

Office of Inspector General | United States Postal Service

Audit Report

Stamp Stock Accountability Controls

Report Number FCS-FM-18-013 | April 17, 2018



Table of Contents

Cover	
Highlights.....	3
Objective	3
What the OIG Found.....	3
What the OIG Recommended	3
Transmittal Letter	4
Results.....	5
Introduction/Objective	5
Background.....	5
Fiscal Year (FY) 2017 Stamp Stock Shipment Audits	5
FY 2017 SDA Audits	6
FY 2016 SIA Audits	6
Finding #1: Internal Control Design and Implementation	6
PRU Financial Control Reviews.....	8
Certifications.....	9
Finding #2: Internal Control Effectiveness	10
Follow-up Site Visits.....	10
OIG Data Analysis.....	10
Management’s Comments.....	11
Evaluation of Management’s Comments	11
Appendices	12
Appendix A: Additional Information.....	13
Scope and Methodology.....	13
Prior Audit Coverage	13
Appendix B: Management’s Comments.....	17
Contact Information	18

Highlights

Objective

Financial controls at postal retail units (retail units) are established and monitored by the Office of the Controller (Controller). We identified control issues during our past audits at selected retail units related to stamp stock shipments, single drawer accountability, and segmented inventory accountability. As a result of that work, the Controller advised they were strengthening controls over stamp stock accountabilities and upgrading financial controls to resolve the issues.

The objective of our audit was to review the design and effectiveness of internal controls over stamp stock accountabilities used by the Controller to reduce financial control risks at U.S. Postal Service locations. Based on our review, we expanded our objective to include related controls used by other headquarters organizations.

What the OIG Found

The Controller and headquarters organizations adequately designed and implemented controls to address issues identified by prior U.S. Postal Service Office of Inspector General audits to reduce financial control risks at retail units. Specifically, the Office of the Controller uses the Controller Council National Scorecard to analyze and address financial control risks at post offices. The Controller conducts monthly meetings with Postal Service area personnel to discuss the results of the scorecard and the cause for offices not meeting organizational goals. Prior to the meeting, each area is responsible for taking action on any issue and, during the meeting, informing the Controller of the results.

In addition, the Revenue & Field Accounting organization, which reports to the Office of the Controller, developed facility reviews of financial controls, and each area is responsible for conducting these reviews and immediately remediating any findings. The reviews include seven field controls, including a control for stamp stock and cash accountability. The control documentation also contains criteria and training resources directly associated with the controls.

Further, the retail organization implemented an online certification process that requires field offices to be certified in managing controls over stamp stock accountabilities and stamp stock shipments. On January 10, 2018, 99 percent of the stamp stock accountabilities certifications, and 97 percent of the stamp stock shipment certifications were completed. After all certifications are completed, headquarters will re-evaluate the process to determine whether certifications should be conducted annually or at another frequency, and whether offices that experience a turnover in management need re-certification.

We judgmentally selected three field offices to evaluate the effectiveness of headquarters controls at the field level. We determined internal controls related to stamp stock shipments, single drawer accountability, and segmented inventory accountability at those sites have improved significantly from prior audits. For example, controls related to performing timely counts, maintaining required documentation, separation of duties and timely receipt and use of a witness for stamp stock shipments have all improved.

We also analyzed data from segmented inventory accountability units and found a significant reduction in fiscal year 2017 stamp stock losses compared to prior years. In addition, the number of post offices with stamp stock counts not showing any overages or shortages decreased from 31 to seven.

As a result, we determined the internal controls over stamp stock accountabilities used by the Office of the Controller and headquarters organizations has helped reduce financial control risks at retail units. We plan to continue analyzing controls over stamp stock accountabilities, as appropriate, to ensure these controls remain effective.

What the OIG Recommended

Based on the audit results, we did not make any recommendations.

