



OFFICE OF
**INSPECTOR
GENERAL**
UNITED STATES POSTAL SERVICE

**Follow-Up on Financial
Accountability Audit Report
Recommendations**

Audit Report

September 28, 2012

Report Number FF-AR-12-009



HIGHLIGHTS

BACKGROUND:

The U.S. Postal Service Corporate Audit and Response Management (CARM) group serves as the focal point for all Postal Service audit activity. CARM assists in the preparation and delivery of management responses to report recommendations and monitors implementation of agreed-upon recommendations. Each vice president is responsible for timely implementation of recommendations made to his or her organization.

From fiscal years 2008 through 2011, the U.S. Postal Service Office of Inspector General (OIG) Financial Accountability audit teams issued 112 audit reports to assist the Postal Service in enhancing its operations and reducing costs. The objective of this audit was to determine whether the Postal Service took effective corrective actions in response to the recommendations made in 12 of the prior 112 OIG reports.

WHAT THE OIG FOUND:

Overall, the Postal Service took timely and effective corrective actions in response to the recommendations made in prior OIG reports. However, we did identify three recommendations in three reports in which managers either had not taken planned corrective actions or had taken corrective actions, but the issues previously identified remained:

- The Postal Service had not re-evaluated service standards for Express Mail® deliveries to the Caribbean, leading to increased refunds for service delays.
- Units continued to use no-fee money orders to disburse funds outside of prescribed payment methods. Improper use increases the risk of impropriety and decreases the transparency of unit disbursements.
- Units did not comply with guidance regarding local purchases.

Further, although the Postal Service did not implement 13 of the 56 total recommendations by the estimated completion date, CARM monitored delays and requested extensions to ensure actions were effective to address the issue. However, the Postal Service could save about \$2.8 million by taking immediate corrective actions on the outstanding recommendations.

WHAT THE OIG RECOMMENDED:

We recommended establishing an on-going process to analyze Express Mail service performance and improve or adjust the service standards in locations too costly to provide this service. Also, we recommended instituting a system change to disallow issuing no-fee money orders for more than \$500 and monitoring compliance with local purchases guidelines.

[Link to review the entire report](#)



September 28, 2012

MEMORANDUM FOR: SUSAN M. BROWNELL
VICE PRESIDENT, SUPPLY MANAGEMENT

TIMOTHY F. O'REILLY
VICE PRESIDENT, CONTROLLER

GARY C. REBLIN
VICE PRESIDENT, DOMESTIC PRODUCTS

A rectangular box containing a handwritten signature in cursive that reads "John E. Cihota". A small yellow question mark icon is located in the top right corner of the box.

FROM: John E. Cihota
Deputy Assistant Inspector General
for Financial Accountability

SUBJECT: Audit Report – Follow-Up on Financial Accountability
Audit Report Recommendations
(Report Number FF-AR-12-009)

This report presents the results of our audit on the follow-up to recommendations in 12 previously issued audit reports (Project Number 12BG013FF000).

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Kevin H. Ellenberger, director, Data Analysis and Performance, or me at 703-248-2100.

Attachments

cc: Megan J. Brennan
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Introduction

This report presents the results of our follow-up audit on the recommendations made in previously issued U.S. Postal Service Office of Inspector General (OIG) audit reports (Project Number 12BG013FF000). The objective of our audit was to determine whether U.S. Postal Service management took effective corrective actions in response to the issues and recommendations made in 12 prior OIG reports. This self-initiated audit addresses financial risk. See [Appendix A](#) for additional information about this audit.

The Corporate Audit and Response Management (CARM) serves as the focal point for all Postal Service audit activity. CARM assists management in the preparation and delivery of management responses to report recommendations and monitors implementation of all agreed-upon recommendations. Each vice president has overall responsibility for the implementation of audit recommendations made to his or her organization and to ensure that audit recommendations are carried out as soon as practical. Further, CARM reviews and submits requests to the OIG for closure for all recommendations deemed significant¹ and approves submissions requesting closure of non-significant OIG recommendations. To assist in this effort, CARM maintains the Audit Tracking System (ATS).²

From fiscal years (FY) 2008 through 2011, the OIG's Financial Accountability audit teams issued 112 audit reports. The audits supported the Board of Governors' independent public accounting firm's overall opinion on the Postal Service's financial statements and internal controls over financial reporting. In addition, the audits assisted the Postal Service in improving operations, reducing costs, and facilitating decision making. Based on the impact the recommendations had on making financial decisions and maintaining the Postal Service's trusted reputation, we selected 12 of those reports to assess whether the Postal Service effectively implemented the audit recommendations.³ See [Appendix C](#) for details regarding the 56 recommendations contained in those 12 reports.

Conclusion

Overall, the Postal Service took timely and effective corrective actions in response to the issues and recommendations made in prior OIG reports. Specifically:

¹ A recommendation is deemed significant when it would have a major impact on Postal Service operations or is likely to receive attention from the Board of Governors, Congress, or Government Accountability Office (GAO).

² ATS is used extensively during the audit liaison process as a management tool and document repository for all recommendations resulting from OIG audits.

³ See [Prior Audit Coverage](#) for the 12 reports selected.

- Management took effective corrective actions for 53 of the 56 audit recommendations we reviewed.⁴
- Managers closed 43 of the 56 total recommendations by the estimated completion date. For the remaining 13 recommendations, CARM appropriately monitored the delays and requested extensions to ensure management had sufficient time to compile data from analyses and coordinate corrective actions and new policies or procedures throughout the Postal Service.

However, there were three recommendations in three reports in which managers either had not taken the planned corrective actions or had taken the corrective actions, but the issues identified in the reports remained. Specifically, we noted:

- Managers had not re-evaluated the service standards for Express Mail[®] deliveries to Puerto Rico and the Virgin Islands, so problems with service refunds remained at those locations.⁵
- Units continued to use no-fee money orders with a face value exceeding \$500 to pay for local purchases, although Postal Service policies restricted their use to only certain expenditures.⁶
- Units continued not to comply with local buying instructions by not using national service agreements for certain purchases, providing adequate justifications for purchases described for operational needs and describing attendees to special events where meals were served.⁷

Management's attention to findings and recommendations is critical to improving Postal Service policies, operations, and decision making, and reducing the risk of improper activities. We estimate the Postal Service could realize about \$2.8 million in one-time savings by taking effective corrective actions.

