the amount is already included in Southside Station calculation.

²⁸ A subset of questioned costs that are called into question because of missing or incomplete documentation or failure to follow required procedures. Generally, this category applies to events which occurred prior to the audit.

²⁹ Bon Air Branch \$874 and Southside Station \$19,082.

advances at Bon Air Branch represent \$6,196 in unsupported questioned costs.

Recommendation #7

We recommend the **Manager, Virginia District**, reiterate the requirement for field unit managers at the Bon Air Branch, Southside Station, and Montrose Heights Station to review daily financial reports to verify transactions are accurate, properly witnessed, and supported.

Recommendation #8

We recommend the **Manager, Virginia District**, direct management at Bon Air Branch and Southside Station to maintain appropriate documentation to demonstrate actions taken to research and resolve financial differences expensed to the unit including bank deposits differences and employee items.

Recommendation #9

We recommend the **Manager, Virginia District**, direct Bon Air Branch unit management to instruct close out personnel to follow procedures for preparing and witnessing bank deposits.

Recommendation #10

We recommend the **Manager, Virginia District**, direct Bon Air Branch unit management to order bank deposit slips through the Postal Service's national contract.

Finding #3: Clock Ring Errors and Warnings

What We Found

Southside Station and Montrose Heights Station management corrected fatal clock ring errors³⁰ timely, avoiding payroll adjustments. However, Bon Air Branch management did not correct two fatal clock ring errors timely. Additionally, at the Bon Air Branch we found 542 clock rings considered to be warnings³¹ that show on the Clock Ring Error Report from November 6, 2021, through March 31, 2022, that we consider to be avoidable. Specifically, unit employees did not always adhere to scheduled start times. We found that 169 of the warnings (31 percent) represented eight retail unit personnel starting their workday outside the five-minute allowance period and unit management did not maintain documentation to support that temporary schedule adjustments were authorized.

Further, the lead clerk at all three retail units did not perform TACS duties.

Why Did It Occur

These issues occurred at the Bon Air Branch 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.

The lead clerks at Southside and Montrose Stations had not been fully trained to perform timekeeping duties.

What Should Have Happened

Postal Service policy states the following:

- All fatal errors must be corrected daily to ensure that management reports contain accurate data.³²
- 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.³³
- Management is responsible for ensuring that employees clock in and out according to their assigned schedules, identifying any deviation from the scheduled tour by more than 0.08 hours (five minutes), acting on all leave requests, acting on all requests for temporary schedule changes, and completing supporting forms as required by established procedures.³⁴

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 including to correct daily clock ring errors.³⁵

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

³⁰ An error that appears in red in the system and prevents the employee from being paid correctly for that day.

³¹ 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").

³² *Field Finance Training – Timekeeping*, updated May 2022.

³³ Handbook F-21, *Time and Attendance*, Section 142.21, February 2016.

³⁴ Handbook F-21, Section 114.1.

³⁵ As a result of a February 2016 grievance settlement with the American Postal Workers Union.

Recommendation #11

We recommend the **Manager, Virginia District**, reiterate to Bon Air Branch unit management the requirement to address employee tardiness and retain documentation supporting actions taken.

Recommendation #12

We recommend the **Manager, Virginia District**, direct Bon Air Branch, Southside Station, and Montrose Height Station unit management to provide timekeeping training to their lead clerks and assign timekeeping duties to this employee.

Finding #4: Employee Separations

What We Found

Unit management at the Bon Air Branch and Southside Station did not always properly process separated employees. Specifically, four employees who were separated, suspended, transferred, or reassigned at the Bon Air Branch 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, and the Remote Forwarding System. One of the four had cash and/or money order accountabilities. Additionally, the Southside Station's financial records showed five of eight separated employees with active roles in the RSS data systems for this unit. The roles included retail floor, closeout, and administrator. Further, unit management at Southside Station did not change the safe combination and locks after each employee's separation.

Why Did It Occur

These issues occurred at the Bon Air Branch due to inadequate management oversight and limited knowledge of Human Resources duties at the unit.

