



February 3, 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 – Phoenix  
Business Mail Entry Unit, Phoenix, AZ  
(Report Number FF-MA-11-019)

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 Business Mail Entry Unit (BMEU) testing at the Phoenix BMEU, Phoenix, AZ (Project Number 11BR004FF004), performed November 29 through December 1, 2010. The Phoenix BMEU is in the Arizona District of the Western Area. At the conclusion of FY 2011, we will summarize the results for all interim reviews in a report 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 group to conduct tests of key financial reporting controls.

We conducted this oversight review in support of the independent public accountant's reliance on Postal Service management's testing, and overall audit opinions 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 analysts 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 November 2010 through February 2011 in accordance with the Council of the Inspectors General on Integrity and Efficiency, *Quality Standards for Inspection and Evaluation*. We discussed our observations and conclusions with management on January 21, 2011, and included their comments where appropriate.

## Conclusion

Based on our review of FTC's work, FTC analysts 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 fiscal year, 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 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 Juan Gonzalez, audit manager, at 303-925-7425 or me at 510-285-9024.

  
-Signed by Linda J. Libician-Welch  
VERIFY authenticity with Approve

Linda Libician-Welch  
Director, Field Financial – West

Attachments

cc: Douglas G. Germer  
Corporate Audit and Response Management

**APPENDIX A: REVIEW RESULTS**

<b>Site Name</b>	<b>Phoenix BMEU</b>
<b>Unit 10-Digit Cost Center Code</b>	<b>0363640960</b>
<b>Location Type</b>	<b>BMEU</b>
<b>Scope Period Under Review</b>	<b>October 1, 2010 through November 28, 2010</b>
<b>FTC Review Program Version and Date</b>	<b>Business Mail Review Topic 450000 dated 11/24/2010</b>
<b>FTC Team</b>	<b>West</b>

<b>FTC Review Step #/Control #</b>	<b>FTC Review Step Description</b>	<b>Did FTC have exceptions in this step? (Yes/No)</b>	<b>Did the OIG have exceptions that FTC did not? (Yes/No)</b>	<b>Did FTC perform the step in accordance to its program? (Yes/No)</b>	<b>Did FTC adequately document its work performed and the results? (Yes/No)</b>	<b>Did the OIG agree with FTC’s site results?*</b>
450001/104CA163	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	Yes	No	Yes	Yes	Yes
450005/104CA06	SOX Certification	No	No	Yes	Yes	Yes
450006/104CA1	Finalizing Postage Statements	No	No	Yes	Yes	Yes

\*Based on our review of FTC’s documentation posted to the Blue Share on January 10, 2011.