



AUDIT REPORT

Express Mail Refunds - Atlanta, GA, Main Post Office

April 17, 2018



Report Number FCS-FM-18-014



April 17, 2018
**Express Mail Refunds –
Atlanta, GA, Main Post Office**
Report Number FCS-FM-18-014

OBJECTIVE:

The objective of this audit was to determine if Express Mail refunds were valid, properly supported, and processed timely at the Atlanta, GA, Main Post Office.

The U.S. Postal Service Office of Inspector General data analytics identified the Atlanta Main Post Office refund and void amounts for fiscal year 2017 Quarters 3 and 4 exceeded \$21,000, an increase of 21 percent from the same period last year. Refunds for Express Mail were \$3,838, or 18 percent of the \$21,000, and were based on services not rendered or a service failure.

Unit personnel made 129 refunds to customers due to Express Mail failures during this time period.

WHAT THE OIG FOUND:

Express Mail refunds at the Atlanta Main Post Office were processed timely; however, unit personnel did not always issue valid refunds and maintain support documentation to substantiate the refunds. Of the 129 Express Mail refunds reviewed, we found unit personnel:

- Issued 8 refunds totaling \$200 that were not warranted. Based on our review of Postal Service data, service failures did not occur.
- Did not properly maintain documentation, such as printed results of the track and confirm inquiry, customer's receipt, or

refund form, to substantiate 33 refunds totaling \$1,068.

The postmaster stated there were several temporary personnel assignments at the unit due to staff shortages, and she was aware some employees needed refresher training. The Capital Metro Area accounting manager stated the finance refresher training, which covers how to process Express Mail failure refunds, was updated in March 2018. Employees with retail operations responsibilities at the Atlanta Main Post Office are scheduled to attend this training in April 2018.

If Atlanta Main Office employees do not ensure that refunds are warranted and properly supported, they risk issuing incorrect or unauthorized Express Mail refunds. The Atlanta Main Office issued \$1,268 in questionable refunds because Postal Service policy was not followed.

WHAT THE OIG RECOMMENDED:

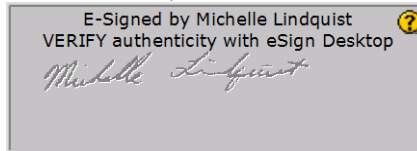
We recommend the management provide training that covers all Express Mail refund requirements to unit personnel responsible for issuing and processing Express Mail refunds.

[*Link to review the entire report*](#)



April 17, 2018

MEMORANDUM FOR: SAMUEL E. JAUDON
MANAGER, ATLANTA DISTRICT



FROM: Michelle Lindquist
Director, Financial Controls

SUBJECT: Audit Report – Express Mail Refunds –
Atlanta, GA, Main Post Office
(Report Number FCS-FM-18-014)

This report presents the results of our audit of the Express Mail Refunds - Atlanta, GA, Main Post Office (Project Number 18BFM012FCS000).

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

Attachment

cc: Corporate Audit Response Management

Table of Contents

Introduction	1
Finding 1: Express Mail Refunds	2
Recommendation 1	3
Management’s Comments	3
Evaluation of Management’s Comments.....	3
Appendix A: Management’s Comments	4

Introduction

This report presents the results of our self-initiated audit of Express Mail Refunds - Atlanta, GA, Main Post Office (Project Number 18BFM012FCS000). The Atlanta Main Post Office is located in the Atlanta District of the Capital Metro Area. This audit was designed to provide U.S. Postal Service management with timely information on potential financial control risks at Postal Service locations.

To determine whether Express Mail refunds were valid, properly supported and processed timely, we extracted and analyzed Enterprise Data Warehouse (EDW)¹ system data for refunds issued at the Atlanta Main Post Office between April 1 and September 30, 2017. We conducted interviews of personnel and examined all 129 refund transactions recorded to account identifier code (AIC)² 676, Express Mail Refunds, during that timeframe. AIC 676 records refunds related to postage and fees for service failures or service not rendered for Express Mail. A completed and authorized Postal Service (PS) Form 3533, *Application for Refund of Fees, Products and Withdrawal of Customer Accounts*, is required to request refunds of Express Mail service failures. We also searched each tracking number on the Postal Service's Product Tracking and Reporting (PTR)³ intranet site to confirm all refunded items were Express Mail service failures.

We relied on computer-generated data from the EDW and PTR systems. 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 personnel. We determined the data were sufficiently reliable for the purposes of this report.

We conducted this audit from March through April 2018, in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our finding and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our finding and conclusions based on our audit objective. We discussed our observations and conclusions with management on March 21, 2018, and included their comments where appropriate.

¹ 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.

² The AIC consists of three digits. It is used to classify financial transactions to the proper general ledger account.

³ The system that receives and stores all tracking scan data, from acceptance to delivery, and is referenced by employees and customers for shipment tracking information.

Finding 1: Express Mail Refunds

Although the Express Mail refunds at the Atlanta Main Post Office were processed timely,⁴ they were not always valid or properly supported. Of the 129 Express Mail refunds reviewed, unit personnel:

- Issued eight refunds for service failures totaling \$200 that were not warranted. We determined no service failures had occurred based on our review of the PTR, which showed the Express Mail items were delivered on time,⁵ available for pickup, not deliverable, or reasons that do not constitute a “service failure.” Postal Service policy⁶ states the postmaster or unit manager is responsible for reviewing PS Form 3533 to ensure the refund is warranted.
- Did not always properly support or maintain PS Form 3533 to substantiate 33 Express Mail refunds totaling \$1,068. For example:
 - Twenty-six refunds valued at \$907 did not include proof that the Postal Service missed the guaranteed delivery date and time.
 - Seven refunds valued at \$161 did not include either the Label 11-B or the customer’s receipt, the PRT printout or the PS Form 3533 or the unit could not locate any documentation to support the refunds.

