

Postal Regulatory Commission Acquisition Planning and Contracting Practices

AUDIT REPORT

Report Number 23-096-R23 | September 22, 2023



Table of Contents

Cover

Highlights	1
Background	1
What We Did	1
What We Found	1
Recommendations	1

Transmittal Letter	2
---------------------------------	---

Results	3
----------------------	---

Introduction/Objective.....	3
-----------------------------	---

Background	3
------------------	---

Finding Summary.....	6
----------------------	---

Finding #1. Missing and Incomplete Documentation Puts Contracting Actions at Risk	7
--	---

Recommendation #1	8
-------------------------	---

Recommendation #2	8
-------------------------	---

Recommendation #3.....	8
------------------------	---

Finding #2. Insufficient Contract Closeout Policy Puts PRC Reporting at Risk.....	8
--	---

Recommendation #4.....	9
------------------------	---

Management’s Comments.....	9
----------------------------	---

Evaluation of Management’s Comments.....	10
--	----

Appendices	11
-------------------------	----

Appendix A: Additional Information.....	12
---	----

Scope and Methodology	12
-----------------------------	----

Prior Audit Coverage	13
----------------------------	----

Appendix B. PRC Simplified Acquisition and Small Purchase Checklist and Formal Acquisition Checklist	14
---	----

Appendix C: Management’s Comments	16
---	----

Contact Information	18
----------------------------------	----

Highlights

Background

The Postal Regulatory Commission (PRC) is an independent agency of the executive branch that exercises regulatory oversight over the U.S. Postal Service, and the Office of Secretary and Administration handles all operations and administrative matters of the PRC. The secretary and chief administration officer controls the obligation of PRC funds and is responsible for acquisition planning, procurement, and supply management. A sound acquisition and contracting strategy and planning controls are imperative to support the PRC's operational and regulatory needs.

What We Did

The objective of our audit was to evaluate acquisition planning and the internal controls over the contracting practices for the procurement of goods and services under contracts issued by the PRC. Our audit determined whether controls implemented in response to past audits were effective. We reviewed 36 contract files totaling \$2,619,329, which included 13 acquisitions using PRC-drafted contracts and 23 purchase orders issued between October 1, 2019, and September 30, 2022.

What We Found

We identified opportunities for the PRC to improve internal controls and policy throughout the acquisition planning and contracting process. Specifically, we found numerous instances of missing and incomplete contract and purchase order documentation, inadequate oversight of contract files, and inconsistencies in assignment of roles and responsibilities within the contracting process. Also, the PRC did not always follow their policy requirements for all acquisition types during the scope period. Further, the PRC lacked a policy documenting the closeout process for contracts and purchase order-based acquisitions.

Recommendations

We recommended the secretary and chief administrative officer: (1) update policy regarding purchase order issuance; (2) develop and implement a tool to verify contracting personnel consistently complete, retain, and provide oversight of contract file documentation for each acquisition type; (3) update policy to designate and clearly describe the roles and responsibilities of each individual involved in the acquisition planning and contracting process; and (4) create a policy outlining comprehensive requirements to close contracts, including a checklist of closeout documentation.

“We identified opportunities for the PRC to improve internal controls and policy throughout the acquisition planning and contracting process.”

Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

September 22, 2023

MEMORANDUM FOR: ERICA BARKER
SECRETARY AND CHIEF ADMINISTRATIVE OFFICER

A handwritten signature in cursive script that reads "Kelly Thresher".

FROM: Kelly Thresher
Deputy Assistant Inspector General
for Field Operations

SUBJECT: Audit Report – Postal Regulatory Commission Acquisition Planning and Contracting Practices (Report Number 23-096-R23)

This report presents the results of our audit of Postal Regulatory Commission Acquisition Planning and Contracting Practices.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact J.T. Littlejohn, Director, Financial Controls, or me at 703-248-2100.

