



February 22, 2010

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SUBJECT: Audit Report – Controls Over Money Orders
(Report Number FT-AR-10-009)

This report presents issues regarding controls over money orders (Project Number 09BM004FT002). We identified these issues during our audit of fiscal year (FY) 2009 U.S. Postal Service Financial Statements – St. Louis Information Technology and Accounting Service Center (Project Number 09BM004FT000). The objective of this portion of the audit was to determine whether controls over money order replacement checks, account reconciliations, and escheatment were adequate. This audit addresses financial risks when certain money order controls do not exist or are not working as designed. See [Appendix A](#) for additional information about this audit.

Conclusion

Based on our review of money order processes at the St. Louis Accounting Service Center (ASC), we found controls over replacement checks, account reconciliations, and escheatment¹ needed improvement. As a result, there is an increased risk the Postal Service could issue improper money order replacement checks or misstate account balances. Further, we project the Postal Service issued \$367,550 in money order replacement checks supported by incomplete forms during the period reviewed. Finally, money order balances were overstated by \$165,166 due to money orders not escheated as appropriate; however, this amount is a very small percentage of the total money orders outstanding.²

¹ This is the monthly process of recording money orders outstanding for more than 2 years as miscellaneous revenue and removing them from the Outstanding Money Order Liability Account in the subsidiary ledger.

² Outstanding money orders were valued at \$749,762,604 as of April 30, 2009, when we performed our analysis.

Controls Over Issuance of Money Order Replacement Checks

The Postal Service issued money order replacement checks even though Postal Service (PS) Forms 6401, Money Order Inquiry,³ were not properly completed. This occurred because retail associates did not ensure the forms were completed as required. 

When incomplete money order inquiries continue with further processing even though the forms are not properly completed, the risk of issuing an improper money order replacement check increases. We project the Postal Service issued \$367,550 in money order replacement checks that were supported by incomplete PS Forms 6401 during the period reviewed. See [Appendix B](#) for our detailed analysis of this topic.

We recommend the manager, Field and International Accounting:

1. Coordinate with St. Louis Accounting Service Center personnel to reconcile the differences between Postal Service policy and Money Order Inquiry System programming and revise the policy for completing Postal Service Form 6401, Money Order Inquiry, accordingly.

We recommend the vice president, Retail Products and Services:

2. Communicate to appropriate field personnel the updated policy for completing Postal Service Form 6401, Money Order Inquiry.

We recommend the manager, St. Louis Accounting Service Center:

3. Initiate a system change request for system edit(s) as necessary based on policy updates.

³ Form used by customers, banks, and the Postal Service to obtain a copy of a cashed money order or receive a refund.

Management's Comments

Management generally agreed with the findings and recommendations and stated they submitted a software change request (SCR) for the Point-of-Service (POS) System that will send an electronic version of PS Form 6401, capturing an image file representing the customer's signature. In addition, they agreed to communicate the nature and impact of this system change immediately after implementation. Further, they will continue to initiate SCRs when they issue policy changes or updates that impact the MOIS to ensure alignment between policy and operations. Management expects to implement the SCR by the end of Quarter 1, FY 2011.

Subsequent to issuance of written comments, management advised that, in addition to actions already identified, they intend to revise policy for PS Form 6401 processes and requirements and communicate changes via the *Postal Bulletin*. They expect to complete these actions by Quarter 3, FY 2010. See [Appendix D](#) for management's comments in their entirety.

Reconciliation of Outstanding Money Order Liability Account

The St. Louis ASC has not been able to fully reconcile the Outstanding Money Order Liability Account.⁴ Specifically, we identified a difference of over \$1.1 million between the ASC General Accounting Branch (GAB) and U.S. Postal Service Office of Inspector General (OIG) manual calculation⁵ used to reconcile the account. This occurred because the ASC GAB did not include all available information in developing their calculation. The Postal Service recognized a system update is necessary to remove the need for the calculation used in reconciling the account. As a result, until the account is fully reconciled, the Postal Service has an increased risk that the account may be misstated. See [Appendix B](#) for our detailed analysis of this topic.

We recommend the manager, St. Louis Accounting Service Center:

4. Implement the system change request upon approval to eliminate the need for the manual calculation (Account Identifier Code 641 reconciling item).
5. Until implementation of the system change request, continue to research and resolve the remaining unreconciled difference in the Outstanding Money Order Liability Account.

Management's Comments

Management agreed with the recommendations and in October 2009 submitted a SCR to address the issue, which was forwarded to POS Program Office personnel for

⁴ General Ledger Account 21111.

