

U.S. Postal Inspection Service's Expense Purchase Card Use

AUDIT REPORT

Report Number 25-085-R25 | September 29, 2025



Table of Contents

Cover

Highlights..... 1

Background 1

What We Did 1

What We Found 1

Recommendations and Management's Comments..... 1

Transmittal Letter..... 2

Results..... 3

Introduction/Objective..... 3

Background 3

Finding: Inadequate Management of the Purchase Card
and Awards..... 5

Recommendation #1 6

Recommendation #2 6

Recommendation #3..... 6

Postal Service Response..... 7

OIG Evaluation..... 7

Appendices..... 8

Appendix A: Additional Information..... 9

Scope and Methodology 9

Prior Audit Coverage 10

Appendix B: Management's Comments 11

Contact Information 13

Highlights

Background

The U.S. Postal Inspection Service, an investigative agency within the Postal Service, uses purchase cards for local buying of general goods and services when day-to-day operational needs cannot be satisfied. Expense purchase cards can be used to purchase items for events, including on-site or off-site official meetings, training, employee recognition and appreciation events, and all event-related expenses. However, cardholders must comply with policies and procedures, such as obtaining approval for purchases and maintaining accurate records for three years. Adhering to these policies is critical to ensure financial integrity and to maintain the public trust and reputation of the U.S. Postal Service and Postal Inspection Service.

What We Did

Our objective was to assess the U.S. Postal Inspection Service's expense purchase card use. To accomplish our objective, we reviewed 379 purchase card transactions, valued at \$367,462, and interviewed Postal Service and Postal Inspection Service Headquarters management.

What We Found

We found opportunities to improve the Postal Inspection Service's management of the purchase card program. Specifically, Postal Inspection Service personnel made restricted purchases and purchases that may not align with the organization's business needs. Also, the Postal Inspection Service did not enter awards and gifts presented to employees into the award system. Controls over purchase cards are important to prevent misuse and promote accountability.

Recommendations and Management's Comments

We made one recommendation to address restricted purchases, and two recommendations related to tracking non-cash and cash equivalent items purchased and conducting periodic reviews. Postal Inspection Service management agreed with the finding and all three recommendations. Management's comments and our evaluation are at the end of the finding and recommendations. The U.S. Postal Service Office of Inspector General (OIG) considers management's comments responsive to all three recommendations, as corrective actions should resolve the issues identified in the report. See [Appendix B](#) for management's comments in their entirety.

Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

September 29, 2025

MEMORANDUM FOR: GARY R. BARKSDALE
CHIEF POSTAL INSPECTOR

PATRICIA A. MANZOLILLO
DIRECTOR, BUSINESS OPERATIONS

Mary K. Lloyd

FROM: Mary K. Lloyd
Deputy Assistant Inspector General
for Operations, Performance & Services

SUBJECT: Audit Report – U.S. Postal Inspection Service's Expense Purchase Card
Use (Report Number 25-085-R25)

This report presents the results of our audit of U.S. Postal Inspection Service's Expense Purchase Card Use.

All recommendations require U.S. Postal Service Office of Inspector General's (OIG) concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. All recommendations should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendations can be closed.

We appreciate the cooperation and courtesy provided by your staff. If you have any questions or need additional information, please contact Laura Lozon, Director, Inspection Service, or me at 703-248-2100.

Attachment

cc: Postmaster General
Corporate Audit Response Management

Results

Introduction/Objective

This report presents the results of our self-initiated audit of the U.S. Postal Inspection Service's Expense Purchase Card Use (Project Number 25-085). The audit is a result of a complaint that was submitted to the U.S. Postal Service Office of Inspector General's (OIG) Hotline alleging the misuse of funds for a Postal Inspection Service Division Leadership Team (DLT) meeting.¹ Our objective was to assess the U.S. Postal Inspection Service's expense purchase card use. See [Appendix A](#) for additional information about this audit.

Background

The U.S. Postal Inspection Service, an investigative agency within the U.S. Postal Service, is responsible for supporting and protecting the Postal Service and its employees, infrastructure, and customers; enforcing the laws that defend the nation's mail system from illegal or dangerous use; and ensuring public trust in the mail. Unlike other federal law enforcement agencies, the Postal Inspection Service does not rely on congressionally appropriated funds for its operations — it is primarily funded by the Postal Service.

