March 20, 2009

C. MICHAEL HARLOW
DISTRICT MANAGER, BALTIMORE DISTRICT

SUBJECT: Audit Report – Baltimore District Financial Risk Audit (Report Number FF-AR-09-123)

This report presents results of our audit of the [redacted] in the Baltimore District and an overview of unit financial operations in the district based on our Financial Risk Model (FRM) (Project Number 08BD009FF008). The objectives of our audit were to determine whether judgmentally selected high-risk transactions were supported and made in accordance with U.S. Postal Service policies, cash and stamp stock levels were within authorized limits, and local disbursements were paid in accordance with Postal Service policy. The U.S. Postal Service Office of Inspector General (OIG) performed this self-initiated audit because our FRM showed that for all 4 quarters in fiscal year (FY) 2008, the Baltimore District had the highest financial risk of any district. See Appendix A for additional information about this audit.

Conclusion

Based on the items we reviewed, judgmentally selected high-risk transactions were not supported and made in accordance with Postal Service policies, cash and stamp stock levels were above the authorized limits, and local disbursements were not paid in accordance with Postal Service policy. In addition, internal controls were not in place and effective for cash, stamp, and money order accountability. We have noted similar issues in prior audits we conducted in the Baltimore District, most recently in the audit of the [redacted].[1] In addition, our FRM indicates that the district has a high degree of financial risk at other retail units.

Significant Internal Control Weaknesses Were Identified

Our audits of the [redacted] disclosed that disbursement transactions we tested were not always supported by bona fide receipts or other documentation, stamp stock and cash levels were not properly managed, and local disbursements were not always supported or processed properly. In addition, we noted internal control weaknesses related to stamps, cash, and money orders. See Appendix B for our detailed analysis of the findings. Appendix C presents the results of our

[1] *Audit Report* – [redacted] (Report Number FF-AR-09-01, dated December 12, 2008).

accountability examinations for the [redacted]. Appendix D presents the results of our audit tests with details regarding the 15 conditions we identified. Appendix E and Appendix F present the details of the $179,124 monetary impact for questioned costs and the $4,655,528 non-monetary impact for accountable items and assets at risk we identified, respectively. We will report these monetary and non-monetary impacts in our *Semiannual Report to Congress*.

Unit management and craft employees often stated that they were unaware of financial procedures because they have not received financial training. District and area management agreed that Unit Managers often do not have sufficient knowledge of financial procedures. Although various training classes are available online, the district has not provided a formal, detailed financial training program for managers. Until managers receive adequate training and the financial controls are functioning as prescribed, the Postal Service has a significantly increased risk of financial losses in the Baltimore District.

We recommend the District Manager, Baltimore District:

1. Develop and implement a financial training program for Unit Managers and Supervisors at the [redacted]

2. Establish a system to monitor compliance with financial procedures.

3. Develop an action plan (1) to assess whether the deficiencies noted at the individual stations, as shown in Appendix D of this report, exist elsewhere in the district and (2) to correct those deficiencies at the individual stations.

4. Provide quarterly and annual summaries of unit compliance with financial procedures to the Capital Metro Area, showing how the issues identified in this report are being corrected.

Management's Comments

Management agreed with our finding, recommendations, and monetary and non-monetary impacts. Management agreed to provide financial training at the stations cited in our report by April 30, 2009. The district will also implement a financial scorecard for units containing elements including stock levels, cash counts, employee items, and financial differences by May 1, 2009. The district presented its action plan for identifying deficiencies at other units using this scorecard and for correcting the deficiencies identified, and will provide the results of its compliance with financial reporting requirements to the Capital Metro Area effective July 1, 2009. See Appendix G for management's comments in their entirety.

Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendations and corrective actions taken should resolve the issues identified in the report.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact John Wiethop, Director, Field Financial Central, or me at (703) 248-2100.

