



Office of Inspector General | United States Postal Service

## Audit Report

# Postal Service Board of Governors' Travel and Miscellaneous Expenses for Fiscal Year 2017

Report Number FT-AR-18-003 | November 21, 2017



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# Highlights

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## Objective

Our objective was to determine whether travel and miscellaneous expenses of the U.S. Postal Service Board of Governors, including external professional fees, were properly supported, reasonable, and complied with U.S. Postal Service and Board of Governors' policies and procedures.

## What the OIG Found

Fiscal year 2017 travel and miscellaneous expenses, totaling about \$21,000, and external professional fees, totaling about \$25,000, were properly supported, reasonable, and complied with Postal Service and Board of Governors' policies and procedures.

## What the OIG Recommended

Based on the audit results, we did not make any recommendations.

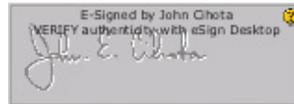
# Transmittal Letter



OFFICE OF INSPECTOR GENERAL  
UNITED STATES POSTAL SERVICE

November 21, 2017

**MEMORANDUM FOR:** JULIE S. MOORE  
SECRETARY, BOARD OF GOVERNORS



**FROM:** John E. Cihota  
Deputy Assistant Inspector General  
for Finance and Pricing

**SUBJECT:** Audit Report – Postal Service Board of Governors’ Travel and  
Miscellaneous Expenses for Fiscal Year 2017  
(Report Number FT-AR-18-003)

This report presents the results of our audit of the Postal Service Board of Governors’ Travel and Miscellaneous Expenses for Fiscal Year 2017 (Project Number 17BM007FT000).

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

Attachment

cc: Corporate Audit Response Management

# Results

## Introduction/Objective

This report presents the results of our audit of the U.S. Postal Service Board of Governors' (Board) travel and miscellaneous expenses for fiscal year (FY) 2017 (Project Number 17BM007FT000). We conducted this audit in response to a Board resolution requiring annual audits of the Board's expenses. Our objective was to determine whether travel and miscellaneous expenses of the Board, including external professional fees,<sup>1</sup> were properly supported, reasonable, and complied with U.S. Postal Service and Board policies and procedures.

## Background

The Postal Reorganization Act of 1970, as amended, established the Board, which is generally composed of the Postmaster General, deputy postmaster general, and nine governors appointed by the president of the United States. As of December 2016, the Board consisted of the Postmaster General and the

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***“In FY 2017, the Board held 15 meetings and incurred about \$21,000 in travel and miscellaneous expenses and about \$25,000 in external professional fees.”***

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deputy postmaster general.<sup>2</sup> The Board directs and controls the expenditures of the Postal Service, reviews its practices and policies, and establishes objectives and goals in accordance with Title 39 of the U.S. Code. On July 8, 1986, the Board passed Resolution Number 86-12, which requires annual audits of the Board's travel and miscellaneous expenses.

The Board is required by law to have a quorum of six members to take certain actions. In November 2014, while the Board still had a quorum, it issued a resolution that established a temporary emergency committee (TEC) to exercise certain powers when the Board is unable to assemble a quorum. In December 2016, the last independent governor's term expired; consequently, the TEC now consists of only the Postmaster General and the deputy postmaster general and exercises powers necessary for operational continuity.

In FY 2017, the Board held 15 meetings<sup>3</sup> and incurred about \$21,000 in travel and miscellaneous expenses and about \$25,000 in external professional fees.

## Finding #1 — Travel and Miscellaneous Expenses

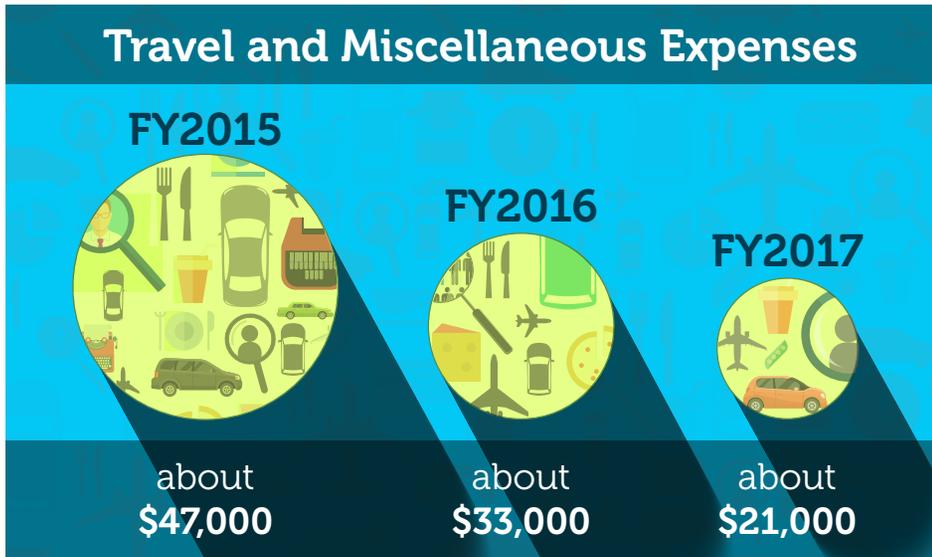
FY 2017 travel and miscellaneous expenses, totaling about \$21,000, and external professional fees, totaling about \$25,000, were properly supported, reasonable, and complied with Postal Service and Board policies. In comparison, as shown in Figure 1, travel and miscellaneous expenses were about \$33,000 in FY 2016 and \$47,000 in FY 2015.

