



January 13, 2009

LYNN MALCOLM
VICE PRESIDENT, CONTROLLER

SUBJECT: Management Advisory – Postal Service Management Instruction –
Expenses for Internal and External Events
(Report Number FT-MA-09-001)

This management advisory provides the results of our review of the U.S. Postal Service Management Instruction (MI) – *Expenses for Internal and External Events* (Project Number 08BG002FT001). [REDACTED]

[REDACTED] See [Appendix A](#) for additional information about this audit.

[Conclusion](#)

We found the draft MI did not address all the concerns raised in the [REDACTED] and should include changes in three key areas: the use of personal credit cards, consistent and detailed definitions, and transparency among all Postal Service managers. During our review, we suggested various changes based on best practices and our observations. Postal Service management agreed with and addressed most of our suggested changes prior to issuance of our draft management advisory. See [Appendix B](#) for our review of management's comments and their updates to the draft MI.

Subsequent to the issuance of our draft management advisory, management further revised the MI and issued the final, FM-640-2008-1, effective September 10, 2008. We believe the changes made in the final MI decrease the risk of potential mismanagement.

Use of Personal Credit Cards

We suggested the Postal Service revise the MI to prohibit the use of personal credit cards for working meals and employee appreciation events and to delete all references to the use of cash. These changes would help ensure employees do not improperly accrue personal benefits and rewards or conceal from the Postal Service the details of unauthorized purchases. Management adequately addressed our issues by precluding the use of personal credit cards and deleting references to cash.

Consistent and Detailed Definitions

We also suggested the Postal Service provide consistent and more detailed definitions throughout the MI. Management adequately addressed our issues related to defining terms such as “internal events,” “significant others,” “business meals,” and “manager,” and specified the authority level that can approve each activity under each “Authorized Expense Type.” However, the Postal Service did not sufficiently address our concerns related to the following.

- Define “employee recognition” and “employee appreciation” meals and gatherings. Any meal can be considered an employee appreciation event if the manager concludes it is not routine. Final definitions were included in the exhibits of the final MI.
- Update Exhibits A.2 and A.3, Other References column, to include Handbook F-15, *Travel and Relocation*; revise the language in Exhibit A.3 so it does not conflict with Handbook F-15; and state whether managers must exclude non-Postal Career Executive Service (PCES) employees from meals. The MI seems to say that meals must be “required” and specifically authorizes PCES employees to “host” business meals with customers. As a result, the MI may be in conflict with Handbook F-15, for local travel. In addition, the MI does not clearly state whether managers must exclude non-PCES employees from meals. The final MI referenced Handbook F-15, and Section II stated who may attend internal and external events.
- Define what “typically,” “when practicable,” and “may” mean in this context by using more authoritative language (for example, “shall” instead of “may”). Management did not change these terms in the final MI but will revisit as necessary.
- In both exhibits, specifically include or exclude payment for non-Postal Service employee travel on each individual “Authorized Expense Type.” Section III of the final MI was clarified to advise that this type of travel is not authorized unless it is usual, customary, and approved in advance.
- Clarify the scope of the MI’s alcohol consumption policy to eliminate conflict with provisions of 39 C.F.R. § 447.21(e) regarding prohibited conduct and the *Employee and Labor Relations Manual (ELM)*¹ regarding intoxicating beverages. The MI provides that “officers may also authorize Postal Service funds to purchase and pay for alcohol (beer and wine only) to be served in conjunction with officer-approved internal or external events.” As defined in the MI, internal events include “working meeting meals” and external events include “business meals.” However, 39 C.F.R. § 447.21(e) and the ELM prohibit Postal Service employees from “drink[ing] beer, wine or other intoxicating beverages while on duty.” The ELM states “employees found to be violating this policy may be subject to disciplinary action.” Management modified the final MI’s alcohol

¹ ELM Issue 18, dated June 2007, Chapter 6, Employee Relations, Subchapter 660, Conduct, Section 665.26.

consumption policy but did not explicitly recognize in the MI that it re-interprets Title 39 and the ELM.