Transmittal Letter

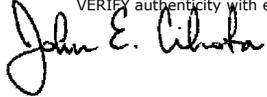


OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

April 17, 2018

MEMORANDUM FOR:

MAURA A. MCDEVITT
VICE PRESIDENT, CONTROLLER

E-Signed by John Cihota
VERIFY authenticity with e-Sign


FROM:

John E. Cihota
Deputy Assistant Inspector General
for Finance and Pricing

SUBJECT:

Audit Report – Stamp Stock Accountability Controls
(Report Number FCS-FM-18-013)

This report presents the results of our audit of the Stamp Stock Accountability Controls (Project Number 17BFM018FT000).

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Michelle Lindquist, Director, Financial Controls, or me at 703-248-2100.

Attachment

cc: Postmaster General
Corporate Audit Response Management

Results

Introduction/Objective

This report presents the results of our self-initiated audit of Stamp Stock Accountability Controls (Project Number 17BFM018FT000). The objective of our audit was to review the design and effectiveness of internal controls over stamp stock accountabilities used by the Office of the Controller to reduce financial control risks at U.S. Postal Service locations. Based on our review, we expanded our objective to include related controls used by other headquarters organizations.

Financial controls at postal retail units (PRU) are established and monitored by the Office of the Controller. Our past audits identified control issues related to stamp stock shipments, single drawer accountability (SDA),¹ and segmented inventory accountability (SIA).²

See [Appendix A](#) for additional information about these audits.

Background

Fiscal Year (FY) 2017 Stamp Stock Shipment Audits

Using data analytics, the U.S. Postal Service Office of Inspector General (OIG) audited 10 sites that reported lost or stolen stamp stock shipments. At the 10 sites visited, we identified issues related to missing support documentation for stamp stock shipment discrepancies, untimely follow-up and resolution of financial differences,³ no witnesses validating receipt of stamp stock, delays in recording stamp stock, and stamp stock shipments that were not secured upon arrival at the PRUs.

“Using data analytics, the OIG audited 10 sites that reported lost or stolen stamp stock shipments.”

We issued 10 reports and made 16 recommendations, and management agreed with all recommendations. As a result of our audits, management agreed to reiterate policy for securing, receiving, and transferring stock; segregating duties; maintaining required documentation; and resolving financial differences. See [Prior Audit Coverage](#) for additional information about these audits.

“We issued 10 reports and made 16 recommendations, and management agreed with all recommendations .”

We also evaluated the stamp stock shipment fulfillment process at the Stamp Fulfillment Services (SFS)⁴ in Kansas City, MO. Management advised they were actively working to reduce discrepancies and missing stamp stock shipments and had implemented financial controls upgrades. We discussed the stamp stock shipment process, including newly implemented controls, with SFS management. We used that information, as appropriate, in our individual stamp stock shipment audits at selected PRUs.

Further, the controller advised us they were strengthening overall stamp accountability and upgrading financial controls by incorporating the following:

- Daily financial accountability reconciliations and semiannual stamp counts at SFS.
- Enhancements to tracking stamp movement and in-transits at SFS and stamp shipments to individual post offices.
- A new tracking process and centralized review of all missing stamp stock shipments, including orders sent to the wrong unit.
- A new stamp destruction process that better aligns and tracks inventory discrepancies.

¹ A remotely managed post office offers part-time window service hours and is staffed by Postal Service employees who operate from a SDA. Stamp stock, cash and money orders specifically assigned to the office comprise SDA.

² SIA consists of retail floor stock (stamps sold on the retail floor), unit reserve stamp stock (stamps used to replenish those sold on the retail floor), cash, money orders, and stamps assigned to Retail Associates (RA).

³ Financial differences are variances in financial activities at Postal Service retail units, such as differences between banking deposits and receipts, errors with transmitted sales and money order data, and stock shipments not received by the unit. The value of the differences is expensed to the unit.

⁴ SFS is responsible for the management of a national order processing center, which fulfills and ships national orders for stamps, stationery items, philatelic products, and other retail merchandise.

