



AUDIT REPORT

Miscellaneous Non-Postal Revenue Refunds – West Sacramento, CA, Processing and Distribution Center

September 11, 2019

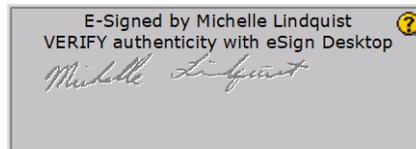


Report Number FCS-FM-19-028



September 11, 2019

MEMORANDUM FOR: JAGDEEP GREWAL
ACTING MANAGER, SACRAMENTO DISTRICT



FROM: Michelle Lindquist
Director, Financial Controls

SUBJECT: Audit Report – Miscellaneous Non-Postal Revenue Refunds
– West Sacramento, CA, Processing and Distribution Center
(Report Number FCS-FM-19-028)

This report presents the results of our audit of Miscellaneous Non-Postal Revenue Refunds – West Sacramento, CA, Processing and Distribution Center (Project Number 19BFM031FCS000).

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

Attachment

cc: Corporate Audit Response Management

Background

This report presents the results of our self-initiated audit of Miscellaneous Non-Postal Revenue Refunds – West Sacramento, CA, Processing and Distribution Center (P&DC) (Project Number 19BFM031FCS000). The West Sacramento P&DC is in the Sacramento District of the Pacific Area. This audit was designed to provide U.S. Postal Service management with timely information on potential financial control risks at Postal Service locations.

U.S. Postal Service Office of Inspector General (OIG) data analytics identified that the West Sacramento P&DC had \$18,827 recorded to account identification code (AIC)¹ 624, Refund of Miscellaneous Non-Postal Revenue,² from January 1 to March 31, 2019. AIC 624 refunds for the West Sacramento P&DC accounted for 67.5 percent of all refunds processed in the Sacramento District for the same timeframe. This percentage ranked the West Sacramento P&DC as the highest in the Sacramento District and the third highest in the nation for AIC 624.

Objective, Scope, and Methodology

The objective is to determine whether miscellaneous non-postal revenue refunds were properly issued, supported, and processed at the West Sacramento P&DC. We reviewed daily financial records; one Postal Service (PS) Form 3533, Application for Refund of Fees, Products and Withdrawal of Customer Accounts totaling \$18,827; and attached supporting documentation maintained by the unit from January 1 to March 31, 2019. In addition, we interviewed unit personnel and management.

We relied on computer-generated data from the Enterprise Data Warehouse (EDW).³ 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 personnel. We determined the data were sufficiently reliable for the purposes of this report.

We conducted this audit from July through September 2019, in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our finding and conclusion based on our objective. We believe that the evidence obtained provides a reasonable basis for our finding and conclusion based

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

² AIC 624 is used for refund amounts previously collected and recorded into AIC 126. AIC 126 is used to record funds collected from various items such as undeliverable customer account funds, loss of postal property, lost badges, money found loose in the mail, jury duty fees, etc.

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.

on our audit objective. We discussed our observations and conclusions with management on August 23, 2019 and included their comments where appropriate.

Finding #1: Miscellaneous Non-Postal Refunds

Unit personnel properly issued and supported miscellaneous non-postal revenue refunds at the West Sacramento P&DC; however, they were not always accurately processed. Specifically, unit personnel did not properly complete one PS Form 3533 for a refund totaling \$18,827. The certifying employee did not include the date of disbursement in the Verification of Disbursements section of the PS Form 3533. In addition, unit personnel selected an incorrect AIC in the Application section but entered the correct AIC into the Retail Systems Software (RSS).⁴

Postal Service policy requires the sales and service associate (SSA) to ensure that the Application and Verification of Disbursements sections of the PS Form 3533 are properly completed.⁵ In addition, the SSA must check the appropriate box in the Request Disbursement For section, which includes selection of the AIC.⁶ Unit management is responsible for reviewing PS Forms 3533 to ensure they are completed properly.⁷

This transaction occurred because one master trust account was closed in 2015 due to two years of inactivity, as required. On February 11, 2019, the customer requested a refund, which was processed on March 11, 2019. Unit management stated that the missing date and selection of the incorrect AIC on the PS Form 3533 was due to an oversight.

When employees at the West Sacramento P&DC ensure they properly process refunds, it reduces the Postal Service's risks of issuing incorrect or unauthorized refunds. Since this type of transaction occurs infrequently and the correct AIC was entered into the RSS, we are not making a recommendation at this time. We will follow up on these issues in the future as part of related work at the district, area, or headquarters levels.

Management's Comments

Management agreed with the finding and reiterated that the OIG did not make a recommendation because this type of transaction occurs infrequently, and the correct AIC was entered into RSS. Management stated PS Form 3533 was corrected and completed, and a stand-up talk was given to all employees. The stand-up talk emphasized the importance of correctly completing all forms, and clarified that the employee signing as the witness on PS Form 3533 must check for accuracy and completeness. They also reminded supervisors to carefully check every form submitted.

⁴ The primary hardware and software system used to conduct retail sales transactions at post offices.

⁵ Handbook F-101, *Field Accounting Procedures*, (Draft), Section 21-1.2, May 2017.

⁶ Handbook F-101, Section 21-1.1b.

⁷ Handbook F-101, Section 21-1.1d.

Management believes these actions will reduce the risk of incorrect or unauthorized refunds. 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 in the report.

Appendix A. Management's Comments



September 5, 2019

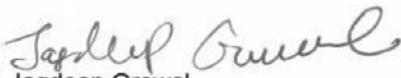
LAZERICK C. POLAND
DIRECTOR, AUDIT OPERATIONS
U.S. POSTAL SERVICE OFFICE OF INSPECTOR GENERAL

SUBJECT: Audit Report – Miscellaneous Non-Postal Revenue Refunds – West Sacramento, CA
Processing and Distribution Center – Report Number FCS-FM-19 DRAFT

This is in response to the OIG audit on the refund that was issued from a postage due account balance, in the amount of \$18,827.48. The OIG reports that the refund was issued properly from AIC 280 and supported properly with a form 3533. The finding was that the support document, the form 3533, was not completed accurately. It was missing the date next to the signature of the certifying employee and the incorrect box was checked to indicate the purpose for the request for Disbursement. Since this type of transaction occurs infrequently and the correct AIC was entered into RSS, the OIG did not make a recommendation at this time.

Management had the form corrected and completed, and a stand-up was given to all employees emphasizing the importance of completing all forms, including the form 3533, fully and correctly. It was made clear that the employee signing as the witness on the form 3533 is to check for accuracy and completeness, and the supervisors of the mailing requirement unit have been reminded of the requirement to carefully check every form submitted. This will reduce the risk of issuing incorrect or unauthorized refunds.

If you need any additional information or have any questions, please contact Sal Cardinal, Manager, Marketing, at (916) 373-8703.


Jagdeep Grewal
District Manager (A)
Sacramento District

cc: Corporate Audit Response Management

3775 INDUSTRIAL BLVD.
WEST SACRAMENTO CA 95799-0050
(916) 373-8501
FAX (916) 373-8273