Attachment

Results

Introduction/Objective

This report presents the results of our self-initiated audit of the Postal Regulatory Commission's (PRC's) Acquisition Planning and Contracting Practices (Project Number 23-096). The objective of our audit was to evaluate acquisition planning¹ and the internal controls over the contracting practices for the procurement of goods and services under contracts issued by the PRC. See [Appendix A](#) for additional information about this audit.

Background

The PRC is an independent agency of the executive branch that has exercised regulatory oversight over the U.S. Postal Service since its creation by the Postal Reorganization Act of 1970, with expanded responsibilities under the Postal Accountability and Enhancement Act of 2006.

The PRC consists of five commissioners,² each of whom is appointed by the president, with the advice and consent of the Senate, for a term of six years. In addition, the PRC has a staff of about 75 various professional and administrative employees and is comprised of four operating offices:

- **Accountability and Compliance** – responsible for technical analysis and formulation of policy recommendations for the PRC in domestic and international matters.
- **General Counsel** – provides legal assistance on matters involving the PRC's responsibilities, defends PRC decisions before the courts, and manages the formal complaint process.
- **Public Affairs and Government Relations** – facilitates prompt and responsive

communications for the PRC with the public, Congress and federal agencies, the Postal Service, and information media.

- **Office of Secretary and Administration (OSA)** – provides management and staff support to the PRC regarding accounting and budget, resources and personnel, administrative policies, and facilities and infrastructure.

The OSA handles all operations and administrative matters of the PRC and is divided into six

functional areas including human resources, information technology, cybersecurity, finance, administrative services, and data management. The Secretary and Chief Administration Officer controls the obligation of PRC funds, and is responsible for acquisition planning, procurement, and supply management under the OSA.

To maintain public confidence in the PRC's ability to accomplish its regulatory mission, it is important

that for those areas where contracted services are required, it obtains reasonable prices, receives quality products and services, and ensures timely delivery through appropriate planning, negotiating, and monitoring of contract performance. Title 39 United States Code, §410, exempts the Postal Service from federal laws dealing with public or federal contracts, property, officers, employees, budgets, or funds. The PRC is similarly exempt under 39 USC 504(e). As a result, the PRC follows its own purchasing policy, which was developed in September 2011, and re-issued in September 2013.

The PRC's purchasing policy³ is separated by the type of contracting methodology and the anticipated cost of the contract. The PRC uses three contracting

“The PRC is an independent agency of the executive branch that has exercised regulatory oversight over the U.S. Postal Service.”

¹ The term acquisition planning is used in the federal government and means the process by which the efforts of all personnel responsible for an acquisition are coordinated and integrated through a comprehensive plan for fulfilling the agency need in a timely manner and at a reasonable cost. It includes developing the overall strategy for managing the acquisition.

² Includes one chairman and one vice chairman.