FY 2017 SDA Audits

The OIG used data analytics to identify SDA post offices with cash and stamp stock shortages. We judgmentally selected three SDA offices for audit. As a result of those audits, we identified issues related to stamp stock and cash shortages, stamp stock and cash counts, building and asset security, document retention, daily financial transactions, stamp sales, cash retained, refunds, and stamp stock and cash limits.

Management generally agreed with all seven recommendations in our reports. As a result of our audits, management agreed to provide refresher training on financial reporting, monitor cash and stamp stock limits, reiterate policy for financial reporting, and maintain required documentation. See [Prior Audit Coverage](#) for additional information about these audits.

FY 2016 SIA Audits

The OIG Perfect Count Tripwire identified 417 offices that reported perfect counts from April 1, 2015, to March 31, 2016.⁵ During July and August 2016, the Financial Controls team audited 10 of the 417 offices identified from the tripwire. As a result of those audits, we found the accounting records for segmented inventory were not always accurately presented and the internal controls needed improvement. Specifically:

- Upon arrival at a site, we conducted a retail floor stock count with post office officials. Based on those counts, all 10 offices' retail floor stock had overages or shortages (none had perfect counts).
- RAs cash drawers and unit cash reserves were out of tolerance.
- Unit reserve stamp stock, stamps-by-mail,⁶ and mPOS⁷ had stamp overages or shortages.
- Asset safeguarding issues, such as shared passwords and open safes, existed.

⁵ Perfect count means the Postal Service did not report any overages or shortages of retail floor stock.

⁶ Stamps by mail is an inventory used for filling stamp orders received from customers by mail.

⁷ The mPOS unit consists of three devices: the mPOS device (iPod touch with an mPOS app), a receipt printer, and a postage label printer. It is used in retail lobbies to conduct quick and easy transactions. Stamps are assigned to mPOS from unit reserve stock.

⁸ The SOX Remediation Tool is a database used for SOX compliance. It is used for documenting the Postal Service's field-level financial control testing in relation to SOX controls.

Management agreed with 27 of 30 recommendations. As a result of our audits, management agreed to properly perform retail floor stock counts and improve accountability over money orders, stamp stock, and cash. See [Prior Audit Coverage](#) for additional information about these audits.

At the end of our SIA work, the Controller provided additional controls that would be implemented at the headquarters level to resolve concerns identified:

- Issue an Expectations Letter to the field.
- Reissue the Financial Accountability Standard Operating Procedures (SOP) and conduct a webinar to discuss the SOP with the district and area managers.
- Conduct a series of unannounced audits and use the SOX Remediation Tool (SORT)⁸ to measure improvement.

Finding #1: Internal Control Design and Implementation

The Office of the Controller and headquarters organizations adequately designed and implemented effective controls to address issues identified by our prior audits to reduce financial control risks at local installations. For example:

- The Controller uses data from the Controller Council National Scorecard to analyze and address financial control risks at post offices.
- The Revenue & Field Accounting organization, which reports to the Office of the Controller, designed and implemented PRU Financial Control Reviews to address financial controls concerns.
- The Retail & Customer Service Operations group implemented an online certification process, which serves as an extra layer of controls beyond the PRU reviews and includes additional monitoring of stamp stock accountability controls.

We analyzed the stamp stock accountability losses from SIA unit reserve stock and retail floor stock nationwide and both showed significant improvement between FY 2015 through FY 2017. In addition, the number of post offices on the OIG's Perfect Count Tripwire significantly decreased.

Controller Council National Scorecard

Headquarters uses data from the Controller Council National Scorecard⁹ to analyze and address financial control risks at post offices. See Figure 1 for an example.

Figure 1.

