



December 13, 2010

ROSEMARIE FERNANDEZ
DISTRICT MANAGER, SAN FRANCISCO DISTRICT

SUBJECT: Audit Report – San Francisco District Risk-Based Post Office Audit
(Report Number FF-AR-11-003)

This report presents the results of our audit of U.S. Postal Service's financial operations at two San Francisco District post offices – the [REDACTED] Main Post Office, [REDACTED] CA; and [REDACTED] San Francisco, CA (Project Number 10BD014FF000). Our objective was to determine if the selected internal controls (cash and stamp stock accountability, local disbursements, miscellaneous expenses, and refunds) were in place and effective. This self-initiated audit addresses financial risk. See [Appendix A](#) for additional information about this audit.

The [REDACTED] Post Office and the [REDACTED] reported \$4.3 million and \$379,867 of operating revenue for fiscal year (FY) 2010, respectively.¹ We judgmentally selected these two postal retail units due to several indications of high financial risk according to the U.S. Postal Service Office of Inspector General's (OIG) Performance and Results Information Systems (PARIS) Cost and Controls Model. The model identified high-risk indicators for the two units related to retail associates' cash retained credit,² retail floor stock,³ local disbursements,⁴ miscellaneous expenses,⁵ and refunds.

Conclusion

Based on the items reviewed, the Postal Service was not effectively managing all financial operations at the two units. Specifically, neither unit was effectively managing cash and stamp accountability. In addition, the [REDACTED] Post Office was not effectively managing local disbursements and the [REDACTED] was not effectively managing financial differences. The San Francisco District did not provide sufficient managerial oversight and/or financial training. As a result, there is an increased risk the

¹ We obtained FY 2010 operating revenue for the [REDACTED] Post Office and [REDACTED] from the Financial Performance Report in the Accounting Data Mart (ADM).

² Cash retained credits are the funds clerks retain from the previous business day.

³ Retail floor stock is the sum of display and loose stamp stock.

⁴ Local disbursements include transactions related to local transportation, miscellaneous services, vehicle supply expenses, and outside printing and reproduction.

⁵ Miscellaneous expenses include transactions related to financial differences overages and shortages and floor stock overages and shortages.

Postal Service could lose cash and stamps without detection and misstate financial records.

Managing Financial Operations

Management at the [REDACTED] Post Office did not effectively implement three of five⁶ financial operations reviewed and the [REDACTED] did not effectively implement four of five⁷ operations reviewed. Specifically, the supervisors, Customer Services, did not:⁸

- Secure the retail floor stock at both units.
- Account for stamp accountability discrepancies at both units.
- Maintain the authorized cash limit at the [REDACTED].
- Research and resolve expenses related to differences in financial transactions and maintain a record for the discrepancies in Account Identifier Code (AIC) 247, Financial Differences Overage, and AIC 647, Financial Differences Shortage, at the [REDACTED].
- Maintain supporting documentation for local disbursements at the [REDACTED] Post Office.

At the [REDACTED] Post Office, these conditions occurred because the supervisor was not adequately performing the assigned duties and the postmaster did not provide sufficient oversight of the financial operations. At the [REDACTED], these conditions occurred because neither the station manager nor the supervisor, who were acting in their positions, had attended financial training and were unaware of many of the requirements related to financial operations at a retail unit. In addition, the supervisor chose not to follow security policies and procedures related to retail floor stock.

District management acknowledged that inadequate oversight of the units and insufficient training could have contributed to the units' noncompliance with Postal Service financial operations. The district manager stated the Pacific Area provides many financial tools to monitor units. The tools allow the district to drill down to the employee level, as well as allow the district to act in advance of a situation, rather than react. District management was using the tools but not to their fullest capabilities. Instead, they were relying on unit management to perform their duties.

⁶ We reviewed the following five financial operations at the [REDACTED] Post Office: (1) stamp stock security, (2) stamp tolerance levels, (3) local disbursements, (4) refunds, and (5) miscellaneous expenses.

⁷ We reviewed the following five financial operations at the [REDACTED] (1) stamp stock security, (2) stamp discrepancies, (3) unit cash authorized limit, (4) miscellaneous expenses, and (5) refunds.

⁸ We found errors in the following five financial operations: (1) stamp stock security, (2) stamp discrepancies, (3) unit cash authorized limit, (4) miscellaneous expenses, and (5) local disbursements. We did not find errors related to refunds.

