



Office of Inspector General | United States Postal Service

Audit Report

Stamps, Money Orders, and Cash – Las Vegas, NV, James Brown Jr. Station

Report Number 21-170-R21 | July 7, 2021



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Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

July 7, 2021

MEMORANDUM FOR: KEVIN ROMERO
MANAGER, NEVADA – UTAH DISTRICT

Michelle Lindquist

FROM: Michelle Lindquist
Director, Financial Controls

SUBJECT: Audit Report – Stamps, Money Orders, and Cash –
Las Vegas, NV, James Brown Jr. Station
(Report Number 21-170-R21)

This report presents the results of our audit of Stamps, Money Orders, and Cash – Las Vegas, NV, James Brown Jr. Station.

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

Attachment

cc: Postmaster General
Corporate Audit and Response Management

Results

Background

This report presents the results of our self-initiated audit of Stamps, Money Orders, and Cash – Las Vegas, NV, James Brown Jr. Station (Project Number 21-170). This post office is in the Nevada – Utah District of the WestPac Area. This audit was designed to provide U.S. Postal Service management with timely information on potential financial control risks at Postal Service locations.

The U.S. Postal Service Office of Inspector General’s (OIG) data analytics identified this site as having large retail floor stamp inventory count shortages and one overage from October 1, 2019 through April 30, 2021 (see Table 1). Retail associates who work at window services are not assigned a stamp stock inventory and instead work from a shared retail floor stamp inventory.

Table 1. Retail Floor Stamp Stock Count Overage and (Shortages)

Month/Year	Overage	Shortages
October 2019		(\$1,103)
January 2020	\$6,577	
April 2020		(2,420)
July 2020		(817)
October 2020		(2,997)
January 2021		(512)
April 2021		(275)

Source: OIG analysis of Account Identifier Codes (AIC) 639 and 239.¹

- ¹ An AIC is used to classify financial transactions to the proper general ledger account. AIC 639, Floor Stock Shortage, is used to record a stamp stock shortage, and AIC 239, Floor Stock Overage, is used to record a stamp stock overage. These transactions are recorded because of a retail floor stock count performed at retail postal stores and Segmented Inventory Accountability units.
- ² 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.
- ³ The hardware and software retail transaction system used at post offices.

Objective, Scope, and Methodology

The objective of this audit was to determine whether the James Brown Jr. Station properly accounted for stamps, money orders, and cash.

To accomplish our objective we analyzed data; conducted independent physical counts of all stamps, money orders, and cash inventories on May 11 and 12, 2021; reviewed operational effectiveness of the inventory management; and interviewed unit personnel and district and unit management.

We relied on computer-generated data from the Enterprise Data Warehouse (EDW)² and Retail Systems Software (RSS)³ inventory reports. 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 employees. We determined that the data were sufficiently reliable for the purposes of this report.

We conducted this audit from May through July 2021 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 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 21, 2021 and included their comments where appropriate.

Finding #1: Stamp and Cash Inventories

We determined the James Brown Jr. Station properly accounted for money orders but did not always properly account for stamps and cash. Based on our independent counts and observations we identified issues with cash drawer balances outside of tolerance levels,⁴ unit cash reserve differences, and retail floor stamp differences.

The results of our independent counts are in Table 2.

Table 2. Count Results Differences

Issue	Overages	Shortages
Four of the 15 cash drawers were outside acceptable tolerance level ⁵	\$50, \$34, \$27	\$(40)
Two Unit Cash Reserve Overages	41, 40	
Retail Floor Stamp Shortage ⁶		(1,418)

Source: OIG counts on May 11 and 12, 2021.

Unit personnel could not explain the reason for the cash shortages; however, they did explain why there were some overages in their cash drawers. One employee stated their overages represented added coins for Collect on Delivery (COD) and short paid parcels sent for processing by carriers at a nearby station. Another employee stated their overage was due to tips received from customers. Lastly, an employee stated their overages were from change taken from the unit's collection of found money (see [Finding #2](#)).

Retail associates must deposit all postal funds in excess of the authorized cash retained amount.⁷ Postal Service policy⁸ states employees should not accept gifts of monetary value. Lastly, employees must keep unit cash reserve funds separate from other accountable items assigned to the same custodian.⁹

In addition, we identified the following:

- There were three stamp coils worth \$165 stored in an envelope in one cash drawer. The unit manager took corrective action and entered these stamp coils back into the RSS inventory.

Postal Service policy¹⁰ states employees must enter a stamp return or exchange into the RSS system.

- The unit did not have the required duplicate keys and Postal Service (PS) Form 3977, Duplicate Key, Combination and Password Envelope, for four locked cash drawers in the safe. The unit manager had maintenance open these drawers so the cash could be counted.

Postal Service policy¹¹ states that field units must complete a PS Form 3977 to protect each duplicate key, combination, and password.