The Postal Inspection Service uses purchase cards for local buying of general goods and services when day-to-day operational needs cannot be satisfied through priority sources such as national or area contracts and ordering agreements. The Postal Inspection Service has five types of purchase cards, and the expense purchase card² is the most commonly issued card. Only Postal Inspection Service employees with delegated local buying authority can use the expense purchase card to buy and pay for operational needs up to \$25,000,³ and cards may not be used for personal purchases or personal gain.

Expense purchase cards can be used to purchase items for external and internal events, including on-site or off-site official meetings, training sessions, and Postal Inspection Service employee recognition and appreciation events, and all event-related expenses. Approved items include conference and training costs, meals, refreshments, mementos, prizes, and employee gifts. The Postal Inspection Service also purchases awards for their appreciation events with purchase cards. However, cardholders must comply with policies and procedures such as obtaining approval for purchases and maintaining accurate records for three years. Additionally, leadership must consider whether the appearance of a proposed event, the cost and type of gifts, and food provided would appear reasonable and appropriate to members of the public or oversight organizations.

Between March 1, 2022, and March 31, 2025, the Postal Inspection Service issued 549 expense purchase cards to 302 different cardholders.⁴ During that same timeframe, over 38,000 transactions, valued at about \$20 million, were made on those expense purchase cards. According to Postal Inspection Service leadership, it spends around \$1 million on awards and gifts, per calendar year, averaging \$435 per employee. Gifts and awards purchased were often distributed to recipients at DLT meetings. According to Postal Service policy, gifts and awards are subject to different purchasing and reporting restrictions.

DLT meetings made up a small portion of the overall expenses. According to the Postal Inspection Service, it held 104 DLT meetings between March 1, 2022, and March 31, 2025, and spent \$247,544 across all field divisions⁵ (see [Figure 1](#)). Documentation for these meetings showed the number of attendees ranged from 7 to 39, with an average of 20 attendees. Items purchased for DLT meetings included conference rooms, meals/refreshments, and appreciation gifts.

¹ These meetings are held with division management to discuss goals, policies, and updates.