Express Mail Guarantees

In December 2010, the OIG issued a report evaluating the Express Mail guarantee program to determine whether it was a prudent business practice for the Postal Service

⁴ The nine reports effectively addressed were: *Use of No-Fee Money Orders* (Report Number [FF-MA-008-001](#), dated July 2008), *Postal Service's Relocation Policy* (Report Number [FF-AR-09-211](#), dated August 2009), *Evaluation of Locally Issued Salary Advances* (Report Number [FF-AR-10-122](#), dated March 2010), *Fiscal Year 2010 PostalOne! Outage* (Report Number [FF-AR-10-205](#), dated August 2010), *Postal Service Area and District Office Field Structure* (Report Number [FF-AR-10-224](#), dated September 2010), *U.S. Postal Service Ethics Program* (Report Number [FT-AR-10-010](#), dated February 2010), *Compliance with Travel Policies and Opportunities for Cost Savings* (Report Number [FF-AR-11-007](#), dated February 2011), *Postage in the Hands of the Public Liability Estimate* (Report Number [FT-AR-11-006](#), dated January 2011), and *Compliance with the Bank Secrecy Act* (Report Number [FT-AR-08-014](#), dated September 2008).

⁵ *Express Mail Guarantees* (Report Number [FF-AR-11-004](#), dated December 2010).

⁶ *Use of No-Fee Money Orders Follow-Up Audit* (Report Number [FF-AR-10-033](#), dated December 2009).

⁷ *Purchasing Compliance and Imprudent Purchases Follow-Up Audit* (Report Number [FF-AR-11-010](#), dated June 2011).

to guarantee Express Mail service to all Zone Improvement Plan (ZIP) Codes and American territories.⁸ We found the Postal Service did not meet the on-time delivery target for ██████████ ZIP Codes, including military installations and American territories. Management completed corrective action on five of the seven total recommendations, including those related to management of Express Mail corporate accounts and Express Mail deliveries within the 50 states and to military customers. Management was still developing a process to analyze Express Mail refunds by origin and destination, evaluate risks, and identify changes to make better business decisions regarding guarantees. Management originally estimated that their actions would be completed by November 2011. However, to accomplish a complete and thorough analysis, management had to develop a process to collect, integrate, and summarize data from units that operate using both automated systems and smaller volume units that operate with manual systems. Corrective actions are now estimated to be completed in October 2012, and we agree the delay was reasonable given the work required to complete corrective actions.

However, for one recommendation, management agreed to evaluate the reasons for late deliveries to the U.S. territories and, if it were not possible to significantly improve on-time delivery, they would adjust or eliminate guarantees. Managers had eliminated refunds for some of the U.S. territories, such as Guam and American Samoa, because their analyses showed the on-time delivery standards could not be achieved. Managers also stated they had conducted some analyses for late deliveries in the Caribbean District and concluded it was reasonable to expect units in Puerto Rico and the Virgin Islands would bring their delivery times within the standards. Therefore, they expected Express Mail refunds would decrease.

We compared the number of refund eligible pieces from Postal Quarter (PQ) 2, FY 2012,⁹ to the same period last year and noticed the refunds for Puerto Rico and the Virgin Islands had increased from ██████████. The amount of refund eligible revenue for PQ 2, FY 2012, was about ██████████, which represents revenue at risk for the Postal Service. See [Appendix B](#) for details of the other impact. Table 1 shows the Express Mail refund data for Puerto Rico and the Virgin Islands.

Table 1. FY 2012 PQ 2 Express Mail Refund Eligible Deliveries to Caribbean

Destination	Total Volume	Number Refund Eligible	Refund Eligible Revenue	Refund Eligible Refunded	Potential Revenue at Risk
Puerto Rico	████████	████████	████████	████████	████████
Virgin Islands	████████	████████	████████	████████	████████
Total	████████	████████	████████	████████	████████

Source: Product Performance Reporting System in the Enterprise Data Warehouse (EDW).¹⁰

⁸ *Express Mail Guarantees* (Report Number [FF-AR-11-004](#), dated December 2010).

⁹ PQ 2, FY 2012 (January 1 – March 31, 2012) was used to review a representative and discrete sample of recent reporting data and allow the Postal Service time to fully implement the corrective actions from the prior audit.

¹⁰ EDW provides a single repository for managing the Postal Service's corporate data assets. The data can be reported upon and manipulated in a variety of ways both within and across functions for deeper analysis, which can lead to additional revenue, reduced costs, and improved business practices.

Use of No-Fee Money Orders Follow-Up Audit

In December 2009, the OIG issued a report evaluating whether significant risk related to the misuse of no-fee money orders for local purchases by individual post offices continued to exist.¹¹ The report contained five recommendations with specific actions to provide additional training to retail associates on payment procedures, reinforce procedures regarding the proper use of no-fee money orders, create a change in the Point-of-Service system to require supervisory oversight over the issuance of no-fee money orders, instruct units to keep documentation for no-fee money order transactions, and restrict the use of no-fee money orders. Although management took corrective actions in response to our recommendations, actions to restrict the use of no-fee money orders in excess of \$500 were not effective.

Unit personnel were not complying with guidance issued by Postal Service Headquarters to follow existing no-fee money order guidance.¹² Postal Service policy restricts the use of no-fee money orders for more than \$500 for only emergency salary advances, replacement of spoiled money orders, Sure Money^{®13} refunds, and payroll adjustment payments.¹⁴ We found units issued 3,337 no-fee money orders that were in excess of \$500, with a total value of about \$2.8 million, for transactions other than the four allowable uses described previously. We contacted 10 units to see why they exceeded the \$500 limit, and most stated they were not aware there was a limit for using no-fee money orders. Some units said they did not know of any other way to pay for the expense except to use a no-fee money order to pay the vendor. For example:

- At one unit, the postmaster used a \$1,000 no-fee money order rather than an eBuy2 purchase request to pay to have the parking lot plowed after a snow storm.¹⁵ The postmaster told us she used a no-fee money order because she did not know of another way to pay for the snow removal, and she needed the parking lot cleared immediately.
- Another unit had a fallen tree that required removal, and the postmaster stated that he did not know of any other way to pay for the \$625 service, other than to use a no-fee money order.

The Postal Service established payment priority methods to provide better controls and transparency over unit disbursements. Using no-fee money orders can circumvent those controls, increasing the risk of impropriety in the use of this payment method. Further, the Postal Service has an increased risk of inaccurately reporting payments for

¹¹ *Use of No-Fee Money Orders Follow-Up Audit* (Report Number [FF-AR-10-033](#), dated December 2009).

