



FULTON COUNTY, GEORGIA
OFFICE OF THE COUNTY AUDITOR
Atlanta-Fulton County Public Library System
Mail Room Review
August 16, 2016

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INTRODUCTION

The Director of the Atlanta-Fulton County Public Library System (AFCPLS) received a whistleblower letter regarding improper mailings. As a result, we have completed a review of the AFCPLS in reference to the concerns raised about the improper usage of the County's postage meter.

BACKGROUND

AFCPLS serves as a cultural and intellectual center that enriches the community and empowers all residents with essential tools for lifelong learning. AFCPLS mail room serves as the centralized mail center location for the 34 different library branches, the Inter-Library Loan Program (ILL), volunteer servicing groups and foundation groups. The responsibilities of the employees who assist with the mail room duties range from operating the postage meter to ensuring all outgoing mail is delivered to the Government Center. A postage meter is a mechanical device used to create and apply physical evidence of postage to mailed matter. A postage meter imprints an amount of postage, functioning as a postage stamp, a cancellation and a dated postmark all in one. The meter stamp serves as proof of payment and eliminates the need for adhesive stamps.

OBJECTIVE

The objectives of the review were to assess the mail policies and procedures of the AFCPLS to determine whether adequate internal controls have been implemented to ensure proper usage of the postage meter and determining compliance with Fulton County Mail Processing Procedures, Policy Number 600-54 and AFCPLS's Mail Room Standard Operating Procedures.

SCOPE

The review period examined on a test basis was January to June of 2016.

METHODOLOGY

Our office conducted observations, walkthroughs, interviews and inquiries with appropriate personnel, as well as examination of various documents. We also worked with key personnel to evaluate internal controls over postage and adherence to those controls. In addition, we reviewed best practices for mail room procedures to determine if the current procedures were adequate.

FINDINGS AND RECOMMENDATIONS

Finding 1 – Inadequate Controls

Upon conducting interviews of key personnel and doing a walkthrough of the mail room procedures, we noted that AFCPLS lacked adequate controls to prevent unauthorized use of the postage meter. Physical controls on the meter to prevent unauthorized access were often circumvented and/or ignored or ineffective. A few areas of our concerns are:

- No designated mail room attendant; mail room wasn't secure;
- No established procedures to control access of employees (key control, card readers, etc.);
- No periodic check of mail to determine if employees are using the postage meter for their personal mail;
- No record of meter register readings to help detect unauthorized, after-hours use of the meter;
- No detailed procedures for opening and closing the mail room; and
- No password differentiation; all mail room employees utilize the same password.

Management informed us that more focus and attention needed to be placed on mail room controls. Inadequate mail room controls can lead to significant financial loss for the County. An inadequate and ineffective system of controls, coupled with increased postage rates, creates an environment that provides both incentive and opportunity to commit fraud.

Recommendation

AFCPLS should consider designating a mail room attendant to the mail room. However, if budget constraints prevent implementation of this recommendation, management needs to ensure the mail room is secure at all times. Access to the mail room should be restricted to prevent unauthorized persons from entering the mail room and the mail room should be kept locked when unattended at all times. Management needs to also ensure that the postage meter is secure when not in use and access should be restricted to authorized personnel who have their own unique password. Lastly, all library staff should be trained in policies and procedures relative to mail delivery, receipt and security.

In addition, County management should ensure mail center controls are properly and consistently monitored and effectively implemented, throughout the County, to prevent unnecessary financial loss.

Finding 2 – Noncompliance with Policy and Procedures

In accordance with Policy Number 600-54, *All County mail services (USPS, interoffice, and E-Mail) should be used for County business only.* Our review revealed that an employee of AFCPLS utilized the County’s postage meter for personal use. The employee indicated that it was a misjudgment and it would not occur again. Failure to adhere to established policies and procedures could result in disciplinary action and a loss of revenue for the County.

Recommendation

We recommend compliance with all County policies and procedures. To ensure compliance, we recommend management strengthen internal controls and check mail periodically to determine if employees are utilizing the postage meter for personal mail.

Finding 3 – Outdated Standard Operating Procedures

Standard Operating Procedures (SOPs) must be current and effectively implemented within the department to have the desired impact. AFCPLS’ mail room standard operating procedures were outdated and staff wasn’t aware that they existed. Management informed us that their current mail room procedures needed to be updated and communicated to everyone involved with the Central Library’s mail room. SOPs will prove to be ineffective and unused if they are not current and properly implemented.

Recommendation

Existing SOPs should be modified and/or management needs to develop new SOPs to reflect changes in the operating environment and standard of practice. Management should ensure that:

- Everyone is informed about the new or modified SOPs and understands the significance of the change;
- Copies of the SOPs are distributed as needed and readily accessible to all potential users;
- Personnel know their roles and have the knowledge and skills necessary to implement the SOP effectively (including an understanding of consequences for failing to comply); and
- A mechanism exists to monitor performance and identify potential problems.

CONCLUSION

To conclude, sustained management attention to establishing adequate controls over metered mail is necessary to reduce the County’s exposure to the risk of substantial revenue losses.

Management recognizes that it needs to gain greater control over meters and is preparing to do so by executing a number of short-term initiatives, including improving various aspects of mail room controls and ensuring that adequate controls not only exist, but are implemented and monitored. Those initiatives, if properly implemented, appear to have the potential for improving mail room controls. However, the effectiveness of the controls will hinge on management's sustained attention to reducing the risk of meter fraud. This includes maintaining accountability for meter operations, ensuring that the technology and security employed in meters are effective, and working to establish and maintain an adequate system of controls for deterring and detecting meter fraud.

Please provide a written response to this audit within 10 days if findings and/or concerns are listed in this report. You may email your written response to the County Manager and Brigitte Bailey, Audit Coordinator in the Office of the County Auditor at Brigitte.Bailey@fultoncountyga.gov. We would like to thank management and staff for their timely cooperation and assistance during this audit. The distribution of this report is reserved for the executive management of Fulton County and the Board of Commissioners.