

Fiscal Year 2023 Board of Governors' Expenditures

AUDIT REPORT

Report Number 23-163-R24 | March 20, 2024



Table of Contents

Cover

Highlights	1
Background	1
What We Did	1
What We Found	1
Recommendations	1
Transmittal Letter	2
Results	3
Introduction/Objective.....	3
Background	3
Finding: Board Expenditures	4
Management’s Comments	4
Evaluation of Management’s Comments.....	4
Appendices	5
Appendix A: Additional Information.....	6
Scope and Methodology	6
Prior Audit Coverage	7
Appendix B: Management’s Comments	8
Contact Information	9

Highlights

Background

The Postal Reorganization Act of 1970, as amended, established the Board of Governors (Board), which is generally comprised of nine governors appointed by the President of the United States, the postmaster general, and the deputy postmaster general. There was a full Board throughout fiscal year (FY) 2023.

The Board reviews the U.S. Postal Service's practices and policies and establishes objectives and goals in accordance with Title 39 of the U.S. Code. In FY 2023, the Board incurred \$470,020 in salaries, travel, meeting fees, and professional service expenses. The Office of the Board of Governors' policy requires annual audits of the Board's expenses.

What We Did

Our objective was to determine whether the Board expenditures were properly supported, reasonable, and complied with Postal Service and Board policies and procedures. We reviewed all payments made to governors for salaries and meeting fees, totaling \$318,600, as well as 82 of 259 Board expenditures, totaling \$122,680 of \$151,420.

What We Found

All governors' salaries and fees were properly supported and complied with policy. Other expenditures reviewed were reasonable, and the use of the purchase card was appropriate. Additionally, the governors' as well as the Secretary's and Board personnel's travel vouchers were properly supported and generally complied with policies.

Recommendations

Based upon the audit results, we did not make any recommendations.

Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

March 20, 2024

MEMORANDUM FOR: MICHAEL J. ELSTON
SECRETARY OF THE BOARD OF GOVERNORS

CARA M. GREENE
VICE PRESIDENT, CONTROLLER

A handwritten signature in black ink, reading "Alan MacMullin", is positioned below the recipient information.

FROM: Alan MacMullin
Deputy Assistant Inspector General
for Finance, Pricing, and Human Capital

SUBJECT: Audit Report – Fiscal Year 2023 Board of Governors' Expenditures
(Report Number 23-163-R24)

This report presents the results of our audit of Fiscal Year 2023 Board of Governors' Expenditures.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Christa Owens, Director, Finance, or me at 703-248-2100.

Attachment

cc: Postmaster General
Corporate Audit Response Management

Results

Introduction/Objective

This report presents the results of our audit of the U.S. Postal Service's Fiscal Year (FY) 2023 Board of Governors' Expenditures (Project Number 23-163). The Office of the Board of Governors' (Board) policy requires annual audits of the Board's expenses.¹ Our objective was to determine whether the Board's expenditures were properly supported, reasonable, and complied with Postal Service and Board policies and procedures. See [Appendix A](#) for additional information about this audit.

Background

The Postal Reorganization Act of 1970, as amended, established the Board, which is generally comprised of up to nine governors appointed by the President of the United States, the postmaster general (PMG) and the deputy postmaster general.² During FY 2023, there was a full Board in place. The Board reviews the Postal Service's practices and policies and establishes objectives and goals in accordance with Title 39 of the U.S. Code.

In FY 2023, the Board held 30 meetings³ and incurred \$470,020 in salaries, travel, meetings, professional services, and other expenses as shown in Table 1.

