



Office of Inspector General | United States Postal Service

Audit Report

Contract Invoice Payment Process

Report Number 20-281-R21 | July 29, 2021

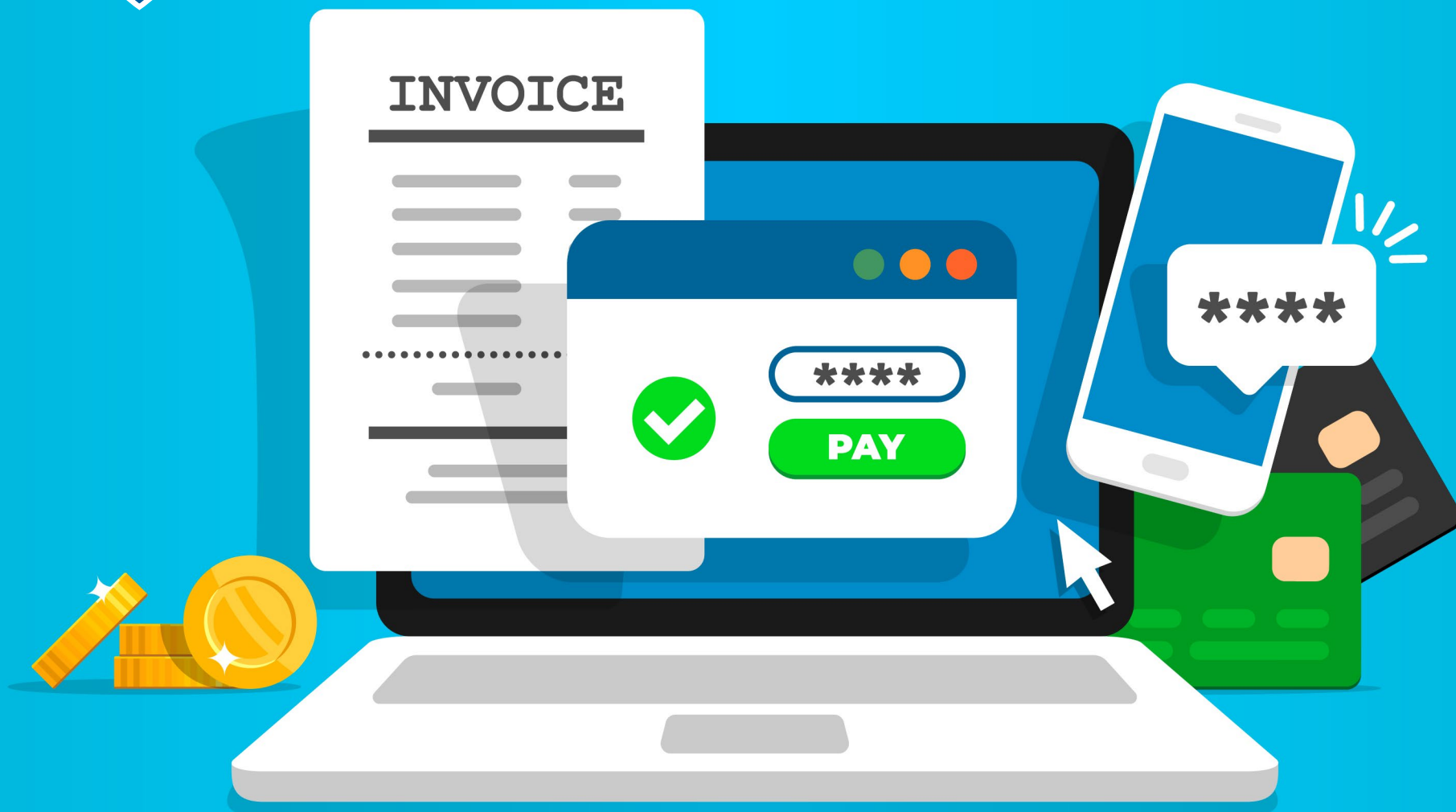


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Highlights

Objective

Our objective was to determine whether the U.S. Postal Service's Supply Management review and approval controls over the contract invoice payment process are effective.

Postal Service Supply Management is responsible for important components of the contract invoice payment process, which includes invoice submission, certification, and approval for payment. Suppliers can submit invoices manually or electronically as specified in the contract. Prior to payment, invoices must adhere to submission requirements and be certified. If the invoice does not meet submission requirements, the invoice certifier is required to reject it.

The Postal Service is subject to the Prompt Payment Act, which requires payment of an invoice subject to the contract payment terms after receipt of goods and services. Payment terms specifying the timeframe for making payments are included in Postal Service contracts.

In fiscal year 2020, Supply Management was organized across five portfolios: (1) Transportation, (2) Mail and Operational Equipment, (3) Technology Infrastructure, (4) Facilities, and (5) Commercial Products and Services. Supply Management paid about 18 million invoices for \$14.1 billion in spend across the five portfolios. We determined that the Postal Service paid for 111,493 invoice transactions totaling about \$52 million across the five portfolios on September 30, 2020. We selected September 30, since it was the last day of the fiscal year and limited the possibility of selecting sampled invoice transactions that were stored in a replaced electronic payment system. From this universe, we selected a judgmental sample of 147 invoice transactions, totaling about \$49 million in spend.

