



August 12, 2004

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SUBJECT: Management Advisory - Fiscal Years 2003 and  
2004 Protective Reviews Capping Report  
(Report Number FT-MA-04-003)

This report summarizes the results of our self-initiated reviews of 117 judgmentally and randomly selected local Postal Service facilities for fiscal year (FY) 2003 (Project Number 03XR001FT000) and FY 2004 (Project Number 04XR004FF000). These limited scope reviews were designed to provide Postal Service management with timely information regarding high-risk and/or sensitive activities at local facilities.

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## Results in Brief

The review of 117 sites<sup>1</sup> revealed that generally, internal controls were in place and functioning.<sup>2</sup> However, facility personnel could strengthen controls in asset and postmaster accountability, revenue protection and expense minimization, employee and customer service, information systems security, and oversight by following established policies and procedures. Specifically:

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<sup>1</sup> Ninety-six sites were reviewed in FY 2003 and 21 sites were examined in FY 2004.

<sup>2</sup> Controls tested included asset and postmaster accountability, employee and customer service, mail operations, revenue protection and expense minimization, information systems security, oversight, and compliance with laws and regulations.

- Employees did not always adhere to prescribed cash, stamp, and money order accountability policies and procedures.
- Postal Service employees did not always follow post office box rental, facility maintenance, and purchase card policies and procedures.
- Employees did not always follow prescribed building safety and security and customer service policies.
- Personnel did not always follow policies and procedures in the areas of computer access and workstation control.

We issued 42 reports to local management (15 in FY 2003 and 27 in FY 2004) and made 15 investigative referrals (8 in FY 2003 and 7 in FY 2004). This report summarizes the recurring issues identified at local Postal Service facilities<sup>3</sup> and provides four recommendations to assist the Postal Service in improving its operations.

Management agreed with our recommendations and has taken or plans to take corrective actions that are responsive to our recommendations. Management's comments, in their entirety, are included in Appendix C of this report.

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## Background

In FY 2003, the Postal Service Office of Inspector General (OIG) initiated the protective review program. This program was designed to (1) fill the need for systematic OIG reviews of high-risk and/or sensitive activities at local Postal Service facilities; and (2) provide valuable and timely feedback regarding office and program management to local and headquarters management and the Board of Governors. This program addressed the following issues:

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### Asset and Postmaster Accountability

Post offices are the initial level where revenue is generated from Postal Service operations and include main offices, branches, and stations. Overall, the postmaster or installation head is responsible for collecting all receipts, accounting for all funds, and following all Postal Service regulations and guidance. The Postal Service had nearly \$69 billion in operating revenue in FY 2003. Additionally, in FY 2003, the Postal Service issued over 200 million money

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<sup>3</sup> Issues that occurred for at least 10 percent of the sites examined are considered recurring.

orders totaling about \$29 billion, maintained vehicles valued at about \$1.4 billion, and held capital personal property of over \$4.6 billion.

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Employee and  
Customer Service

As a service-oriented business, the Postal Service must maintain a safe and customer-friendly atmosphere in its 37,600 offices, stations, branches, and contract postal units. These facilities operate as the focal point for businesses; therefore, security and safety are an integral part of doing business. The Postal Service achieves a safe environment for its customers and its 827,000 career and non-career employees through periodic checks of safety procedures and facilities.<sup>4</sup>

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Mail Operations

The Postal Service uses various methods to achieve its delivery goals, primarily by land and domestic or international air transportation. The Postal Service delivers 200 billion pieces of mail to over 140 million delivery points each year.

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Revenue Protection  
and Expense  
Minimization

The Postal Service had total revenue of nearly \$69 billion and total expenses of about \$65 billion in FY 2003. Some of the methods used to increase revenue include:

- Establishing special windows to handle Express Mail and package pickups.
- Renting post office boxes to individuals or companies to fulfill their needs.
- Providing self-service vending equipment as a way for customers to meet their mailing needs.
- Accepting passport applications, which involve splitting application fees with the Department of State.

To control expenses, the Postal Service uses the International Merchant Purchase Authorization Card and the Voyager Card for supplies, capital items, or fuel and vehicle maintenance. The Postal Service spent nearly \$570 million on these card purchases in FY 2003.

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<sup>4</sup> Total offices and employees determined as of September 30, 2003.

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Information Systems Security	<p>Information systems, computer equipment, and related corporate data are vital Postal Service assets that require protection appropriate to their value. Managers must protect these assets against accidental or unauthorized use, modification, disclosure, or destruction. They must also ensure their security, reliability, integrity, continuity of operations, and compliance with federal laws and regulations. Postal Service business practices require information to be managed as a corporate resource. To accomplish this, organizations within the Postal Service have developed many levels of computer support to manage their business.</p>
Oversight	<p>The Postal Service performs routine evaluations to measure the effectiveness of the Postal Service Safety and Health Program at each organizational level, ensure Occupational Safety and Health Administration compliance, and promote an overall model for an effective Safety and Health Program.</p>
Compliance With Laws and Regulations	<p>Local Postal Service facilities must comply with many federal, state, and local laws and regulations. These facilities are required to establish and maintain recycling programs that promote a safe and healthy environment. District offices are tasked with ensuring that facilities in their jurisdiction adhere to clean air regulations. Local facility personnel are required to monitor and report certain monetary transactions when dollar thresholds are met and when suspicious activity is suspected under the Bank Secrecy Act.</p>
<b>Objectives, Scope, and Methodology</b>	<p>The objectives of the reviews were to determine whether:</p> <ul style="list-style-type: none"><li>• Internal controls were adequate to ensure that transactions were properly recorded and assets were safeguarded from waste, fraud, abuse, unauthorized use, and misappropriation.</li><li>• Internal controls significant to financial management, operations, safety, security, and labor management were established and functioning.</li><li>• Facilities complied with applicable laws, regulations, and Postal Service requirements.</li></ul>