Management at Southside Station stated they did not review the unit's roles report and were not aware that the separated employees retained active roles in RSS. Further, management stated other daily operations took priority over completing tasks related to changing safe combinations and locks after employee separations.

What Should Have Happened

Postal Service policy states:

- 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.³⁶
- When an RA is separated from the unit,³⁷ 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.³⁸
- Management must change the safe's combination whenever a person who knows a combination of a safe or vault is separated or transferred.³⁹

Effect on the Postal Service and Its Customers

Cash, blank money orders, and other Postal Service assets could be stolen or used for unintended purposes when policies are not followed. Failure to change a combination is considered contributory negligence by the responsible employee if property is stolen from a safe and vault without force.⁴⁰

Recommendation #13

We recommend the **Manager, Virginia District**, provide Bon Air Branch and Southside Station unit management employee separation training.

Recommendation #14

We recommend the **Manager, Virginia District**, instruct Bon Air Branch and Southside Station unit management to terminate separated employee's active system accesses and change the vault locks and safe combinations as applicable.

Management's Comments

Management agreed with all the findings, recommendations, and monetary impact.

For recommendations 1, 2 and 8, management will provide training to unit management and retail employees at all three units by January 31, 2023. Specifically,

- Field Accounting Overview training.
- Field Stamp Stock Management to include Module 3 which addresses financial differences and associated general ledger accounts.

³⁶ Handbook F-101, Section 2-4.8, January 2022.

³⁷ Handbook F-101, Section 13-8.4, October 2020, Draft.

³⁸ Handbook F-101, Section 13-7.6 and 13-8.4, October 2020, Draft.

³⁹ Handbook F-101, Section 3-9.2, January 2022.

⁴⁰ Handbook F-101, Section 3-9.2, January 2022.

For recommendations 3, 9, and 10 related to Bank Deposits at Bon Air Branch. Specifically,

- Bank deposits will be properly secured, and a log created for responsible personnel to sign for possession of the key to access deposits. The target implementation date is November 30, 2022.
- Management will instruct retail associates to prepare bank deposits in accordance with policy. Additionally, a copy of the Bank Deposit Quick Reference Guide will be given to each associate. The target implementation date is December 31, 2022.
- The requisition placed for bank deposit slips has been received and Bon Air Branch has ample stock. The target implementation date is October 31, 2022.

For recommendations 4, 6, 7, and 13, management will provide service talks and reviews of applicable Postal Service policies to required personnel. Specifically,

- Service talks regarding prohibited uses of information resources will be given to required employees at the Montrose Heights Station. Additionally, personnel will be required to change their passwords and properly secure in a PS Form 3977, *Duplicate Key Envelope*. The target implementation date is January 31, 2023.
- Management at Southside Station will review the Domestic Mail Manual for treatment of nonmail matter. The target implementation date is November 30, 2022.
- Service talk to required personnel at all three units on proper unit closeout procedures. The target implementation date is December 31, 2022.
- Manager, Customer Service Operations will review Handbook F-101, Field Accounting Procedures, with unit management at Bon Air Branch and Southside Station to ensure knowledge of process and procedures for separated employees. The target implementation date is December 31, 2022.

For recommendation 5, management at Bon Air Branch will semi-annually conduct physical examinations of each PS Form 3977 to ensure envelopes are properly sealed and witnessed. The target implementation date is December 31, 2022.

For recommendation 11, management at Bon Air Branch will perform attendance reviews

in accordance with policy and document on PS Form 3972, *Absence Analysis*. The target implementation date is February 28, 2023.

For recommendation 12, based on subsequent communication, management will schedule Time and Attendance training for Lead Associates at all three units. The target implementation date is February 28, 2023.

For recommendation 14, management at Bon Air Branch and Southside Station will terminate all separated employees from the roles. The target implementation date is November 30, 2022.

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

Evaluation of Management's Comments

The U.S. Postal Service OIG considers management's comments responsive to the recommendations in the report.

All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. The recommendations should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendations can be closed.

