

Fiscal Year 2022 Officers' Travel and Representation Expenses

AUDIT REPORT

Report Number 22-055-R23 | December 28, 2022



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Highlights

Background

The U.S. Postal Service has 50 authorized officer positions, including the postmaster general, deputy postmaster general, and all vice presidents. During FY 2022, the Postal Service had forty-seven active officers and one employee that participated in an accredited degree program. Officers filed 694 expense reimbursement requests totaling \$769,789.

What We Did

Our objective was to determine whether Postal Service officers complied with policies and procedures regarding travel and representation expense reimbursements. We reviewed 15 reimbursement requests for each quarter totaling \$156,956.

What We Found

Postal Service officers properly supported the travel and representation expense reimbursements we reviewed and complied with Postal Service policies and procedures. We identified minor documentation issues that we communicated to and resolved with Postal Service management.

We inquired about the taxable rental and travel reimbursements item we previously identified in our Fiscal Year 2021 Officers' Travel and Representation Expenses report. Management advised that the limited-term contract employees' rental reimbursements were no longer requested and documented through eTravel. Therefore, we tested travel expenses associated with these employees, but their rental reimbursements were not within our audit scope this fiscal year. We may follow-up on these expenses in the future as part of our ongoing oversight.

Recommendations

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

Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

December 28, 2022

MEMORANDUM FOR: 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 2022 Officers' Travel and Representation
Expenses (Report Number 22-055-R23)

This report presents the results of our audit of the U.S. Postal Service's Fiscal Year 2022 Officers' Travel and Representation Expenses (Project Number 22-055).

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

Attachment

cc: 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) 2022 Officers' Travel and Representation Expenses (Project Number 22-055). We conducted this audit in response to the U.S. Postal Service Board of Governors' policies and procedures requiring annual audits of officers' travel and representation expenses.¹ Our objective was to determine whether Postal Service officers complied with policies and procedures regarding travel and representation expense reimbursements. See [Appendix A](#) for additional information about this audit.

Background

The Postal Service has 50 authorized officer positions,² including the postmaster general, deputy postmaster general, and all vice presidents. During FY 2022, the Postal Service had forty-seven active officers and one employee that participated in an accredited degree program.³

During FY 2022, officers filed 694 expense reimbursement requests totaling \$769,789. Table 1 shows officers' reimbursements from FY 2020 through FY 2022 for comparison.

Table 1. Comparison of Reimbursements and Associated Expenses

Fiscal Year	Reimbursements	Total Paid Amount
FY 2022	694	\$769,789
FY 2021	364	\$417,075
FY 2020	646	\$775,126

Source: Postal Service eTravel System data.



The Postal Service also has limited-term contract employees hired under the appointment authority of Title 39 U.S. Code Section 1001(c).⁴ Although the contract employees were not officers, Postal Service management elected to include their travel reimbursement requests in the officer's group in the Electronic Travel Voucher (eTravel)⁵ system to ensure the requests received special review by Travel and Relocation personnel.

Postal Service officers and employees use the eTravel system to create, submit, and review expense reports; and obtain reimbursement for transportation, lodging, and other expenses incurred while on official travel. Officers are reimbursed for transportation, lodging, and other expenses incurred while on official travel. Additionally, officers are reimbursed for representation expenses incurred while participating in engagements with customers, industry, or employee groups with whom the Postal Service conducts official business.

1 Representation expenses nearly always involve one or more non-Postal Service personnel (suppliers, customers, and foreign postal administrators) and a Postal Service officer.
2 U.S.C. Title 39 Sections 203 and 204, dated August 12, 1970, established five officer positions. Under the powers granted, the Board of Governors authorized 45 additional positions under Board Resolution 99-1, dated October 4, 1999.
3 The Sloan Fellows Program is a 12-month, full-time Masters of Business Administration program designed to prepare mid-career managers to become future leaders.
4 The Postal Service may hire individuals as executives under employment contracts for periods not to exceed five years.
5 The eTravel system is an automated, web-based system.

Finding #1: Travel Reimbursements

We reviewed 60 travel and representation expense reimbursements totaling \$156,956 and determined that officers properly supported them and complied with Postal Service policies and procedures. We identified minor documentation issues that we communicated to and resolved with Postal Service management.



We inquired about the taxable reimbursements item we previously reported;⁶ specifically, that the Postal Service paid limited-term contract employees whose contracts were extended beyond one year for their official travel and rental expenses but did not capture the reimbursements for IRS reporting or withhold associated taxes.⁷ Management advised that the limited-term contract employees' rental reimbursements were no longer requested and documented through eTravel. Therefore, we included the official travel expenses associated with these employees in our sample population, but their rental expenses were not within our audit scope this FY.⁸ We may follow-up on these expenses in the future as part of our ongoing oversight.