¹² The Postal Service issued *No Fee Money Orders Quick Reference* in March 2010, reinforcing procedures regarding the proper use of no-fee money orders.

¹³ Sure Money is a partnership program with a vendor, whereby funds are transferred to Argentina, Colombia, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, and Peru via an online money transfer system.

¹⁴ Handbook F-101, *Field Accounting Procedures*, Section 23, dated May 2012.

¹⁵ eBuy2 is an electronic web-based purchasing system for goods and services via the Postal Service's intranet.

contract wages on IRS Form 1099, Miscellaneous Income, as no-fee money orders are not tracked as payments for tax reporting purposes. See [Appendix B](#) for a discussion of the monetary impact.

Purchasing Compliance and Imprudent Purchases Follow-Up Audit

In June 2011, the OIG issued an audit report to determine whether purchases complied with Postal Service policy and whether imprudent purchases were still occurring.¹⁶ Our audit identified purchases that did not contain a business meal justification or were not properly authorized, recognition gifts that were not entered into the eAwards system, employees in one district continuing to make imprudent purchases, and an opportunity to further improve the effectiveness of the Purchasing Shared Services Centers (PSSCs). The report contained five recommendations, and management implemented corrective actions by issuing guidance to avoid imprudent purchases and comply with purchasing policies.¹⁷ However, personnel were not always complying with this guidance.

Using credit card data from January through February 2012,¹⁸ we judgmentally selected a sample of 40 purchases totaling about \$68,000. Although we did not identify any purchases as imprudent,¹⁹ our tests of transactions disclosed 11 purchases, totaling about \$33,030, did not comply with Postal Service purchasing instructions:²⁰

- Six purchases did not use national/service wide or area contracts as their supply source. For example, one unit purchased winter traction aides for footwear in icy weather without checking whether the items could have been purchased as an on-catalog item as part of a national ordering agreement. Postal Service policy states that operational needs should be satisfied from priority sources, including national/service wide contracts.²¹
- Three purchases had inadequate justifications detailing the day-to-day operational needs of the request, such as purchasing ballpoint and roller ball pen sets for employee recognition within the district. Postal Service policy states local purchases are to buy and pay for operational needs to ensure sound fiscal management needs are met.²²

¹⁶ *Purchasing Compliance and Imprudent Purchases Follow-Up Audit* (Report Number [FF-AR-11-010](#), dated June 2011).

¹⁷ Postal Service Memorandum Subject: *OIG Audit on Purchasing Compliance and Imprudent Purchase*, dated September 30, 2011.

¹⁸ There were about 38,100 credit card expenditures totaling almost \$15.7 million for this 2-month period.

¹⁹ An imprudent purchase was an expenditure that would not be in the organization's best interest and could negatively impact the Postal Service's public image and brand.

²⁰ We sampled transactions from 15 specific merchant category classification codes that, in our opinion, would relate to or indicate a potential questionable purchase. Some examples of the 15 merchant category classification codes -- also referred to as Standard Industrial Classification codes because they relate to industry and commodity purchases -- are: Miscellaneous & Specialty Retail Stores, Fast Food Restaurants, Other Direct Marketers, and so forth.

²¹ *Administrative Support Manual* (ASM), Issue 13 Section 722, dated April 2012.

²² ASM, Section 722.

- Two purchases were requisitions for meals, and Postal Service guidance requires a list of the names of the attendees and attendee's organization if fewer than 10, or a general description of the group if more than 10 attendees are expected.²³ Both events had more than 10 attendees, but the group description was not clear.

An important and significant aspect contained in the corrective action to the previous report involved the use of the PSSCs as another level of review. PSSC personnel provide discussion notes to purchase requests as appropriate.²⁴ The discussion notes provide approving managers relevant buying information, especially highlighting possible problem areas such as purchases that do not comply with instructions to use national service agreements and whether the appearance of special events would raise questions to its validity. However, this change did not authorize PSSC personnel to deny a request. Instead, it required approving officials to review the discussion notes before approval.

Having the requester's approving official review any discussion notes and acknowledge the review comments before approving the requisition is an important control to ensure all required policies were followed. However, none of the 11 transactions we reviewed had evidence of an approving officials' review. We then contacted the district finance managers in three districts where these transactions were made. They stated they did not remember receiving the September 2011 memorandum and were not aware of the guidance detailing the importance of reviewing the discussion notes. However, all stated they would start reviewing the discussion notes and taking them into consideration before approving future purchase requests.

Complying with all local buying procedures is important to ensure purchases were properly accomplished and to ensure optimum use of funds is always achieved for sound business reasons. As a result of the conditions noted previously, we considered the 11 purchases that did not comply with Postal Service buying procedures, totaling \$33,030, as questioned costs. See [Appendix B](#) for details of the monetary impact.

Recommendations

We recommend the vice president, Domestic Products:

1. Establish an on-going process to analyze Express Mail service performance and improve the performance or adjust the service standards in locations that are too costly for the Postal Service to provide this service.

²³ Management Instruction FM-640-2008-1, *Expenses for Internal and External Events*, dated September 2008.

²⁴ The PSSCs support the Postal Service's supply management function and address the efficiency of local buying activity by providing purchasing guidance and answering supplying policy and process questions. There are two PSSCs: one located in Windsor, CT, and the other located in Aurora, CO.

We recommend the vice president, controller:

2. Create an automated systems change that disallows Postal Service personnel from issuing a no-fee money order for more than \$500, unless it is needed for approved exceptions such as an emergency salary advance, a money order replacement refund, or a payroll adjustment payment.

We recommend the vice president, controller, in coordination with the vice president, Supply Management:

3. Develop controls over purchase requests that will allow Postal Service management a means to monitor and identify compliance with all instructions concerning local purchases. One such control could be to give Purchasing Shared Services Center personnel the authority to reject purchase requests that do not comply with Postal Service policies.

Management's Comments

Management generally agreed with the findings and recommendation 1. Management also agreed with the intent of recommendation 3 and proposed alternative corrective actions. However, management disagreed with recommendation 2 but also proposed alternative corrective actions. Management agreed with \$33,000 of the reported monetary impact but did not comment on the remaining \$2.7 million.

For recommendation 1, management stated that personnel in Domestic Products and Product Information will implement a formal process by December 31, 2012, to analyze Express Mail service performance and improve the performance or adjust the service standards in locations that are too costly for the Postal Service to provide this service. However, management did not agree with our statement that the Postal Service had not re-evaluated the service standards for Express Mail deliveries to Puerto Rico and the Virgin Islands. Management stated that they determined service failures were due to operational issues and could be fixed.