Appendix A: Management's Comments



October 21, 2022

JOHN CIHOTA
DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response: Capping Report – Efficiency of Selected Processes at
Select Retail Units, Virginia District (Report Number 22-141-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, *Capping Report – Efficiency of Selected Processes at Select Retail Units, Virginia District*.

Management agrees with the four findings in the report on:

- Finding 1 - Cash and Inventories
- Finding 2 - Daily Financial Reporting Process
- Finding 3 - Clock Ring Errors and Warnings
- Finding 4 - Employee Separations

Management agrees with the monetary impact.

Following are our comments on the 14 recommendations.

Recommendation 1:

We recommend the Manager, Virginia District, reiterate to Bon Air Branch, Southside Station, and Montrose Heights Station unit management and personnel the requirements to secure accountable items, properly manage cash and inventory, and conduct financial reviews.

Management Response/Action Plan:

Management agrees with this recommendation. All management and retail employees at the Bon Air Branch, Southside Station, and Montrose Heights stations will be required to complete "Field Accountability Overview" training in HERO. Documentation of this training will be provided as evidence of completion.

Target Implementation Date: 1/31/2023

Responsible Official:

Manager, Customer Service Operations

Recommendation 2:

We recommend the Manager, Virginia District, instruct Bon Air Branch, Southside Station, and Montrose Heights Station unit management to train all retail employees on receipt, documentation, and retention of stamp stock and money order transfers.

Management Response/Action Plan:

Management agrees with this recommendation. All required management and retail employees at the Bon Air Branch, Southside Station, and Montrose Heights stations will be required to complete "Field Stamp Stock Management" training in HERO. Documentation of this training will be provided as evidence of completion.

Target Implementation Date: 1/31/2023

Responsible Official:

Manager, Customer Service Operations

Recommendation 3:

We recommend the Manager, Virginia District, improve the current bank deposit storing process followed at the Bon Air Branch.

Management Response/Action Plan:

Management agrees with this recommendation. Bank deposits will be properly secured, and a log created for responsible personnel to sign for possession of the key to access deposits.

Target Implementation Date: 11/30/2022

Responsible Official:

Manager, Customer Service Operations

Recommendation 4:

We recommend the Manager, Virginia District, reiterate to Montrose Heights Station management and personnel the policy prohibiting the sharing of Retail Systems Software passwords and direct unit management to require unit personnel to change compromised passwords.

Management Response/Action Plan:

Management agrees with this recommendation. A service talk will be given to required personnel on prohibited uses of information resources as stated in Handbook AS805 – Information Security https://blue.usps.gov/cpim/ftp/hand/as805/as805c5_007.htm . A record of this service talk will serve as evidence of completion. Additionally, personnel will be required to change their passwords and properly secure in a PS Form 3977 *Duplicate Key Envelope*.

Target Implementation Date: 1/31/2023

Responsible Official:

Manager, Customer Service Operations

Recommendation 5:

We recommend the Manager, Virginia District, direct unit management at Bon Air Branch to perform duplicate key examinations and update PS Forms 3977, Duplicate Key, Combination and Password Envelopes, as appropriate.

Management Response/Action Plan:

Management agrees with this recommendation. Management will conduct physical examinations of each PS Form 3977 semi-annually in accordance with Handbook PO-209, Section 6-10 to ensure envelopes are properly sealed and witnessed.

Target Implementation Date: 12/31/2022

Responsible Official:

Manager, Customer Service Operations

Recommendation 6:

We recommend the Manager, Virginia District, to reiterate to unit management at Southside Station the policy for handling nonmail items.

Management Response/Action Plan:

Management agrees with this recommendation. Management at Southside Station will review *Domestic Mail Manual*, Section 507.1.9.1a on treatment of nonmail matter. Documentation of this service talk will serve as evidence of implementation.

Target Implementation Date: 11/30/2022

Responsible Official:

Manager, Customer Service Operations

Recommendation 7:

We recommend the Manager, Virginia District, reiterate the requirement for field unit managers at the Bon Air Branch, Southside Station, and Montrose Heights Station to review daily financial reports to verify transactions are accurate, properly witnessed, and supported.