Findings

Supply Management review and approval controls over the contract invoice payment process were not always effective for the reviewed invoice transactions. We determined that 31 of 147 reviewed invoice transactions (21 percent) did not comply with invoice submission, certification, or payment term requirements. Specifically, of the 147 transactions we identified that:

- Nine (6 percent) did not meet invoice submission requirements.
- Eighteen (12 percent) were not properly certified.
- Four (3 percent) were not paid in accordance with payment terms.

These issues occurred because employees who review and certify invoices did not exercise due diligence by rejecting those that did not meet all submission requirements. When invoices do not meet submission and certification requirements, the Postal Service is at risk that goods and services invoiced may not have been received or met contract requirements. When invoices are paid later than payment terms, the Postal Service is at risk of processing late payments and incurring interest.

Supply Management's contracting officer's representatives (COR) did not always complete required training or have signed appointment letters. Specifically, for contracts with sampled invoice transactions, eight of 76 CORs (11 percent) did not have the required training, and 20 of 76 CORs (26 percent) did not have a properly signed appointment letter or were missing an appointment letter for reviewed invoice transactions. These issues occurred due to lack of contracting officer (CO) oversight to validate prospective COR training and ensure appointment letters were properly signed and issued. The Postal Service also does not require refresher training to ensure CORs are aware of appointment requirements and responsibilities. When CORs are not properly trained and appointed, the Postal Service is at risk of having personnel managing the receipt of goods and services without understanding their defined responsibilities. If

“When invoices do not meet submission and certification requirements, the Postal Service is at risk that goods and services invoiced may not have been received or met contract requirements.”

CORs do not take refresher training, they may not be aware of changes in responsibilities and appointment letter requirements.

We also found that the Postal Service's design and construction purchasing guidance is outdated. Specifically, the commodity guidance for construction contracts references Handbook P-2, *Design and Construction Purchasing Practices*, which has not been updated since January 2005, and it contains additional references which were superseded by updates to the Supplying Principles & Practices. Supply Management officials stated that they have discussed possible updates to the handbook over several years and had planned to update it in 2015, but never did mainly due to a lack of time and resources. Personnel referencing outdated purchasing practices may lead to mistakes in contract administration.

During the audit, management partially implemented corrective actions to address the issues we identified by requesting that two CORs complete the required training course and by requiring COs to reissue four COR appointment letters that were missing required information.

We questioned \$34.5 million in invoice transactions that did not comply with invoice submission, certification, or payment terms as well as invoice transactions certified by CORs who were not appointed in accordance with requirements.

Recommendations

We recommended the Vice President, Supply Management:

- Reiterate policy to reject invoices that do not meet submission requirements and process invoices in accordance with contract payment terms.
- Reiterate requirements for contracting officers to verify prospective contracting officer's representatives completed required training and to issue appointment letters.
- Establish and implement refresher contracting officer's representatives training requirements.
- Update the Commodity-Specific Practices for Design and Construction Purchasing within the Supplying Principles & Practices to reflect current procedures and references.

Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

July 29, 2021

MEMORANDUM FOR: MARK A. GUILFOIL
VICE PRESIDENT, SUPPLY MANAGEMENT

A handwritten signature in black ink, which appears to read "Jason M. Yovich", is centered below the recipient information.

FROM: Jason M. Yovich
Deputy Assistant Inspector General
for Supply Management & Human Resources

SUBJECT: Audit Report – Contract Invoice Payment Process
(Report Number 20-281-R21)

This report presents the results of our audit of the U.S. Postal Service's Contract Invoice Payment Process.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Shirian Holland, Director, Supply Management and Facilities, or me at 703-248-2100.

Attachment

cc: Postmaster General
Corporate Audit Response Management

Results

Introduction/Objective

This report presents the results of our self-initiated audit of the U.S. Postal Service's contract invoice payment process (Project Number 20-281). Our objective was to determine whether Supply Management review and approval controls are effective over the contract invoice payment process. See [Appendix A](#) for additional information about this audit.

Background

The Postal Service's Supply Management group is responsible for important components of the contract invoice payment process, which includes invoice submission, certification, and approval for payment. Suppliers can submit invoices manually or electronically as specified in the contract. Prior to payment, invoices must adhere to submission requirements and be certified.

The Postal Service is subject to the Prompt Payment Act,¹ which requires payment of an invoice subject to the contract payment terms, after receipt of goods and services. Payment terms are included in Postal Service contracts to ensure services are delivered and payments are issued in accordance with the contract.

In fiscal year (FY) 2020, Supply Management was organized across five portfolios: (1) Transportation, (2) Mail and Operational Equipment, (3) Technology Infrastructure, (4) Facilities, and (5) Commercial Products and Services. Supply Management paid about 18 million invoices for \$14.1 billion in spend² across the five portfolios (see Table 1).

Table 1. FY 2020 Invoices and Spend

Portfolio	FY 2020 Invoices ³	Spend
Transportation	11,519	\$8,220,936,450
Mail & Operational Equipment	2,254,651	1,919,835,199
Technology Infrastructure	79,003	1,474,344,020
Facilities	104,105	1,271,196,954
Commercial Product & Services	15,979,155	1,231,382,893
Total	18,428,433	\$14,117,695,516

Source: Contract Authoring and Management System (CAMS)⁴ and Enterprise Data Warehouse (EDW).⁵

Within Supply Management, contracting officers (CO) are responsible for contract management. They may delegate the day-to-day management of contracts, which includes invoice review and certification, to contracting officer's representatives (COR) through an appointment letter after validating that the COR has met training requirements. COs may also appoint employees as invoice certifiers. Additionally, COs have overall responsibility for ensuring timely payment of invoices to prevent accrual of interest in accordance with the payment terms and the Prompt Payment Act.

