

**U.S. POSTAL SERVICE  
OFFICE OF INSPECTOR GENERAL**



**AUDIT PLAN  
Fiscal Year 2008**

# **AUDIT PLAN**

## **FISCAL YEAR 2008**

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## BACKGROUND

The Postal Service's mission is to bind the nation together through the personal, educational, literary, and business correspondence of the people and provide prompt, reliable, and efficient services to its patrons. The Postal Service has annual operating revenue of nearly \$73 billion and more than 700,000 employees. It delivers over 212 billion pieces of mail each year, representing more than 46 percent of the world's mail, to 144 million delivery points. It has over 38,000 facilities and 214,000 vehicles. To deliver world-class service, the Postal Service must excel in performing its core business processes of accepting, processing, transporting and delivering the mail, as well as marketing postal products and services.

In April 2002, the Postal Service issued a comprehensive *Transformation Plan* to address its financial, operational, and human capital challenges. In July 2003, the President's Commission issued its report articulating a vision for the future of the Postal Service. In its Five-Year Strategic Plan (fiscal years 2004-2008), the Postal Service identified four broad strategic goals focused on results and described how the Postal Service would continue to respond to the American people and increase its value to the U.S. economy. These goals were to improve service, manage costs, enhance performance-based culture, and generate revenue.

The *Strategic Transformation Plan 2006-2010*, published in September 2005, combines key elements from the previous strategic plan with those in the *Annual Performance Plan*, the original *Transformation Plan*, and the *Transformation Progress Report*. This plan focuses on generating revenue, reducing costs, achieving results, and improving service.

In December 2006, the Postal Accountability and Enhancement Act (the Postal Act of 2006) was signed into law. The act's work-related implications for the U.S. Postal Service Office of Inspector General (OIG) are quite extensive.

### **Postal Act of 2006 Highlights**

The Postal Act of 2006 is the first major legislative change to the Postal Service since 1971. The Postal Service's goal continues to be providing reliable universal service at affordable prices. At the same time, the Postal Service strives to enhance its ability to operate in a businesslike manner, while fostering growth and innovation in the mailing industry. The Postal Act of 2006 enables and encourages the Postal Service to persevere with its transformation efforts and cost-cutting measures.

The act mandates several specific deliverables and programs for the OIG. It:

- Requires the OIG to submit to Congress and the Postal Service, within 6 months of enactment, a report that details and assesses Postal Service progress in improving safety and reducing workplace injuries, and identifies opportunities for improvement.
- Requires the OIG, within 1 year of enactment, to study and submit to the President, the Congress, and the Postal Service a report concerning how the Postal Service administers the assessment of postage deficiencies for mailings of nonprofit organizations.
- Applies certain provisions of the Sarbanes-Oxley Act to the Postal Service, which will require the OIG to conduct substantial audit work.
- Requires the OIG to regularly audit the data collection systems and procedures the Postal Service uses in collecting information for its annual report to the Postal Regulatory Commission justifying its rates by analyzing costs, revenues, rates, and quality of service.

Additionally, Postal Act of 2006 provisions which could impact our work include requirements that the Postal Service:

- Review workforce plans to achieve new modern service standards for market-dominant products, and the impact of facility changes on the postal workforce.
- Prepare comprehensive plans for reemployment assistance and early retirement benefits for displaced postal employees as a result of network reductions.
- Establish regulations for the safe transportation of hazardous material in the mail.
- Define measures it must take to incorporate affirmative action and Equal Employment Opportunity criteria into the performance appraisals of senior supervisory or managerial employees.
- Transfer the current escrow and any future surplus for civil service retirement to the Postal Service Retiree Health Benefits Fund.
- Establish a new formula for paying retiree health benefits.

## MISSION AND ORGANIZATION

The OIG was established on September 30, 1996, pursuant to Public Law 104-208, known as the *Omnibus Consolidated Appropriations Act* of 1997. General OIG authority is established under the *Inspector General Act* of 1978, as amended, which provides statutory responsibility to protect the integrity of Postal Service programs and operations and ensure mail service is administered with maximum economy and efficiency. In addition, the OIG has oversight responsibility for all activities of the Postal Inspection Service. The OIG is an independent agency within the Postal Service under the general supervision of nine presidentially appointed Postal Service Governors.

The OIG's mission is to conduct and supervise objective and independent audits, reviews, and investigations relating to Postal Service programs and operations to:

- Prevent and detect fraud, waste, and abuse;
- Promote economy, efficiency, and effectiveness;
- Promote public integrity;
- Strengthen professional relationships; and
- Keep the Board of Governors and Congress informed of problems, deficiencies, and corresponding corrective actions.

Under the leadership of the Inspector General, the Assistant Inspector General for Audit (AIGA) is responsible for the Office of Audit. Deputy Assistant Inspectors General for Audit (DAIGAs) report to the AIGA and lead the Mission Operations, Support Operations, Financial Accountability, and Revenue and Systems programs. The DAIGAs advise the AIGA on the major risks facing the Postal Service in their program areas and propose audits based on these risks and stakeholder concerns. The DAIGAs also maintain professional relationships with Postal Service executives to ensure open communication and full coverage of their issues and challenges.

