

Fiscal Year 2022 Board of Governors' Expenditures

AUDIT REPORT

Report Number 22-162-R23 | April 21, 2023



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Highlights

Background

The Postal Reorganization Act of 1970, as amended, established the Board of Governors (Board), which is comprised of nine governors appointed by the President of the United States, the postmaster general, and the deputy postmaster general. While some members of the Board changed during the year, there was a full Board throughout fiscal year (FY) 2022.

The Board reviews the U.S. Postal Service's practices and policies and establishes objectives and goals in accordance with Title 39 of the U.S. Code. In FY 2022, the Board incurred \$534,447 in salaries, travel, meeting fees, and professional service expenses.

“Incurred \$534,447 in salaries, travel, meetings, and other expenses.”

What We Did

Our objective was to determine whether expenditures by the Board of Governors were properly supported and reasonable and complied with Postal Service and Board policies and procedures. We reviewed all payments made to governors for salaries and meeting fees, totaling \$318,133, as well as 83 of 261 Board expenditures, totaling \$162,960 of \$216,314.

What We Found

All the salaries and fees paid to the governors were properly supported. The other Board expenditures reviewed, including meeting expenses, were reasonable, and controls over the use of the purchase card were operating effectively. The governors, Secretary of the Board, and Board personnel travel vouchers were properly supported and generally complied with policies. However, we did identify one duplicate payment made to a governor, resulting in an overpayment of \$1,365. This issue was communicated to Postal Service management during the audit, and management plans to recover the overpayment through the governor's next travel voucher.

Recommendations

Based upon the audit results, we did not make any recommendations.

Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

April 21, 2023

MEMORANDUM FOR: MICHAEL J. ELSTON
SECRETARY OF THE BOARD OF GOVERNORS

CARA M. GREENE
VICE PRESIDENT, CONTROLLER

A handwritten signature in black ink, reading "Alan MacMullin", is centered below the recipient names.

FROM: Alan MacMullin
Deputy Assistant Inspector General
for Finance, Pricing, and Human Capital

SUBJECT: Audit Report – Fiscal Year 2022 Board of Governors' Expenditures
(Report Number 22-162-R23)

This report presents the results of our audit of the U.S. Postal Service's Fiscal Year 2022 Board of Governors' Expenditures.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Christa Owens, Acting Director, Finance Directorate, or me at 703-248-2100.

Attachment

cc: Postmaster General
Corporate Audit Response Management

Results

Introduction/Objective

This report presents the results of our audit of the U.S. Postal Service's Fiscal Year (FY) 2022 Board of Governors' Expenditures (Project Number 22-162). Our objective was to determine whether travel and miscellaneous expenses of the Office of the Board of Governors (Board) are properly supported, reasonable, and comply with Postal Service and Board policies and procedures. See [Appendix A](#) for additional information about this audit.

Background

The Postal Reorganization Act of 1970, as amended, established the Board, which is comprised of nine governors appointed by the President of the United States, the postmaster general, and the deputy postmaster general.¹ During FY 2022, the Board membership consisted of nine governors, the deputy postmaster general, and the postmaster general. The Board reviews the Postal Service's practices

and policies and establishes objectives and goals in accordance with Title 39 of the U.S. Code.

In prior fiscal years, the Board contracted with an independent public accounting (IPA) firm to express an opinion on its Statement of Expenditures, in addition to the overall Postal Service's financial statements and internal controls over financial reporting. The IPA firm relied on the audit work performed by the U.S. Postal Service Office of Inspector General (OIG) for portions of its Board expenditures audit. Starting in FY 2022, newly effective Board policy no longer required the Postal Service's IPA firm to audit Board expenditures. The OIG remains required by the Board policy to audit the travel and representation expenses of the Board.²

In FY 2022, the Board held 46 meetings³ and incurred \$534,447 in salaries, travel, meetings, and other expenses as shown in Table 1.