Controller Council NATIONAL Scorecard FY 2017 Metrics - SEPTEMBER 2017

ITEM	DATA SOURCE	% Change & Trend From Previous Period	Current Reporting Period - October's Score
Details Open Employee Items	ADM - Open Employee Items	0.00%	0.00% ↑
Details Accounts Receivable	ADM - Employee Receivables	-0.04% ↓	-1.12% ↓
Details Excess Unit Stamp Stock	ADM - Excess Stock Report - POS ADM - Excess Stock Report - Non-POS	-0.10% ↓	-0.26% ↓
Details Excess Floor Stock	ADM - Excess Retail Floor Stock (SPLY QTR)	-0.03% ↓	0.26% ↑
Details Net Financial Differences	ADM - FPR Net Financial Differences (AICs 247/647) - All Expenses Includes Service Wide Expenses	0.60% ↑	4.78% ↑
Details TACS Fatal Errors	Time and Attendance Collection System (TACS)	0.02% ↑	0.03% ↑
Details Unmatched Salary Advances	ADM - Monthly Narrowcast Report	2.20% ↑	0.56% ↑

Meeting Target
Not Meeting Target

↓ Decreasing Worse
↓ Decreasing Better
↑ Increasing Worse
↑ Increasing Better

Source: Postal Service.

⁹ The Controller Council is a group who come together monthly to evaluate progress towards financial responsibility goals created by Area representatives.

The Controller conducts monthly meetings with Postal Service area personnel to discuss the results of the scorecard and the cause for offices not meeting organizational goals. Each area has access to the data before the meeting. If they observe issues, they are expected to research the issues before the meeting and be ready to discuss the actions taken to effectively resolve the issue. During the meetings, the Controller expects the areas to respond with the actions taken and, since the Scorecard data is only one to two days old, the Controller can review the data and tell whether the changes were effective.

PRU Financial Control Reviews

The Revenue & Field Accounting group developed PRU reviews to address financial controls, with the expectation that each Postal Service area would be responsible for conducting random PRU reviews. Each of the area controllers and Accounting Managers determine how many reviews can be reasonably conducted per year. The PRU reviews began in FY 2017 and included seven field controls:

1. Financial Reporting
2. Financial Reconciliation
3. Stock/Cash Management
4. Safeguarding Postal Funds
5. Post Office Box/Caller Service
6. Purchase Card
7. Voyager Card

Each financial control review was designed to address its related control activities and to contain criteria and training resources directly associated with that control. For example, the Stock/Cash Management control addresses six control activities related to stamp stock and cash accountability (see Table 1).

Table 1. PRU Review Stock/Cash Management Control Activities

Control Activities	
1	Stock/Cash Count Performance & Documents
2	Count Discrepancies
3	Count Compliance
4	Documentation
5	Stock Discrepancies
6	Stock in Transit

Source: Postal Service PRU Reviews and OIG analysis.