We align our audit resources with the Postal Service's Vice Presidents (VPs) and major functional areas, allowing us to focus on the areas that pose the greatest potential risks and challenges to management. The OIG's audits and reviews are designed to protect assets and revenue, ensure efficient and economical mail delivery, and safeguard the integrity of the postal system. We perform audits and reviews in compliance with standards published by the Comptroller General of the United States, the American Institute of Certified Public Accountants, the Institute of Internal Auditors, and the President's Council on Integrity and Efficiency.

## OFFICE OF AUDIT PLANNING PROCESS

The OIG designed the Fiscal Year (FY) 2008 Audit Plan to ensure we direct audit resources toward top priorities. This year, we performed a Postal Service-wide risk assessment to determine the critical areas for audit attention based on the potential for adverse effects on the Postal Service. This enterprise-wide risk-based planning approach has become state-of-the-art in the internal auditing profession.

Our process starts top down – with identification of the major risk categories and specific risk factors that confront the Postal Service. It then moves to bottom up, with the directors planning specific audits to address these risks.

The top down – strategic – piece of the process was conducted by Office of Audit (OA) executives. Input came from a variety of sources:

- The Inspector General.
- The executives' knowledge of the Postal Service, past audit results, etc.
- The Postmaster General, Deputy Postmaster General, and most Postal Service Senior Vice Presidents.
- The Board of Governors' Audit and Finance Committee.
- Directors' Program Assessments, and the directors themselves.
- Office of Investigations.
- OIG Stakeholder Relations Specialist.

Using that input, the executives identified three risk categories: Strategic, Financial, and Operational, and numerous specific risk factors within each category. The executives then assessed the risk factors by identifying the likelihood they will occur and the impact on the Postal Service if they do occur. Each of these risk factors was rated Low, Medium, or High, and then the ratings were captured in risk matrices for each category.

The directors then began their FY 2008 planning in the highest risk factors impacting their area, and coordinated their planning efforts to address cross-functional issues, where applicable. Where necessary, we will redeploy resources or reassign work from one director to another to ensure we address the highest risks.

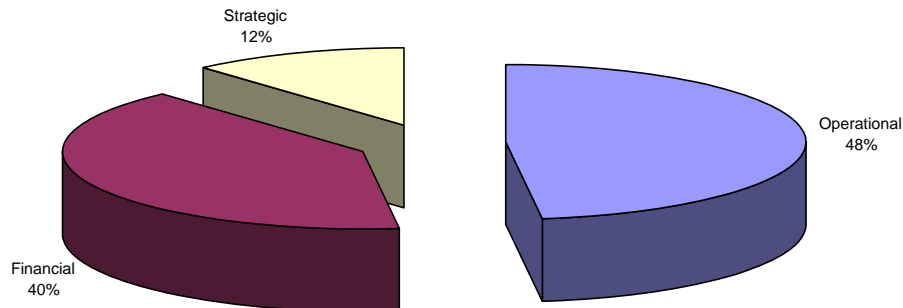
A key part of our planning process involves the audit directors (along with their DAIGA) exploring — with their Postal Service counterparts — significant areas of work that could lead to a Value Proposition. In the Value Proposition concept, audit directors and their designated Postal Service VPs jointly identify key issues or areas for OIG review. This concept is intended to engage the VPs in identifying the most important areas where the OIG could help identify ways to reduce costs or raise revenue. As these areas are identified, they provide the

OIG with a strategic vision for future audit work in that area. The Value Proposition results in a contract between the audit director and the VP that specifies:

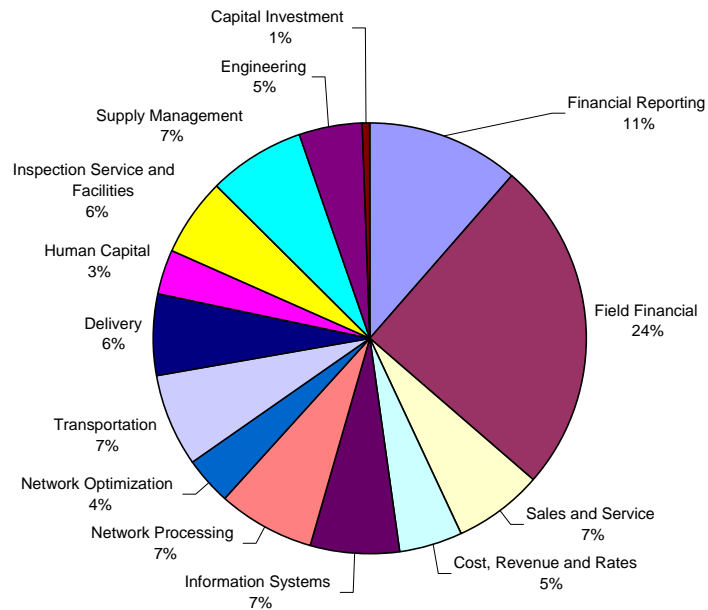
- Area of focus
- Objectives/VP goals
- Scope of work
- OIG resources to be used
- Postal Service resources to be used
- Anticipated value
- Deliverables

