



Local Travel Reimbursements – Concord, CA, Main Post Office

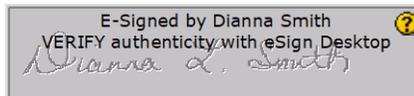
July 2, 2019





July 2, 2019

MEMORANDUM FOR: ROBERT REYNOSA
MANAGER, BAY VALLEY DISTRICT



FROM: *for*
Michelle Lindquist
Director, Financial Controls

SUBJECT: Audit Report – Local Travel Reimbursements– Concord, CA,
Main Post Office (Report Number FCS-FM-19-013)

This report presents the results of our audit of the Local Travel Reimbursements – Concord, CA, Main Post Office (Project Number 19BFM010FCS000).

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 Reimbursements – Concord, CA, Main Post Office (Project Number 19BFM010FCS000). The Concord Main Post Office (MPO) is in the Bay Valley 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.

U.S. Postal Service Office of Inspector General’s (OIG) data analytics identified the Concord MPO recorded local travel reimbursement in Account Identifier Code (AIC)¹ 538, *Local Travel Transportation*, totaling \$26,834, or 79 percent of all local travel reimbursements in the Bay Valley District for the period April 1, 2018, through February 28, 2019. Local travel reimbursements at the Concord MPO were \$9,805 at the end of the first quarter of fiscal year (FY) 2019 and \$12,346 for two months of activity of Quarter (Q) 2, FY 2019, significantly higher than the prior quarters (see [Table 1](#)).

Table 1. Local Travel Activity

Fiscal Year, Quarter	Local Travel Concord MPO	Bay Valley District	Nationwide	Percent of Concord MPO to District	Percent of Concord MPO to Nationwide
2018, Q3	\$1,188	\$2,188	\$28,440	54%	4%
2018, Q4	3,494	6,125	59,403	57%	6%
2019, Q1	9,805	12,535	63,971	79%	15%
2019, Q2 ²	12,346	13,125	52,122	94%	24%
	\$26,834	\$33,973	\$203,836	79%	13%

Source: Enterprise Data Warehouse (EDW)³ reports.

Postal Service employees use the eTravel 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 Further, for those travelers who do not have access to eTravel, claims may be submitted through Web Alias⁵ by using PS Form 1164-E, eTravel Expense Report – Local Travel, and submitted to the designated Web Alias preparer.⁶

¹ An AIC is a three-digit code that assigns financial transactions to the proper account on the general ledger. Each AIC is assigned a corresponding general ledger account.

² Q2 data pulled through February 28, 2019.

³ 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.

⁴ -PS Form 1164, *Claim for Reimbursement for Expenditures on Official Business*.

⁵ In eTravel, Web Alias allows an approving manager to select a designated person to prepare and submit their electronic travel report.

⁶ Handbook F-15, *Travel and Relocation*, Section 10-3.6.

Objective, Scope and Methodology

The objective was to determine whether local travel reimbursements at the Concord MPO were appropriate and properly supported.

We interviewed the postmaster and other personnel responsible for the oversight and processing of local travel payments. We analyzed 197 local transportation payments and supporting documentation charged to AIC 538 identified between April 1, 2018, and February 28, 2019, filed on 115 days.

We relied on computer-generated data from EDW. We did not test the validity of controls over this system; however, we assessed 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 March through July 2019, 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 May 24, 2019, and included their comments where appropriate.

Finding #1: Local Travel Reimbursements

Local travel reimbursements were not always properly supported or appropriately processed.

We identified 118 of 197 reimbursements reviewed, totaling \$19,195 (59.9 percent), were not supported by a PS Form 1164. Postal Service policy⁷ states the unit should retain the completed PS Form 1164 for two years, in addition to the current fiscal year.

Of the 75 PS Forms reviewed, we identified 65 occurrences where one or more of the required information noted on the Form 1164, including name, dates, reason for travel, money order, Retail Systems Software (RSS)⁸ receipts, were missing or included recurring transactions.⁹ Postal Service policy¹⁰ states local payments for travel reimbursements must be limited to nonrecurring travel and emergency situations.

⁷ Handbook F-101, *Field Accounting Procedures*, June 2016, Appendix D.

⁸ The primary hardware and software system used to conduct retail sales transactions at post offices.

