



AUDIT REPORT

Local Travel Reimbursement – Santa Ana, CA, Processing & Distribution Center Window

July 10, 2018



Report Number FCS-FM-18-020



July 10, 2018

MEMORANDUM FOR: EDUARDO RUIZ
DISTRICT MANAGER, SANTA ANA DISTRICT

E-Signed by Michelle Lindquist
VERIFY authenticity with eSign Desktop
Michelle Lindquist

FROM: Michelle Lindquist
Director, Financial Controls

SUBJECT: Audit Report – Local Travel Reimbursement – Santa Ana,
CA, Processing & Distribution Center Window
(Report Number FCS-FM-18-020)

This report presents the results of our audit of the Local Travel Reimbursement – Santa Ana, CA, P&DC Window (Project Number 18BFM017FCS000).

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

Attachment

cc: Corporate Audit and Response Management

Background

This report presents the results of our audit of the Local Travel Reimbursement – Santa Ana, CA, Processing & Distribution Center (P&DC)¹ Window (Project Number 18BFM017FCS000). The Santa Ana P&DC retail facility² is in the Santa Ana District of the Pacific Area. This audit was designed to provide U.S. Postal Service management with timely information on potential financial control risks at Postal Service locations.

Postal Service employees use the eTravel³ system to claim regular and local travel reimbursements. Those not using eTravel should submit all claims for local travel reimbursements using Postal Service (PS) Form 1164, Claim for Reimbursement for Expenditures on Official Business.⁴

U.S. Postal Service Office of Inspector General's data analytics identified that the Santa Ana, CA, P&DC Window had local travel reimbursements totaling \$38,082 — or 76.5 percent of all local travel reimbursements in the Santa Ana District — for the period April 1, 2017, through March 31, 2018. The Santa Ana P&DC Window increased local travel reimbursements from \$267 to \$13,195 at the end of the first quarter⁵ of fiscal year (FY) 2017 to the same period in FY 2018.

Objective, Scope and Methodology

Our objective was to determine whether local travel reimbursements at the Santa Ana, CA, P&DC Window were appropriate and properly supported.

To determine whether local travel reimbursements at the Santa Ana, CA, P&DC Window were appropriate and properly supported, we interviewed the Customer Service manager and other personnel responsible for the oversight and processing of local travel payments. We also analyzed local payments charged to Account Identifier Code (AIC)⁶ 538,⁷ Local Transportation, identified between April 1, 2017, and March 31, 2018, comprised of 145 claims filed on 65 days; and examined PS Forms 1164 and other supporting documentation for the entire population of claims.

¹ A central mail facility that distributes and dispatches part or all of both incoming and outgoing mail for a designated service area. This audit focused on the retail unit located at the P&DC facility.

² A postal unit (a post office and its subordinate units as well as military post offices) that sells postage stamps and provides other postal retail services to customers.

³ An automated Web-based system used to report travel expenses and process payments. The system automatically performs many calculations, including mileage charges, per diem expenses, and trip totals.

⁴ Postal Service Handbook F-15, *Travel and Relocation*, Section 7-1, September 2015.

⁵ The first quarter is October 1 through December 31.

⁶ A three-digit code that assigns the financial transaction to the proper account in the general ledger.

⁷ Expense associated with refund of local transportation as reported on PS Form 1312, Local Transportation Payments.

We relied on computer-generated data from the Enterprise Data Warehouse (EDW).⁸ We did not test the validity of controls over this system; however, we verified the accuracy of the data by reviewing related documentation, tracing selected information to supporting source records, and interviewing knowledgeable Postal Service personnel. We determined the data were sufficiently reliable for the purposes of this report.

We conducted this audit from May through July 2018, 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 June 18, 2018, and included their comments where appropriate.

Finding #1: Local Travel Reimbursement

Unit personnel did not always properly process, support, or complete a PS Form 1164 for local travel reimbursements. Specifically, for 145 claims⁹ charged to AIC 538 for the period reviewed, we found that:

- One hundred forty of 145 PS Form 1164 reimbursement requests totaling \$36,274¹⁰ were for recurring claims and reimbursed with no fee money orders. These requests should have been filed through eTravel and a check issued or deposited directly to the employees' selected bank account.

Based on the claims filed using a PS Form 1164, we also found that:

- Fifty-nine forms were not submitted timely.
- Thirty-one forms were missing a description in the "Reason for Travel" box.
- One form had a missing claimant signature.
- One form was missing the amount of \$233.

If these claims had been processed through eTravel rather than a PS Form 1164, the issues noted may not have occurred.

⁸ 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.