The FY 2008 Audit Plan communicates our audit priorities to the Postal Service, the Board of Governors, Congress, and other interested parties; and presents our work in the three major risk categories: Financial, Operational, and Strategic. Chart 1 below shows the percentages of our audit resources devoted to each risk category, and Chart 2 shows the percentage allotted to each of our audit directorates. The plan includes audits that are required by statute as well as those that address the major risks and management challenges facing the Postal Service. If significant and unexpected events occur during the year, we will adjust our plan accordingly.

**Chart 1: Allocation of Office of Audit Staff to Risk Areas in FY 2008**



**Chart 2: Allocation of OA Resources by Audit Directorates in FY 2008**



## **MAJOR MANAGEMENT CHALLENGES FACING THE POSTAL SERVICE**

In addition to focusing on the Postal Service’s key risks, our audit plan addresses the emerging issues and management challenges facing the Postal Service. The OIG has identified the following seven major management challenges the Postal Service currently faces.

- **Cost Control** – The Postal Service must control costs to maintain universal service.
- **Revenue** – The Postal Service must grow revenue to enhance its core services and provide greater value to its customers.
- **Human Capital** – The Postal Service must resolve workforce and workplace issues to maximize performance.
- **Preserving Integrity and Security** – The Postal Service must complete the monumental task of securing the nation’s mail system – despite threats of terrorism or natural disaster – and safeguarding its more than 700,000 employees, over 38,000 facilities, and about 212 billion pieces of mail each year.



- **Strategic Direction** – The Postal Service must increase its effectiveness and efficiency and ensure that products and services are self-sustaining, while balancing legal considerations and stakeholder views.
- **Management Information** – The Postal Service must provide information that better meets the needs of its managers and stakeholders to address the concern that information the Postal Service provides is not transparent.
- **Customer Service** – The Postal Service must balance its public service obligation with the need to remain commercially viable.

## **AUDIT PROGRAM AREAS**

Top Postal Service leaders and the Governors are increasingly focused on risks to the Postal Service. It is up to them to address these risks, but the OIG can add value by making sure they are aware of all key risks and understand their ramifications. As a result, we need to be in the best possible position to know what the risks are, understand how they might impact the Postal Service, and help find ways to address them more effectively. To that end, beginning with the FY 2008 audit plan, we developed a planning approach based on a formal top-down risk assessment of the Postal Service.

As part of this process, we committed to addressing the highest risks even if it requires temporarily redeploying our resources or reassigning work. This risk deployment approach helps us to ensure we direct audit resources toward top priorities. We formally assess risks to determine the critical areas for attention based on the potential for adverse effects on the Postal Service, and then ensure we have the right resources in the right places.

We first identified three overarching risk categories: Strategic, Financial, and Operational. Then we articulated specific risk factors that confront the Postal Service in each of these risk categories.

The Strategic Risk Category includes big picture long-range issues, such as:

- Network streamlining
- Strategic vision for automation
- Strategic workforce planning
- Viability of the Postal Service business model

The Financial Risk Category includes issues with a clear financial impact, such as:

- Employees on leave without pay, limited duty, workers' compensation
- Financial systems
- External financial fraud
- Pricing

The Operational Risk Category includes issues related to the day-to-day operation of the Postal Service, such as:

- Planning and monitoring work
- Revenue operations
- Contracting process
- Service

**STRATEGIC RISKS**

The Strategic Risk Category includes big picture, long-range issues that impact the Postal Service’s overarching strategic direction. Strategic risk factors could impede the Postal Service’s ability to be effective and efficient, and to ensure that its products and services are self-sustaining and balance legal considerations and stakeholder views.

Important strategic trends include Postal Service initiatives to streamline its processing and delivery networks and invest in technology and process improvements, particularly Intelligent Mail. The Postal Law of 2006 is having a significant strategic impact, as is the changing mix of the mail; among other things, both impact the “business model” of the Postal Service. Historically, mail volume (revenue) growth has covered the growth of the delivery point network (cost). Today, with declining First-Class® Mail volumes, this is increasingly difficult to achieve.

The following are the audits we plan to conduct for various strategic risk factors.

