



U.S. GOVERNMENT PUBLISHING OFFICE

OFFICE OF INSPECTOR GENERAL

**AUDIT REPORT
REPORT NUMBER 15-07**

**GPO Mailroom:
Controls over Express Package Processing**

March 24, 2015



U.S. GOVERNMENT PUBLISHING OFFICE

OFFICE OF INSPECTOR GENERAL

Date

March 24, 2015

To

Chief Financial Officer

From

Inspector General

Subject:

Audit Report—GPO Mailroom: Controls over Express Package Processing
Report Number 15-07

Enclosed please find the subject final report. Please refer to the “Results in Brief” for the overall audit results. Our evaluation of your response has been incorporated into the body of the report. We consider management’s comments responsive to the recommendations. The recommendations are resolved and will remain open for reporting purposes pending completion of the proposed actions.

We appreciate the courtesies extended to the audit staff during our review. If you have any questions or comments about this report, please do not hesitate to contact me at (202) 512-0039.

A handwritten signature in black ink that reads "Michael A. Raponi".

MICHAEL A. RAPONI
Inspector General

Attachment

cc:

Director, GPO

Deputy Director, GPO

General Counsel

Chief of Staff

Chief Administrative Officer

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Office of Inspector General

Report Number 15-07

March 24, 2015

GPO Mailroom: Controls over Express Package Processing

Introduction

The Office of Inspector General (OIG) conducted an audit to evaluate the policies, procedures, and activities designed to maintain accountability over express package processing. We initiated the audit after receiving several reports of missing items. In July 2014, a package containing a label/writer was reported as missing. And in October 2014, a package containing a sample of a U.S. Capitol Police uniform was reported as missing.

Typically, packages are received by Central Receiving, transferred to the mailroom, processed through the mailroom, and delivered to the appropriate recipient. To track packages, GPO uses Pitney Bowes SendSuite™ Arrival® Inbound Package Tracking Software. In fiscal year 2014, the Central Receiving Section (Central Receiving) at GPO transferred 6,100 express packages to the mailroom for delivery to recipients. Generally, express delivery packages (such as Federal Express [FedEx] and the United Parcel Service [UPS]) are delivered to Central Receiving and subsequently transferred to the mailroom. Within GPO, the Office of Finance and Administration is responsible for processing and delivering express packages and incoming mail to the appropriate recipients. However, GPO plans to transfer its mail room operations to the Chief Administrative Officer in the future.

To accomplish our objective, we reviewed the reports prepared on the missing packages; assessed policies and procedures in place for processing express packages; traced and analyzed packages received in August and September 2014; and interviewed various staff to gain an understanding of GPO's processes related to express package processing. We conducted this audit from November 2014 through February 2015 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence that will provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives and limited scope. See Appendix A for details of our objective, scope, and methodology.

Results in Brief

While a process¹ for delivering express packages was in place, mailroom personnel did not always follow the procedures. For example, a review of all packages received during August and September 2014 revealed the following:

- Of the 1,088 packages transferred to the mailroom from Central Receiving, 45 (4 percent) could not be accounted for and GPO could not provide the status and/or final disposition of the 45 packages.
- Of the 1,088 packages transferred to the mailroom from Central Receiving, 52 (5 percent) were missing recipient signatures that document receipt of the packages.
- For the 1,088 packages, no packages were scanned to reflect they left the mailroom and were “enroute” for delivery.
- End-of-day reconciliations were not always performed.

We also noted that written mailroom procedures need strengthening. While existing procedures outlined steps for processing and delivering packages, those same procedures did not address key actions, such as steps personnel take when a package cannot be delivered after several attempts, the length of time a package is held before it is returned, circumstances when packages are recorded as “delivered” when a corresponding signature does not exist, and steps to take to locate missing packages.

These deficiencies were generally due to resource constraints and competing priorities. As a result, GPO lacks reasonable assurance and safeguards for protecting assets against waste, loss, unauthorized use, and misappropriation.

