

# Efficiency of Selected Processes – Rancho Santa Fe, CA, Post Office

## AUDIT REPORT

Report Number 23-067-2-R23 | April 26, 2023



# Transmittal Letter



OFFICE OF INSPECTOR GENERAL  
UNITED STATES POSTAL SERVICE

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April 26, 2023

**MEMORANDUM FOR:** JENNIFER T. VO  
MANAGER, CALIFORNIA 6 DISTRICT

A handwritten signature in black ink, appearing to read "J. Littlejohn", is centered below the recipient information.

**FROM:** John T. Littlejohn  
Audit Director, Financial Controls

**SUBJECT:** Audit Report – Efficiency of Selected Processes – Rancho Santa Fe, CA,  
Post Office (Report Number 23-067-2-R23)

This report presents the results of our audit of the Efficiency of Selected Processes – Rancho Santa Fe, CA, Post Office.

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, WestPac Area Retail and Delivery Operations

# Results

## Background

This interim report presents the results of our self-initiated audit of the efficiency of selected processes at the Rancho Santa Fe, CA Post Office (Project Number 23-067-2). The Rancho Santa Fe, CA Post Office is in the California 6 District of the WestPac Area. We judgmentally selected the Rancho Santa Fe Post Office for our audit.

## Objective, Scope, and Methodology

Our objective was to review cash and inventory, daily reporting activities, clock ring adjustments, and employee separations at the Rancho Santa Fe Post Office. The scope period was July 1 through December 31, 2022.

To accomplish our objective, we reviewed data regarding inventories, daily reporting activities, clock ring adjustments, and employee separations to identify at-risk transactions.<sup>1</sup> 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 adjustments 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 April 11, 2023, and included their comments where appropriate.

Rancho Santa Fe Post Office is one of three post offices<sup>2</sup> the U.S. Postal Service Office of Inspector General (OIG) reviewed during the week of February 27, 2023. We issued this interim report to provide the U.S. Postal Service with timely information regarding the conditions we identified at the Rancho Santa Fe Post Office.

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

Rancho Santa Fe Post Office management appropriately performed clock ring adjustments and employee separations; however, we identified issues with cash and inventories, as well as daily reporting activities (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 Separation		X

Source: Results of OIG fieldwork during the week of February 27, 2023.

During fieldwork, we conduct an independent count of cash and stamp inventories. Unit management is required to complete periodic counts throughout the year. Having a shortage or overage on a count does not necessarily indicate wrongdoing, but is an indicator of the strength of internal controls at the unit. At this unit, we found unit stamp reserve stock was short \$948, 2.5 percent of the total, and the retail floor stock was short \$84, 1 percent of the total.

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

<sup>2</sup> We visited the Hillcrest Station (Project #23-067-1), Rancho Santa Fe Post Office (Project #23-0687-2), and the Chula Vista Post Office (Project #23-067-3).

# Finding #1: Cash and Inventories

## What We Found

Unit management did not adequately secure accountable items. Specifically, we found an unsecured lock box with cash in an unlocked drawer at one of the retail window stations. In addition, we found the Voyager card and arrow keys<sup>3</sup> stored in an open safe with unsecure retail floor stock.<sup>4</sup>

## Why Did It Occur

Unit management stated they didn't secure accountable items due to lack of unit management oversight.

During fieldwork, unit management took corrective action and secured the cash and moved the Voyager card and arrow keys to a different safe where no cash or stamp stock was stored.

## 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.<sup>5</sup> 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>6</sup>

## 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.

<sup>3</sup> A distinctively shaped key carriers use to open mail-receiving receptacles such as street collection boxes and panels of apartment house mailboxes equipped with an arrow lock.

<sup>4</sup> 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.

<sup>5</sup> Handbook F-101, *Field Accounting Procedures*, Section 11-3, September 2022.

<sup>6</sup> 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 16 days during our audit scope and noted there was no evidence of review.

## Why Did It Occur

Unit management stated they used to review final PS Form 1412 documentation daily and they fell out of the habit.

During fieldwork, unit management took corrective action and printed a daily review checklist for supervisory use in reviewing the daily Forms 1412.

## 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.<sup>7</sup>

## 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.

## Management's Comments

Management agreed with the two findings in the report. In addition, management stated they have begun taking steps to address the findings by securing voyager cards and arrow keys and by retraining the employees. 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.

<sup>7</sup> Handbook F-101, Section 2-4.1.

# Appendix A: Additional Information

We conducted this audit from February 2023 through April 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 assessed the reliability of Enterprise Data Warehouse (EDW),<sup>8</sup> Retail Systems Software (RSS),<sup>9</sup> and Time and Collection System (TACS)<sup>10</sup> 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.

<sup>8</sup> 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.

<sup>9</sup> The hardware and software retail transaction system used in post offices.

<sup>10</sup> 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



April 19, 2023

JOHN CIHOTA  
DIRECTOR, AUDIT SERVICES

*SUBJECT: Management Response: Efficiency of Selected Processes – Rancho Santa Fe, CA, Post Office (Report Number 23-067-2-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 – Rancho Santa Fe, CA, Post Office.*

*Management agrees with the two findings in the report on cash and inventories and daily reporting activities.*

*Management has begun taking steps to address these two findings.*

*Cash and Inventories: All accountable items have been placed in the proper secured location including Voyager cards and arrow keys. Employees have been retrained and continuous communication will be given.*

*Daily Reporting Activities: Retrained clerk employees to ensure proper utilization and review of PS Form 1412, Daily Financial Report are done daily to include filing of forms accordingly, verification and witnessing by EAS. Validation and continuous communication will be given.*

 E-SIGNED by Jennifer.T Vo  
on 2023-04-19 20:02:03 CDT

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Jennifer T. Vo  
District Manager, California 6 District

*cc: Vice President, Area Retail & Delivery Operations -  
WestPac Manager, Corporate Audit Response  
Management*

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