<b>Risk Factor</b>	<b>Assignment Title</b>	<b>Directorate</b>	<b>Carryover/ New Start</b>	<b>Postal Geographic Area</b>
<b>Network Streamlining</b>	St. Louis AMC <sup>1</sup> Outsourcing	Network Optimization	C/O	Great Lakes
	Kansas City, KS P&DC <sup>2</sup> Consolidation	Network Optimization	C/O	Western
	Bulk Mail Center Outsourcing	Network Optimization	NS	TBD
	Flint, MI P&DC Consolidation	Network Optimization	NS	Great Lakes
	Detroit, MI P&DC Consolidation	Network Optimization	NS	Great Lakes
	Boston AMC Outsourcing	Network Optimization	NS	Northeast
	Logistics & Distribution Center Network	Network Optimization	NS	Eastern

<sup>1</sup> Airport Mail Center

<sup>2</sup> Processing and Distribution Center

<b>Risk Factor</b>	<b>Assignment Title</b>	<b>Directorate</b>	<b>Carryover/ New Start</b>	<b>Postal Geographic Area</b>
	Remote Encoding Centers	Network Optimization	NS	Eastern
	AMP <sup>3</sup> Global	Network Optimization	NS	Nationwide
<b>Strategic Vision for Automation</b>	Engineering Portfolio Mix and Measurement	Engineering	NS	Engineering HQ
<b>Contracting Out</b>	Network Operations Outsourcing	Supply Management	NS	Nationwide
<b>Strategic Workforce Planning</b>	Comprehensive Strategic Workforce Plan - Local	Human Capital	NS	TBD
<b>Labor - Management Relations</b>	Equal Employment Opportunity Outsourcing	Human Capital	C/O	Nationwide
	Integrity of the Voice of the Employee Survey	Human Capital	NS	Nationwide
<b>Competition</b>	Marketing's Strategic Planning and Business Development Efforts	Sales & Service	NS	Marketing HQ
<b>Intelligent Mail</b>	Intelligent Mail: Program Status and Benefits	Engineering	C/O	Nationwide
	Intelligent Mail: SDLC <sup>4</sup> Audit	Information Systems	NS	TBD
	Marketing of Intelligent Mail	Sales & Service	NS	National
<b>Access to Products/ Services</b>	Click-N-Ship	Sales & Service	C/O	Marketing HQ

## **FINANCIAL RISKS**

The Financial Risk Category includes issues that have a clear financial impact, particularly those related to cost control and revenue generation. The greatest opportunities to reduce financial risks are in the areas of improving internal controls in financial systems, processes, and benefit programs, and maximizing the cost-effectiveness of contracts.

The Postal Service has annual operating revenue of nearly \$73 billion, with expenses in the same range, and issues more than 900,000 money orders per day. The Postal Service presently manages more than \$40 billion in contracts, ranging from multimillion-dollar national contracts for services such as transportation networks and IT infrastructures, to local contracts for supplies and

<sup>3</sup> Area Mail Processing

<sup>4</sup> Systems Development Life Cycle

services at individual postal facilities. The sheer volume of contracts (over 48,000) and their huge dollar value provide opportunities for contractors and employees to defraud the Postal Service.

Major financial trends in FY 2007 included the fact that financial statement audits continued to produce unqualified opinions. Efforts to implement newly mandated Sarbanes-Oxley Act provisions are off to a good start. Additionally, labor costs continue to receive attention, and there are some opportunities to be seized in controlling Postal Service contributions to life and health insurance.

We plan to conduct the following audits for various financial risk factors.

<b>Risk Factor</b>	<b>Assignment Title</b>	<b>Directorate</b>	<b>Carryover/ New Start</b>	<b>Postal Geographic Area</b>
<b><i>LWOP<sup>5</sup>, Limited Duty, Workers' Compensation</i></b>	COP Recoveries <sup>6</sup>	Human Capital	C/O	Nationwide
	COP Trends	Human Capital	C/O	Nationwide
	Unauthorized COP	Human Capital	C/O	Nationwide
	Limited Duty National Reassessment Process	Human Capital	NS	Southwest
	Third Party Recoveries - Workers' Compensation	Human Capital	NS	Southwest
<b><i>Financial Systems</i></b>	FY 2008 Audit of Statistical Tests - Cost and Revenue Analysis	Field Financial	NS	All
	FY 2007 IS <sup>7</sup> General Controls	Information Systems	C/O	MN <sup>8</sup> , STL <sup>9</sup> , SM <sup>10</sup> , RA <sup>11</sup> , WB <sup>12</sup> , DC <sup>13</sup> , IT/ASCs <sup>14</sup>
	APC <sup>15</sup> Fraud Potential and Follow-Up to Image Vulnerabilities	Information Systems	NS	RAL, TBD
	FY 2008 IS Controls	Information Systems	NS	MN, STL, SM, RA, WB, DC