<sup>1</sup> Professional fees generally include payments for legal and consulting services.

<sup>2</sup> There were nine vacancies on the Board of Governors as of December 9, 2016. Pending legislation, Postal Service Reform Act of 2017, H.R. 756, seeks to reduce the number of Board members from nine to five governors.

<sup>3</sup> Meetings include full Board of Governors' regular, annual, and special meetings and committee meetings, but do not include other official functions such as stamp dedication ceremonies. A governor may participate by telephone in these meetings and, thus, not incur travel costs.

**Figure 1. Annual Travel and Miscellaneous Expenses**



Source: U.S. Postal Service Office of Inspector General analysis of Oracle Accounts Payable (OAP) System<sup>4</sup> activity reports.

The downward trend in travel expenses directly corresponds to a decrease in the number of Board members. There were three governors at the end of FY 2015, one at the end of FY 2016, and none at the end of FY 2017.<sup>5</sup>

The external professional fees were about \$140,000 in FY 2016 and \$400 in FY 2015. In FY 2017, there was one remaining payment of about \$25,000 due to an external professional contract from FY 2016.

Based on the audit results, we did not make any recommendations.

<sup>4</sup> The OAP System provides for processing and reporting of payments made at the San Mateo and St. Louis Accounting Service Centers (ASC). It supports transactions generated by other Postal Service ASCs, field operations and headquarters.

<sup>5</sup> There was one active governor during the first quarter of FY 2017.

# Appendices

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# Appendix A: Additional Information

## Scope and Methodology

We reviewed all seven Board<sup>6</sup> travel reimbursements processed through the OAP System for travel and miscellaneous expenses incurred during FY 2017. At the request of the Postal Service's independent public accounting firm, we also reviewed all Board of Governors' external professional fees incurred during the same period.

We conducted this performance audit from February through November 2017 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 characteristics of such activities.

We assessed the reliability of OAP System data by tracing selected financial information to supporting source documentation. For example, we verified travel payments for the Board recorded in the OAP System to original travel reimbursements. We determined the data were sufficiently reliable for the purposes of this report.

## Management's Comments

Management agreed with the U.S. Postal Service Office of Inspector General's (OIG) conclusion that the Board's expenses were reasonable and properly documented.

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

## Evaluation of Management's Comments

The OIG considers management's comments responsive to the conclusion in the report.

<sup>6</sup> The Postmaster General and deputy postmaster general's travel and representation expenses are not included in the scope of this audit. They are included in the scope of our audit on Officers' Travel and Representation Expenses for Fiscal Year 2017 (Project Number 17BM006FT000).

## Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date	Monetary Impact
<i>Postal Service Board of Governors' Travel and Miscellaneous Expenses for Fiscal Year 2016</i>	Our objective was to determine whether the travel and miscellaneous expenses of the Board, including external professional fees, were properly supported, reasonable, and complied with Postal Service policies and procedures and Board policies.	FT-AR-17-004	12/6/2016	None
<i>Postal Service Board of Governors' Travel and Miscellaneous Expenses for Fiscal Year 2015</i>	Our objective was to determine whether the travel and miscellaneous expenses of the Board, including external professional fees, were properly supported, reasonable, and in compliance with the Postal Service and Board policies.	FT-AR-16-002	12/7/2015	None

# Appendix B: Management's Comments

JULIE S. MOORE  
SECRETARY OF THE BOARD OF GOVERNORS



November 14, 2017

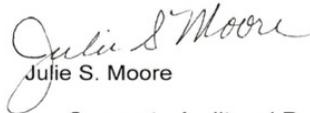
Lori Lau Dillard  
Director, Audit Operations  
1735 North Lynn Street  
Arlington, VA 22209

SUBJECT: Transmittal of Draft Audit Report—Postal Service Board of  
Governors' Travel and Miscellaneous Expense for Fiscal Year 2017  
(Report Number FT-AR-18-DRAFT)

Thank you for the opportunity to review and comment on the subject draft audit report. We agree with your conclusion that the Board expenses reviewed in the report were reasonable and properly documented.

I see nothing in this report or management's response which contains proprietary or other business information that may be exempt from disclosure under the Freedom of Information Act (FOIA).

Thank you for providing this report.

  
Julie S. Moore

cc: Corporate Audit and Response Management

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