



BACKGROUND:

The U.S. Postal Service uses postage meters to print evidence that postage required for mailing has been paid. These include customer, contract postal unit (CPU), and Post Office meters. Unlike customer meters that require sufficient funds to be deposited before postage is added, CPU and Post Office meters are not prefunded. Also, payment is made and revenue is recorded only when postage is used. Therefore, the integrity of reported revenue depends on strong controls over processing CPU and Post Office meter activity.

The Postal Service uses a meter tracking system to compare reported revenue to meter usage records. The Eagan, MN, Accounting Reconciliation Branch is responsible for monitoring and correcting any variances (or differences) to ensure revenue is accurately reported. CPU and Post Office meter revenue for fiscal year 2011 was about \$179 million.

Our objective was to evaluate Postal Service controls over CPU and Post Office meters.

WHAT THE OIG FOUND:

Controls over CPU and Post Office meters needed improvement. Specifically, since June 2011, staff did not monitor CPU and Post Office meter variances because documented

procedures did not exist for variance monitoring and correction. We reviewed variances from October 2003 through March 2012 and found 867 meters with usage exceeding reported revenue totaling about \$5.6 million. We referred three unexplained variances totaling \$368,701 to the U.S. Postal Service Office of Inspector General's Office of Investigations.

Further, the meter tracking system reported previously resolved variances, so management would need to spend time manually identifying previously corrected variances. We also did not find any issues with field processes that would cause significant meter variances.

During the audit, management developed, documented, and implemented a process to monitor and correct CPU and Post Office meter variances. Management also implemented a system change to identify and remove corrected variances from the variance report.

WHAT THE OIG RECOMMENDED:

Management took corrective actions during our audit to address the issues identified in this report; therefore, we are not making any recommendations at this time but will monitor corrective actions.