We conducted fieldwork at 117 judgmentally selected sites. (See Appendix A for the sites visited.) Generally, the sites were selected based on:

- Requests from Postal Service management.
- Relevant issues identified by other sources.
- Relative office revenue level.

We generally did not visit sites that had been reviewed as part of a financial installation audit within the past five years. Also, we coordinated our site selection with the Postal Inspection Service to ensure there were no ongoing investigations at the selected facilities. Although we did not perform all steps at all sites, we balanced our coverage to ensure controls were established and functioning Postal Service-wide. (See Appendix B for the areas that were covered at each location.)

To accomplish our objectives, we interviewed Postal Service personnel, reviewed documentation, observed operations, reviewed safety and security procedures, and verified compliance with laws, regulations, and Postal Service requirements. In addition, we evaluated whether internal controls over financial reporting and safeguarding of assets were implemented and functioning as designed.

The reviews were conducted from November 2002 to August 2004 in accordance with the President's Council on Integrity and Efficiency Quality Standards for Inspections. We included such tests of internal controls as were considered necessary under the circumstances. At some sites, we used data from the Personal Property Accounting System, Vehicle Maintenance Accounting System, and various payroll systems. We performed limited testing of this information as part of our review. In addition, this data is tested annually as part of our financial statements audits. We discussed our conclusions and observations with appropriate management officials and included their comments, where appropriate. We issued 42 individual site reports to management.<sup>5</sup>

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<sup>5</sup> We issued 15 reports in FY 2003 and 27 reports in FY 2004. For the other sites in which we did not release a report, we verbally communicated identified issues to facility personnel at the exit conference. See Appendix A for a listing of the reports issued.

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## Prior Audit Coverage

The OIG has been responsible for conducting financial installation audits since FY 2001. Before then, the Postal Inspection Service performed these audits. The OIG had not conducted financial installation audits at any of the 117 facilities before our protective review. Of the 117 sites visited, the Postal Inspection Service did issue one report in the past five years related to our objectives.<sup>6</sup> The Postal Inspection Service determined that, in most cases, internal controls at this site were adequate; revenue was properly collected, reported, and deposited; expenses were reasonable and proper; and employees work time was accurately recorded. Follow-up during our review found internal controls to be generally effective, and no reportable issues were identified related to revenue protection, expense minimization, or payroll.

Two prior OIG reports assessed similar controls at multiple Postal Service facilities:

- Fiscal Year 2002 Financial Installation Audit – Post Offices, Branches, and Stations, Report Number FF-AR-03-146, dated March 21, 2003. The report disclosed the results of testing at 109 statistically selected units. The report identified opportunities to improve internal controls and recommended management reinforce procedures for conducting and documenting accountability examinations, securing stamps and money orders, limiting the level of cash and stamp stock that can be maintained, and preparing deposits. The report also recommended management develop and issue guidance for use by the internal control group to analyze unit compliance with accountability procedures and coordinate results to reduce instances of noncompliance.
- Fiscal Year 2001 Financial Installation Audit – Post Offices, Branches, and Stations, Report Number FF-AR-02-324, dated July 26, 2002. The OIG reported management could strengthen its internal controls over stamps, cash, and money orders to reduce future losses. The audit determined employees did not always conduct


post office box mail volume checks and inventories, process collect on delivery mail in accordance with procedures, [REDACTED]. The report recommended management reinforce the procedures for conducting counts of accountable paper and cash at installations using segmented inventory accountability. In addition, we made recommendations relating to stamp requisitions; accountability files; counts of vending machines; security over stamps, cash, and money orders; and post office box mail volume checks.

In addition, the OIG performed an audit of the Postal Service's Voyager Card program (Voyager Card Control Weaknesses – National Analysis, Report Number TD-AR-03-012, dated September 8, 2003). Employees use the Voyager Card to fuel and maintain Postal Service vehicles. The audit reported that from September 2000 to March 2002, the Postal Service incurred more than \$1.1 million in unnecessary costs because employees used the card to purchase food and premium fuel contrary to Postal Service policy. The audit also identified at least \$42 million in questionable charges. Further, managers and supervisors did not properly reconcile transactions and guidance provided to users did not properly address segregation of duties for card reconciliation. Finally, the OIG identified control weaknesses related to Voyager Card personal identification number use at two Postal Service districts. The OIG recommended Postal Service officials provide nationwide guidance, policy, training, support, and oversight necessary to protect the program from improper, fraudulent, or questionable purchases.