Transparency Among All Postal Service Managers

Finally, we suggested several revisions to the MI to provide greater transparency among all managers. Management adequately addressed dollar limits, formatting changes, specific citation language, explicit references to the inclusion or exclusion of attendees, and reconciliation of the policy section with the exhibits. However, the Postal Service did not sufficiently address our concerns related to the following.

- Ensure the MI addresses tax obligations regarding meals and refreshments for spouses, significant others, and immediate family members, instead of referring the reader to Handbook F-15, *Travel and Relocation*. The exhibits should also cover tax implications and specify how to address them. Management did not modify the tax consideration verbiage because it is not significant, tracked, or reported.
- Reconcile the MI policy regarding payment of travel for non-Postal Service employees (which requires Postmaster General [PMG] or Deputy PMG approval) with the exhibits (which often allows for approval by the hosting or responsible officer). Additionally, the MI should specify that “advance” approval is required. Section III of the final MI was clarified to advise that this type of travel is not authorized unless it is usual, customary, and approved in advance.
- Require all expenses associated with internal and external events (meals, refreshments, employee recognition gifts, gift cards, etc.) to be included in a unique general ledger account(s). The account(s) should identify each item on a line item basis along with the item recipient’s name and date of receipt. The account(s) need(s) to be clearly indicated in the MI to ensure transparency and accountability. Management did not modify the final MI to identify unique general ledger accounts.

These changes would provide more transparency regarding expenses for internal and external events and the same level of accountability currently expected of officers for their travel and representation expenses.

We discussed our observations with management on March 4 and 28, 2008. Prior to our discussions, management provided informal comments to our draft management advisory via email on March 3, 2008. Management provided additional comments and updates to the MI on March 4, 6, and 27, 2008, for our review. See [Appendix B](#) for our review of management’s comments and updates to the draft MI.

Management stated they could not incorporate two changes into the MI since senior level management would need to address them. The changes involved (1) clarifying the scope of the MI’s alcohol consumption policy to eliminate conflict with provisions of 39 C.F.R. § 447.21(e) and the ELM; and (2) requiring all expenses associated with internal

and external events to be included in a unique general ledger account(s). We continue to believe these issues are important; senior level management should be consulted about incorporating them into the MI.

We recommend the Vice President, Controller:

1. Consult with senior level management to further update the Management Instruction, *Expenses for Internal and External Events*, to clarify the scope of the alcohol consumption policy in order to eliminate the conflict with provisions of 39 C.F.R. § 447.21(e) regarding prohibited conduct and the *Employee and Labor Relations Manual*, Section 665.26, regarding intoxicating beverages.²

Management's Comments

Management neither agreed nor disagreed with the recommendation. However, management changed the language in the MI's Section VII, Allowable Expenses to read as follows: "When reasonable, customary, and participants are either not on duty (i.e., after normal business hours) or not in their assigned postal workplace during scheduled working hours,³ officers may also authorize Postal Service funds to purchase and pay for alcohol (beer and wine only) to be served in conjunction with officer-approved internal or external events." See [Appendix C](#) for management's comments in their entirety.

Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendation. We continue to believe the MI should explicitly recognize that this policy re-interprets the scope of Title 39, Code of Federal Regulations, Section 447.21(e) and the ELM, Section 665.26, that prohibit Postal Service employees from consuming alcohol while on duty. However, we will not persist in pursuing the issue at this time, but will continue to monitor it as part of our ongoing audit oversight.

We recommend the Vice President, Controller:

2. Consult with senior level management to further update the Management Instruction, *Expenses for Internal and External Events* to require that all expenses associated with internal and external events be included in a unique general ledger account(s).⁴

² In our draft report issued April 18, 2008, this was recommendation 1.A.

³ Verbiage in management's written response states "...or expected to return to duty following event conclusion." However, after communication with the OIG subsequent to management's formal response, they further revised the statement. The text noted is now included in the issued MI.

⁴ In our draft report issued April 18, 2008, this was recommendation 1.B.

Management's Comments

Management neither agreed nor disagreed with the recommendation. They stated this recommendation was not feasible for several reasons, including the ability to purchase and pay for items associated with hosting events by different methods and the ability/requirement to pay at different times. Further, they stated the general ledger does not have the capability to track individual items and added they do not now have any system capable of identifying and aggregating events-related data from the various systems where it is currently stored. Finally, they stated that due to tax implications and tracking systems, they cannot classify recognition and awards, travel, and paying for meals and refreshments under one unique general ledger account.

