

Fiscal Year 2025 Board of Governors' Expenditures

AUDIT REPORT

Report Number 26-017-R26 | May 13, 2026



Table of Contents

Cover	
Highlights	1
Transmittal Letter	2
Results	3
Introduction/Objective.....	3
Background	3
Finding #1: Board of Governors' Meeting Fees.....	4
Recommendation #1:	4
Finding #2: Board of Governors' Travel and Meeting Expenses....	5
Recommendation #2:.....	5
Appendices	6
Appendix A: Additional Information.....	7
Scope and Methodology	7
Prior Audit Coverage	8
Appendix B: Management's Comments	9
Contact Information	11

Highlights

Background

The Postal Reorganization Act of 1970, as amended, established the U.S. Postal Service Board of Governors (Board), which is generally comprised of nine Governors appointed by the president of the United States, the postmaster general (PMG), and the deputy postmaster general. During fiscal year (FY) 2025, the Board's composition changed from seven Governors to five Governors, as two Governors left and were not replaced. Additionally, the Postal Service hired a new PMG.

Governors receive a salary of \$30,000 a year, plus \$300 a day for meeting fees, and are reimbursed for travel and reasonable expenses incurred to attend Board meetings. In FY 2025, the Board incurred \$931,829 in salaries, travel, meeting fees, and professional services expenses. The Office of the Board of Governors' policy requires annual audits of the Board's expenses.

What We Did

Our objective was to determine whether the Board's expenditures were properly supported, reasonable, and complied with Postal Service and Office of the Board policies and procedures. We reviewed all payments made to Governors for salaries and meeting fees, totaling \$214,217, as well as 110 of 328 Board expenditures, totaling \$693,225 of \$717,612.

What We Found

We found three Governors were underpaid a total of \$1,200 for four meetings, and two Governors were incorrectly omitted from meeting records that support payments. The Board office corrected all issues and paid the amounts owed. In addition, we identified expenditures that could be considered excessive. Specifically, three room rates ranged from \$600 to \$900 per night, and seven catered breakfasts ranged from \$900 to \$1,200 for only seven attendees per event.

Recommendations and Management's Comments

We made two recommendations to address the issues identified in the report. Postal Service management agreed with the recommendations. Management's comments and our evaluation are at the end of each finding and recommendation. The U.S. Postal Service Office of Inspector General considers management's comments responsive. See [Appendix B](#) for management's comments in their entirety.

Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

May 13, 2026

MEMORANDUM FOR: DOUGLAS A. TULINO
DEPUTY POSTMASTER GENERAL, CHIEF OPERATING
OFFICER, AND CHIEF HUMAN RESOURCES OFFICER
LUCY C. TROUT
SECRETARY OF THE BOARD OF GOVERNORS

A handwritten signature in black ink that reads "Kelly Thresher".

FROM: Kelly Thresher
Deputy Assistant Inspector General
for Finance, Pricing, & Human Capital

SUBJECT: Audit Report – Fiscal Year 2025 Board of Governors' Expenditures
(Report Number 26-017-R26)

This report presents the results of our audit of Fiscal Year 2025 Board of Governors' Expenditures.

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 consider recommendation 1 closed with issuance of this report.

We appreciate the cooperation and courtesy provided by your staff. If you have any questions or need additional information, please contact Christa Owens, Director, Finance and Pricing, 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) 2025 Board of Governors' (Board) Expenditures (Project Number 26-017). The Office of the Board of Governors' policy requires annual audits of the Board's expenses.¹ Our objective was to determine whether the Board's expenditures were properly supported, reasonable, and complied 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 generally composed of nine independent Governors appointed by the president of the United States,² the postmaster general (PMG), and deputy postmaster general (DPMG). 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.

At the beginning of FY 2025, the Board consisted of seven Governors, as well as the PMG and DPMG. During the fiscal year, one Governor's term expired and one Governor resigned. No additional Governors were confirmed. Additionally, the former PMG resigned effective March 24, 2025, and was replaced by the new PMG, who was appointed by the Board on July 15, 2025. Therefore, at the end of FY 2025, the Board consisted of five Governors, the new PMG, and the DPMG.