Table 1. Board of Governors' Salaries and Expenditures

Expense Category	FY 2022	FY 2021	FY 2020
Salaries:			
Governors' Salaries & Meeting Fees ⁴	\$318,133	\$55,800	\$65,400
Salaries Total:	\$318,133	\$55,800	\$65,400
Expenditures:			
Governors' and Staff Travel	\$161,560	\$77,821	\$85,459
Meeting Expenses	29,487	28,919	34,720
Professional and Other Services	16,575	757,850	1,540,662
Supplies	8,692	7,770	8,394
Expenditures Total:	\$216,314	\$872,360	\$1,669,235
Total	\$534,447	\$928,160	\$1,734,635

Source: OIG analysis of Postal Service accounts payable and general ledger records.

1 Public Law 91-375, enacted August 12, 1970.

2 Resolution of the Board of Governors of the United States Postal Service, Resolution No. 21-24, "Policies Relating to Governors' Official Expenses."

3 Meetings include full Board of Governors' regular, annual, and special meetings as well as committee meetings, but do not include other official functions such as stamp dedication ceremonies. In addition to a salary, governors receive \$300 a day in a meeting fee for not more than 42 meeting days each year.

4 The OIG did not audit Governor's salaries in FY 2021 and 2020. We began auditing those expenditures in FY 2022 after the newly effective Board policy removed the requirement that the IPA firm audit Board expenditures.

Finding #1: Board Travel Expenditures

We reviewed all payments made to governors for salaries and meeting fees, totaling \$318,133, as well as a sample of 83 Board expenditures, totaling \$162,960. We identified that all governors' salaries and fees were properly supported and complied with policy. Other expenditures reviewed were reasonable, and controls over the use of the purchase card were operating effectively. Additionally, the governors' as well as the Secretary and Board personnel travel vouchers were properly supported and generally complied with policies.⁵ However, we identified one duplicate travel reimbursement payment to a governor.

The duplicate payment occurred when two travel vouchers for the same trip were processed for payment. The initial travel voucher included an airline credit incorrectly deducted from the governor's airfare cost. The credit was from non-Postal Service-related travel. At the same time, a second voucher for the same trip was processed to include the full airfare and the additional travel expenses. This oversight resulted in an overpayment of \$1,365. This issue was communicated to Postal Service management during the audit, and management plans to recover the overpayment through the governor's next travel voucher.

“We identified one duplicate travel reimbursement to a governor. This resulted in an overpayment of \$1,365.”

We perform a yearly audit on the Office of the Board of Governors expenditures, and therefore, will continue to review travel vouchers as part of our ongoing oversight. Based on the audit results, we did not offer any recommendations.



We reviewed all payments made to governors for salaries and meeting fees, totaling, **\$318,133**
As well as a sample of 83 Board expenditures, totaling, **\$162,960**

Management's Comments

Management agreed with the finding and stated that most of the overpayment has been recovered by the Postal Service and they anticipate the remaining amount will be recovered by the end of May 2023. See [Appendix B](#) for management's comments in their entirety.

Evaluation of Management's Comments

The OIG considers management's comments responsive to the finding in the report.

⁵ Governor travel policy is Resolution No. 21-24, "Policies Relating to Governors' Official Expenses," the Secretary travel policy is "Officers Travel, Representation, and Office Expense Guidelines," Volume, July 2017; and the Board personnel travel policy is Handbook F-15, "Travel and Relocation."

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Appendix A: Additional Information

Scope and Methodology

We reviewed 83 of 261 Board expenditure transactions totaling \$162,960 of \$216,314 (75 percent) from FY 2022⁶, as well as all governor salaries and meeting fees totaling \$318,133. Table 2 shows the Board expenditures reviewed by expense category.

We identified all Board expenses recorded in the Postal Service accounts payable system and obtained the governors' meeting fees documentation from the Postal Service's Corporate Accounting team for the period from October 2021 through September 2022. We excluded travel expenses for the postmaster general and deputy postmaster general as they are included within the scope of the Postal Service's officers' travel.⁷ We judgmentally selected and reviewed Board expenditures.

