



December 2, 2004

RICHARD J. STRASSER, JR.
CHIEF FINANCIAL OFFICER AND EXECUTIVE VICE PRESIDENT

SUBJECT: Audit Report – Agreed-upon Procedures Report for Federal
Intragovernmental Transactions (Report Number FT-AR-05-001)

Attached is a copy of the report we provided to the Department of the Treasury's Financial Management Service (FMS) and the Government Accountability Office (GAO) (Project Number 04XD012FT001). We are providing this report for information only and require no management action.

At the request of FMS, we performed the agreed upon procedures to assist them in the preparation of, and GAO in the audit of, the consolidated financial statements of the U.S. Government as of and for the year ended September 30, 2004.

If you have any questions, please contact John E. Cihota, Director, Financial Statements, or me at (703) 248-2300.

A handwritten signature in dark ink, appearing to read "John M. Seeba", is positioned above the typed name.

for
John M. Seeba
Assistant Inspector General
for Audit

Attachments

cc: Lynn Malcolm
Stephen J. Nickerson
Margaret A. Weir
Steven R. Phelps



December 2, 2004

FAYE McCREARY
FINANCIAL MANAGEMENT SERVICE, DEPARTMENT OF THE TREASURY

LYNDA DOWNING
GOVERNMENT ACCOUNTABILITY OFFICE

SUBJECT: Agreed-upon Procedures Report for Federal Intragovernmental
Transactions

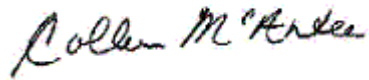
We have performed the procedures described in the attachment, which were agreed to by the Department of the Treasury's Financial Management Service (FMS), the Government Accountability Office (GAO), and the Office of Management and Budget (OMB) as stated in the FMS Agency Reporting Requirements for the Financial Report of the United States Government guidance, solely to assist FMS in the preparation of, and GAO in the audit of the consolidated financial statements of the U.S. Government as of and for the year ended September 30, 2004. Postal Service management is responsible for the proper accounting, presentation and reporting of its consolidated financial statements and reporting of information to FMS.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the Government Auditing Standards, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of FMS, GAO, and OMB. Consequently, we make no representations regarding the sufficiency of the procedures described in the attachment either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our associated findings are presented in the attachment.

We were not engaged to, and did not perform an audit of the matters addressed herein, the objective of which would be the expression of an opinion on such information. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Postal Service, OMB, FMS, and GAO and is not intended to be, and should not be, used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

If you have any questions, please contact me at (703) 248-2300.

A handwritten signature in cursive script, appearing to read "John M. Seeba".

for
John M. Seeba
Assistant Inspector General
for Audit

Attachment

cc: Gary Engel
Lena Lewis

AGREED-UPON PROCEDURES

Procedure	Finding
<p>Evaluated intragovernmental activity and balances as follows:</p> <ol style="list-style-type: none">1. Obtained all Closing Package trading partner data for intragovernmental activity/balances supporting the Closing Package Reclassified Balance Sheet's Federal Assets and Liabilities and related Statement of Income.2. Traced the intragovernmental transactions Closing Package trading partner data by federal line item totals and/or trading partner activity/balances to the agency's general ledger and the audited financial statements.3. Traced trading partner activities/balances from the intragovernmental transactions Closing Package trading partner data to the agency's supporting schedules (agency fourth quarter Intragovernmental Reconciliation and Chief Financial Officer Representations using Closing Package data). For items where agency reporting differences existed, traced the explanations to supporting documentation.	<p>Obtained all data.</p> <p>No differences were found.</p> <p>No differences were found.</p>

Procedure (Continued)	Finding
<p>4. Obtained FMS' <u>Comparative Closing Package Explanation of Differences Report</u> for intragovernmental activities/balances.</p> <ul style="list-style-type: none"> • Traced the differences between the agency and its trading partners by reciprocal category/line-item from FMS' comparative reports to explanations from agency supporting documentation. • In the event of nonreporting by trading partners, as indicated in the footer section of FMS' comparative reports, identify that the difference was due to a nonreporting partner and did not proceed further with the review of the differences. <p>5. Identified and included copies of internal control findings related to intragovernmental activities from the financial statements audit. Also, identified and reported auditor-proposed intragovernmental adjustments that were waived by the agency, including items cited in the management letter.</p>	<p>No inconsistencies were found in amounts or explanations between FMS' comparative reports and agency supporting documentation.</p> <p>Not applicable.</p> <p>No findings or adjustments were identified.</p>