



## AUDIT REPORT

# Internal Controls Over Segmented Inventory - Brooklyn Greenpoint Station, Brooklyn, NY

October 6, 2016



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Report Number FT-FM-17-001



October 6, 2016

**Internal Controls Over Segmented  
Inventory – Brooklyn Greenpoint Station,  
Brooklyn, NY**

Report Number FT-FM-17-001

**BACKGROUND:**

The U.S. Postal Service Office of Inspector General (OIG) uses tripwires to identify financial anomalies. Tripwires are analytic tools that look at specific behaviors and patterns that are strong indicators of improper activity. The OIG's *Perfect Count Tripwire* identified that the Brooklyn Greenpoint Station in Brooklyn, NY, reported three perfect counts from April 1, 2015, to March 31, 2016. Perfect count means the Postal Service did not report any overages or shortages of retail floor stock.

Segmented inventory 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 (RAs). Inventory can be transferred between segments; therefore, all segments of inventory must be counted to determine whether perfect counts are accurate. Postal Service managers are responsible for timely and proper counts of all segmented inventory.

An office with at least \$100,000 in annual revenue and three employees overseeing segmented inventory is unlikely to go 12 consecutive months with no overage or shortage of retail floor stock.

The objectives of this audit were to determine whether financial transactions for segmented inventory at the Brooklyn

Greenpoint Station were accurately presented in the accounting records and whether internal controls were in place and effective.

**WHAT THE OIG FOUND:**

The accounting records for segmented inventory at the Brooklyn Greenpoint Station were not always accurately presented and internal controls needed improvement.

We verified the office reported three perfect counts of retail floor stock from April 1, 2015, to March 31, 2016. Another perfect count was posted on July 8, 2016. However, on July 26, 2016, we conducted an independent count and identified a shortage of stamps valued at \$34.

This occurred because one RA did not always properly record stamp sales from the retail floor stock. When customers exchanged stamps at the retail window, the associate did not always record the exchange in the retail system. So, the manager, Customer Service, improperly adjusted the count records to a perfect count.

In addition, the manager, Customer Service, did not properly record the unit's inventory counts. We also identified:

- The unit did not have the required bait money orders [REDACTED]. Bait money orders [REDACTED].

help law enforcement identify and apprehend criminals if the money orders are stolen and cashed.

- The unit did not return or destroy 588 obsolete money orders.
- Four RAs were missing the required duplicate key and password envelope to access and count the cash drawer when the RA is not present.
- Seven RA cash drawer inventory files did not have the required form to summarize the results for all inventory counts, and five cash drawer inventory files did not have the required form to record the current inventory count.
- The office vault, which stored accountable items such as cash and stamps, was not secured throughout the day during our site visit.
- One locked compartment inside a vault that contained \$20 in cash, a book of forever stamps, and 120 unused postage labels valued at \$249 that were not included in the accounting records.
- The unit did not always complete or maintain the required forms to accept and return saleable stamp stock.

If controls over inventory and cash are not followed there is an increased risk of theft of money orders, stamp stock, and cash.

As a result of this audit, management initiated the process to destroy the obsolete money orders and change

locks; and secured keys to compartments in vaults.

***WHAT THE OIG RECOMMENDED:***

We recommended management establish a process to ensure employees follow the required procedures for retail floor stock counts, inventory accountability records, shipment records, and duplicate key and password maintenance. We also recommended management provide ■■■■■ with the required bait money orders and follow the procedures to destroy obsolete money orders.

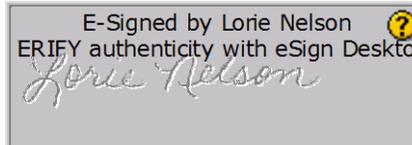
Finally, we recommended management implement procedures to transfer and maintain security over accountable items stored in the station's vault.

*[Link to review the entire report](#)*



October 6, 2016

**MEMORANDUM FOR:** ELVIN MERCADO  
MANAGER, TRIBORO DISTRICT



**FROM:** Lorie Nelson  
Director, Finance

**SUBJECT:** Audit Report – Internal Controls Over Segmented Inventory  
– Brooklyn Greenpoint Station, Brooklyn, NY  
(Report Number FT-FM-17-001)

This report presents the results of our audit of Internal Controls Over Segmented Inventory – Brooklyn Greenpoint Station, Brooklyn, NY (Project Number 16WFM004FT000).