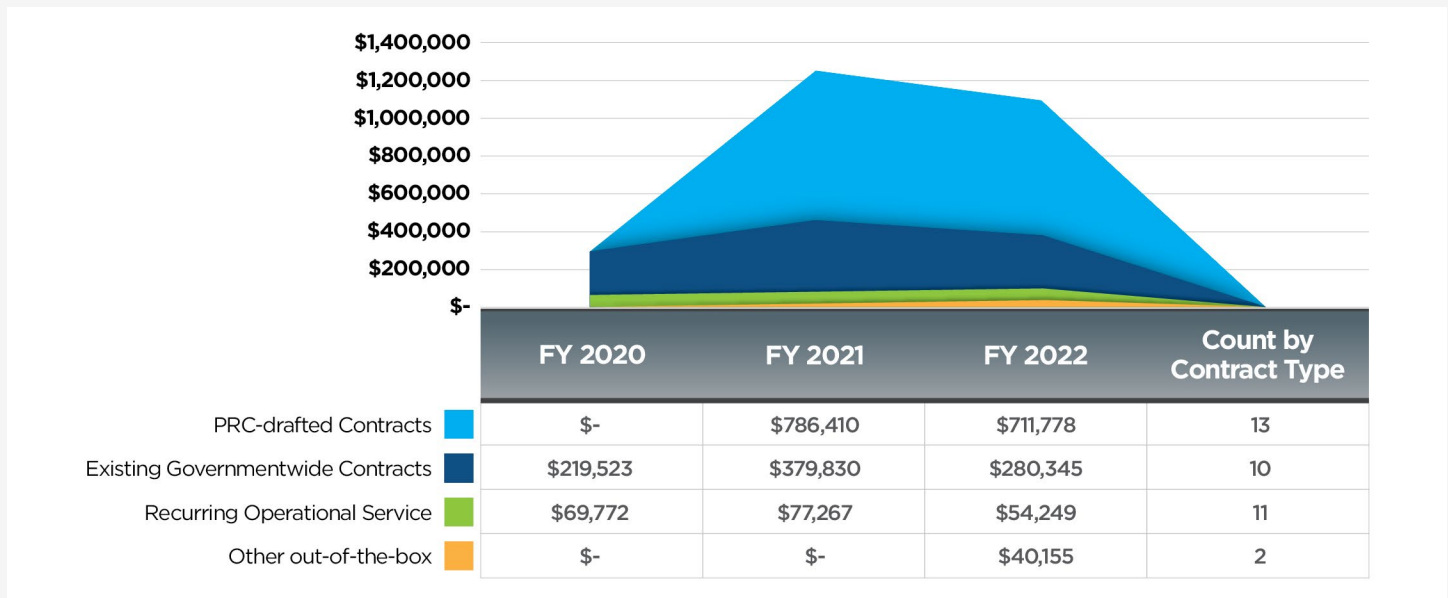
³ PRC Policy: Purchasing, revised September 18, 2013, *Contract Methodologies*.

methodologies including best-value contracting,⁴ performance-based acquisition,⁵ and sole-source contracting. As part of our audit, we reviewed 36 contract files. The files include 13 acquisitions through PRC-drafted contracts⁶ and 23 through purchase orders (PO).⁷ The latter fell under three acquisition types, including governmentwide,⁸ recurring operational service renewals,⁹ and orders for out-of-the-box¹⁰ products and services. The contracts and POs total \$2,619,329¹¹ and were issued between fiscal

years (FY) 2020 and 2022 (October 1, 2019, through September 30, 2022) (see Figure 1).

The 13 PRC-drafted contracts include 12 sole-source¹² and one competitive¹³ acquisition type, within two monetary thresholds (see Table 1). The 23 POs include 11 recurring operational service renewals, ten orders under existing governmentwide contracts, and two other orders for out-of-the-box products and services procured from the commercial marketplace (see Table 2).

Figure 1. Contracts and POs Issued in FY 2020 - 2022



Source: U.S. Postal Service Office of Inspector General (OIG) analysis of PRC Commitments to payment query from EDW.

Table 1. PRC-Drafted Contracts by Acquisition Type and Threshold

Acquisition Type	Contracts between \$10,000 - \$100,000	Contracts >\$100,000	Total Quantity	Total Amount
Sole-Source	7	5	12	\$1,338,659
Competitive	0	1	1	159,529
Total	7	6	13	\$1,498,188

Source: OIG analysis of PRC contract files.

- 4 Designed to produce the most advantageous acquisition decision through the disciplined application of a full and balanced set of weighted or explicitly rank ordered evaluation factors against all significant requirements specified in a narrative description, a solicitation, or request for proposal (RFP).
- 5 Strategic method to manage business by promoting flexibility and innovation and creating win-win solutions through improved communications, organizational goal alignment, and clear accountability among the agency and the contractors.
- 6 Contracts initiated, solicited, and negotiated by the PRC.
- 7 An agreement or contract to buy supplies or services upon specified terms and conditions, using simplified acquisition procedures.
- 8 A task-order or delivery-order contract for information technology established by one agency for governmentwide use.
- 9 12-month service agreements for operating expenses that recur annually.
- 10 Products or services with immediate usability or functionality. In other parts of government, these are often referred to as commercial off-the-shelf products.
- 11 Gathered from Postal Service Enterprise Data Warehouse (EDW), which is the central source for information on retail, financial, and operational performance.
- 12 The non-competitive purchase or procurement of goods and services from one contractor/vendor.
- 13 Any contract that opens a bidding process, or competition, wherein the winning entity is awarded the contract.