Recommendations

We recommend that the Chief Financial Officer: (1) establish a process to reconcile packages received by Central Receiving with packages recorded in the mailrooms Arrival® Inbound Package Tracking Software, (2) expand upon current written procedures to detail undelivered packages, holding periods, recipient signature requirement, and missing package processing, and (3) ensure staff follow written procedures to ensure recipient signatures are obtained to document receipt of a package, are scanned to reflect a package was removed from the mailroom and enroute for delivery, and document reconciliations of end-of-day undelivered packages.

¹ Mailroom Procedure, *Delivering Express Packages*, Effective May 1, 2007.

Management's Response

Management concurred with the recommendations. The complete text of management's response is in Appendix B.

Background

In July 2014, OIG was notified that a package containing a label/writer received by Central Receiving and transferred to GPO's mailroom was never received by the requester. After an inquiry about the package, the mailroom staff searched for the package but could not locate it, could not identify who delivered the package, and could not ascertain if the package was delivered at all. The package was never located.

In October 2014, OIG was notified that a package containing a sample of a U.S. Capitol Police uniform needed for review and approval was never received. According to the report, mailroom personnel reported that the package was delivered along with another package. However, the point of delivery acknowledged receiving one package but not the second. The report further indicated that mailroom staff signed the name of the person at the point of delivery during a time when the individual was not there. That package was never located.

Related Work

While not the responsibility of the Office of Finance and Administrations, OIG evaluated² the internal controls over the GPO Paint Branch's paint and supplies inventory. GPO's Paint Branch organizationally reports to Plant Operations. The audit determined that the Paint Branch did not create a framework and guide that employees could use for ensuring the accuracy and reliability of paint and supplies inventory and related property data. The audit identified several opportunities for GPO to strengthen internal controls over paint and supplies inventory in an effort to improve safeguards. Recommendations included developing written inventory procedures, inventory counts, maintenance of inventory documentation, reconciling inventories, restricting access to the paint branch inventories, and monitoring inventory levels.

Select Management Control Guidelines

GPO requires³ that management controls provide reasonable assurance and safeguards that protect assets against waste, loss, unauthorized use, and misappropriation. The directive also requires that GPO maintain effective systems of accounting and management control. Policy guidance states that internal controls are the organization, policies, and procedures used to reasonably ensure that:

- Programs achieve intended results.

² OIG Report No. 14-01, *GPO Paint Branch—Safeguarding Paint and Supplies Inventory*, November 13, 2013.

³ GPO Instruction 825.18A, *Internal Control Program*, dated May 28, 1997.

- Resources are used consistent with agency mission.
- Programs and resources are protected from waste, fraud, and mismanagement.
- Laws and regulations are followed.

The Government Accountability Office (GAO) *Standards for Internal Controls in the Federal Government*, November 1999, require ongoing monitoring in the course of normal operation. Internal controls are performed continuously and ingrained in an agency's operations. GAO's standards include regular management and supervisory activities, comparisons, reconciliations, and other actions people take in performing their duties. The GAO standards also require use of control activities described as the policies, procedures, techniques, and mechanisms that enforce management's directives, such as the process of adhering to requirements or budget development and execution. They help ensure that actions are taken to address risks. Control activities are an integral part of an entity's planning, implementing, reviewing, and accountability for stewardship of Government resources and achieving effective results.

Office of Management and Budget (OMB) Circular No. A-123, *Management's Responsibility for Internal Control*, December 21, 2004 (Circular A-123), requires that managers develop and maintain effective internal controls. Effective internal controls provide assurance that significant weaknesses in the design or operation of internal controls that could adversely affect an agency's ability to meet its objectives would be prevented or detected in a timely manner. As a legislative branch agency, GPO is not required to follow OMB Circulars, including Circular A-123. However, because the Circular provides a sound basis for internal controls for any organization, GPO has incorporated the major requirements of Circular A-123 in its directives.

Processing and Delivering Packages

Generally, overnight and express packages from delivery services such as FedEx and UPS are delivered to Central Receiving. Central Receiving checks in the packages, identifies where they are to be delivered, creates a receiving record, sorts the packages, and notifies the mailroom staff of packages that will be transferred to them for delivery.