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

Attachment

cc: Corporate Audit and Response Management

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## Introduction

This report presents the results of our audit of Internal Controls Over Segmented Inventory at the Brooklyn Greenpoint Station, Brooklyn, NY (Project Number 16WFM004FT000). The Brooklyn Greenpoint Station is in the Triboro District of the Northeastern Area. This self-initiated audit is one of several audits of segmented inventory designed to provide U.S. Postal Service management with timely information on potential financial control risks at Postal Service locations.

Segmented inventory 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). Inventory can be transferred between segments; therefore, all segments of inventory must be counted to determine whether perfect counts are accurate. Postal Service managers are responsible for timely and proper counts of all segmented inventory.

We reviewed all accounting records for segmented inventory at the Brooklyn Greenpoint Station from April 1, 2015, to March 31, 2016. To determine the validity of the reported inventory counts, we conducted unannounced counts of the inventory segments,<sup>1</sup> evaluated the segmented inventory process, and interviewed the postmaster and other personnel responsible for overseeing the process.

We relied on computer-generated data from the Enterprise Data Warehouse (EDW),<sup>2</sup> Time and Attendance Collection System (TACS),<sup>3</sup> and the Retail Systems Software (RSS).<sup>4</sup> We did not test the validity of controls over these systems; however, we verified the accuracy of the data by confirming our analysis and results with Postal Service managers. We determined that the data were sufficiently reliable for the purposes of this report.

We conducted this audit from July through October 2016, in accordance with generally accepted government auditing standards. 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 objectives. We discussed our observations and conclusions with management on August 5, 2016, and included their comments where appropriate.

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<sup>1</sup> Inventory segments consist of retail floor stock, unit reserve stock, unit cash reserve, cash drawers, and other segments such as stamps by mail

<sup>2</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.

<sup>3</sup> A system used by all installations that automates the collection of employee time and attendance information.

<sup>4</sup> RSS was deployed in February 2016 and replaced the Point of Service (POS) system, which is the primary hardware and software system used to conduct retail sales transactions in post offices.

## Retail Floor Stock Count

Our tripwire<sup>5</sup> showed the Brooklyn Greenpoint Station reported three perfect counts<sup>6</sup> of the retail floor stock<sup>7</sup> between April 1, 2015, and March 31, 2016. The station posted another perfect count on July 8, 2016. On July 26, 2016, we conducted an independent count of all segmented accountable inventory at the office. Specifically, we counted all the RAs' cash drawers,<sup>8</sup> unit cash reserve,<sup>9</sup> retail floor stock, and unit reserve stock.<sup>10</sup> All segments were within allowed tolerances<sup>11</sup> for overages or shortages, except retail floor stock, which resulted in a shortage of \$33.50 (see Table 1).

**Table 1. Inventory Count Results**

Segmented Inventory Accountability Segment	RSS System Total	Actual Count	Difference
Retail Associate Cash Drawers	\$701.67	\$702.15	\$0.48 <sup>12</sup>
Unit Cash Reserve	1,500.00	1,500.00	0.00
Retail Floor Stock	16,928.79	16,895.29	(33.50)
Unit Reserve Stock	\$20,767.21	\$20,808.90	\$41.69 <sup>13</sup>

Source: U.S. Postal Service Office of Inspector General (OIG) analysis.

The manager, Customer Service, stated the shortage occurred because one RA did not always properly record stamp sales from the retail floor stock. Specifically, when customers exchanged stamps at the retail window, the RA did not always record the exchange in the RSS. This caused discrepancies between the system and the actual count results. When the unit conducted its retail floor stock counts, the manager improperly adjusted the totals to account for the unrecorded exchanges in RSS.