As a result, the units did not collect all revenue, implement controls designed to detect and prevent erroneous and fraudulent accounting transactions, and provide adequate security over cash and stamps. Specifically, the unit(s) did not:

- Properly secure all retail floor stock, at both units, valued at \$37,913.
- Account for retail floor and unit reserve stock overages of \$2,237 and \$3,024, respectively, and a unit reserve stock shortage of \$ [REDACTED]⁹
- Limit cash to the authorized level of [REDACTED] exceeding the limit by [REDACTED].
- Resolve 22 financial differences with an absolute value totaling \$2,920 since October 2009.
- Either process local disbursements for travel using Postal Service (PS) Form 1164, Claim for Reimbursement for Expenditures on Official Business, or the eTravel system.¹⁰

See [Appendix B](#) for our detailed analysis of this topic and [Appendix C](#) for the details of the monetary and other impacts.

We recommend the manager, San Francisco District:

1. Direct the [REDACTED] Post Office postmaster and the [REDACTED] manager to secure retail floor stock and resolve the stamp accountability overages and shortage.
2. Direct the [REDACTED] manager to limit cash to the authorized level.
3. Direct the [REDACTED] manager to maintain a record for and monitor and resolve all financial differences.
4. Direct the [REDACTED] Post Office postmaster to require the use of eTravel and maintain supporting documentation for reimbursed local travel expenses.
5. Provide financial training to [REDACTED] management and other San Francisco District postal retail unit personnel who are responsible for financial operations and have not had any financial training.
6. Provide increased financial oversight to postal retail units in the district by using the tools the Pacific Area provides to monitor unit financial management.

⁹ The retail floor stock at the [REDACTED] Post Office totaled \$33,104. The unit reserve stock at the [REDACTED] Post Office and [REDACTED] totaled \$273,872 and \$28,857, respectively.

¹⁰ eTravel is a web-based system used to process travel expenses.

Management's Comments

Management agreed with the findings and recommendations. The district manager directed management at both units to secure retail floor stock and resolve the stamp accountability overages and shortage. In addition, the San Francisco postmaster has directed the [REDACTED] manager to limit cash to the authorized level; and record, monitor, and resolve all financial differences. The district manager stated a postmaster conducted a follow-up review to verify that employees at the [REDACTED] office request all travel payments through eTravel.

The district manager stated the district has taken steps to provide sufficient management oversight by establishing a team of subject matter experts to oversee, guide, and assist units in ensuring that internal controls are in place and effective. These experts were also responsible for oversight, follow-up, and abatement of several of our findings.

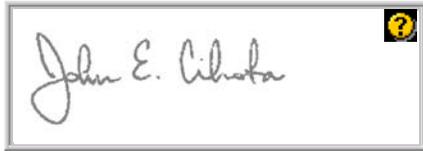
The district manager stated that the Pacific Area provided training in October and November 2010 to the [REDACTED] manager, as well as other district postmasters, managers, supervisors, and lead sales associates who have day-to-day financial responsibilities. District management has scheduled additional training for January 2011 for postmasters and managers who do not perform day-to-day financial tasks but are still responsible for unit financial operations. In addition, the district will ensure they have provided adequate training before assigning a manager or supervisor to a unit with financial oversight.

Lastly, the district manager stated that in order to use the available tools to their fullest capabilities, senior operations managers and subject matter experts will cover and review the reports generated from these tools on a periodic basis to allow the units to address issues in a timely manner. See [Appendix D](#) for management's comments in their entirety.

Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendations and corrective actions should resolve the issues identified in the report.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Linda Libician-Welch, director, Field Financial – West, or me at (703) 248-2100.



John E. Cihota
Deputy Assistant Inspector General
for Financial Accountability

Attachments

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APPENDIX A: ADDITIONAL INFORMATION

BACKGROUND

Post offices are the initial level where the Postal Service recognizes revenue from operations. The term “post office” includes main offices, stations, and branches. The postmasters or installation heads are responsible for collecting all receipts to which the offices are entitled, accounting for all funds entrusted to them and ensuring the offices meet all accounting objectives.

The [redacted] Post Office, [redacted] CA, and the [redacted], San Francisco, CA, are in the San Francisco District of the Pacific Area and reported \$4.3 million and \$379,867 of operating revenue for FY 2010, respectively. We judgmentally selected these two units based on high financial risk indicators from the July 2010 PARIS Cost and Control Model. We identified high-risk indicators related to retail associates’ cash retained credit, retail floor stock, local disbursements, miscellaneous expenses, and refunds. In addition, based on our analysis of data in the Enterprise Data Warehouse (EDW), we identified significant financial differences.

OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of our audit was to determine if the selected internal controls (cash and stamp stock accountability, local disbursements, miscellaneous expenses, refunds, and financial differences) were in place and effective at the [redacted] Post Office and the [redacted]. To meet this objective we reviewed the following financial operations:

Internal Control Reviewed	Scope and Methodology
Unit Reserve Counts	We conducted a count of the unit reserve ¹¹ and reviewed the two most recent counts as of September 8, 2010 at both units.
Floor Stock Counts	We conducted a count of the retail floor and reviewed the three most recent counts as of September 8, 2010 at both units.
Authorized Cash Level	We conducted counts of each cash retained credit and reviewed total unit cash to determine if it was within the authorized cash limit as of September 8, 2010 at the [redacted].
Local Disbursements	We judgmentally selected and reviewed 11 local disbursement transactions, valued at \$9,143, for the July 2009 through July 2010 reporting period at the [redacted] Post Office.

¹¹ All stamps, stamped paper, and philatelic products that have not been consigned to a retail associate or other accountabilities within the unit.

Internal Control Reviewed	Scope and Methodology
Miscellaneous Expenses	We reviewed 10 miscellaneous expense transactions, with an absolute value of \$37,433, for the July 2009 through July 2010 reporting period at the [REDACTED] Post Office. We also reviewed unit procedures for controlling the 116 transactions in AIC 247/647 with an absolute value of \$36,003 for the July 2009 through July 2010 reporting period at the [REDACTED]
Refunds	We judgmentally selected and reviewed 10 refunds, valued at \$6,870, at the [REDACTED] Post Office, and 15 refunds, valued at \$3,178, at the [REDACTED], for the July 2009 through July 2010 reporting period.

We conducted this performance audit from August through December 2010 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 officials on November 2, 2010, and included their comments where appropriate.

We relied on data obtained from the Postal Service's ADM and performed specific internal control and transaction tests on these systems' data. We traced recorded financial transactions to and from supporting documentation and assessed the reliability of computerized data by comparing the computer records to source documents. We determined that the data were sufficiently reliable for the purposes of this report. We used Postal Service instructions, manuals, policies, and procedures as criteria to evaluate internal controls and data reliability. Finally, we evaluated whether or not the unit implemented internal controls over financial reporting and safeguarding of assets; interviewed supervisor and employees; and observed operations.

PRIOR AUDIT COVERAGE

The OIG issued three financial audit reports for the San Francisco District within the past 3 years. The reports identified internal control deficiencies such as cash and stamp accountability; safeguarding of assets; financial differences; and closeout procedures. The reports made recommendations to address these issues, and management agreed to take corrective action.

Report Title	Report Number	Final Report Date	Monetary Impact	Other Impact
<i>Fiscal Year 2007 Financial Installation Audit [REDACTED] Post Office</i>	FF-AR-07-140 4/17/2007		\$12,988	\$10,337
<i>Fiscal Year 2009 Financial Installation Audit [REDACTED] Post Office</i>	FF-AR-09-109 3/5/2009		\$0	\$1,435
<i>Fiscal Year 2010 Financial Installation Audit [REDACTED] Station</i>	FF-AR-10-003 11/2/2009		\$0	\$0

APPENDIX B: DETAILED ANALYSIS

Managing Financial Operations

Management at the [REDACTED] Post Office and the [REDACTED] did not effectively implement five of six financial operations we examined. Specifically, the supervisors, Customer Services, did not:¹²

- Secure the retail floor stock at either units.
- Account for stamp accountability discrepancies at either units.
- Maintain the authorized cash limit at the [REDACTED]
- Maintain a record for AICs 247/647 discrepancies and monitor and resolve financial differences at the [REDACTED].
- Maintain supporting documentation for local disbursements at the [REDACTED] Post Office.

Retail Floor Stock Security

Management at both units did not properly secure all of the retail floor stock, valued at \$37,913.¹³ Specifically:

- Unit personnel at the [REDACTED] Post Office improperly stored floor stock totaling \$33,104 in unlocked containers and cabinets located in an unlocked vault. Management stated storing the floor stock in this manner was the unit's practice because it is easier for retail associates to retrieve stamp stock.
- Unit personnel at the [REDACTED] improperly stored floor stock totaling \$4,809 in an unlocked rolling filing cabinet as well as in Express Mail® envelopes, which were sitting in a mail tub located in an unlocked cage. The supervisor stated he knew the stock needed to be secured and non-retail employees should not have access to the cage; however, he did not want to upset the letter carriers, who frequently crowded around and entered the cage area while waiting for route information.