Governors receive a salary of \$30,000 a year, plus \$300 a day for not more than up to 42 days of meetings each year, and are reimbursed for travel and reasonable expenses that they incur to attend Board meetings.³ In FY 2025, the Board held 36 meetings and incurred \$931,829 in salaries, travel, meetings, and other expenses as shown in Table 1.

Table 1. Board of Governors' Salaries and Expenditures

Expense Category	FY 2025	FY 2024
Governors' Salaries	\$169,750	\$221,333
Meeting Fees	\$44,467	\$38,700
Governors' Salaries & Meeting Fees Total:	\$214,217	\$260,033
Governors, Secretary, and Staff Travel	\$94,446	\$111,527
Meeting Expenses ⁴	\$21,183	\$30,805
Food	\$15,151	\$16,737
Beverages (Alcohol and Non-Alcohol)	\$2,107	\$5,255
Tips	\$1,894	\$583
Fees & Other Expenses	\$2,031	\$8,230
Professional and Other Services ⁵	\$565,537	\$12,398
Supplies & Other	\$36,445	\$12,925
Expenditures Total:	\$717,612	\$167,655
Total:	\$931,829	\$427,688

Source: U.S. Postal Service Office of Inspector General (OIG) analysis of Postal Service accounts payable records in Enterprise Data Warehouse – Accounting Data Mart (EDW-ADM).

¹ Resolution of the Board of Governors of the United States Postal Service, Resolution No. 21-24, "Policies Relating to Governors' Official Expenses."

² Title 39, U.S. Code, Section 202(a)(1), Board of Governors.

³ Ibid.

⁴ Resolution No. 21-24: Any official event expenses (such as meals, tip, taxes, private function space, and receptions) should not exceed what is reasonable and customary. Purchase of alcoholic beverages for official events is authorized.

⁵ The FY 2025 professional services amount includes costs for legal services and an executive search firm engaged to identify candidates for postmaster general.

Finding #1: Board of Governors' Meeting Fees

We reviewed payments made to Governors for salaries and meeting fees, totaling \$214,217, and identified that the Governors' salaries and meeting fees were properly supported and complied with policies, except for six meeting days.

“Governors' salaries and meeting fees were properly supported and complied with policies, except for six meeting days.”

Specifically, three Governors were underpaid a total of \$1,200 for four meetings in October 2024 and March 2025. We also identified two Governors who attended two different meetings — in February and March 2025 — who were not listed as attending in the record of the meeting minutes, although they were paid.

This occurred because the Board office did not have a control in place to identify differences between the monthly stipend memos⁶ and the meeting minutes, which resulted in unpaid meeting fees. For the Governors who were not listed on the meeting minutes from two meetings in February and March 2025, those Governors participated virtually and were inadvertently omitted from the record of the minutes. The Board office signed revised meeting minutes to reflect the correct attendee list during this audit. As a result of our information request, the Board office identified the unpaid meeting fees and issued amended monthly stipend memos to pay the Governors in January 2026. A lack of control over this process could result in over and underpayment of fees.

“This occurred because the Board office did not have a control in place to identify differences between the monthly stipend memos and the meeting minutes, which resulted in unpaid meeting fees.”

Recommendation #1:

We recommend that the **Secretary of the Board** establish a control to ensure Governors are paid accurately based on meetings attended.

Postal Service Response

Management agreed with the finding and recommendation 1. Regarding recommendation 1, management developed and implemented a standard operating procedure that establishes a control to ensure Governors are compensated accurately based on meeting attendance. It outlines standardized processes for capturing, validating, and reconciling their attendance. Management stated these procedures have been fully implemented and are currently in place for FY 2026.

OIG Evaluation

The OIG considers management's comments responsive to finding 1 and recommendation 1, and the corrective action should resolve the issues identified in the report. We reviewed the standard operating procedure and verified that it mitigated the risk identified in the finding. Therefore, we consider recommendation 1 closed upon issuance of this report.

⁶ Document signed by the Secretary of the Board and sent to the Postal Service's Accounting Service Center providing the number of meeting days in which a governor should be paid for that month.

Finding #2: Board of Governors' Travel and Meeting Expenses

We reviewed a sample of 110 of 294 Board expenditures, totaling \$693,225 out of \$717,612. When we assessed 50 travel expenditures, we found two trips where Governors were reimbursed for three room rates that ranged from approximately \$600 to \$900 per night. In these instances, the per night room rate ranged from 117 percent to 358 percent over the General Services Administration rate.⁷ Additionally, we identified seven catered breakfasts out of 21 meeting expenses for meals ranging between \$900 and \$1,200, where there were only seven attendees per event.