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**Cash, Stamps, and Money Orders**

The protective reviews examined asset and postmaster accountability at 36 locations. Generally, internal controls over cash, stamps, money orders, and property were in place and functioning as prescribed; however, there were opportunities for improvement in the areas of cash, stamp, and money order accountability. Although the Postal Service has prescribed sufficient controls over cash, stamps, and money orders, employees did not adhere to these procedures because other duties took priority. As a result, there is an increased risk of loss of Postal Service assets and accountable property. Specifically:

- Employees did not always conduct counts of cash reserves, blank money order stock, unit reserves, and vending credits at proper frequencies at 13 sites visited, or 36 percent.<sup>7</sup> For example, at 11 facilities, the cash retained reserves were not counted every two weeks.
- The cash retained by window clerks did not match the amount reported on the Postal Service (PS) Form 1412, Daily Financial Report, at ten sites visited, or 28 percent.<sup>8</sup>
- The unit reserve stamp stock did not agree with the account identifier code (AIC) 853 amount recorded on that day's PS Form 1412 at 10 sites visited, or 28 percent.<sup>9</sup>
- The retail floor stock inventory did not agree with the account identifier code (AIC) 853 amount recorded on the daily financial report at 13 sites visited, or 36 percent.<sup>10</sup>
- Money orders in the clerk's possession were not in sequential serial number order at six sites visited, or 17 percent.<sup>11</sup>
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- Witnesses had not signed the PS Form 3997, Duplicate Key Envelopes, at five sites visited, or 14 percent. Duplicate Key Envelopes are used to maintain spare keys and safe combinations in a secure location.<sup>12</sup>

These issues were also identified during our FY 2003 financial installation audits of statistically selected post offices, branches, and stations (Fiscal Year 2003 Financial Installation Audit – Post Offices, Branches, and Stations, (Report Number FF-AR-04-247, dated August 4, 2004). These audits were conducted in support of the audit of the Postal Service financial statements. Because

<sup>7</sup> Handbook F-1, Post Office Accounting Procedures, Section 487.

<sup>8</sup> Handbook F-1, Post Office Accounting Procedures, Section 486.

<sup>9</sup> Handbook F-1, Post Office Accounting Procedures, Section 487.

<sup>10</sup> Handbook F-1, Post Office Accounting Procedures, Section 487.

<sup>11</sup> Handbook F-1, Post Office Accounting Procedures, Sections 429 and 742.

<sup>12</sup> Handbook F-1, Post Office Accounting Procedures, Section 372.



recommendations were made in that report to address similar issues, we will not make any further recommendations for corrective action in this report.

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**Box Rental,  
Maintenance, and  
Purchase Cards**

The protective reviews examined revenue protection and expense minimization at 35 locations. Generally, internal controls were in place and functioning as prescribed to help Post Office personnel maximize their revenue and reduce and control expenses. However, there were opportunities for improvements in the areas of box rentals, facility maintenance, and purchase cards. These opportunities existed because personnel did not always follow prescribed policy. As a result, opportunities to maximize revenue and decrease expenses were not always taken. Specifically:

- The PS Forms 1532, Semiannual Check of Overflow Mail, was not used at seven sites visited, or 20 percent, to determine whether customers needed larger post office boxes.<sup>13</sup>
- Installation heads had not conducted housekeeping inspections and determined whether the maintenance program was within the yearly allocated budget at five sites, or 14 percent.<sup>14</sup>
- Postal Service employees were not always following Voyager Card policies and procedures.<sup>15</sup> Specifically:
  - Employees did not always reconcile transactions at five sites, or 14 percent.
  - Personal identification number listings were not current at five sites, or 14 percent.<sup>16</sup>
  - Transactions were not always supported by receipts at four sites, or 11 percent.

The OIG issued audit Report Number TD-AR-03-012, dated September 8, 2003, Voyager Card Controls-National Analysis, which disclosed control weaknesses related to

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<sup>13</sup> Postal Operations Manual, Section 841.

<sup>14</sup> Handbook MS-47, Housekeeping Postal Facilities, Section 3.1.4.

<sup>15</sup> Postal Site Fleet Card Guide.

<sup>16</sup> Personal Identification Numbers (PIN) were assigned to inactive employees, the Master PIN List did not include all current employees, and employees were assigned multiple PINs.

reconciliations, segregation of duties, personal identification numbers, and card protection. In that report, we recommended the Vice Presidents, Supply Management and Delivery and Retail, work together to provide nationwide guidance, internal control policy, training, support, and oversight necessary to ensure the Postal Service Voyager Card program is protected from improper, fraudulent, or questionable purchases. Consequently, we will not make any further recommendations for corrective action at this time.

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**Recommendation**

We recommend the Acting Vice President, Delivery and Retail:

1. Reinforce procedures to evaluate overflow mail periodically to ensure that the Postal Service receives appropriate revenue.

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**Management's  
Comments**

Management agreed with the recommendation and is developing a training module that will cover post office box revenue protection and Domestic Mail Manual and Postal Operations Manual compliance. This training module will also address the requirement pertaining to semiannual audits of post office box overflow and is scheduled to be operational in quarter 1 of FY 2005.

