



BACKGROUND:

In January 2011, the U.S. Postal Service announced an agency-wide restructuring effort that resulted in closing the Southeast Area Office. The restructuring required the budget and account balances of the Southeast Area administrative office to be closed and reassigned to other active Postal Service area administrative offices.

The audit objective was to determine whether the Postal Service Finance and Planning Department effectively used available data to monitor the field budget, revenue, and expenses during the closing of the Southeast Area.

WHAT THE OIG FOUND:

The Postal Service's Finance and Planning Department did not effectively use available data to monitor the field budget, revenue, and expense variances occurring after the closing of the Southeast Area office. The Postal Service closed the Southeast Area in February 2011; however, it did not move all the Southeast Area's administrative office's financial data to an active Postal Service area through July 2012.

Finance and Planning used financial report data to prepare weekly and monthly reports for all areas but did not call attention to the inappropriately reported Southeast Area budget and revenue and expense transactions. Further, the Postal Service did not have

procedures in place that adequately detailed the required tasks or a timeline to manage the transition.

Because financial accounts were not moved to another Postal Service area, as appropriate, the budget was not eliminated or reassigned, and about \$15 million in revenue and expenses continued to accumulate in Southeast Area accounts after the area closed. Although we did not identify any specific instances, incorrect business decisions and performance evaluations may result if they are based on inaccurate or incomplete data. For example, management may renew transportation contracts unnecessarily or for additional costs because of insufficient data. Further, with optimization anticipated to continue, without a revised budget that reflects anticipated savings from closing offices, the Postal Service is at risk of not realizing those savings.

WHAT THE OIG RECOMMENDED:

We recommended using financial data to inform senior management and other responsible parties of issues requiring resolution and elevate those issues until resolved. Also, we recommended establishing clear policies and procedures for managing financial data when closing an administrative office and designating one functional group to oversee the process.