¹² We found errors in the following five financial operations: (1) stamp stock security, (2) stamp discrepancies, (3) unit cash authorized limit, (4) miscellaneous expenses and (5) local disbursements. We did not find errors related to refunds.

¹³ Handbook F-101, *Field Accounting Procedures*, Section 3-1.1, page 13, September 2010.

Stamp Accountabilities

Management at the units could not account for overages and shortages related to stamp accountabilities. Specifically:

- Management at the [REDACTED] Post Office was out of tolerance and could not account for overages totaling \$2,237 for retail floor stock valued at \$33,104 and \$3,024 for the unit reserve stock valued at \$273,872. The postmaster and supervisor stated they could not explain why the unit had stamp stock overages.¹⁴
- Management at the [REDACTED] was out of tolerance and could not account for a shortage totaling \$300 for the unit reserve stock valued at \$28,857. The supervisor believed he caused the shortage by not transferring the stamp stock from the unit reserve to the retail floor stock before selling it to a customer. However, the supervisor was unable to provide documentation to account for the shortage.¹⁵

Authorized Cash Limit

Management at the [REDACTED] allowed the unit cash reserve to exceed the authorized cash limit of [REDACTED] by [REDACTED].¹⁶ The supervisor stated he was unaware the increased cash level needed to be supported by sending a notification letter to the district.

Miscellaneous Expenses

The supervisor at the [REDACTED] did not research and resolve expenses related to differences in financial transactions nor maintain a record of the differences in AIC 247/647. Of the 116 financial differences reviewed from July 2009 through July 2010, 22 with an absolute value of \$2,920 had not been reconciled since October 2009.¹⁷ The supervisor stated he was unaware of the requirement to monitor and resolve financial differences.

Local Disbursements

Management at the [REDACTED] Post Office did not ensure seven temporary bargaining employees assigned to the unit had access to the eTravel System to request reimbursement for local travel expenses.¹⁸ Management reimbursed the seven

¹⁴ Handbook F-101, Section 13-9.1, page 208. The retail floor stock has a \$0 tolerance.

¹⁵ Handbook F-101, Section 13-9.2, page 209. The unit reserve stock had a \$50 tolerance for accountabilities up to \$30,000. The Bayview Station's unit reserve stock was \$28,557.

¹⁶ Handbook F-101, Sections 13-7.1.2 and 13.7.2, page 200.

¹⁷ Handbook F-101, Section 8-6.1, page 90.

¹⁸ http://eagnmmsg704/selfservice/Main_F.jsp?locale=en_US - Bargaining, casual, and temporary employees must have their travel reimbursement processed via eTravel. Employee must request access to eTravel via eAccess.

employees for travel mileage from their primary duty station to the [REDACTED] Post Office for periods beginning October 2009 through February 2010. The unit had \$13,883 in local disbursements for 33 days (between August 2009 and February 2010), which was the highest local disbursement amount in the San Francisco District and one of the reasons we selected the unit for review. The postmaster explained that the unit lost 15 employees during October and November 2009 through normal attrition and personnel exercising the voluntary early retirement option. As a result, the unit needed additional personnel daily to assist with operations.

Of the local disbursements totaling \$13,883, we judgmentally selected and reviewed 11 days with transactions totaling \$9,143. We were able to locate supporting documentation¹⁹ for \$8,567 of local disbursements, including reimbursements. Management could not provide supporting documentation for \$576 of \$878 (or 66 percent) of local travel transactions on January 23, 2010. Employees who do not have access to eTravel can use PS Form 1164 for nonrecurring travel. However, management should require the use of eTravel, given the number of claims, since eTravel provides better control. If the temporarily assigned employees' travel expenses were processed using eTravel, there would be less risk of unsupported local travel expenses.

Unit and District Financial Management Oversight

Unit and district financial management did not provide sufficient managerial oversight and/or financial training to personnel at [REDACTED] Post Office and the [REDACTED]

- At the [REDACTED] Post Office, the postmaster and supervisor have held their positions since 2008, and were knowledgeable in financial operations. However, the postmaster did not provide adequate oversight of the supervisor because she assumed the supervisor was performing her duties. The postmaster stated when she arrived at the unit she had to address many issues, such as delivery and retail operations and personnel shortages. The postmaster stated she was systematically dealing with unit issues, and her first concern was ensuring efficient mail delivery. The postmaster further stated when she realized the supervisor was not performing her duties, she began to take corrective action by issuing letters of warning to the supervisor.
- At the [REDACTED], the station manager and supervisor were unaware of many financial management requirements. The manager had been at the [REDACTED] since July 2010 but had been an officer in charge at another unit since January 2009. The supervisor arrived at the unit in October 2009 and had previously been a delivery unit supervisor. The supervisor stated he was unaware of the requirements because he had not received any financial training.