Table 1. Board of Governors' Salaries and Expenditures

Expense Category	FY 2023	FY 2022
Governors' Salaries	\$270,000	\$256,833
Meeting Fees	\$48,600	\$60,300
Governors' Salaries & Meeting Fees Total:	\$318,600	\$317,133
Governors, Secretary, and Staff Travel ⁴	\$93,396	\$161,560
Meeting Expenses ⁵	\$21,619	\$29,487
<i>Food</i>	\$7,372	\$16,119
<i>Beverages (Alcohol and Non-Alcohol)</i>	\$3,135	\$6,274
<i>Tips</i>	\$1,112	\$1,207
<i>Fees</i>	\$10,000	\$5,887
Professional and Other Services	\$31,873	\$16,575
Supplies	\$4,532	\$8,692
Expenditures Total:	\$151,420	\$216,314
Total:	\$470,020	\$533,447

Source: Office of Inspector General (OIG) analysis of Postal Service accounts payable records.⁶

¹ Resolution of the Board of Governors of the United States Postal Service, Resolution No. 21-24, "Policies Relating to Governors' Official Expenses."

² Public Law 91-375, enacted August 12, 1970.

³ Meetings include full Board of Governors' regular, annual, and special meetings as well as committee meetings, but do not include other official functions such as stamp dedication ceremonies. In addition to a salary, governors receive \$300 a day in a meeting fee for no more than 42 meeting days each year.

⁴ Category excludes officers' travel expenses.

⁵ Resolution No. 21-24: Any Official Event expenses (such as meals, tip, taxes, private function space, receptions, etc.) should not exceed what is reasonable and customary. Purchase of alcoholic beverages for Official Events is authorized.

⁶ Records were extracted from the Enterprise Data Warehouse.

Finding: Board Expenditures

We reviewed all payments made to governors for salaries and meeting fees, totaling \$318,600, as well as a sample of 82 of 259 Board expenditures, totaling \$122,680 of \$151,420. We identified that all governors' salaries and fees were properly supported and complied with policy. Other expenditures, including meals, professional contract, catering, and miscellaneous services reviewed were reasonable and complied with policy. Additionally, the use of the purchase card was appropriate and the governors' as well as the Secretary's and Board personnel's travel vouchers were properly supported and generally complied with policies.

We perform a yearly audit on the Office of the Board of Governors' expenditures, and therefore, will continue to review travel expense reports as part of our ongoing oversight responsibilities. Based on the audit results, we did not offer any recommendations.

Management's Comments

Management stated they appreciate the thorough and professional work of the audit team as well as the recognition of the efforts of the Office of the Board of Governors around the documentation and control of expenses. See [Appendix B](#) for management's comments in their entirety.

Evaluation of Management's Comments

The OIG considers management's comments responsive to the conclusions in the report.

Appendices

Appendix A: Additional Information	6
Scope and Methodology.....	6
Prior Audit Coverage.....	7
Appendix B: Management's Comments	8

Appendix A: Additional Information

Scope and Methodology

We reviewed 82 of 259 Board expenditure transactions totaling \$122,680 of \$151,420 (81 percent) from FY 2023,⁷ as well as all governor salaries and meeting fees totaling \$318,600. Table 2 shows the Board expenditures reviewed by expense category.

We identified all Board expenses recorded in the Postal Service Enterprise Data Warehouse and obtained the governors' meeting fees documentation from the Board for the period from October 2022 through September 2023. We excluded travel expenses for the PMG and deputy PMG as they are included within the scope of the Postal Service's officers' travel. We judgmentally selected and reviewed Board expenditures.

To accomplish our objective, we:

- Reviewed applicable policies, criteria, and guidelines relating to Board expenditures.
- Reviewed both the Secretary of the Board and the Secretary of the Office of the PMG's travel expenses.
- Interviewed personnel from the Office of the Board, and Travel and Relocation.
- Obtained and reviewed Postal Service (PS) Forms 1231, Board of Governors/Officers Expense Report, and supporting documentation.
- Obtained and reviewed PS Forms 1013, Transportation Ticketing Authorization, Corporate Travel Account (CTA), and supporting documentation.
- Obtained and reviewed the Secretary's monthly certifications of governors' salaries and meeting attendance as well as the corresponding Corporate Accounting memos confirming scheduled payments for compensation paid to the governors.
- Obtained and reviewed invoices and supporting documentation for contract fees to assess professional and other services fees.