Table 2. POs by Acquisition Type and Threshold

Acquisition Type	POs between \$10,000 - \$100,000	POs >\$100,000	Total Quantity	Total Amount
Recurring Operational Services	11	0	11	\$201,288
Governmentwide Contracts	5	5	10	879,698
Other - Out-of-the-box	2	0	2	40,155
Total	18	5	23	\$1,121,141

Source: OIG analysis of PRC contract files.

“Under the PRC’s re-issued purchasing policy, the chairman reviews all spending and approves expenses over \$10,000.”

Under the PRC’s re-issued purchasing policy, the chairman reviews all spending and approves expenses over \$10,000. During our scope period, the secretary served as the PRC contracting officer (CO).¹⁴ The CO is responsible for writing requests for proposals (RFPs)¹⁵, drafting and administering contracts, and developing requirements and acquisition plans for the procurement and supply of goods and services.

The CO may appoint a contracting officer’s representative (COR).¹⁶ The COR assists the CO with verifying whether goods and services received are proper for payment and is also responsible for maintaining a complete record of work through documentation in the contract file for inspections and other reports. During our scope period, employees in the Finance Department or the finance manager served as the COR on about 50 percent of the acquisitions.

The CO may also appoint a contracting officer’s technical representative (COTR). The COTR’s functions typically include actions such as

inspecting, testing, and accepting contract line items; monitoring the contractor’s performance; controlling government-furnished property; and reviewing, approving, and/or recommending to the CO approval or disapproval of vouchers and invoices. During our scope period, employees and the manager in the Information Technology Department were generally appointed as the COTRs on projects.

Acquisition Strategy

The purchasing policy describes the acquisition strategy and planning requirements on all contracts issued over \$10,000 up to \$100,000 (see Figure 2).

Figure 2. Requirements for Contracts Between \$10,000 and \$100,000



Source: PRC Purchasing Policy, BUD-001, effective September 8, 2011, re-issued September 18, 2013.

The policy also outlines requirements for contracts issued over \$100,000 (see Figure 3).

¹⁴ A person who can bind the Federal Government of the United States to a contract, which is greater in value than the federal micro-purchase threshold. This is limited to the scope of authority delegated to the CO by the head of the agency.

¹⁵ A document that outlines the PRC’s purchasing requirements.

¹⁶ Plays a critical role in ensuring that contractors meet the commitment of their contracts. They facilitate proper development of requirements and assist the CO in developing and managing their contracts.

Figure 3. Requirements for Contracts Over \$100,000



Source: PRC Purchasing Policy, BUD-001, effective September 8, 2011, re-issued September 18, 2013.

As noted in Figure 3, contracts over \$100,000 are required to have a formal acquisition plan, which includes background, objectives, action plan, and contract methodology (see Figure 4).

Figure 4. Acquisition Plan Requirements



Source: PRC Purchasing Policy, BUD-001, effective September 8, 2011, re-issued September 18, 2013.

The acquisition plan is approved by the secretary or a designee. After approval, if the contracting methodology is other than sole source, the RFP is drafted by the CO or other PRC staff to solicit competitive supplier bids. Per PRC policy, the RFP should include the project scope, requirements, key assumptions, PRC and supplier responsibilities, deliverable goods and services, completion criteria, and estimated schedule.

For sole-source contracting, a sole-source memorandum is prepared by the COR and signed by the CO, explaining the decision not to solicit competitive bids. A contract is prepared under the direction of the CO and, according to PRC policy, should include standard terms and conditions related to the scope of goods and services, pricing and payment terms, duration, termination, liability provisions, and a quality assurance plan with the contract requirements and performance criteria. The contract is reviewed by the PRC’s Office of General Counsel, and then the CO and the vendor each sign.

