



AUDIT REPORT

Meter Revenue Refunds - Southgate, MI, Post Office

November 21, 2019

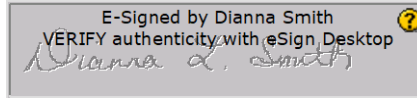


Report Number 19-046-R20



November 21, 2019

MEMORANDUM FOR: KARLETT GILBERT
MANAGER, DETROIT DISTRICT



for

FROM: Michelle Lindquist
Director, Financial Controls

SUBJECT: Audit Report – Meter Revenue Refunds –
Southgate, MI, Post Office (Report Number 19-046-R20)

This report presents the results of our audit of the Meter Revenue Refunds – Southgate, MI, Post Office.

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

Attachment

cc: Postmaster General
Corporate Audit and Response Management

Background

This report presents the results of our self-initiated audit of Meter Revenue Refunds - Southgate, MI, Post Office (Project Number 19-046). The Southgate, MI, Post Office is in the Detroit District of the Great Lakes Area. This audit was designed to provide U.S. Postal Service management with timely information on potential financial control risks at Postal Service locations.

Employees use Account Identifier Code (AIC)¹ 526, *Refund Spoiled/Unused Customer Meter Stamps*, to record refunds of spoiled/unused postage meter stamps from customer postage meters. The U.S. Postal Service Office of Inspector General's (OIG) data analytics identified the Southgate, MI, Post Office with \$125,012, or a 324 percent increase, in refunds from April 1 through August 31, 2019, compared to April 1 to August 31, 2018. The spoiled and unused customer meter stamp refunds for the Southgate Post Office were 61 percent of the overall amount of refunds in the Detroit District for the same timeframe. This percentage ranked the highest in the Detroit District.

Objective, Scope, and Methodology

The objective was to determine whether meter refunds were properly issued, supported, and processed at the Southgate, MI, Post Office. To accomplish our objective, we reviewed daily financial records for all 25 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 April 1 through August 31, 2019. We also interviewed the unit management and other personnel responsible for the oversight and processing of local travel payments.

We relied on computer-generated data from the Enterprise Data Warehouse (EDW).² 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 September through November 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 findings and conclusions based on our 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 on November 8, 2019 and included their comments where appropriate.

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.

Finding #1: Meter Revenue Refund Documentation

Meter refunds were properly issued and supported; however, they were not always properly processed. Of the 25 transactions reviewed, unit personnel did not ensure that the application section of PS Form 3533 was properly completed for 15 transactions. The forms were missing key information such as the customer account number for 11 transactions and the date for four transactions.

Postal Service policy requires sales and service associates to ensure they properly complete the application section of PS Form 3533.³ Unit management stated that this was a repeat customer; therefore, they did not ensure that this section was complete. The Postage Affixed on BRM or Meter Stamps section of PS Form 3533 noted the customer's postage meter number was documented; therefore, we are not making any recommendations on this issue.

Management's Comments

Management agreed with the finding. On November 12, 2019, management retrained all Southgate employees, including clerks, supervisors, and the postmaster, on the proper completion of PS Form 3533.

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. The actions resolved the issues identified in the report.

³ Handbook F-101, *Field Accounting Procedures* (draft), Section 21-1 May 2017.

Appendix A. Management's Comments



November 13, 2019

LAZERICK POLAND
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Management Response to OIG Audit of Meter Revenue Refunds -
Southgate, MI, Main Post Office [DR 19-046]

Management agrees with the single finding from the OIG audit of the Meter Revenue Refunds - Southgate, MI, Main Post Office (Project Number 19-046, dated November 8, 2019).

Finding #1: Meter Revenue Refund Documentation

The OIG found meter refunds were properly issued and supported; however, they were not always properly processed. Of the 25 transactions reviewed, unit personnel did not ensure that the application section of PS Form 3533 were properly completed for 15 transactions. The forms were missing key information such as the customer account number for 11 transactions and the date for four transactions.

Management Response/Action Plan:

Management agrees with the finding. Effective November 12, 2019, Management implemented the corrective action of retraining all Southgate employees – clerks, supervisors, and postmaster - on the proper completion of PS Form 3533.

A handwritten signature in black ink, appearing to read "Karlett Gilbert".

Karlett Gilbert
District Manager
Detroit District
United States Postal Service

cc: [REDACTED] Auditing Response Analyst, USPS Headquarters
Erica Brix, Area Vice President, Great Lakes Area
Aaron Lawson, Area Controller (A), Great Lakes Area
[REDACTED] Area Accounting Manager, Great Lakes Area
[REDACTED] District Finance Manager, Detroit District
Manager, Corporate Audit Response Management