

June 15, 2000

DANNY JACKSON
ACTING VICE PRESIDENT, GREAT LAKES AREA
OPERATIONS

SUBJECT: Letter Advisory Report - Old Chicago Main Post
Office (Report Number FA-LA-00-002)

This report presents the results of our review of the disposal of property at the Old Chicago Main Post Office (Project Number 99RR002FA000). The review was initiated based on concerns by a Postal Service Governor regarding the disposal of property at the Old Chicago Main Post Office.

**Objective, Scope, and
Methodology**

The objective of the review was to evaluate the accountability and management of transferred and disposed capital personal property. As part of the review, Chicago Postal Service officials provided a list of 587 capital property items valued at approximately \$15.9 million that were either disposed of or transferred. We judgmentally selected 232 of the 587 items to determine if the process used in the transfer and disposal of property was in accordance with Postal Service policy.

This review was conducted in accordance with the President's Council on Integrity and Efficiency, Quality Standards for Inspections. We discussed our conclusions and observations with appropriate management officials and included their comments, where appropriate.

Observations

We found that Chicago Postal Service officials used the correct forms in the transfer and disposal of the 232 items reviewed. Specifically, Postal Service officials transferred 177 items valued at approximately \$7.5 million and disposed of 55 items valued at approximately \$3.3 million. However, we could not confirm that all property was properly accounted for because Postal Service officials had not conducted a current physical inventory prior to the transfer and disposal of the property.

The last inventory prior to the transfer and disposal of property in 1995 had been completed in 1990. Postal officials informed us that a physical inventory was not conducted during fiscal year 1995, because headquarters postponed the physical inventories for fiscal year 1995 due to the decisions on the capital property dollar limitation.

Additionally, the review identified potential opportunities to improve information regarding the location of capital property. We are referring this information to our Financial Audit Team for consideration as part of a capital property financial statement audit.

We appreciate the cooperation and courtesies provided by your staff during the review. If you or your staff have any questions, please do not hesitate to contact Anthony Cannarella, director, Facilities, or me at (703) 248-2300.

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cc: John R. Gunnels

**Major Contributors to
This Report**

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