The PRC develops their RFP and contracts internally and stores their acquisition strategy and planning documents electronically on a shared network drive. The PRC uses Postal Service (PS) Form 8203, *Order/Solicitation/Offer/Award*¹⁷ to issue POs, set up vendors, and process payments by submitting the form to the Postal Service’s Accounting Service Center.

Finding Summary

We identified opportunities for the PRC to improve internal controls and policy throughout the acquisition planning and contracting process. Specifically, we found numerous instances of missing and incomplete contract documentation, inadequate oversight of contract files, and inconsistencies in assignment of roles and responsibilities within the contracting process. Also, the PRC did not always follow their policy requirements for all acquisition types during the scope period. Further, the PRC lacked a policy documenting the closeout process for contracts.

“We identified opportunities for the PRC to improve internal controls and policy throughout the acquisition planning and contracting process.”

¹⁷ PS Form 8203 is used to set up payment processing on all contract types.

Finding #1. Missing and Incomplete Documentation Puts Contracting Actions at Risk

We found the PRC did not consistently complete, retain, and provide oversight of its contract file documentation in the 36¹⁸ contract files reviewed.

“We found the PRC did not consistently complete, retain, and provide oversight of its contract file documentation in the 36 contract files reviewed.”

We identified contract files with missing documents (such as acquisition plans, best value determinations, notices of award, and underlying contracts for POs) and incomplete documentation (such as missing signatures on POs, internal memorandums, and delegation letters).

Purchase Orders

We found 11 of the 23 POs reviewed were for

renewals of recurring operational services associated with underlying service agreements. However, the PRC did not retain the underlying contract file with the original service agreement to which the POs were associated, as required by PRC policy.¹⁹

In addition, 10 of the 23 POs we reviewed, totaling \$376,877, did not appear to represent a mutually binding legal relationship for a contractual agreement with the vendor, as the PS Forms 8203 used by the PRC to issue POs were not formalized and signed by the suppliers.

This occurred because the purchasing policy only addresses procedures for contracts and does not include specific instructions or requirements for how and when to issue POs. The PRC policy did not detail documentation requirements or specifics on how to handle POs. Specifically, the purchasing policy does not provide guidance on the use of PS Form 8203 and related signature and documentation retention requirements for POs.

The absence of the underlying agreements for the 11 POs made it difficult to ascertain whether the POs

were associated with a valid, established agreement. Therefore, we could not determine whether the purchases made under the 11 POs were justified. Further, when POs are not signed — as was the case with 10 POs — they are not legally binding, which increases the PRC’s risk that suppliers may not meet obligations to furnish supplies or services.

PRC-Drafted Contract Documentation

We identified 54 documents missing from the 13 PRC-drafted contract files, and three documents that were missing required signatures (see Table 3).

Table 3. Missing and Incomplete Documentation in PRC-Drafted Contract Files

Document	Total Missing Documents	Total Incomplete Documents
Statement of need	6	0
Market research	11	0
Source selection/best value	11	0
Sole-source memorandum	2	1
Acquisition plan	6	0
PRC contract	2	0
COR delegation letter	2	0
COTR delegation letter	3	2
Notice of award	11	0
Total	54	3

Source: OIG analysis of PRC contract files.

The missing and incomplete documentation noted in the contract files occurred for two reasons: a lack of procedures verifying specific documents are retained, and a lack of guidelines that specifically identified who is responsible for maintaining and reviewing the contract file documentation for completeness.

The PRC had no oversight requirement or controls in place, such as a checklist, to verify that all documentation was completed, retained, and in

¹⁸ Includes 23 POs and 13 PRC-drafted contracts.

¹⁹ PRC Policy: Purchasing, revised September 18, 2013, *Contract Planning, Strategies and Procedures*.

compliance with all acquisition strategy and planning procedures. In FY 2023, the PRC developed and implemented a contract file documentation checklist by acquisition threshold,²⁰ which requires review and approval of the contract file documentation to ensure completeness. However, these checklists do not encompass different documentation requirements for the acquisition types used at the PRC.

