



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

Fiscal Year 2011 Postal Service Financial
Statements Audit – Eagan Information
Technology and Accounting Service
Center

HIGHLIGHTS

Report Number FT-AR-12-007

IMPACT ON:

Financial reporting at the Eagan, MN, Information Technology and Accounting Service Center (IT/ASC) for the fiscal year ended September 30, 2011.

WHY THE OIG DID THE AUDIT:

Our objectives were to determine whether:

Financial accounting policies and procedures provide for an adequate internal control structure and comply with accounting principles generally accepted in the U.S.

Accounting transactions at the Eagan IT/ASC 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 on a basis consistent with that of the previous year.

The U.S. Postal Service complies with laws and regulations that have a direct and material effect on the financial statements as a whole.

WHAT THE OIG FOUND:

Financial accounting policies and procedures provide for an adequate internal control structure and comply with accounting principles generally accepted in the U.S.; accounting

transactions at the Eagan IT/ASC 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 on a basis consistent with the previous year; and the Postal Service complied with laws and regulations relating to the Eagan IT/ASC and having a direct and material effect on the financial statements. We did not propose adjustments or identify issues that were material to the financial statements or that would affect the overall adequacy of internal controls. However, we determined management could improve the methodology for estimating the Postal Service's unemployment compensation liability accrual. As a result of our audit, management reduced the accrual by \$28.8 million.

WHAT THE OIG RECOMMENDED:

We are not making recommendations because management took corrective action to improve their methodology of estimating the unemployment compensation liability accrual.

WHAT MANAGEMENT SAID:

We provided a draft of this report to management on December 12, 2011, and because we made no recommendations, management chose not to respond formally.