“We found two trips where Governors were reimbursed for three room rates that ranged from approximately \$600 to \$900 per night.”

Board policy states that Governors shall be reimbursed for travel and reasonable expenses incurred in attending meetings of the Board, and event expenses should not exceed what is reasonable and customary. The Board's policy does not specify dollar thresholds for lodging and meals. Board personnel stated that Governors often travel on short notice, reducing the number of hotels available near Postal Service Headquarters. The Board office also noted that meal options, especially for breakfast, can be limited.

The current policy's vagueness creates an environment for broad interpretation. Updating the policy with more specific guidelines could improve assurance that expenditures are reasonable and customary.

Recommendation #2:

We recommend that the **Secretary of the Board** benchmark with other agencies that have governing boards to determine if policy should be updated to establish limits for reimbursements and other Board expenses.

“Updating the policy with more specific guidelines could improve assurance that expenditures are reasonable and customary”

Postal Service Response

Management agreed with the finding and recommendation 2. Regarding recommendation 2, management initiated benchmarking to review policies for reimbursement among four comparable federal entities with governing boards. Management developed a benchmarking framework, is collecting and analyzing relevant policies from the four comparable federal entities, and the results of this analysis will be presented to the Board's Compensation and Governance Committee for consideration. In subsequent communications, management set the target implementation date as January 31, 2027.

OIG Evaluation

The OIG considers management's comments responsive to finding 2 and recommendation 2, and the corrective action should resolve the issues identified in the report.

⁷ The General Services Administration provides federal workspaces, acquisition services, and government-wide management policy. Their rate is the daily allowance for lodging, which federal agencies use to reimburse their employees on official travel.

Appendices

Appendix A: Additional Information.....	7
Scope and Methodology	7
Prior Audit Coverage	8
Appendix B: Management's Comments	9

Appendix A: Additional Information

Scope and Methodology

We reviewed all Governor salaries and meeting fees totaling \$214,217, as well as 110 of 294 (37 percent) Board expenditure transactions totaling \$693,225 of \$717,612 from FY 2025.⁸ Table 2 shows the Board expenditures reviewed by expense category.

Table 2. OIG Reviewed FY 2025 Board of Governors' Expenditure Transactions

Expense Category	Total Transactions	Total Amounts	Transactions Reviewed	Amounts Reviewed
Salaries:				
Governors' Salaries and Meeting Fees	218	\$214,217	218	\$214,217
Expenditures:				
Governors', Secretary, and Staff Travel ⁹	104	\$94,446	50	\$85,619
Meeting Expenses	21	\$21,183	21	\$21,183
Professional and Other Services	32	\$565,537	32	\$565,537
Supplies and Office Furniture	137	\$36,445	7	\$20,886
Expenditures Total:	294	\$717,612	110	\$693,225
Total:	512	\$931,829	328	\$907,442

Source: OIG analysis of Postal Service accounts payable records in EDW-ADM.

We identified all Board expenses recorded in the Postal Service EDW-ADM and obtained the Governors' meeting fees documentation from the Board for FY 2025. 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 Board office and the Postal Service's Travel and Relocation office.
- 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 Postal Service (PS) Forms 1231, Board of Governors/Officers Expense Report, and supporting documentation for Governors' travel.
- Obtained and reviewed PS Forms 1013, Transportation Ticketing Authorization, Corporate Travel Account (CTA), and supporting documentation for Governor travel.
- Obtained and reviewed the Secretary of the Board and Board personnel's travel expenses.
- Obtained and reviewed invoices and other supporting documentation to assess Board expenditures such as meetings, professional services, and supplies.
- Obtained and reviewed monthly purchase card and travel card statements and supporting documentation to verify expenses and reimbursements.

⁸ The Postal Service's fiscal year 2025 was from October 1, 2024, through September 30, 2025.

⁹ Category excludes officers' travel expenses.

We conducted this performance audit from December 2025 through May 2026 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 April 21, 2026, and included its comments where appropriate.

