



AUDIT REPORT

Meter Revenue Refunds - Coppell, TX, Main Office

November 27, 2019

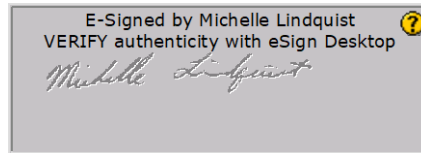


Report Number 20-069-R20



November 27, 2019

MEMORANDUM FOR: MILFORD S. HOOPER
MANAGER, DALLAS DISTRICT



FROM: Michelle Lindquist
Director, Financial Controls

SUBJECT: Audit Report – Meter Revenue Refunds – Coppell, TX, Main Office (Report Number 20-069-R20)

This report presents the results of our audit of the Meter Revenue Refunds – Coppell, TX, Main 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, at dsmith@uspsig.gov 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 - Coppell, TX, Main Office (Project Number 20-069). The Coppell Main Office is located in the Dallas District of the Southern Area. This audit was designed to provide U.S. Postal Service management with timely information on potential financial control risks at Postal Service locations.

The Postal Service retail employees may issue refunds for spoiled, unused customer meter stamps. To obtain a refund, the customer must submit the postage meter stamps impressions or other evidence requested for refund along with required Postal Service (PS) Form 3533, *Application for Refund of Fees, Products and Withdrawal of Customer Accounts*. The refunds are reported to account identification code (AIC)¹ 526, *Refund Spoiled or Unused Customer Meter Stamps*.

The U.S. Postal Service Office of Inspector General's (OIG) data analytics identified the Coppell, TX, Main Office had \$63,855 in refunds from April 1 through June 30, 2019. The spoiled or unused customer meter stamps (meter revenue refunds) for the Coppell Main Office were 59 percent of the overall amount of refunds within the Dallas District for the same timeframe. This percentage ranked the highest within the Dallas District.

Objective, Scope, and Methodology

The objective was to determine whether meter refunds were properly issued, supported, and processed at the Coppell, TX, Main Office.

To accomplish our objective, we reviewed the unit's daily financial records and all 90 meter revenue refunds processed at the unit from April 1 to June 30, 2019. We were unable to observe the unit process meter revenue refunds because the clerk had other tasks to do and did not have time to show us. However, we extracted, analyzed, and relied on computer-generated data from the Enterprise Data Warehouse (EDW)² electronic system data. Although we did not test the validity of controls over EDW, 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 October 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

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.

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 November 8, 2019, and included their comments where appropriate.

Finding #1: Timeliness

Meter revenue refunds were valid and properly supported using PS Forms 3533; however, unit personnel did not timely process 69 of 90 refunds totaling over \$27,000. Specifically:

- Fifty-seven refunds totaling \$14,618, each valued at \$500 or less, were processed more than 30 days after the refund request date (see [Table 1](#)).
 - Thirty-two refunds totaling \$9,077 were processed between 33 and 60 days after the refund request date.
 - Thirteen refunds totaling \$3,384 were processed 79 days after the refund request date.
 - Twelve refunds totaling \$2,157 were processed 68 days after the refund request date.

Table 1. Refunds of \$500 or Less - Delayed Processing More than 30 Days

Number of Delayed Refunds	Refund Request Date	Refund Date	Refund Amount	Number of Days Late
13	3/3/2019	5/21/2019	\$3,384	79
12	3/28/2019	6/4/2019	2,157	68
7	4/29/2019	6/28/2019	2,020	60
2	4/30/2019	6/28/2019	428	59
11	4/23/2019	6/12/2019	3,484	50
12	2/27/2019	4/1/2019	3,145	33
Total			\$14,618	

Source: OIG analysis.

- Twelve refunds totaling \$13,027, each valued at \$500 or more, were processed more than 60 days after the refund request date (see [Table 2](#)).

Table 2. Refunds of \$500 or More – Delayed Processing More than 60 Days

Number of Delayed Refunds	Refund Request Date	Refund Date	Refund Amount	Number of Days Late
7	3/3/2019	5/21/2019	\$7,177	79
5	3/28/2019	6/4/2019	5,850	68
Total			\$13,027	

Source: OIG analysis.

Postal Service policy states that spoiled and unused postage meter stamp refunds for \$500 and under must be processed within 30 days. Spoiled and unused postage meter stamp refunds for more than \$500 must be processed within 60 days.³

According to the postmaster, the clerk responsible for processing these refunds took leave in May and June 2019 but did not have a designated back-up to process the refunds. However, a new clerk has been hired and assigned as back-up to assist with processing meter revenue refunds upon return from training. In addition, the clerk stated that the mailer drops off large volumes of spoiled and unused postage meter mail. The quantity of meter refunds received at the end of the month is unpredictable, and the large volume makes it time consuming for the clerk to process. The postmaster believes this is why the unit processes the highest amount of meter revenue refunds in the Dallas District.