⁹ Of the 75 reimbursements reviewed, 50 reimbursements belonged to [REDACTED].

¹⁰ Handbook F101, *Draft*, May 2017 Section 22-2.

Further, policy¹¹ requires information on PS Form 1164 include claimant signature, date, and reason for travel, and the employee should accumulate claims for just one accounting month before submitting an expense, even if at the end of the accounting month the cumulative total is less than \$15.¹²

In addition to the 75 reimbursements and other documents reviewed, we found the following processing issues:

- Four reimbursements totaling \$495, processed on January 18, 2019, had no approval signatures on the PS Forms 1164. Neither the customer service supervisor nor the postmaster could explain the missing approval signatures. Postal Service policy¹³ states the approving official is responsible for reviewing and authorizing expenses reported on PS Form 1164.
- Sixteen employees did not claim travel mileage totaling \$1,270 within 30 days after the month of incurrence. When asked why this occurred, no reason was given except that forms were turned in once completed by claimant. Policy¹⁴ requires employees accumulate claims for just one accounting month before submitting an expense, even if at the end of the accounting month the cumulative total is less than \$15.
-  Postal Service policy¹⁵ states the approving official is responsible for reviewing and authorizing expenses reported on PS Form 1164.
-  Policy¹⁶ states the approving official is responsible for reviewing and authorizing expenses reported on PS Form 1164.
- Four reimbursements totaling \$549, processed on December 18, 2018, were made for two local travel claims. Specifically:

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¹¹ Handbook F-15, Appendix B-5.2 and B-5.2.t & aa.

¹² Handbook F-15, Section 7.-1.1.1.3.a.

¹³ Handbook F-101, *Draft*, Section 22-2.2.c.

¹⁴ Handbook F-15, Section 7.-1.1.1.3.a.

¹⁵ Handbook F-101, *Draft*, Section 22-2.2.c.

¹⁶ Handbook F-101, *Draft*, Section 22-2.2.c.

○

[REDACTED]

[REDACTED]

Postal Service policy¹⁷ states the approving official is responsible for reviewing and authorizing expenses reported on PS Form 1164.

▪

[REDACTED]

.¹⁸ Management could not provide an explanation for this occurrence. Policy¹⁹ states the approving official is responsible for reviewing and authorizing expenses reported on PS Form 1164. In addition, policy²⁰ states the unit must review the preliminary PS Form 1412 and any additional reports that support the day's business.

The postmaster explained the overall increase in claims for reimbursement occurred because they provided service to three other stations within the district, specifically to ensure customer wait time was no longer than 5 minutes. At the direction of the postmaster prior to the audit, the acting supervisor inquired about clerks having access to eTravel for the station, so they did not need to process reimbursements manually (using PS Forms 1164). According to unit management, the district did not allow the unit to obtain eTravel access for the clerks. However, as a result of the audit, the District Finance Manager informed the OIG that the Concord MPO will start using Web Alias to process the travel reimbursements.

These issues occurred due to insufficient training of unit employees and because unit management did not provide oversight of local travel payments processed by the unit. None of the employees interviewed, including the supervisors and postmaster, were formally trained on approving and processing PS Forms 1164, or local travel preferred methods. Further, unit personnel responsible for daily closeout duties did not always reconcile accounts to supporting documentation. Unit management is responsible for ensuring that unit personnel reconcile accounts to supporting documentation during the closeout process.

[REDACTED]

¹⁷ Handbook F-101, *Draft*, Section 22-2.2.c.

¹⁸ The PS Form 1412 provides postal retail units with a uniform method to report financial transactions.

¹⁹ Handbook F-101, *Draft*, Section 22-2.2.c.

²⁰ Handbook F-101, *Draft*, Section 5-3.a.

██████████ We consider the local travel reimbursements valued at \$19,932 unsupported questioned costs.²¹

Recommendation #1: We recommend the Manager, Bay Valley District, reiterate and train unit management on the policies and procedures for processing and properly supporting local travel reimbursement claims using Postal Service Forms 1164 and Web Alias.

Recommendation #2: We recommend the Manager, Bay Valley District, reiterate and train all applicable unit personnel responsible for processing local travel reimbursements on the policies and procedures regarding the daily closeout process.