Management will also issue a letter by September 30, 2004, to all area Marketing and Retail managers pertaining to post office box revenue protection in general, and part of the instructions will discuss the PS Form 1532.

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**Recommendation**

2. Reinforce procedures to review the maintenance budget periodically to ensure that expenses are controlled.

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**Management's  
Comments**

Management agreed with the recommendation. Management will issue a memo by the beginning of FY 2005, reminding postmasters and field staff of their responsibilities for conducting housekeeping inspections and reviewing current maintenance budget performance and future budget needs in order to maintain the facility and control expenses.

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<b>Evaluation of Management's Comments</b>	Management's comments are responsive to recommendations 1 and 2, and actions planned should correct the issues identified in the finding.
<b>Building Safety and Security and Customer Service</b>	<p>The protective reviews examined employee and customer service at 65 locations. Generally, internal controls were in place and functioning enough to maintain a safe and customer-friendly environment. However, there were opportunities for improvement surrounding building safety and security and customer service. This occurred because personnel were not always following prescribed policies and procedures. As a result, employee and customer safety and customer satisfaction could be compromised, which could lead to unnecessary costs. Specifically:</p> <ul style="list-style-type: none"><li>• Building access key inventories were not properly controlled at seven sites, or 11 percent.<sup>17</sup></li><li>• Emergency contact telephone numbers were not placed by each telephone at ten sites visited, or 16 percent.<sup>18</sup></li><li>• Customer Complaint Control Logs<sup>19</sup> were not maintained at 14 sites visited, or 22 percent, and consumer comment forms, or the Notice 4314-C, <i>We Want To Know Notice</i>, were not available at seven sites, or 11 percent.<sup>20</sup></li><li>• The interior and/or exterior of seven Postal Service facilities, or 11 percent, needed some form of repair or maintenance.<sup>21</sup></li></ul>
<b>Recommendation</b>	<p>We recommend the Acting Vice President, Delivery and Retail:</p> <ol style="list-style-type: none"><li>3. Reinforce the need to follow prescribed procedures related to building access key inventory, emergency</li></ol>

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<sup>17</sup> Handbook PO-208, Retail Operations – Focus on Retail, Section 355.

<sup>18</sup> Handbook PO-208, Retail Operations – Focus on Retail, Section 35 and Handbook EL-801, Supervisor's Safety Handbook, Section 8-5.

<sup>19</sup> Customers have three ways of registering concerns with the Postal Service: through the Internet, by phone, or in person at the local facility.

<sup>20</sup> Postal Operations Manual, Section 16, and Postal Bulletin 22075.

<sup>21</sup> Postal Operations Manual, Section 125 and Handbook EL-801, Supervisor's Safety Handbook, Section 8-10.

phone contact information, customer comments, and facility appearance.

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**Management's  
Comments**

Management agreed with the recommendation and plans to issue instructions reminding the field of their responsibilities for controlling building key access inventory, emergency phone contact information, and the customer contact log. A separate letter will be sent out on the responsibilities for maintaining high standards for facility appearance. The instructions and letter will be issued at the beginning of FY 2005.

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**Evaluation of  
Management's  
Comments**

Management's comments are responsive to the recommendation, and actions planned should correct the issues identified in the finding.

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**Information Systems  
Security**

The protective reviews examined information system security at 48 facilities. Generally, internal controls were in place and functioning as prescribed for protecting systems and data appropriate to their value. However, because personnel were not always following prescribed policies, there were opportunities for improvement in the areas of computer access and workstation control. As a result, there is an increased risk of loss of Postal Service data or unauthorized access to Postal Service computer systems.

- Functional managers did not perform semiannual reviews of employee access to information systems at five sites, or 10 percent.<sup>22</sup>
- Workstations left unattended and signed-on did not time out within 15 minutes, as required, at eight sites, or 17 percent.<sup>23</sup>

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**Recommendation**

We recommend the Vice President, Chief Technology Officer:

4. Reinforce the need to follow prescribed procedures for conducting semiannual reviews of employee access and ensuring unattended workstations are secured.

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<sup>22</sup> Handbook AS 805, Information Security, Section 9-4.

<sup>23</sup> Handbook AS 805, Information Security, Section 9-7 and 10-5.

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**Management's  
Comments**

Management agreed with the recommendation and has implemented corrective actions. Managers at the five sites that were not performing semiannual reviews of employees' computer access were reminded in July 2004 of their responsibility to implement a process to ensure computer access was appropriately reviewed in accordance with Postal Service policy AS-805, Information Security.

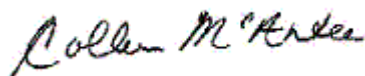
Also, the unattended workstations have been secured by implementing a 15 minute timeout as part of the Advanced Computing Environment (ACE) standard configuration. All ACE workstations are now set to timeout in 15 minutes unless they have an exception from the Corporate Information Security Office or the Chief Technology Officer.

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**Evaluation of  
Management's  
Comments**

Management's comments are responsive to the recommendation, and actions taken should correct the issues identified in the finding.

We appreciate the cooperation and courtesies provided by your staff during the review. If you have any questions or need additional information, please contact John E. Cihota, Director, Financial Statements, or me at (703) 248-2300.