<sup>5</sup> Leave without pay

<sup>6</sup> Continuation of Pay

<sup>7</sup> Information Systems

<sup>8</sup> Eagan, MN

<sup>9</sup> St. Louis, MO

<sup>10</sup> San Mateo, CA

<sup>11</sup> Raleigh, NC

<sup>12</sup> Wilkes-Barre, PA

<sup>13</sup> Washington, DC

<sup>14</sup> Information Technology and Accounting Service Centers

<sup>15</sup> Automated Postal Centers

<b>Risk Factor</b>	<b>Assignment Title</b>	<b>Directorate</b>	<b>Carryover/ New Start</b>	<b>Postal Geographic Area</b>
	e-Travel Confidentiality and Cost Controls	Information Systems	NS	DC, MN, SM
	Applications Control Review of Oracle AP - Outputs Phase	Information Systems	NS	MN, SM
	Bulk Revenue, Pieces, Weight System	Cost, Revenue & Rates	C/O	Headquarters & field sites TBD
	Application Control Review of eCAPS (PostalOne! Phase 2)	Cost, Revenue & Rates	NS	Headquarters & field sites TBD
<b>Financial Fraud – Internal</b>	FY 2007 Fulfillment Center	Field Financial	C/O	Western
	FY 2007 Financial Installation Audits - Wrap Up	Field Financial	C/O	All
	FY 2008 Financial Installation Audits - BMEU <sup>16</sup>	Field Financial	NS	All
	FY 2008 Financial Installation Audits - Self-Service Postal Centers	Field Financial	NS	All
	Fiscal Year 2008 Pilot for District-wide Post Office Audit	Field Financial	NS	TBD
	FY 2008 Financial Installation Audits - Post Offices	Field Financial	NS	All
	FY 2008 Financial Installation Audits - APC	Field Financial	NS	All
<b>Pricing</b>	Review of Political Mail	Sales & Service	C/O	Nationwide
	Automation Workshare Discounts for First-Class Mail	Sales & Service	NS	Marketing HQ
	Bundle Integrity	Sales & Service	NS	Marketing HQ
	Worksharing Discounts	Cost, Revenue & Rates	C/O	Headquarters & Eastern
<b>Short-Term Forecasting/ Budgeting</b>	Short-term Forecasting and Budgeting	Financial Reporting	NS	Headquarters & Capital Metro
<b>Competitive vs. Market-Dominant Reporting</b>	Competitive vs. Market Dominant Reporting	Financial Reporting	NS	Headquarters & Capital Metro Area

<sup>16</sup> Business Mail Entry Units

<b>Risk Factor</b>	<b>Assignment Title</b>	<b>Directorate</b>	<b>Carryover/ New Start</b>	<b>Postal Geographic Area</b>
<b>Suspicious Expenditures</b>	SmartPay Purchase Card	Supply Management	C/O	Nationwide
	FY 2007 District SmartPay Card Controls	Field Financial	C/O	All
	Voyager Card Program	Supply Management	C/O	Nationwide
	SmartPay Purchase Card Expenditures	Field Financial	NS	All
<b>Sarbanes-Oxley</b>	Sarbanes-Oxley	Financial Reporting	NS	Various Areas
<b>SEC<sup>17</sup>-Type Reporting</b>	FY 2007 Financial Statements Audit - Eagan IT/ASC	Financial Reporting	C/O	Eagan IT/ASC
	FY 2007 Financial Statements Audit - San Mateo IT/ASC	Financial Reporting	C/O	San Mateo IT/ASC
	FY 2007 Financial Statements Audit - St. Louis IT/ASC	Financial Reporting	C/O	St. Louis IT/ASC
	FY 2007 Financial Statements Audit - HQ	Financial Reporting	C/O	Headquarters & Capital Metro
	FY 2007 Governors' Travel and Meeting Expenses	Financial Reporting	C/O	Headquarters & Capital Metro
	FY 2007 Officers' Travel and Representation Expenses	Financial Reporting	C/O	Headquarters & Capital Metro
	FY 2007 Special Purpose Financial Statements	Financial Reporting	C/O	Various Areas
	FY 2008 Financial Statements Audit - Eagan IT/ASC	Financial Reporting	NS	Eagan IT/ASC
	FY 2008 Financial Statements Audit - San Mateo IT/ASC	Financial Reporting	NS	San Mateo IT/ASC
	FY 2008 Financial Statements Audit - St. Louis IT/ASC	Financial Reporting	NS	St. Louis IT/ASC

<sup>17</sup> Securities and Exchange Commission

<b>Risk Factor</b>	<b>Assignment Title</b>	<b>Directorate</b>	<b>Carryover/ New Start</b>	<b>Postal Geographic Area</b>
	FY 2008 Financial Statements Audit - HQ	Financial Reporting	NS	Headquarters & Capital Metro
	Compliance with SEC Reporting Requirements – 10-Q and 8-K Reports	Financial Reporting	NS	Various Areas
	FY 2008 Governors' Travel and Meeting Expenses	Financial Reporting	NS	Headquarters & Capital Metro
	FY 2008 Officers' Travel and Representation Expenses	Financial Reporting	NS	Headquarters & Capital Metro
	FY 2008 Office of Personnel Management Agreed Upon Procedures - Withholdings and Contributions	Financial Reporting	NS	Eagan IT/ASC & Western
	FY 2008 Special Purpose Financial Statements	Financial Reporting	NS	Various Areas
	FY 2008 Federal Intragovernmental Transactions Agreed Upon Procedures	Financial Reporting	NS	Headquarters & Capital Metro

### **OPERATIONAL RISKS**

The Operational Risk Category includes issues related to the day-to-day operations of the Postal Service. These risk factors affect the Postal Service's ability to provide timely, reliable delivery and customer service across all access points. Operational risk factors involve the quality of postal services and the end-to-end service performance of all mail, as well as the assurance that postal products and services meet customer expectations by being responsive, consistent, and easy to use.

