**Objective**

The objective of this audit was to identify opportunities to enhance controls used by headquarters organizations to monitor No Sale transactions.

U.S. Postal Service retail associates (RA) can use the Retail Systems Software’s No Sale administrative function to open the cash drawer, typically to exchange higher value currency for lower value currency denominations. The RA must make three selections in the system to choose the No Sale option; therefore, selection of the No Sale option is not accidental and gathers suspicion when done with frequency. Extremely high No Sale transactions may indicate dubious trends or behaviors.

During fiscal years 2018 and 2019, the OIG issued five reports regarding No Sale transactions. From this body of work, we made six recommendations, and all are closed. We used data analytics to identify locations that recorded a high number of No Sale transactions. We reported that unit management did not monitor or manage No Sale transactions recorded during the respective scope period. We also noted that the Postal Service has a report that identifies the daily use of the No Sale function by RAs and can be used as a tool to monitor No Sale transactions. However, the Postal Service did not have a policy that required unit management to generate or review the report. Because of the similar results in each audit, we evaluated whether an organization-wide policy to monitor and manage No Sale transactions would be appropriate to reduce the risk of intentional or unintentional improper activity.

**What the OIG Found**

Opportunities exist to develop internal controls to monitor No Sale transactions. Several reports already exist, which could be incorporated into policies and procedures to provide a cost-effective solution for monitoring and managing No Sale transactions.

Postal Service Headquarters personnel stated there is no policy regarding No Sale transactions and they do not actively monitor No Sale transactions. In addition, headquarters management has not instructed area and district management to monitor No Sale transactions. However, area and district management were trained on and are expected to periodically review a report that includes No Sale activity.

We also noted best practices used by the Capital Metro Area and the Capital, Central Illinois, and Connecticut Valley districts to monitor and manage No Sale transaction activity including:

* Limiting the number of No Sale transactions that could be processed,
* Requiring supervisor approval for No Sale transactions,
* Maintaining a No Sale transaction log, and
* Reviewing reports of No Sale activity.

The No Sale function provides employees the ability to open the cash drawer without a customer transaction, which could give the employee access to Postal Service funds for their personal use. While it is not typically the sole mechanism identified in OIG financial embezzlement investigations, its use, together with other financial control failures, could be a contributing factor in Postal Service retail cash and stamp stock losses. A recent OIG investigation involving No Sale transactions resulted in an employee’s admission of using the No Sale key to disguise the theft of about $23,000. Two additional OIG investigations involving the No Sale function identified over $34,000 in losses and resulted in the prosecution and resignation of the employees. In one case, the retail associate operated the scheme over a two-year period.

As a result of this audit, Capital Metro Area and Capital District management resumed their efforts to monitor No Sale transactions and reiterated threshold guidance to their staff. Capital District management also plan to review the retail diagnostics reports for No Sale activity. Further, Connecticut Valley District management stated they intend to implement controls relative to No Sale transactions and monitor the transactions on a consistent basis.

**What the OIG Recommended**

We recommended the Vice President, Controller, coordinate with the Manager, Revenue & Field Accounting, to develop a policy to monitor No Sale transactions, considering the existing available reports and best practices used by area and district personnel.

[**Read full report**](https://www.uspsoig.gov/sites/default/files/document-library-files/2019/FT-AR-19-007.pdf)