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Attachments

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## APPENDIX A. SITES VISITED (SORTED BY STATE)

State	Unit Name	Finance Number	Unit	CAG	City	ZIP Code	Report Number
CA	Azusa Main Office	050438	0715	E	Azusa	91702	PR-MA-03-014
CA	Costa Mesa Main Office	051818	0330	C	Costa Mesa	92628	PR-MA-03-003
CA	Irvine Main Office	053710	0250	B	Irvine	92619	
CA	Menlo Park Main Office	054866	0140	C	Menlo Park	94025	
CA	San Carlos Main Office	056756	0230	D	San Carlos	94070	PR-MA-04-001
CA	West Covina Main Office	058343	0870	D	West Covina	91793	
CA	Woodside Plaza Station	056378	0212	C	Redwood City	94061	PR-MA-03-002
CO	Castle Rock Main Office	071440	0154	E	Castle Rock	80104	
CO	Centennial Branch	075580	0268	C	Littleton	80121	PR-MA-04-004
CO	Columbine Hills Post Office	075580	0272	C	Littleton	80123	
CO	Englewood Post Office	072880	0181	B	Englewood	80112	PR-MA-04-011
CO	Greenwood Village Branch	072880	0181	B	Englewood	80112	PR-MA-04-016
CT	Uncasville Post Office	088330	0382	F	Uncasville	06382	PR-MA-03-015
DC	Farragut Station	105000	0233	A	Washington	20033	
DE	Dover Main Office	091760	0901	C	Dover	19901	
DE	Greenwood Main Office	092640	0950	F	Greenwood	19950	
FL	Carrollwood Branch	118925	0618	A	Tampa	33618	PR-MA-04-006
FL	Tampa Processing and Distribution Center	118926	0634	A	Tampa	33630	
FL	Temple Terrace Post Office	118925	0617	A	Tampa	33617	
GA	Alps Road Post Office	120418	0402	C	Athens	30604	
GA	Central City Finance Office	120440	0060	A	Atlanta	30302	
GA	Chatsworth Main Office	121606	0705	E	Chatsworth	30705	PR-MA-03-013
GA	Midtown Station	120440	0085	A	Atlanta	30309	
GA	Norcross Main Office	126391	0293	B	Norcross	30071	
GA	Rome Post Office	127557	0500	D	Rome	30161	PR-MA-03-009
IL	Bethalto Post Office	160702	0410	F	Bethalto	62010	PR-MA-04-024
IL	Geneva Post Office	163012	0134	D	Geneva	60134	
IL	Joliet Downtown Station	163966	0431	C	Joliet	60436	PR-MA-04-005
IL	North Chicago Main Office	165736	0064	D	North Chicago	60064	PR-MA-04-021
IL	O'Fallon Main Office	165826	0569	E	O'Fallon	62269	PR-MA-04-007
IL	Station E Post Office	161542	0012	A	Chicago	60601	
IL	Wacker Drive Finance Office	161542	0063	A	Chicago	60606	
LA	Bossier City Main Office	211070	0671	D	Bossier City	71111	
MA	Andover Main Office	240153	0810	C	Andover	01810	
MA	Blackstone Main Office	240731	0504	G	Blackstone	01504	PR-MA-04-013
MA	Uxbridge Main Office	248296	0569	G	Uxbridge	01569	PR-MA-04-012
MA	Woburn Center Station	249588	0801	C	Woburn	01801	PR-MA-03-001
MD	Bel Air Main Office	230504	0214	D	Bel Air	21014	PR-MA-03-008
MD	Bethesda Main Office	230675	0814	C	Bethesda	20814	
MD	Bowie Post Office	230936	0715	D	Bowie	20715	PR-MA-03-010
MD	Chesapeake Beach Main Office	231710	0732	G	Chesapeake	20732	PR-MA-04-027
MD	Clifton-East End Post Office	230378	0011	A	Baltimore	21213	