Being attentive to operational risks is especially important as the Postal Service works to control costs with the significant infrastructure investment required to meet its universal service obligation. Delivery extends to more than 144 million delivery points, with about 290,000 city and rural letter carriers and more than 6,000 highway route contractors with box delivery. Based on these facts and our work in related areas, we believe that addressing operational risk factors is a

significant challenge for the Postal Service. The greatest opportunities to reduce costs are in the areas of optimizing the network to control delivery costs and increasing efficiencies of technology investments.

Major operational trends include continuing opportunities for cost savings in work systems and processes. Over the last year, service risks, in particular, have commanded extensive attention. Better planning and project management in contracting and automation development activities could save costs and improve delivery of the programs. Finally, compliance problems continue in the revenue assurance area.

We plan to conduct audits addressing the following operational risk factors.

<b>Risk Factor</b>	<b>Assignment Title</b>	<b>Directorate</b>	<b>Carryover/ New Start</b>	<b>Postal Geographic Area</b>
<b><i>Planning and Monitoring Work</i></b>	Mail Condition Report Reliability	Network Processing	NS	Great Lakes
	Mail Condition Report Reliability	Network Processing	NS	NY Metro
	Mail Condition Report Reliability - Followup	Network Processing	NS	Pacific
	Air Networks – AMC Operations – Dallas	Transportation	C/O	Southwest
	Air Networks – AMC Operations – Chicago	Transportation	NS	Great Lakes
	Surface Networks – PVS <sup>18</sup> Operations – San Francisco P&DC	Transportation	NS	Pacific
	Surface Networks – PVS Operations – Fort Worth P&DC	Transportation	NS	Southwest
	Air Networks – AMC Operations – San Francisco	Transportation	NS	Pacific
	Surface Networks – PVS Operations – Chicago / Cardiss Collins P&DC	Transportation	NS	Great Lakes
	Surface Networks – PVS Operations – Providence, RI P&DC (alternate site, Cleveland)	Transportation	NS	Northeast

<sup>18</sup> Postal Vehicle Service



<b>Risk Factor</b>	<b>Assignment Title</b>	<b>Directorate</b>	<b>Carryover/ New Start</b>	<b>Postal Geographic Area</b>
	Computation of Earned Workhours for Retail Operations	Sales & Service	NS	Headquarters
	In-Office Cost System	Cost, Revenue & Rates	C/O	Headquarters & field sites TBD
	Data Based Risk Assessment of Retail Operations	Sales & Service	NS	National
	Workhour to Workload – City Carriers	Delivery	N/S	TBD
	Route Inspections – Base vs. Actual	Delivery	N/S	TBD
<b>Revenue Operations</b>	Controls Over BMEU Revenue Collection for the Great Lakes Area	Sales & Service	N/S	Great Lakes
	Seamless Acceptance	Sales & Service	NS	National
	Centralized Postage Payment	Sales & Service	N/S	National
	Controls Over BMEU Revenue Collection for the Western Area	Sales & Service	NS	Western
<b>Efficient Use of Resources</b>	Efficiency Review – Cleveland P&DC	Network Processing	C/O	Eastern
	Efficiency Review – St. Louis P&DC (alternate site, Cardiss Collins P&DC)	Network Processing	NS	Great Lakes
	Efficiency Review – Sacramento P&DC	Network Processing	NS	Pacific
	Vehicle Maintenance Facilities – Use of Local Vendors	Delivery	C/O	All
	Vehicle Maintenance Facilities – Use of Local Vendors	Delivery	NS	Capping Report
	Air Networks – FedEx Transportation Agreement – Western Area	Transportation	C/O	Western
	Logistical Support	Transportation	C/O	Eastern