“The PRC has not updated its purchasing policy to clearly describe the roles and responsibilities of each individual involved in the acquisition planning and contracting process.”

Additionally, the PRC has not updated its purchasing policy to clearly describe the roles and responsibilities of everyone involved in the acquisition planning and contracting process. PRC policy states the CO may appoint a commission employee as the COR, and one of the key duties of the COR is to oversee and maintain

complete documentation.²¹ However, the policy does not explicitly require a COR to be appointed, nor is it clear who maintains complete documentation if a COR is not appointed.

We did not identify any monetary losses due to the type of contract vehicle used. However, without consistent oversight and maintenance of the contract file documentation, the PRC is at risk of missing steps in its acquisition process and not being able to defend procurement and contracting-related decisions.

Recommendation #1

We recommend the **Secretary and Chief Administrative Officer** update the purchasing policy regarding purchase order issuance, to include, at a minimum, requirements for use of Postal Service Form 8203, signatures, and documentation retention requirements.

Recommendation #2

We recommend the **Secretary and Chief Administrative Officer** develop and implement a tool, such as a checklist, to verify contracting personnel consistently complete, retain, and provide oversight of contract file documentation for each acquisition type.

Recommendation #3

We recommend the **Secretary and Chief Administrative Officer** update the purchasing policy to designate and clearly describe the roles and responsibilities of each individual involved in the acquisition planning and contracting process.

Finding #2. Insufficient Contract Closeout Policy Puts PRC Reporting at Risk

We found the PRC’s policy did not address the closure of contracts. Specifically, we could not always determine the validity of the reported expenditure amounts or determine whether scope requirements for closed contracts were accomplished, invoices were paid, actual expenditures matched the planned budget, and goods and services received conformed to contract specifications. In addition, during the scope period, PRC management could not determine what contracts were closed because the PRC does not have direct access to its financial reports maintained within the Postal Service Enterprise Accounting System.

We determined six of the 13 PRC-drafted contracts, totaling \$466,118, were closed. Upon review, we found the closed contract files did not always include a financial review to verify all the invoices were paid and expenditures matched the planned budget. Additionally, the contracts were sometimes missing invoice and payment tracking logs and certifications confirming receipt or acceptance of all products and services, conformance to the contract specifications, and approval for payment (see [Table 4](#)).

²⁰ See [Appendix B](#) for checklists.

²¹ PRC Policy: Purchasing, revised September 18, 2013, *Contracting Officer Representative*.

Table 4. Missing Closeout Documentation

Description	Missing
Contract closeout memorandum	5
Invoice/payment log	6
Product/service certification	6

Source: OIG analysis of PRC closed contract report and contract files.

This occurred because the PRC policy does not have comprehensive procedures detailing its contract closeout process. Specifically, the policy does not include a requirement for periodic internal checks or semiannual reviews of contract files to ensure retention of appropriate documentation in the related contract file.

For contract closing procedures, the PRC may consider benchmarking against the Postal Service’s Supplying Principles and Practices.²² These practices require contract files to be closed out and archived at the end of the project. COs are responsible for, but are not limited to, performing:

- Scope verification to ensure that all the requirements for each project have been accomplished.
- Financial review to verify all the invoices are paid and expenditures match the planned budget.
- Product/service delivery and acceptance to verify products and services have been received and conform to contract specifications.

While the PRC does not have a written policy, PRC management stated the COTR certifies that goods and services were received and conformed to the contract, and the CO and COR certify the invoices are correct and proper for payment. PRC management went on to state, for contracts during our scope period, once final payment is made per the invoice and payment tracking sheet and the contract expiration date passed, the PRC considered the contract closed. A contract closeout memorandum is then issued to close the contract and certify the services and deliverables have been received and are in accordance with the scope of work.

We did not identify any monetary losses as a result of contract closeouts. However, without a policy to close contracts, the PRC is at risk of reporting incorrect amounts in the accounting records and incurring liability for payment of products or services outside of the contract specifications. This could negatively impact the PRC’s budgets and forecasting related to acquisition planning for products and services.