Upon notification from Central Receiving, a mailroom employee physically inventories the packages, signs for the packages, and then takes the packages to the mailroom for processing. In the mailroom, the employee scans each package barcode into the tracking database, and inputs pertinent information. Afterward, other mailroom employees pick up any packages assigned to their mail routes, deliver those packages, and collect signatures from recipients. Package delivery

information is scanned in a palm device, which is uploaded into the centralized database when the mailroom staff member completes deliveries.

Undelivered packages are placed back on the express mail shelf and the mailroom supervisor notified. The supervisor performs a mandatory end-of-day reconciliation to account for packages received and delivered. The supervisor then submits a report to the Chief of Records and Mail Management.

Officials in business units stated that in general, packages could be items such as laptop computers returning from repairs, samples of production material from the alternate secure credential production facility, ink jet ink, copper dies, paper samples, and radiator heater oil.

To track packages, GPO uses the Pitney Bowes SendSuite™ Arrival® Inbound Package Tracking Software. The software supports barcode readers (scanners), electronically captures signatures, and produces reports.

Results and Recommendations

Although GPO had a framework in place for internal controls over mailroom package accountability, that framework needs strengthening. Our review of packages received during August and September 2014 revealed the following.

- Packages transferred to the mailroom from Central Receiving were unaccounted for.
- Packages transferred to the mailroom from Central Receiving did not have recipient signatures that would document receipt of the package.
- No packages were scanned to reflect they left the mailroom and were “enroute” for delivery.
- End-of-day reconciliations were not always performed.

In addition, we noted that written mailroom procedures need to be strengthened. These deficiencies were generally due to resource constraints and competing priorities.

Accounting for Packages Transferred from Central Receiving

GPO did not have procedures in place to account for all packages received in the mailroom. From a list of tracking numbers that Central Receiving provided for August and September 2014, we reviewed 1,088 express packages transferred to the mailroom. We compared tracking numbers against information obtained from the mailroom’s centralized database. Of the 1,088 tracking numbers for express packages, 45 were not recorded in the mailroom’s centralized database. The mailroom staff conducted additional research, which for some items included searching a manual tracking log.⁴ Management could not, however, provide the status, final disposition, or intended recipients of the packages. As a result, we could not determine either the importance of the packages or assess its monetary value.

The ability of GPO to receive, track, and deliver packages containing sensitive documents, equipment parts, and other products is critical to the successful operation of the Agency. Reconciling records with the actual packages at various stages of the process would provide an effective mechanism for detecting items that end up missing.

⁴ GPO uses a manual tracking log during periods when the electronic system malfunctions or is unavailable.

Recipient Signatures at Time of Delivery

Recipients of packages must acknowledge receipt by signing for packages. We obtained a list of packages for August and September 2014 that required signatures. Of the 1,088 packages, 52 did not have signatures. GPO's mailroom procedure, *Delivering Express Packages*, states that upon arrival at a delivery destination, the clerk must collect the signature of the recipient.

Management could not explain why signatures were missing for any particular package but offered possibilities for the missing signatures including explanations such as clerks not obtaining signatures when packages were delivered and potential problems with the automated tracking system. For example, sometimes the palm devices, which contain signatures, do not synchronize with the centralized database and therefore, data do not download to the centralized database.

Although packages with missing signatures had "received" dates throughout the 2 months, most (81 percent) "delivery" dates were concentrated around 3 days. Management stated that a concentration of delivery dates suggested the dates were manual entries input to clear the packages from the reports listing undelivered packages. Typically, delivery dates are entered when signatures are obtained. However, manual entries can be performed when signatures are not obtained.

For one of the missing packages, a mailroom employee acknowledged signing the name of one intended recipient. GPO's protocol requires that recipients sign for the packages.

Scanning Packages When They Are Moved Out of the Mailroom

Packages must be scanned prior to removal from the mailroom. The scan function records the time packages are taken from the mailroom. It provides an audit trail documenting transfer of responsibility from the staff members in the mailroom collecting the packages from Central Receiving to mail clerks delivering the packages.

During our review, mail clerks were allowed to omit this procedure and scan only the package at the point of delivery, prior to obtaining the recipient's signature. The procedure—*Delivering Express Packages*—requires that the clerk scan each package with a palm device before removing it from the mailroom.