Based on the audit results, we did not offer any recommendations.

Management's Comments

Management agreed with the finding and stated that they will continue to be diligent in the review and approval of all officers' travel and representation 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 finding in the report.

⁶ *Fiscal Year 2021 Officers' Travel and Representation Expenses* (Report Number 21-094-R22, dated February 18, 2022).

⁷ I.R.C. §162(a)(2) allows for a deduction of all ordinary and necessary expenses paid or incurred during the taxable year, including traveling expenses while away from home. It expressly states that "the taxpayer shall not be treated as being temporarily away from home during any period of employment if such period exceeds 1 year." Therefore, potential income and employment tax that should have been withheld include federal, state, local, Social Security, and Medicare.

⁸ Limited-term contract employees' official government travel is recorded in eTravel and was included in our audit scope.

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Appendix A: Additional Information

Scope and Methodology

For FY 2022, 47 officers and the employee that participated in the accredited degree program filed 694 travel and representation expense reimbursement requests totaling \$769,789. We also included eleven travel reimbursement requests, totaling \$8,957 filed by the limited-term contract employees, in the audit's overall universe. We judgmentally sampled and reviewed 60 reimbursement requests totaling \$156,956. Those 60 sampled reimbursements included 15 requests each quarter for existing officers, acting officers, limited-term contract employees, and a Sloan Fellows Program participant who traveled during the fiscal year. We included any reimbursements of \$7,000 or more and judgmentally selected additional transactions to total 15 transactions for each quarter.⁹

“We included any reimbursements of \$7,000 or more and judgmentally selected additional transactions to total 15 transactions for each quarter.”

We retrieved reimbursement requests and supporting documents that officers filed in the eTravel system and verified whether these employees complied with policies and procedures regarding:

- Submission and approval of the travel reimbursement requests
- Air transportation and other transportation methods
- Lodging and per diem
- International travel
- Representation expenses
- Other officer expenses
- Duplicate claims¹⁰
- Appropriateness of credit card use¹¹

We used the following as our criteria to evaluate reimbursements:

- *Revised Officers' Travel, Representation, and Office Expense Guidelines* issued by the Postmaster General, dated October 21, 2021.
- Handbook F-15, *Travel and Relocation*, dated September 2015.
- *Management Instruction FM-640-2020-1, Expenses for Internal and External Events*, dated January 2020.
- *The Massachusetts Institute of Technology Sloan Fellows Program Guide*, Learning and Development, United States Postal Service, dated January 5, 2016.
- Limited-term employee contracts and travel deviation letters.

We conducted this performance audit from February through December 2022 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We discussed our observations and conclusions with management on December 2, 2022, and included their comments where appropriate.

We assessed the reliability of eTravel data by comparing it to officer's travel expense data in the Enterprise Data Warehouse (EDW)¹² for each quarter. In addition, we judgmentally selected a sample of five reimbursement transactions in the EDW each quarter and verified them to the travel reimbursement requests in the eTravel system. We determined that the data were sufficiently reliable for the purposes of this report.

⁹ Each quarter, we selected transactions greater or equal to \$7,000 and/or the five highest dollar reimbursements and randomly selected an additional 10 reimbursements for review.

¹⁰ Expenses that are claimed more than once.

¹¹ Travelers only use the travel card for business-related purposes.

¹² A repository intended for all data and the central source for information on retail, financial, and operational performance.

Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date
<i>Fiscal Year 2021 Officers' Travel and Representation Expenses</i>	Determine whether Postal Service officers complied with policies and procedures regarding travel and representation expense reimbursement.	21-094-R22	2/18/2022
<i>Fiscal Year 2020 Selected Financial Activities and Accounting Records</i>	Determine whether the Postal Service fairly stated accounting transactions in the general ledger and whether selected key controls surrounding those transactions were designed and operating effectively; and properly tested, documented, and reported its examination of selected key financial reporting controls related to headquarters and Accounting Service Centers.	20-152-R21	4/30/2021

Appendix B: Management's Comments

CARA M. GREENE
VICE PRESIDENT, CONTROLLER




December 15, 2022

JOHN CIHOTA
Director, Audit Services

SUBJECT: Officers' Travel and Representation Expenses
Project Number 22-055

Management has reviewed the Draft Report – Officers' Travel and Representation Expenses, Project Number 22-055 DRAFT, and agrees with the OIG's findings regarding Officer travel and representation expenses. We will continue to be diligent in the review and approval of all Officers' travel and representation expenses.

 E-SIGNED by Cara.M Greene
on 2022-12-15 12:13:02 CST

Cara Greene
Vice President, Controller

cc: *Corporate Audit & Response Management*
Alan MacMullin, Deputy Assistant Inspector General for Finance, Pricing, and Human Capital

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OFFICE OF INSPECTOR GENERAL

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