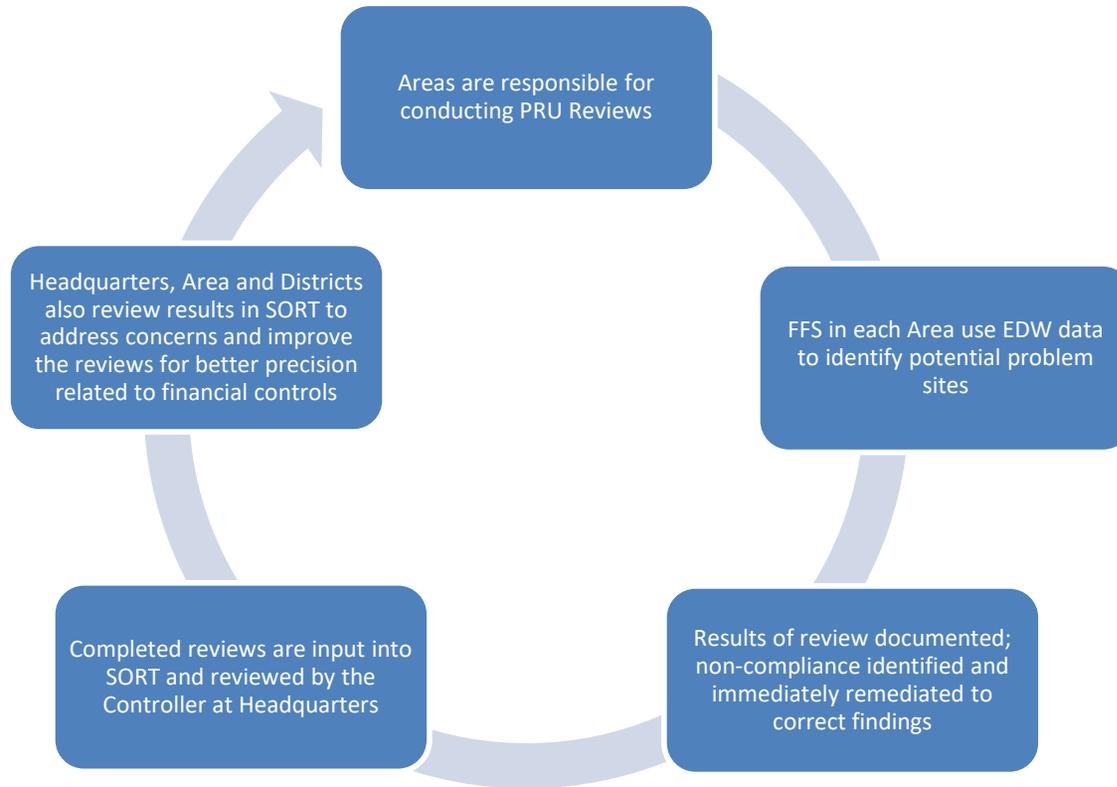
Field Financial Specialists (FFS) in each area analyze data from the Enterprise Data Warehouse (EDW)¹⁰ to determine which field offices are judgmentally selected for review based on the results of the data. During the reviews:

- The FFS conducts and documents observations for each of the seven field controls in the PRU template.
- If the site did not comply with procedures, the FFS documents the findings. If there are non-compliance issues, the areas and districts are responsible for addressing those issues.
- The FSS implements a plan onsite to remediate the findings. The plan includes:
 - Who in local management will implement the plan?
 - What will be done to ensure compliance?
 - When the plan will be fully implemented?
 - How will local management follow up to ensure the plan is effective?

¹⁰ A repository intended for all data and the central source for information on retail, financial, and operational performance. Mission critical information comes to the EDW from transactions that occur across the mail delivery system, points-of-sale, and other sources.

After a review is completed, the FFS inputs the results into SORT. The results are reviewed and analyzed by the Controller and Vice President, Retail and Customer Service Operations. In addition, headquarters personnel continually monitor data and improve the PRU reviews to be more precise for addressing areas related to financial controls. See Figure 2 for the PRU review process.

Figure 2. Flowchart of PRU Review Process



Source: Postal Service PRU Reviews and OIG analysis.

Certifications

The Retail & Customer Service Operations group implemented an online certification process that serves as an extra layer of controls beyond the PRU reviews. The certification process began in the Spring of 2017 and includes two field certifications: Segmented Inventory/Retail Floor Stock, which addresses the controls over stamp stock accountabilities and cash; and Internal Controls Over Stamp Stock Shipments.

The Retail & Customer Service Operations group set up the certification by requiring managers and supervisors responsible for stamp stock accountability at each field office to address a list of questions regarding internal controls. Each control question has its related criteria included for referencing purposes. Management must be in compliance with all areas before receiving certification. Offices that are not in compliance are expected to be working towards completing certification.

At January 10, 2018, 99 percent and 97 percent of the Segmented Inventory/ Retail Floor Stock and Stamp Stock Shipment certifications, respectively, were completed. After all certifications are completed, headquarters will re-evaluate the process to determine whether certifications should be conducted annually or at another frequency, and whether offices that experience a turnover in management need re-certification.

Finding #2: Internal Control Effectiveness

Follow-up Site Visits

We judgmentally selected three field offices to conduct follow-up site visits and determine the effectiveness of headquarters controls at the field level. We selected one site, Orting Main Office, Orting, WA, that previously had good financial controls to compare with two sites that previously had significant financial control problems: Mt. Greenwood Station, Chicago, IL, and the El Cerrito Main Post Office, El Cerrito, CA.