⁵ This calculation, or reconciling item, is called the Account Identifier Code (AIC) 641 adjustment.

evaluation and implementation when funds are available. Management expects the funds to be available by September 30, 2011. Until implementation of the SCR, the GAB will continue to review completed Outstanding Money Order Liability Account reconciliations to ensure accuracy and completeness and monitor the daily processes that support the account. These processes have been in place since September 2009. GAB personnel will also continue their effort to identify causes for unidentified differences.

Money Orders Escheatment

Money orders outstanding after 2 years from the issuance date were not always escheated when required.⁶ Postal Service personnel could not determine why money orders were not escheated appropriately because they did not have the capability to review the money order detail necessary to detect them. As a result, the money order subsidiary ledger is overstated by \$165,166. See [Appendix B](#) for our detailed analysis of this topic.

We recommend the manager, St. Louis Accounting Service Center:

6. Use the newly acquired data analytics tool to review detailed money order data at least annually to ensure money orders are properly escheated.
7. Escheat those money orders identified in our audit that are still outstanding after 2 years and meet applicable business rules.

Management's Comments

Management agrees with the finding and recommendations. Management plans to provide training on the use of the data analytics tool that employees will use to assist in analyzing money order data and to ensure on an annual basis that money orders are properly escheated. Management is also working with information technology personnel to implement a mechanical solution to ensure employees properly escheat outstanding money orders. Initially, the target date for implementing this mechanical solution was January 31, 2010; however, based on subsequent discussions the target date was revised to February 28, 2010.

Evaluation of Management's Comments

The OIG considers management's comments responsive to all the recommendations in the report, and management's corrective actions should resolve the issue identified in the report.

⁶ These money order issue dates ranged from FYs 1979 to 2001.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Lorie Nelson, director, Financial Reporting, or me at 703-248-2100.



John E. Cihota
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Attachments

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APPENDIX A: ADDITIONAL INFORMATION

BACKGROUND

The St. Louis ASC GAB has primary responsibility for accounting for money orders. Because of the high volume of many relatively small transactions, the Postal Service relies on system support⁷ to account for money orders issued and redeemed and support the Money Order Database (MODB) and the MOIS. Once a money order is sold, cashed, or spoiled,⁸ a record of that money order is reflected in the MODB. The MODB is also the repository for the total money order liability subsidiary ledger used to reconcile the Outstanding Money Order Liability Account.⁹ The MOIS is a web-based system built to capture, process, and verify the status of PS Forms 6401. The system captures information about the money order inquiry request to cause ultimately other systems to generate a repayment, a copy of the cashed money order image, or an explanatory letter to the customer.

Money Order Inquiry Process: The MOIS is used to process PS Forms 6401 submitted by customers. When a customer submits a form, the retail associate reviews it for completeness, collects a fee (if applicable), verifies the identity of the customer whose signature is on the form, and documents verification on that form. The customer must present the original detached money order customer receipt before completing the form, and the retail associate must sign the form verifying the receipt was presented. The retail associate then mails the forms to the Scanning and Imaging Center (SIC)¹⁰ for processing. The SIC electronically forwards the scanned inquiries to the St. Louis Integrated Business Systems Service Center (IBSSC) where personnel execute a program that inspects the images and rejects forms that do not pass certain edits. The program then electronically forwards rejected forms to the St. Louis ASC GAB for correction before check issuance can occur.

St. Louis ASC GAB personnel reconcile accounts monthly. Specifically for the Outstanding Money Order Liability Account, reconciliation involves comparing the Outstanding Money Order Liability Account data from the general ledger¹¹ to the same data in the money order subsidiary ledger.¹² St. Louis ASC GAB personnel perform the account reconciliation and document it on a PS Form 3131, Standard Reconciliation of Accounts. The GAB forwards the form to the GAB supervisor and system accountant who sign off on the document after reviewing it and any supporting documentation for

⁷ System support includes both technical personnel and systems.

⁸ A money order that has been marked voided by a postal retail associate or reporting technology that renders a money order of no value or utility.

⁹ General Ledger Account 21111.

¹⁰ The SIC, operated by Data Dimensions Corporation in Sheldon, IA, receives hard copy forms and documents from field offices and converts them to electronic format. They then transmit them electronically to Accounting Services for processing

¹¹ General ledger information is extracted from the Accounting Data Mart (ADM).

