

Sure Money – International Electronic Money Transfer Service

AUDIT REPORT

Report Number 22-167-R23 | May 12, 2023



Table of Contents

Cover

Highlights	1
Background	1
What We Did	1
What We Found	1
Recommendation	1
Transmittal Letter	2
Results	3
Introduction/Objective.....	3
Background	3
Finding #1: Sure Money Procedures and Requirements Were Followed	4
Finding #2: Sure Money Financial Performance	4
Recommendation.....	6
Management’s Comments.....	6
Evaluation of Management’s Comments.....	6
Appendices	7
Appendix A: Additional Information.....	8
Scope and Methodology	8
Prior Audit Coverage	8
Appendix B: Management’s Comments	9
Contact Information	10

Highlights

Background

The Postal Service offers outbound international money transfer services through both international paper money orders and Sure Money, an electronic money transfer service. International paper money orders are sold at all post offices and cashed in participating countries, while Sure Money transfers funds from certain post offices to 10 Latin American countries. These two services form the International Money Transfer Service (IMTS)–Outbound product. IMTS–Outbound is a competitive product, and the Postal Accountability and Enhancement Act of 2006 (PAEA) requires that revenue from each competitive product cover its attributable costs.

The Postal Service started the Sure Money Service in 1996 in alliance with a private banking institution. It allows customers to transfer up to \$1,500 per day from the United States to 10 Latin American countries, with Mexico being the most frequently used destination. The service is available at 2,800 post office locations; however, fewer than [REDACTED] post offices had any activity in recent years.

What We Did

Our objective was to assess select processes and review financial performance of the Sure Money service. We visited seven post offices to assess their compliance with Sure Money policies and field procedures, Bank Secrecy Act requirements, and mandatory training requirements. In addition, we reviewed Sure Money financial information and assessed its performance.

What We Found

We found that post office personnel followed procedures for processing Sure Money transactions. Additionally, they complied with Bank Secrecy Act requirements and completed required training. We also found that revenue from Sure Money covered its attributable costs in six of the last eight years; [REDACTED]

The Postal Service increased the price for the IMTS–Outbound product, including Sure Money, by 305 percent in July 2022. The increase was in response to a fiscal year (FY) 2021 Postal Regulatory Commission directive intended to improve cost coverage. The substantial price increase [REDACTED]

Recommendation

We recommended management reassess the pricing strategy for the Sure Money service.

Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

May 12, 2023

MEMORANDUM FOR: ELVIN MERCADO
RETAIL & POST OFFICE OPERATIONS VP

SHARON OWENS
PRICING & COSTING VP

ROBERT RAINES JR
BUSINESS SOLUTIONS VP

A handwritten signature in black ink, reading "Alan MacMullin", is positioned below the list of recipients.

FROM: Alan MacMullin
Deputy Assistant Inspector General
for Finance, Pricing & Human Capital

SUBJECT: Audit Report – Sure Money - International Electronic Money Transfer
Service (Report Number 22-167-R23)

This report presents the results of our audit of the Sure Money process and performance.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Christa Owens, 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 the Sure Money – International Electronic Money Transfer Service (Project Number 22-167). Our objective was to assess select processes and review financial performance of the Sure Money service. See [Appendix A](#) for additional information about this audit.

Background

The Postal Service offers outbound international money transfer service through both international paper money orders and Sure Money, an electronic money transfer service.¹ International paper money orders are sold at all post offices and cashed in participating countries,² while Sure Money transfers funds from certain post offices to 10 Latin American countries.³ These two services form the International

Money Transfer Service (IMTS)–Outbound product. IMTS–Outbound is a competitive product, and the Postal Accountability and Enhancement Act of 2006 (PAEA)⁴ requires that revenue from each competitive product cover its attributable costs.⁵

The Postal Service started the Sure Money service in 1996 in alliance with a private banking institution. It allows customers to transfer up to \$1,500 per day from the United States to participating countries. Mexico received about [REDACTED] percent of the money transferred in FY 2021 and FY 2022. The service is currently available at 2,800 post office locations. However, fewer than [REDACTED] post offices had any activity in recent years, and [REDACTED] as shown in Table 1.