Postal Service policy⁷ states a customer can submit a claim for an Express Mail service failure. The retail associate must submit the original PS Form 3533, with a Label 11-B or Express Mail receipt, and proof of service failure as supporting documentation for the PS Form 1412, *Daily Financial Report*.⁸

The postmaster stated there were several temporary personnel assignments at the unit due to staff shortages, and she was aware some employees need refresher training. The Capital Metro Area accounting manager stated the finance refresher training for the Capital Metro area, which covers how to process Express Mail failure refunds, was updated in March 2018. Employees with retail operations responsibilities at the Atlanta Main Post Office are scheduled to attend this training in April 2018.

If Atlanta Main Office employees do not ensure that refunds are warranted and supported with required documentation, the Postal Service risks issuing incorrect or unauthorized Express Mail refunds or not being able to substantiate the validity of the

⁴ Postal Service policy states refunds of less than \$1,000 must be processed within 30 days, and refunds totaling \$1,000 or more must be processed within 60 days.

⁵ We determined a stop-the-clock scan had occurred prior to the scheduled delivery date and time. A stop-the-clock event indicates that the Postal Service has completed its commitment as it applies to service measurement on a mail piece. Service performance is generally measured as the time between “acceptance” and the first “stop-the-clock” scan event on a mail piece.

⁶ Handbook F-101, *Field Accounting Procedures*, Section 21-1d, June 2016.

⁷ Handbook F-101, Section 21-5.3.a, g.

⁸ This form provides Postal Service retail units with a uniform method to report financial transactions.

refunds. From April 1 through September 30, 2017, the Atlanta Main Office issued \$1,268 in questionable refunds⁹ because Postal Service policy was not followed.

Recommendation 1: We recommend the Manager, Atlanta District, reiterate Express Mail refund procedures requirements to all employees at the Atlanta Main Post Office responsible for processing Express Mail refunds.

Management's Comments

Management agreed with the finding, recommendation, and \$360.95 of the monetary impact. Management disagreed with the remaining monetary impact of \$907 because they believe the support documentation that was not included in the unit's files is easily retrievable from the Postal Service PTR system.

Regarding recommendation 1, the district manager implemented corrective action by providing in-person refund training to all employees at the unit and provided classroom training that covered express mail refunds to 73 supervisors, managers, and sales and service employees in the city of Atlanta.

During subsequent communication, management provided evidence to show the three individuals interviewed during our audit completed the classroom training as of March 28, 2018.

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

Evaluation of Management's Comments

The U.S. Postal Service Office of Inspector General considers management's comments responsive to the report. Regarding the monetary impact, it is Postal Service policy to print and maintain supporting documentation in the unit's local files for future reference. As a result, we will continue to claim the monetary impact because of the unit's failure to follow required procedures.

Corrective actions should resolve the issues identified in the report. We reviewed management's separate documentation regarding training provided and found it is adequate to resolve the issues identified in this report. We consider recommendation 1 closed with the issuance of this report.

⁹ Unnecessary, unreasonable, unsupported, or an alleged violation of law, regulation, contract, etcetera. May be recoverable or unrecoverable. Usually a result of historical events.

Appendix A: Management's Comments



April 11, 2018

Lori Lau Dillard
Director Audit Operations
Office of Inspector General
United States Postal Service

Subject: Response to Draft Audit Report – Express Mail Refunds – Atlanta, GA, Main Post Office (Report Number FCS-FM-18-DRAFT)

Thank you for the opportunity to respond to the OIG Audit of Express Mail Refunds issued at the Atlanta Main Post Office. Management does agree with the findings noted in the audit report. Management also agrees with the recommendation as outlined in the audit.

Regarding the monetary impacts listed as Questioned Costs of \$200.00 related to refunds that were not warranted and Unsupported Questioned Costs of \$1,068.00 related to refunds that did not have properly completed documentation, we agree that some refunds were provided although scan evidence existed that indicated delivery was attempted timely and not all documentation to support every refund was printed and kept together. We do argue that \$907.05 of the Unsupported Questioned Costs was related to proof of service failure, essentially a printout of the Track and Confirm screen showing all relevant scans. This information is easily retrievable and on demand when needed therefore the documentation is available but was just not printed and kept with the refund form.

Recommendation #1

We recommend the Manager, Atlanta District, reiterate Express Mail refund procedures requirements to all employees at the Atlanta Main Post Office responsible for processing Express Mail refunds.

Management Response/ Action Plan

Management agrees with this recommendation and has implemented by providing to all personnel at the Atlanta Main Post Office in-person instruction on the steps that must be followed, along with the proper documentation required, to provide a refund.

In addition, a classroom training course covering refunds and many other finance related topics was also conducted in the city of Atlanta with 73 attendees comprised of supervisors, managers and sales and service associates. Documentation of this training has already been submitted to the OIG.

Target Implementation Date

3/28/2018

Responsible Official

Postmaster, Atlanta City

A handwritten signature in blue ink, appearing to read "Samuel Jaudon", written over a horizontal line.

Samuel Jaudon
Atlanta District Manager