Although management disagreed with recommendation 2, they did agree there was an opportunity to improve controls over no-fee money orders and proposed an alternative four-part solution to monitor no-fee money order usage. They proposed increasing the no-fee money order ceiling to \$1,000 for unapproved exceptions and using Postal Service communication methods to emphasize the approved limits and payment hierarchy. Additionally, they will require user comments in an online application to track no-fee money orders in excess of \$500 for unapproved exceptions and will follow-up with appropriate training and instruction as necessary. The target implementation date is March 31, 2013.

For recommendation 3, management proposed alternative corrective actions. Management stated that local management could best assess the business necessity to

approve or reject purchase requests. As an alternate control over purchases, management will implement new automated tools (reports) for field managers to better manage purchase requests. These reports are designed to track purchase requests for field finance personnel and to assist in enforcing purchasing policies. Additionally, management will consider the feasibility of allowing Purchasing Shared Services Centers personnel to reject purchase requests for noncompliance. The target implementation date is March 31, 2013.

See [Appendix D](#) for management's comments, in their entirety.

Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendations and corrective actions should resolve the issues identified in the report. Regarding management's disagreement with our conclusion about Express Mail deliveries to Puerto Rico and the Virgin Islands, we acknowledged in the report that managers had conducted some analyses for late deliveries in the Caribbean District. However, our concern was that express mail refunds in that region had not decreased but, instead, increased. Consequently, we believe that more thorough and critical analysis should be accomplished regarding Express Mail service standards for those locations.

Appendix A: Additional Information

Background

CARM reports to the controller and serves as a focal point for all Postal Service audit activity. CARM assists Postal Service management in all phases of the OIG and the GAO audit process. This includes arranging and attending entrance and exit conferences and assisting in the preparation and delivery of management responses to draft reports. CARM also facilitates access to program officials and requested information; monitors implementation of all agreed-upon recommendations; and, as necessary, facilitates the audit resolution process.²⁵

Each vice president has overall responsibility for the implementation of audit recommendations made to his or her organization and to ensure that audit recommendations are carried out as soon as practical. A target date must be established for full implementation and to monitor follow-up action. This date should be provided in the management response and updated as necessary. Each vice president designates a person responsible for tracking and documenting the implementation of audit recommendations within that organization.

Documentation and requests to close a significant recommendation are submitted to CARM for review. Upon review and agreement as to the adequacy of the documentation, CARM submits requests for closure to the OIG for all recommendations deemed significant. It also approves submissions requesting closure of non-significant OIG recommendations. CARM is responsible for maintaining the ATS and tracking all recommendations resulting from OIG audits and GAO studies in the system. ATS is used extensively during the audit liaison process as a management tool and document repository.

The OIG conducts periodic follow-up reviews to assess the effectiveness of management's actions. The OIG's Financial Accountability group conducts audits in support of the Board of Governors' independent public accounting firm's overall opinion on the Postal Service's financial statements and internal controls over financial reporting. Auditors also assess other areas of financial risk and whether data are managed in a manner that helps employees achieve strategic and operational goals. During FYs 2008 through 2011, Financial Accountability audit teams issued 112 performance reports.

²⁵ When there is disagreement between the OIG and the Postal Service on a significant recommendation, an audit resolution process for resolving the disagreement involves meeting with the responsible vice president and, if no agreement is reached, finally arbitrated by the postmaster general or a designated representative not a party to the disagreement.

Objective, Scope, and Methodology

Our objective was to determine whether Postal Service management took effective corrective actions in response to the issues and recommendations made in prior OIG audit reports. To accomplish our objective, we:

- Judgmentally selected 12 audit reports from more than 112 OIG Financial Accountability performance reports issued from FYs 2008 through 2011. We selected these reports for follow-up because they represented those with the most significant issues discussed and recommendations made.
- Analyzed financial and non-financial systems to download data from EDW, Web Bank Secrecy Act (BSA),²⁶ eTravel,²⁷ Citibank,²⁸ and others to test compliance and evaluate risks through our tests of transactions.
- Interviewed Postal Service Headquarters and district management, supervisors, or other employees as appropriate to obtain an understanding of how policies and procedures were followed at the unit level.
- Reviewed Postal Services policies, procedures, and instructions for each of the areas audited and for guidance to determine whether management took timely and appropriate corrective actions.
- Made investigative referrals as appropriate.

We conducted this performance audit from January through September 2012 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 28, 2012, and included their comments where appropriate.

We assessed the reliability of data for each audit by testing a sample of transactions to supporting documentation. We determined the information to be sufficiently reliable for our audit.

²⁶ Web BSA is the reporting system used by the BSA Compliance Office to monitor money order transactions for BSA compliance.

²⁷ eTravel is the Postal Service's online travel reimbursement system.

²⁸ Citibank VISA is the Postal Service's government issued travel card for employees required to have a travel card.

Prior Audit Coverage

Report Title	Report Number	Final Report Date	Monetary Impact
<i>Fiscal Year 2008 – Use of No-Fee Money Orders</i>	FF-MA-08-001	7/21/2008	None
Report Results:			
Local post offices inappropriately used no-fee money orders as a convenient payment method for purchases. Management agreed with the recommendations.			
<i>Compliance with Bank Secrecy Act (BSA)</i>	FT-AR-08-014	9/17/2008	None
Report Results:			
Unit managers and retail employees had limited awareness of suspicious activity reporting requirements. Also, BSA requirements for reporting and filing forms were not followed. Management agreed with the recommendations.			
<i>Postal Service's Relocation Policy</i>	FF-AR-09-211	8/26/2009	None
Report Results:			
The Postal Service did not have a national policy for determining when it will advertise a vacancy locally vs. nationally. The report suggested management should consider freezing its relocation benefits program until those policies are clarified. Management disagreed with the recommendations.			
<i>Use of No-Fee Money Orders Follow-Up Audit</i>	FF-AR-10-033	12/4/2009	\$4.9 million
Report Results:			
Units did not maintain supporting documentation for no-fee money order transactions, exceeded the \$500 limit, and did not use the correct reason codes. Management agreed with the recommendations.			
<i>Evaluation of Locally Issued Salary Advances</i>	FF-AR-10-122	3/17/2010	\$333,816
Report Results:			
Units were not in compliance with monitoring or collecting outstanding salary advances. Management agreed with the recommendations.			