To accomplish our objective, we:

- Reviewed applicable policies, criteria, and guidelines relating to Board expenditures.
- Interviewed personnel from the Office of the Board, and Travel and Relocation.
- Obtained and reviewed Postal Service (PS) Forms 1231, *Governors/Officer Expense Report*, and supporting documentation.
- Obtained and reviewed PS Forms 1013, *Transportation Ticketing Authorization, Corporate Travel Account (CTA)*, and supporting documentation.
- Obtained and reviewed the Secretary's monthly certifications of governors' salaries and meeting attendance as well as the corresponding Corporate Accounting memos confirming scheduled payments for compensation paid to the governors.
- Obtained and reviewed invoices and supporting documentation for contract fees to assess professional and other services fees.
- Obtained and reviewed monthly Purchase Card statements and supporting documentation to assess meeting and supply expenses.

Table 2. FY 2022 Board of Governors' Expenditures

Expense Category	Total Transactions	Total Amount	Transactions Reviewed	Amount Reviewed
Salaries:				
Governors' Salaries & Meeting Fees	105	\$318,133	105	\$318,133
Salaries Total:	105	\$318,133	105	\$318,133
Expenditures:				
Governors', Secretary, and Staff Travel	183	\$161,560	60	\$122,094
Meeting Expenses	17	29,487	17	29,487
Professional and Other Services	16	16,575	6	11,379
Supplies	45	8,692	0	0
Expenditures Total:	261	\$216,314	83	\$162,960
Total:	366	\$534,447	188	\$481,093

Source: OIG analysis of Postal Service accounts payable and general ledger records.

⁶ The Postal Service's fiscal year 2022 was from October 1, 2021, through September 30, 2022.

⁷ *Fiscal Year 2022 Officers' Travel and Representation Expenses* (Report Number 22-055-R23, issued December 28, 2022).

We conducted this performance audit from October 2022 through April 2023 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 findings and conclusions based on our audit objective(s). We believe that the evidence obtained provides a reasonable basis for our findings and conclusions

based on our audit objective(s). We discussed our observations and conclusions with management on March 29, 2023, and included their comments, where appropriate.

We assessed the reliability of accounts payable and general ledger data by tracing the transactions to supporting source documentation. We determined that the data were sufficiently reliable for the purposes of this report.

Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date	Monetary Impact
<i>Fiscal Year 2021 Board of Governors' Expenditures</i>	Determine whether expenditures by the Board of Governors were properly supported and reasonable and complied with Postal Service and Board policies and procedures	21-100-R22 <i>Fiscal Year 2021 Board of Governors' Expenditures</i>	2/25/22	None
<i>Fiscal Year 2020 Board of Governors' Expenditures</i>	Determine whether fiscal year FY 2020 expenditures of the U.S. Postal Service Board of Governors were properly supported, reasonable, and complied with Postal Service and Board policies and procedures.	21-064-R21 <i>Fiscal Year 2020 Board of Governors' Expenditures</i>	9/22/21	\$5,837

Appendix B: Management's Comments



BOARD OF GOVERNORS

April 17, 2023

JOHN CIHOTA
DIRECTOR, AUDIT SERVICES

SUBJECT: Fiscal Year 2022 Board of Governors' Expenditures (#22-162)

Thank you for providing the Postal Service with an opportunity to review and comment on the finding(s) contained in the draft audit report *Fiscal Year 2022 Board of Governors' Expenditures*.

We appreciate the thorough and professional work of the OIG's audit team as well as the recognition of the efforts of the Office of the Board of Governors around the documentation and control of expenses.

We agree with the sole finding in the report. We note that most of the inadvertent overpayment identified in that finding has been recovered, and we anticipate that the remaining amount likely will be recovered by the end of May 2023. We have no other comments on the report.

A handwritten signature in black ink, appearing to read "Michael J. Elston".

Michael J. Elston
Secretary of the Board of Governors

A handwritten signature in blue ink, appearing to read "Cara Greene".

Cara Greene
Vice President, Controller

cc: *Manager, Corporate Audit Response Management*

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UNITED STATES



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