<b>Risk Factor</b>	<b>Assignment Title</b>	<b>Directorate</b>	<b>Carryover/ New Start</b>	<b>Postal Geographic Area</b>
	Networks – National Trailer Lease Renewal – Eastern Area			
	Air Networks – FedEx Transportation Agreement – Southwest Area Operations	Transportation	NS	Southwest
<b>Processes</b>	System Utilization Review	Network Processing	NS	Multiple locations
	Delivery Point Sequencing	Delivery	NS	TBD
	FSS <sup>19</sup> Requirements and Dulles Status	Engineering	NS	Capital Metro & Engineering HQ
<b>Contracting Process</b>	Automated Flats Feeder Return on Investment	Engineering	C/O	Nationwide
	Review of Cost Overruns/Contingency Funding – Construction Contracts	Inspection Service & Facilities	NS	Headquarters Facilities Office & FSOs <sup>20</sup>
	Contract Oversight, Transportation CMC <sup>21</sup>	Supply Management	NS	Nationwide
	Contract Oversight, Suspension and Debarment Process	Supply Management	NS	Nationwide
	Contract Oversight, Delegation of Contracting Authority	Supply Management	NS	Nationwide
	Renewal of Major Contracts	Supply Management	NS	Nationwide
	Contracted Delivery Services	Supply Management	NS	Nationwide
	End of Year Spending, Mail Transportation Equipment	Supply Management	NS	Nationwide
	Ombudsman Process	Supply Management	NS	Nationwide

<sup>19</sup> Flat Sequencing System

<sup>20</sup> Facilities Service Offices

<sup>21</sup> Category Management Center

<b>Risk Factor</b>	<b>Assignment Title</b>	<b>Directorate</b>	<b>Carryover/ New Start</b>	<b>Postal Geographic Area</b>
	Oversight of Gordian Group Contract	Supply Management	NS	Nationwide
	Major Acquisition Contract Changes	Supply Management	NS	Nationwide
	Parson's Contract Capping Report	Supply Management	NS	Nationwide
	Payments on Closed and Inactive Contracts Data Mining	Supply Management	NS	Nationwide
<b>Service</b>	Delayed Mail Review Followup	Network Processing	C/O	Southwestern
	Delayed Mail Review	Network Processing	C/O	Southwestern
	Delayed Mail Review - Followup	Network Processing	NS	Pacific
	Delayed Mail Review - Followup	Network Processing	NS	Great Lakes
	Delayed Mail Review	Network Processing	NS	Great Lakes
	Rate Assessment, Deficiencies and Appeals	Field Financial	C/O	Nationwide
	Business Over the Counter	Sales & Service	C/O	National
	Responding to Customer Complaints	Sales & Service	NS	National
	Post Office Box and Caller Service	Sales & Service	NS	National
	External First Class Measurement System	Cost, Revenue & Rates	NS	Headquarters & field sites TBD
<b>Execution of Workhour Reductions</b>	Marysville, CA P&DF <sup>22</sup> Consolidation	Network Optimization	NS	Pacific
	Mojave, CA Post Office Consolidation	Network Optimization	NS	Pacific
	Post Implementation Review	Network Optimization	NS	Pacific
	Equipment Spare Parts Policy and Management	Engineering	NS	Nationwide

<sup>22</sup> Processing and Distribution Facility

<b>Risk Factor</b>	<b>Assignment Title</b>	<b>Directorate</b>	<b>Carryover/ New Start</b>	<b>Postal Geographic Area</b>
<b>Information Systems Data Integrity, Security, etc.</b>	Enterprise Payment Switch Phase III	Information Systems	C/O	MN, RAL, & MIL <sup>23</sup>
	eVS <sup>24</sup> Database Security Vulnerability Assessment	Information Systems	C/O	MN, RAL
	Update Processes for Active Directory and CA-ACF2	Information Systems	C/O	MN, STL, SM, WB, DC
	Application Control Review of Time and Attendance Collection System	Information Systems	C/O	RAL, WB, DC
	Applications Control Review of Oracle AP – Processing Phase	Information Systems	C/O	MN, STL, SM
	Security Vulnerability Assessment of Mail Processing System Network 10.xx.xx.xx	Information Systems	NS	Field Sites TBD
	Security Assessment Testing of Servers at the Eagan and San Mateo Host Computing Services (FY 2008 IS Controls Support -- worked in sync with PCI scans)	Information Systems	NS	MN, SM
	DBSS <sup>25</sup> Data Scrambling	Information Systems	NS	RAL, DC
	Electronic Data Warehouse – Security Audit	Information Systems	NS	MN, RA
	eVS Security Review	Cost, Revenue & Rates	C/O	Headquarters & field sites TBD
	Revenue, Pieces and Weight Adjustment System	Cost, Revenue & Rates	C/O	Headquarters & field sites TBD

