

December 1, 1999

JOHN WARD  
VICE PRESIDENT, FINANCE, CONTROLLER

SUBJECT: Travel Advances  
Report Number FR-FA-00-005

This report presents an interim finding identified during our audit of the United States Postal Service financial statements for fiscal year (FY) 1999, San Mateo Accounting Service Center (Project No. 99PA010FR001).

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### **Results in Brief**

Postal employees that received travel advances were neither submitting Postal Service Form 1012, Travel Voucher, nor repaying travel advances timely after completing their travel. Seventy-seven travelers had travel advances outstanding for more than a year after they completed their travel.

This occurred because postal employees that received travel advances did not submit Postal Service Form 1012, Travel Voucher, or did not repay travel advances timely after completing their travel.

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### **Background**

The Postal Service Handbook F-15, Travel and Relocation, dated August 1997 provides guidance for repaying travel advances. Specifically:

- ◆ Section 4-2.1 states that “You must repay the Postal Service for the advance as soon as your travel is complete.”
- ◆ Section 10-1.1.2c states “if you do not anticipate more travel within the following 3-week period, then you must submit a travel voucher immediately and claim your travel expenses.”
- ◆ Section 10-2.1 states “if the amount of your outstanding travel advance exceeds the amount of your travel

expenses, you must repay the difference as soon as you complete the travel for which you received the advance.”

The Postal Service began a program in March 1994 to reduce travel advances issued to personnel by having funds disbursed to them via automatic teller machines. As a result, the total amount of outstanding travel advances was reduced from over \$6 million in 1993 to the current level of approximately \$1 million.

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**Objective, Scope, and Methodology**

Our objective was to review controls over the travel advance process. We conducted this portion of the audit from September 1998 through September 1999 in accordance with generally accepted government auditing standards and included tests of internal controls as were considered necessary under the circumstances.

We discussed our findings and recommendations with appropriate management officials and included their comments, where appropriate.

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**Travel Advance Repayment**

Seventy-seven travelers had travel advances outstanding for more than a year after they completed their travel. This occurred because postal employees that received travel advances did not submit Postal Service Form 1012, Travel Voucher, or did not repay travel advances timely after completing their travel.

Management did not review the Travel Advance Report, timely or take action to clear delinquent employees on the report. Currently, over 55 percent of the outstanding travel advances take over four accounting periods (about four months) to be recovered.

Handbook F-15, section 10-2.2, states “approving officials will review reports to determine whether each employee who is listed as having an outstanding balance is a continuous traveler or will be traveling within the next three weeks. If no travel is anticipated, the employee must immediately refund the outstanding balance. The review by approving officials helps determine which employees owe money to the Postal Service.”

Each accounting period, the San Mateo Accounting Service Center prepared a detailed travel report that listed employees that had outstanding travel advances. This report was provided to district finance managers based on the employee's budget authorization code and management sectional code located on the report. District Finance management had not periodically reviewed these reports or taken action to clear employees on the Travel Advance Report.

Failure of postal employees to repay travel advances timely could result in lost interest revenue and excessive administrative costs for billing.

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**Recommendations**

We offer the following recommendations.

The vice president, controller, finance should:

1. Inform employees that receive travel advances of the requirement to submit a travel voucher upon completing each trip.
2. Emphasize the importance of reviewing the "Travel Advance Report" to approving officials.
3. Initiate collection action procedures on outstanding travel advances.

Please furnish a reply within 20 days describing the corrective action planned or taken, including the timeframes, on our recommendations. This finding will be included in a consolidated report for the San Mateo Accounting Service Center at the conclusion of the FY 1999 financial statement audit. The report will include your comments and any planned corrective actions. If you have any questions, please contact [REDACTED].

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