Table 1. Sure Money Activities - FY 2019 through FY 2022

Sure Money	FY 2019	FY 2020	FY 2021	FY 2022
Transferred Amount	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Service Fees	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Number of Transactions	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Post Office With Activities	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Source: OIG analysis of data from Enterprise Data Warehouse (EDW).⁶

1 The Postal Service also offers IMTS–Inbound service where customers cash paper money orders issued by foreign postal operators. The service is available for Belize and Peru.
 2 These countries are Albania, Belize, Bolivia, Cape Verde, Dominican Republic, Ecuador, El Salvador, Guinea, Guyana, Honduras, Mali, Peru, and Sierra Leone.
 3 These countries are Argentina, Colombia, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, and Peru. Service to Argentina was suspended on October 28, 2013, and service to Peru was suspended on November 10, 2021.
 4 Public Law 109-435 *Postal Accountability and Enhancement Act (PAEA)*, dated 12/20/2006, Section 3633(a)(2).
 5 Attributable costs are direct costs that can be clearly associated with a particular mail product. It includes volume variable cost and fixed product specific cost such as Information Technology software and equipment.
 6 EDW is a data storage and reporting system.

Finding #1: Sure Money Procedures and Requirements Were Followed

We found that post office personnel followed procedures and requirements for processing Sure Money transactions. We visited seven post offices to assess their compliance with Sure Money policies and field procedures,⁷ Bank Secrecy Act (BSA) requirements,⁸ and mandatory training requirements.⁹ Specifically, we:

- Reviewed a sample of 165 Sure Money sale transactions and 11 refund transactions processed from September 1, 2021, through August 31, 2022, and verified them to supporting documents. We found that these transactions were accurate and valid and, in general, processed in accordance with policies and procedures.
- Asked retail personnel about the BSA compliance and determined they were aware of the requirements.¹⁰

- Verified training records of employees at the units and found that all employees completed the annual mandatory BSA training for FY2022.