According to Postal Service policy, management should ensure all financial transactions are correctly recorded. In addition, although no individual RA is accountable for retail floor stock, each RA making sales should ensure sales from retail floor stock are accurately reported.<sup>14</sup>

<sup>5</sup> Tripwires are analytic tools that look at specific behaviors and patterns that are strong indicators of improper activity.

<sup>6</sup> Perfect count means the Postal Service did not report any overages or shortages of retail floor stock.

<sup>7</sup> Retail floor stock is shared stock from which RAs sell stamps and stamped products. Each RA selling items from this stock is responsible for ensuring that sales are reported accurately but is not individually accountable for the items.

<sup>8</sup> RAs that are only assigned a cash credit are authorized a cash retained amount of up to \$100.99, for which they are individually accountable.

<sup>9</sup> Authorized funds on hand for making change. These are separate funds, not to be confused with the cash portion of a stamp credit. A stamp credit is the value of the stamp stock and money orders consigned to an RA from the unit reserve stock at a postal retail unit.

<sup>10</sup> Stamp stock inventory; the unit reserve custodian is accountable for the value of all items in the unit reserve stock.

<sup>11</sup> Tolerance is the allowed difference for individually accountable inventory segments. If a count is within tolerance, no one is accountable for the difference. If a count is outside the tolerance, the responsible employee is issued a letter of demand for the difference.

<sup>12</sup> This is the total difference of the seven cash drawers. The tolerance level for each cash drawer is \$10 and all were within tolerance.

<sup>13</sup> The tolerance level for stamp stock credit up to \$30,000 is \$50.

<sup>14</sup> Handbook F-101, *Field Accounting Procedures*, June 2016, Section 14-1.2 (c), 14-2.2.

If controls over cash and stamp stock are not followed, there is an increased risk of undetected theft and losses.

### Inventory Count Records

The unit did not properly record all inventory counts. Specifically, of the seven inventory files reviewed:

- Seven RA cash drawer inventory files did not have the required Postal Service (PS) Form 3368-P, Accountability Examination Record, to summarize the results for all inventory counts.
- Five RA cash drawer inventory files did not have the required PS Form 3294, Cash/Stamp Stock Credit Count Summary, to record the current inventory count. Many of the PS Forms 3294 we found were in envelopes or with the daily finance records and were not always filed in a stamp and cash credit file, as required.

Postal Service policy states the postmaster, manager, or supervisor is responsible for establishing and maintaining a file for each credit (stamp or cash) assigned to an employee. Stamp and cash credit files must contain a PS Form 3368-P and a PS Form 3294, and the forms should be retained for 2 years beyond the life of the credit.<sup>15</sup>

The manager, Customer Service, acknowledged the PS Forms 3368-P were missing and that she did not keep the PS Forms 3294 up to date because she did not have time. If inventory files are not maintained and updated, management cannot promptly address inventory count shortages or overages.

### Bait Money Orders

The unit did not have the required bait money orders for [REDACTED]. The manager, Customer Service, stated [REDACTED] she forgot to give them the bait money orders.

Postal Service policy states field units that provide retail services must strictly adhere to bait money order procedures.<sup>16</sup> [REDACTED].<sup>17</sup> Bait money orders help law enforcement identify and apprehend criminals if the money orders are stolen and cashed.

When bait money order procedures are not followed, there is an increased risk investigative leads could be lost or delayed.

<sup>15</sup> Handbook F-101, Section 13-1.3

<sup>16</sup> Handbook F-1, *Accounting and Reporting Policy*, January 2015, Section 2-5.2.4.1

<sup>17</sup> [REDACTED]

## Non-saleable Money Orders

The manager, Customer Service, did not complete the process to return or destroy 272 domestic money orders and 316 international money orders that were obsolete and could not be sold at the Post Office. Although the money orders were secured, they should have been returned to the Stamp Distribution Office (SDO)<sup>18</sup> or destroyed onsite.

Postal Service policy states postal retail units must send unopened domestic money orders and all international money orders that cannot be sold to the SDC or SDO. Prior to returning money orders, Postal retail units must receive authorization from the servicing SDC or SDO.<sup>19</sup> The manager was unaware of how to obtain authorization to destroy the money orders.

If controls over money orders are not followed, there is an increased risk of undetected theft and lost revenue.