¹² Subsidiary ledger information is extracted from the MODB.

accuracy and completeness. St. Louis ASC accounting staff must review all completed reconciliations and take action to alleviate problems such as unreconciled differences.

Generally, the Postal Service accounts for any issued money order that remains uncashed and is not lost, stolen, or destroyed and its replacement has not been cashed. It will be accounted for as an outstanding money order liability in the subsidiary ledger. If a money order has not been cashed after 2 years from the date of issuance and meets certain other criteria, it will be taken into revenue and removed from the Outstanding Money Order Liability Account in the subsidiary ledger. This process, known as escheatment,¹³ occurs every month.

OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of this portion of the audit was to determine whether controls over money order replacement checks, account reconciliations, and escheatment were adequate.

To accomplish our objective, we traced replacement check issued data to original scanned copies of PS Forms 6401. We used a random sample of 462 PS Forms 6401. The universe consisted of 78,606 transactions for all replacement checks issued from October 1, 2008, through May 31, 2009, valued at \$20,338,178. See [Appendix C](#) for our statistical sampling and projection of money order replacement checks. In addition, we traced information from all money order account reconciliations prepared for May 2009 to supporting schedules. Further, we obtained and analyzed detailed data on money orders in the MODB as of April 30, 2009, against Postal Service escheatment criteria. We also interviewed personnel from the St. Louis ASC, the St. Louis IBSSC, and the Finance Business System Portfolio Office.

We conducted this audit from August 2009 through February 2010 in accordance with generally accepted government auditing standards and included such tests of internal controls as were 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 findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusion based on our audit objective. We discussed our observations and conclusions with management officials on October 29, 2009, and included their comments where appropriate.

We used computer-generated data from MODB, MOIS, and ADM. We performed specific internal control and transaction tests on these applications to include tracing selected information from the MOIS Refund Summary Report to scanned PS Forms 6401. We relied on the data in these applications to develop our findings.

¹³ St. Louis Money Order Branch Workflow Process Narratives, *3610 Money Order Escheatment Process*, dated February 23, 2007.

PRIOR AUDIT COVERAGE

In FY 2008, we reported the Postal Service did not always require non-POS sites to use the timeliest and most complete information available when identifying missing, lost, or stolen money orders.¹⁴ Management did not agree with this finding. The intent of our recommendation was to strengthen controls for non-POS sites by requiring use of the most current missing, lost, or stolen money order information available. Because the total value of cashed missing, lost, or stolen money orders is not significant, we did not continue to pursue this issue at that time but will continue to monitor it as part of our annual financial statement audit work.

¹⁴ *Fiscal Year 2008 Postal Service Financial Statements Audit – St. Louis Information Technology and Accounting Service Center* (Report Number FT-AR-09-009, dated February 23, 2009).

APPENDIX B: DETAILED ANALYSIS

Based on our review of money order processes at the St. Louis ASC, we found controls over replacement checks, account reconciliations, and escheatment needed improvement.

Controls Over Issuance of Money Order Replacement Checks

We determined replacement checks were issued even though PS Forms 6401 were not properly completed. We found 20 forms out of 462 reviewed (valued at \$4,499) had missing information in required data fields. Specifically:

- Seven forms were missing Postal Service retail associate signatures, which the Postal Service considers a key control¹⁵ for financial reporting purposes.¹⁶
- Three forms were missing customer signatures.
- Five forms were missing customer identification verification.
- Five forms were missing finance numbers.¹⁷

Postal Service policy¹⁸ requires the retail associate to ensure the data fields noted are completed. We could not determine why the forms were not completed by the retail associates. However, according to St. Louis ASC GAB personnel, when a PS Form 6401 is scanned and updated in the MOIS, the MOIS contains edit checks that reject¹⁹ forms when a defined error²⁰ exists in certain fields. St. Louis ASC GAB personnel review these rejects and correct or acknowledge them.²¹

Regarding the forms we identified with missing retail associates' signatures, replacement checks were issued even though MOIS identified an error in that field. Currently, the MOIS is not programmed to detect the other error types identified. Although these other errors are not key controls, operationally these do provide a benefit to this process and are required by Postal Service policy. We are not aware of other compensating or mitigating controls to reject and correct these incomplete forms.

According to St. Louis ASC personnel, several years ago, to improve customer service, management programmed system changes so the MOIS no longer rejected PS Forms 6401 missing the retail associate's signature. Currently the system is operating as

¹⁵ A key control is one that is essential to providing a level of assurance that process objectives are being achieved.