Table 2. FY 2023 Board of Governors' Expenditures

Expense Category	Total Transactions	Total Amounts	Transactions Reviewed	Amounts Reviewed
Salaries:				
Governors' Salaries & Meeting Fees	270	\$318,600.00	270	\$318,600.00
Salaries Totals:	270	\$318,600.00	270	\$318,600.00
Expenditures:				
Governors', Secretary's, and Staff's Travel ⁸	154	\$93,396.00	58	\$72,405.00
Meeting Expenses	17	\$21,619.00	17	\$21,619.00
Professional and Other Services	24	\$31,873.00	7	\$28,656.00
Supplies	64	\$4,532.00	0	0
Expenditures Total:	259	\$151,420.00	82	\$122,680.00
Total:	529	\$470,020.00	352	\$441,280.00

Source: OIG analysis of Postal Service accounts payable records.⁹

⁷ The Postal Service's fiscal year 2023 was from October 1, 2022, through September 30, 2023.

⁸ Category excludes officers' travel expenses.

⁹ Retrieved from Enterprise Data Warehouse.

- Researched related contract documentation in the Contract Authoring and Management System.¹⁰
- Obtained and reviewed monthly Purchase Card statements and supporting documentation to assess meeting expenses.

We conducted this performance audit from November 2023 through March 2024 in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Postal Service management elected to waive the exit conference.

In planning and conducting the audit, we obtained an understanding of Board expenditures' internal control structure to help determine the nature, timing, and extent of our audit procedures. We reviewed the management controls for overseeing the program and mitigating associated risks. Additionally, we assessed the internal control components and underlying principles, and we determined that the following two control components were significant to our audit objective: control activities and monitoring.

We developed audit work to ensure that we assessed these controls. Based on the work performed, we did not identify internal control deficiencies that were significant within the context of our objectives.

We assessed the reliability of Enterprise Data Warehouse data by tracing transactions to supporting source documentation. We determined that the data were sufficiently reliable for the purposes of this report.

Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date	Monetary Impact
<i>Fiscal Year 2022 Board of Governors' Expenditures</i>	Determine whether travel and miscellaneous expenses of the Office of the Board of Governors are properly supported, reasonable, and comply with Postal Service and Board policies and procedures.	22-162-R23 Fiscal Year 2022 Board of Governors' Expenditures	4/21/23	None
<i>Fiscal Year 2021 Board of Governors' Expenditures</i>	Determine whether expenditures by the Board of Governors were properly supported and reasonable and complied with Postal Service and Board policies and procedures.	21-100-R22 Fiscal Year 2021 Board of Governors' Expenditures	2/25/22	None

¹⁰ Contract Authoring and Management System is a web-based application to facilitate the solicitation, award, and administration of supplies, services, and transportation contracts.

Appendix B: Management's Comments



BOARD OF GOVERNORS

February 27, 2024

JOHN CIHOTA
DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response: Fiscal Year 2023 Board of Governors' Expenditures
(Report Number 23-163-DRAFT)

Thank you for providing the Postal Service an opportunity to review and comment on the findings contained in the draft audit report, *Fiscal Year 2023 Board of Governors' Expenditures*.

We have no comment on the report.

We appreciate the thorough and professional work of the OIG's audit team as well as the recognition of the efforts of the Office of the Board of Governors around the documentation and control of expenses.

A handwritten signature in blue ink, appearing to read "Michael J. Elston".

Michael J. Elston
Secretary of the Board of Governors

E-SIGNED by CARA.M GREENE
on 2024-02-27 12:28:29 EST

Cara M. Greene
Vice President, Controller

cc: *Corporate Audit & Response Management*

UNITED STATES POSTAL SERVICE
475 L'ENFANT PLAZA SW ROOM 10300
WASHINGTON DC 20260-1000
usps.com

OFFICE OF INSPECTOR GENERAL

UNITED STATES



Contact us via our [Hotline](#) and [FOIA](#) forms. Follow us on social networks. Stay informed.

1735 North Lynn Street, Arlington, VA 22209-2020
(703) 248-2100

For media inquiries, please email press@uspsig.gov or call (703) 248-2100