**Fiscal Years 2003 and 2004 Protective Reviews  
Capping Report**

**FT-MA-04-003**

<b>State</b>	<b>Unit Name</b>	<b>Finance Number</b>	<b>Unit</b>	<b>CAG</b>	<b>City</b>	<b>ZIP Code</b>	<b>Report Number</b>
MD	Colora Main Office	232070	0917	J	Colora	21917	PR-MA-03-006
MD	Cresaptown Branch	232394	0514	D	Cumberland	21502	PR-MA-04-015
MD	District Heights/Forestville Post Office	231420	0747	C	Forestville	20747	
MD	Edgewater Main Office	232916	0237	F	Edgewater	21037	PR-MA-04-017
MD	Ellicott City Main Office	233024	0243	D	Ellicott City	21043	
MD	Leonardtown Post Office	235184	0650	C	Leonardtown	20650	PR-MA-04-026
MD	North College Park Branch	232052	0741	D	College Park	20740	
MD	Owings Mills Main Office	236912	0539	C	Owings Mills	21117	PR-MA-03-011
MD	Upper Marlboro Main Office	239234	0772	C	Upper Marlboro	20772	PR-MA-03-004
MN	Apple Valley Post Office	268360	0004	A	St Paul	55124	
MN	Burnsville Post Office	268490	0337	C	Burnsville	55337	
MN	Cliff Lake Finance Office	268360	0030	A	St Paul	55122	
MN	Eagan Accounting Service Center Imprest Fund	266369			Eagan	55121	
MN	Eagan Accounting Service Center Imprest Fund	266369			Eagan	55121	
MO	Columbia -Tiger Station	281680	0179	C	Columbia	65201	
MO	Contract Station	280756	9014	D	Blue Springs	64014	
MO	Fenton Branch	282688	0626	C	Fenton	63026	
MO	Rolla Post Office	286936	0710	E	Rolla	65401	
MO	West County Annex Post Office	287140	0282	A	St. Louis	63146	
NC	Century Station	366352	0112	A	Raleigh	27602	
NC	Hillsborough Post Office	363640	0278	D	Hillsborough	27278	PR-MA-04-025
NJ	Hoboken Main Office	333675	7069	D	Hoboken	07030	
OK	Ardmore Main Office	390363	0408	E	Ardmore	73401	
OK	Mead Post Office	395390	0474	K	Mead	73449	
OK	Seminole Main Office	397370	0440	F	Seminole	74868	
OR	Bend Main Office	400736	9055	C	Bend	97701	
OR	Milwaukie Branch	406784	0022	A	Portland	97222	
OR	Oak Grove Branch	406784	0028	A	Portland	97268	
OR	Salem Main Office	407392	0501	B	Salem	97301	
PA	Butler Post Office	411068	0019	D	Butler	16001	PR-MA-04-008
PA	Coraopolis Post Office	411660	0226	D	Coraopolis	15108	PR-MA-04-003
PA	Corliss Station	416608	0004	A	Pittsburgh	15204	
PA	Crafton Branch	416608	0005	A	Pittsburgh	15205	
PA	East Liberty Station	416608	0006	A	Pittsburgh	15206	
PA	Hazelwood Station	416608	0007	A	Pittsburgh	15207	PR-MA-03-005
PA	Homewood Station	416608	0008	A	Pittsburgh	15208	
PA	Johnstown Post Office	414080	0916	C	Johnstown	15901	PR-MA-04-009
PA	Wycombe Post Office	419448	0080	J	Wycombe	18980	
TN	Cleveland Main Office	471704	0311	C	Cleveland	37311	PR-MA-04-002
TX	Arlington Main Office	480335	0901	B	Arlington	76010	
TX	Belmont Finance Office	482270	0206	A	Dallas	75206	
TX	Beverly Hills Post Office	482270	0211	A	Dallas	75211	



State	Unit Name	Finance Number	Unit	CAG	City	ZIP Code	Report Number
TX	Denton Main Office	482390	0204	C	Denton	76201	
TX	Downtown Fort Worth Station	483220	0101	A	Fort Worth	76102	
TX	Forney Main Office	483185	0126	F	Forney	75126	PR-MA-04-022
TX	Inwood Station	482270	0209	A	Dallas	75209	
TX	Lakewood Station	482270	0214	A	Dallas	75214	
TX	Plaza of the Americas Contract Station	482270	0262	A	Dallas	75201	
TX	Richardson Post Office	487555	0080	B	Richardson	75080	
TX	San Angelo Main Office	487975	0902	C	San Angelo	76903	
VA	Amherst Main Office	510204	1521	F	Amherst	24521	
VA	Arlington Main Office	510306	0130	B	Arlington	22210	
VA	Buchanan Main Office	511224	1066	H	Buchanan	24066	
VA	Cloverdale Main Office	511980	1077	G	Cloverdale	24077	
VA	Community Branch	510114	0103	B	Alexandria	22306	
VA	Courthouse Station	510306	0133	B	Arlington	22216	
VA	Crystal City Station	510306	0134	B	Arlington	22215	
VA	Fredericksburg Post Office	513408	0404	B	Fredericksburg	22401	
VA	Fulks Run Main Office	513456	0729	K	Fulks Run	22830	
VA	Ladysmith Post Office	514962	0507	H	Ladysmith	22501	
VA	Manassas Downtown Station	515586	0305	C	Manassas	20111	PR-MA-04-023
VA	Mappsville Main Office	515622	0407	K	Mappsville	23407	
VA	Martinsville Main Office	515652	0362	D	Martinsville	24112	PR-MA-04-014
VA	Mechanicsville Post Office	515772	0611	D	Mechanicsville	23111	
VA	Mendota Main Office	515808	1270	K	Mendota	24270	PR-MA-04-019
VA	Northside Richmond Post Office	517650	0105	A	Richmond	23222	PR-MA-04-010
VA	Oak Hill Branch	514212	0197	C	Herndon	20171	PR-MA-04-020
VA	Preston King Station	510306	0138	B	Arlington	22205	
VA	Rosslyn Station	510306	0139	B	Arlington	22209	
VA	Salem Main Office	517968	0367	C	Salem	24153	
VA	Shirlington Station	510306	0140	B	Arlington	22206	
VA	Southside Richmond Post Office	517650	0120	A	Richmond	23224	PR-MA-03-012
VA	Stafford Post Office	518496	0554	E	Stafford	22554	PR-MA-03-007
VA	Windsor Main Office	519810	0487	G	Windsor	23487	PR-MA-04-018
WV	Worthington Main Office	558898	0919	K	Worthington	26591	

