



HIGHLIGHTS

IMPACT ON:

The U.S. Postal Service's Financial Testing Compliance (FTC) group and business areas related to postal retail units, plant-verified drop shipments, business reply mail, business mail entry units, detached mail units, and the SmartPay and Voyager purchase card programs.

WHY THE OIG DID THE AUDIT:

To evaluate whether the FTC group properly conducted and documented their examinations of key Sarbanes-Oxley Act (SOX) of 2002 financial controls. This audit was done in support of the independent public accounting (IPA) firm's reliance on management's testing and overall audit opinions on the Postal Service's financial statements and controls over financial reporting.

WHAT THE OIG FOUND:

The FTC group made significant improvements in their testing of key SOX financial reporting controls in fiscal year (FY) 2011. However, opportunities exist to improve the quality of conducting tests and documenting test results. We observed the FTC group conducting tests at 158 of the 1,023 sampled sites. We found the FTC group did not identify testing errors in four site reviews, did not perform steps in accordance with their program in three site reviews, and did not adequately document their work in two

site reviews. As a result, we did not always agree with FTC site results.

WHAT THE OIG RECOMMENDED:

We did not make recommendations in this report but provided our observations to the IPA firm and Postal Service management throughout the year. The IPA firm used the information to support its opinions on FY 2011 Postal Service financial statements and controls over financial reporting.

WHAT MANAGEMENT SAID:

Management agreed with the findings and reported they took corrective action throughout the year.

AUDITORS' COMMENTS:

We consider management's comments responsive to the findings, and corrective actions should resolve the issues identified in the report.