



February 25, 2011

STEVEN R. PHELPS
MANAGER, SOX MANAGEMENT CONTROLS AND INTEGRATION

SUBJECT: Interim Management Advisory – Fiscal Year 2011 Financial Testing
Compliance Oversight Reviews – North Metro Processing and Distribution
Center, SmartPay Purchase Card Program – Duluth, GA
(Report Number FF-MA-11-024)

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 North Metro Processing and Distribution Center (P&DC), SmartPay® Purchase Card Program, Duluth, GA (Project Number 11BR007FF001), performed January 12 and 13, 2011. The North Metro P&DC, SmartPay® Purchase Card Program is in the Atlanta District of the Capital Metro 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 FTC to conduct tests of key financial reporting controls.

We conducted this oversight review in support of the independent public accountant's (IPA) 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 IPA relies on the Postal Service's internal control testing to support the overall audit opinions.

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


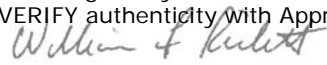
To perform this work, we observed FTC analysts conduct tests and reviewed their supporting documentation. We performed this review from January through February 2011 in accordance with the *Quality Standards for Inspections*.¹

Conclusion

Based on our review of FTC's work, FTC analysts 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 its FTC oversight reviews and include recommendations, if applicable, in a report to Postal Service Headquarters management. Management agreed not to respond to the interim reports but will have the opportunity to formally respond to the draft summary report.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Lavetta Smith, acting manager, at 404-507-8313, or me at 404-507-8317.

E-Signed by William Rickett 
VERIFY authenticity with ApproveIt


William F. Rickett
Acting Director, Field Financial – Central

Attachments

cc: Douglas G. Germer
Corporate Audit and Response Management

¹ 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.

APPENDIX A: REVIEW RESULTS

Site Name	North Metro P&DC
Finance Number-Unit ID	1235690295
Location Type	SmartPay
Scope Period Under Review	September 18-November 18, 2010
FTC Review Program Version and Date	SmartPay Topic 27000 1/3/2011
FTC Team	Central

FTC Review Step # /Control #	FTC Review Step Description	Did FTC have exceptions/findings in this step? (Yes/No)	Did the OIG have exceptions/findings that FTC did not? (Yes/No)	Did FTC perform the step in accordance to its program? (Yes/No)	Did FTC adequately document its work performed and the results? (Yes/No)	Did the OIG agree with FTC's exceptions/findings (or no exceptions/findings)? (Yes/No)
27000/225CA17	FTC Step #27000 - USPS Purchase Card, SmartPay® Topic 27000	Yes	No	Yes	Yes	Yes