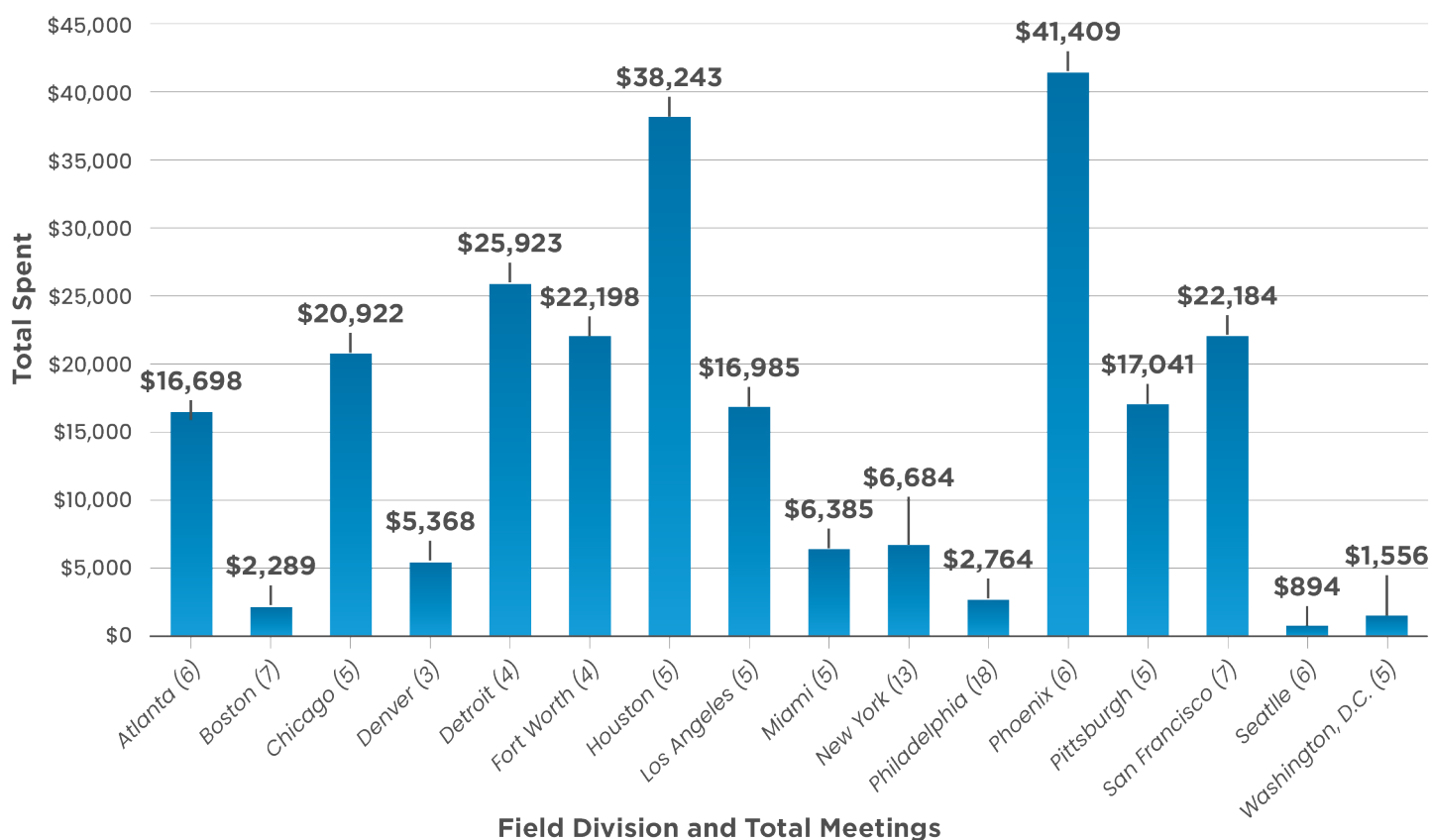
² The other types of purchase cards are specifically used for purchases pertaining to vehicle repairs, vehicle repair parts, inventory parts, and research and development equipment and supplies.

³ The local buying threshold was increased from \$10,000 to \$25,000 on April 8, 2024.

⁴ Some cardholders had more than one purchase card issued to them during the timeframe. A cardholder may have multiple cards to acquire goods and services for different finance numbers.

⁵ Field division inspectors-in-charge manage their operating and award budgets and have the autonomy to plan DLT meetings.

Figure 1. Total Spent on DLT Meetings by Field Division March 1, 2022, Through March 31, 2025



Source: OIG analysis and Postal Inspection Service data.

From the universe of 38,000 transactions during our scope period, we statistically sampled 207 to review. From the remaining universe, we judgmentally sampled 60 transactions based on dollar amount and merchant information. Further, to ensure we

addressed the hotline complaint, we judgmentally selected 50 DLT-related requisitions,⁶ which equated to 112 transactions. In total, we selected and reviewed 379 transactions, valued at \$367,462.

⁶ A requisition is a purchase request for funding. The Postal Service uses eBuyPlus, an enterprise tool for ordering goods and services, to submit and approve requisitions.

Finding: Inadequate Management of the Purchase Card and Awards

Opportunities exist for the Postal Inspection Service to improve the management of expense purchase cards and award tracking. Specifically, the Postal Inspection Service made restricted purchases for employees' personal events with the expense purchase card, made purchases that may raise questions regarding their reasonableness and appropriateness in the context of the organization's business needs, and did not properly enter awards into eAwards.⁷ The issues we identified highlight risks of misuse and lack of accountability. Addressing these problems is critical to ensure financial integrity and to maintain the public trust and reputation of the Postal Service and Postal Inspection Service.

