



January 18, 2011

STEVEN R. PHELPS  
MANAGER, SOX MANAGEMENT CONTROLS AND INTEGRATION

SUBJECT: Interim Management Advisory – Fiscal Year 2011 Financial Testing  
Compliance Oversight Reviews – Postal Retail Unit – Gooding, ID  
(Report Number FF-MA-11-002)

This report presents interim results for the U.S. Postal Service Office of Inspector General's (OIG) fiscal year (FY) 2011 review of the U.S. Postal Service Financial Testing Compliance (FTC) Group's performance and conclusions at the Gooding Postal Retail Unit (PRU), Gooding, ID (Project Number 11BR001FF002), performed November 18, 2010. The Gooding PRU is in the Salt Lake City District of the Western Area. At the conclusion of FY 2011, we will summarize the results for all reviews in reports to Postal Service Headquarters.

To comply with Section 404 Sarbanes-Oxley (SOX) Act of 2002 requirements, the Postal Service must report on the effectiveness of the agency's internal controls to ensure accurate financial reporting. It must submit an annual assessment to the Postal Regulatory Commission (PRC), which monitors and manages the Postal Service's compliance with SOX. The Postal Service established the Financial Control and Support group to oversee the work of the FTC Group, which conducts tests of key financial reporting controls. Senior Postal Service leaders use the results to identify and correct internal control deficiencies and report the overall results to the PRC. We conducted this oversight review in support of the independent accounting firm's reliance on Postal Service management's testing, and overall audit opinions on the Postal Service's financial statements and internal controls over financial reporting.

The overall objective of our review was to evaluate whether the FTC Group properly conducted and documented their examination of SOX financial reporting controls.

To perform this work, we observed FTC analysts conduct tests and reviewed their supporting documentation. We performed this review from November 2010 through January 2011 in accordance with the *Quality Standards for Inspections*.<sup>1</sup>

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<sup>1</sup> These standards were last issued by the President's Council on Integrity and Efficiency (PCIE) and the Executive Council on Integrity and Efficiency (ECIE) in January 2005. Since then, [The Inspector General Act of 1978 as amended by the IG Reform Act of 2008](#) created the Council of the Inspectors General on Integrity and Efficiency (CIGIE), which combined the PCIE and ECIE. To date, the Quality Standards for Inspections have not been amended to reflect adoption by the CIGIE and, as a result, still reference the PCIE and ECIE.

## Conclusion

Based on our review of the FTC analysts' work, we determined they properly conducted and documented their examination of key SOX financial reporting controls. See [Appendix A](#) for the results of our review.

The interim FTC oversight review advisories will be issued to the SOX manager in final format. At the conclusion of the fiscal year, the OIG will summarize the results of all our FTC oversight reviews in a report to Postal Service Headquarters. Management will have the opportunity to formally respond to the summary report at that time.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Juan Gonzalez, audit manager, at 303-925-7425 or me at 510-285-9024.

-Signed by Linda J. Libician-Welch  
VERIFY authenticity with Approve!

Linda Libician-Welch  
Director, Field Financial – West

Attachment

cc: Douglas G. Germer  
Corporate Audit and Response Management

**APPENDIX A: REVIEW RESULTS**

<b>Site Name</b>	Gooding PRU
<b>Finance Number-Unit ID</b>	1536000473
<b>Location Type</b>	PRU
<b>Scope Period Under Review</b>	October 1, through November 18, 2010
<b>FTC Review Program Version and Date</b>	November 1, 2010
<b>FTC Team</b>	West

<b>FTC Review Step/Control #</b>	<b>FTC Review Step/ Step Description</b>	<b>Did FTC have exceptions/ findings in this step? (Yes/No)</b>	<b>Did the OIG have exceptions/ Findings that FTC did not? (Yes/No/NA)</b>	<b>Did FTC perform the step in accordance to their program? (Yes/No)</b>	<b>Did FTC adequately document their work performed and the results? (Yes/No)</b>	<b>Did the OIG agree with FTC 's exceptions/ findings (or no exceptions/fin dings)? (Yes/No)</b>
400001	109CA17, Unit Reserve Accountability Examination Procedures	No	N/A	Yes	Yes	Yes
400002	109CA15, Individual Stamp Stock Accountability Examination Procedures	No	N/A	Yes	Yes	Yes
400003	123CA1, Bank Deposit Procedures	No	N/A	Yes	Yes	Yes
400004	109CA23, Close-out Procedures	No	N/A	Yes	Yes	Yes