



AUDIT REPORT

Local Travel Reimbursement – Las Vegas, NV, Huntridge Station

October 1, 2019

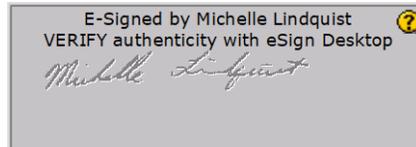


Report Number FCS-FM-20-001



October 1, 2019

MEMORANDUM FOR: TRACIE HILL-SANDIFER,
MANAGER, NEVADA-SIERRA DISTRICT



FROM: Michelle Lindquist
Director, Financial Controls

SUBJECT: Audit Report – Local Travel Reimbursement –
Las Vegas, NV, Huntridge Station
(Report Number FCS-FM-20-001)

This report presents the results of our audit of the Local Travel Reimbursement - Las Vegas, NV, Huntridge Station (Project Number 19BFM035FCS000).

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Mary Aleman, Operational Manager, or me at 651-253-4585.

Attachment

cc: Postmaster General
Corporate Audit and Response Management

Background

This report presents the results of our self-initiated audit of Local Travel Reimbursement - Las Vegas, NV, Huntridge Station (Project Number 19BFM035FCS000). The Huntridge Station is in the Nevada-Sierra District of the Western 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 Huntridge Station had high amounts of refunds recorded to Account Identifier Code (AIC)¹ 538, Local Transportation, which were paid by cash or money order. The Huntridge Station had a total of \$7,619 local travel reimbursements for fiscal year (FY) 2019, Quarter (Q)1 through Q3. The following shows the comparisons to FY 2018:

- FY 2019, Q1 had an increase of \$2,383 or 5,294 percent compared to FY 2018, Q1.
- FY 2019, Q2 had an increase of \$3,501 or 4,925 percent compared to FY 2018, Q2.
- FY 2019, Q3 had an increase of \$1,015 or 168 percent compared to FY 2018, Q3.

In addition, the amount of these payments for FY 2019, Q1 through Q3, was the highest in the Nevada-Sierra District, or was 75 percent of the district total of \$10,104. It is unusual for one office to have such a high percentage of local travel reimbursements compared to other offices in the same district.

Objective, Scope, and Methodology

The objective of this audit was to determine whether local travel reimbursements at the Huntridge Station were appropriate and properly supported. To accomplish our objective, we performed a stratified random sample of 148 of 471 transactions for local transportation payments and analyzed supporting documentation charged to AIC 538 identified between October 1, 2018, and June 30, 2019. We projected the results of our sample to the entire population of transactions. We also interviewed the senior customer service management and other personnel responsible for the oversight and processing of local travel payments.

We relied on computer-generated data from the Enterprise Data Warehouse (EDW).² 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 the data were sufficiently reliable for the purposes of this report.

¹ The AIC consists of three digits. It is used to classify financial transactions to the proper general ledger account.

² 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.

We conducted this audit from July through October 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusion based on our audit objective. We discussed our observations and conclusions with management on September 6, 2019 and included their comments where appropriate.

Finding #1: Local Travel Reimbursements

Local travel reimbursements were not appropriate and properly supported. Specifically, for 147 transactions reviewed, Postal Service (PS) Forms 1164, Claim for Reimbursement for Expenditures on Official Business, were inappropriately used to reimburse unit employees for fuel purchases of postal-owned vehicles. Employees were reimbursed in cash once they submitted a PS Form 1164 to the customer service manager.³ According to Postal Service policy, PS Form 1164 should only be used for nonrecurring, emergency local travel reimbursement.⁴ It also states, the Postal Service vehicle card is the primary means to pay for all commercial fuel and oil.⁵

Further, regarding the supporting documentation, we identified:

- Employees did not adequately file supporting documentation. They maintained supporting documentation in bins and envelopes unorganized in a closet. The OIG could not locate documentation for 44 transactions (see Figure 1).
- The Huntridge Station had supporting documentation for 104 transactions. The OIG further noted:
 - Employees did not always annotate the postal-owned vehicle identification number on the gas receipt for 74 transactions. Postal Service policy requires the vehicle number be written on the gas receipt.⁶
 - The customer service manager signed and approved her own reimbursement on three transactions. Best practices suggest, management considers the need to separate control activities related to authority, custody, and accounting of operations to achieve adequate segregation of duties.⁷

Figure 1 – Supporting Documentation



Source: OIG.