<i>Fiscal Year 2010 PostalOne! Outage</i>	FF-AR-10-205	8/5/2010	\$298 million
Report Results:			
<p>The PostalOne! outage impacted mail acceptance operations and revenue collection efforts nationwide. Employees did not record revenue for mailings received during this period. Management agreed with the recommendations.</p>			
<i>Postal Service Area and District Office Field Structure</i>	FF-AR-10-224	9/20/2010	\$289 million
Report Results:			
<p>Opportunities existed to reduce costs by consolidating the Postal Service's field office structure. Management generally agreed with the recommendations.</p>			
<i>U.S. Postal Service Ethics Program</i>	FT-AR-10-010	2/23/2010	None
Report Results:			
<p>Management could enhance the communication of ethics policies and supporting standards to its employees and stakeholders. Management generally agreed with the recommendations.</p>			
<i>Express Mail Guarantees</i>	FF-AR-11-004	12/5/2010	\$1.9 million
Report Results:			
<p>Postal Service personnel did not examine the reasons for late deliveries or make adjustments to the network to achieve timely delivery or adjust the guarantees to what it can realistically achieve. In addition, districts were not monitoring and timely closing inactive accounts. Management agreed with the recommendations.</p>			
<i>Compliance with Travel Policies and Opportunities for Cost Savings</i>	FF-AR-11-007	2/9/2011	\$38 million
Report Results:			
<p>Postal Service employees did not comply with prescribed travel policies. Further, the Postal Service did not cancel credit cards issued to former employees. Management agreed with the recommendations.</p>			

<i>Purchasing Compliance and Imprudent Purchases Follow- up Audit</i>	FF-AR-11-010	6/21/2011	\$401,113
<p>Report Results:</p> <p>The audit disclosed purchases that were imprudent and did not comply with policies. Management agreed with the recommendations.</p>			
<i>Postage In the Hands of the Public (PIHOP) - Liability Estimate</i>	FT-AR-11-006	1/6/2011	\$56.6 million
<p>Report Results:</p> <p>Postal Service could improve the predictability and financial transparency of the PIHOP estimate. Management generally agreed with the recommendations.</p>			

Appendix B: Monetary and Other Impacts

Monetary Impacts

Recommendation	Impact Category	Amount
2	Unsupported Questioned Costs ²⁹	\$2,749,764
3	Unsupported Questioned Costs	\$33,030
Total		\$2,782,794

Other Impacts

Recommendation	Impact Category	Amount
1	Revenue at Risk ³⁰	\$341,915

²⁹ A weaker claim and a subset of questioned costs. Claimed because of failure to follow policy or required procedures but does not necessarily connote any real damage to Postal Service.

³⁰ Revenue that the Postal Service is at risk of losing (for example, when a mailer seeks alternative solutions for services currently provided by the Postal Service).

Appendix C: Implementation of Audit Recommendations

For the 12 reports we reviewed, managers closed 43 of the 56 total recommendations by the estimated completion date. For the remaining 13 recommendations, CARM appropriately monitored the delays and requested extensions to ensure management had sufficient time to compile data from analyses and coordinate corrective actions and new policies or procedures throughout the Postal Service.

Report Title	Recommendation	Recommendation Closed on Implementation Date? (Yes/No)	Explanation
<i>Fiscal Year 2008 – Use of No-Fee Money Orders</i>	No. 1: Reinforce the payment hierarchy and proper use of no-fee money orders to pay for local purchases, and increase monitoring of no-fee money orders use.	Yes	Issued communication to reinforce the policies and procedures of the payment methods hierarchy and proper use of no-fee money orders for purchases.
	No. 2: Evaluate the feasibility of restricting the use of no-fee money orders for local purchases in order to reduce the Postal Service’s exposure to financial loss.	No	Implementation delayed because management established a task force to review and due to the complexity of implementing this recommendation.
<i>Compliance with the Bank Secrecy Act</i>	No 1: Revise the BSA training program and take into consideration the following: <ul style="list-style-type: none"> ▪ Target training based on employees' roles and responsibilities. ▪ Stress the importance of reporting suspicious activity. ▪ Provide a life cycle of Postal Service Form 8105-B from completion by sales and service associates through evaluation and processing at the Bank Secrecy Compliance Office. ▪ Present realistic business transaction scenarios. ▪ Increase employees' awareness and use of the BSA website as a training resource. ▪ Conduct on-site visits to increase awareness. 	Yes	Developed automated programs to identify high-risk offices (offices that may be failing to submit high-risk forms) along with visits to high-risk offices.
	No. 2: Establish a tracking mechanism to ensure (1) facilities have received BSA training materials, and (2) personnel have completed training.	No	Implementation delayed while system development was completed and internal auditing began at select offices.

Report Title	Recommendation	Recommendation Closed on Implementation Date? (Yes/No)	Explanation
	No. 3: Establish ownership of the BSA requirements for reporting and filing the Postal Service Suspicious Transaction Reports at the district level.	Yes	Dedicated and trained resources to conduct training in high-risk offices.
	No. 4: Coordinate with appropriate district and facility managers to implement best practices, as appropriate, for reporting suspicious activity. Specifically, implement: <ul style="list-style-type: none"> ▪ Quarterly self-audit questionnaires on the BSA; ▪ BSA awareness tools. ▪ Review of deficiency documentation with sales and service associates to assist them in improving reporting data. ▪ Supervisory review of Postal Service Forms 8105-B for completeness before mailing to the BSA Compliance Office. ▪ Question and answer sessions for BSA training material. ▪ Team environments for identifying suspicious activity. ▪ Proactive approach by supervisors for BSA compliance. ▪ Establish a centralized folder that includes pertinent BSA compliance literature for the sales and service associates to read. 	Yes	Utilized the enhanced BSA website and training at high-risk offices to foster and promote best practices.
	No. 5: Obtain ██████████ agent plans, programs, and policies in accordance with the Amended and Restated Agreement.	Yes	Working with ██████████ to ensure the proper implementation of the BSA and anti-money laundering laws and regulations.
	No. 6: Work with ██████████ to review its payout agent agreements.	Yes	██████████ will assure the Postal Service will be provided with expected assistance and requested documents.
<i>Postal Service's Relocation Policy</i>	No. 1: Consider a temporary freeze for all employee relocations until relocation policies are updated and the Postal Service's financial position improves.	Yes	Management disagreed with the recommendation, because it was not feasible; however, other management actions taken during FY 2009 have had the affect of greatly reducing relocation cost.