⁹ Submitted by a total of 18 claimants, 15 of whom submitted multiple reimbursements on a recurring basis throughout the period.

¹⁰ Disbursements made without following Postal Service internal controls and processes.

Postal Service policy¹¹ states that local payments for travel reimbursements must be limited to nonrecurring travel and emergency situations. Policy¹² also requires information on the PS Form 1164 to include the claimant's signature and reason for travel and for the forms to be kept on file for two years. In addition, eTravel claims must be submitted for each accounting month. Further, travelers who do not have access to eTravel may submit claims through Web Alias¹³ by using a PS Form 1164-E, eTravel Expense Report – Local Travel, and submitting it to the designated Web Alias preparer.¹⁴

The Customer Service manager said she was instructed to use PS Form 1164 rather than eTravel. She could not recall who provided this instruction to her or why Web Alias was not used. Management could not provide an explanation for missing information except they did not believe that "reason for travel" was needed since the form was otherwise completed and approved. Management also informed us that delays in submitting PS Form 1164 may have occurred because of other work priorities.

The increase in claims for reimbursement occurred as a direct result of impacted employees¹⁵ being placed on temporary assignment at the Santa Ana P&DC. Two of the 15 impacted employees who remain on temporary assignment are in the process of establishing eTravel accounts.

If PS Forms 1164 are not timely submitted and properly completed and supported, there is greater risk of unauthorized or inaccurate tracking of expenses. In addition, due to manual processing of PS Form 1164, there is an increased risk of error or unauthorized reimbursement occurring.

Recommendation #1: We recommend the **Manager, Santa Ana District**, reiterate to personnel at the Santa Ana Processing & Distribution Center Window the policies and procedures for processing and supporting reimbursements of local travel.

Management's Comments

Management agreed with the finding and the recommendation. Subsequent to issuance of the draft audit report, management located the missing money order and identified the employee and the related PS Form 1164 for the missing transaction in the amount of \$233.

¹¹ Handbook F-101, Section 22-2.

¹² Handbook F-15, Appendix B-5.2 and B-5.2.t & .aa; Section 7-1.1.1.3.a & b.

¹³ A web alias is able to prepare and submit expense reports in eTravel for employees who do not have computer access.

¹⁴ Handbook F-15, Section 10-3.6.

¹⁵ City of Industry P&DC had 15 employees placed on temporary assignment to the Santa Ana P&DC on a recurring basis for the period reviewed.

Regarding recommendation 1, the Postal Service plans to reiterate to all pertinent unit personnel by July 20, 2018, the policy regarding local payments for travel reimbursements.

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

Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendation in the report and corrective action should resolve the issue identified in the report. All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective action is completed. Recommendation 1 should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendation can be closed.

Regarding the finding of the missing PS Form 1164, the OIG acknowledges the receipt on June 19, 2018, of documentation that resolves that part of the finding.

Appendix A: Management's Comments



July 5, 2018

Lori Lau Dillard
Director, Audit Operations

SUBJECT: Local Travel Reimbursement – Santa Ana, CA, P&DC Window
Project Number 18BFM017FCS000
Report Number FCS-FM-18DRAFT

Santa Ana District Management Response

What the OIG Found: As discussed during the June 18, 2018 exit conference, we continued to search for the 1164 documentation of the \$233.28 Money Order issued 10/17/2017. We obtained an image (see attached OIG1164MO.PDF) of the cashed money order and determined that it was issued to employee G. Velarde (EIN xxx6964). We then were able to question the appropriate management regarding the availability of any 1164 information /documentation. Plant management provided their copy of the 1164 in question (see attached 1164 Velarde.PDF). As a result, we request that the Draft Report be modified on page 2 to reflect that "Two forms had a missing claimant signature" and delete: "One form was missing in the amount of \$233."

Recommendation #1: We recommend the **Manager, Santa Ana District**, reiterate to personnel at the Santa Ana Processing & Distribution Center Window the policies and procedures for processing and supporting reimbursements of local travel.

Recommendation #1 Response: We agree. The attached instructions outlining Postal Service policy from Handbook F-101, Section 22-2, and Handbook F-15, Appendix B-5.2 to B-5.4.3, will be provided immediately to personnel at the Santa Ana Processing & Distribution Center Window.

Target Implementation Date: Due to employee leave and inter-station scheduling we anticipate completion with certification by July 20, 2018.

Responsible Official: Please contact Steven Worley, District Manager, Finance, with any additional questions or concerns at 714.662.6268.

Sincerely,


Eduardo H Ruiz
District Manager
Santa Ana

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