



February 1, 2011

STEVEN R. PHELPS
MANAGER, SOX MANAGEMENT CONTROLS AND INTEGRATION

SUBJECT: Interim Management Advisory – Fiscal Year 2011 Financial Testing
Compliance Business Mail Entry Unit Oversight Reviews –Charlotte, NC
(Report Number FF-MA-11-018)

This report presents interim results for the U.S. Postal Service Office of Inspector General's (OIG) fiscal year (FY) 2011 review of the U.S. Postal Service Financial Testing Compliance (FTC) Group's performance and conclusions at the Business Mail Entry Unit (BMEU), Charlotte, NC (Project Number 11BR004FF007), performed December 1-2, 2010. The Charlotte BMEU is in the Mid-Carolinas District of the Capital Metro Area. At the conclusion of FY 2011, we will summarize the results for all reviews in reports to Postal Service Headquarters.

To comply with Section 404 Sarbanes-Oxley (SOX) Act of 2002 requirements, the Postal Service must report on the effectiveness of the agency's internal controls to ensure accurate financial reporting. It must submit an annual assessment to the Postal Regulatory Commission which monitors and manages the Postal Service's compliance with SOX. The Postal Service established the FTC to conduct tests of key financial reporting controls.

We conducted this oversight review in support of the independent public accountant's (IPA) reliance on Postal Service management's testing and overall audit opinions on the financial statements and internal controls over financial reporting. The IPA relies on the Postal Service's internal control testing to support the overall audit opinions.

The overall objective of our review was to evaluate whether FTC properly conducted and documented their examination of SOX financial reporting controls.

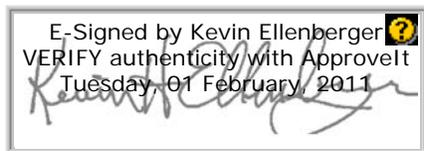
To perform this work, we observed FTC analysts conduct tests and reviewed their supporting documentation. We performed this review from December 2010 through February 2011 in accordance with the *Quality Standards for Inspections*.¹

Conclusion

Based on our review of FTC's work, FTC analysts properly conducted and documented their examination of key SOX financial reporting controls. See [Appendix A](#) for the results of our review.

The interim FTC oversight review advisories will be issued to the SOX manager in final format. At the conclusion of the FY, the OIG will summarize the results of all its FTC oversight reviews and include recommendations, if applicable, in a report to Postal Service Headquarters management. Management agreed not to respond to the interim reports but will have the opportunity to formally respond to the draft summary report.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Johnson K. John, manager, at 703-248-4695, or me at 724-584-5630.



Kevin H. Ellenberger
Director, Field Financial –East

Attachment

cc: Douglas G. Germer
Corporate Audit and Response Management

¹ These standards were last promulgated by the President's Council on Integrity and Efficiency (PCIE) and the Executive Council on Integrity and Efficiency (ECIE) in January 2005. Since then, [The Inspector General Act of 1978 as amended by the IG Reform Act of 2008](#) created the Council of the Inspectors General on Integrity and Efficiency (CIGIE), which combined the PCIE and ECIE. To date, the Quality Standards for Inspections have not been amended to reflect adoption by the CIGIE and, as a result, still reference the PCIE and ECIE.

APPENDIX A: REVIEW RESULTS

Site Name	Charlotte BMEU
Finance Number-Unit ID	3613920021
Location Type	BMA
Scope Period Under Review	10/1/10 thru 11/30/10
FTC Review Program Version and Date	11/24/10
FTC Team	East

FTC Review Step/Control #	FTC Review Step/ Step Description	Did FTC have exceptions/ findings in this step? (Yes/No)	Did the OIG have exceptions/ findings that FTC did not? (Yes/No)	Did FTC perform the step in accordance to its program? (Yes/No)	Did FTC adequately document its work performed and the results? (Yes/No)	Did the OIG agree with FTC's exceptions/ findings (or no exceptions/ findings)? (Yes/No)
450001/104CA63	Mail check- In /receipt	No	No	Yes	Yes	Yes
450002 / 104CA2	Mail verification	No	No	Yes	Yes	Yes
450003/104CA65	Placarding/induction	No	No	Yes	Yes	Yes
450004/104CA66	End-of-day reconciliation	No	No	Yes	Yes	Yes
450005 / 104CA06	SOX certification	No	No	Yes	Yes	Yes
450006 /104CA1	Finalizing postage statements	No	No	Yes	Yes	Yes