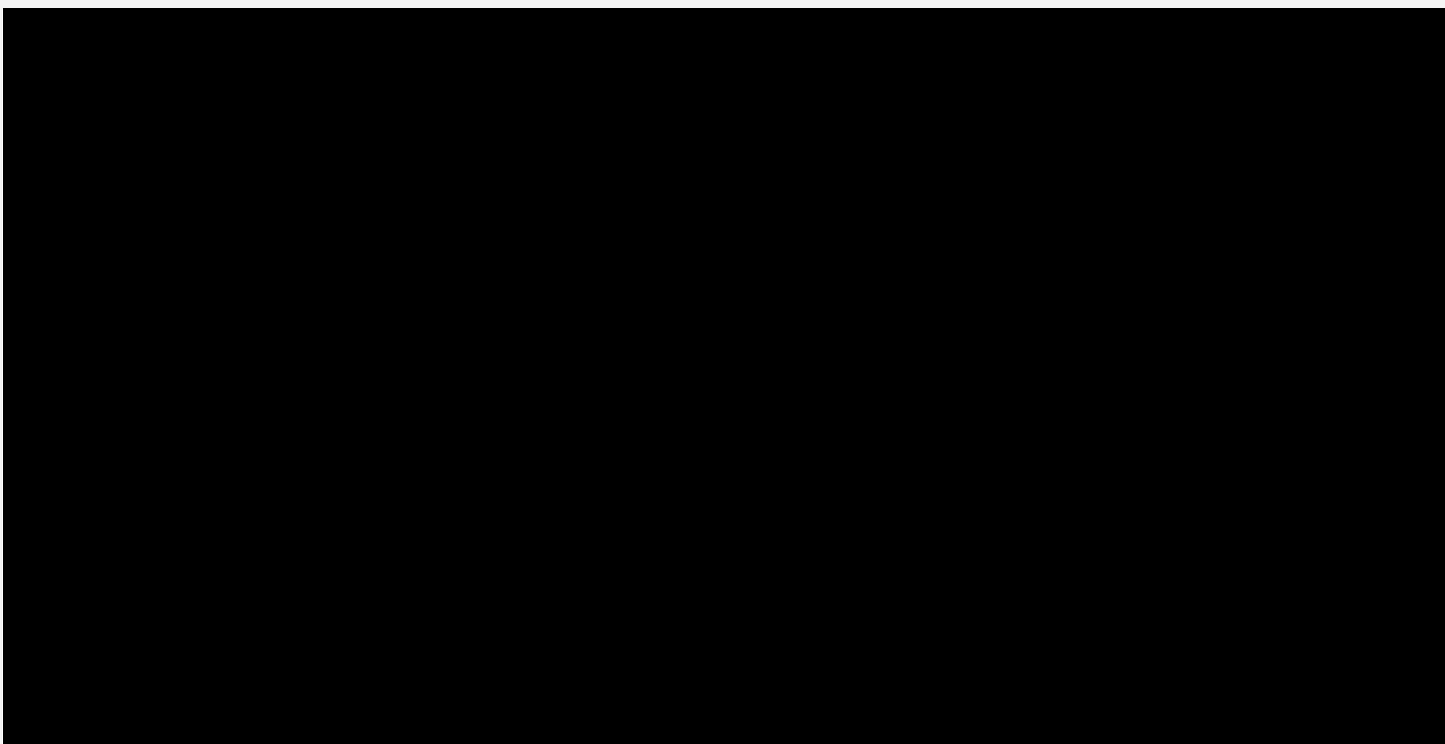
Since employees followed proper procedures for processing Sure Money transactions and adhered to the BSA and training requirements, we are not offering any recommendations.

Finding #2: Sure Money Financial Performance

We reviewed Sure Money data from FY 2015 through FY 2022 to assess financial performance. Sure Money made positive contributions¹¹ in six of the last eight years; [REDACTED] as shown in Figure 1.

The Postal Service increased the price for the IMTS–Outbound product including Sure Money fees by 305 percent in July 2022. The increased fees are higher than competitors’ for in-person transactions, as shown in Table 2.

Figure 1. Sure Money Financial Performance - FY 2015 through FY 2022



Source: Postal Service Pricing and Costing data.

⁷ Handbook F-1, *Accounting and Reporting Policy*, dated January 2015, and Handbook F-101, *Field Accounting Procedure*, updated September 2022, and Handbook F-20A, *Accounting Services System and Processing*, updated December 2009.

⁸ BSA requires field units to comply with federal anti-money laundering laws by submitting a Postal Service Form 8105-A, *Funds Transaction Report* for purchases totaling \$3,000 or more per day, and/or Postal Service Form 8105-B, *Suspicious Transaction Report*, when applicable.

⁹ Employees who sell postal financial instruments, and individuals who supervise these employees are required to complete the annual BSA/Anti-Money Laundering mandatory training.

¹⁰ No Form 8105-A or Form 8105-B were completed at the retail units; no transactions met the BSA dollar threshold or were considered suspicious activities.

¹¹ The Postal Service defines contribution as revenue minus attributable cost.

Table 2. Electronic Money Transfer Fees in 2023

Company	Transfer Limit	Fee (Transaction \$0.01 to \$750.00)	Fee (Transaction \$750.01 to \$1,500.00)
Postal Service	\$1,500	\$69.30	\$100.25
Competitor #1	\$5,000	\$11.49	\$18.99
Competitor #2	\$5,000	\$8.00	\$22.50

Source: Postal Service and competitors’ websites.