Report Title	Recommendation	Recommendation Closed on Implementation Date? (Yes/No)	Explanation
	No. 2: Clarify when the Postal Service should (1) fill vacancies locally vs. nationally, (2) decline to pay relocations and (3) reduce benefits in addition to the already proposed relocation policy changes.	Yes	Management disagreed with the recommendation and stated when positions cannot be filled by employees who are on the rolls of the installation with the vacancy, secondary consideration must be given to qualified career applicants from other installations.
<i>Use of No-Fee Money Orders Follow-Up Audit</i>	No. 1: Instruct area and district management to provide training to retail associates and local unit management on use of reason codes, payment processes, and closeout procedures.	No	Further training in the proper use of no-fee money orders is needed, and the Postal Service changed the implementation date because they needed additional time to evaluate and develop training needs.
	No. 2: Reinforce procedures regarding the proper use of no-fee money orders in readily accessible messaging to sales and service associates.	No	Published a Retail Digest article to reinforce the proper use of no-fee money orders but changed the implementation date, because they needed additional time to develop training.
	No.3: Create a change in Point-of-Service to require supervisory approval for issuing a no-fee money order or develop controls to enhance supervisory oversight.	No	Implemented a supervisory approval to Point-of-Service and changed the implementation date due to funding approval of the change request.
	No.4: Instruct local units to maintain supporting documentation for no-fee money order transactions for the required retention period.	No	Changed the implementation date because they needed additional time to evaluate and develop training needs.
	No.5: Revise Postal Service policy to severely restrict the use of no-fee money orders.	No	Reduce the number of local no-fee money orders by reducing the threshold for local payments from the current \$500 to \$100; however, as a result of the unsuccessful system testing there is a need to move implementation to the end of FY 2012.
<i>Evaluation of Locally Issued Salary Advances</i>	No.1: Re-emphasize the policy and requirements for issuing salary advances.	Yes	Published a Retail Digest article on March 6, 2010, that reiterated the current policy.
	No.2: Evaluate the feasibility of establishing an automated process for the collection of salary advances issued in account identifier code 754, Authorized Emergency Salary Issued.	No	Evaluated the possibility of automating the salary advance collection process and changed the implementation date, because the team developing best practices needed additional time.

Report Title	Recommendation	Recommendation Closed on Implementation Date? (Yes/No)	Explanation
	No.3: Clarify Postal Service policy as to who is responsible for collecting efforts for advances that are issued at retail units for processing and distribution center employees.	No	Clarified the policy outlining responsibility for collection for salary but delayed implementation, because the team developing best practice guidelines needed additional time.
	No. 4: Develop an action plan to collect the \$187,051 in outstanding salary advances.	Yes	Distributed the list of outstanding salary advances to area accounting managers and took actions to collect outstanding advances.
<i>Fiscal Year 2010 PostalOne! Outage</i>	No. 1: Update and test the contingency plan to provide for the performance of key mail acceptance procedures in the absence of PostalOne!	Yes	Updated its contingency plan to ensure it is in line with key financial controls.
	No. 2: Test the remediation controls identified to address gaps related to PostalOne! interruptions that affect efforts to remediate the significant deficiency.	Yes	Continually upgrading PostalOne! for new and evolving business functionality to address system performance and operational needs.
<i>Postal Service Area and District Office Field Structure</i>	No. 1: Develop a comprehensive strategic plan to guide future area and district field structure decisions. The plan should address environmental factors, mail volumes, technological advancements, operational considerations and other issues impacting Postal Service strategic goals.	Yes	Developed a comprehensive plan and delayed implementation to assess the methodology employed by the contracted experts for use in periodic reviews of area and district structures.
	No. 2: Implement one or more of the three options, or combinations of portions of these options, for consolidating the area and district field structure: <ul style="list-style-type: none"> ▪ Consolidate district offices that are within 50 miles of one another. ▪ Consolidate area and district offices that have less than the mean mail volume and work hours. ▪ Relocate area offices to headquarters. 	Yes	Management disagreed with this recommendation as it could not speculate on the most appropriate consolidation methods but preferred to assess and evaluate a variety of key operations factors.
	No. 3: Develop a policy and process for performing a comprehensive evaluation of the area and district office structure at least every 5 years.	Yes	Developed a policy and process for implementing evaluations of area and district office structures.
	No. 4: Develop a policy and procedures to maintain adequate supporting documentation for all area and district consolidations or expansions as part of a comprehensive strategic plan.	Yes	Documented processes in place for analyzing, standardizing, and maintaining records of organization restructures.
<i>U.S. Postal Service Ethics Program</i>	No. 1: Consolidate Postal Service ethics policies and supporting standards and guidance in a central location that is easily accessible to employees and stakeholders.	Yes	All relevant information on the Postal Service's ethics policies and standards are available on its website and are also available via hardcopy.

Report Title	Recommendation	Recommendation Closed on Implementation Date? (Yes/No)	Explanation
	No. 2: Enhance the ethics education program to include awareness updates on a regular basis and make them available to all employees.	Yes	The current budget and severe financial constraints will not permit the significant financial investment needed to offer a service-wide ethics awareness training program for all employees.
	No. 3: Develop and communicate a mission statement for the ethics program.	Yes	The purpose of the federal ethics program has been adequately described by the Office of Government Ethics.
	No. 4: Revise the procedures to include Corporate Personnel Management communicating to the Designated Agency Ethics Official relevant information related to ethics standards violations, violations of criminal conflict of interest statutes, and applicable disciplinary actions.	Yes	Management disagreed with the recommendation to revise its procedures, because the recommended approach (that the General Counsel is properly positioned to accurately track and report all ethics violation to the Office of Government Ethics) is not a reliable method.
	No. 5: Coordinate with the Audit and Finance Committee of the Board of Governors to provide clear written expectations to Postal Service management regarding its ethics reporting requirements.	No	Implementation was delayed due to needing additional time to draft a standard operating procedure for this process.
	No. 6: Develop and communicate clear written policies and procedures based on Board of Governors expectations to ensure management reports relevant ethics issues to the Board of Governors.	No	Implementation delayed because the ethics officer needed to talk to the Governors to determine how they wanted to handle this issue.
<i>Express Mail Guarantees</i>	No. 1: Evaluate the reasons for late deliveries for American territories and, if it is not possible to significantly improve on-time delivery, determine if they should adjust or eliminate guarantees.	Yes	Implementation delayed while management performed analysis to identify the reasons for late deliveries of Express Mail to the territories of Guam and American Samoa.
	No. 2: Review military Express Mail and logistics to evaluate reasons for the delays in delivering mail to military personnel and make necessary changes to improve service performance.	Yes	Implementation delayed while management reviewed various aspects of the Express Mail Military Service product including a review of the network supporting transportation and delivery.