Evaluation of Management's Comments

We acknowledge that the capability does not currently exist to identify and aggregate all events-related data. However, we continue to maintain that more transparency of expenses associated with internal and external events is necessary. Accordingly, we continued to communicate with management subsequent to receiving their May 13, 2008, comments, while they discussed and evaluated system requirements and associated costs.

Most recently, we met with management on December 16, 2008, and they advised that building a new system or re-designing existing systems capable of receiving inputs from multiple other systems may not be cost beneficial but were willing to work with the OIG towards a long-term solution based on management's and the OIG's needs. We provided them with a comprehensive list of requirements we believed were necessary for management's monitoring of expenses associated with internal and external events. They will review these requirements and discuss them with us in the future. Management advised that funding does not exist in the fiscal year (FY) 2009 budget for any effort related to this issue. However, they will look for the lowest cost solution to address the transparency issue and, as appropriate, submit a request for the FY 2010 budget, as the planning cycle begins in February 2009.

They did offer alternatives to resolve the issue in the short term. Specifically, they suggested developing monitoring and reporting controls using features already existing as part of the General Services Administration's purchase card program, and advised that there may be opportunities for similar controls in the design of Omni-Mall.⁵ As a first step, management will coordinate a demonstration of these resources to establish a common understanding of their capabilities. Also, we agreed to hold regular meetings, beginning in January 2009, to continue to move towards mutual resolution. We consider management's ongoing actions responsive to the recommendation and will continue to monitor this issue as part of our ongoing audit oversight.

⁵ The Postal Service plans to implement Omni-Mall to replace the eBuy system as the Postal Service's preferred method for ordering goods and services.

We recommend the Vice President, Controller, direct the Manager, Corporate Accounting, to:

3. Update Management Instruction, *Expenses for Internal and External Events*, to incorporate the remaining changes indicated in [Appendix B](#), the Further Action Needed column.

Management's Comments

In addition to the open items already discussed, management commented on the issues in [Appendix B](#) where further action was needed. Specifically, management:

- Stated employee recognition and employee appreciation definitions were in the exhibits and considered those part of the entire document, so no further definitions were necessary.
- Changed “business meals” to “business representation meals” to further distinguish that expense type.
- Referenced Handbook F-15 but did not state whether managers must exclude non-PCES employees because Section II of the MI stated who may attend internal and external events.
- Advised they would not change terms such as “typically,” “when practicable,” and “may” at the present time, but will revisit as necessary.
- Regarding payments for non-Postal Service employee travel and reconciling the MI policy with the Exhibits on this same issue, clarified Section III of the MI to advise that this type of travel is not authorized unless it is usual and customary and advance approval is received.
- Did not add any tax consideration verbiage for meals and refreshments for spouses and immediate family members because it is not significant, tracked, or reported.
- Believed their response adequately addressed the issues in [Appendix B](#) and planned no further actions.

Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendation. The items in [Appendix B](#) where further action is needed primarily involve editing for greater clarity to eliminate ambiguity and misinterpretation. These do not significantly affect policy, and we believe the changes already made decrease the risk of potential mismanagement. As a result, we will not persist in pursuing these issues at this time but will continue to monitor them as part of our ongoing audit oversight.

The OIG considers recommendation 2 significant, and therefore requires OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective action is completed. This recommendation should not be closed in the follow-up tracking system until the OIG provides written confirmation that the recommendation can be closed.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Lorie Nelson, Director, Financial Reporting, or me at (703) 248-2100.



John E. Cihota
Deputy Assistant Inspector General
for Financial Accountability

Attachments

cc: H. Glen Walker
Stephen J. Nickerson
Vincent H. DeVito, Jr.
Katherine S. Banks

APPENDIX A: ADDITIONAL INFORMATION

BACKGROUND

The OIG Office of Investigations issued a risk alert in July 2007 to management recommending that they clarify policies related to reimbursement for non-employee spousal attendance at business functions. Postal Service officials responded that they had already begun a review of the Postal Service’s entire policy for payment of meals and refreshments and would replace MI 640-2001-4, *Payment for Meals and Refreshments* (among other guidance), with a comprehensive business meal policy. In January 2008, the Postal Service provided the OIG with their draft MI for our review and comment.