John E. Cihota
Deputy Assistant Inspector General
for Financial Accountability

Attachments

cc: Joseph Corbett
William P. Galligan
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APPENDIX A: ADDITIONAL INFORMATION

BACKGROUND

Post offices are the initial level where the Postal Service recognizes revenue from operations. Postmasters or installation heads are responsible for collecting all receipts to which the offices are entitled, accounting for all funds entrusted to them, and ensuring that post offices meet all accounting objectives. Handbook F-101, *Field Accounting Procedures*, dated July, 8, 2008, provides the procedures Postmasters and other installation heads must follow to meet the financial responsibilities of the installation.

The Baltimore District is in the Capital Metro Area and includes over 700 postal retail offices with the Point of Service (POS) system; these post offices reported more than $238 million of revenue in FY 2008. The two units addressed in this audit reported approximately $3.41 million of revenue during this period.[2]

The OIG performs periodic financial risk assessments. Based on financial data in the Enterprise Data Warehouse, the OIG developed an FRM, which ranks the Postal Service's 80 districts with specific financial risk indicators. We selected the Baltimore District because risk indicators in our model suggested the district had a high financial risk compared to others around the country. The risk factors in our FRM are the following.

1. Revenue – all revenue (income) associated at a unit.

2. Local Expenses – purchases made at local post offices for local expenditures, including supplies and services.

3. Refund Expenses – refunds can be made for postage, fees, and other services.

4. Miscellaneous Expenses – includes bank deposit differences and other discrepancies.

5. Non-Local Expenses – all expenses for local units (such as cleaning and utilities) paid centrally through the San Mateo Accounting Service Center.

6. Clerk Cash Management – measures whether units are complying with requirements for Clerks' cash, including whether cash is counted at the prescribed frequency and whether the amount of cash maintained by Clerks is within limits set by Postal Service policy.

7. Office Cash Management – measures whether units are maintaining the amount of cash authorized by Postal Service policy.

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[2] Data obtained from the Standard Accounting for Retail system.

8. Employee Related Items – includes amounts owed to the Postal Service for travel and salary advances, and shortages and overages resulting from Clerks' stamp and cash counts.

9. Customer Account Management – measures districts with the highest percentage of differences in customer account balances by comparing source data to accounting records.

10. Retail Stamp Stock Management – the amount of stamp stock a post office can maintain for sale to the public and the frequency with which the post office should count the stock.

11. Overall Unit Stamp Stock Management – the total amount of stamp stock in excess of levels authorized by Postal Service policy, calculated based on prior year sales. This includes the amount sold directly to the public and the amount held in inventory.

12. Contract Postal Units Management – measures the number of units with the most contract postal unit stock at risk. A contract postal unit is a privately operated entity that provides most postal retail services.

In developing risk scores for each of these factors, we assign a weight to each based on our previous audits and investigative results.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of our audit were to determine whether:

- Judgmentally selected high-risk transactions were supported and made in accordance with Postal Service policies.
- Cash and stamp stock accountability balances were within authorized limits at the two judgmentally selected units.
- Judgmentally selected local disbursements were allowable and processed according to Postal Service policies.

We conducted our limited scope audit at the [redacted] from September 2008 to March 2009 in accordance with generally accepted government auditing standards and included tests of internal controls that were necessary under the circumstances.[3] The 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 objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. We

[3] We conducted fieldwork at the sites from September 15 through 30, 2008.

discussed our observations and conclusions with district management officials on January 22, 2009, and included their comments where appropriate.

We relied on data obtained from the Postal Service's Enterprise Data Warehouse Accounting Data Mart and performed specific internal control and transaction tests on that system's data. We traced recorded financial transactions to and from supporting documentation and assessed the reliability of computerized data by comparing the computer records to source documents. In addition, we used Postal Service instructions, manuals, policies, and procedures as criteria to evaluate internal controls and data reliability. Finally, we evaluated whether the internal control structure over financial reporting and safeguarding of assets was implemented and functioning as designed; interviewed supervisors and employees; and observed operations.

