



United States
General Accounting Office
Washington, D.C. 20548

Comptroller General
of the United States

B-248189

April 2, 1992



146339

The Honorable Donald K. Anderson
Clerk of the House of Representatives

Dear Mr. Anderson:

On March 24, 1992, you requested that we perform a limited review of cash and cash management procedures in effect at the House Post Office, which is operated by employees of the House of Representatives. This letter presents the results of that work.

We limited our work to a review of cash and cash equivalents on hand and certain cash management procedures. Accordingly, the scope of our work was not sufficient to identify all potential problems relating to the operation of the House Post Office and would not necessarily disclose any or all instances of possible fraud.

Our review included an unannounced cash count at the office of the Acting Director of Accountable Papers and the five House Post Office substations on March 26 and 27, 1992. However, we could not complete our cash count and reconciliation because we were unable to determine how much one key Post Office official was accountable for and because a key for a substation Chief Clerk's cash drawer was not available. In addition to the cash count, we examined certain Post Office documents, made limited inquiries of Post Office employees, and analyzed certain Post Office cash management procedures and practices.

A major concern, based on our limited review, is that current management personnel do not seem to have the skills needed to adequately conduct the financial aspects of daily postal operations. We also are concerned that (1) certain management and internal controls that should be in place to minimize the risk of loss are lacking and (2) the existing controls are not working properly.

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We identified some cash shortages and overages in several drawers but because we could not complete our cash count for the reasons described above, we could not determine the overall cash position at all substations and the Post Office as a whole. If steps are not taken to strengthen financial management, the problems we identified may continue.

The specific problems we identified are listed below.

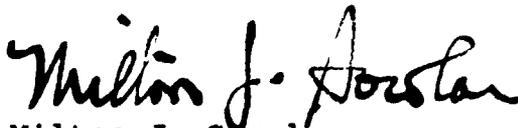
1. An unopened pack of 100 blank money orders was left in an unlocked safe with the keys in the lock. This inadequate control created the potential for defalcation or loss of significant amounts.
2. One employee had commingled Post Office funds with personal funds. This created the possibility of concealing shortages.
3. A basic management control--an independent review of clerks' daily activity and cash balances--had not been conducted for the previous 5 working days. This precludes the timely detection of mistakes and/or defalcation.
4. Statements of Individual Accountability, a primary control mechanism for determining how much cash or cash equivalents employees should have in their drawers or vaults, were not current or accurate and, for one key employee, not available.
5. Postal Inspection Service management recommendations to establish adequate internal controls, made in September 1991 and agreed to by the House Postmaster, had not been fully implemented. Also, employees were not fully adhering to those recommendations that had been implemented.
6. In the office of the former Director of Accountable Papers, we found a voucher for \$580 dated January 22, 1992, which had not been processed and an envelope containing \$395 in cash, with no explanation for either.
7. We did not complete the cash count because a key to the cash drawer assigned to the Longworth substation's Chief Clerk was not available. Post Office management did not

know if this drawer contained any cash or other assets. Different documents provided conflicting information regarding how much the Chief Clerk should have had in the drawer or vault--\$5,000, \$15,000, \$59,082, or none.

8. The Acting Director of Accountable Papers had access to subordinates' individual cash drawers through duplicate keys and combinations kept for emergency purposes. These should have been in the possession of the Deputy Postmaster or someone else who is not individually accountable for financial resources. This control weakness reduced the ability to hold individuals accountable for shortages and overages.
9. Employees have not received adequate training in the use of the automated transaction terminals, which create a complete audit trail of activity and can help provide positive assurance that all transactions are recorded and properly accounted for.
10. The Acting Director of Accountable Papers could not provide documentation to support revenue from three transactions totaling about \$685 which were included in a reimbursement dated March 24, 1992, to the House Post Office from the House Finance Office.

We received full cooperation from the House Finance Office, the Deputy Postmaster, employees of the House Post Office, and the Capitol Police. We would be pleased to assist whoever is selected to manage the House Post Office in addressing the issues we have identified.

Sincerely yours,



Milton J. Socolar
Acting Comptroller General
of the United States