¹⁹ Handbook F-101, Section 22-2.2.c, page 305. The employees submitted PS Forms 1312, Local Transportation Payment, and 1164, as supporting documentation for travel reimbursements.

The station manager stated she started at the unit after the supervisor arrived and did not realize that he had not received financial training.

The district manager acknowledged the district needs to provide more oversight at units and that the manager, Post Office Operations, for the North Bay, who is responsible for one of these two units, has approximately 130 units to monitor and cannot supervise every unit at the appropriate level. She also stated that the district does not have a process in place to monitor whether or not a supervisor has received training. The district manager stated the district is in the process of training unit management and putting a system in place to monitor and hold management accountable for unacceptable work performance. In addition, the district manager stated that the Pacific Area Sarbanes-Oxley team is assisting with training employees involved in financial transactions at the unit level with completion targeted for the second week of November 2010. Postmasters and managers who do not have direct oversight of financial transaction will attend training by the end of November 2010. (See [Appendix D](#) for further information on the training conducted.)

The district manager stated that the Pacific Area has tools the districts can use to assist with financial oversight. For example, there are tools that allow units to monitor AIC 247/647 activity, as well as scorecards, dashboards, and unit trends the district can use to make the process of monitoring cash and stamp accountabilities and local disbursements easier.

If the Postal Service does not provide managerial oversight of and financial training to employees responsible for managing financial operations, there is an increased risk the Postal Service could lose cash and stamps without detection and misstate financial records.

APPENDIX C: MONETARY AND OTHER IMPACTS**Monetary Impacts**

Finding Impact	Category	██████████ Post Office	██████████	Total
Retail floor stock overage	Recoverable revenue loss ²⁰	\$2,237	-	\$2,237
Unit reserve stock overage	Recoverable revenue loss	3,024	-	3,024
Unsupported refunds	Recoverable unsupported questioned cost ²¹	576	-	576
Unresolved financial difference	Recoverable unsupported questioned cost ²²	-	\$2,733	2,733
Unit reserve stock shortage	Recoverable supported questioned cost ²³	-	██████████	██████████
Total		\$5,837	██████████	██████████

Other Impacts

Finding Impact	Category	██████████ Post Office	██████████	Total
Unsecured retail floor stock	Accountable items at risk ²⁴	\$33,104	\$4,809	\$37,913
Unit cash retained over authorized limit	Assets at risk ²⁵ -		██████████	██████████
Total \$33,104			██████████	██████████

²⁰ Revenue that can be collected for goods delivered or services rendered.

²¹ Recoverable costs that are unnecessary, unreasonable or an alleged violation of laws or regulations. There was no adequate documentation supporting these costs.

²² Recoverable costs that are unnecessary, unreasonable or an alleged violation of laws or regulations. There was no adequate documentation to support these costs. The \$2,733 financial differences amount represents only the net shortage transactions.

²³ Recoverable costs that are unnecessary, unreasonable or an alleged violation of laws or regulations.

²⁴ Accountable items (for example, cash, stamps, and money orders) that are at risk of loss because of inadequate internal controls.

²⁵ Assets (for example, cash, stamps, and money orders) that are at risk of loss because of inadequate internal controls.

APPENDIX D: MANAGEMENT'S COMMENTS

SAN FRANCISCO DISTRICT MANAGER



December 2, 2010

Lucine M. Willis
Director, Audit Operations
Office of Inspector General

SUBJECT: Response to San Francisco District Risk-Based Post Office Audit
(Report Number FF-AR-11-DRAFT)

The following are responses to the recommendations on the [redacted] and [redacted] audits:

Bayview recommendations:

1. Direct the [redacted] Manager to secure retail floor stock and resolve the stamp accountability overages and shortage. Detail analysis indicates that [redacted] improperly stored floor stock totaling \$4,809 in an unlocked rolling filing cabinet as well as in Express® Mail envelopes.

Response: The [redacted] Manager has been directed to secure retail floor stock and resolve stamp accountability overages and shortages. This has been done and completed.

2. Direct [redacted] Manager to limit cash to the authorized level. Management at [redacted] allowed the unit cash reserve to exceed the authorized cash limit by [redacted].