<sup>23</sup> Milwaukee, WI

<sup>24</sup> Electronic Verification System

<sup>25</sup> Database Support Services

<b>Risk Factor</b>	<b>Assignment Title</b>	<b>Directorate</b>	<b>Carryover/ New Start</b>	<b>Postal Geographic Area</b>
	City Carrier Cost System	Cost, Revenue & Rates	C/O	Headquarters & field sites TBD
	Application Control Review of Inbound International Revenue Accounting – Phase I	Cost, Revenue & Rates	NS	Headquarters & field sites TBD
	Rural Carrier Cost System	Cost, Revenue & Rates	NS	Headquarters & field sites TBD
	Application Control Review of PostalOne! (Phase 3)	Cost, Revenue & Rates	NS	Headquarters & field sites TBD
	Application Control Review of Inbound Int'l Revenue Accounting – Phase II	Cost, Revenue & Rates	NS	Headquarters & field sites TBD
<b>Security of the Mail</b>	Personnel Security: Benchmarking	Inspection Service & Facilities	C/O	Headquarters
	Personnel Security: Suitability	Inspection Service & Facilities	NS	Headquarters
	CCTV <sup>26</sup> – Security Cameras	Inspection Service & Facilities	NS	Headquarters & Areas TBD
	Personnel Security: Background Investigations/ Security Clearances	Inspection Service & Facilities	NS	Headquarters
	Postal Inspection Service Resource Allocations/Postal Nexus	Inspection Service & Facilities	NS	Headquarters
<b>Emergency Preparedness/ Contingency Planning/ Enterprise Resilience</b>	VFS <sup>27</sup> Utilization	Engineering	C/O	Nationwide
	Emergency Preparedness Plans	Inspection Service & Facilities	C/O	Headquarters and NY Metro
	Emergency Preparedness Plans	Inspection Service & Facilities	C/O	Headquarters and Western

<sup>26</sup> Closed-Circuit Television

<sup>27</sup> Ventilation and Filtration System

<b>Risk Factor</b>	<b>Assignment Title</b>	<b>Directorate</b>	<b>Carryover/ New Start</b>	<b>Postal Geographic Area</b>
	Emergency Preparedness – COOPs <sup>28</sup>	Inspection Service & Facilities	NS	Headquarters and Areas TBD
	Emergency Preparedness – Emergency Management Systems	Inspection Service & Facilities	NS	Headquarters and Areas TBD
<b>Staffing</b>	Postal Service Training Requirements	Human Capital	NS	TBD
<b>Growing Number of Delivery Points vs. Volume per Delivery Point</b>	Management of Delivery Points	Delivery	N/S	TBD
<b>Real Estate/Space Management</b>	Capping Report for Space Utilization	Inspection Service & Facilities	C/O	Pacific, Southeast, NY Metro & Great Lakes
	Lease Processes	Inspection Service & Facilities	C/O	Headquarters Facilities, FSOs
	Review of Cancelled Capital Projects – Facilities	Inspection Service & Facilities	NS	Headquarters Facilities Office & FSOs
<b>Maintenance of Equipment, Facilities, Vehicles</b>	Maintenance Policy Opportunities	Engineering	C/O	Nationwide
<b>Major Projects - Project Management</b>	Capping Report	Engineering	C/O	Engineering HQ
	FSSP <sup>29</sup> System	Inspection Service & Facilities	C/O	Eastern, Northeast, Western & Southwest FSO's
	Leased Facilities Maintenance Responsibility	Inspection Service & Facilities	NS	Headquarters Facilities & FSOs
	Maintenance and Repair of Warranty Vehicles	Delivery	NS	Nationwide
	Postal Service Strategy for the Aging Fleet	Delivery	NS	Nationwide

<sup>28</sup> Continuity of Operations Plans

<sup>29</sup> Facilities Single Source Provider

<b>Risk Factor</b>	<b>Assignment Title</b>	<b>Directorate</b>	<b>Carryover/ New Start</b>	<b>Postal Geographic Area</b>
<b>Energy Costs</b>	City Delivery Vehicle Mileage Base vs. Actual	Delivery	C/O	Capping Report
	Logistical Support Networks – Fuel Management	Transportation	NS	Great Lakes
	Logistical Support Networks – Fuel Management	Transportation	NS	Southeast (alternate – Pacific)
	Energy Management	Engineering	C/O	Nationwide
<b>IT Operations</b>	CA-PKI <sup>30</sup> Compliance	Information Systems	C/O	Headquarters & Field Sites TBD
	Review of Public Branch Exchange Trunk Space and Direct Inward Dialing	Information Systems	NS	MN & SM
<b>Using Supply Chain Management to Control Costs</b>	Recycling Program Contracts	Supply Management	NS	Nationwide
	Logistical Support Networks – National Trailer Lease Renewal – Buy vs. Lease Analysis	Transportation	NS	Nationwide
<b>Compliance with laws: BSA<sup>31</sup>; OSHA<sup>32</sup>; environmental laws</b>	Compliance with the BSA	Financial Reporting	NS	HQ & Capital Metro; Mexico
<b>Safeguarding Assets</b>	Identity Theft Potential – Change of Address	Information Systems	C/O	Headquarters
	Identity Theft Potential & Postal Service Information Systems	Information Systems	NS	Headquarters, MN, SM, & RA
	IS Vendor Data Handling	Information Systems	NS	Headquarters & areas TBD

<sup>30</sup> Certificate Authority-Public Key Infrastructure

<sup>31</sup> Bank Secrecy Act

<sup>32</sup> Occupational Safety and Health Administration