



# **Bank Deposit Procedures – Bronx, NY, Botanical Station**

June 22, 2018




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Report Number FCS-FM-18-018



June 22, 2018

**MEMORANDUM FOR:** LORRAINE G. CASTELLANO  
MANAGER, NEW YORK DISTRICT

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

**FROM:** Michelle Lindquist  
Director, Financial Controls

**SUBJECT:** Audit Report – Bank Deposit Procedures – Bronx, NY,  
Botanical Station (Report Number FCS-FM-18-018)

This report presents the results of our audit of the Bank Deposit Procedures – Bronx, NY, Botanical Station (Project Number 18BFM015FCS000).

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

Attachment

cc: Postmaster General  
Corporate Audit and Response Management

## Background

This report presents the results of our audit of Bank Deposit Procedures – Bronx, NY, Botanical Station (Project Number 18BFM015FCS000). The Botanical Station is in the New York District of the Northeast 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 retail units (PRU) consolidate funds from daily transactions and prepare and remit bank deposits in tamper-evident plastic bags.<sup>1</sup> Accounting Services<sup>2</sup> reconciles banking activities and issues financial differences<sup>3</sup> of over \$50 to the PRU to research and resolve. It is the responsibility of the postmaster or unit manager to ensure proper procedures are followed in preparing daily bank deposits by monitoring banking differences issued by Accounting Services.<sup>4</sup> The U.S. Postal Service Office of Inspector General's (OIG) data analytics identified \$5,447 in banking differences on 10 dates, issued to the Botanical Station between October 1, 2017, and March 31, 2018. The unit reported a total of \$316,021 of deposits on the 10 dates, but the bank reported receiving only \$310,574.

## Objective, Scope and Methodology

The objective of this audit was to determine whether bank deposits were properly processed at the Botanical Station.

We reviewed daily financial records and attached supporting documentation maintained by the unit from October 1, 2017, through March 31, 2018. We observed the closing procedures and conducted interviews of unit personnel and Postal Service management.

We relied on computer-generated data from the Enterprise Data Warehouse (EDW).<sup>5</sup> We did not test the validity of controls over these systems; 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 April through June 2018, in accordance with generally accepted government auditing standards. Those standards require that we plan and

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<sup>1</sup> To increase security, tamper-evident plastic bags are used to remit Postal Service bank deposits.

<sup>2</sup> An accounting and disbursing facility that provides support for postal activities.

<sup>3</sup> Adjustment entries resulting from reconciling financial activities such as banking, credit and debit cards, sales, stamp stock shipments, and money orders.

<sup>4</sup> Postal Service Handbook F-101, *Field Accounting Procedures*, Section 9-1.2.2, June 2016.

<sup>5</sup> 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.

perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our objective. We discussed our observations and conclusions with management on May 31, 2018, and included their comments where appropriate.

### Finding #1: Bank Deposits

The unit did not always properly process bank deposits. Specifically, we reviewed the bank deposit differences reported on ten dates and found that retail associates (RA) remitted retail window advance deposits<sup>6</sup> totaling \$229,363<sup>7</sup> on eight dates. However, the unit close-out RA held the advance deposit funds in a separate drawer at the retail window until they were consolidated as part of the final deposit<sup>8</sup> for the day. She stated that she locked the drawer when she was not physically present.

Postal Service policy<sup>9</sup> requires the highest priority level of security for cash and field unit managers must ensure that appropriate security equipment, such as safes or vaults, are used.

The unit manager was unaware that the RA was not following policy to properly secure postal funds because she was not on-site during the day to monitor the safekeeping of accountable funds. The unit manager stated that she is based at another station and manages several stations; therefore, she only visits the Botanical Station briefly each morning.

The Postal Service is at risk of financial loss if advanced bank deposits are not adequately secured.

**Recommendation #1:** We recommend the **Manager, New York District**, reiterate to Botanical Station Post Office personnel policies for the appropriate level of security for advance deposits.

### Management's Comments

Management agreed with the finding and recommendation. Regarding the recommendation, the Supervisor, Customer Service, reiterated to all pertinent unit personnel the importance of securing advanced deposits. In addition, the Lead Sales and Service Associate now [REDACTED]

<sup>6</sup> Daily generated postal funds remitted prior to or in advance to the closeout of a window service employee recorded in Account Identifier Code (AIC) 751.

<sup>7</sup> Assets or accountable items (for example, cash, stamps, and money orders) that are at risk of loss because of inadequate internal controls.

<sup>8</sup> Daily generated postal funds, at the unit level, deposited to the bank at the close of the business day recorded in AIC 752.

<sup>9</sup> Postal Service Handbook F-101, Sections 3-1.1.1 and 3-1.1.2.

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

### **Evaluation of Management's Comments**

The OIG considers management's comments responsive to the report and corrective actions should resolve the issue. We consider recommendation 1 closed with the issuance of this report.

## Appendix A: Management's Comments



June 13, 2018

LAZERICK POLAND  
ACTING DIRECTOR, AUDIT OPERATIONS

SUBJECT: Response to Draft Audit Report – Bank Deposit Procedures – Bronx, NY,  
Botanical Station – Report Number FCS-FM-18-DRAFT

Thank you for the opportunity to respond to the Office of Inspector General's audit of Bank Deposit Procedures – Bronx, NY, Botanical Station. New York District agrees with the finding made during the audit. We agree that the required procedures for securing Advance Bank Deposits is essential to avoid potential risk for financial loss including theft or fraud.

### **Recommendation #1**

We recommend the Manager, New York District, reiterate to Botanical Station Post Office personnel policies for the appropriate level of security for advance deposits.

### **Management Response/Action Plan:**

Management agrees with the recommendation. The Supervisor Customer Service had discussions with the Lead Sales and Service Associate (LSSA) and all other employees who handle advance deposits and reiterated the importance of adequately securing the advance deposits in accordance with the Handbook E-101. Additionally, the LSSA now

### **Target Implementation Date:**

April 23, 2018

### **Responsible Official:**

(A) Postmaster Marcellina Del Pizzo

  
Lorraine G. Castellano  
District Manager, New York

cc: VP Controller  
VP Retail & Customer Service  
VP Area Operations (Northeast)  
Manager, Finance (New York)  
Manager, Corporate Audit Response Management