Management's Comments

Management agreed with the findings, recommendations, and monetary impact.

Regarding recommendation 1, management re-issued the policy on using privately owned vehicles, including the use, approval and reimbursement claims and when submitting all claims for local travel reimbursement using PS Form 1164, the requirement of pre-approval by district finance management. Management provided a copy of the re-issued policy, dated May 2019.

In addition, as a result of being notified of non-compliance with the procedures, the Concord Post Office started using the Web Alias procedures previously implemented by the district on May 15, 2019.

Regarding recommendation 2, management provided subsequent documentation

██████████ the daily close-out for compliance. These changes took place as of May 15, 2019.

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 action should resolve the issues identified in the report.

²¹ A weaker claim and a subset of questioned costs. Claimed because of failure to follow policy or required procedures, but does not necessarily connote any real damage to Postal Service.

We reviewed management's correspondence and found it adequate to resolve the issues identified in this report. We consider recommendations 1 and 2 closed with the issuance of this report.

Appendix A. Management's Comments

DISTRICT MANAGER
BAY-VALLEY CUSTOMER SERVICE AND SALES



June 13, 2019

LAZERICK C. POLAND
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Local Travel Reimbursements
Concord, CA, Main Post Office
Report Number FCS-FM-19-DRAFT

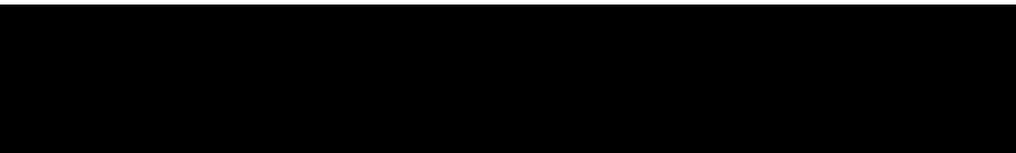
The Bay-Valley District agrees with the OIG observations, findings, recommendations, and monetary impact dated June 12, 2019.

Recommendation 1: We recommend the Manager, Bay-Valley District, reiterate and train unit management on the policies and procedures for processing and properly supporting local travel reimbursement claims using Postal Service Forms 1164 and Web Alias.

Management Response/Action Plan:

The Bay-Valley District agrees with the OIG observations, findings, and recommendations, and monetary impact.

The District re-issued the policy on using Privately Owned Vehicles (POV), which includes the use, approval, and reimbursement claims. In addition, the Pacific Area Office requires that all claims for local travel and reimbursed via PS Forms 1164, under AIC 538, be pre-approved by the District Finance Manager.



Target Implementation Date: The District re-issued the local travel policies on May 1, 2019. The Pacific Area Office required Finance Manager's approval in June 2019.

Responsible Officials:
Manager, Bay-Valley District
Senior Operations Managers
Senior Support Managers
Postmasters/Managers
Manager, Finance (District)

Recommendation 2: We recommend the Manager, Bay-Valley District, reiterate and train all applicable unit personnel responsible for processing local travel reimbursements on the policies and procedures regarding the daily closeout process.

Management Response/Action Plan:

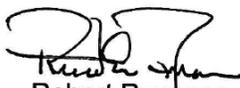
The Bay-Valley District agrees with the OIG observations, findings, recommendations, and monetary impact.

The Senior Operations Managers (SOM) have been appraised of the re-issued policy and the new Pacific Area requirement for getting pre-approval. The SOM's were notified to ensure that all their subordinate postmasters and managers comply with the policies during their Focus on Results (FOR) meetings.

Target Implementation Date: The Bay-Valley District re-issued the policies and procedures for employees and local travel approvers May 1, 2019. The policies and procedures were reiterated during the District Leadership Team (DLT) meetings in May and June 2019.

Responsible Officials:

Manager, Bay-Valley District
Senior Operations Managers
Senior Support Managers
Postmasters/Managers
Manager, Finance


Robert Reynosa
Manager, Bay-Valley District

Attachments:

Local Travel Policy
Local Travel Policy for Approvers
Pacific Area Local Travel (AIC 538) Requirement

cc: AVP, Pacific Area
Controller, Pacific Area
Manager, Pacific Area Accounting
Managers, Post Office Operations
Postmaster, Concord, CA
Manager, Operations Programs Support
Manager, Finance (District)