Restricted Purchases Made With the Purchase Card

The Postal Inspection Service spent approximately \$5,400 on restricted purchases related to items given as gifts and purchases for holiday events during our scope period. These included engraved knives given as executive gifts, as well as a personalized solar globe and plaques given as gifts for retirements. The Postal Inspection Service spent about \$700 on meals, refreshments, and gifts for holiday celebrations.⁸

Per Postal Service policy, employees may not use Postal Service funds to pay for expenses (e.g. food, refreshments, gifts, and other related items for the purpose of celebrating)

associated with personal events unless those events are preauthorized by the Postmaster General or the Deputy Postmaster General. Personal events include, but are not limited to, holiday celebrations, birthdays,

anniversaries, births, weddings, Administrative Assistants Day, promotions, changing work assignments and retirements.⁹ Additionally, the Postal Service allows for the purchase of gifts related to internal events only if the gift is under \$100 in value and could not be exchanged for or converted to cash.¹⁰ Awards are different than gifts under policy; they must be tied to the recognition of outstanding performance, superior competence, or some other significant accomplishment.¹¹

Awards Not Tracked

The Postal Inspection Service made purchases for items awarded to employees valued over \$100 in our sample that should have been entered in eAwards. These purchases totaled nearly \$57,000, averaging about \$210 per item. For example, the Postal Inspection Service purchased items such as trophies, iPads, AirPods, smartwatches, rings, coolers, other electronics, and accessories for employee appreciation, awards, and gifts.

“The Postal Inspection Service purchased items such as trophies, iPads, AirPods, smartwatches, rings, coolers, other electronics, and accessories for employee appreciation, awards, and gifts.”

Postal Inspection Service informal awards can consist of a cash equivalent, gift certificate, or noncash tangible item valued at \$3,000 or less and that purchasing must be done in accordance with established Postal Service local policies and procedures.¹² Postal Service policy states cash and cash equivalents, in any amount,

and tangible personal property valued at \$100 or more is considered to be recognition for an individual or a group and must be reported as taxable income and entered into eAwards.¹³ Additionally,

⁷ An electronic application for the submission, approval, processing, and reporting of cash and non-cash awards.

⁸ Specifically, some purchases were noted to be for Christmas parties or celebrations for Administrative Assistants Day.

⁹ Management Instruction (FM-640-2024-1), *Expenses for Internal and External Events*, Section V Exclusions, dated April 1, 2024 and Administrative Support Manual, Issue 13, Section 722.32, Restricted Purchases, dated January 2024.

¹⁰ Management Instruction (FM-640-2024-1), *Expenses for Internal and External Events*, Section VII Allowable Expenses, dated April 1, 2024.

¹¹ Employee Labor Manual (ELM), *Pay Administration*, Section 498 Inspection Service Awards, dated March 2024.

¹² ELM, *Pay Administration*, Section 498.22 Description, dated March 2024.

¹³ ELM, *Pay Administration*, Section 491.3 Awards, dated March 2024.

management must track all informal awards presented to employees, and if the aggregate amount received by an employee during a calendar year meets or exceeds \$100, the total amount must be entered into eAwards.¹⁴

Purchases That May Not Align With Business Needs

While policy supports the use of the expense purchase card to pay for costs for internal and external events,¹⁵ we identified three transactions in our sample totaling over \$1,700 for meals and refreshments at entertainment facilities, such as golf facilities and bowling alleys, and one almost \$1,500 transaction on a dinner at a local steakhouse. According to Postal Inspection Service personnel, these approved purchases were part of a DLT in-person meeting, staff appreciation and team building event, and a DLT working dinner. In addition, across the 38,000 transactions within our scope, we found that the Postal Inspection Service spent nearly \$720,000 at grocery stores and restaurants and over \$52,000 at wholesale clubs, which included club memberships. Postal Service policy states management must consider whether the appearance of a proposed event will raise questions as to its business value and whether the event can be readily justified. Management may also authorize food at routine events but must use discretion.¹⁶

These issues occurred because Postal Service and Postal Inspection Service personnel stated it is typical to purchase these types of items with the expense purchase card and are meant for employee recognition and appreciation. Postal Inspection Service personnel did not believe the items purchased violated policy. They considered the items purchased for personal events appreciation or recognition gifts, not awards, and thus allowed under policy. Finally, division management stated it was either unaware of policy that requires them to track informal awards, did not consider non-cash tangible items valued over \$100 as awards, and did not always track individual recipients of awards for tax purposes.