We identified the invoices paid on September 30, 2020 and selected a judgmental sample of invoices from that date across all five portfolios for review.⁶ We selected September 30, since it was the last day of the fiscal year and limited the possibility of selecting sample invoice transactions that were stored in a replaced electronic payment system.

1 Prompt Payment Act (31 U.S.C. §3903).

2 Total sum of amounts paid for invoiced goods and services.

3 The invoices extracted from EDW and represent the invoice transaction line items.

4 A Postal Service system used to award and modify contracts.

5 A repository and reporting technology used to store Postal Service financial business information including Accounts Payable.

6 To gain a representation of contract payments from all five Supply Management portfolios, we judgmentally selected the highest cost invoice transactions paid on September 30, 2020. Judgmental sampling means the auditor uses professional judgment to determine the items to be selected.

A supplier may submit one invoice to the Postal Service for different goods or services and the Postal Service may pay the invoice via multiple invoice transactions. We determined that the Postal Service paid for 111,493 invoice

transactions totaling about \$52 million across the five portfolios on September 30, 2020. From this universe, we selected a judgmental sample of 147 invoice transactions, totaling about \$49 million in spend (see Table 2).

Table 2. Invoice Transactions Universe and Sample

Portfolio	Invoice Transactions Universe	Universe Spend	Invoice Transactions Sample	Sample Spend	Universe Spend Percentage
Transportation	27	\$935,252	27	\$935,252	100%
Mail & Operational Equipment	6,385	8,754,698	30	7,334,035	84
Technology Infrastructure	64	9,637,717	30	9,438,538	98
Facilities	689	655,142	30	443,444	68
Commercial Products & Services	104,328	31,807,686	30	30,539,155	96
Total	111,493	\$51,790,496	147	\$48,690,425	94%

Source: CAMS, EDW, and U.S. Postal Service Office of Inspector General (OIG) analysis of invoice transactions on September 30, 2020.

Finding #1: Invoice Review and Approval

Supply Management review and approval controls over the contract invoice payment process were not always effective for reviewed invoice transactions. We determined that 31 of 147 reviewed invoice transactions (21 percent) did not comply with invoice submission, certification, or payment term requirements (see Table 3). Specifically, of the 147 transactions we reviewed, we identified that:

“Supply Management review and approval controls over the contract payment process were not always effective for reviewed invoice transactions.”

- Nine (6 percent) did not meet invoice submission requirements to include the contract number or the documentation was missing:
 - Six did not contain the contract number.
 - Three did not have any documentation regarding the invoice transactions.
- Eighteen (12 percent) were not properly certified:
 - Ten did not contain the required Postal Service facility name.
 - Five were missing the date certified for payment, name of the facility, general ledger account number, and invoice received date.
 - Three did not have the date the goods and services were received.
- Four (3 percent) were not paid in accordance with payment terms. The Postal Service missed the invoice payment due date of net 30 days of receiving a proper invoice as required in the contracts.

Table 3. Invoice Submission, Certification, and Payment Terms

Portfolio	Missing Submission Requirements	Incomplete Certification	Missed Payment Terms	Total
Transportation	0	0	0	0
Mail & Operational Equipment	6	10	1	17
Technology Infrastructure	1	0	0	1
Facilities	2	1	2	5
Commercial Products & Services	0	7	1	8
Total	9	18	4	31

Source: OIG analysis and judgmentally selected invoice transactions from EDW.

Per Postal Service policy, invoices must be submitted in accordance with requirements before payment can be made. Invoices submitted for payment are required to include the supplier’s name, address, a description of the supplies or services, the dates the supplies or services are delivered or performed, payment terms, contract order, and invoice number.⁷ Invoices must be submitted to the individual specified in the contract. The invoice is reviewed to verify the goods or services have been received prior to payment.

Additionally, the invoice should be reviewed to ensure that it includes the date certified for payment, facility name, order or contract number (if applicable), general ledger account number, and the invoice date. An invoice must meet submission requirements and be certified prior to payment.⁸ If the invoice does not meet submission requirements, the invoice certifier is required to reject it.⁹

These issues occurred because employees who review and certify invoices did not exercise due diligence and reject invoices that did not meet all submission

requirements. For example, in one instance, employees did not reject an invoice that was missing the contract number and inadvertently certified it for payment. In another instance, a COR explained that payment terms were not met due to staffing changes, which caused the responsible employees to overlook the invoice.

When invoices do not meet submission and certification requirements, the Postal Service is at risk that goods and services invoiced may not have been received or met contract requirements. When invoices are paid later than payment terms, the Postal Service is at risk of processing late payments and incurring interest. We questioned¹⁰ \$32.3 million for invoice transactions that did not comply with invoice submission, certification, or payment term requirements.

Recommendation #1

We recommend the **Vice President, Supply Management**, reiterate policy to reject invoices that do not meet submission requirements and process invoices in accordance with contract payment terms.