## Duplicate Key Combination and Password Envelope

The unit did not have the required PS Form 3977, Duplicate Key Combination and Password Envelope, for four RAs. Two RAs did not have an envelope for their keys, and the other two RAs did not have an envelope for their passwords. The duplicate key and password envelopes are used to access and count the cash drawer when the RAs are not present.

The manager, Customer Service, stated she was not aware that the PS Form 3977 envelopes were missing. The manager explained the missing keys were a result of employees using the duplicate keys and not replacing them. She could not explain why the password envelopes were missing, even though there was a PS Form 3977 for the keys.

Postal Service policy states field units must complete a PS Form 3977 envelope to protect each duplicate key, combination, and password. Each time a lock, combination, or password is changed, a new PS Form 3977 should be prepared and submitted to the custodian of the PS Form 3977 it replaces.<sup>20</sup>

On July 26, 2016, the manager completed the missing PS Forms 3977 for the two missing passwords and placed a work order on August 2, 2016, to obtain new locks and keys for the other two RAs with missing keys.

## Accountable Items Security

The manager, Customer Service, did not adequately secure the keys to compartments within the vaults that stored accountable items such as cash, stamps, and money orders

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<sup>18</sup> The SDO and Stamp Distribution Centers (SDC) are responsible for sending stamp stock to retail units. They also authorize destruction or return of obsolete stamp stock. The SDO is located in Kansas City, MO.

<sup>19</sup> Handbook F-101, Section 11-6.11.1.

<sup>20</sup> Handbook F-101, Section 3-8.2.1.

valued at \$1,523,497. The vaults also contained envelopes containing employee's passwords and keys to their cash drawers. The office vaults were locked but the keys used to unlock the compartments were stored inside a drawer and accessible to anyone within the facility (see [Figure 1](#)). Maintenance and cleaning personnel had full access to the office throughout the day.

**Figure 1. Accountable Item Keys**



Source: OIG picture taken on July 26, 2016.

The manager stated supervisors left keys in the drawer to allow employees access to the unit's stamp and cash reserves when they were not available.

Postal Service policy states management must provide adequate security for all accountable items and unit managers must ensure that employees provide the appropriate level of security.<sup>21</sup> Cash, money orders, and stamps are easy to steal and, if they are not adequately secured, there is an increased risk of undetected theft. We estimated that \$501,702 of the segmented items were at risk of being stolen or cashed.

On August 4, 2016, the manager required that supervisors maintain the keys with them and not place them in the drawer. It is imperative that the manager develop procedures to ensure ongoing security of the accountable items.

<sup>21</sup> Handbook F-101, Section 3-1.1 and 3-1.1.1.

## Locked Compartment Drawer

We found one locked compartment drawer that contained \$20 in cash, a book of forever stamps, and 120 unused postage labels valued at \$249 (see [Figure 2](#)) that were not included in the accounting records.

**Figure 2. Contents of Locked Compartment**



Source: OIG observation on July 27, 2016.

The unit did not change the compartment drawer lock when the key could not be located. The manager, Customer Service, stated that, after becoming unit manager, she had never looked in this drawer and did not have a key to it. An RA forced the drawer open so we could count the contents.

Postal Service policy states that, at the time of transfer, the outgoing Postal Service official must give all Post Office keys to the incoming official. The incoming official must arrange for district Maintenance, district Building Facilities Services, or another qualified, designated official to change all safe and lock combinations as well as ensure the duplicate key inventory policy is followed, which includes changing any keys, combinations, or passwords.<sup>22</sup> If locks are not properly changed, assets may not be properly accounted for and could be lost or stolen.

## Stamp Stock Shipments

The unit did not always complete or maintain PS Form 17, Invoice and Stamp Requisition/Stamp Return, to return saleable stamp stock. Of the 22 PS Forms 17 reviewed, we identified 21 with a missing receiver signature, witness signature, or date (see [Table 2](#)). The manager, Customer Service, acknowledged forms had not been completed, and the process needed improvement.

<sup>22</sup> Management Instruction FM-310-2012-3, Transfer of Management Official at Post Offices, Stations, and Branches, July 27, 2012.

