



Office of Inspector General | United States Postal Service

Audit Report

Refunds of Permit Postage and Fees – Ranson, WV Post Office

Report Number 21-149-R21 | July 20, 2021



Table of Contents

Cover

Transmittal Letter 1

Results..... 2

 Background..... 2

 Objective, Scope, and Methodology..... 2

 Finding #1: Business Reply Mail Refunds..... 3

 Recommendation #1..... 4

 Management’s Comments..... 4

 Evaluation of Management’s Comments 4

 Appendix A: Management’s Comments..... 5

Contact Information 6

Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

July 20, 2021

MEMORANDUM FOR: LEEANN THERIAULT
MANAGER, KENTUCKY-WEST VIRGINIA DISTRICT

Michelle Lindquist

FROM: Michelle Lindquist
Director, Financial Controls

SUBJECT: Audit Report – Refunds of Permit Postage and Fees –
Ranson, WV Post Office (Report Number 21-149-R21)

This report presents the results of our audit of Refunds of Permit Postage and Fees – Ranson, WV Post Office.

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

Attachment

cc: Postmaster General
Corporate Audit Response Management

Results

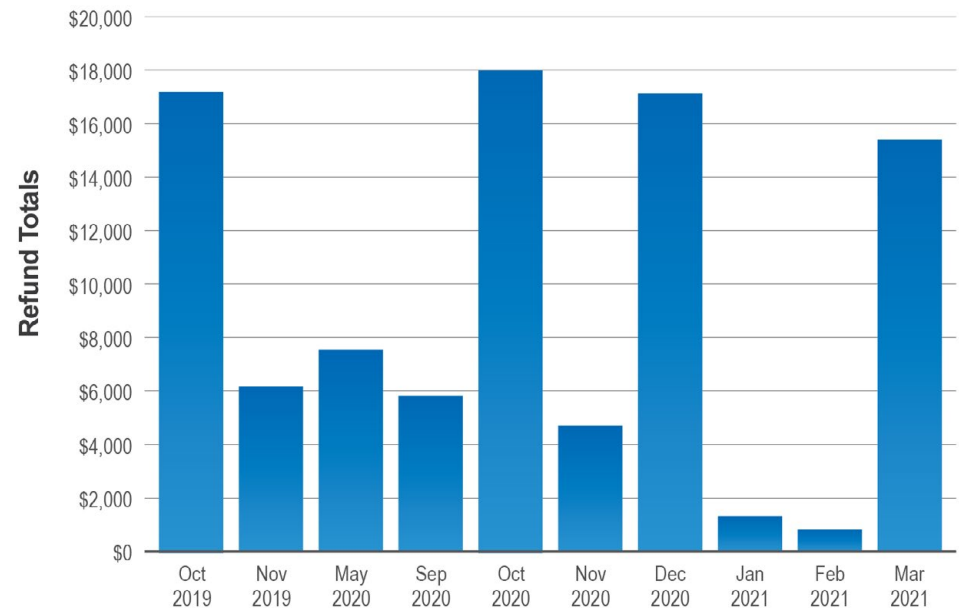
Background

This report presents the results of our self-initiated audit of the Ranson, WV, Post Office (Project Number 21-149). The Ranson Post Office is in the Kentucky-West Virginia District¹ of the Central Area. This audit was designed to provide U.S. Postal Service management with timely information on potential financial control risks at Postal Service locations.

Business Reply Mail (BRM) is a service the Postal Service provides to enable senders to provide recipients with a convenient, prepaid method for replying to a mailing. Customers request refunds when postage has been applied to the prepaid mailing. To obtain a refund, customers must submit postage affixed BRM and the required Postal Service (PS) Form 3533, Application for Refund of Fees, Products and Withdrawal of Customer Accounts. The Postal Service assesses fees to process the refunds and deducts them from the customer's refund amount.

U.S. Postal Service Office of Inspector General (OIG) data analytics identified the Ranson, WV, Post Office as having \$36,694 recorded to account identifier code (AIC)² 528, Refund Permit Postage and Fees, from October 1, 2019 to September 30, 2020. This amount represented 81 percent of the district's \$45,157 refunds for permit postage and fees for this time frame. In addition, we identified the unit had several months with little or no refund activity and four months with unusually high refund amounts (see Figure 1) for the period October 1, 2019 through March 31, 2021.

Figure 1. Monthly Refund Totals for AIC 528



Source: OIG analysis.

Objective, Scope, and Methodology

Our objective was to determine whether Ranson, WV Post Office employees properly issued, supported, and processed postage affixed BRM refunds.

To accomplish our objective, we analyzed refund data, including supporting documentation, identified at the Ranson, WV Post Office from October 1, 2019 through March 31, 2021 for BRM refunds totaling \$94,440. We reviewed all BRM refund transactions for our scope period. In addition, we observed responsible personnel to determine the process for issuing BRM refunds and interviewed Postal Service management and unit personnel.

¹ Postal Service initiated a reorganization of the Areas, Districts, Division, and Regions in August 2020. Prior to the reorganization, the Ranson, WV, Post Office was part of the Appalachian District.