PRIOR AUDIT COVERAGE

The OIG has not conducted audits at the [redacted], but has issued the following reports in the past 3 years for units in the Baltimore District. Our work in the Baltimore District shows a history of district-wide noncompliance with Postal Service policies and procedures. Generally, management agreed with the findings and recommendations in the following reports. We have not followed up on the status of corrective actions at any of these units.

Report Title	Report Number	Final Report Date	Monetary Impact	Non-Monetary Impact	Report Results
Fiscal Year 2007 Financial Installation Audit – [redacted]	FF-AR-07-148	April 20, 2007	$38,945	$265,587	Our audit identified internal control and compliance issues related to cash and stamp accountability, financial accounting and reporting, and safeguarding of assets.
Fiscal Year 2008 Financial Installation Audit – [redacted]	FF-AR-08-064	January 7, 2008	$44,785	$2,032,886	Our audit identified 24 internal control and compliance issues related to cash, stamp, and money order accountability; financial accounting and reporting; post office boxes and caller services; local disbursements; SmartPay Purchase cards; and payroll.

Report Title	Report Number	Final Report Date	Monetary Impact	Non-Monetary Impact	Report Results
Fiscal Year 2006 Financial Installation Audit – [redacted]	FF-AR-06-045	January 27, 2006	$166,629	N/A	Our audit identified internal control and compliance issues related to cash and stamp accountability, postage due accounts, time and attendance, money orders, contract postal unit accountability, master trust accounts, and post office boxes. We also identified issues with advance deposit accounts maintained by the Baltimore Business Mail Entry Unit.
Fiscal Year 2005 Financial Installation Audit – [redacted]	FF-AR-05-117	April 25, 2005	$2,344	N/A	Our audit identified internal control and compliance issues related to cash, stamp, and key accountability procedures; money orders; Voyager Cards; and nonprofit mail acceptance.

APPENDIX B: DETAILED ANALYSIS

Retail Associates' Cash Not Properly Managed

Fifteen Retail Associates (RA) at both units exceeded the authorized cash retained limit by $711. Supervisors at both units stated that cash limits were established before they became Customer Service Supervisors, and they were unaware the cash was above the authorized limit. In addition, unit management at [redacted] did not conduct examinations of the RAs' cash credits at the required frequency. The Supervisor stated that it was an oversight that they did not conduct the accountability examinations at the prescribed frequency.

Dormant Cash Credits Not Closed

Unit management at both units did not close seven inactive RA cash credits totaling $1,065. Two RAs at [redacted] were removed in 1996, but their accountabilities remained open. Supervisors at both stations stated that it was an oversight that they did not close the accountabilities. When units do not close inactive accounts, there is an increased risk that assets will be lost without detection.

Stamp Stock Limits Exceeded

Both units exceeded the retail floor stock level for the same period last year by $252,953[4] and the total stock limit by $509,267.[5] The Supervisors were not aware of the stock limits and did not receive financial training.

Duplicate Key Procedures Not Followed

Neither unit maintained duplicate key envelopes for four employees, and five employees had not filed copies of their POS system passwords in Postal Service (PS) Form 3977, Duplicate Key Envelope. The Supervisors stated this was an oversight. In addition, the [redacted] Supervisor stated that other duties, such as managing retail operations and overseeing the passport window, took priority.

Vending Procedures Not Followed

[redacted] unit management did not submit $7,391 of vending stamp stock to the stamp distribution office (SDO) for destruction when the vending machine was removed in October 2007. In addition, the unit did not deposit vending cash totaling $40. The RA who was assigned to the vending accountability and the Customer Service Supervisor both stated they did not perform a final accountability examination and submit the stock for destruction due to oversight.

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[4] The units' combined allowable threshold for retail floor stock was $103,798.57 on September 16, 2008.
[5] The units' combined maximum authorized limit was $311,395.71 on September 15, 2008.

