



Office of Inspector General | United States Postal Service

Audit Report

Credit for Disputed Voyager Card Transactions

Report Number FT-AR-18-007 | April 2, 2018



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Highlights

Objective

The U.S. Postal Service joined the government-wide commercial fleet card program in January 2000 under the General Services Administration SmartPay Program. U.S. Bank is the contractor for the program, and Voyager Fleet Systems, Incorporated operates as the card company. The Postal Service issues about 300,000 cards nationwide which can be used at more than 230,000 retail merchant locations in the U.S.

The Voyager card is used to pay for commercial fuel and oil, maintenance, repair, towing, shuttling, servicing, washing, and polishing of Postal Service-owned vehicles. It is accepted by most major oil companies.

U.S. Bank actively monitors Voyager card transactions to identify potential fraud based on criteria provided by the Postal Service, including: 1) gallons of fuel purchased exceeds the allowable maximum amount, 2) too many fuel purchases within a single month, or 3) duplicate transactions. Site managers reconcile high-risk transactions and dispute those that are not proper. U.S. Bank reviews the disputes, determines if a refund is necessary, and issues a credit to the Postal Service.

Our objective was to determine whether the Postal Service was properly credited for disputed Voyager card transactions.

What the OIG Found

We were not able to determine whether the Postal Service was properly credited for all disputed transactions. This occurred because the Postal Service does not have a process in place to reconcile credits from U.S. Bank to individual disputed transactions.

No one individual or group is responsible for tracking the resolution of disputes at a nationwide level. The disputes are only tracked at the field level. When disputes are resolved, U.S. Bank sends an email notification to the employee in the field who submitted the dispute. However, employees in the field do not have the information necessary to reconcile disputes to amounts credited to the Postal Service.

From January through August 2017, 10,019 Voyager card transactions worth \$1,152,177 were marked as disputed in the Fuel Asset Management System and were not reconciled to credits received from U.S. Bank.

As a result of our audit work, the Postal Service requested that U.S. Bank revise its procedures. U.S. Bank plans to discontinue providing generic adjustments and, instead, include them as chargebacks on account statements to allow the Postal Service to tie specific credits to specific original transactions. Further, U.S. Bank identified internal system files that can potentially be used for reconciling fraudulent transactions.

What the OIG Recommended

We recommended management implement a process to reconcile, at least quarterly, all disputed transactions nationwide.

Transmittal Letter

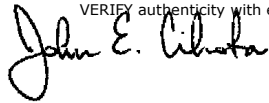


OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

April 2, 2018

MEMORANDUM FOR: MAURAA A. MCDEVITT
VICE PRESIDENT, CONTROLLER

E-Signed by John Cihota
VERIFY authenticity with e-Sign



FROM: John E. Cihota
Deputy Assistant Inspector General
for Finance and Pricing

SUBJECT: Audit Report – Credit for Disputed Voyager Card
Transactions (Report Number FT-AR-18-007)

This report presents the results of our audit of credit for disputed Voyager card transactions (Project Number 18BG001FT000).

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

Attachment

cc: Postmaster General
Corporate Audit Response Management

Results

Introduction/Objective

This report presents the results of our self-initiated audit of credit for disputed Voyager card transactions (Project Number 18BG001FT000). We conducted this audit as a follow-up to a recent Postal Service Office of Inspector General (OIG) audit.¹ As part of that audit, we reviewed internal controls over Voyager card transactions and the reconciliation process at one U.S. Postal Service retail unit. Our audit procedures were not designed to determine whether the Postal Service was properly credited for transactions that were disputed and agreed to be refunded by U.S. Bank.² The objective of this audit was to determine whether the Postal Service is properly credited for disputed Voyager card transactions. See [Appendix A](#) for additional information about this audit.

Background

In January 2000, the Postal Service joined the government-wide commercial fleet card program under the General Services Administration's (GSA) SmartPay Program. U.S. Bank is the contractor for the program, and Voyager Fleet Systems, Incorporated operates as the card company. The Voyager card is used to pay for commercial fuel and oil, maintenance, repair, towing, shuttling, servicing, washing, and polishing. It is accepted by most major oil companies.