In planning and conducting the audit, we obtained an understanding of Board expenditures' 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 two control components were significant to our audit objective: control environment and controls activities.

We developed audit work to ensure that we assessed these controls. Based on the work performed, we identified internal control deficiencies within the overarching components of monitoring and information and communication – related to meeting fees and travel and meeting expenses – that were significant within the context of our objectives.

We assessed the reliability of EDW-ADM data by tracing transactions to supporting source documentation and applying logical tests to electronic data files. 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 2024 Board of Governors' Expenditures</i>	Determine whether travel and miscellaneous expenses of the Office of the Board of Governors are properly supported, reasonable, and comply with Postal Service and Board policies and procedures.	24-167-R25	3/11/2025	None
<i>Fiscal Year 2023 Board of Governors' Expenditures</i>	Determine whether travel and miscellaneous expenses of the Office of the Board of Governors are properly supported, reasonable, and comply with Postal Service and Board policies and procedures.	23-163-R24	3/20/24	None

Appendix B: Management's Comments



BOARD OF GOVERNORS

May 5, 2026

LAURA LOZON
DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response: Fiscal Year 2025 Board of Governors' Expenditures (26-017-DRAFT)

Thank you for providing the Postal Service with an opportunity to review and comment on the findings and recommendations contained in the draft audit report, *Fiscal Year 2025 Board of Governors' Expenditures*.

We appreciate the Office of Inspector General's (OIG) team thorough and professional work on the FY25 audit. Management agrees with the OIG's findings in the report surrounding the Board of Governors' meeting fees (finding 1) and recommendation to benchmark with other agencies as it relates to Board of Governors' travel and meeting expenses (finding 2).

Following are our comments on the two OIG recommendations:

Recommendation 1: We recommend that the Secretary of the Board establish a control to ensure governors are paid accurately based on meetings attended.

Management Response/Action Plan: The Postal Service agrees with the recommendation.

The Office of the Board of Governors has developed and implemented a Standard Operation Procedure (SOP) for FY26 on *Governor Meeting Attendance Verification*. This SOP establishes a formal control to ensure Governors are compensated accurately based on meeting attendance, and outlines standardized processes for capturing, validating, and reconciling Governors meeting attendance across official records, promoting accuracy and consistency. These procedures have been fully implemented and are currently in place for FY26.

Target Implementation Date: April 2026

Recommendation 2: We recommend that the Secretary of the Board benchmark with other agencies that have governing boards to determine if policy should be updated to establish limits for reimbursements and other Board expenses.

Management Response/Action Plan: The Postal Service agrees with the recommendation.

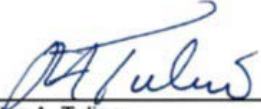
The Office of the Board of Governors has initiated a benchmarking effort to review policies for reimbursement and other board expenses, as outlined in Resolution No. 21-24, *Policies Relating to Governors' Official Expenses*, among four comparable federal entities with governing boards.

UNITED STATES POSTAL SERVICE
475 L'ENFANT PLAZA SW ROOM 10300
WASHINGTON DC 20260-1000
usps.com

This effort is intended to assess whether establishing monetary thresholds or limits would improve assurance that expenditures are reasonable and customary while continuing to support the operational needs of the Board.

To support this review, the Office of the Board of Governors has developed a benchmarking framework and is in the process of collecting and analyzing relevant policies from the four comparable federal entities with governing boards. The results of this analysis will be presented to the Compensation and Governance Committee (CGC) for consideration. Should the CGC determine that updates to existing policy are appropriate, proposed revisions will be presented to the Board of Governors for review and approval.

Target Implementation Date: The Office of the Board of Governors anticipates completing the benchmarking analysis in advance of the CGC's July 15 meeting, with any resulting policy recommendations to be presented to the Board thereafter.



Douglas A. Tulino
Deputy Postmaster General, Chief Operating Officer, & Chief Human Resources Officer



Lucy C. Trout
Secretary of the Board of Governors

cc: Corporate Audit & Response Management

OFFICE OF INSPECTOR GENERAL

UNITED STATES



Contact us via our [Hotline](#) and [FOIA](#) forms. Follow us on social networks. Stay informed.

1735 North Lynn Street, Arlington, VA 22209-2020
(703) 248-2100

For media inquiries, please email press@uspsoig.gov or call (703) 248-2100