As a result, the mailroom did not document the chain of custody when removing packages from the mailroom. The absence of a chain of custody makes it difficult to track missing packages. Also, the absence of a chain of custody results in a lapse in accountability.

End-of-Day Reconciliations

GPO could not demonstrate daily reconciliations were always performed. In an email correspondence dated June 15, 2014, management stated that a daily reconciliation is to be performed between 3:00 p.m. and 3:30 p.m. to account for all incoming accountable items.

We reviewed end-of-day reconciliation reports for August and September 2014 and noted reports were missing for 9 days in August and 6 days in September. We were told reconciliations may have been completed but not documented; or the mailroom supervisor may have been absent from work those days.

GPO recognizes the importance of end-of-day reconciliations to account for undelivered mail and issued guidance to address this action. GPO should ensure those guidance are consistently followed and end-of day reports documented.

Written Procedures

The GPO mailroom did not have adequate written procedures for mailroom activities. Although procedures outlining steps for processing and delivering express packages existed, they did not address specific actions such as steps for processing and delivering packages. Those same procedures did not address key actions, such as steps personnel must take when a package cannot be delivered after several attempts, the length of time a package is held before returning it, circumstances when packages are recorded as "delivered" when no corresponding signature exists, and steps to take to locate missing packages. In addition, management should incorporate its end-of-day reconciliation requirements in the procedures.

Establishing comprehensive written procedures would help maintain consistent compliance for achieving high levels of integrity and accuracy in the mail accountability process.

Recommendations

We recommend that the Chief Financial Officer:

1. Establish a process to reconcile packages received by Central Receiving with packages recorded in the mailrooms Arrival® Inbound Package Tracking Software,

Management's Response. Management concurred stating a report has been created to reconcile all packages received from Central Receiving with packages recorded in the mailroom's tracking software. The reconciliation is performed by the mailroom supervisor and all discrepancies will to be resolved and noted on the report.

Evaluation of Management's Response. Management's actions are responsive to the recommendation. We consider the recommendation resolved but will remain open pending our confirmation of the final actions.

2. Expand upon current written procedures to detail undelivered packages, holding periods, recipient signature requirement, and missing package processing, and

Management's Response. Management concurred stating that current written procedure will be expanded and updated by September 30, 2015.

Evaluation of Management's Response. Management's actions are responsive to the recommendation. We consider the recommendation resolved but will remain open pending our confirmation of the final actions.

3. Ensure staff follows written procedures to ensure recipient signatures are obtained to document receipt of a package, are scanned to reflect a package was removed from the mailroom and enroute for delivery, and document reconciliations of end-of-day undelivered packages.

Management's Response. Management concurred stating that a meeting was held to review the established procedures, reminding employees of the need to perform a scan to transfer packages to themselves when removing items from the mailroom, and emphasizing the importance of obtaining signatures when delivering packages. In addition, end-of-day reconciliations will be performed, printed, and filed on a daily basis. When the reconciliation cannot be performed, the problem will be documented. Every employee will be provided a copy of the revised procedures by September 30, 2015.

Evaluation of Management's Response. Management's actions are responsive to the recommendation. We consider the recommendation resolved but will remain open pending our confirmation of the final actions.

Appendix A – Objective, Scope, and Methodology

We performed the audit from November 2014 through February 2015 at the GPO Central Office in Washington, D.C. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence that provides a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Objective

We performed our audit to answer the following question: Did GPO have policies, procedures, and activities that would maintain proper accountability over express package processing?

Scope and Methodology

To meet our objective we:

- Reviewed GPO Police reports regarding missing packages.
- Reviewed policies and procedures in place for processing mail.
- Conducted interviews with GPO officials to gain an understanding of GPO's policies, procedures, systems, and processes related to handling the receipt and delivery of mail.
- Collected tracking records from GPO's Central Receiving Section and mailroom for our review period.
- Analyzed mail activities by comparing packages Central Receiving transferred to the mailroom for delivery.
- Analyzed delivery logs for compliance with procedures
- Interviewed officials of business units regarding mailroom packages.
- Discussed controls measures for packages accountability.