**APPENDIX B. SECTIONS TESTED (SORTED BY STATE)**

State	Unit Name	Accountability	Employee and Customer Service	Mail Operations	Revenue Protection and Expense Minimization	Information Systems Security	Oversight	Compliance With Laws and Regulations
CA	Azusa Main Office					X	X	
CA	Costa Mesa Main Office				X	X	X	X
CA	Irvine Main Office		X	X	X	X		
CA	Menlo Park Main Office					X	X	
CA	San Carlos Main Office				X		X	
CA	West Covina Main Office		X	X				
CA	Woodside Plaza Station		X	X	X			
CO	Castle Rock Main Office		X			X		
CO	Centennial Branch		X				X	
CO	Columbine Hills Post Office		X	X	X			
CO	Englewood Post Office		X	X		X	X	X
CO	Greenwood Village Branch	X	X				X	
CT	Uncasville Post Office		X		X			
DC	Farragut Station			X	X	X	X	X
DE	Dover Main Office					X	X	
DE	Greenwood Main Office					X	X	
FL	Carrollwood Branch	X			X			
FL	Tampa Processing and Distribution Center	X			X			
FL	Temple Terrace Post Office		X	X				X
GA	Alps Road Post Office			X			X	
GA	Central City Finance Office		X	X		X		
GA	Chatsworth Main Office	X			X			
GA	Midtown Station		X	X			X	
GA	Norcross Main Office	X					X	
GA	Rome Post Office	X			X			
IL	Bethalto Post Office	X	X					
IL	Geneva Post Office			X	X			
IL	Joliet Downtown Station	X		X				
IL	North Chicago Main Office	X	X					
IL	O'Fallon Main Office					X	X	
IL	Station E Post Office		X		X	X	X	X
IL	Wacker Drive Finance Office		X	X		X	X	X
LA	Bossier City Main Office					X	X	
MA	Andover Main Office			X		X	X	X
MA	Blackstone Main Office		X	X			X	
MA	Uxbridge Main Office		X	X		X		

State	Unit Name	Accountability	Employee and Customer Service	Mail Operations	Revenue Protection and Expense Minimization	Information Systems Security	Oversight	Compliance With Laws and Regulations
MA	Woburn Center Station	X	X					
MD	Bel Air Main Office		X			X		
MD	Bethesda Main Office			X	X	X		
MD	Bowie Post Office	X					X	
MD	Chesapeake Beach Main Office	X	X					
MD	Clifton-East End Post Office		X				X	
MD	Colora Main Office		X			X		
MD	Cresaptown Branch	X	X	X				
MD	District Heights/Forestville Post Office		X	X		X	X	
MD	Edgewater Main Office	X	X					
MD	Ellicott City Main Office	X			X			
MD	Leonardtown Post Office	X	X	X				
MD	North College Park Branch					X	X	
MD	Owings Mills Main Office		X			X		
MD	Upper Marlboro Main Office		X	X			X	
MN	Apple Valley Post Office		X	X		X	X	X
MN	Burnsville Post Office		X	X		X	X	X
MN	Cliff Lake Finance Office					X	X	X
MN	Eagan Information Technology and Accounting Service Center Imprest Fund	X						
MN	Eagan Information Technology and Accounting Service Center Imprest Fund	X						
MN	Columbia -Tiger Station			X				
MO	Contract Station		X	X				
MO	Fenton Branch		X			X		
MO	Rolla Post Office			X	X			
MO	West County Annex Post Office		X	X			X	
MO	Century Station		X	X				
NC	Hillsborough Post Office	X						
NC	Hoboken Main Office		X	X	X			
NJ	Ardmore Main Office	X				X		
OK	Mead Post Office					X	X	
OK	Seminole Main Office		X	X				
OK	Bend Main Office	X			X			

State	Unit Name	Accountability	Employee and Customer Service	Mail Operations	Revenue Protection and Expense Minimization	Information Systems Security	Oversight	Compliance With Laws and Regulations
OR	Milwaukie Branch		X	X	X	X		
OR	Oak Grove Branch		X	X		X		
OR	Salem Main Office		X	X	X		X	
PA	Butler Post Office		X		X			
PA	Coraopolis Post Office	X			X			X
PA	Corliss Station			X				X
PA	Crafton Branch		X	X		X		
PA	East Liberty Station			X		X	X	X
PA	Hazelwood Station		X	X	X	X	X	X
PA	Homewood Station	X	X	X	X	X	X	X
PA	Johnstown Post Office		X		X			
PA	Wycombe Post Office				X	X		
TN	Cleveland Main Office	X			X			
TX	Arlington Main Office	X			X			
TX	Belmont Finance Office		X	X		X	X	X
TX	Beverly Hills Post Office	X	X	X	X			
TX	Denton Main Office	X		X				
TX	Downtown Fort Worth Station				X		X	
TX	Forney Main Office	X	X	X				
TX	Inwood Station			X		X	X	X
TX	Lakewood Station	X			X			
TX	Plaza Of The Americas Contract Station		X	X		X	X	X
TX	Richardson Post Office	X	X	X				X
TX	San Angelo Main Office			X			X	
VA	Amherst Main Office					X	X	
VA	Arlington Main Office		X	X	X	X	X	X
VA	Buchanan Main Office					X	X	
VA	Cloverdale Main Office		X				X	
VA	Community Branch	X	X					
VA	Courthouse Station				X	X	X	X
VA	Crystal City Station		X	X		X	X	
VA	Fredericksburg Post Office		X				X	
VA	Fulks Run Main Office		X	X				
VA	Ladysmith Post Office	X					X	
VA	Manassas Downtown Station	X	X	X				
VA	Mappsville Main Office		X	X				
VA	Martinsville Main Office	X	X					
VA	Mechanicsville Post Office	X					X	

