December 12, 2011

OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

HIGHLIGHTS

Fiscal Year 2011 Postal Service Financial Statements Audit – Washington, D.C., Headquarters

Report Number FT-AR-12-005

IMPACT ON:

Overall audit opinions on the U.S. Postal Service's financial statements and internal controls over financial reporting.

WHY THE OIG DID THE AUDIT:

Our objectives were to determine whether:

- Financial accounting policies and procedures of the Postal Service provide for an adequate internal control structure and comply with accounting principles generally accepted in the U.S.
- Accounting transactions at headquarters that impact the general ledger account balances for assets, liabilities, equity, income, and expenses of the Postal Service are fairly stated in accordance with accounting principles generally accepted in the U.S.
- General ledger account balances conform to the general classification of accounts of the Postal Service on a basis consistent with that of the previous year.
- The Postal Service complies with laws and regulations that have a direct and material effect on the statements taken as a whole.

WHAT THE OIG FOUND:

Financial accounting policies and procedures provide for an adequate internal control structure; accounting transactions at headquarters impacting the general ledger account balances are fairly stated in accordance with accounting principles generally accepted in the U.S.; general ledger account balances conform with the general classification of accounts of the Postal Service on a basis consistent with that of the previous year; the Postal Service had one instance of noncompliance related to the suspension of the employer Federal Employees Retirement System obligation. We did not propose any adjustments; however, we identified a control deficiency regarding manual journal voucher (JV) processing. This item was not material to the financial statements and did not affect the overall adequacy of internal controls.

WHAT THE OIG RECOMMENDED:

We are not making any recommendations because management agreed to provide appropriate oversight to ensure the JV issues identified do not occur in the future.

WHAT MANAGEMENT SAID:

We provided a draft copy of this report to management on November 17, 2011, and, because we made no recommendations, management chose not to respond formally to this report.