



## **HIGHLIGHTS**

March 22, 2012

### **Cancelled Postage Statements – St. Paul, MN Business Mail Entry Unit**

Report Number EN-MA-12-001

#### **IMPACT ON:**

Proper processing of business mail postage statements impacts U.S. Postal Service revenue.

#### **WHY THE OIG DID THE AUDIT:**

Our objective was to determine whether postage statements were properly processed at the St. Paul, MN Business Mail Entry Unit (BMEU).

#### **WHAT THE OIG FOUND:**

Unit management did not follow required procedures for processing postage statements at the St. Paul BMEU. Specifically, unit personnel were instructed to cancel postage statements that could not be finalized before local end-of-day (EOD) closeout time. We consider \$5.7 million related to these statements to be revenue at risk. In addition, management did not have a reconciliation process in place to monitor and ensure all statements were re-entered. The Postal Service has an increased risk of revenue loss due to postage statements not being properly processed.

The Business Mail and Payment Technologies group initiated corrective action by issuing guidance in the December 22, 2011 *Business Mail Acceptance Newsletter*. The guidance instructed unit personnel not to cancel postage statements simply because the unit would be unable to finalize the

statement and release the mail before local EOD closeout time.

#### **WHAT THE OIG RECOMMENDED:**

We recommended management develop and implement a process to periodically monitor cancelled postage statements to ensure cancellations are appropriate and in accordance with Postal Service policy.

#### **WHAT MANAGEMENT SAID:**

Management agreed with the finding and recommendation. Management is no longer cancelling postage statements prior to EOD reconciliation. In addition, the business mail entry supervisor for the Northland District will review late postage statement reporting and EOD reconciliation on a daily basis to ensure compliance. Lastly, management will conduct a process review by March 30, 2012, to ensure the monitoring process is still in place and supports compliance with Sarbanes-Oxley controls.

#### **AUDITORS' COMMENTS:**

Management's comments are responsive to the recommendation and corrective actions should resolve the issue identified in the report.

[Link to review the entire report](#)