Stamp Stock Procedures Not Followed

[redacted] unit management did not follow proper procedures to account for stock returned to the unit from the SDO. During April 2008, the unit submitted retail floor stock totaling $23,141 to the SDO; this stock was returned to the unit because it was sent out of cycle and improperly documented. The Supervisor stated she did not open the box of stamps returned from the SDO because she believed it was automated postal center stamp stock, for which she was not the custodian. In addition, she stated she was not aware of the requirement to enter the stamp stock into the POS system after the unit received the stock from the SDO.

Money Order Procedures Not Followed

Units did not always adhere to prescribed procedures for money orders. Specifically, at [redacted], we identified seven voided money orders totaling $3,397 that unit management did not destroy. The Supervisor stated she was unaware of the requirement to destroy voided money orders. We also noted that [redacted] unit management was unable to locate 182 blank money orders valued at $72,800[6] that were listed in the POS system. The Customer Service Supervisor was aware of neither the requirement to account for money orders listed in POS, nor the fact that money orders were missing from the inventory.

The [redacted] maintained 10,092 obsolete domestic and international money orders, valued at $4.04 million, that were not recorded in the POS system. The Supervisors at both units stated they were unaware of the requirement to destroy obsolete money orders.

Customer Trust Accounts Not Monitored

The [redacted] did not reconcile customer advance deposit accounts, resulting in a $916 balance discrepancy. The RA responsible for this task stated she was unaware of the requirement to reconcile trust account balances.

See Appendix F for the non-monetary impact associated with RA cash; dormant cash credits; excess, vending, and returned stamp stock; and customer trust accounts.

Outstanding Employee Items Not Monitored

Unit management did not properly document and resolve outstanding employee items totaling $8,109.[7] This condition occurred because the Customer Service Supervisor was unaware of the requirement, did not maintain adequate documentation, and had other duties that took priority.

[6] The OIG assesses a $400 value to each blank money order.
[7] The employee items include emergency salary advances and employee cash overages and shortages.

Financial Differences Not Supported

Personnel at both units did not research and resolve 52 financial differences totaling $33,065. The Customer Service Supervisors stated they were unaware of the policies and procedures regarding resolving financial differences because of inadequate financial training.

Disbursements Not Supported or Properly Processed

Personnel at both units did not always properly document, support, or process local disbursements totaling $20,184. Of these local disbursements, we consider $8,741 questioned costs because the purchases were not supported by authentic receipts. For example, we noted that PS Forms 3533, Application and Voucher for Refund, did not have support, and employees did not properly complete the required forms. In addition, [redacted] personnel paid monthly invoices using no-fee money orders instead of processing invoices using the preferred payment methods, and they improperly processed local temporary cash purchases. We also noted that [redacted] personnel improperly processed Business Reply Mail™ customers' trust account refunds with no-fee money orders. The Customer Service Supervisors and RAs stated they were unaware of the proper procedures for processing local disbursements and had not received financial training.

See Appendix E for the monetary impact associated with employee items, financial differences, and unsupported disbursements. See Appendix D for a list of the specific internal control issues identified at the individual units and the applicable criteria.

APPENDIX C: SUMMARY OF ACCOUNTABILITY EXAMINATIONS

Accountability	[redacted]		[redacted]		Grand Total for Both Units
	Shortages	Overages	Shortages	Overages	
Unit Reserve Stock	$123,582	$0	$0	$12	
Unit Cash Reserve	$4	$0	$0	$0	
Retail Floor Stock	$0	$3,296	$5,356	$0	
Vending Credit	$0	$0	$0	$157	
RA Cash Retained	$267	$0	$0	$15	
Dormant Retail Associate Cash Retained	$0	$605	$0	$152	
Total per Unit	$123,853	$3,901	$5,356	$336	
Shortages[8]					$129,209
Overages					$4,237

[8] We made two referrals to the OIG Office of Investigations for the shortages identified.

