



AUDIT REPORT

Meter Revenue Refunds - Fredericksburg, VA, Post Office

June 20, 2019

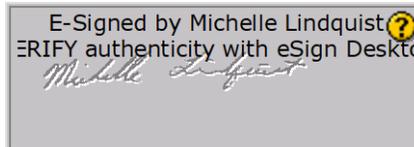


Report Number FCS-FM-19-011



June 20, 2019

MEMORANDUM FOR: JANICE L. ATHERLY
MANAGER, RICHMOND DISTRICT



FROM: Michelle Lindquist
Director, Financial Controls

SUBJECT: Audit Report – Meter Revenue Refunds - Fredericksburg,
VA, Post Office (Report Number FCS-FM-19-011)

This report presents the results of our audit of the Meter Revenue Refunds - Fredericksburg, VA, Post Office (Project Number 19BFM015FCS000).

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 Meter Revenue Refunds – Fredericksburg, VA, Post Office (Project Number 19BFM015FCS000). The Fredericksburg Post Office is located in the Richmond District of the Capital Metro Area. This audit was designed to provide U.S. Postal Service management with timely information on potential financial control risks at Postal Service locations.

Account Identifier Code (AIC)¹ 526, *Refund Spoiled/Unused Customer Meter Stamps*, is used to record refunds of spoiled/unused postage meter stamps from customer postage meter. The U.S. Postal Service Office of Inspector General's data analytics identified the Fredericksburg Post Office had \$41,960 in meter revenue refunds from January 1 through March 31, 2019, as compared to \$9,535 for the same period of the prior year (January 1 through March 31, 2018). The spoiled/unused customer meter stamp refunds for the Fredericksburg Post Office were 72 percent of the overall amount of refunds within the Richmond District for the same timeframe. This percentage ranked the highest within the Richmond District.

Objective, Scope and Methodology

The objective of this audit was to determine whether meter refunds were valid, timely, and properly supported at the Fredericksburg Post Office.

To accomplish our objective, we reviewed daily financial records; 14 Postal Service (PS) Forms 3533, *Application for Refund of Fees, Products and Withdrawal of Customer Accounts*; and attached supporting documentation maintained by the unit from January 1 through March 31, 2019. We also extracted and analyzed Enterprise Data Warehouse (EDW)² data for these transactions and interviewed 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.

We conducted this audit from April 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

¹ The AIC consists of three digits. It is used to classify financial transactions to the proper general ledger account.

² 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.

basis for our findings and conclusions based on our objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We discussed our observations and conclusions with management on June 4, 2019 and included their comments where appropriate.

Finding #1: Meter Revenue Refund Documentation

We determined the meter revenue refunds were valid and properly supported; however, one of the 14 refunds was not processed timely. Specifically, the refund was verified at the Fredericksburg Business Mail Entry Unit (BMEU) on October 17, 2018, but was not processed for payment until January 10, 2019, three months later. The meter revenue refund was for \$3,054. The customer contacted the post office to inquire about the delay in January 2019. Fredericksburg Post Office personnel located the PS Form 3533 and processed the refund. Unit personnel stated PS Form 3533 was misplaced between the Fredericksburg BMEU and the Fredericksburg Post Office, which are at two different locations.

An employee at the Fredericksburg BMEU sent the PS Form 3533 to the Fredericksburg Post Office via inter-office envelope for processing. The PS Form 3533 was not given to appropriate personnel at the Fredericksburg Post Office. After the customer contacted the Post Office about the delay, the refund form was located and immediately processed. These meter revenue refunds occur regularly, between these units; however, a tracking system was not in place to ensure the refunds are received and processed timely.

Postal Service policy³ also requires that the Postal Service record revenue when earned and expenses when incurred, regardless of when the related assets and liabilities are collected or paid. Accordingly, field units are expected to record or report all accounting activity within the same month the activity occurs. Without a best practice to track documents between locations, it is difficult to ensure all accounting activity is recorded timely.

The Postal Service image or brand⁴ can be harmed when customers experience lengthy delays in refunds.

<p>Recommendation #1: We recommend the Manager, Richmond District, direct the Fredericksburg postmaster to implement a process at the Fredericksburg Business Mail Entry Unit and Post Office for tracking requested refunds.</p>

³ Handbook F-1, *Accounting and Reporting Policy*, January 2015, Section 2-1.2.

⁴ An actual or potential event or problem that could harm the reputation of the Postal Service.

Management's Comments

Management agreed with the finding and recommendation.

Regarding recommendation 1, management implemented a process for tracking requested refunds processed at the Fredericksburg Business Mail Entry Unit and the Fredericksburg Main Office. The tracking log is sent to the Fredericksburg Main Office each time a refund form is processed by the Business Mail Entry Unit and the Fredericksburg Main Office management verifies receipt of the form. The tracking log will ensure refunds are processed timely. Management provided a copy of tracking log, dated June 14, 2019.

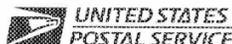
See [Appendix A](#) for management's comments in their entirety.

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 reviewed management's correspondence and found it adequate to resolve the issues identified in this report. We consider recommendation 1 closed with the issuance of this report.

Appendix A: Management's Comments



June 14, 2019

LAZERICK POLAND
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Response to Draft Audit Report – Meter Revenue Refunds - Fredericksburg, VA,
Post Office (Report Number FCS-FM-19-DRAFT)

Thank you for the opportunity to respond to the Office of Inspector General (OIG) draft audit report, "Meter Revenue Refunds- Fredericksburg Post Office". Management does agree with the finding noted in the audit report. Management does agree with the recommendation per the response below.

Recommendation #1

We recommend the Manager, Richmond District, direct the Fredericksburg postmaster to implement a process at the Fredericksburg Business Mail Entry Unit and Post Office for tracking requested refunds.

Management Response/Action Plan

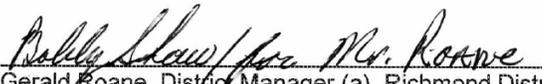
Management agrees with this recommendation. A tracking log has been created requiring the BMEU employee that processes the meter refund request to record details of each PS Form 3533 processed including the dates entered in eIWS Online Forms. The log is sent to the Fredericksburg Main Office each time a form is processed where management verifies receipt of the form and ensures timely processing. A copy of the log which is now in use will be submitted to request closure of this recommendation.

Target Implementation Date

June 14, 2019

Responsible Official

Postmaster, Fredericksburg, VA


Gerald Roane, District Manager (a), Richmond District

cc: Manager, Corporate Audit & Response Management