Furthermore, the postmaster stated she thought the refunds should be processed within 60 days based on the verbiage at the top of PS Form 3533.⁴ She also stated that the prior postmaster had an agreement with the mailer which allows them to process meter revenue refunds mail after the 30 and 60-day timeframe. However, the postmaster was unable to find the agreement. During our audit, the district manager stated the postmaster would meet with the mailer and request they submit their refunds bi-weekly and separate meter revenue refunds based on the \$500 less or more threshold.

The Postal Service’s brand can be harmed when customers experience lengthy delays receiving their refunds. We consider the 69 refunds valued at \$27,645 as questioned costs.⁵

During the week of October 14, 2019, the postmaster designated a back-up to assist with processing meter revenue refunds.

³ *Postal Operations Manual*, Section 145.11, K, April 2019.

⁴ PS Form 3533, Top, Page 2, states, “The customer’s meter must be licensed at the refunding office, and complete, legible, and valid unused meter stamps must be submitted by the licensee within 60 days of the dates shown on the indicia or meter mail.”

⁵ Unnecessary, unreasonable, unsupported, or an alleged violation of law, regulation, contract, etc. May be recoverable or unrecoverable. Usually a result of historical events.

In addition to the timeliness of the refunds, unit personnel used 40 obsolete PS Forms 3533 to process meter revenue refunds.⁶ However, on October 10, 2019, the postmaster contacted the mailer and provided them with the most current PS Form 3533. Since the postmaster took corrective action by providing the vender the most current forms, we are not making a recommendation on this issue.

Recommendation #1: We recommend the **District Manager, Dallas District**, direct the postmaster to coordinate with the mailer to schedule more frequent deliveries of meter revenue refunds to allow for timely processing.

Management's Comments

Management agreed with the finding and recommendation but disagreed with the monetary impact. Regarding recommendation 1, the postmaster held a teleconference with the mailer's Operations Division leader on November 5, 2019, and discussed more frequent refund submissions.

Regarding the monetary impact, management stated the OIG used the date PS Form 3533 was completed which does not necessarily reflect the date the refund was submitted to the unit. Management also stated the OIG noted the refunds were valid and properly supported; however, regardless of when the refunds are processed, the customer is still entitled to the refund.

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 and recommendation and corrective action should resolve the issues identified in the report. We reviewed management's correspondence and found it adequate to resolve the issues identified in this report. We consider recommendation 1 closed with the issuance of this report.

We agree that we used the date PS Form 3533 was completed, as that is considered the customer request date, to determine timeliness of refund processing. Consequently, we continue to believe monetary impact is still applicable, as the unit did not follow the Postal Service policy regarding timely issuance of refunds. Since we consider this a violation of Postal Service regulation, we categorize it as questioned cost.

⁶ The mailer used PS Forms 3533 dated June 2014. The current version is dated December 2016.

APPENDIX A. MANAGEMENT'S COMMENTS

DISTRICT MANAGER
DALLAS CUSTOMER SERVICE & SALES



November 22, 2019

LAZERICK C. POLAND
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Draft Audit Report – Meter Revenue Refunds - Coppell, TX, Main Office
(Report Number 20-069)

Management agrees with the findings that Coppell Post Office unit personnel did not timely process the refunds.

Management disagrees with OIG's monetary findings of \$27,645 as questioned cost. The date used to determine timeliness is the date the customer completed the PS Form 3533 and not necessarily the date of submission to the USPS for a refund. Regardless of when the refunds are processed, customer is entitled to the refund from the Postal Service. OIG has noted in their findings that meter revenue refunds were valid and properly supported using PS Forms 3533. Hence, the monetary value of \$27,645 should not be noted in OIG report as a questioned cost.

Recommendation 1:

We recommend the District Manager, Dallas District, direct the postmaster to coordinate with the mailer to schedule more frequent deliveries of meter revenue refunds to allow for timely processing.

Management Response/Action Plan:

Postmaster of Coppell held a teleconference with the mailer's Operations Division leader on Nov 5, 2019 and discussed more frequent submission of refunds.

Target Implementation Date:

Unit management certified as of November 14, 2019.

Responsible Official:

Unit manager is responsible official.

A handwritten signature in blue ink, appearing to read "Milford S. Hooper".

Milford S. Hooper
Dallas District Manager

cc: Corporate Audit and Response Management

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