Management Controls Reviewed

We determined that the following internal controls were relevant to our audit objective:

Program Operations – Policies and procedures GPO management implemented to reasonably ensure mail is properly accounted for and timely delivered.

Compliance with Laws and Regulations – Policies and procedures that management implemented to reasonably ensure that resource use is consistent with laws and regulations.

The details of our examination of management controls, the results of our examination, and noted management control deficiencies are contained in the report narrative. Implementing the recommendations in this report should improve those management control deficiencies.

Computer-Generated Data

To achieve the objective, we used reports extracted from Arrival® Package Tracking Software. Although we did not independently verify the reliability of all of the information in Arrival® Package Tracking Software, we compared that information with other available supporting documents to determine data consistency and reasonableness. From those efforts, we believe the information obtained was reliable to meet our audit objective.

Appendix B – Management’s Response

To: Inspector General
From: Chief of Staff
Subj: Management Response to the draft report – GPO Mailroom: Controls over Express Processing, Report Number 15-07 (March 11, 2015).
Date: March 19, 2015

The following is GPO management’s response to the draft report – GPO Mailroom: Controls over Express Processing, Report Number 15-07 (March 11, 2015).

This report evaluated the internal controls over GPO’s mailroom after the OIG received reports of missing items. The OIG found that mailroom personnel did not always follow established procedures and noted that written mailroom procedures need strengthening. Within GPO, the Office of Finance and Administration is responsible for processing and delivering express packages and incoming mail to the appropriate recipients. However, GPO plans to transfer its mailroom operations to the Chief Administrative Officer in the near future. GPO management concurs with the OIG’s recommendations in this report and to date has completed action on 1 of the 3 recommendations.

Recommendation 1: Establish a process to reconcile packages received by Central receiving with packages recorded in the mailrooms Arrival @ Inbound Package tracking software.

Management Response: Concur. A report titled *Daily Receiving Log* has been created to reconcile all packages received from Central Receiving with packages recorded in the mailroom’s tracking software. The report provides a list of all tracking numbers entered into the database on a specific day, sorted alpha-numerically. A new end-of-day procedure has been established to reconcile all tracking numbers listed on Central Receiving manifests with the *Daily Receiving Log*. Tracking numbers that do not reconcile are to be investigated immediately to determine the discrepancy. All discrepancies are to be resolved and notes made on the report as appropriate. The reconciliation is performed by the mailroom supervisor. When the supervisor is unavailable, the Lead Mail Technician overseeing the tracking software will perform the reconciliation. In the absence of a Lead Mail Technician, the Chief, Records and Mail Management will perform the reconciliation. Reconciliation reports will be kept on file. Management considers action on this recommendation completed.

Recommendation 2: Expand upon current operating procedures to detail undelivered packages, holding periods, recipient signature requirement, and missing package processing.

Management Response: Concur. Management agrees that the current written procedure, *Delivering Express Packages*, requires additional detail and clarity. The procedure will be updated and expanded to reflect the audit’s concerns. The projected completion date is no later than September 30, 2015.

Recommendation 3: Ensure staff follows written procedures to ensure recipient signatures are obtained to document receipt of a package, are scanned to reflect a package was removed from the mailroom and reroute for delivery, and document reconciliations of end-of-day undelivered packages.

Management Response: Concur. A staff meeting was held to review the established procedures, reminding employees of the need to perform a scan to transfer packages to themselves when removing items from the mailroom. The importance of obtaining signatures when delivering packages was also emphasized. Steps to be taken to ensure procedures are followed include:

- Providing every employee with a copy of the written procedures, *Delivering Express Packages*. Every employee will also be provided with a copy when these procedures are updated no later than September 30, 2015.
- Monitor signature compliance by running a report titled *Delivery Signature Log* that provides various package data including copies of signatures. Deliveries completed without capturing a recipient's signature will require the clerk to return to the recipient to collect and record a signature. Paper delivery receipts will be used as required when the system is down.
- Spot checking package deliveries of all mail clerks to review chain of custody actions taken. Reminding and/or counseling employees as appropriate when transfer procedures are not followed.