U.S. Bank provides an electronic transaction detail file to the Postal Service, which contains fuel and maintenance purchases. These detail transactions are consolidated by the Postal Service Fuel Asset Management System (FAMS)³ into a single invoice and transmitted to the Postal Service Accounts Payable system for payment.

To ensure accurate reporting and to detect fraud, the transaction detail information in FAMS includes an exception report which flags transactions that are categorized as high-risk. Examples of high-risk transactions include gallons of fuel purchased that exceeds allowed maximum amount, too many fuel purchases within a single month, and duplicate transactions.

Voyager Card for the United States Postal Service

Account Activity Period
..... January – August 2017

Number of Cards
approx..... 300,000

Accepting Retail Merchants
over..... 230,000

Average Monthly Purchases
..... \$52.8 million

Total Purchases
..... \$422.4 million

Total High Risk Transactions/Value
approx..... **450,000/
\$31.1 million**

**Total Transactions Disputed in
FAMS/Value**
approx..... **10,000/
\$1.2 million**

Site managers are required to review reports and reconcile the high-risk exceptions once each month. If the site manager determines that a transaction is proper, the site manager marks it as reconciled; however, if the transaction is not proper, the site manager marks it as disputed in FAMS and submits the Postal Service Voyager Account Dispute Form to Voyager Fleet Services. U.S. Bank reviews the disputed transaction form and determines if a refund is necessary. When a refund is required, U.S. Bank will credit the Postal Service on the next monthly file.

The Postal Service issues about 300,000 cards⁴ nationwide which can be used at more than 230,000 retail merchant locations⁵ in the U.S. From January through August 2017, fuel and maintenance purchases average about \$52.8 million per month for a total of \$422.4 million. During this same period, about 450,000 transactions worth \$31.1 million were categorized as high-risk, and about 10,000 transactions worth almost \$1.2 million were marked as disputed in FAMS.

¹ *Internal Controls over Voyager Card Transactions and Reconciliation Process – Loch Raven Branch, Towson MD*, (Report Number FCS-FM-18-003, dated November 9, 2017).

² U.S. Bank manages the Voyager Fleet Systems credit card program for the Postal Service and actively monitors transactions to identify potentially fraudulent use of the credit cards.

³ A cost management tool for managing and controlling fuel costs that allows users to display and reconcile expenses charged to Voyager cards.

⁴ As of November 2016.

⁵ As of April 2017.

Finding #1: Reconciliation

We were not able to determine whether the Postal Service was properly credited for all disputed Voyager card transactions. This occurred because the Postal Service does not have a process in place to reconcile credits from U.S. Bank to individual disputed transactions.

No one individual or group is responsible for tracking the resolution of disputes at a nationwide level. The disputes are only tracked at the field level. When disputes are resolved, U.S. Bank sends an email notification to the employee in the field who submitted the dispute. However, employees in the field do not have access to the information necessary to reconcile the disputes to amounts credited to the Postal Service.

Reconciliations help support the entity in achieving its objectives and addressing related risks.⁶ Reconciliations, in this instance, will help ensure that the Postal Service receives credits due for transactions not made by the Postal Service. As part of our audit, we traced one transaction to a credit. This was a timeconsuming manual process that would be difficult to implement on a nationwide basis; however, we identified a reconciliation process the GSA uses for fleet card management that the Postal Service could use. The GSA's fleet card provider assigns a claim number to all disputes. The GSA Loss Prevention Team tracks the disputes by claim number using a shared online document. The fleet card provider sends the GSA an email notification when a claim is credited. The Loss Prevention Team will not close a dispute on the tracking document until they have verified the credit has posted to the GSA account using the fleet card provider's online system.