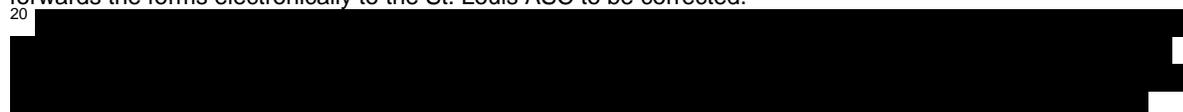
¹⁶ In this case, the signature provides assurance that the customer is in possession of a valid voucher receipt.

¹⁷ These forms were for bank inquiries.

¹⁸ Handbook F-101, Section 10-3.

¹⁹ When certain required data is missing from the money order inquiry forms, the MOIS stops processing and forwards the forms electronically to the St. Louis ASC to be corrected.

²⁰



²¹ Rejects that could not be immediately corrected by the technician are set aside for further research.

intended. However, Postal Service policy²² does not reflect these changes and needs to be updated.

When incomplete money order inquiries continue with further processing even though the forms are not properly completed, the risk of issuing an improper money order replacement check increases. We project the Postal Service issued \$367,550 in money order replacement checks that were supported by incomplete PS Forms 6401 during the period reviewed. See [Appendix C](#) for our statistical sampling and projections of money order replacement checks. We consider the \$367,550 as monetary impact, unrecoverable unsupported questioned cost.²³

Reconciliation of the Outstanding Money Order Liability Account

The St. Louis ASC has not been able to fully reconcile the Outstanding Money Order Liability Account.²⁴ In an attempt to reconcile the account, the St. Louis ASC GAB incorporated a manual AIC 641 reconciling item.²⁵ However, GAB personnel calculated the reconciling item at \$4,349,038,²⁶ and we calculated this same reconciling item at \$3,223,456.²⁷ The difference of \$1.1 million was due to the fact that the ASC GAB did not include the most up-to-date money order information for prior months activity when performing the calculation. ASC GAB personnel acknowledged the item is only an estimate and may range between the two amounts calculated.

Postal Service policy²⁸ requires this account to be reconciled monthly so all differences between the general ledger and the subsidiary ledger are identified and quantified. The Postal Service considers account reconciliations to be a key control.²⁹ The risk of a material misstatement is increased when reconciling items are not resolved timely.

During our audit, St. Louis ASC GAB personnel recognized the issues surrounding the reconciling item and submitted a system change request (SCR) in September 2009 to timely update the subsidiary ledger and eliminate the need for the manual reconciling item. However, implementation of the SCR will not address the remaining unreconciled difference. The St. Louis ASC GAB personnel have continued to research other

²² Management is aware that reconciling items occur and require time and resources to resolve. Therefore, they revised the reconciliation format for general ledger account 21111. This account has not been fully reconciled since at least FY 2007.

²³ Unrecoverable unsupported questioned costs are unrecoverable costs that are unnecessary, unreasonable, or an alleged violation of law or regulation. These costs are also not supported by adequate documentation.

²⁴ General Ledger Account 21111. As of August 31, 2009, the balance in this account was \$688,536,812.

²⁵ This item, called the AIC 641 adjustment, incorporates money order replacement costs into the subsidiary ledger. Currently, these items are reflected in the general ledger but not in the subsidiary ledger at the time the transaction occurs.

²⁶ Listed as a reconciling item on the May 2009 reconciliation form.

²⁷ As reflected on the *No Fee Summary Report* from MOIS as of May 31, 2009, updated July 29, 2009.

²⁸ Handbook F-20A, *Accounting Service Center Accounting Guidelines*, Chapter 6, dated May 1999, as revised through October 2001; and Handbook F-20, *General Ledger Accounting and Financial Reporting System*, Chapter 9, dated December 2004.

²⁹ The account reconciliation is considered a key control because it provides assurance that the account balance presented is accurate.

elements of the money order process and have identified other reconciling items, which should continue to reduce the unreconciled difference. Until the account is fully reconciled, the Postal Service has an increased risk that the account may be misstated.

Money Orders Escheatment

The Postal Service did not always escheat money orders that are outstanding more than 2 years from issuance date. Specifically, we identified 1,357 money orders, valued at \$165,166, outstanding more than 2 years from issuance date that are still reflected in the Outstanding Money Order Liability Account in the money order subsidiary ledger.³⁰ These money order issue dates ranged from FYs 1979 to 2001.