Response: The Host Postmaster has directed the [redacted] Manager to limit cash to the authorized level. The supervisor is aware of the authorized cash limit. Follow-up and oversight is being done by the designated Subject Matter Expert.

3. Direct [redacted] Manager to maintain a record for and monitor and resolve all financial differences. The station needs to maintain a record for discrepancies and monitor and resolve financial differences.

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Response: The [REDACTED] Manager has been directed to maintain a record for and monitor and resolve all financial differences. Designated Subject Matter Expert has been working with the station in maintaining records and resolving differences.

4. Provide financial training to [REDACTED] management and other San Francisco Postal Retail unit personnel who are responsible for financial operations and have not had any financial training. Manager and Supervisor at [REDACTED] were unaware of many financial management requirements.

Response: Training has been provided to the Manager on October 27, 2010 and the supervisor on October 21, 2010. Three financial training sessions – October 21, October 27, and November 9 – have been facilitated by Pacific Area Finance for those who are responsible for financial operations in the district. Before a manager or supervisor is assigned to a unit with financial oversight, district will check and ensure that adequate training has been provided.

5. Provide increased financial oversight to the Postal Retail Units in the district by using the tools the Pacific Area provides to monitor unit financial management.

Response: Increased financial oversight is being done by both Area Financial Specialists, District Finance Manager, and appointed Subject Matter Experts by the Host Postmaster. For the Host Postmaster group, there are three Subject Matter Experts who have been assigned to assist in the group's financial oversight.

Santa Rosa recommendations:

1. Direct the [REDACTED] Post Office to secure retail floor stock and resolve the stamp accountability overages and shortage. Unit personnel at [REDACTED] improperly stored [REDACTED] in unlocked containers and cabinets in an unlocked vault.

Response: The Postmaster has been directed by her manager to secure retail floor stock and resolve stamp accountability overages and shortages. The Manager, Post Office Operations has sent another Postmaster to follow-up and validated this has been done.

2. Direct the [REDACTED] Postmaster to require the use of eTravel and maintain supporting documentation for reimbursed local travel expenses.

Response: In a follow-up conducted by another Postmaster, findings indicate that all travel payments are requested through eTravel. The Postmaster who followed up suggested that all entries for craft employees be entered by the Supervisor using WebAlias.

3. Provide financial training to unit personnel who are responsible for financial operations and have not had any financial training.

Response: Training has been provided to the Postmasters, Managers, and Supervisors who have direct, day-to-day oversight of financial operations on November 9 – facilitated by Area Finance. Additional training sessions are scheduled for North Bay Offices.

4. Provide increased financial oversight to the Postal Retail Units in the district by using the tools the Pacific Area provides to monitor unit financial management.

Response: Increased financial oversight is being done by both Area Financial Specialists, District Finance Manager, and appointed Subject Matter Experts by the Manager, Post Office Operations. For the [REDACTED] group, the Manager Post Office Operations (A) has assigned four different Subject Matter Experts who have their specific geographical oversights.

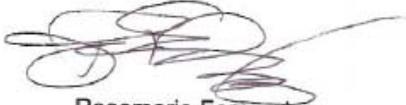
The San Francisco District has taken steps to provide sufficient management oversight and/or financial training. A process has been put in place through the establishment of a team of Subject Matter Experts (SME) in each of the senior operations manager's group. The team of SMEs is comprised of Postmasters and Managers who are well-versed and have hands-on experience in dealing with financial operations. The SMEs provide oversight, guidance, and assistance to the offices so that internal controls are in place and effective.

Financial training, an issue revealed in the OIG audits, has begun and will continue to be provided to the responsible employees in order to minimize risk. The training is divided in two phases. The first phase is geared toward Postmasters, Managers, Supervisors, and Lead Sales Associates who perform and have day-to-day financial responsibilities. The first phase training sessions have been completed on October 21 & 27 and November 9 with a combined total of 135 attendees.

Second phase is designed for Postmasters and Managers who do not perform day-to-day tasks, but are nonetheless responsible for the office's financial operations. These sessions are scheduled to take place in January.

In order to utilize the available tools to their fullest capabilities, Senior Operations Managers and SMEs cover and review on a spaced-repetition basis in order to allow the offices to address issues in a timely manner.

If you require additional information, please let me know.



Rosemarie Fernandez

cc: Drew Aliperto, Area Vice President
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Eddie Masangcay, Manager Finance
Theresa Hartenstein, Host Postmaster
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