- The unit had three unit cash reserves to make change to ensure proper cash handling; however, the third cash reserve was not entered into RSS. The unit manager took corrective action and added this cash reserve to RSS.

Postal Service policy¹² states the unit cash reserve must be reported in AIC 753, Cash Retained Today.

⁴ Postal Service policy outlines allowed limits for overages and shortages during counts of stamp and cash inventories.

⁵ Handbook F-101 (DRAFT), *Field Accounting Procedures*, Section 13-8.4, October 2020. Policy allows a tolerance of \$25 either over the \$100 cash drawer amount or short.

⁶ The unit reserve custodian had physically transferred \$1,500 from the unit reserve stamp stock to the retail floor stamp stock but forgot to transfer in RSS. Therefore, the retail floor stock count in the RSS showed \$82 over, but it was short \$1,418.

⁷ Handbook F-1, *Accounting and Reporting Policy*, Section 3.1.1.1.1, January 2015.

⁸ Handbook PO-209, *Retail Operations Handbook*, Section 2.7, October 2012.

⁹ Handbook F-101 (DRAFT), Section 13-7.1.1.

¹⁰ *Retail Systems Software Procedures Guide*, Section 6.11.7.2, March 2021.

¹¹ Handbook F-101 (DRAFT), Section 3-8.2.1.

¹² Handbook F-101 (DRAFT), Section 13-7.1.1.

Unit personnel were aware of some policies and procedures regarding proper accounting of stamp and cash inventories but did not apply them due to other duties taking priority.

When employees do not properly account for stamp and cash inventory items or fail to adhere to internal controls, there is an increased risk of undetected theft and losses.

Recommendation #1

We recommend the **Manager, Nevada – Utah District**, reiterate policies and procedures relating to properly handling stamps and cash to James Brown Jr. Station unit management and personnel.

Finding #2: Depositing Found Money

We observed a large number of coins and some bills stored in a locked general purpose mail container. Coins, mostly unrolled, were mainly sorted for pennies and nickels, which filled several boxes and trays. There were no records documenting how much money retail associates received, deposited, or used as change.

Unit personnel stated these coins, found loose in the plant, were stored at the retail unit over the years. They stated employees used some of this money to make change versus going to the bank. When time allowed, they rolled these coins and took them to the bank to exchange them for bills (see Figure 1).

Figure 1. Sorted Found Loose Money



Source: OIG photograph taken during fieldwork on May 11, 2021.

Postal Service policy¹³ states that employees must deposit money they find loose in the mail with a PS Form 25, Trust Fund Account, and enter the amount in AIC 126, Miscellaneous Nonpostal Revenue.

Unit personnel did take corrective action and included with the bank deposit three \$100 bills that were stored with the coins. In addition, the unit manager took corrective action by taking custody of the key for the locked general purpose mail container with the found money.

When employees do not properly account for cash, there is an increased risk of undetected theft and losses.

¹³ *Postal Operations Manual*, Issue 9, Section 691.41, July 2002 update with revisions through January 31, 2021.

Recommendation #2

We recommend the **Manager, Nevada – Utah District**, direct unit management at the James Brown Jr. Station to deposit all found money into the bank and set up procedures on how to record and deposit found money at the unit.

Management's Comments

Management agreed with the findings and recommendations.

Regarding recommendation 1, management stated they will reiterate policy relating to handling stamps and cash, to unit management and personnel.

Regarding recommendation 2, management stated they will implement a process to handle money taken in from the plant.

The target implementation date for all recommendations is August 1, 2021.

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

Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendations in the report and corrective actions should resolve the issues identified in the report. The recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective action is 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

DISTRICT MANAGER
NEVADA – UTAH DISTRICT



6/28/2021

JOSEPH WOLSKI
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Draft Report – Stamps, Money Orders, and Cash – Las Vegas, NV, James Brown Jr. Station (Project Number 21-170-DRAFT)

We agree with the findings in the report.

Recommendation [1]:

We recommend the Manager, Nevada – Utah District, reiterate policies and procedures relating to properly handling stamps and cash to James Brown Jr. Station unit management and personnel.

Management Response/Action Plan:

Management agrees and the Postmaster will reiterate the policies and procedures related to the proper procedures related to the handling of stamps.

Target Implementation Date:

8/1/2021

Responsible Official:

Postmaster/MCSO/Station Manger

Recommendation [2]:

We recommend the Manager, Nevada – Utah District, direct unit management at the James Brown Jr. Station to deposit all found money into the bank and set up procedures on how to record and deposit found money at the unit.

Management Response/Action Plan:

Management agrees and a process was put into place to properly handle loose monies taken in from the plant

Target Implementation Date:

8/1/2021

Responsible Official:

Postmaster/MCSO/Station MGR/Manager of Finance

A handwritten signature in blue ink, appearing to read "KR", written over a horizontal line.

Kevin Romero
District Manager

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OFFICE OF
**INSPECTOR
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UNITED STATES POSTAL SERVICE

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