OBJECTIVE, SCOPE, AND METHODOLOGY

Our objective was to review the draft MI, *Expenses for Internal and External Events*, and determine whether it addressed the concerns raised during the OIG [REDACTED]. To accomplish our objective, we met with management and reviewed relevant documents, including officers’ travel guidelines, the OIG Office of Investigations’ risk alert, and applicable laws and regulations, to ensure provisions of the MI were reasonable, appropriate, and adequate.

We conducted this review from January 2008 through January 2009 in accordance with the President’s Council on Integrity and Efficiency, *Quality Standards for Inspections*. We discussed our observations and conclusions with management officials on March 4 and 28, 2008, and included their comments where appropriate. In addition, subsequent to the receipt of management’s formal response dated May 13, 2008, we worked with them to address some additional concerns we had related to their response. In our meeting with management on December 16, 2008, they identified a course of action to address our concern to provide transparency of expenses associated with internal and external events. We did not use computer-generated data during this review.

PRIOR AUDIT COVERAGE

Report Title	Report Number	Final Report Date	Report Results
<i>Postal Service Officers Travel Expense Guidelines</i>	FT-WP-06-001	September 29, 2006	Postal Service officers’ travel guidelines were not always consistent with guidelines prescribed by benchmarked entities.

**APPENDIX B: OIG REVIEW OF MANAGEMENT’S COMMENTS AND
UPDATES TO THE DRAFT MANAGEMENT INSTRUCTION**

Management Advisory Issues Review of Draft Management Instruction – <i>Expenses for Internal and External Events</i>	Addressed or Not Addressed Draft Management Instruction 640-2008-x, <i>Expenses for Internal and External Events</i> , Updated March 27, 2008	Further Action Needed
<u>Use of Personal Credit Cards</u>		
1. Prohibit the use of personal credit cards for working meals and employee appreciation events. This will ensure that employees do not use their personal credit cards to improperly accrue personal benefits and rewards or conceal the details of unauthorized purchases from the Postal Service.	Addressed on pages 2 and 3 – the Postal Service added the sentence “Personal credit cards may not be used as a method of payment for internal event expenses” in the following sections of the MI: (1) Internal Events, Under Local Buy Threshold, (2) External Events – Under Local Buy Threshold and Business Representation Meals While on Travel.	No
2. Require employees to use their government-issued travel card to pay for all customary travel and related business expenses.	Addressed on pages 2 and 3.	No
3. Delete all references to use of cash.	Addressed on page 3, and throughout MI and exhibits.	No
4. Add “or personal credit cards” to the first sentence in the “Exclusions” paragraph, immediately after “Employees may not use Postal Service funds. . .”	Addressed in item 1 above.	No

Management Advisory Issues	Addressed or Not Addressed	Further Action Needed
<u>Consistent and Detailed Definitions</u>		
<p>1. Define “employee recognition” and “employee appreciation” meals and gatherings. In the draft MI, any meal can be considered an employee appreciation event if the manager concludes it is not “routine.”</p>	<p>Addressed in Exhibit A.4 and A.5, pages 7 and 8, but not in the policy portion of the draft MI.</p>	<p>Yes</p>
<p>2. Define “internal events” to avoid confusion and misinterpretation; an example is the statement that actions are not allowed “. . . unless otherwise covered by this MI.”</p>	<p>Addressed. In our discussions with the Postal Service, they stated the “Exclusions” and “Deviations” sections cover such issues. The Postal Service added language in these two sections, which we believe addresses this issue.</p>	<p>No</p>
<p>3. Include the term “significant others” in the policy section of the MI and define it. In the draft MI, the term appears only in the exhibits.</p>	<p>Addressed. The Postal Service removed all references to “significant others” in the MI and exhibits.</p>	<p>No</p>