Postal Service procedures require uncashed money orders to be escheated if specific business rules are met. Business rules, including the 2-year escheatment criteria, are programmed into the MODB and not formally documented in policy or procedures.³¹

St. Louis ASC GAB personnel could not have detected these money orders because they did not have the capability to review the money order detail by serial number. As a result, the money order subsidiary ledger is overstated by \$165,166. We consider the \$165,166 in money orders not escheated as monetary impact, in the category of recoverable revenue loss.³²

The St. Louis ASC manager advised that they have purchased a data analytics tool so money order detail can be reviewed and monitored once proficiency in the use of the tool has been developed.

³⁰ This represents a very small percentage out of the outstanding money orders, valued at \$749,762,604, as of April 30, 2009, when we performed our analysis.

³¹ The GAB provided the business rules they used to process money orders. Although formal policies or procedures that cover these specific business rules do not exist, we did identify the following: St. Louis Money Order Branch Workflow Process Narrative, *3610 Money Order Escheatment*, dated February 23, 2007, shows that uncashed money orders must be escheated after 2 years, and Handbook F-1, *Accounting and Reporting Policy*, Chapter 4-5.2, dated July 2009, briefly describes the escheatment process.

³² We did not provide the calculation of monetary impact in this report because it was too voluminous. However, we provided details of each individual money order comprising the total \$165,166 to ASC management.

APPENDIX C: STATISTICAL SAMPLING FOR MONEY ORDER REPLACEMENT CHECKS AND PROJECTED MONETARY IMPACT

The objective of this portion of the audit was to test the operating effectiveness of controls over money order replacement checks to determine whether those controls are operating as designed. We accomplished this objective by tracing replacement check issued data to original and scanned copies of PS Forms 6401 in the MOIS to ensure that the forms were accurately completed in accordance with Postal Service policy.

Statistically, we had two objectives: (1) to project the proportion of money orders in the audit universe for which the PS Forms 6401 were not accurately completed (attribute sampling), and (2) to project the dollar amount associated with the money orders in the audit universe for which the PS Forms 6401 were not accurately completed (variable sampling).

Definition of the Audit Universe (Population)

The audit universe consisted of 78,606 replacement checks issued from October 1, 2008, through May 31, 2009. We obtained the universe information from the MOIS Refund Summary Report.

Sample Design and Modifications

The audit universe of 78,606 replacement checks was organized on 2,306 pages. Therefore, we decided to employ a two-stage random sample design. We chose the pages as the primary sampling units (or clusters) and the replacement checks as the secondary units in our two-stage design. We determined a typical page contained 41 entries. We decided to sample each entry on each randomly selected page and base the sample size on the variable sampling objective (2). Initially, it was unknown how many pages we would need to sample in order to achieve +/-20 percent relative precision at the 95 percent confidence level. Our strategy was to begin sampling with the first randomly selected cluster (page) and proceed with subsequent randomly selected pages until the required precision was achieved. Ultimately, the sample size was limited by the audit resources available. The final sample size was 13 clusters (pages) and a total of 462 money orders.

We made all selections for inclusion in the sample using the "Random Number" generator function in the Analysis ToolPak add-in in Excel.

Statistical Projections of the Sample Data

For the attribute sampling portion, the point estimate was 3.98 percent (3,132 MOs), with a lower bound of 2.30 percent (1,810 MOs) and an upper bound of 5.67 percent (4,454 MOs) at the 95 percent confidence level. Therefore, we are 95 percent confident

the proportion of money orders in the audit universe for which the PS Forms 6401 were not accurately completed is between 2.30 percent and 5.67 percent.

For the variable portion, the point estimate was \$704,619. However, the sampling precision achieved was greater than our reporting standard of +/-20 percent relative precision at the 95 percent confidence level. Therefore, as a conservative estimate, we will report, as monetary impact, the lower bound of a 90 percent two-sided confidence interval because we can be 95 percent confident the true population parameter is at least as great as it.

Therefore, we are 95 percent confident the dollar amount associated with money orders in the audit universe for which the PS Forms 6401 were not accurately completed is at least as great as \$367,550. We will report \$367,550 as unsupported unrecoverable questioned costs.

Finding	Impact Category	Amount
Controls Over Issuance of Money Order Replacement Checks	Unsupported Unrecoverable Questioned Costs	\$367,550

APPENDIX D. MANAGEMENT'S COMMENTS

Date 1/11/10

To: Lucine M. Willis, Director, Audit Operations

SUBJECT: Transmittal of Draft Audit Report – Controls Over Money Orders (Report Number FT-AR-10-DRAFT)

Attached please find our management response to each of the recommendations sited in the above subject audit issued on December 16. Management agrees with the recommendation for Field and International Accounting.

