



# OFFICE OF **INSPECTOR GENERAL**

## UNITED STATES POSTAL SERVICE

### Postal Service Board of Governors' Travel and Miscellaneous Expenses for Fiscal Year 2015

### Audit Report

Report Number  
FT-AR-16-002

December 7, 2015





# OFFICE OF INSPECTOR GENERAL

## UNITED STATES POSTAL SERVICE

## Highlights

### Background

The Postal Reorganization Act of 1970, as amended, established the U.S. Postal Service Board of Governors (Board), which is generally composed of the Postmaster General, deputy postmaster general, and nine governors appointed by the president of the United States. As of September 30, 2015, the Board consisted of the Postmaster General, the deputy postmaster general, and three governors.

The Board directs and controls the expenditures of the U.S. Postal Service, reviews its practices and policies, and establishes objectives and goals in accordance with Title 39 of the U.S. Code. The Board is required by law to have six members in order to take certain actions. In November 2014, while the Board still had a quorum, it issued a resolution that established a committee to exercise certain powers during a period in which it is unable to assemble a quorum. The committee consists of the remaining members of the Board and exercises those powers necessary for operational continuity. The committee will continue in existence until the Board is again able to assemble a quorum.

On July 8, 1986, the Board passed Resolution Number 86-12, which requires annual audits of the Board's travel and miscellaneous expenses.

Our objective was to determine whether the travel and miscellaneous expenses of the Board, including external professional fees, were properly supported, reasonable, and complied with the Postal Service and Board policies.

### What the OIG Found

Fiscal year 2015 travel and miscellaneous expenses totaling about \$47,000 and external professional fees totaling about \$400 were properly supported, reasonable, and complied with Postal Service and Board policies.

### What the OIG Recommended

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

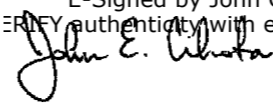
# Transmittal Letter



OFFICE OF INSPECTOR GENERAL  
UNITED STATES POSTAL SERVICE

December 7, 2015

**MEMORANDUM FOR:** JULIE S. MOORE  
SECRETARY, BOARD OF GOVERNORS

E-Signed by John Cihota  
VERIFY authenticity with eSign Desktop  


**FROM:** John E. Cihota  
Deputy Assistant Inspector General  
for Finance and Supply Management

**SUBJECT:** Audit Report – Postal Service Board of Governors’  
Travel and Miscellaneous Expenses for Fiscal Year 2015  
(Report Number FT-AR-16-002)

This report presents the results of our audit of the Postal Service Board of Governors’  
Travel and Miscellaneous Expenses for Fiscal Year 2015 (Project Number 15BG009FT000).

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

Attachment

cc: Corporate Audit and Response Management



# Table of Contents

Cover	
Highlights.....	1
Background.....	1
What the OIG Found.....	1
What the OIG Recommended.....	1
Transmittal Letter.....	2
Findings.....	4
Introduction.....	4
Summary.....	4
Recommendations.....	6
Appendix A: Additional Information.....	7
Background.....	7
Objective, Scope, and Methodology.....	7
Prior Audit Coverage.....	8
Contact Information.....	9

# Findings

***In FY 2015, the Board held 25 meetings and incurred about \$47,000 in travel and miscellaneous expenses and about \$400 in external professional fees.***

## Introduction

This report presents the results of our audit of the Board of Governors' (Board) travel and miscellaneous expenses for fiscal year (FY) 2015 (Project Number 15BG009FT000). We conducted this audit in response to a Board resolution requiring annual audits of the Board's expenses. Our objective was to determine whether the travel and miscellaneous expenses of the Board, including external professional fees,<sup>1</sup> were properly supported, reasonable, and complied with the U.S. Postal Service and Board policies. See [Appendix A](#) for additional information about this audit.

The Postal Reorganization Act of 1970, as amended, established the Board, which is generally composed of the Postmaster General, deputy postmaster general, and nine governors appointed by the president of the United States. As of September 30, 2015, the Board consisted of the Postmaster General, the deputy postmaster general, and three governors. The Board directs and controls the expenditures of the Postal Service, reviews its practices and policies, and establishes objectives and goals in accordance with Title 39 of the U.S. Code.

The Board is required by law to have a quorum of six members in order to take certain actions. In December 2014, due to the term expiration of one governor and inaction on pending nominees, the number of sitting Board members dropped to five. In November 2014, while the Board still had a quorum, it issued a resolution that established a Temporary Emergency Committee (TEC) of the Board to exercise certain powers reserved to the Board during a period in which it is unable to assemble a quorum. The TEC consists of the remaining members of the Board and exercises those Board powers necessary for operational continuity. The TEC will continue in existence until the Board is again able to assemble a quorum.

In FY 2015, the Board held 25 meetings<sup>2</sup> and incurred about \$47,000 in travel and miscellaneous expenses and about \$400 in external professional fees.