⁷ Supplying Principles & Practices (SP&P) Clause 4-1: General Terms and Conditions (g) Invoices, dated July 2007.

⁸ Management Instruction, Compliance with the Prompt Payment Act (FM-610-2013-4), dated August 30, 2013.

⁹ SP&Ps 5-11.3: Processing Invoices.

¹⁰ Unsupported questioned costs are claimed because of failure to follow policy or required procedures, but does not necessarily connote any real damage to Postal Service.

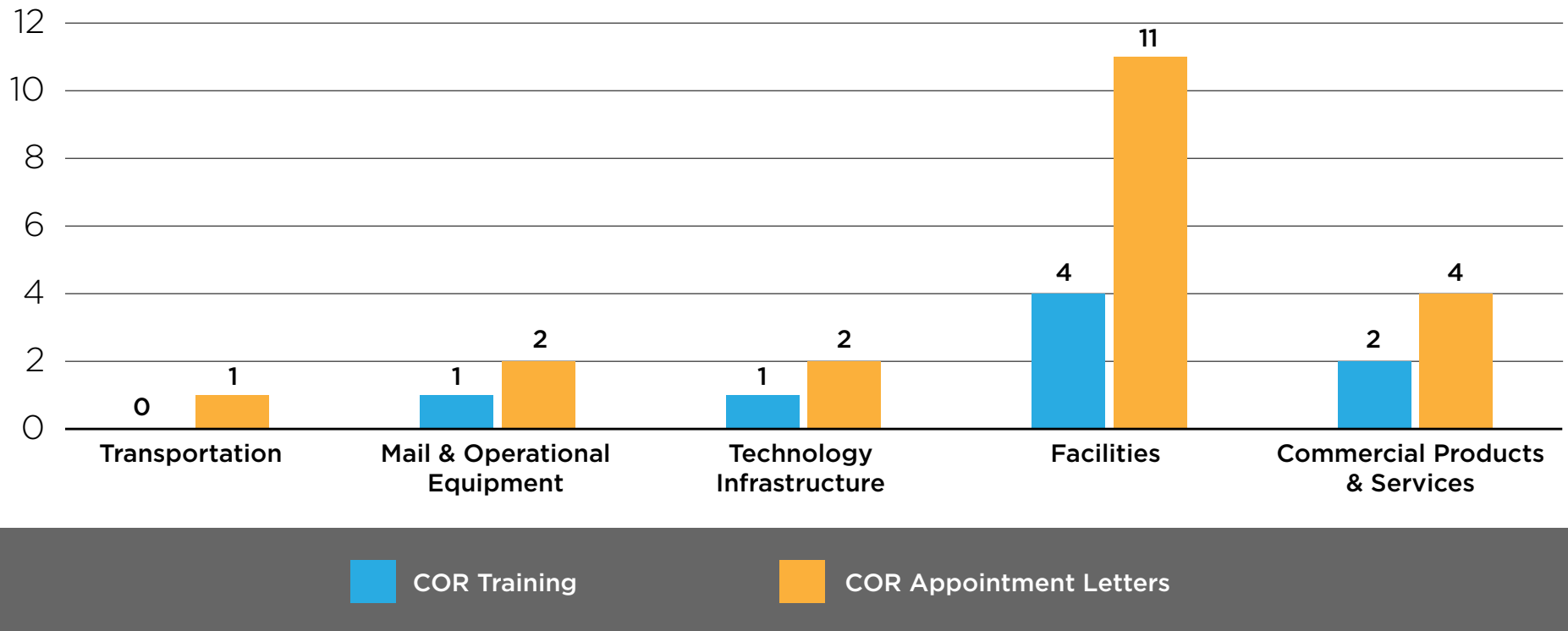
Finding #2: Contracting Officer's Representative Training and Appointment

Supply Management CORs did not always complete required training or have signed appointment letters for the contract for which they reviewed invoice transactions. Specifically, eight of 76 CORs (11 percent) did not have the required training and 20 of 76 CORs (26 percent) did not have a signed appointment letter or were missing an appointment letter. Of the 20 appointment letters identified, seven CORs were missing appointment letters, and thirteen COR appointment

letters were missing the CO signature or both the CO and COR signature (see Figure 1).

“Supply Management CORs did not always complete required training or have signed appointment letters for the contract for which they reviewed invoice transactions.”

