



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

**Postal Service
Board of
Governors'
Travel and
Miscellaneous
Expenses
for Fiscal
Year 2014**

Audit Report

Report Number
FT-AR-15-001

December 5, 2014





OFFICE OF INSPECTOR GENERAL

UNITED STATES POSTAL SERVICE

Highlights

Travel and miscellaneous expenses for fiscal year 2014 and external professional fees were properly supported, reasonable, and in compliance with Postal Service and Board policies.

Background

The Postal Reorganization Act of 1970, as amended, established the U.S. Postal Service Board of Governors (Board), which is composed of the postmaster general, deputy postmaster general, and nine governors appointed by the President of the United States. As of September 30, 2014, the Board consisted of the postmaster general, the deputy postmaster general, and four governors.

The Board directs and controls the expenditures of the U.S. 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.

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 Postal Service and Board policies.

What The OIG Found

Travel and miscellaneous expenses for fiscal year 2014 totaling about \$78,000 and external professional fees totaling about \$400 were properly supported, reasonable, and in compliance with Postal Service and Board policies.

What The OIG Recommended

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

Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

December 5, 2014

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

A rectangular box containing a handwritten signature in cursive, which reads "John E. Cihota".

FROM: John E. Cihota
Deputy Assistant Inspector General
for Finance and Supply Management

SUBJECT: Audit Report – Postal Service Board of Governors’
Travel and Miscellaneous Expenses for Fiscal Year 2014
(Report Number FT-AR-15-001)

This report presents the results of our audit of the Postal Service Board of Governors’ Travel and Miscellaneous Expenses for Fiscal Year 2014 (Project Number 14BG004FT000).

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 and Response Management

Table of Contents

Cover	
Highlights.....	1
Background.....	1
What The OIG Found.....	1
What The OIG Recommended	1
Transmittal Letter.....	2
Findings.....	4
Introduction	4
Conclusion	4
Recommendations.....	5
Appendices.....	6
Appendix A: Additional Information.....	7
Background	7
Objective, Scope, and Methodology.....	7
Prior Audit Coverage	8
Contact Information	9

Findings

Travel and miscellaneous expenses for FY 2014 totaling about \$78,000 and external professional fees totaling about \$400 were properly supported, reasonable, and in compliance with Postal Service and Board policies.

Introduction

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) 2014 (Project Number 14BG004FT000). We conducted this audit in response to a Board resolution requiring annual audits of the Board's expenses. 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 U.S. Postal Service and Board policies. See [Appendix A](#) for additional information about this audit.

The Postal Reorganization Act of 1970, as amended, established the Board, which is composed of the postmaster general, deputy postmaster general, and nine governors appointed by the President of the United States. As of September 30, 2014, the Board consisted of the postmaster general, deputy postmaster general, and four governors. 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. In FY 2014, the Board held 24 meetings¹ and incurred about \$78,000 in travel and miscellaneous expenses and about \$400 in external professional fees.

Conclusion

Travel and miscellaneous expenses for FY 2014 totaling about \$78,000 and external professional fees totaling about \$400 were properly supported, reasonable, and in compliance with Postal Service and Board policies. In comparison, travel and miscellaneous expenses were about \$153,000 and \$216,000, and external professional fees were about \$36,000 and \$492,000,² in FY 2013 and FY 2012, respectively. In FY 2014, there were five vacant Board positions. As of September 30, 2014, four individuals have been nominated and are awaiting confirmation.



¹ Meetings include full Board 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.
² The significant decrease in external professional fees was due to a final payment of \$492,000 in FY 2012 for a consulting contract entered into during FY 2011.

Recommendations

Based on the audit results, we are not making any recommendations. Accordingly, management chose not to formally respond to this report.

Appendices

*Click on the appendix title
to the right to navigate to
the section content.*

Appendix A: Additional Information.....	7
Background	7
Objective, Scope, and Methodology.....	7
Prior Audit Coverage	8

Appendix A: Additional Information

In FY 2014, the Board held 24 meetings and incurred about \$78,000 in travel and miscellaneous expenses and about \$400 in external professional fees.

Background

The Postal Reorganization Act of 1970, as amended, established the Board, which is composed of the postmaster general, deputy postmaster general, and nine governors appointed by the President of the United States. As of September 30, 2014, the Board consisted of the postmaster general, deputy postmaster general, and four governors.³

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 generally meets monthly in Washington, D.C., or another location where members can visit Postal Service facilities or large mailer operations. In FY 2014, the Board held 24 meetings and incurred about \$78,000 in travel and miscellaneous expenses and about \$400 in external professional fees.

Objective, Scope, and Methodology

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 Postal Service policies and procedures and Board policies. We reviewed all 37 Board⁴ travel reimbursements processed through the Oracle Accounts Payable System for travel and miscellaneous expenses incurred during FY 2014. At the request of the Postal Service's independent public accounting firm, we also reviewed all Board external professional fees incurred during the same period.

We conducted this performance audit from December 2013 through December 2014 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 provided a copy of this report to management on November 25, 2014. Management chose not to respond formally to this report.

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

³ There were five vacancies on the Board as of September 30, 2014. Four individuals have been nominated and are awaiting confirmation.

⁴ 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 2014*.

Prior Audit Coverage

Report Title	Report Number	Final Report Date	Monetary Impact (in millions)
<i>Postal Service Board of Governors' Travel and Miscellaneous Expenses for Fiscal Year 2013</i>	FT-AR-14-004	1/30/2014	None
<p>Report Results: Travel and miscellaneous expenses for FY 2013 totaling about \$153,000 and external professional fees totaling about \$36,000 were properly supported, reasonable, and generally in compliance with Postal Service and Board policies.</p>			
<i>Postal Service Board of Governors' Travel and Miscellaneous Expenses for Fiscal Year 2012</i>	FT-AR-13-008	1/4/2013	None
<p>Report Results: Travel and miscellaneous expenses totaling about \$216,000 and external professional fees totaling about \$492,000 were generally properly supported, reasonable, and in compliance with Postal Service policies and procedures. However, the Board's general policy did not contain guidelines for purchase and payment of official business-related meals or expenses with customers and other external stakeholders. The secretary of the Board agreed to develop policies and procedures for business representation meals.</p>			



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1735 North Lynn Street
Arlington, VA 22209-2020
(703) 248-2100