“We judgmentally selected three field offices to conduct follow-up site visits and determine the effectiveness of headquarters controls at the field level.”

During our follow-up site visits, we determined Orting Main Office still had good internal controls related to performing timely counts, maintaining required documentation, separation of duties and timely receipt and use of a witness for stamp stock shipments. We also determined internal controls improved significantly at Mt. Greenwood Station and El Cerrito Main Post Office. For example, controls related to performing timely counts, maintaining required documentation, separation of duties, and timely receipt and use of a witness for stamp stock shipments have all improved. In addition, management at all locations received stamp stock accountability training.

OIG Data Analysis

In addition to our follow-up site visits, we analyzed the stamp stock accountability losses from SIA unit reserve stock and retail floor stock nationwide from FY 2015 through FY 2017. In FY 2017, the unit reserve stock losses were valued at \$868,097, a 71 percent improvement from FY 2016; and the retail floor stock losses were valued at \$4,571,832, a 21 percent improvement from FY 2016. The FY 2017 losses were also the lowest recorded losses between FY 2015 through FY 2017 (see Table 2).

Table 2. Nationwide SIA Unit Reserve and Retail Floor Stock Losses

Year	Unit Reserve Stock Losses			Retail Floor Stock Losses		
	Value	Difference	Percent	Value	Difference	Percent
FY 2015	\$1,887,973			\$4,911,109		
FY 2016	\$2,952,125	\$1,064,152	-56%	\$5,794,154	\$883,045	-18%
FY 2017	\$868,097	-\$2,084,028	71%	\$4,571,832	-\$1,222,322	21%

Source: EDW and OIG analysis.

Further, perfect counts¹¹ of the retail floor stock have reduced significantly since our SIA audits in FY 2016, Q4. For example, from FY 2016, Q2, to FY 2017, Q4, the number of post offices on the OIG’s Perfect Count Tripwire decreased from 31 to seven (see Table 3).

Table 3. OIG Tripwire Perfect Count Offices

Quarter	Number of Perfect Count Offices
FY 2016-Q2	31
FY 2016-Q3	30
FY 2016-Q4	9
FY 2017-Q1	9
FY 2017-Q2	9
FY 2017-Q3	9
FY 2017-Q4	7

Source: EDW and OIG analysis.

All seven offices have received their Retail & Customer Service Operations online certification and one of the seven offices identified in FY 2017, Q4, was also identified as one of the original 31 offices in FY 2016, Q2. However, after we analyzed that office’s retail floor stock counts further, we found the office

reported two overages. Because of our audit work, Postal Service management is investigating the issue.

Management’s Comments

Management stated that stamp stock accountability controls have been a focus for several years. Their work has proven to be effective as evidenced by this report with no recommendations. Management also stated that the OIG did not present an accurate reflection of the timeline of events regarding control issues at selected retail units related to stamp stock shipments, single drawer accountability, and segmented inventory accountability. Management acknowledged that the OIG identified control errors but that management had already begun the process of strengthening controls prior to the OIG’s audits. The OIG was not the catalyst for the changes.

See [Appendix B](#) for management’s comments in their entirety.

Evaluation of Management’s Comments

The OIG considers management’s comments responsive to our report. Regarding the timeline of events about control issues, the intent of the OIG’s statements was to credit the Postal Service for additional controls implemented at the headquarters level to help resolve the issues we identified at individual installations during our past audits. We acknowledge that the Postal Service continually develops and implements necessary changes to strengthen controls overall and appreciate that they consider our work in that process.

¹¹ Perfect counts are reported on a rolling 12-month period.

Appendices

Click on the appendix title below to navigate to the section content.

- Appendix A: Additional Information 13
 - Scope and Methodology 13
 - Prior Audit Coverage 13
- Appendix B: Management’s Comments 17

Appendix A: Additional Information

Scope and Methodology

The scope of this audit includes the design and effectiveness of internal controls over stamp stock accountabilities from the headquarters level down to the field offices. To conduct this audit, we evaluated the financial controls implemented by headquarters. We conducted interviews with management at headquarters, three areas, three districts, and three PRUs. We conducted site visits to determine whether the control environment had improved since our audits. We reviewed training records for personnel responsible for stamp stock accountabilities.