Figure 1. Incomplete COR Training and Appointment Letters

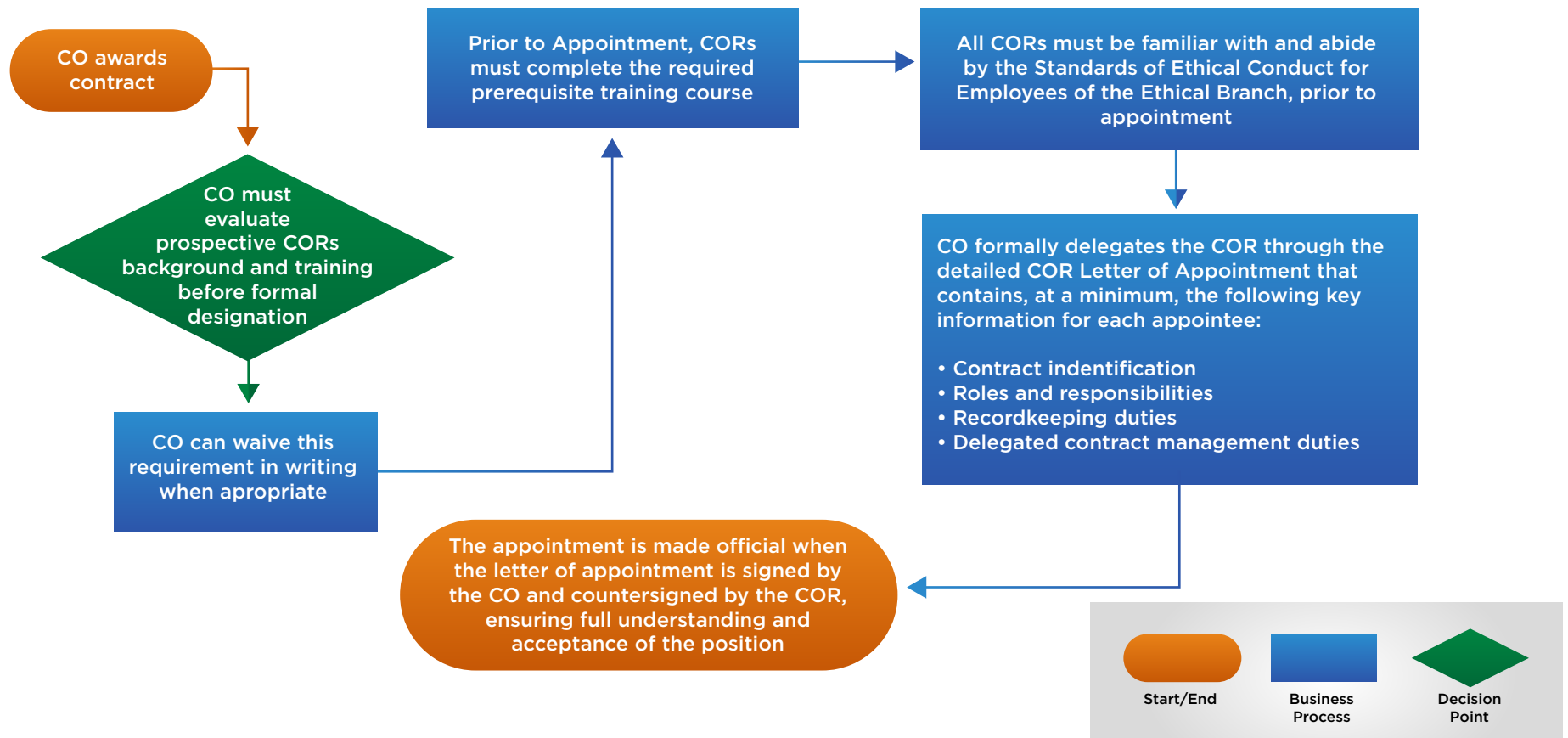


Source: OIG analysis of COR training records and COR appointment letters.

Per Postal Service policy,¹¹ the CO is responsible for preparing a COR appointment letter, which is signed by both the CO and the COR to make the appointment official. The appointment remains in effect until the contract is completed, the CO revokes the appointment, the COR resigns from the Postal Service, or the COR is reassigned to a new position. The CO must

evaluate the employee's background and training prior to their appointment as COR.¹² Additionally, the prospective COR must provide evidence of completing the required training to the CO prior to appointment (see Figure 2 for an overview of the COR Appointment Process).

Figure 2. Contracting Officer's Representative Appointment Process¹³



Source: SP&Ps 3-5 Appoint Contracting Officer's Representative and OIG analysis.

11 SP&Ps Section 3-5.3, Formally Designate COR.

12 SP&Ps 3-5.2, Evaluate Background and Training.

13 Process flowchart that illustrates CO responsibilities and requirements when appointing CORs.

These issues occurred due to lack of CO oversight to validate prospective COR training and ensure appointment letters were properly signed and issued. One CO stated they were not aware that an appointment letter was missing the required signature. In another instance, a CO stated they overlooked the requirement for issuing a new appointment letter when a COR left the Postal Service. Additionally, the Postal Service does not require refresher training to ensure CORs are aware of appointment requirements and responsibilities.

When CORs are not properly trained and appointed, the Postal Service is at risk of having personnel managing the receipt of goods and services without understanding their defined responsibilities. If CORs do not take refresher training, they may not be aware of changes in responsibilities and appointment letter requirements. We questioned \$2.2 million for invoice transactions associated with CORs who were not appointed in accordance with requirements.

During the audit, management partially implemented corrective actions to address the issues we identified by requesting that two CORs complete the required training course and requiring COs to reissue two COR appointment letters that were missing required information and issue two missing appointment letters.

Recommendation #2

We recommend the **Vice President, Supply Management**, reiterate requirements for contracting officers to verify that prospective contracting officer's representatives completed required training and to issue appointment letters.

Recommendation #3

We recommend the **Vice President, Supply Management**, establish and implement refresher contracting officer's representative training requirements.

Other Matter

We also found that the Postal Service's design and construction purchasing guidance refers users to outdated purchases practices. Specifically, the Commodity-Specific Practices for Design and Construction Purchasing guidance references Handbook P-2, *Design and Construction Purchasing Practices*.¹⁴ However, the handbook has not been updated since January 2005, and it contains additional references which were superseded by updates to the SP&Ps.