² The AIC is used to classify financial transactions to the proper general ledger account. AIC 528, Refund Permit Postage and Fees, is used to record refunds related to postage affixed to a BRM envelope.

We relied on computer-generated data from the Enterprise Data Warehouse (EDW)³ system. 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 April through July 2021 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 finding and conclusion based on our audit objective. We discussed our observations and conclusions with management on July 8, 2021 and included their comments where appropriate.

Finding #1: Business Reply Mail Refunds

Refunds for postage affixed BRM were valid; however, unit personnel did not always properly support or process BRM refunds. Specifically:

No one witnessed the destruction of mailpieces submitted for refunds totaling about \$94,440 during the scope period. The postmaster and an employee signed Part 3 of PS Forms 3533; however, neither employee witnessed the destruction of BRM postage to prevent reuse or duplicate processing. Instead of destroying BRM postage after validation, unit personnel stated they put the postage affixed envelopes in a paper recycling bin which is placed outside for weekly pick up by a recycling company.

Unit management stated they were unaware of the policy and the importance of witnessing the destruction of BRM postage. Further, only one employee was responsible for BRM refund-related matters at the unit with no back-up.

Postal Service policy⁴ requires post offices to destroy customer postage on BRM or meter stamps to prevent reuse. In addition, the supervisor or manager and a witness must sign to certify that the refunded envelopes with postage affixed were destroyed. We consider the \$94,440 as assets at risk⁵ because the unit did not follow policy regarding certifying or witnessing that the destruction occurred.

PS Forms 3533 were not properly completed. We found that:

Of 32 forms, 29 (91 percent) Part 1 the AICs were not checked or were improperly marked.

Parts 4 and 5 of all 32 forms were not completed. Instead, the money order or electronic receipts were attached to the PS Form 3533. Part 4 requires explanation for the refund and Part 5 requires a payee signature or money order number and a date.

Unit personnel were unaware of proper procedures for processing PS Forms 3533 and stated it was their practice at the unit to attach the supporting documents rather than complete the entire form. We identified that unit personnel had not completed official training regarding the refund process.

Postal Service policy⁶ requires the field unit manager to review all supporting documentation for all entries in the Daily Financial Report and concur with the overall presentation of the report each day. Part of this review is to ensure that all PS Forms 3533 are completed properly and include the appropriate signatures.

³ A repository intended for all data and the central source for information on retail, financial, and operational performance. Mission-critical information comes to EDW from transactions that occur across the mail delivery system, points-of-sale, and other sources.

⁴ Handbook F-101, *Field Accounting Procedures*, Section 21-1, October 2020 (DRAFT).

⁵ Assets or accountable items at risk of loss because of inadequate internal controls.

⁶ Handbook F-101, Section 2-4.

If internal controls for BRM refunds are not followed, the Postal Service risks making processing errors and maintaining inaccurate and incomplete documentation relating to the daily financial activity of the unit. In addition, if BRM mail is not destroyed properly, the Postal Service is at risk of inappropriate refunds being issued or permit postage being reused.

Recommendation #1

We recommend the **Manager, Kentucky-West Virginia District**, provide training and reiterate policy for destroying and refunding business reply mail to all unit personnel at Ranson, WV Post Office who are responsible for issuing refunds.

Management's Comments

Management agreed with the finding and recommendation.

Regarding recommendation 1, management stated they will reiterate the policy for destroying and refunding BRM to all unit personnel responsible for issuing refunds at the Ranson, WV Post Office. The target implementation date is July 30, 2021.

See [Appendix A](#) for management's comments in their entirety.

Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendation in the report and corrective actions should resolve the issues identified in the report. The recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective action is completed. The recommendation should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendation can be closed.

Appendix A: Management's Comments

District Manager
Kentucky-West Virginia District



July 15, 2021

JOSEPH WOLSKI
DIRECTOR, AUDIT OPERATIONS

SUBJECT: *Refunds of Permit Postage and Fees-Ranson, WV Post Office*
Project Number 21-149

Management agrees refunds for postage affixed BRM were valid; however, unit personnel did not always properly support or process BRM refunds. No one witnessed the destruction of mail pieces for refunds totaling about \$94,440.00 during the scope period. In addition, the PS Form 3533 was not completed properly.

Recommendation

The Postmaster will provide training and reiterate the policy for destroying and refunding Business Reply Mail to all unit personnel at Ranson, WV Post Office who are responsible for issuing refunds.

Management Response/Action Plan:


Management agrees with this recommendation. The Postmaster will train all employees by July 30th, 2021.

Target Implementation Date:

July 30th, 2021

Responsible Official:

Postmaster
Ranson, West Virginia 25438

 7/15/21
Leeann Theriault, Manager
Kentucky-West Virginia District

cc: *Michelle Lindquist, Director Financial Controls*

PO Box 31000
Louisville, Kentucky 40231-1000

OFFICE OF
**INSPECTOR
GENERAL**
UNITED STATES POSTAL SERVICE

Contact us via our [Hotline](#) and [FOIA](#) forms.
Follow us on social networks.
Stay informed.

1735 North Lynn Street
Arlington, VA 22209-2020
(703) 248-2100

For media inquiries, please email
press@uspsoig.gov or call 703-248-2100