The increase was in response to an FY 2021 Postal Regulatory Commission directive¹² intended to improve cost coverage¹³ for the IMTS–Outbound product. However, we found that the substantial price increase has [REDACTED] for Sure Money. For the first four months of FY

2023 (October 1, 2022, through January 31, 2023), the Postal Service had processed [REDACTED] Sure Money transactions, a [REDACTED] percent [REDACTED] from the same period last year, as shown in Table 3, and recorded only about [REDACTED] in revenue¹⁴ from [REDACTED] in service fees.

Table 3. Sure Money Activity Comparison – FY 2022 and FY 2023

Sure Money	FY 2022 Oct 1, 2021 – Jan 31, 2022	FY 2023 Oct 1, 2022 – Jan 31, 2023	Percent Change
Transferred Amount	[REDACTED]	[REDACTED]	[REDACTED]
Service Fees	[REDACTED]	[REDACTED]	[REDACTED]
Number of Transactions	[REDACTED]	[REDACTED]	[REDACTED]
Post Offices With Activities	[REDACTED]	[REDACTED]	[REDACTED]

Source: Postal Service EDW data.

In February 2023, the Postal Service processed [REDACTED] Sure Money transactions and collected about [REDACTED] in service fees. The Postal Service incurs fixed product-specific costs of [REDACTED] or more annually for the Sure Money service regardless of its volume.

[REDACTED]

Sure Money was able to cover its attributable cost and made positive contributions to the Postal Service during six of the last eight years. However, combined with outbound paper money orders as part of the IMTS–Outbound product, it has recently reflected a total negative contribution, as shown in Table 4, and resulted in non-compliance with regulatory requirements.

¹² The Postal Service reports its costs, revenues, rates, and quality of service to the Postal Regulatory Commission through the Annual Compliance Reports. The Postal Regulatory Commission assesses those reports and provides directives to the Postal Service through the Annual Compliance Determination reports.

¹³ PAEA requires revenue for each competitive product to cover its attributable cost.

¹⁴ Sure Money revenue includes service fees collected at retail units and foreign exchange revenue. Revenue is shared between the Postal Service [REDACTED] and the partner bank [REDACTED].

Table 4. IMTS–Outbound Contribution (Positive/(Negative)) FY 2015 through FY 2022

IMTS Service	2015	2016	2017	2018	2019	2020	2021	2022
Sure Money	████	████	████	████	████	████	████	████
Paper Outbound	████	████	████	████	████	████	████	████
Total Outbound	████	████	████	████	████	████	████	████

Source: OIG Analysis of Postal Service annual data.

Management has been reviewing Sure Money revenue and volume trends but has not taken actions to improve the performance or decided on the future of the service. Unless action is taken, ██████████ putting the Sure Money product at risk of not covering its attributable costs.

Recommendation

We recommend the **Vice President, Pricing and Costing**, in coordination with the **Vice President, Business Solutions**, reassess the pricing strategy for the Sure Money service.

Management’s Comments

Management agreed with the findings and recommendation.

For recommendation 1, management stated for each competitive rate adjustment case, they review the pricing strategy for the Sure Money service as part of regular competitive price changes. They are mindful of the statutory requirement governing cost coverage of the IMTS–Outbound product (which includes both Sure Money and international paper money orders). The target implementation date is May 31, 2023.

Management also clarified that the relationship with the counter-party financial institution to provide Sure Money service is best described as an alliance, not a partnership in law. Therefore, the report was adjusted accordingly. In addition, management stated regulatory compliance is measured at the product level, which is IMTS–Outbound, and Sure Money is only a rate category within the product. Therefore, financial performance of Sure Money alone does not independently determine compliance. 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, and management’s corrective actions should resolve the issues identified in the report.

Recommendation 1 requires OIG concurrence before closure. The OIG requests written confirmation when corrective actions are completed. Recommendation 1 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.

Regarding management’s comment on regulatory compliance, Sure Money combined with outbound paper money orders as part of the IMTS–Outbound product recently reflected a total negative contribution, resulting in non-compliance with regulatory requirements as mentioned in the report.

