



Postage, Fees, and Meter Revenue Refunds - Houston, TX, Park Place Station

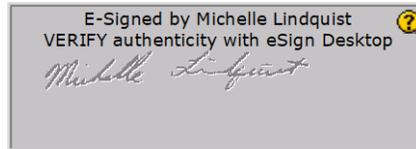
June 5, 2019





June 5, 2019

MEMORANDUM FOR: CHENISE LEDOUX
ACTING MANAGER, HOUSTON DISTRICT



FROM: Michelle Lindquist
Director, Financial Controls

SUBJECT: Audit Report – Postage, Fees, and Meter Revenue
Refunds - Houston, TX, Park Place Station
(Report Number FCS-FM-19-008)

This report presents the results of our audit of the Postage, Fees, and Meter Revenue Refunds - Houston, TX, Park Place Station (Project Number 19BFM009FCS000).

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Dianna PruDe, Operational Manager, or me at 703-248-2100.

Attachment

cc: Corporate Audit and Response Management

Background

This report presents the results of our self-initiated audit of Postage, Fees, and Meter Revenue Refunds - Houston, TX, Park Place Station (Project Number 19BFM009FCS000). The Park Place Station is located in the Houston District of the Southern Area. This audit was designed to provide U.S. Postal Service management with timely information on potential financial control risks at Postal Service locations.

The U.S. Postal Service Office of Inspector General (OIG) data analytics identified the Park Place Station had \$30,124, or a 1,493 percent increase, in refunds from July 1 to December 31, 2018, as compared to the same period the previous year. The Park Place Station recorded \$19,306, or 64 percent, of the refunds to account identification code (AIC) 526, Refund Spoiled/Unused Customer Meter Stamps.¹ The spoiled/unused customer meter stamp refunds for the Park Place Station were 40 percent of the overall amount of refunds within the Houston District for the same timeframe. In addition, the Park Place Station recorded \$5,229² in AIC 553, Refund Postage and Fees, which was 10 percent of the Houston District's refund disbursements for the same timeframe. Both of these refund types ranked the Park Place Station the highest within the Houston District.

Objective, Scope and Methodology

The objective is to determine whether postage, fees, and meter revenue refunds were properly issued, supported, and processed at the Houston, TX, Park Place Station.

To accomplish our objective, we extracted and analyzed Enterprise Data Warehouse (EDW)³ data for 115 postage, fees, and meter revenue refunds, totaling \$24,535, recorded at the Park Place Station on 70 separate dates between July 1 and December 31, 2018. We reviewed the unit's records and conducted interviews with unit personnel and Postal Service management.

We relied on computer-generated data from EDW. We did not test the validity of controls over this system; however, we verified the accuracy of the data by reviewing related documentation, tracing selected information to supporting source records, and interviewing knowledgeable Postal Service employees. We determined the data were sufficiently reliable for the purposes of this report.

¹ The AIC consists of three digits. It is used to classify financial transactions to the proper general ledger account. There were 84 transactions recorded to AIC 526 during our scope period.

² There were 31 transactions recorded to AIC 553 during our scope period.

³ A repository intended for all data and the central source for information on retail, financial, and operational performance. Mission-critical information comes to the EDW from transactions that occur across the mail delivery system, points-of-sale, and other sources.

We conducted this audit from March through June 2019 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our objective. We discussed our observations and conclusions with management on May 14, 2019 and included their comments where appropriate.

Finding #1: Refund Documentation

The Park Place Station did not properly issue, support, or process postage, fees, and meter revenue refunds.⁴ Specifically, 108 of the 115 refund transactions reviewed did not have the required Postal Service (PS) Form 3533, *Application for Refund of Fees, Products and Withdrawal of Customer Accounts*. In addition, the remaining seven of the 115 refunds reviewed had incomplete PS Forms 3533 (see [Table 1](#)).

Table 1. Refund Documentation

| PS Form 3533 Status | Number of Refund Transactions | Amount |
|----------------------------|--------------------------------------|-----------------|
| Missing | 108 | \$23,569 |
| Incomplete | 7 | 966 |
| Total | 115 | \$24,535 |

Source: EDW and OIG analysis.

For the seven partially completed PS Forms 3533, we found:

- None were filed with the PS Form 1412, *Daily Financial Report*, as required. Clerks placed the PS Forms 3533 in a separate folder.
- The unit used obsolete PS Forms 3533, dated August 2008, instead of the current December 2016 form.
- Five of the seven had an incorrect or no AIC selected in the “Request Disbursement For” section.
- Part 2, Verification of Disbursements, was not properly completed for any of the PS Forms 3533. Part 2 was blank on one of the forms, and none of the forms had the printed contact name. In addition, four of the seven forms did not have witness signatures.
- Part 3, Postage Affixed on BRM or Meter Stamps, of PS Form 3533 was blank for all three of the transactions recorded to AIC 526.
- Part 5, Disbursements for Refunds, of PS Form 3533 was blank for three of the seven Forms.