APPENDIX D: SUMMARY OF AUDIT FINDINGS

Internal Control Deficiency[9]	[redacted]	[redacted]	Criteria
Cash, Stamp Stock, and Money Orders			
Fifteen RAs exceeded the authorized cash retained limit.	x	x	Handbook F-101, Section 13-8.2
Unit management did not properly account for $23,141 in stamp stock returned to the unit from the SDO in April 2008 by inputting the stamp stock in the POS system.		x	Handbook F-101, Section 11-6.8
Seven inactive cash credits totaling $1,065 were not closed for inactivity.	x	x	Handbook F-101, Section 13-9.3
Unit management did not conduct timely examinations of cash retained accountabilities.	x		Handbook F-101, Section 13-9.3
Unit management did not destroy seven voided money orders totaling $3,397.		x	Handbook F-101, Section 10-5.1
Unit management was unable to locate 182 blank money orders totaling $72,800[10] that were listed in the POS system.		x	Handbook F-101, Section 10-4.1
Unit personnel did not destroy 10,092 obsolete or damaged money orders, valued at $4.04 million.	x	x	Handbook F-101, Section 11-6.2
The total office accountability exceeded the 3-month stamp stock limit by a combined total of $509,267.[11]	x	x	Handbook F-101, Section 11-3.4
The unit's retail floor stock exceeded the 2-week postage sales limit by a combined total of $252,953.[12]	x	x	Handbook F-101, Section 14-2.3

[9] An "x" in the [redacted] column indicates the location where we identified the deficiency.
[10] The OIG assesses a $400 value to each blank money order.
[11] The unit's combined maximum authorized limit was $311,395.71 on September 15, 2008.
[12] The unit's combined allowable threshold for retail floor stock was $103,798.57 on September 16, 2008.

Internal Control Deficiency[9]	[redacted]	[redacted]	Criteria
Unit management did not maintain duplicate key envelopes for employees.	x	x	Handbook F-101, Section 3-8.2.1
The unit did not remit funds totaling $40 from vending sales after the accountability was closed, or remit $7,391 of stamp stock to the SDO.		x	Handbook PO-102, *Self Service Vending Operational and Marketing Program*, Section 582, May 1999, updated with *Postal Bulletin* revisions, August 16, 2007
Unit personnel did not monitor or reconcile master trust account balances, resulting in a balance discrepancy of $916.		x	Handbook F-101, Section 17-4.2
Employee Items and Financial Differences			
Units did not monitor or promptly clear $8,109 in employee items.[13]	x	x	Handbook F-101, Section 15-1.3
The unit did not monitor and resolve financial differences. We identified 52 unresolved financial differences totaling $33,065 for both units over a 12-month period ending July 31, 2008.	x	x	Handbook F-101, Section 8-3
Disbursements			
Unit personnel did not always properly document, support, or process local disbursements (including refunds) totaling $20,184. We consider $8,741 questioned costs because these purchases were not supported by authentic receipts.	x	x	Handbook F-101, Sections 19 and 21

[13] The employee items include emergency salary advances and employee cash overages and shortages.

APPENDIX E: SUMMARY OF MONETARY IMPACT

This table presents the monetary impacts identified during the audit, rounded to the nearest dollar. We will report these funds in our *Semiannual Report to Congress*.

Questioned Costs				
Finding Description	[redacted]	[redacted]	**Recoverable**	**Unrecoverable**
Retail Floor Stock Shortages	-	$5,356	-	$5,356
Unit Cash Reserve Shortages	$4	-	$4	-
Unit Reserve Stock Shortages	123,582	-	123,582	-
Cash Retained Shortage	267	-	267	-
Unresolved Employee Items	8,038	71	8,109	-
Unresolved Financial Differences	6,936	26,129	33,065	-
Unsupported Local Disbursements	7,059	1,682	-	8,741
Totals	**$145,886**	**$33,238**	**$165,027**	**$14,097**
Grand Total				**$179,124**

APPENDIX F: SUMMARY OF NON-MONETARY IMPACT

This table presents the non-monetary impacts identified during the audit, rounded to the nearest dollar. We will report these funds in our *Semiannual Report to Congress*.