**Table 2. PS Forms 17 With Missing Information**

	Business Date	Stock Amount	Missing Receiver Signature	Missing Witness Signature	Missing Date
1	03/25/15	\$588.00	Y	Y	Y
2	04/10/15	32,812.96	N	Y	Y
3	04/23/15	490.00	N	N	Y
4	05/16/15	285.00	N	Y	Y
5	06/03/15	30,270.60	N	Y	N
6	06/03/15	4,080.00	N	Y	Y
7	07/13/15	98.00	Y	Y	N
8	07/17/15	784.00	Y	Y	N
9	09/30/15	4,195.00	N	Y	N
10	12/03/15	17,447.50	Y	Y	Y
11	01/11/16	129.00	Y	Y	N
12	02/18/16	22,588.00	Y	Y	Y
13	03/31/16	21,830.00	Y	Y	Y
14	05/16/16	752.00	Y	Y	Y
15	05/25/16	11,838.00	Y	N	Y
16	05/25/16	21,144.00	N	Y	N
17	05/27/16	235.00	Y	Y	Y
18	06/24/16	94.00	Y	Y	Y
19	06/29/16	470.00	Y	Y	Y
20	10/02/15	11,024.00	Y	Y	Y
21	06/28/16	\$5,039.00	Y	Y	Y
	<b>TOTAL</b>		14	19	15

Source: PS Form 17 received at the unit.

In addition, we could not locate 32 PS Forms 17 (see [Table 3](#)).

**Table 3. Missing PS Forms 17**

							Corporate Data Acquisition System	
Business Date	Post Date	Description	Shipped From	Shipment Number	Transfer Identification	Detail Amount		
1	03/09/15	03/09/15	Transfers In	3508069556	309151430	188730648	\$6,667.92	
2	06/27/16	06/27/16	Transfers In	3508067500	627160935	205803530	94.00	
3	05/21/15	05/21/15	Transfers In	2824730000	1203524443	191412387	1,065.00	
4	06/23/15	06/23/15	Transfers In	2824730000	1203767871	192573437	980.00	
5	08/05/15	08/05/15	Transfers In	2824730000	1204170051	194103008	343.00	
6	09/03/15	09/03/15	Transfers In	2824730000	1204492291	195144105	245.00	
7	09/11/15	09/11/15	Transfers In	2824730000	1204557552	195379221	33,839.20	
8	09/17/15	09/17/15	Transfers In	2824730000	1204606093	195595465	490.00	
9	09/26/15	09/26/15	Transfers In	2824730000	1204699154	195968609	490.00	
10	09/23/15	09/23/15	Transfers In	2824730000	1204704463	195817556	9,414.00	
11	10/19/15	10/19/15	Transfers In	2824730000	1204931957	196699262	9,107.50	
12	11/10/15	11/10/15	Transfers In	2824730000	1205197045	197459229	30,809.00	
13	12/17/15	12/17/15	Transfers In	2824730000	1205760682	198744410	18,405.00	
14	12/28/15	12/28/15	Transfers In	2824730000	1205825874	199068707	980.00	
15	01/14/16	01/14/16	Transfers In	2824730000	1206009536	199760702	612.50	
16	01/19/16	01/19/16	Transfers In	2824730000	1206043369	199910887	245.00	
17	01/22/16	01/22/16	Transfers In	2824730000	1206101125	200091104	58.80	
18	02/08/16	02/08/16	Transfers In	2824730000	1206292001	200744243	27,227.50	
19	02/29/16	02/29/16	Transfers In	2824730000	1206453893	201426618	196.00	
20	03/30/16	03/30/16	Transfers In	2824730000	1206712922	202529669	245.00	
21	05/09/16	05/09/16	Transfers In	2824730000	1207053295	203947882	188.00	
22	07/21/15	07/21/15	Transfers In	5199950000	2200071459	193601675	23,724.50	
23	08/19/15	08/19/15	Transfers In	5199950000	2200076671	194657113	27,065.50	
24	06/24/15	07/10/15	Transfers In	3508060321	3508060321	193138267	94.08	
25	03/03/16	03/03/16	Transfers In	3548400708	6063092714	201600471	2,400.00	
26	04/14/15	04/14/15	Transfers Out	2824730000	5104200638	190051189	696.78	
27	06/24/15	06/25/15	Transfers Out	2824730000	3508060321	192662118	94.08	
28	06/24/15	06/25/15	Transfers Out	2824730000	5175141231	192662117	7,022.29	
29	07/15/15	07/15/15	Transfers Out	2824730000	5196181721	193319219	6,660.08	
30	06/13/16	06/13/16	Transfers Out	3508067500	613161705	205308223	235.00	
31	06/21/16	06/21/16	Transfers Out	3508067500	621161017	205592103	188.00	
32	06/28/16	06/28/16	Transfers Out	3508067500	628161435	205851882	188.00	
						TOTAL	\$210,070.73	