End-of-day reconciliations are to be performed, printed, and filed on a daily basis. When the reconciliation cannot be performed or printed due to system problems, a note will be time-stamped and placed in the file documenting the problem. A reconciliation will be performed, printed, and filed at the first opportunity. Action on this recommendation will be closed when every employee is provided a copy of the revised procedures no later than September 30, 2015.

Thank you for the opportunity to provide management's response to this OIG Report. If you need additional information, please do not hesitate to contact me on 202-512-1100.



ANDREW M. SHERMAN

cc: Director, GPO
Deputy Director, GPO
Chief Financial Officer
Chief Administrative Officer

Appendix C - Status of Recommendations

Recommendation	Resolved	Unresolved	Open/ECD*	Closed
1.	X			
2.	X		9/30/15	
3.	X		9/30/15	

*Estimated Completion Date.

Appendix D – Unaccounted For Packages (August and September 2014)

	Tracking Number	Date Received Central Receiving	Date Transferred to Mailroom
1	1001901724690002000100604475614644	8/1/14	8/1/14
2	1Z4994940315282703	8/1/14	8/1/14
3	32040118510000026086269443402010	8/4/14	Not Documented
4	1001910531960002040100770826572879	8/14/14	Not Documented
5	1ZA867E90303505131	8/18/14	8/18/14
6	1ZE6E4993A00547559	8/18/14	8/18/14
7	1ZE4W9050392511212	8/18/14	8/18/14
8	1Z3X33450277005120	8/18/14	8/18/14
9	1001923332300002000100770844472886	8/19/14	8/19/14
10	1ZA86F870301890855	8/19/14	8/19/14
11	1ZA83Y570301059243	8/19/14	8/19/14
12	1ZE070761250062728	8/20/14	8/20/14
13	9622001900003693378400607318812235	8/20/14	8/20/14
14	1Z6429400367632922	8/20/14	8/21/14
15	32040135160025636153543135652019	8/21/14	8/21/14
16	1001910532860002040100770877466573	8/21/14	8/21/14
17	1Z8E1R880302387010	8/21/14	8/21/14
18	1ZW220A43A07152588	8/22/14	8/22/14
19	1zv203420145466654	8/25/14	Not Documented
20	1ZX027W7YN21803779	8/26/14	Not Documented
21	1Z05W38RYW40323239	8/26/14	Not Documented
22	1Z05W38RYW40323257	8/26/14	Not Documented
23	1Z7F9E870360092317	8/28/14	Not Documented
24	608862817314	8/29/14	Not Documented
25	1001906334070002040100458020826228	8/29/14	Not Documented
26	1001908734070002040100458020825997	8/29/14	Not Documented
27	1001913834210002040100613470019182	8/29/14	Not Documented
28	1001913834210002040100613470020793	8/29/14	Not Documented
29	1Z05W38RYW40363473	8/29/14	Not Documented
30	1ZA84R190341028365	9/2/14	9/2/14
31	1ZA83E090301586166	9/2/14	9/2/14
32	1Z7867XR0355219715	9/2/14	9/2/14
33	1za0r6220347605195	9/3/14	Not Documented
34	1001901740790002040100487836855596	9/9/14	9/9/14
35	32040154510000045030285168222012	9/9/14	9/9/14
36	1Z6E51330271374075	9/9/14	9/10/14
37	1Z6E51330373790217	9/9/14	9/10/14
38	9611019797463744301885	9/10/14	9/10/14
39	1Z7867XR0355470014	9/11/14	9/11/14
40	1Z7867XR0355485973	9/11/14	9/11/14
41	1Z6W418A0397853348	9/11/14	9/11/14
42	1001910543760002040100771285354564	9/29/14	9/29/14
43	1001913743930002040100771281078260	9/29/14	9/29/14
44	9622001900000030839600597636614360	9/29/14	9/29/14
45	9622001900000030839600597636614350	9/29/14	9/29/14

Appendix E – Report Distribution

Director, GPO

Deputy Director, GPO

General Counsel

Chief of Staff

Chief Administrative Officer

Major Contributors to the Report

Freddie Hall, Lead Auditor