“Certain awards and gifts can be perceived as excessive and unnecessary, which may raise questions and concerns over ethical purchasing and potential misuse of funding.”

Purchase card spending unrelated to performance or business operations can lead to public scrutiny, resulting in diminished trust and potential financial losses. When awards are not reported, employee compensation may be inaccurate and could result in Postal Inspection Service non-compliance with tax reporting requirements. Lastly, certain awards and gifts can be perceived as excessive and unnecessary, which may raise questions and concerns over ethical purchasing and potential misuse of funding.

Recommendation #1

We recommend that the **Chief Postal Inspector** discontinue restricted purchases that are not aligned with policy unless the required preauthorization is received and documented.

Recommendation #2

We recommend that the **Director, Business Operations**, establish procedures to track all non-cash and cash equivalent non-tangible items purchased with the expense purchase card and record applicable information in the eAwards system.

Recommendation #3

We recommend that the **Director, Business Operations**, conduct periodic reviews of 1) expense purchase card transactions for compliance with policy and 2) non-cash and cash equivalent items to ensure they are entered into eAwards timely.

¹⁴ ELM, *Pay Administration*, Section 494.7 Documentation, dated March 2024.

¹⁵ Management Instruction (FM-640-2024-1), *Expenses for Internal and External Events*, Section III Purchase and Payment, dated April 1, 2024.

¹⁶ Management Instruction (FM-640-2024-1), *Expenses for Internal and External Events*, Section VII Allowable Expenses, dated April 1, 2024.

Postal Service Response

Management agreed with this finding and all three recommendations.

Regarding recommendation 1, management stated it will communicate Administrative Support Manual 722.32 and Management Instruction FM-640-2024-1 to Postal Inspection Service personnel to ensure employees discontinue restricted purchases that are not aligned with Postal Service policy unless the required preauthorization is received, documented, and retained. Management also stated the communication will address the approved exemption for the Postal Inspection Service to purchase badge encasements for retirements. The target implementation date is October 31, 2025.

Regarding recommendation 2, management stated it will establish a process to track non-cash and cash equivalent items purchased with the expense purchase card and record applicable information in the eAwards

system. Additionally, management stated Postal Inspection Service personnel will follow the policies for reporting as defined in Management Instructions FM 640-2020-5 and FM-640-2024-1. The target implementation date is March 30, 2026.

Regarding recommendation 3, management stated it will conduct periodic reviews of expense purchase card transactions throughout the year in conjunction with the national compliance review. Management also stated it will conduct annual reviews of non-cash and cash equivalent items purchased for employees and ensure the purchased items have been entered into eAwards according to policy. The target implementation date is August 31, 2026.

OIG Evaluation

The OIG considers management's comments responsive to all three recommendations and corrective actions should resolve the issues identified in the report.

Appendices

Appendix A: Additional Information.....	9
Scope and Methodology	9
Prior Audit Coverage	10
Appendix B: Management's Comments	11

Appendix A: Additional Information

Scope and Methodology

The scope of our audit included a review of the Postal Inspection Service's processes and procedures for the expense purchase card and transactions between March 1, 2022, and March 31, 2025.

To accomplish our objective, we:

- Reviewed the Postal Service and Postal Inspection Service's policies and procedures related to expense purchase card use and awards.
- Obtained a universe of 38,449 transactions from March 1, 2022, to March 31, 2025, made by the Postal Inspection Service.
- Statistically selected and reviewed 207 transactions valued at \$95,924.
- Judgmentally selected and reviewed 60 transactions, valued at \$173,146, based on the dollar amount and merchant information.
- Judgmentally selected 50 DLT related requisitions and reviewed 112 associated transactions valued at \$98,392.
- Analyzed eAwards data for awards purchased between March 1, 2022, and March 31, 2025.
- Corresponded with cardholders and credit card approving officials regarding purchase card transactions and award data.
- Interviewed Postal Inspection Service's Headquarters and division management to gain an understanding of budget, award, and purchase card processes.
- Interviewed Postal Service Supply Management personnel to gain an understanding of purchase card processes and requirements.
- Interviewed Postal Service Compensation and Benefits personnel to gain an understanding of budget and awards processes and requirements.

