

Efficiency of Selected Processes – Yuma Main Office, Yuma, AZ

AUDIT REPORT

Report Number 23-020-1-R23 | February 2, 2023



Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

February 2, 2023

MEMORANDUM FOR: JOHN S. MORGAN
MANAGER, AZ-NM DISTRICT

A handwritten signature in black ink that reads "Kelly Thresher".

FROM: Kelly Thresher
Deputy Assistant Inspector General, Field Operations

SUBJECT: Audit Report – Efficiency of Selected Processes – Yuma Main Office,
Yuma, AZ (Report Number 23-020-1-R23)

This report presents the results of our audit of the Efficiency of Selected Processes – Yuma Main Office, Yuma, AZ.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Frank McElligott, Audit Manager, or me, at 703-248-2100.

Attachment

cc: Postmaster General
Corporate Audit and Response Management
Vice President, Retail & Post Office Operations
Vice President, Area Retail and Delivery Operations, PacWest

Results

Background

This interim report presents the results of our self-initiated audit of the efficiency of selected processes at the Yuma Main Office (MO) in Yuma, AZ (Project Number 23-020-1). The Yuma MO is in the Arizona-New Mexico (AZ-NM) District of the WestPac Area. We judgmentally selected the Yuma MO for our audit.

Objective, Scope, and Methodology

Our objective was to review cash and inventory, daily reporting activities, clock ring errors, and employee separations at the Yuma MO. The scope period was April 1 through September 30, 2022.

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 unit cash reserve, 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 determined the causes for issues identified and discussed our observations and conclusions with management on January 18, 2023, and included their comments where appropriate.

Yuma MO is one of three post offices² the U.S. Postal Service Office of Inspector General (OIG) reviewed during the week of November 14, 2022. We issued this interim report to provide the U.S. Postal Service with timely information regarding the conditions we identified at the Yuma MO.

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

Yuma MO management appropriately performed employee separations; 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 November 14, 2022.

¹ We did not review city or rural carriers.

² We visited the Yuma Main Office (23-020-1), Lake Havasu City Post Office (23-020-2), and Phoenix Sierra Adobe Station (23-020-3).

Finding #1: Cash and Inventories

What We Found

Unit management did not adequately secure accountable items. Specifically:

- We found unsecured retail floor stock in a tool chest in an open vault. In addition, we found an unsecured \$275 cashier's check on top of one of the retail window stations.
- We conducted an independent count of the unit cash and stamp inventories on November 15, 2022. The retail floor stock³ was short \$343, 1.6 percent of the total.

Why Did It Occur

Unit management stated the lock was broken on the tool chest and they had not replaced it due to other duties taking priority. They stated they took corrective action and ordered a new lock. In addition, they stated it was an oversight that a sales associate did not secure the cashier's check. Unit management did not know why there was a shortage in the retail floor stock inventory.

What Should Have Happened

Postal Service policy states the postmaster or unit manager is responsible for ensuring that controls are in place for maintaining an accurate inventory of all accountable paper in the postal retail unit.⁴ 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.⁵

Effect on the Postal Service and Its Customers

Properly accounting for cash, money orders, and stamp stock, physically and in financial records, decreases opportunities for theft to occur and go unnoticed.

³ A common inventory for use by retail employees who are not directly accountable for that inventory. Although no individual retail employee is accountable for this stock, each retail associate making sales from this credit is responsible for ensuring accurate reporting of the sales from the retail floor stock.

⁴ Handbook F-101, *Field Accounting Procedures*, September 2022, Section 11-3.

⁵ Handbook F-101, Section 3-11.

Finding #2: Daily Reporting Activities

What We Found

Unit management did not review Postal Service Forms 1412, Daily Financial Report, to ensure the accuracy and timeliness of financial reporting. We reviewed a judgmental sample of 12 days during our audit scope and noted there was no evidence of review. In addition, unit personnel did not file any emergency travel documentation with PS Form 1412. Unit personnel inputted emergency travel advances electronically but needed to file the travel advance, along with the money order receipt, with PS Form 1412.

Why Did It Occur

Unit management was unaware of their responsibility to review final PS Form 1412 documentation daily and the need to file supporting documentation.

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.⁶

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.

⁶ Handbook F-101, Section 2-4.1.

Finding #3: Clock Ring Errors

What We Found

Unit management corrected fatal clock ring errors⁷ timely. However, we found 977 clock rings, considered warnings,⁸ on the Clock Ring Error Report from April 1 to September 30, 2022, that we consider to be avoidable. Specifically, nine retail unit employees did not always adhere to scheduled start times. We found 347 warnings representing nine retail unit personnel starting their workday outside the five-minute allowance period, and for those where work hours differed from actual start times, no documentation to support temporary schedule adjustments were authorized.

Why Did It Occur

The supervisor at the Yuma MO stated they were aware of the policy but did not have time to follow-up with employees clocking in after the five-minute allowance period. Management did not enforce the policy regarding late arrivals but instead cleared the clock ring errors daily, allowing employees to continue arriving outside of the allowance period.

What Should Have Happened

Postal Service policy states that, upon arrival, employees who are 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. The employee 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.⁹

Effect on the Postal Service and Its Customers

When managers do not enforce policies for clocking in, employees may receive improper pay and management could incur excess administrative time validating the accuracy of clock ring entries. In addition, management could rely on inaccurate information when making staffing decisions for each tour.

Management's Comments

Management agreed with all findings in the report. In addition, management stated they have begun taking steps to address the three findings. See [Appendix B](#) for management's comments in their entirety.

Evaluation of Management's Comments

The OIG considers management's comments responsive to the findings in the report.

⁷ An error that appears in red in the system and prevents the employee from being paid correctly for that day.

⁸ Messages that address issues other than fatal errors but also need review. 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").

⁹ Handbook F-21, *Time and Attendance*, Section 142.21 and 143.12, February 2016.

Appendix A: Additional Information

We conducted this audit from November 2022 through February 2023, 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),¹⁰ Retail Systems Software,¹¹ and the Time and Attendance Collection System (TACS).¹² 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.

¹⁰ A repository intended for all data and the central source of 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.

¹¹ The hardware and software retail transaction system used in post offices.

¹² 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.

Appendix B: Management's Comments



January 25, 2023

JOHN CIHOTA
DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response: Efficiency of Selected Processes – Yuma Main Office, Yuma, AZ (Report Number 23-020-1-DRAFT)

Thank you for providing the Postal Service an opportunity to review and comment on the findings contained in the draft audit report, *Efficiency of Selected Processes – Yuma Main Office, Yuma, AZ*.

Management agrees with the three findings in the report on cash and inventories, daily reporting activities, and clock ring errors.

Management has begun taking steps to address the three findings.

A handwritten signature in blue ink, appearing to read "John S. Morgan".

John S. Morgan
District Manager, AZ-NM District

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

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