⁴ Without support, we could not verify whether the refunds were issued and processed appropriately.

The customer service supervisor stated she was unaware of her responsibility to ensure the refund support is included with the daily financial report, as part of the closeout activities. The supervisor stated she is not present during the daily unit closeout process and had not received formal training on the refund process or closeout procedures. Also, the current closeout clerk received on-the-job training on the refund process and closeout procedures but has not received formal training on them.⁵

Postal Service policy⁶ for processing refunds requires a post office employee and a witness destroy the spoiled or unused customer meter stamps. In addition, policy⁷ states the employee calculates the refund amount and enters the amount for disbursement on PS Form 3533. The postmaster or a supervisor reviews the form to ensure the refund disbursement is warranted.

Further, Postal Service policy⁸ requires employees to submit the completed PS Form 3533 to the closeout employee as supporting documentation for PS Form 1412. In addition, policy⁹ requires the field unit manager to review supporting documentation for all entries on the daily PS Form 1412. Finally, policy¹⁰ states the unit must retain PS Forms 3533 for a period of two years plus the current fiscal year.

If employees at the Park Place Station do not ensure refunds are properly supported, the Postal Service risks issuing incorrect or unauthorized refunds. As a result, we consider the 108 postage, fees and meter revenue refunds valued at \$23,569 unsupported questioned costs.¹¹ In addition, we consider the seven refunds valued at \$966 disbursements at risk.¹²

⁵ We reviewed training records from the district for the customer service supervisor and closeout clerks but could not find any training related to refunds or the closeout process.

⁶ *Postal Operations Manual (POM)*, Issue Number 9, July 2002, Section 145.11, and Handbook F-101, *Field Accounting Procedures – Draft*, May 2017, Section 21-1.

⁷ POM, Section 145.11, and Handbook F-101, Section 21-1.

⁸ Handbook F-101, Section 21-1.1.f.

⁹ Handbook F-101, Section 2-4.1.

¹⁰ Handbook F-101, Appendix D, Forms and Retention Periods.

¹¹ A weaker claim and a subset of questioned costs. Claimed because of failure to follow policy or required procedures, but does not necessarily connote any real damage to Postal Service.

¹² Disbursements made where proper Postal Service internal controls and processes were not followed.

As a result of our audit, management obtained the current PS Form 3533 for use at the unit for future refunds. Therefore, we are not making a recommendation regarding the obsolete PS Form 3533.

Recommendation #1: We recommend the Manager, Houston District, direct the Postmaster, Park Place Station, to reiterate and train applicable unit personnel on the procedures for properly refunding postage, fees and meter, and the daily closeout process.

Management's Comments

Management agreed with the finding and recommendation and, in a subsequent response, they agreed with the monetary impact.

Regarding recommendation 1, management provided training to all applicable unit personnel regarding properly processing refunds and conducting the daily closeout procedures. Management provided support in a subsequent response that training occurred on May 31, 2019.

See [Appendix A](#) for management's comments in their entirety.

Evaluation of Management's Comments

The OIG considers management's comments responsive to the finding and recommendation in the report. The corrective actions taken should resolve the issues identified in the report.

We consider recommendation 1 closed with the issuance of this report.

Appendix A: Management's Comments

DISTRICT MANAGER (A)
HOUSTON DISTRICT



May 30, 2019

LAZERICK POLAND
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Draft Audit Report – Postage, Fees, and Meter Revenue Refunds
Houston, TX, Park Place Station (Report # FCS-FM-19-DRAFT)

Thank you for the opportunity to respond to the Office of Inspector General (OIG) draft audit report "Postage, Fees, and Meter Revenue Refunds, Houston TX Park Place Station (Report Number FCS-FM-19-DRAFT)."

Management agrees with the findings and recommendations of the OIG pertaining to the Park Place Station.

Recommendation #1:

We recommend the Manager, Houston District, direct the Postmaster, Park Place Station, to reiterate and train applicable unit personnel on the procedures for properly refunding postage, fees and meter, and the daily closeout process.

Management Response/Action Plan:

(A) District Manager Chenise LeDoux directed Postmaster (OIC) Corey Richards on May 16, 2019 to provide immediate and sufficient training regarding postal refunds to the management staff and window clerks at the Park Place station.

Houston Postmaster (OIC) Richards made available the management staff and clerks at the Park Place station to receive training from the Southern Area and Houston District subject matter experts (SMEs) regarding closeout procedures that included training on postal refunds (PS Form 3533).

Target Implementation Date:

May 31, 2019

Responsible Official:

Postmaster (OIC) Corey Richards is the responsible official.


Chenise R. LeDoux

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