Accountable Items and Assets at Risk			
Description	[redacted]	[redacted]	**Total**
Cash Retained Exceeded Authorized Limit	$685	$26	$711
Unrecorded Stamp Stock	-	23,141	23,141
Inactive RA Cash Credits Not Closed	913	152	1,065
Voided Money Orders Not Destroyed	-	3,397	3,397
Missing Money Orders	-	72,800	72,800
Obsolete Money Orders Not Destroyed	3,632,000	404,800	4,036,800
Excess Total Unit Stock	280,856	228,411	509,267
Cash Not Deposited From Vending Machine Closure	-	40	40
Stamp Stock Not Returned From Vending Accountability Closure	-	7,391	7,391
Trust Account Balances Not Reconciled	-	916	916
Totals	**$3,914,454**	**$741,074**	**$4,655,528**

APPENDIX G: MANAGEMENT'S COMMENTS

UNITED STATES POSTAL SERVICE

March 11, 2009

MEMORANDUM FOR: LUCINE M. WILLIS
DIRECTOR, AUDIT OPERATIONS
OFFICE OF INSPECTOR GENERAL

SUBJECT: Draft Audit Response – Baltimore District Financial Risk Audit
(Report Number FF-AR-09-DRAFT)

The Baltimore Performance Cluster has reviewed and concurs with the audit findings and recommendations of the OIG audit team. We agree in principle with the calculations of monetary impact and commit to capturing potential savings through implemented efficiencies.

Recommendation No. 1: *Develop and implement a financial training program for Unit Managers and Supervisors at the* [redacted]

Response: Management agrees with this recommendation and the necessity to provide training to the Unit Managers and Supervisors at the [redacted] Financial Control and Suppport has prepared financial training to be utilized at another office within the district and will provide the same training to the aforementioned offices. The first of such training will take place beginning March 18, 2009.

The training will consist though is not limited to materials relative to SOX compliance, financial reporting and requirements, window operations, count requirements, maintaining appropriate stock levels, and various other items similarly and directly related to the deficiencies uncovered at the offices during the OIG audits.

The training will further seek to minimize and alleviate negative findings in future OIG and other audit/review types. Training will be conducted at the [redacted] on April 28, 2009 and at the [redacted] on April 30, 2009.

Recommendation No. 2: *Establish a system to monitor compliance with financial procedures.*

Response: To effectively manage, control and monitor compliance with financial procedures the district will implement a Financial Control Scorecard. The scorecard will consist of call to action items which include: Excess Stock Levels, Cash Counts, Unmatched Salary Advances, Employee Items Over One Year (POS Units), Accounts Receivables, Negative PostalOne! Accounts, % of Postage Statements on Time and Financial Differences.

The objective will be to provide top management with a periodic list of the top ten offices in all of the above categories. Management will utilize the information to correct deficiencies in those offices and as a tool to promote further compliance in all offices within their perspective jurisdictions.

The scorecard will be compiled and distributed by Finance. The first of such scorecards using the topics previously indicated will be instituted as policy within the Baltimore cluster effective immediately and disseminated on or by May 1, 2009. It will mirror the current Financial Control Scorecard used by the Capital Metro Area Office and similar Baltimore scorecards/top ten lists already in use to monitor Sick Leave, Overtime, etc.