Management Response/Action Plan:

Management agrees with this recommendation. Management at the Bon Air Branch, Southside Station, and Montrose Heights Station will give a service talk to all required personnel on Handbook F101 Field Accounting Procedures, Section 5-2.2 on proper unit closeout procedures. Documentation of this service talk will serve as evidence of implementation.

Target Implementation Date: 12/31/2022

Responsible Official:

Manager, Customer Service Operations

Recommendation 8:

We recommend the Manager, Virginia District, direct management at Bon Air Branch and Southside Station to maintain appropriate documentation to demonstrate actions taken to research and resolve financial differences expensed to the unit including bank deposits differences and employee items.

Management Response/Action Plan:

Management agrees with this recommendation. All required management and retail employees at the Bon Air Branch and Southside Station will be required to complete "Field Stamp Stock Management" training in HERO. Module 3 of this training addresses Financial Differences and associated general ledger accounts. Documentation of this training will be provided as evidence of completion.

Target Implementation Date: 1/31/2023

Responsible Official:

Manager, Customer Service Operations

Recommendation #9

We recommend the Manager, Virginia District, direct Bon Air Branch unit management to instruct close out personnel to follow procedures for preparing and witnessing bank deposits.

Management Response/Action Plan

Management agrees with this recommendation. Management will instruct Retail Associates at the Bon Air Branch to prepare bank deposits in accordance with policy. Additionally, a copy of the Bank Deposit Quick Reference Guide will be given to each associate.

Target Implementation Date 12/31/2022

Responsible Official

Manager, Customer Service Operations

Recommendation #10

We recommend the Manager, Virginia District, direct Bon Air Branch unit management to order bank deposit slips through the Postal Service's national contract.

Management Response/Action Plan

Management agrees with this recommendation. The requisition placed for bank deposit slips has been received and Bon Air Branch has ample stock. Management request closure of this recommendation with issuance of the final report.

Target Implementation Date 10/31/2022

Responsible Official

Manager, Customer Service Operations

Recommendation #11

We recommend the Manager, Virginia District, reiterate to Bon Air Branch unit management the requirement to address employee tardiness and retain documentation supporting actions taken.

Management Response/Action Plan

Management agrees with this recommendation. Management will perform attendance reviews in accordance with policy and document on PS form 3972. Appropriate corrective action will be taken as necessary.

Target Implementation Date 2/28/2023

Responsible Official

Manager, Customer Service Operations

Recommendation #12

We recommend the Manager, Virginia District, direct Bon Air Branch, Southside Station, and Montrose Height Station unit management to provide timekeeping training to their lead clerks and assign timekeeping duties to this employee.

Management Response/Action Plan

Management agrees with this recommendation. Management will schedule Time and Attendance training for Lead Associates at Bon Air Branch.

Target Implementation Date 2/28/2023

Responsible Official

Manager, Customer Service Operations

Recommendation #13

We recommend the Manager, Virginia District, provide Bon Air Branch and Southside Station unit management employee separation training.

Management Response/Action Plan

Management agrees with this recommendation. Manager, Customer Service Operations will review Handbook F-101, Sections 2-4.8, 13-8.4, 13-7.6, 13-8.4 and 3-9.2 with unit management at Bon Air Branch and Southside Station to ensure knowledge of process and procedures for separated employees.

Target Implementation Date 12/31/2022

Responsible Official

Manager, Customer Service Operations

Recommendation #14

We recommend the Manager, Virginia District, instruct Bon Air Branch and Southside Station unit management to terminate separated employee's active system accesses and change the vault locks and safe combinations as applicable.

Management Response/Action Plan

Management agrees with this recommendation. Management will terminate from the rolls all separated employees.

Target Implementation Date 11/30/2022

Responsible Official

Manager, Customer Service Operations

E-SIGNED by Gerald A Roane
on 2022-10-21 17:30:25 CDT

Gerald A. Roane
District Manager, Virginia District

Cc: Acting VP Area Retail & Delivery Operations (Atlantic)
Corporate Audit & Response Management

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