Management Advisory Issues	Addressed or Not Addressed	Further Action Needed
<p>4. Thoroughly define and describe “business meals” in the policy section, as well as within the exhibits. The draft seems to say that meals must be “required” and specifically authorizes PCES to “host” business meals with customers. As a result, the MI may be in conflict with Handbook F-15 for local travel. In addition, clearly state whether managers must exclude non-PCES employees from meals.</p>	<p>Addressed. The Postal Service deleted the language we referred to in the draft, that the meals must be “required,” and then specifically authorizes PCES to “host” business meals with customers. Therefore, the business representation meals section (pages 3 and 14) has been addressed.</p> <p>Not Addressed. We believe Exhibits A.2 and A.3, Other References column, should include Handbook F-15, Chapter 7-1.1.1.2, as a reference. Furthermore, the language in A.3 needs to be revised since it may still be in conflict with Handbook F-15.</p> <p>Not Addressed. The issue regarding whether non-PCES employees must be excluded from the meals was not addressed.</p>	<p>No</p> <p>Yes</p> <p>Yes</p>
<p>5. Define “manager” in the <i>Business Meals While on Travel</i> section and extend officers’ travel requirements for documenting business expenses to managers (for example: meeting justification, attendees, and receipts).</p>	<p>Addressed. Postal Service revised the section <i>Business Meals While on Travel</i>. The revision deleted the word “manager.” Postal Service did not extend officers’ travel requirements as it relates to documenting the business expense per se; however, the information should be captured in eTravel as covered within Exhibits, B.5, under Supporting Documentation.</p>	<p>No</p>
<p>6. Define what “typically,” “when practicable,” and “may” mean in this context by using more authoritative language (for example, “shall” instead of “may”).</p>	<p>Not Addressed. The Postal Service did not change terminology in the MI or the exhibits.</p>	<p>Yes</p>

Management Advisory Issues	Addressed or Not Addressed	Further Action Needed
7. In Exhibit A, explain how “Meals served as part of employee recognition or group appreciation meetings” (see A.4) differs from “Employee appreciation or recognition gatherings where refreshments and meals. . . may be served” (see A.5).	Addressed. The Postal Service added a definition to A.4 to clarify issue.	No
8. In both exhibits, specifically include or exclude payment for non-Postal Service employee travel on each individual “Authorized Expense Type.”	Not addressed. The Postal Service should specify on an event-by-event basis in the exhibits.	Yes
9. In both exhibits, specify the authority level that can approve each activity under each “Authorized Expense Type.”	Addressed. The Postal Service revised the Approving Authority columns for Exhibits A.1 through B.4 by adding the word “or” and commas in the text to delineate who has authority.	No
10. Clarify the scope of the MI’s alcohol consumption policy to eliminate conflict with provisions of 39 C.F.R. § 447.21(e) regarding prohibited conduct and the ELM, Issue 18, dated June 2007, Chapter 6, Employee Relations, Subchapter 660, Conduct, Section 665.26, regarding intoxicating beverages.	Not Addressed. As defined in the MI, internal events include “working meeting meals” and external events include “business meals.” However, 39 C.F.R. § 447.21(e) and the ELM prohibit Postal Service employees from “drink[ing] beer, wine or other intoxicating beverages while on duty.” The ELM states “employees found to be violating this policy may be subject to disciplinary action.” Postal Service personnel informed us senior level management would have to address this issue.	Yes

Management Advisory Issues	Addressed or Not Addressed	Further Action Needed
<u>Transparency Among All Postal Service Managers</u>		
<p>1. Ensure the MI addresses tax obligations regarding meals and refreshments for spouses, significant others, and immediate family members, instead of referring the reader to Handbook F-15. The exhibits should also cover tax implications and specify how to address them.</p>	<p>Not Addressed. The Postal Service stated meals, refreshments, and mementos are not taxable. However, the draft MI refers to travel expense charges for Postal Service employees attending internal and external events on pages 2 and 3. We believe paraphrasing the additional requirements (must not use eTravel and use a separate voucher) would increase awareness and help ensure compliance with applicable tax laws.</p>	<p>Yes</p>
<p>2. Include dollar limits or guidelines regarding refreshments and meals, commensurate with the <i>Officers' Travel and Representation Expense Guidelines</i>.</p>	<p>Addressed. Postal Service included dollar limits for refreshments and meals commensurate with the <i>Officers' Travel and Representation Expense Guidelines</i>. Included in Exhibits A.2, B.1, and B.5.</p>	<p>No</p>
<p>3. Reconcile the MI policy regarding payment of travel for non-Postal Service employees (which requires PMG or Deputy PMG approval) with the exhibits (which often allows for approval by the hosting or responsible officer). Additionally, specify that "advanced" approval is required.</p>	<p>Not Addressed. Postal Service needs to clarify who approves what expenses for internal and external events.</p>	<p>Yes</p>