Report Title	Recommendation	Recommendation Closed on Implementation Date? (Yes/No)	Explanation
	No. 3: Implement actions to include military ZIP Codes in the Service Delivery Calculator (SDC).	Yes	Implementation delayed because management needed to evaluate the feasibility of including military Zip Codes in the SDC.
	No. 4: Identify reasons for late Express Mail deliveries to ZIP Codes in the 50 states with the highest volumes of late deliveries and implement actions to reduce late delivery or adjust or eliminate the guarantee.	Yes	Implementation delayed while the Operational Performance group analyzed reasons for the late deliveries of Express Mail. Management will make a determination based upon the reason analysis.
	No. 5: Establish a timeframe for and develop a process to analyze Express Mail refunds by origin and destination to evaluate risk and identify necessary changes in service in order to make better business decisions for guarantees.	No	Implementation delayed because Express Mail Refunds Visibility project was started to capture Express Mail refunds at retail sites and send the data to Product Visibility systems.
	No. 6: Reiterate to area vice presidents and appropriate district personnel their responsibility to monitor and close inactive Express Mail Corporate Accounts when appropriate.	Yes	Implementation delayed while management developed a plan to consider reactivating accounts that were inactive of approaching the timeframe for lapsing into inactive status.
	No. 7: Communicate current Express Mail Corporate Account inactive account information to area vice presidents for action by appropriate district personnel.	Yes	Implementation delayed while management developed a plan to reactivate inactive accounts.
<i>Compliance with Travel Policies and Opportunities for Cost Savings</i>	No. 1: Develop required periodic training for travelers and approving officials that addresses adherence to prescribed government rates and the issues noted later in this report, including proper use of and cancelling, when appropriate, the government travel card.	Yes	Re-emphasized the importance of adhering to postal policy. In addition, once the new electronic travel system has been selected, we will readdress the training issues.
	No. 2: Incorporate requirements to flag lodging that exceeds prevailing government rates and require itemization of lodging and tax on lodging before approval of travel in the new electronic travel system.	Yes	Incorporated language into the requirements document for the new eTravel system.
	No. 3: Require advance approval for lodging rates that exceed prescribed government rates and document approval in the new electronic travel voucher system.	Yes	Incorporated language into the requirements document for the new eTravel system.
	No. 4: Develop procedures to document approval for exceeding lodging until such time as the new electronic travel system is implemented.	Yes	Management disagreed because they expect to have a new travel system in place by calendar year 2013.

Report Title	Recommendation	Recommendation Closed on Implementation Date? (Yes/No)	Explanation
	No. 5: Develop procedures for travel coordinators to monitor VISA® Intellilink for misuse and notify approving officials as appropriate.	Yes	Created rules in VISA Intellink that can be applied to detect various types of misuse.
	No. 6: Develop procedures to verify travel cards are cancelled for separated employees.	Yes	Developed and communicated to employees policy as to their responsibility as cardholders to turn in their travel card upon leaving the Postal Service.
	No. 7: Include requirements in the new electronic travel voucher system to identify and flag the instances of noncompliance identified in our report.	Yes	Revised the electronic travel voucher system so an employee will not be able to use duplicate hotel dates in vouchers.
	No. 8: Revise current policies to allow for submission of international airfare before travel when such costs reach the individual's travel card credit limit.	Yes	Incorporated language in the revised Handbook F-15, <i>Relocation Policy - Nonbargaining Executive and Administrative Schedule Employees</i> .
	No. 9: Collect the \$10,114 duplicate airline payment.	Yes	Took action to collect the airfare.
<i>Purchasing Compliance and Imprudent Purchases Follow-up Audit</i>	No. 1: Issue a memorandum emphasizing the importance of complying with local purchasing policies.	Yes	Issued a memorandum reminding employees of the applicable policy and guidance.
	No. 2: Issue a memorandum emphasizing the importance of complying with eBuy policies.	Yes	Reiterated the requirements in the ASM that requires an approved purchase request for local buys.
	No. 3: Clarify procedures specifically detailing the criteria to be used for purchasing season or partial season tickets when the identity of the awardee is unknown at the time of purchase.	No	Addressed the issue in the memorandum discussed in recommendation No. 1. Implementation was delayed due to coordination with Labor Relations and employee unions.
	No. 4: Establish a process that requires approving officials to acknowledge the review comments provided by the Purchase Shared Services Centers' staff for eBuy requisitions.	Yes	Addressed the issue of approving officials to acknowledge the review comments within the memorandum discussed in recommendation No. 1 in the audit report.
	No. 5: Reiterate the criteria for entering data into eAwards and develop controls to ensure the data are entered no later than the last day of the pay period in which the award is presented.	Yes	Addressed the issue of reporting in eAwards within the memorandum discussed in recommendation No. 1 in the audit report.
<i>Postage in the Hands of the Public Liability Estimate</i>	No. 1: Develop a clear, single document of the procedures used, the assumptions made, the analyses conducted, and the rationale for methods used to estimate the Postage In the Hands Of the Public liability.	Yes	Accomplished this process during 2010 for the Sarbanes-Oxley Act compliance purposes.

Report Title	Recommendation	Recommendation Closed on Implementation Date? (Yes/No)	Explanation
	No. 2: Implement a formal communication and information sharing process among personnel responsible for developing the liability estimate.	Yes	Any significant components of the Postage In the Hands Of the Public model calculations are formally developed via a white paper in the quarter the change is implemented.
	No. 3: Evaluate and consider expanding, as appropriate, Revenue, Pieces, and Weight data collection to include stamp usage by denomination and all classes of mail for the mail-in-transit component of the calculation.	Yes	Management disagreed with the recommendation, because it is not practical to collect and record revenue, pieces, and weight data by product.
	No. 4: Eliminate the assumption to add half a day to the weighted average days in transit portion of the mail-in-transit component calculation.	Yes	Management did not agree and countered that because all mail received at a delivery unit is not delivered the same day, such as standard mail on occasion arrives at the delivery unit with instructions to deliver within a range of dates.