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Recommendation No. 3: *Develop an action plan (1) to assess whether the deficiencies at the individual stations, as shown in Appendix D of this report, exist elsewhere in the District and (2) to correct those deficiencies at the individual stations.*

Response: Through the use of the scorecard which encompasses the deficiencies shown in Appendix D, ambassadors (postmasters and supervisors) within the various geographical areas of our cluster, ongoing financial reviews performed by Financial Control and Support, and the inclusion of these objectives as an agenda item in top staff meetings, we will correct the deficiencies within our cluster.

Finance currently uses information obtained from the Accounting Data Mart (ADM) and other internal sources to determine offices that warrant reviews based upon the data retrieved. In addition, they have been performing several different types of financial reviews as mandated by the Area Office and Headquarters throughout fiscal year 2009. The results of these reviews are provided to me on Friday of each week and utilized for discussion within cluster meetings.

In addition to the reviews, the managers of the various geographical areas within this cluster were tasked with putting together teams to provide training and technical support on financial and retail policies to newer supervisors and those where such support is required based upon reporting/financial data and the results of this and other review types. The manager of Financial Control and Support has indicated that much progress is being made with this partnership and further indicates that on occasion they are contacted for support and/or concurrence in resolving various issues.

The Financial Control and Support staff has worked with the [redacted] to correct the deficiencies and as is our policy, will follow up on the actions to correct the problems and assure non-reoccurrence, as well as provide training as previously indicated.

Recommendation No. 4: *Provide quarterly and annual summaries of unit compliance with financial procedures to the Capital Metro Area, showing how the issues identified in this report are being corrected.*

Response: As with the implementation of the scorecard, the district will provide quarterly and annual summaries of unit compliance with financial reporting effective Postal Quarter IV of the current fiscal year (July 1, 2009). Presently, the district is required to complete four financial reviews each week and others as scheduled throughout the year by the Capital Metro Area Office. The results of the reviews are submitted at the close of each week and are compiled into monthly and quarterly reports by the Area Office.

The reviews completed by Finance are also entered into the Internal Control Reporting System and are available for review and analysis by the Capital Metro Area. The financial data is also rolled up by the Headquarters Financial Control and Support staff to monitor district compliance and proficiency for SOX and overall financial compliance.

The district is also required to provide the Capital Metro Area with a follow-up response to all OIG audits. This includes a check list of the deficiencies and verification that each item has been corrected.

In addition to the above, we will continue to submit the list of responses to the Quarterly Financial Self Audits to the Capital Metro Area. Financial Control and Support will continue to monitor the

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documents and visit offices that indicate non-compliance to postal requirements. They will also continue to randomly select and review offices to assure the integrity of the reportings. As is the process and has been demonstrated within this cluster, any office which provides a false report will be reprimanded.

Appendix E: Summary of Monetary Impact

Management agrees with the $179,124 in Questioned Costs as reported in Appendix E of the OIG Audit Draft. The [redacted] ave worked to resolve recoverable items to the best of their ability and will continue to work to assure that such deficiencies are minimized and/or alleviated within their perspective offices. In addition, the offices have sought the support of Finance and will utilize the scheduled training to prevent similar occurrences with regards to unrecoverable losses.

Appendix F: Summary of Non-Monetary Impact

Management agrees with the $4,655,528 in Accountable Items and Assets at Risk as reported in Appendix F of the OIG Draft. Again, the [redacted] have worked to resolve these findings. We deem it as important to note that although the obsolete money orders were not destroyed prior to the audit, they were properly secured and locked in safes. This item accounts for more than 80% of these risks and each perspective manager has utilized the destruction process to remove this risk. Equally important and worth mentioning are the excessive stock levels which have been drastically reduced since the audits.

As previously mentioned and mandated by the Capital Metro Area Office, Financial Control and Support will complete follow-ups to this response at the [redacted] All reported deficiencies as well as inherent risks/findings will be verified and the status provided in writing to the Area Accounting Manager.

[redacted]

The observations and support provided by the Office of the Inspector General are very much appreciated.

CMH

C. Michael Harlow
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Customer Service and Sales

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