The SP&Ps has supplemental guidance for specific commodities. Commodity-specific practices provide additional business guidance applicable to specific commodities, including design and construction purchasing; mail transportation purchasing; information technology; and professional, technical, and consultant purchasing. The Postal Service's PolicyNet¹⁵ practice for handling obsolete published forms and documents states that when a document is made obsolete, it will no longer be available anywhere and will be noted as an inactive document that is no longer used.

Supply Management did not update the references in the commodity-specific guidance, which refers to the outdated handbook. Supply Management officials stated that they discussed possible updates to the handbook over several years and planned to update it in 2015 but did not due to a lack of time and resources. Additionally, they acknowledged additional discussion is needed to determine if the handbook should be retained and will incorporate updates if necessary.

“We also found that the Postal Service’s design and construction purchasing guidance refers users to outdated purchases practices.”

¹⁴ Handbook P-2, *Design and Construction Purchasing Practices*, last updated January 20, 2005, was published and maintained by Purchasing Policies and Programs, Purchasing and Materials. It sets out authorities, responsibilities, and policies for construction and related support contracts not covered in the Purchasing Manual.

¹⁵ The Postal Service's Intranet, which contains directives, such as, policy statements, regulations, guidelines, procedures, standards, reference works, and similar material issued by headquarters to direct or guide headquarters, field organizations, or the public.

Supply Management personnel rely on the Commodity-Specific Practices for Design and Construction Purchasing as guidance to make decisions regarding contract administration and to determine applicable contract requirements for design and construction contracts. Personnel referencing outdated purchasing practices may make mistakes in contract administration.

Recommendation #4

We recommend the **Vice President, Supply Management**, update the Commodity-Specific Practices for Design and Construction Purchasing in the Supplying Principles & Practices to reflect current procedures and references.

Management's Comments

Management agreed with the findings and recommendations in the report; however, they disagreed with the monetary impact. Management disagreed with the manner in which the OIG calculated the monetary impact, stating the OIG noted inconsistencies in how the invoices were processed based on responses received after requesting supporting documentation. Additionally, management stated the differing invoice submission methods do not follow a uniform process, the primary distinction being between manual and electronic submissions.

Management stated that the OIG aggregated the value of all questioned invoices in deriving the monetary impact. They disagreed with this calculation, since Postal Service contract payment processes use differing invoice submission methods.

Regarding recommendation 1, management stated they will issue a *Postal Bulletin* article to reiterate policy to reject invoices that do not meet submission requirements and pay invoices in accordance with contract payment terms. They will also have those responsible for certifying invoices review the *Compliance with the Prompt Payment Act* Management Instruction (MI FM-610-2013-4, dated August 30, 2013). The target implementation date is November 2021.

Regarding recommendation 2, management stated that they are revising their HERO COR course. When it is available in HERO, Supply Management will require all CORs to take the updated course and review MI FM-610-2013-4. COs

will also provide CORs with updated COR letters of appointment for signature and certification after they have completed the updated COR training. The new appointment letters will be retained in the contract files. The target implementation date is June 2022.

Regarding recommendation 3, management stated that they are currently revising the HERO COR course. When it is available in HERO, Supply Management will require all CORs to complete the updated course. The target implementation date is June 2022.

Regarding recommendation 4, management stated they plan on making P-2 Design and Construction Purchasing Practices obsolete after incorporating any needed commodity-specific guidance found in the P-2 into the Supplying Principles & Practices. The target implementation date is December 2022.

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

Evaluation of Management's Comments

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

Regarding the monetary impact disagreement, the term "questioned cost" refers to a cost the OIG questioned because the associated invoice transactions were not supported by adequate documentation. We consider the invoice transactions that were 1) not in compliance with review and approval requirements and 2) certified by CORs who were not appointed in accordance with requirements to be questioned costs because neither were supported by adequate documentation according to Postal Service policy.