We conducted this performance audit from May 2017 through April 2018,¹² 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 March 28, 2018, and included their comments where appropriate.

We relied on computer-generated data from the EDW. 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.

Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date	Monetary Impact
<i>Internal Controls Over Stamp Stock Shipments - Rosemeade Station, Carrollton, TX</i>	To determine whether internal controls over stamp stock shipments were in place and effective.	FT-FM-17-025	8/28/2017	\$0
<i>Internal Controls Over Stamp Stock Shipments - Woodbury, MN, Post Office</i>	To determine whether internal controls over stamp stock shipments were in place and effective.	FT-FM-17-026	8/29/2017	\$0
<i>Internal Controls Over Stamp Stock Shipments - Genito Station, Midlothian, VA</i>	To determine whether internal controls over stamp stock shipments were in place and effective.	FT-FM-17-028	9/8/2017	\$0
<i>Internal Controls Over Stamp Stock Shipments - Bensalem, PA, Post Office</i>	To determine whether internal controls over stamp stock shipments were in place and effective.	FT-FM-17-029	9/19/2017	\$0

¹² We suspended this project periodically to conduct/complete other, individual financial controls audits.

Report Title	Objective	Report Number	Final Report Date	Monetary Impact
<i>Internal Controls Over Stamp Stock Shipments - Fremont, CA, Post Office</i>	To determine whether internal controls over stamp stock shipments were in place and effective.	FT-FM-17-030	9/21/2017	\$0
<i>Internal Controls Over Stamp Stock Shipments - William Penn Annex, Philadelphia, PA</i>	To determine whether internal controls over stamp stock shipments were in place and effective.	FT-FM-17-031	9/22/2017	\$0
<i>Internal Controls Over Stamp Stock Shipments - Central Square Post Office, Cambridge, MA</i>	To determine whether internal controls over stamp stock shipments were in place and effective.	FT-FM-17-032	9/25/2017	\$0
<i>Internal Controls Over Stamp Stock Shipments - Anderson, IN, Post Office</i>	To determine whether internal controls over stamp stock shipments were in place and effective.	FT-FM-17-033	9/27/2017	\$0
<i>Internal Controls Over Stamp Stock Shipments - James Crews Station, Kansas City, MO</i>	To determine whether internal controls over stamp stock shipments were in place and effective.	FT-FM-17-034	9/29/2017	\$0
<i>Internal Controls Over Stamp Stock Shipments - San Juan, PR</i>	To determine whether internal controls over stamp stock shipments were in place and effective.	FCS-FM-18-002	11/7/2017	\$0
<i>Internal Controls Over Single Drawer Accountability - Mathias, WV, Post Office</i>	To review internal controls to reduce the risk of cash and stamp stock shortages.	FT-FM-17-014	3/24/2017	\$0
<i>Internal Controls Over Single Drawer Accountability - Lacona, IA, Post Office</i>	To review internal controls to reduce the risk of cash and stamp stock shortages.	FT-FM-17-015	3/27/2017	\$0
<i>Internal Controls Over Single Drawer Accountability - Bivalve, MD, Post Office</i>	To review internal controls to reduce the risk of cash and stamp stock shortages.	FT-FM-17-019	5/19/2017	\$0
<i>Internal Controls Over Segmented Inventory - Orting Main Office, Orting, WA</i>	To determine whether accounting records for segmented inventory were accurately presented and whether internal controls were in place and effective.	FT-FM-16-006	9/26/2016	\$0

