



February 18, 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 – Omaha Business
Mail Entry Unit, Omaha, NE (Report Number FF-MA-11-022)

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 Omaha BMEU, Omaha, NE (Project Number 11BR004FF011), performed December 15-16, 2010. The Omaha BMEU is in the Central Plains 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 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 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 December 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 February 2, 2011, and included their comments where appropriate.

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 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. 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 Cathy J. Jenson, audit manager, at (972) 892-4456, or me at (510) 285-9024.

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

Linda Libician-Welch
Director, Field Financial – West

Attachments

cc: Douglas G. Germer
Corporate Audit and Response Management

APPENDIX A: REVIEW RESULTS

Site Name	Omaha BMEU
Unit 10-Digit Cost Center Code	3066450567
Location Type	BMEU
Scope Period Under Review	10/1/2010 – 12/14/2010
FTC Review Program Version and Date	FY 2011-v1, November 24, 2010
FTC Team	West

FTC Review Step #/Control #	FTC Review Step Description	Did FTC have exceptions in this step? (Yes/No)	Did the OIG have exceptions 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 site results? (Yes/No)
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	No	No	Yes	Yes	Yes
450006/104CA1	Finalizing Postage Statements	Yes	No	Yes	Yes	Yes

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