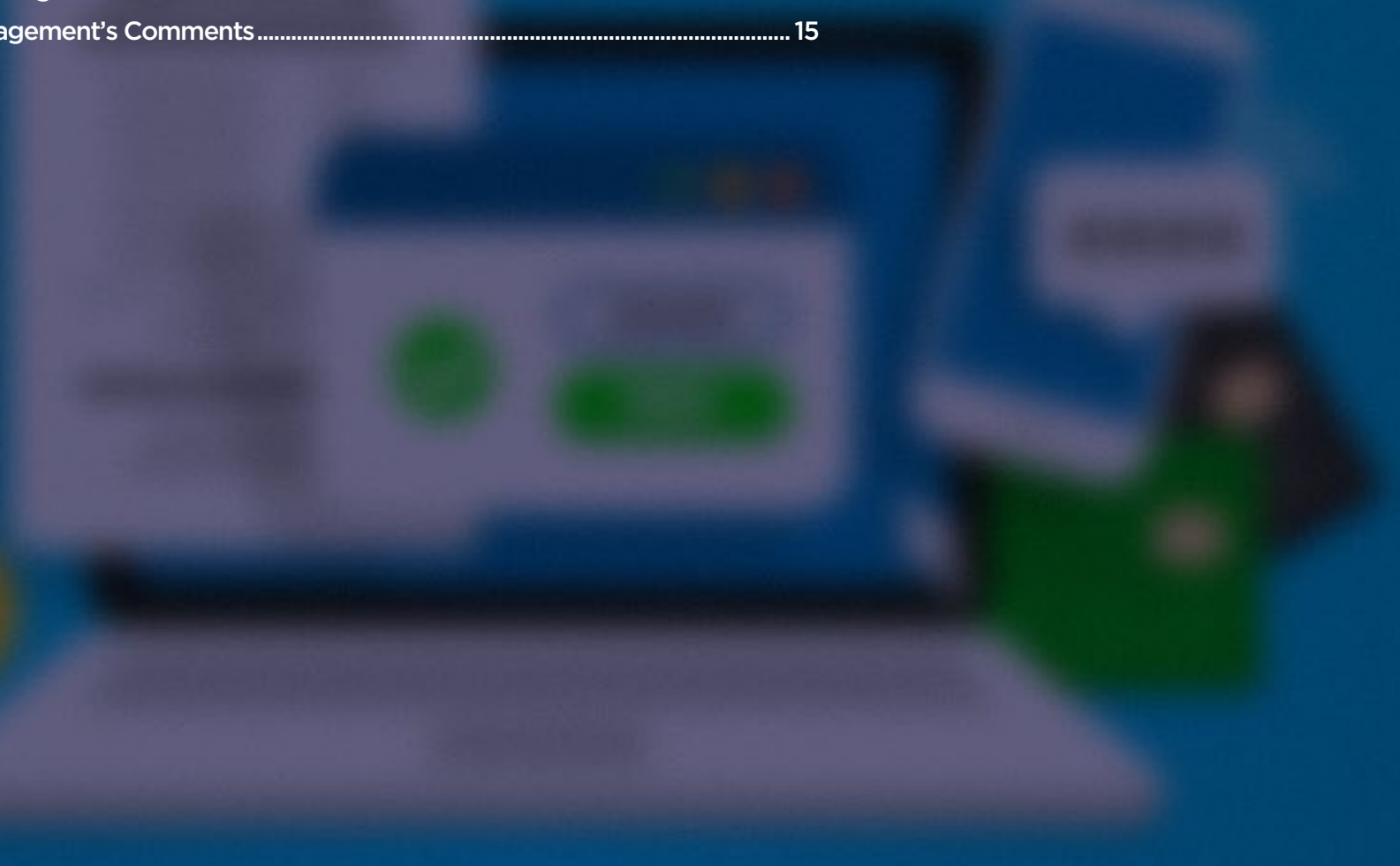
Regarding the aggregate value of invoices, invoice submissions can be made either manually or electronically. The OIG aggregated the value of all questioned invoices when calculating the monetary impact, as Postal Service policy does not make a distinction on review and approval requirements for invoices submitted electronically and those submitted manually.

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

Appendices

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Appendix A: Additional Information

Objective, Scope, and Methodology

Our objective was to determine whether Supply Management review and approval controls over the contract invoice payment process were effective. We established a universe of invoices from FY 2020 and selected a statistical sample of invoices from two portfolios to review. In June 2020, the Postal Service moved from eBuy2¹⁶ to eBuy+¹⁷ for their purchasing process. With that change, the eBuy2 transactions and data we originally planned to test were not accessible.

Subsequently, we established a universe of invoices paid on September 30, 2020 and selected a judgmental sample of invoices across all five portfolios for review to test the most representative sample we could, which was a large volume of transactions. We selected September 30, since it was the last day of the fiscal year and limited the possibility of selecting sample invoice transactions that were stored in eBuy2. To gain a representation of contract payments from all five Supply Management portfolios, the audit team judgmentally selected the highest dollar amount invoice transactions paid on September 30, 2020. This selection approach yielded 30 invoice transactions from each of the four portfolios (Commercial Products & Services, Facilities, Mail & Operational Equipment, and Technology Infrastructure) and 27 invoice transactions from one portfolio (Transportation).

To accomplish our objective, we:

- Determined the roles and responsibilities for Supply Management related to supplier contract payments.
- Evaluated internal personnel, systems, and processes in place to verify and process supplier contract payments.

- Evaluated Supply Management's policies, procedures, and relevant guidance over supplier contract payments.
- Identified the applicable controls and evaluated their sufficiency to ensure accuracy of contract payments.
- Reviewed controls to determine if they were consistent amongst Supply Management teams within the five portfolios.
- Tested controls to ensure supplier contract payments are accurately approved, certified, and processed.

We conducted this performance audit from September 2020 through July 2021 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 June 22, 2021 and included their comments where appropriate.

We assessed the reliability of APEX invoice and training course data by tracing a sample to source documents to determine whether the computer data accurately and completely reflected these documents. We determined that the data were sufficiently reliable for the purposes of this report.

¹⁶ Procurement system used for purchase requisitions and was replaced in June 2020.

¹⁷ New procurement system used for purchase requisitions and was implemented in June 2020.

Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date	Monetary Impact (in millions)
<i>Appointment of Contracting Officers' Representatives</i>	Determine whether COs in the Technology Infrastructure portfolio properly appointed CORs in compliance with Postal Service policies and procedures.	SM-AR-17-006	8/7/2017	\$361

Appendix B: Management's Comments

MARK A. GUILFOIL
VP, SUPPLY MANAGEMENT



July 22, 2021

JOSEPH WOLSKI
DIRECTOR, AUDIT OPERATIONS

Subject: Management Response to Draft Audit Report - Contract Invoice Payment Process
(Project Number 20-281-DRAFT)

Thank you for the opportunity to provide comments on this report. We have reviewed the Office of Inspector General's (OIG) report and recommendations on Contract Invoice Payment Process. Management generally agrees with the findings and recommendations and disagrees with the monetary impact.

Findings

Management appreciated the OIG providing in response to our request, the specific invoice data you utilized in providing for your findings and analysis. We reviewed the invoices the OIG audited during a joint meeting with your office and provided specific comments for each invoice. During that meeting held on June 22, 2021, we noted that in all circumstances there was sufficient information to process the invoices and that San Mateo accounts payable used existing payment information to properly pay suppliers for the performed services. In our discussions, the OIG confirmed that the subject audit did not result in any findings under which it was determined that the suppliers did not perform, or that the Postal Service paid for goods or services which were not conforming to contract requirements. Generally, we view that contracting officer representatives (CORs) and invoice certifiers do a good job reviewing, approving, and submitting invoices for payment.

Monetary Impact

During our discussion, the OIG indicated that there were inconsistencies in how the invoices were processed based on the responses received when requesting supporting documentation. As discussed, there are different methods under which suppliers submit invoices (i.e. manual invoices, through the iSupplier portal, eBuy+). As noted, these differing invoice submission methods do not follow a uniform process, with the primary distinction being between manual and electronic submission.

Concerning the Prompt Payment Act, the Prompt Payment Act Management Instruction (MI) policy that is referenced in the report states that such policy applies to contractual and non-contractual invoices. San Mateo has confirmed, and as was discussed with the OIG, certain elements of the "certification stamp" in that policy are not needed for processing contractual invoices. As provided in our written comments on the audited invoices, the Tax Identification Number (TIN) and General Ledger Account (GLA) information is on the contract in our systems and are not required to process manually submitted invoices for contracts. In addition, Account Identifier Codes (AIC) are not used on contractual payments and therefore are also not required for processing.

475 L'ENFANT PLAZA SW
WASHINGTON DC 20260-6201
WWW.USPS.COM

Regarding the \$27.8 million invoice that is included in the monetary impact, the COR used the incorrect e-mail link sent by iSupplier to approve the invoice. This prevented the capturing of the goods received date. The payment was based on the terms of the order and the date we received the invoice in iSupplier. We agree that for iSupplier, training should be provided to users to reinforce the use of the correct link. However, we do not view that this value should have been included in calculating the monetary impact.

In summary, the OIG has aggregated the value of all questioned invoices in deriving the value of the monetary impact. As differing invoice submission methods are used in the Postal Service's contract payment processes using existing systems information, we disagree with this calculation.

OIG Recommendations

We recommend the Vice President, Supply Management:

Recommendation 1: Reiterate policy to reject invoices that do not meet submission requirements and pay invoices in accordance with contract payment terms.

Management Response: Management agrees with this recommendation. We will issue a Postal Bulletin article to reiterate policy to reject invoices that do not meet submission requirements and pay invoices in accordance with contract payment terms. We will also have those responsible for certifying invoices review Management Instruction, Compliance with the Prompt Payment Act (FM-610-2013-4), dated August 30, 2013.

Target Implementation Date: November 2021

Responsible Officials: Director, Supply Management Infrastructure, Supply Management

Recommendation 2: Reiterate requirements for contracting officers to verify that prospective contracting officer representatives completed required training, and to issue appointment letters.

Management Response: Management agrees with this recommendation.

The HERO Contracting Officer Representative (COR) course is currently being revised. When it is available in HERO, SM will require all CORs take the updated course and review Management Instruction, Compliance with the Prompt Payment Act (FM-610-2013-4), dated August 30, 2013. Contracting Officer's will also provide CORs with updated COR letters of appointment for signature and certification that they have completed the updated COR training. Those letters will be retained in the contract files.

Target Implementation Date: June 2022

Responsible Officials: Senior Directors, All Portfolios, Supply Management

Recommendation 3: Establish and implement refresher contracting officer representative training requirements.

Management Response: Management agrees with this recommendation. The COR course is currently being revised. When it is available in HERO, SM will require all CORs to complete the updated course.

Target Implementation Date: June 2022

Responsible Officials: Senior Directors, All Portfolios, Supply Management

Recommendation 4: Update the Commodity-Specific Practices for Design and Construction Purchasing within the Supplying Principles & Practices to reflect current procedures and references.

Management Response: Management agrees with this recommendation and plans on obsoleting the P-2 Design and Construction Purchasing Practices after incorporating any needed commodity specific guidance found in the P-2 into the SPs and Ps. Milestones include: Identification of policy topics to add to SPs and Ps (December 2021); Draft policy written (June 2022); Policy approved (August 2022); Policy published (November 22); Closeout approved by OIG (December 2022).

Target Implementation Date: December 2022

Responsible Officials: Senior Director, Facilities Portfolio, and Director, Supply Management Infrastructure, Supply Management

E-SIGNED by MARK GUILFOIL
on 2021-07-22 16:48:21 CDT

Mark A. Guilfoil
Vice President, Supply Management

cc: Corporate Audit Response Management

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