## Summary

FY 2015 travel and miscellaneous expenses totaling about \$47,000 and external professional fees totaling about \$400 were properly supported, reasonable, and complied with Postal Service and Board policies. In comparison, as shown in [Figure 1](#), travel and miscellaneous expenses were about \$78,000 and \$153,000 in FY 2014 and FY 2013, respectively.

The downward trend in travel expenses directly corresponds to a decrease in the number of Board members. As of September 30, FYs 2013, 2014 and 2015, there were five, four, and three governors, respectively, on the Board,<sup>3</sup> as shown in [Figure 2](#).

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<sup>1</sup> Professional fees generally include payments for legal, consulting, and stenographic services.

<sup>2</sup> Meetings include full Board regular, annual, and special meetings and committee meetings, but do not include other official functions such as stamp dedication ceremonies. A governor may participate by telephone in these meetings and, thus, not incur travel costs.

<sup>3</sup> As of September 30, 2015, five individuals have been nominated and are awaiting confirmation.

**Figure 1. Annual Travel and Miscellaneous Expenses**



Source: U.S. Postal Service Office of Inspector General (OIG) Analysis of Oracle Accounts Payable Activity Reports.

**Figure 2. Number of Governors  
as of September 30**

Source: OIG Analysis.

# Recommendations

Based on the audit results, we did not make any recommendations. We provided a copy of this report to management on November 20, 2015. Management chose not to formally respond to this report.

## Appendix A: Additional Information

***As of September 30, 2015,  
the Board consisted of the  
Postmaster General, the  
deputy postmaster general,  
and three governors.***

### Background

The Postal Reorganization Act of 1970, as amended, established the Board, which is generally composed of the Postmaster General, deputy postmaster general, and nine governors appointed by the president of the United States. As of September 30, 2015, the Board consisted of the Postmaster General, the deputy postmaster general, and three governors.<sup>4</sup>

The Board directs and controls the expenditures of the Postal Service, reviews its practices and sets policies, and establishes objectives and goals in accordance with Title 39 of the U.S. Code. On July 8, 1986, the Board passed Resolution Number 86-12, which requires annual audits of the Board's travel and miscellaneous expenses.

The Board generally meets monthly in Washington, D.C., or another location where members can visit Postal Service facilities or large mailer operations. In FY 2015, the Board held 25 meetings and incurred about \$47,000 in travel and miscellaneous expenses and about \$400 in external professional fees.

### Objective, Scope, and Methodology

Our objective was to determine whether the travel and miscellaneous expenses of the Board, including external professional fees, were properly supported, reasonable, and complied with Postal Service policies and procedures and Board policies. We reviewed all 20 Board<sup>5</sup> travel reimbursements processed through the Oracle Accounts Payable (OAP) system<sup>6</sup> for travel and miscellaneous expenses incurred during FY 2015. At the request of the Postal Service's independent public accounting firm, we also reviewed all Board external professional fees incurred during the same period.

We conducted this performance audit from January 2015 through December 2015 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. Our tests of controls were limited to those necessary to achieve our audit objective. Our procedures were not designed to provide assurance on internal controls. Consequently, we do not provide an opinion on such controls. Also, our audit does not provide absolute assurance of the absence of fraud or illegal acts, due to the nature of evidence and characteristics of such activities. We provided a copy of this report to management on November 20, 2015. Management chose not to respond formally to this report.

We assessed the reliability of OAP system data by tracing selected financial information to supporting source documentation. For example, we verified Board travel payments recorded in the OAP system to original travel reimbursements. We determined the data were sufficiently reliable for the purposes of this report.

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<sup>4</sup> There were six vacancies on the Board as of September 30, 2015. Five individuals have been nominated and are awaiting confirmation by the U.S. Senate.

<sup>5</sup> The Postmaster General and deputy postmaster general's travel and representation expenses are not included in the scope of this audit. They are included in the scope of our audit on *Officers' Travel and Representation Expenses for Fiscal Year 2015* (Project #15BG010FT000).

<sup>6</sup> The OAP software system provides for processing and reporting of payments made at the San Mateo and St. Louis accounting service centers (ASC). It supports transactions generated by other Postal Service ASCs, field operations and headquarters.



## Prior Audit Coverage

Report Title	Report Number	Final Report Date	Monetary Impact (in millions)
<i>Postal Service Board of Governors' Travel and Miscellaneous Expenses for Fiscal Year 2014</i>	<a href="#">FT-AR-15-001</a>	12/5/2014	None
<b>Report Results:</b> Travel and miscellaneous expenses for FY 2014 totaling about \$78,000 and external professional fees totaling about \$400 were properly supported, reasonable and complied with Postal Service and Board policies. Based on the audit results, we did not make any recommendations.			
<i>Postal Service Board of Governors' Travel and Miscellaneous Expenses for Fiscal Year 2013</i>	<a href="#">FT-AR-14-004</a>	1/30/2014	None
<b>Report Results:</b> Travel and miscellaneous expenses for FY 2013 totaling about \$153,000 and external professional fees totaling about \$36,000 were properly supported, reasonable, and generally complied with Postal Service and Board policies. Based on the audit results, we did not make any recommendations.			



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