Report Title	Objective	Report Number	Final Report Date	Monetary Impact
<i>Internal Controls Over Segmented Inventory - Bayport Post Office, Bayport, MN</i>	To determine whether accounting records for segmented inventory were accurately presented and whether internal controls were in place and effective.	FT-FM-16-007	9/26/2016	\$0
<i>Internal Controls Over Segmented Inventory - Brooklyn Greenpoint Station, Brooklyn, NY</i>	To determine whether accounting records for segmented inventory were accurately presented and whether internal controls were in place and effective.	FT-FM-17-001	10/6/2016	\$0
<i>Internal Controls Over Segmented Inventory - Houston Long Point Station, Houston, TX</i>	To determine whether accounting records for segmented inventory were accurately presented and whether internal controls were in place and effective.	FT-FM-17-002	10/18/2016	\$60,499
<i>Internal Controls Over Segmented Inventory - Jacksonville Main Office, Jacksonville, SC</i>	To determine whether accounting records for segmented inventory were accurately presented and whether internal controls were in place and effective.	FT-FM-17-003	11/22/2016	\$0
<i>Internal Controls Over Segmented Inventory - Carrollton Main Office, Carrollton, TX</i>	To determine whether accounting records for segmented inventory were accurately presented and whether internal controls were in place and effective.	FT-FM-17-004	11/23/2016	\$0
<i>Internal Controls Over Segmented Inventory - Bronx Hillside Finance Station, Bronx, NY</i>	To determine whether accounting records for segmented inventory were accurately presented and whether internal controls were in place and effective.	FT-FM-17-005	12/7/2016	\$0
<i>Internal Controls Over Segmented Inventory - Laughlin Post Office, Laughlin, NV</i>	To determine whether accounting records for segmented inventory were accurately presented and whether internal controls were in place and effective.	FT-FM-17-006	12/20/2016	\$0

Report Title	Objective	Report Number	Final Report Date	Monetary Impact
<i>Internal Controls Over Segmented Inventory - Mount Greenwood Station, Chicago, IL</i>	To determine whether accounting records for segmented inventory were accurately presented and whether internal controls were in place and effective.	FT-FM-17-016	4/6/2017	\$45,752
<i>Internal Controls Over Segmented Inventory - El Cerrito, CA, Main Post Office</i>	To determine whether accounting records for segmented inventory were accurately presented and whether internal controls were in place and effective.	FT-FM-17-022	6/20/2017	\$9,826

Appendix B: Management's Comments

MAURA A. MCDEVITT
VICE PRESIDENT, CONTROLLER



April 5, 2018

LORI LAU DILLARD
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Stamp Stock Accountability Controls FCS-FM-18-DRAFT

We appreciate the opportunity to comment on the report draft provided to us by the Office of Inspector General (OIG) on the work performed with respect to stamp stock accountability controls. These controls have been a focus of my team for several years and we have been working to develop and implement additional controls to support accountability. It is evident that our work has proven to be effective in that the OIG did not have any recommendations as a result of their audit.

I would be remiss though if we did not point out the error in a statement the OIG made in the objective section of the draft report. The OIG states that they "identified control issues in past audits... As a result of that work, the Controller advised they were strengthening controls." This is not an accurate reflection of the timeline of events and we shared this with the OIG during the exit conference. The OIG did, in fact, identify control errors when they initially began performing field visits. However, when they brought these issues to our attention, we were well aware of them and had already begun the process of strengthening the controls. We, in fact, shared our plans to strengthen the controls with the OIG. My team has worked diligently to identify control issues and work to develop and implement necessary control changes. To have the OIG take credit for being the catalyst for these changes is not fair to my team. Further, to have the OIG take credit after we pointed out that the credit was not theirs to take is disheartening.

A handwritten signature in blue ink, appearing to read "Maura A. McDevitt".

Maura A. McDevitt

475 L'Enfant Plaza SW
Washington, DC 20260-5200
WWW.USPS.COM



OFFICE OF
**INSPECTOR
GENERAL**
UNITED STATES POSTAL SERVICE

Contact us via our [Hotline](#) and [FOIA](#) forms.

Follow us on social networks.

Stay informed.

1735 North Lynn Street
Arlington, VA 22209-2020
(703) 248-2100