- Reviewed prior OIG and external stakeholders' audit work related to the expense purchase card and awards.

We conducted this performance audit from April 2025 through September 2025 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. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We discussed our observations and conclusions with management on August 27, 2025, and included its comments where appropriate.

In planning and conducting the audit, we obtained an understanding of the Postal Inspection Service's purchase card internal control structure to help determine the nature, timing, and extent of our audit procedures. We reviewed the management controls for overseeing the program and mitigating associated risks. Additionally, we assessed the internal control components and underlying principles, and we determined that the following five components were significant to our audit objective: control environment, risk assessment, control activities, information and communication, and monitoring.

We developed audit work to ensure that we assessed these controls. Based on the work performed, we identified internal control deficiencies related to control environments and activities, risk assessments, information and communication, and monitoring that were significant within the context of our objectives. Our recommendations, if implemented, should correct the weaknesses we identified.

We assessed the reliability of purchase card transaction, eBayPlus requisition, and eAwards data by performing tests for completeness,

reasonableness, accuracy, and validity. 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>U.S. Postal Service Recognition and Awards Program</i>	To assess the Postal Service's effectiveness in managing its Recognition and Awards Program.	21-263-R22	May 20, 2022	\$35,701,122
<i>Controls Over Expense Purchase Card Activity</i>	To assess U.S. Postal Service purchase card transactions for potential non-compliance, improper or erroneous payments.	19SMG009SM000-R20	March 23, 2020	\$151,288,127

Appendix B: Management's Comments



September 17, 2025

LAURA LOZON
DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response: *U.S. Postal Inspection Service's Expense Purchase Card Use* (25-085-DRAFT)

Thank you for providing the Postal Service with an opportunity to review and comment on the finding and recommendations contained in the draft audit report, *U.S. Postal Inspection Service's Expense Purchase Card Use*.

Address the Finding: Inspection Service Management agrees with OIG's finding.

The following are our comments on each of the three recommendations.

Recommendation 1:

We recommend that the Chief Postal Inspector discontinue restricted purchases that are not aligned with policy unless the required preauthorization is received and documented.

Management Response/Action Plan:

Management **agrees** with this recommendation. Management will communicate ASM 722.32 and Management Instruction (FM-640-2024-1) to Inspection Service personnel to ensure employees discontinue restricted purchases that are not aligned with policy unless the required preauthorization is received, documented, and retained. The communication will also address the approved exemption for the Inspection Service to purchase a Postal Inspector or a Postal Police Officer badge encasement for retirement.

Target Implementation Date: 10/31/2025

Responsible Official: Chief Postal Inspector

Recommendation 2:

We recommend that the Director, Business Operations, establish procedures to track all non-cash and cash equivalent non-tangible items purchased with the expense purchase card and record applicable information in the eAwards system.

Management Response/Action Plan:

Management **agrees** with this recommendation.

Management will establish a process to track non-cash and cash equivalent items purchased with the expense purchase card and record applicable information in the eAwards system. USPIS will follow the policies for reporting as defined in Management Instruction FM 640-2020-5 **Postal Service Tax-Reporting Responsibilities — Event Mementos**, Management Instruction FM-640-2024-1 **Expenses for Internal and External Events**, and eAwards Program.

Target Implementation Date: 03/30/2026

Responsible Official: Director of Business Operations

Recommendation 3:

We recommend that the Director, Business Operations, conduct periodic reviews of 1) expense purchase card transactions for compliance with policy and 2) non-cash and cash equivalent items to ensure they are entered into eAwards timely.

Management Response/Action Plan:

Management **agrees** with this recommendation.

Business Operations will conduct periodic reviews of expense purchase card transactions throughout the year in conjunction with the national compliance review. Business Operations will conduct annual reviews of non-cash and cash equivalent items purchased for an employee by ensuring purchased items have been entered into eAwards according to policy within the calendar year.

Target Implementation Date: 8/31/2026

Responsible Official: Director of Business Operations

E-SIGNED by GARY.R BARKSDALE
on 2025-09-17 15:51:51 EDT

Gary Barksdale
Chief Postal Inspector

E-SIGNED by Patricia.A Manzollillo
on 2025-09-17 15:48:13 EDT

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