This report and management's response do not contain information that may be exempt from disclosure under the FOIA.

If you have any questions, please call Jack Meyer at (202) 268-5227.



Jack L. Meyer
Manager, Field and International Accounting

cc: Stephen J. Nickerson
Vincent H. DeVito, Jr.
Edward L. Brown
Sally K. Haring
Tim C. Healy
Jo Ann Mitchell
Jean D. Parris

Recommendation 1:

We recommend the manager, Field and International Accounting:

Coordinate with St. Louis Accounting Service Center personnel to reconcile the difference between Postal Service policy and Money Order Inquiry System programming and revise the policy for completing Postal Service Form 6401, Money Order Inquiry, accordingly.

Response:

Management agrees with the finding and concurs that the policy does not coincide with the money order inquiry system functionality. To remediate the finding, CR 772 for system change to POS was submitted to the POS Program Office on October 16, 2009. This system change will send an electronic version of PS Form 6401, capturing an image file representing the customer's signature. The data will be transmitted and stored in the money order database. This will eliminate the manual process of reconciling the AIC 641 to the 6401s that currently are processed through SIC (Scanning and Image Center).

Subject to funding and additional management approval, the POS change will be implemented by the end of QTR 1, FY 2011.

Field and International Accounting neither agrees nor disagree with the identified \$367,550 unsupported unrecoverable questioned costs.

Recommendation 2:

We recommend the vice president, Retail Products and Services:

Communicate to appropriate field personnel the updated policy for completing Postal Service Form 6401, Money Order Inquiry.

Response:

Management agrees with the finding but believes that the communication should come from the policy owner which in this case is Field and International Accounting. Field and International Accounting will communicate the nature and impact of system change immediately after implementation.

Date: January 8, 2010

To: Lucine M. Willis, Director, Audit Operations

SUBJECT: Transmittal of Draft Audit Report – Controls Over Money Orders
(Report Number FT-AR-10-DRAFT)

Below is the St. Louis Accounting Service Center (St. Louis ASC) management response to each of the recommendations sited in the above subject audit issued on December 16, 2009. Management agrees with the recommendations for St. Louis Accounting Service – General Accounting Branch (GAB).

This report and management's response do not contain information that may be exempt from disclosure under the FOIA.

Response to the Recommendations

We recommend the Manager, St. Louis Accounting Service Center:

3. Initiate a system change request for system edit(s) as necessary based on policy updates.

***Response:** St. Louis ASC will continue to initiate system change requests and submit to our IT partners for implementation whenever HQ Finance issues policy changes or updates that impacts the Money Order Issue System (MOIS) to ensure policy and operations are in alignment.*

4. Implement the system change request upon approval to eliminate the need for the manual calculation (Account Identifier Code 641 reconciling item).

***Response:** We submitted an SCR to HQ Accounting Policy in October 2009 that will address this issue; our recommendation has been forwarded to the POS program Office for evaluation and implementation when funds are available (anticipated in FY11).*

5. Until implementation of the system change request, continue to research and resolve the remaining unreconciled difference in the Outstanding Money Order Liability Account.

Response: Since September 2009, we have conducted reviews of the account reconciliation for Money Order Liability account 21111 prepared by the Staff Accountants against supporting documentation for accuracy and completeness and monitors the daily processes that support the account. General Accounting Branch management approves the reconciliation as evidenced by signature on the PS Form 3131, Reconciliation of Account. Any unreconciled differences are captured on a 12 month rolling schedule to monitor unreconciled differences, and the General Accounting Manager documents conclusions on any such balances. We will continue efforts to identify other causes for unidentified differences.

6. Use the newly acquired data analytics tool to review detailed money order data at least annually to ensure money orders are properly escheated.

Response: The ASC will provide training to the staff on how to use this new tool (i.e., ACL) to assist in the analysis of money order data and this knowledge will be used to ensure money orders are properly escheated at least annually.

7. Escheat those money orders identified in our audit that are still outstanding after 2 years and meet applicable business rules.

Response: The ASC is working with our IT partners to implement a mechanical solution to escheat these outstanding money orders with a target date of January 31, 2010.

Finally, St Louis ASC neither agrees nor disagrees with the identified unsupported unrecoverable questioned costs in your report.



Edward L. Brown,
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cc: Vincent H. DeVito, Jr.
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Sally K. Haring
Jean D. Parris
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