



December 6, 2010

VINCENT H. DEVITO JR.  
VICE PRESIDENT, CONTROLLER

SUBJECT: Audit Report – Postal Service Officers' Travel and Representation Expenses  
for Fiscal Year 2010 (Report Number FT-AR-11-003)

This report presents the results of our audit of the U.S. Postal Service officers' travel and representation expenses for fiscal year (FY) 2010 (Project Number 10BG002FT000). We conducted the audit in response to the Board of Governors' (Board) policies and procedures requiring annual audits of officers' travel and representation expenses.<sup>1</sup> Our audit objective was to determine whether travel and representation expenses claimed by Postal Service officers were properly supported and complied with Postal Service policies and procedures.<sup>2</sup> This audit addresses financial risk. See [Appendix A](#) for additional information about this audit.

The Board has authorized 50 Postal Service officer positions. These officers are reimbursed for actual expenses incurred on official travel. They are also reimbursed for representation expenses incurred with customer, industry, or employee groups with whom the Postal Service conducts official business.

## **Conclusion**

Based on the judgmental sample results, officers' travel and representation expenses totaling approximately \$628,000 were properly supported and complied with Postal Service policies and procedures. Accordingly, we are not making any recommendations.

## **Progress on Prior Year Observation**

In a previous audit, we observed that officers did not always comply with guidelines while claiming expenses incurred during official travel and for representation.<sup>3</sup> Because these issues were not material and management conducted training during FY 2009, we

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<sup>1</sup> Representation expenses nearly always involve one or more non-Postal Service employees (suppliers, customers, and foreign postal administrators) and a Postal Service officer.

<sup>2</sup> The audit universe was limited to reimbursements processed through the eTravel System.

<sup>3</sup> Postal Service Officers' Travel and Representation Expenses for Fiscal Year 2009 (Report Number FT-AR-10-007, dated February 2, 2010).

did not make a recommendation at that time. During FY 2010, we did not identify any issues regarding the use of government travel cards and timely submission of claims. Accordingly, we consider this issue closed.

We are not making any recommendations in this report. As a result, management chose not to respond formally to this report.

We appreciate the cooperation and courtesies provided by your staff. If you have any additional questions or need additional information, please contact Lorie Nelson, director Financial Reporting, or me at 703-248-2100.

A rectangular box containing a handwritten signature in cursive script that reads "John E. Cihota". In the top right corner of the box, there is a small, square, yellow icon with a black question mark.

John E. Cihota  
Deputy Assistant Inspector General  
for Financial Accountability

Attachment

cc: Joseph Corbett  
Julie S. Moore  
Stephen J. Nickerson  
Corporate Audit and Response Management

## APPENDIX A: ADDITIONAL INFORMATION

### BACKGROUND

The Postal Reorganization Act of 1970, as amended, requires annual audits of the Postal Service's financial statements. As part of these audits, the Board adopted policies and procedures that require annual audits of officers' travel and representation expenses.

Officers shape the strategic direction of the Postal Service by setting goals, targets, and indicators within the framework established by the Board. Their positions are classified as Postal Career Executive Service II and include the postmaster general, deputy postmaster general, and all vice presidents. The Board has authorized 50 Postal Service officer positions.

Officers are reimbursed for actual expenses incurred on official travel. They are also reimbursed for representation expenses incurred with customer, industry, or employee groups with whom the Postal Service conducts official business. Postal Service policy requires officers to claim reimbursement for all travel and representation expenses through the eTravel system.

### OBJECTIVE, SCOPE, AND METHODOLOGY

Our audit objective was to determine whether travel and representation expenses claimed by Postal Service officers were properly supported and complied with Postal Service policies and procedures. In support of this objective, we judgmentally sampled and reviewed 69 reimbursements,<sup>4</sup> a minimum of 15 each quarter, from a universe of 714. The universe of reimbursements was from October 1, 2009, through September 30, 2010. We conducted fieldwork from January through October 2010.

We used the following criteria in evaluating reported expenses:

- Postal Service *Officers' Travel and Representation Expense Guidelines* issued by the postmaster general on April 13, 2009.
- Handbook F-15, *Travel and Relocation*, dated February 2004, updated with Postal Bulletin revisions through December 20, 2007.
- Various management instructions.<sup>5</sup>

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<sup>4</sup> We included at least one reimbursement for each officer and all reimbursements of \$7,000 and above.

<sup>5</sup> Management Instructions include (1) FM-640-2004-1, *Government Issued, Individually Billed Travel Charge Cards*, dated June 1, 2004; (2) FM-640-2008-1, *Expenses for Internal and External Events*, dated September 10, 2008; and (3) FM-640-1999-3, *Travel Expense Charges For Meetings*, dated April 9, 1999.

We conducted this performance audit from January through December 2010 in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our report and conclusions based on our audit objective. We believe the evidence obtained provides a reasonable basis for our report and conclusions based on our audit objective.

We assessed the reliability of eTravel data by tracing reimbursement amounts claimed in eTravel to data in the Accounting Data Mart (ADM) system. Moreover, we verified the data was posted to the appropriate general ledger accounts in ADM. We determined the data were sufficiently reliable for the purposes of this report.

### PRIOR AUDIT COVERAGE

We issued the following reports addressing officers travel and representation expenses.

Report Title	Report Number	Final Report Date	Report Results
<i>Postal Service Officers' Travel and Representation Expenses for Fiscal Year 2009</i>	FT-AR-10-007	2/4/2010	See " <a href="#">Progress On Prior Year Observations</a> " section of this report.
<i>Postal Service Officers' Travel and Representation Expenses for Fiscal Year 2008</i>	FT-AR-09-006	1/20/2009	Based on the sample results, travel and representation expenses totaling approximately \$1.2 million incurred by officers were generally supported. However, we found written pre-authorizations were not always obtained for domestic first-class airfare or for attendance of spouses at official events and spousal expenses were sometimes claimed in eTravel. Also, officers did not always use government travel cards or submit claims in a timely manner. Management agreed with our recommendation and conducted refresher training on proper travel procedures. Accordingly, this recommendation is closed.
<i>Postal Service Officers' Travel and Representation Expenses for Fiscal Year 2007</i>	FT-AR-08-004	12/20/2007	Based on the sample results, travel and representation expenses totaling approximately \$900,000 incurred by officers for the year ended September 30, 2007, were properly supported and complied with Postal Service policies and procedures. We made no recommendations.