Recommendation #4

We recommend the **Secretary and Chief Administrative Officer** create a policy outlining comprehensive requirements to close contracts, including a checklist of closeout documentation.

Management’s Comments

Management agreed with the findings and recommendations. See [Appendix C](#) for management’s comments in their entirety.

Regarding recommendations 1 through 4, management stated that the PRC is committed to improving internal controls and policies throughout the acquisition planning and contracting process. For this purpose, in July 2023, the PRC engaged a consulting firm to assess the agency’s finance functions, including acquisition planning, contracting practices, and purchase card management.

Management noted that the scope of this project includes a comprehensive assessment of its finance department, including its organization, staffing, policies, processes, risks, and internal controls. The scope also includes the development of policies and procedures, under PRC guidance, which resolve identified risks and institute best practices that result in an efficient and effective finance department. Per PRC management, the project is being conducted in three phases:

- Phase 1 – organizational structure assessment and recommendations (planned for completion in early October 2023).
- Phase 2 – financial operations assessment (planned for completion at the end of November 2023).

²² Postal Service’s Supplying Principles and Practices, effective April 1, 2023.

- Phase 3 – policy and procedure development (planned for completion in July 2024).

Management stated that the recommendations and findings provided in this audit are included in the scope and will be addressed through completion of Phase 3 where the policies and procedures will be established to implement the proposed recommendations. The PRC further stated it will provide the OIG interim milestones after the completion of Phase 2 and Phase 3 of the project. After the conclusion of this project in July 2024, the PRC stated it will work to fully implement OIG’s recommendations by the end of FY 2024.

Additionally, the PRC stated it is taking actions to ensure records and files are complete and accurate. The target implementation date for all four recommendations is September 30, 2024.

Evaluation of Management’s Comments

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

All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. All recommendations should not be closed until the OIG provides written confirmation that the recommendations can be closed.

Appendices

Appendix A: Additional Information	12
Scope and Methodology.....	12
Prior Audit Coverage.....	13
Appendix B. PRC Simplified Acquisition and Small Purchase Checklist and Formal Acquisition Checklist	14
Appendix C: Management’s Comments	16

Appendix A: Additional Information

Scope and Methodology

The scope of our audit includes contracts issued by the PRC for the procurement of goods and services from FY 2020 through FY 2022.

To evaluate the adequacy of acquisition planning and contracting practices, we reviewed the applicable policies, procedures, and guidelines contained in the *PRC Purchasing Policy*, dated September 18, 2013.

In addition, we benchmarked against the Postal Service's supply management practices and principles and FAR requirements, including:

- *Postal Service – Supplying Practices and Principles*, dated April 1, 2023;
- FAR Part 2, Definitions;
- FAR Part 16, Ordering; and
- FAR Part 7, Acquisition Plans.

To determine if the contracts issued in our scope period were adequately supported and complied with PRC policies and procedures, we reviewed all contract files issued between FY 2020 through 2022, to verify:

- PRC contract files included the required documentation for all issued contracts.
- PRC followed its policies and procedures regarding sole-source procurements, RFPs, source selection, and issuing and maintaining contracts.
- Acquisition planning and supporting contract file documentation included adequate reviews and approvals.
- Supporting documents for closed contracts were included in files and determined validity of reported amounts.
- Contracting personnel completed annual contract training requirements.

We conducted this review between May and September 2023, in accordance with generally

accepted government auditing standards and included tests of internal controls that were 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.

In planning and conducting the audit, we obtained an understanding of PRC's internal control structure to help determine the nature, timing, and extent of our audit procedures. We reviewed the management controls for overseeing the program and mitigating associated risks. Additionally, we assessed the internal control components and underlying principles, and we determined that the following five components were significant to our audit objective:

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication Systems
- Monitoring

We developed audit work to ensure that we assessed these controls by reviewing the contract files to ensure required documentation was in the file and included appropriate authorization and approval. We requested copies of training records for PRC staff involved in acquisition strategy and planning to verify annual training requirements were met. We also reviewed the documentation in the files for contracts that were closed, including documentation that supported reconciliation and review to ensure accuracy of the reported amounts. Based on the work performed, we identified internal control deficiencies that were significant within the context of our objectives. Our recommendations, if implemented, should correct the weaknesses we identified.

