



OFFICE OF
**INSPECTOR
GENERAL**
UNITED STATES POSTAL SERVICE

Officers' Travel and Representation Expenses for Fiscal Year 2012

Audit Report

December 11, 2012

Report Number FT-AR-13-004

December 11, 2012



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**INSPECTOR
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Expenses for Fiscal Year 2012**

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HIGHLIGHTS

BACKGROUND:

The Postal Reorganization Act of 1970, as amended, requires annual audits of the U.S. Postal Service's financial statements. As part of these audits, the Board of Governors (Board) adopted policies and procedures that require an annual audit of officers' travel and representation expenses.

Postal Service officers shape the strategic direction of the Postal Service by setting goals, targets, and indicators within the framework established by the Board. Their positions are classified as Postal Career Executive Service II and include the postmaster general, deputy postmaster general, and all vice presidents. The Board has authorized 50 Postal Service officer positions. Our objective was to determine whether travel and representation expenses claimed by Postal Service officers were properly supported and complied with Postal Service policies and procedures.

WHAT THE OIG FOUND:

Officers' travel and representation expenses totaling about \$806,000 were properly supported and complied with Postal Service policies and procedures.

WHAT THE OIG RECOMMENDED:

Based on the audit results, we are not making any recommendations.

[Link to review the entire report](#)



December 11, 2012

MEMORANDUM FOR: TIMOTHY F. O'REILLY
VICE PRESIDENT, CONTROLLER

A rectangular box containing a handwritten signature in cursive that reads "John E. Cihota". There is a small black dot in the upper right corner of the box.

FROM: John E. Cihota
Deputy Assistant Inspector General
for Finance and Systems Accountability

SUBJECT: Audit Report – Officers' Travel and Representation
Expenses for Fiscal Year 2012
(Report Number FT-AR-13-004)

This report presents the results of our audit of the U.S. Postal Service Officers' Travel and Representation Expenses for Fiscal Year 2012 (Project Number 12BG010FT000).

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Denice Millett, director, Finance, or me at 703-248-2100.

Attachments

cc: Joseph Corbett
Julie S. Moore
Jack L. Meyer
Corporate Audit and Response Management

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Introduction

This report presents the results of our audit of the U.S. Postal Service Officers' Travel and Representation Expenses for Fiscal Year (FY) 2012 (Project Number 12BG010FT000). We conducted this audit in response to the Board of Governors' (Board) policies and procedures requiring an annual audit of officers' travel and representation expenses.¹ Our audit objective was to determine whether travel and representation expenses claimed by officers were properly supported and complied with Postal Service's policies and procedures.² This audit addresses financial risk. See [Appendix A](#) for additional information about this audit.

Postal Service officers shape the strategic direction of the Postal Service by setting goals, targets, and indicators within the framework established by the Board. Their positions are classified as Postal Career Executive Service II and include the postmaster general (PMG), deputy PMG, and all vice presidents. The Board has authorized 50 Postal Service officer positions, 38 of which were filled at the end of FY 2012, including one acting officer position.

The Postal Reorganization Act of 1970, as amended, requires an annual audit of the Postal Service's financial statements. As part of this audit, the Board adopted policies and procedures that require annual audits of officers' travel and representation expenses. During FY 2012, Postal Service officers filed 851 claims totaling about \$806,000.

Conclusion

Based on the judgmental sample results, officers' travel and representation expenses totaling about \$806,000 were properly supported and complied with Postal Service policies and procedures. Based on the results, we are not making any recommendations in this report and, as result, management chose not to respond formally.

Progress on Prior Year's Report

In the FY 2011 audit report, we noted that officers did not always comply with the guidelines when claiming travel and representation expenses. Specifically, we found issues regarding the timeliness of claims, international approval letters, travel deviation requests, alcohol purchases, and parking fees. We did not make any recommendations

¹ Representation expenses nearly always involve one or more non-Postal Service employee (suppliers, customers, and foreign postal administrators) and a Postal Service officer.

² The audit universe was limited to reimbursements processed through the eTravel System. The eTravel System is the online application used to create work travel expense reports, electronically submit expense reports to authorized approvers, and track reimbursement status.

because management issued new guidelines in July 2011 and made staff changes that impacted oversight of the officers' travel reimbursement process. In addition, they provided training to the officers and their administrative assistants on the new guidelines in FY 2012. We did not identify any significant issues related to the expense claims for FY 2012 and consider this matter closed.