Source: EDW.

The manager stated that she was unable to locate the PS Forms 17 because the paperwork was placed in the basement storage where it is inconvenient and difficult to access.

Postal Service policy requires management to sign and date each PS Form 17 when Postal Service retail units examine and verify a stock shipment with a witness.<sup>23</sup>

When employees do not follow stamp stock shipment procedures, there is an increased risk of theft of the stamps or other accountable items.

## Recommendations

We recommend the manager, Triboro District, instruct the Brooklyn Greenpoint Station manager, Customer Service, to:

1. Establish a process to ensure employees follow the required procedures for retail floor stock counts, inventory accountability records, shipment records, and duplicate key and password maintenance.
2. Provide [REDACTED] bait money orders [REDACTED] and follow the procedures to destroy obsolete money orders.
3. Implement procedures to transfer and maintain security over accountable items stored in the station's vault.

## Management's Comments

Management agreed with the recommendations but disagreed with the assets at risk.

Management instructed supervisors to discontinue adjusting retail floor stock count totals and provided service talks to RAs about accurately reporting retail floor stock. They stated they will monitor transactions to ensure compliance. In addition, management updated RA files to include inventory count records; completed stamp stock shipment records; prepared missing duplicate key and password envelopes; and issued bait money orders [REDACTED]. Management also destroyed all obsolete money orders and stated that they will issue [REDACTED] bait money orders [REDACTED]. Finally, management implemented security procedures for the keys to the vault compartments.

Regarding assets at risk, management disagreed that the money orders had an actual value because they were not imprinted and the unit did not have an imprinter to do it. In addition, management disagreed that cash retained credits and stamp stock were at risk because it assumes that other individuals in the office would know the purpose of or where to use the keys in a drawer. Finally, management disagreed with the high rating

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<sup>23</sup> Handbook F-101, Section 11-5.1.

of the malice category because there was no evidence of malice to support anything other than a normal rating.

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. Regarding assets at risk, we acknowledge that money orders are blank and the unit does not have a means to properly imprint them; and that individuals must have some knowledge of the existence of and purpose for keys. However, we continue to believe some risk exists because these accountable items were not properly secured. The purpose of the valuation is to provide a reasonable assessment of value at risk when exact monetary impact assessment is not possible. It does not represent actual loss and, therefore we only presented it as items at risk, not monetary impact.

We used a mathematically accepted statistical tool to estimate the average impact of uncertain at risk events. It considers six simultaneous sources of uncertainty for any given event. One of them is intentional harm from mal-intentional people (malice) and considers control gaps with money orders, inventory counts, passwords, and segmented item security at the unit. Since the calculation is subjective, includes auditor judgment, and is only shown to provide perspective, we will not pursue this issue through the audit resolution process.

We consider the recommendations closed with the issuance of this report.

## Appendix A. Management's Comments



September 28, 2016

LORI LAU DILLARD  
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Response to Draft Audit Report – Internal Controls over Segmented Inventory  
– Brooklyn Greenpoint Station, Brooklyn NY  
Report Number FT-FM-16-DRAFT

Thank you for the opportunity to respond to the OIG Audit of Internal Controls over Segmented Inventory – Brooklyn Greenpoint Station, Brooklyn NY. Triboro District does agree with the recommendations made during the audit. We agree that the required procedures for inventory accountability and record completion is important for the financial security of the postal service.