Appendix D: Management's Comments

GARY C. REBLIN
VICE PRESIDENT, DOMESTIC PRODUCTS



September 24, 2012

LUCINE WILLIS
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Follow-up on Financial Accountability Audit Report Recommendations
FF-AR-12-DRAFT

The above referenced audit report is an evaluation of previous audits held. One of the findings that the report states is that "the Postal Service has not re-evaluated service standards for Express Mail deliveries to the Caribbean, leading to increased refunds for service delays". Management disagrees with this observation as analysis was conducted on several territories resulting in changes to America Samoa and Guam but not to Puerto Rico and the Virgin Islands as outlined on page 3 of the report. The changes to America Samoa were made as our analysis showed that operational realities prevented meeting service commitments to those territories (service responsive transportation did not exist), while the situation in the Caribbean was different. In this case, we determined that service failures were due to operational issues and with adjustments could be fixed.

The Audit report further goes on to quantify that the potential revenue at risk is \$341,915 but also states that the actual amount refunded was \$18,005. Management would like to note that the number of customers who request a postage refund has historically been relatively low (less than 5%). So although the number of potential refunds may seem high, we believe the \$18,005 figure is more representative of the revenue at risk since the number of actual refunds paid out has been historically low

Recommendation 1 :

The recommendation outlined by the audit report is as follows:
Establish an on-going process to periodically analyze Express Mail service performance and improve the performance or adjust the service standards in locations that are too costly for the Postal Service to provide this service.

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Management Response/Action Plan:

Management agrees with this recommendation and will work with the Product Information group to establish an agreed upon process.

Target Implementation Date:

December 2012

Responsible Official:

Gary Reblin

Freedom of Information Act

Management believes this report contains proprietary and business information that should be withheld from disclosure pursuant to the Freedom of Information Act. For example, express mail revenues and service performance details (locations, percentage late, overall performance etc.) could be of potential benefit to firms in economic competition with the Postal Service and should not be disclosed. Further, the Postal Service requests the information to be withheld in accordance with Exemption 39 USA 410 (C)(2)--information of a commercial nature, whether derived from the USPS or another source, that as a good business practice would not be disclosed. If you have any questions about this response, please contact Lisa Bobb-Semple, Manager, Lightweight Parcels at 202-268-3391.



Gary C. Reblin

cc: James Cochrane
Marc McCreery
Ed Ryan

FINANCE



September 21, 2012

LUCINE M. WILLIS
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Follow-Up on Financial Accountability Audit Report Recommendations: Report
Number FF-AR-12-DRAFT

Management agrees with the findings of this audit with regard to issuance of no-fee money orders over \$500 for unapproved exceptions. The corrective actions implemented for the previous audit FR-AR-10-033 have resulted in a decrease in the use of no-fee money orders over \$500 for unapproved exceptions by 16% in FY2011 and another decrease of 9% in FY2012. However there still remains opportunity for improved control over adherence to the no-fee money order policy. Management disagrees with the audit recommendation to implement a preventative systematic control to prevent the issuance of no-fee money orders over \$500.

Recommendation 2:

Create an automated systems change that disallows Postal Service personnel from issuing a no-fee money order for more than \$500, unless it is needed for approved exceptions such as an emergency salary advance, a money order replacement refund, or a payroll adjustment payment.

Management Response/Action Plan:

Management disagrees with the proposed recommendation.

Management proposes an alternative four part solution:

1. Increase the no-fee money order ceiling to \$1000 for unapproved exceptions.
2. Communications:
 - a. Postal Bulletin policy update
 - b. Controller's Newsletter
 - c. Retail Digest
 - d. Narrowcast no-fee money order report verbiage change to emphasize the approved limits and preferred payment hierarchy.
3. Require user comments to be entered into an online application for non-exception no-fee money orders totaling \$500 or more per day.
4. Management will monitor compliance and follow-up with instruction and training as necessary.

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Target Implementation Date:

Quarter 2 FY 2013

Responsible Official:

Manager Revenue and Field Accounting



Timothy F. O'Reilly
Vice President, Controller

cc: Megan J. Brennan
Stephen J. Masse
Dean J. Granholm
Corporate Audit and Response Management



September 25, 2012

LUCINE M. WILLIS

SUBJECT: Response to Draft Audit Report – Follow-Up on Financial Accountability Audit Report Recommendations (Report Number FF-AR-12-DRAFT)

We appreciate the opportunity to review and comment on the subject draft report. Please note that at the exit conference it was determined that separate responses would be provided to this report. This is the vice president's Controller and Supply Management response to the Purchasing Compliance and Imprudent Purchases Follow-Up Audit findings and recommendation 3. Management is in general agreement with the Office of Inspector General's findings, the intent of recommendation 3, and associated monetary impact of \$33,030.

AUDIT RECOMMENDATIONS

We recommend the vice president, Controller, in coordination with the vice president, Supply Management:

Recommendation 3. Develop controls over purchase requests that will allow Postal Service management a means to monitor and identify compliance with all instructions concerning local purchases. One such control could be to give Purchasing Shared Services Center (PSSC) personnel the authority to reject purchase requests that do not comply with Postal Service policies.


Management Response/Action Plan: Management agrees with the intent of this recommendation. To drive compliance with Postal Service purchasing and payment policies, we will implement a Demand Management (DM) Opportunity Field Report. These reports will be run from eBuy2 and provided to Area Controllers and District Finance Managers quarterly by the PSSC detailing all DM opportunities identified during the preceding month for their respective locale. DM Opportunity Field reporting shall detail all eBuy2 line items for which DM guidance was provided by the PSSC during the preceding quarter. Summary reports sorted by budget finance number will also be provided for reference. Both the detail and summary reports will be available on-line and will provide Area Controllers and District Finance Managers with the ability to drill down and view individual eBuy2 requests. Management can use these reports for follow up and action with individual offices as necessary to enforce compliance with policies. Additionally, we will determine the feasibility of the PSSC personnel rejecting purchase requests that do not comply with Postal Service policies.

Target Implementation Date: Within second quarter of fiscal year 2013 (March 2013).

Responsible Official: Manager, Supply Management Infrastructure, Supply Management.

This report and management's response do not contain proprietary or sensitive business information that may be exempt from disclosure pursuant to the Freedom of Information Act. If you have any questions about this response, please contact Susan Witt at (202) 268-4833.


Timothy F. O'Reilly
Vice President, Controller


Susan M. Brownell
Vice President, Supply Management

cc: Megan Brennan
James Cochrane
Dean Granholm
Nagisa Manabe
Stephen Masse
Douglas Tulino
Giselle Valera
Trent Ensley
Robert D'Orso
Christopher Taddei
Susan Witt
Corporate Audit and Response Management