Appendix A: Additional Information

Background

The Postal Reorganization Act of 1970, as amended, requires an annual audit of the Postal Service's financial statements. As part of this audit, the Board adopted policies and procedures that require an annual audit of officers' travel and representation expenses.

Officers shape the strategic direction of the Postal Service by setting goals, targets, and indicators within the framework established by the Board. Their positions are classified as Postal Career Executive Service II and include the PMG, deputy PMG, and all vice presidents. The Board has authorized 50 Postal Service officer positions, 38 of which were filled at the end of FY 2012, including one acting officer position.

Officers are reimbursed for actual transportation and lodging expenses incurred while on official travel. In addition, they receive a per diem amount based on the General Services Administration's per diem rates.³ Officers are also reimbursed for representation expenses incurred with customer, industry, or employee groups with whom the Postal Service conducts official business. Postal Service policy requires officers to claim reimbursement for all travel and representation expenses through the eTravel system.

Objective, Scope, and Methodology

Our audit objective was to determine whether travel and representation expenses claimed by Postal Service officers during FY 2012 were properly supported and complied with Postal Service policies and procedures. In support of this objective, we judgmentally sampled and reviewed 68 reimbursements, totaling about \$153,000.⁴ We reviewed a minimum of 15 claims made by existing or acting officers each quarter, out of a universe of 851 claims, totaling about \$806,000. We used the following as our criteria in evaluating reported expenses:

- Postal Service guidelines the PMG issued on April 13, 2009, and revised on July 29, 2011.
- Postal Service Handbook F-15, *Travel & Relocation*, updated with *Postal Bulletin* revisions through March 24, 2011.
- Management Instruction FM-640-2008-1, *Expenses for Internal and External Events*, dated September 10, 2008.

³ Per diem covers all meals, dry cleaning, skycap/bellhop tips, newspapers, and other incidentals.

⁴ We included at least one reimbursement for each officer and all reimbursements of \$7,000 and above.

We conducted this performance audit from December 2011 through December 2012 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 audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Our tests of controls were limited to those necessary to achieve our audit objective. Our procedures were not designed to provide assurance on internal controls. Consequently, we do not provide an opinion on such controls. Also, our audit does not provide absolute assurance of the absence of fraud or illegal acts, due to the nature of evidence and the characteristics of such activities.

We relied on computer-generated data from the Accounting Data Mart (ADM) and eTravel systems. We assessed the reliability of these systems' data by tracing the 68 travel reimbursements claimed in eTravel to the data in the ADM system. Moreover, we verified the travel reimbursement amounts were posted to the appropriate general ledger accounts in ADM. We determined that the data were sufficiently reliable for the purposes of this report.

Prior Audit Coverage

Report Title	Report Number	Final Report Date	Monetary Impact
<i>Postal Service Officers' Travel and Representation Expenses for Fiscal Year 2011</i>	FT-AR-12-008	12/19/2011	None
<p>Report Results: Officers' travel and representation expenses totaling about \$700,000 were supported. However, officers did not always comply with Officers' Travel and Representation Expense Guidelines when claiming expenses incurred during official travel and representation. Due to several staff changes management made that impacted oversight of the officer's reimbursement process throughout FY 2011, revision of the guidelines in July 2011, and management's plan to provide training on the new guidelines to officers and their administrative assistants by the end of FY 2012, we made no recommendations.</p>			
<i>Postal Service Officers' Travel and Representation Expenses for Fiscal Year 2010</i>	FT-AR-11-003	12/6/2010	None
<p>Report Results: Based on the sample results, officers' travel and representation expenses totaling about \$628,000 were properly supported and complied with Postal Service policies and procedures. We made no recommendations.</p>			
<i>Postal Service Officers' Travel and Representation Expenses for Fiscal Year 2009</i>	FT-AR-10-007	2/2/2010	None
<p>Report Results: Based on the sample results, officers' travel and representation expenses totaling about \$567,000 were supported. We also noted the Postal Service significantly reduced its expenses, from a high of about \$1.3 million in FY 2005. We made no recommendations.</p>			