From January through August 2017, 10,019 Voyager card transactions worth \$1,152,177 were marked as disputed in FAMS and were not reconciled to credits

“We were not able to determine whether the Postal Service was properly credited for all disputed Voyager card transactions.”

received from U.S. Bank. We consider the \$1,152,177 of unreconciled disputes unsupported questioned costs.⁷

As a result of our audit work, the Postal Service requested that U.S. Bank revise its procedures. U.S. Bank plans to discontinue providing generic adjustments and, instead, include them as chargebacks on account statements. The chargeback would allow the Postal Service to tie a specific credit to a specific original transaction, with all the product details. Further, U.S. Bank identified internal system files that can potentially be used for reconciling fraudulent transactions.

Recommendation #1:

We recommend the **Vice President, Controller**, implement a process to reconcile, at least quarterly, all disputed transactions nationwide.

Management's Comments

Management agreed with the finding, recommendation, and monetary impact. Management is working with U.S. Bank to develop reporting that will allow each disputed transaction to be reconciled and is developing a process for reconciling disputed transactions. Management expects to complete these actions by September 30, 2018.

See [Appendix B](#) 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 the corrective action should resolve the issue identified in the report.

The recommendation requires OIG concurrence before closure. 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.

⁶ Government Accountability Office, *Standards for Internal Control in the Federal Government*, Section 10.10, September 2014.

⁷ Claimed because of failure to monitor credits for disputed transactions, but does not necessarily connote any real damage to Postal Service.

Appendices

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Appendix A: Additional Information

Scope and Methodology

The scope of this project includes Voyager card transactions that were disputed from January 1 through August 31, 2017. To accomplish our objective, we interviewed knowledgeable officials at the Postal Service and U.S. Bank and reviewed documentation to determine the process by which the Postal Service is credited for disputed Voyager card transactions. We also conducted a walkthrough to follow one transaction throughout the process from dispute to issuance of credit by U.S. Bank.

We conducted this performance audit from October 2017 through April 2018 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 audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We discussed our observations and conclusions with management on March 12, 2018, and included their comments where appropriate.

We assessed the reliability of FAMS data by interviewing agency officials knowledgeable about the data, tracing selected dispute documentation to system records, and reviewing the reliability testing conducted in recent audit projects. We determined that the data were sufficiently reliable for the purposes of this report.

Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date	Monetary Impact
<i>Internal Controls Over Voyager Card Transactions and Reconciliation Process – Loch Raven Branch, Towson, MD</i>	Determine whether internal controls were in place and effective over the reconciliation of Voyager card transactions for detecting and disputing potentially fraudulent activity at the Loch Raven Branch.	FCS-FM-18-003	11/09/2017	None
<i>Internal Controls Over Voyager Card Transactions and Reconciliation Process – Southeast Austin, TX, Station</i>	Determine whether internal controls were in place and effective over the reconciliation of Voyager card transactions for detecting and disputing potentially fraudulent activity at the Southeast Austin Station.	FCS-FM-18-001	11/03/2017	\$7,199

Appendix B: Management's Comments

MAURA A. MCDEVITT
VICE PRESIDENT, CONTROLLER



March 26, 2018

LORI LAU DILLARD
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Credit for Disputed Voyager Card Transactions
Report Number FT-AR-18-DRAFT

Management agrees with the OIG's findings that the U.S. Postal Service does not have a process in place to reconcile credits from U.S. Bank to individual disputed transactions. Currently the disputes are tracked at the field level. Management agrees with the OIG's monetary impact of \$1,152,177 in unreconciled amounts related to unsupported questioned costs, which represents a weaker claim and a subset of questioned costs. Unsupported questioned costs are claimed because of failure to follow policy or required procedures, but does not necessarily connote any real damage to Postal Service.

Recommendation 1:

"We recommend the Vice President, Controller, implement a process to reconcile, at least quarterly, all disputed transactions nationwide."

Management Response/Action Plan:

Management agrees with the OIG's recommendation to implement a process to reconcile all disputed transactions. Management is working with U.S. Bank to develop reporting that will allow each disputed transaction to be reconciled. The process for reconciling disputed transactions is currently being developed.

Target Implementation Date:

September 30, 2018

Responsible Official:

Cara Greene, Manager, Corporate Accounting

A handwritten signature in black ink, appearing to read "Maura A. McDevitt".

Maura A. McDevitt

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