Management Advisory Issues	Addressed or Not Addressed	Further Action Needed
<p>4. Bold and italicize the topic headers “Redelegation,” “Exclusions,” “Deviations,” and “Allowable Expenses.” These appear to be separate sections under “Business Meals While on Travel,” but they are actually separate topic headers.</p>	<p>Addressed. The Postal Service reformatted these sections so they stand alone as separate sections.</p>	<p>No</p>
<p>5. Include the related language or, at a minimum, the specific citation within the criteria stated in the “Other References” or “Other Policy References” columns of the exhibits.</p>	<p>Not Addressed. The Postal Service did not address the issue because their view is citations change frequently and would require updating the MI. We concur.</p>	<p>No</p>
<p>6. Explicitly state when spouses, significant others, or immediate family members are excluded to contrast with the events at which they are welcome.</p>	<p>Addressed. In our discussions with the Postal Service, they stated such issues are covered in the “Exclusions” and “Deviations” sections. We concur.</p>	<p>No</p>
<p>7. Reconcile the “Exclusions” policy (page 3) and A.7’s authorization for retirement celebrations.</p>	<p>Addressed. The Postal Service addressed the issue by adding the following language “except as authorized in A.7” in the Exclusions section on page 3.</p>	<p>No</p>

Management Advisory Issues	Addressed or Not Addressed	Further Action Needed
8. Require all expenses associated with internal and external events (meals, refreshments, employee recognition gifts, gift cards, etc.) to be included in a unique general ledger account(s). The account(s) should identify each item on a line item basis along with the item recipient's name and date of receipt. The account(s) need(s) to be clearly indicated in the MI to ensure transparency and accountability.	Not Addressed. Postal Service personnel informed us senior level management would have to address this issue.	Yes

APPENDIX C: MANAGEMENT'S COMMENTS

LYNN MALCOLM
VICE PRESIDENT, CONTROLLER



May 13, 2008

JOHNSON JOHN

SUBJECT: Transmittal of Draft Management Advisory – Draft Postal Service
Management Instruction – Expenses for Internal and External Events
(Report Number FT-MA-08-DRAFT)

Attached are our comments on the subject draft audit report. This report is being issued on a draft policy document that has not yet been reviewed by Postal Service management.

The attachment highlights the report's open advisory issues as of April 18, additional clarifications and corrective actions taken. We believe this response adequately addresses the issues in Appendix B and the report's final two recommendations. No further actions are planned in response to this report.

This report contains proprietary business information and is exempt from disclosure under the Freedom of Information Act (FOIA) due to deliberative process privilege, which permits withholding of pre-decisional information such as drafts, internal proposals, etc., from public availability. Marie Martinez, of Supply Management at 202-268-4117, and Phyllis Johnston, of Corporate Accounting at 202-268-3196, are available to answer any questions.

A handwritten signature in cursive script that reads "Lynn Malcolm".

Lynn Malcolm
Vice President, Controller

Attachment

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ATTACHMENT
Management Response
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Management Responses to Appendix B – Responses to Advisory Issues

Use of Personal Credit Cards

All actions in response to these initial four issues were addressed by management.

Consistent and Detailed Definitions

Additional actions to address five of the ten initial issues are included below.

Advisory Issue 1: Define “employee recognition” and “employee appreciation” meals and gatherings. In the draft MI, any meal can be considered an employee appreciation event if the manager concludes it is not “routine.”

Management Response: The policy is the entire document, including the exhibits. The “employee recognition” and “employee appreciation” definitions are found in Exhibits A.4 and A.5 under Allowable Expense for Internal Events. No further definition in the body of the policy is required.