**Recommendation #1:**

Establish a process to ensure employees follow the required procedures for retail floor stock counts, inventory accountability records, shipment records, and duplicate key and password maintenance.

**Management Response/Action Plan:**

Triboro District agrees with this recommendation. The Manager Customer Services has instructed the Supervisors to no longer adjust the totals during the Retail Floor Stock counts and to only record what is physically contained in the Retail Floor Stock accountability. The Retail Associates were given Service Talks reiterating that sales and exchanges from the Retail Floor Stock must be accurately reported. Management will monitor transactions to ensure compliance.

Retail Associate files have been updated to include the appropriate Inventory Count Records. Each active Retail Associate's file contains a PS Form 3368 and PS Forms 3294 (see attached supporting documentation).

PS Forms 17 for Stamp Stock shipments from the Stamp Fulfillment Service Center, as well as shipments from the Unit Reserve to/from the Retail Floor Stock are completed in their entirety to include all required signatures and the date (see attached supporting documentation).

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Duplicate Key Combination and Password Envelopes have been prepared for the two Retail Associates that were missing both their Key envelope and Password envelope (see attached supporting documentation).

Target Implementation Date:

Completed

Responsible Official:

Sandra Bovain, Manager Customer Services

**Recommendation #2:**

Provide [REDACTED] three bait money orders [REDACTED] and follow the procedures to destroy obsolete money orders.

Management Response/Action Plan:

Triboro District agrees with this recommendation. [REDACTED]  
[REDACTED] Bait Money Orders. In the future, [REDACTED]  
Bait Money Orders [REDACTED]. All obsolete Money Orders were listed on the Locally Destroyed Money Order Template and destroyed with a witness. The form was sent/scanned/faxed to St. Louis (see attached supporting documentation).

Target Implementation Date:

Completed

Responsible Official:

Sandra Bovain, Manager Customer Services

**Recommendation #3:**

Implement procedures to transfer and maintain security over accountable items stored in the station's vault.

Management Response/Action Plan:

Triboro District agrees with this recommendation. A process was implemented where the keys to the compartments are kept in the possession of the Supervisor on duty. If the Supervisor leaves the building, the keys are transferred over to another Supervisor or Manager. At the close of business, the keys are locked in a cabinet that only the Supervisors and Manager have a key to.

Target Implementation Date:

Completed

Responsible Official:

Sandra Bovain, Manager Customer Services

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**Other Impact:**

Regarding the Other Impact cited during this audit in the amount of \$1,523,497 listed as Assets at Risk, Triboro District does not agree that the 943 Domestic Money Orders and the 802 International Money Orders have an actual value as they were not imprinted. The Station is on RSS Technology and does not have a manual Money Order Imprinter to imprint the Money Orders. Additionally, the Money Orders would have had to be assigned by the Custodian in the RSS System to a Retail Associate in order for them to be imprinted in the RSS Technology.

Triboro does not agree with the statement that the Cash Retained Credits valued at \$2,202.15 were at risk as an assumption is being made that other individuals in the office would know that the keys in the drawer would open random locked compartments where the Duplicate Key Envelopes were stored and would know which keys would open the specific individual's drawer.

Triboro does not agree with the statement that the Stamp Stock valued at \$16,895.29 was at risk as an assumption is being made that other individuals in the office would know that the keys in the drawer would open random locked compartments where the Duplicate Key Envelopes were stored and would know which keys would open the drawer that contained the Retail Floor Stock. It should be noted that the unit only maintained approximately \$1,000 worth of stock on the counter line which would have more risk than the \$15,000 that was locked in the safe.

Triboro does not agree with OIG's rating of "High" (ranked 4 on a scale of 1-5) in the category of "Malice" in their Risk Impact Assessment Tool. The definition provided is: likelihood of being caused by mal-intentional actors. Examples: Hackers, thieves, terrorist. While we understand the rating is subjective, the OIG provided no evidence to support anything other than a normal rating.



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VP Area Operations (Northeast)  
Manager, Finance (Triboro)  
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