State	Unit Name	Accountability	Employee and Customer Service	Mail Operations	Revenue Protection and Expense Minimization	Information Systems Security	Oversight	Compliance With Laws and Regulations
VA	Mendota Main Office		X	X				
VA	Northside Richmond Post Office				X	X		
VA	Oak Hill Branch	X	X					
VA	Preston King Station			X	X	X	X	X
VA	Rosslyn Station		X	X			X	
VA	Salem Main Office		X				X	
VA	Shirlington Station		X	X		X	X	X
VA	Southside Richmond Post Office					X	X	
VA	Stafford Post Office	X					X	
VA	Windsor Main Office	X	X					
WV	Worthington Main Office					X	X	
	<b>Total</b>	<b>36<sup>24</sup></b>	<b>65</b>	<b>56</b>	<b>35</b>	<b>48</b>	<b>54</b>	<b>22</b>

<sup>24</sup> The total includes two imprest funds that were examined at the Eagan Information Technology and Accounting Service Center.

## APPENDIX C. MANAGEMENT'S COMMENTS

William P. Galligan  
Acting Vice President, Delivery and Retail



August 4, 2004

COLLEEN A. MCANTEE  
DEPUTY ASSISTANT INSPECTOR GENERAL  
FOR FINANCIAL MANAGEMENT

SUBJECT: Fiscal Years 2003 and 2004 Protective Reviews Capping Report  
(Report Number FT-MA-04-DRAFT)

Postal management agrees with the observations and recommendations of the Office of the Inspector General concerning their review of high-risk and/or sensitive activities at local facilities. We concur that in general, internal controls are in place and functioning as prescribed to help post office personnel maximize their revenue and reduce and control expenses.

We have reviewed the report and did not identify any portion of the report that contained proprietary or other business information that may be exempt from disclosure under the Freedom of Information Act (FOIA).

**Recommendation 1: Reinforce procedures to evaluate overflow mail periodically to ensure that the Postal Service receives appropriate revenue.**

We agree that revenue would be increased by having better control and compliance of the PS Form 1532 - Semiannual Check of Post Office Box overflow mail.

Retail Operations is in the process of:

1. Developing a training module for the post office box tool kit which will cover post office box revenue protection and DMM and POM compliance. Part of this tool kit covers the requirement pertaining to post office box overflow semiannual audits.

The training module is scheduled to be operational in quarter 1, fiscal year 2005.

2. In addition, a letter will be issued to all area Marketing and Retail managers pertaining to post office box revenue protection in general and part of the instructions will discuss the PS Form 1532.

The letter will be issued in September.

**Recommendation 2: Reinforce procedures to review the maintenance budget periodically to ensure that expenses are controlled.**

We agree that conducting housekeeping inspections and reviewing the maintenance budget performance periodically would help control the annual maintenance budget expense.

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Retail Operations will issue a memo to the field by the beginning of FY2005, reminding the postmasters and field staff of their responsibilities for conducting housekeeping inspections and reviewing current maintenance budget performance and future budget needs in order to maintain the facility and control expenses.

**Recommendation 3: Reinforce the need to follow prescribed procedures related to building access key inventory, emergency phone contact information, customer comments, and facility appearance.**

We agree with the recommendation.

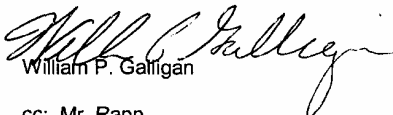
The Vice President of Delivery and Retail will issue instructions to the field by the beginning of FY2005 reminding them of their responsibilities as referenced in the Postal Operations Manual and the Supervisor's Safety Handbook for controlling building key access inventory, emergency phone contact information and the customer contact log. In addition, a separate letter will be sent out on the responsibilities for maintaining high standards for facility appearance.

**Recommendation 4: Reinforce the need to follow prescribed procedures for conducting semiannual reviews of employee access and ensuring unattended workstations are secured.**

We agree with the recommendation and have implemented corrective actions to address both aspects of this recommendation.

Managers at the five sites that were not performing semiannual reviews of employees' computer access were reminded in July of their responsibility to implement a process to ensure computer access was appropriately reviewed in accordance with AS-805 policy.

The unattended workstations have been secured by implementing a 15 minute timeout as part of the ACE standard configuration. This setting is applied at the factory and controlled centrally, and the user may not modify the setting. All ACE workstations are now set at 15 minutes unless they have an exception from the Corporate Information Security Office or the Chief Technology Officer.

  
William P. Galligan

cc: Mr. Rapp  
Mr. Otto  
Mr. Hintenach  
Mr. Phelps