Appendices

Appendix A: Additional Information	8
Scope and Methodology.....	8
Prior Audit Coverage.....	8
Appendix B: Management’s Comments	9

Appendix A: Additional Information

Scope and Methodology

This audit assessed select processes and reviewed financial performance of the Sure Money service from FY 2015 through April 2023. To accomplish our objective, we:

- Interviewed Postal Service management involved in the Sure Money service regarding its operations, regulations, risks, and future initiatives.
- Reviewed policies, procedures, laws, and regulations applicable to the service.
- Visited seven judgmentally selected post offices and:
 - Observed transaction processing and discussed the field procedure and controls with retail personnel.
 - Reviewed all 165 Sure Money sales transactions for 10 randomly selected dates from September 1, 2021, through August 31, 2022.
 - Reviewed all 11 refund transactions for the same period.
- Reviewed financial information, including revenue, cost, and contribution (profit/loss) from FY 2015 through FY 2023 for IMTS–Outbound.
- Reviewed the pricing methodology for the IMTS–Outbound.
- Reviewed international paper money order statistics, including sales amount and volume, from FY 2015 through February 2023.
- Reviewed settlement and reconciliation of Sure Money revenue.
- Evaluated Sure Money financial performance and compliance with regulations.

We conducted this performance audit from August 2022 through May 2023 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 April 17, 2023, and included their comments where appropriate.

We assessed the reliability of EDW data by comparing information from different reports within EDW and tracing a sample of transactions to supporting documents in the field. In addition, we reviewed the General Ledger Account numbers for duplicates, format, and numerical precision, particularly that the value of the accounts matched those presented in Postal Service provided documentation. We determined that the data were sufficiently reliable for the purposes of this report.

Prior Audit Coverage

The OIG did not identify any prior audits or reviews related to the objective of this audit within the last five years.

Appendix B: Management's Comments



Date: May 1, 2023

JOHN CIHOTA
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Sure Money – International Electronic Money Transfer Service
(Project Number 22-167)

Thank you for providing the Postal Service with an opportunity to review and comment on the findings and recommendation contained in the draft audit report, *Sure Money – International Electronic Money Transfer Service (Project Number 22-167)*.

Management has two comments regarding the report. First, the relationship with the counterparty financial institution to provide Sure Money service is best described as an alliance. It is not a partnership in law.

Secondly, regulatory compliance is measured at the product level, which in this case, is IMTS-Outbound. Sure Money is only a rate category within the product; consequently, the financial performance of Sure Money alone does not independently determine compliance.

Management agrees with the two findings on "Sure Money Procedures and Requirements Were Followed" and "Sure Money Financial Performance."

The following reflects our comments on the single recommendation:

Recommendation #1: We recommend the **Vice President, Pricing and Costing**, in coordination with the **Vice President, Business Solutions**, reassess the pricing strategy for the Sure Money service.

Management Response/Action Plan:
Management agrees with this recommendation.

For each competitive price rate adjustment case, management reviews the pricing strategy for the Sure Money service as part of regular competitive price changes. Management is further mindful of the statutory requirement governing cost coverage of the IMTS-Outbound product (which includes both Sure Money and international paper money orders).

Target Implementation Date: 05/31/2023

Responsible Official:
Vice President, Retail and Post Office Operations
Vice President, Pricing and Costing
Vice President, Business Solutions

E-SIGNED by Elvin Mercado
on 2023-05-01 14:52:16 CDT

Elvin Mercado
Vice President, Retail and Post Office Operations

E-SIGNED by Sharon.D Owens
on 2023-05-01 15:01:09 CDT

Sharon Owens
Vice President, Pricing & Costing

E-SIGNED by Robert.H Raines
on 2023-05-01 15:03:33 CDT

Robert Raines, Jr.
Vice President, Business Solutions

cc: Corporate Audit & Response Management

OFFICE OF INSPECTOR GENERAL

UNITED STATES



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@uspsig.gov
or call (703) 248-2100