³ An employee not using the eTravel system to claim regular travel reimbursements should submit all claims for travel reimbursement using a PS Form 1164.

⁴ Handbook F-101, *Field Accounting Procedures*, Draft, Chapter 22-2.2, May 2017. Handbook F-15, *Travel and Relocation*, Appendix B-5, September 20, 2015.

⁵ *Voyager Fleet Card Standard Operation Procedures (SOP)*, November 3, 2016, Section 2.3.

⁶ *Voyager Fleet Card SOP*, Section 4.1.

⁷ Government Accountability Office (GAO) GAO-14-704G, *Standards for Internal Control in the Federal Government (Green Book)*, Section 10.13, dated September 2014.

- Managers split seven transactions when the gas receipt amount exceeded \$25 so they could reimburse employees in cash. Postal Service policy states local payments made in cash for an emergency one-time expense is not to exceed \$25.⁸

This occurred because the Huntridge Station did not have vehicle cards assigned to them for individual postal-owned vehicles. According to the senior customer service manager, he was not notified the Huntridge Station needed vehicle cards. He was aware the unit contracted with a vendor to fuel the vehicles at the station. However, management advised the contract ended in July 2018 because the contractor went out of business. Therefore, the station reverted back to a former postmaster instruction that employees use personal funds to fuel postal-owned vehicles and complete PS Form 1164 for reimbursement. Because the former postmaster and the customer relation manager were no longer available to interview, the OIG could not ascertain why they did not subsequently have vehicle cards available for use.

By reimbursing vehicle fuel transactions in cash rather than using the vehicle card, it increases the risk of improper payments. Additionally, per the Nevada Department of Motor Vehicles, the Postal Service cannot recover state taxes or generate additional rebates based on total fuel sales. We plan to refer these issues to the Office of Investigations for further review. Since all transactions in our sample were paid incorrectly, we consider the complete population of 471 local travel reimbursement transactions, valued at \$7,619, unsupported questioned costs.⁹

Recommendation #1: We recommend the **Manager, Nevada-Sierra District**, direct the **Senior Manager, Customer Service**, to issue Postal Service vehicle cards for each postal-owned vehicle and provide the necessary training to each employee on how to use the vehicle cards.

Management's Comments

Management agreed with the finding, recommendation, and monetary impact. Management issued Postal Service vehicle cards for each postal-owned vehicle and provided necessary training to each employee on how to use the vehicle cards. These actions were completed September 26, 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 finding, recommendation, and monetary impact in the report. We reviewed management's

⁸ Handbook F-101 Draft, Section 19-1.1.

⁹ 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.

correspondence and found it adequate to resolve the issues identified in this report. We consider recommendation 1 closed with the issuance of this report.

APPENDIX A. MANAGEMENT'S COMMENTS

NEVADA-SIERRA DISTRICT



Response to audit of the Local Travel Reimbursement - Huntridge Station, Las Vegas, NV (Project Number 19BFM035FCS000).

09/26/2019

Lazerick C. Poland
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Draft Audit Report FCS-FM-19-DRAFT – Local Travel Reimbursement – Huntridge Station Las Vegas, NV (Project Number 19BFM035FCS000).

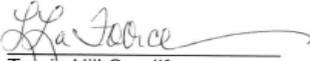
Management agrees with each OIG finding and observations.
Management agrees with the calculations monetary impacts and costs.

Recommendation 1: We recommend the Manager, Nevada-Sierra District, direct the Senior Manager, Customer Service, to issue Postal Service vehicle cards for each postal-owned vehicle and provide the necessary training to each employee on how to use the vehicle cards.

Management Response/Action Plan: We agree with the recommendation. Customer Service issued Postal Service vehicle cards for each postal owned vehicle and provided necessary training to each employee on how to use the vehicle cards.

Target Implementation Date: 09/26/2019 (completed). Pins have been issued, Voyager cards are being properly utilized.

Responsible Official: Manager, Huntridge Station, MCSO, District Finance Manager Validator to process.

for 
Tracie Hill-Sandifer
A/District Manager
Nevada- Sierra District

cc: Corporate Audit and Response Management
Gregory G. Graves, Vice President, Operations – Western Area
Felipe Flores, Manager, Operations Support / A – Western Area
Kangcong Zhang, Controller/A – Western Area

Tracie Hill-Sandifer
A/District Manager
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