Advisory Issue 4: Thoroughly define and describe “business meals” in the policy section, as well as within the exhibits. The draft seems to say that meals must be “required” and specifically authorizes PCES to “host” business meals with customers. As a result the MI may be in conflict with Handbook F-15 for local travel. In addition, clearly state whether managers must exclude non-PCES employees from meals. Open Items: Include Handbook F-15, Section 7-1.1.1.2, as a reference and non-PCES employees must be excluded from the meals was not addressed.

Management Response: We changed “Business meals” to “Business Representation Meals,” which further distinguishes this expense type. In addition, page one states who may attend internal and external events under Section II, *Definitions*, so stating whether managers must exclude non-PCES employees is not necessary. The F-15 is referenced, but due to anticipated updates to the handbook and potential renumbering of sections, this MI does not detail specific numeric sections in the F-15.

Advisory Issue 6: Define what “typically,” “when practicable,” and “may” mean in this context by using more authoritative language (for example, “shall” instead of “may”).

Management Response: Use of this language is intentional and more explicit language is not required. It is simply not possible to craft language that will adequately address every potential policy question. A certain degree of judgment must be delegated to local decision makers. If after instruction issuance we find that existing language needs revising, this advisory will be revisited.

Advisory Issue 8: In both exhibits, specifically include or exclude payment for non-Postal Service employee travel on each individual “Authorized Expense Type.”

Management Response: Travel payments related to non-postal travel is an exception versus a normal business practice and is covered in Section III, *Purchase and Payment*, versus in every exhibit section. We have clarified this section to advise that generally this type of travel is not authorized, unless usual and customary for the event and appropriate officer advance approval is received.

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Advisory Issue 10: Clarify the scope of the MI's alcohol consumption policy to eliminate conflict with provisions of 39 C.F.R. Section 447.21(e) regarding prohibited conduct and the ELM, Issue 18, dated June 2007, Chapter 6, Employee Relations, Subchapter 660, Conduct, Section 665.26, regarding intoxicating beverages.

Management Response: We changed the language on Page 4, Section VII, and Allowable Expenses now reads "When reasonable, customary, and participants are either not on duty (i.e., after normal business hours) or expected to return to duty following event conclusion, officers may also authorize Postal Service funds to purchase and pay for alcohol (beer and wine only) to be served in conjunction with officer-approved internal or external events."

Transparency Among All Postal Service Managers

Additional actions to address three of the eight initial issues are included below.

Advisory Issue 1: Ensure the MI addresses tax obligations regarding meals and refreshments for spouses, significant others, and immediate family members, instead of referring the reader to Handbook F-15. The exhibits should also cover tax implications and specify how to address them.

Management Response: The MI as updated addresses items subject to tax considerations, including mementos, prizes, or gifts, and spouse or family member travel. Meals and refreshments fall under the de minimis rule and are not tracked or reported.

Advisory Issue 3: Reconcile the MI policy regarding payment of travel for non-Postal Service employees (which requires PMG or Deputy PMG approval) with the exhibits (which often allows for approval by the hosting or responsible officer). Additionally, specify that "advance" approval is required.

Management Response: Section III, Purchase and Payment, has been clarified to advise that generally this type of travel is not authorized, unless usual and customary for the event and appropriate officer approval is received in advance.

Advisory Issue 8: Require all expenses associated with internal and external events (meals, refreshments, employee recognition gifts, gift cards, etc.) to be included in a unique general ledger account(s). The account(s) should identify each item on a line item basis along with the item recipient's name and date of receipt. The account(s) need(s) to be clearly indicated in the MI to ensure transparency and accountability.

Management Response: This recommendation is not feasible. There are multiple issues, including the ability to purchase and pay for items associated with hosting events by different methods and the ability/requirement to pay at different times. The general ledger does not have the capability to track individual items; its purpose is to aggregate and summarize financial information from a wide variety of sources. Neither do we at the present time have any system capable of identifying and aggregating events-related data from a number of different systems. In addition, due to tax implications and tracking systems, we cannot classify recognition and awards, travel, and paying for meals and refreshments under one unique general ledger account.