Prior Audit Coverage

From 2007 through October 2, 2022, the PRC Office of Inspector General provided oversight of the PRC. In 2022, Congress enacted the Postal Reform Act of 2022, which, among other changes, transferred

responsibility for oversight of the PRC to the Postal Service OIG. The following prior reports were completed by the previous OIG.

Report Title	Objective	Report Number	Final Report Date
<i>PRC Contracting Practice: Acquisition Planning</i>	The objective of the inspection was to determine whether PRC's contract planning, and strategies complied with policies to minimize contract risk.	11-1-A-01	September 27, 2011
<i>Follow Up Review of PRC Contracting Practice: Acquisition Planning (Report 11-1-A-01)</i>	The objective of this follow-up review was to determine if the PRC effectively implemented recommendations 3 and 4 made in the September 27, 2011, inspection report.	17-01-A-01	September 29, 2017

Appendix B. PRC Simplified Acquisition and Small Purchase Checklist and Formal Acquisition Checklist

Simplified Acquisition and Small Purchase Checklist

CONTRACT NUMBER:			
CONTRACT DESCRIPTION:			
DESCRIPTION OF CHANGE:			
Item No.	Description	In File	N/A
1	Purchase Requisition, DA Funding Document		
2	Independent Cost Estimate(s)-ICE		
3	Sole Source Justification		
4	Sources List/Bidders List & Quotes (includes Prices)		
5	Determination of Fair & Reasonable Price		
6	Bid Tabulation, Authority Cost of Price Analysis and Basis		
7	Communication Documents/Correspondence		
8	Federal Excluded Parties List, System for Award		
9	Insurance COI, Risk Requirements/Approvals		
10	Purchase Order		
	Contract Specialist Name: Signature		
	Contracting Officer Signature	DATE	

Source: PRC management provided copies of Checklist on May 23, 2023.

Formal Acquisition - Contract File Checklist

Contract lifecycle	CONTRACT NUMBER:				Project Name:				
	INSTRUCTIONS: Set forth below is a list of essential items to be included, as appropriate, in each contract and modification file. This list is not all-inclusive, Documents will be placed in the file in the order indicated by the numbers shown below (filed consecutively with the highest number on top).								
	Item No.	Document	In File	Tab #		Item No.	Document	In File	Tab #
Pre-Solicitation	1	DA- Requisition			Pre-Award	17	Cost or Price Analysis - Compare with ICE		
	2	Procurement Planning Milestones				18	Competitive Range Determination		
	3	Requirements (Drawings, Specifications, SOW, Purchase, Description, etc.)				19	Procurement Record Award Determination (Objectives & Results)		
	4	Sources List/Bidders List				20	CPARS (Contractor's Past Performance Survey)		
	5	Independent Cost Estimate				21	Federal Excluded Parties List (SAM.gov)		
	6	Procurement Method Documentation				22	Notice of Intent Notice of Award		
	7	Source Selection Plan				23	Legal Sufficiency		
Solicitation	8	Solicitation- Request for Proposal			Award	24	Notice to Proceed		
	9	Proof of Publicizing				25	COR/COTR Delegation Letter		
	10	Amendments				26	Post Award Conference/Early Action Letter		
	11	Record of Pre-Bid/Proposal Conference and Sign In Sheet			Anytime	27	Record of any Protest		
Pre-Award	12	Consolidated Bid Tabulation or Proposal Price Tabulation			Anytime	28	Communication Documents/Correspondence		
	13	Successful Bid/Proposal & all correspondence with successful offeror Prior to Execution of Contractual Document in Chronological Order			post-award	29	Unsuccessful Bids/Proposals and all correspondence with each unsuccessful Bidder/Offeror in Chronological Order		
	14	Determinations regarding Late Proposals/Bids or Mistakes in Bids				30	Notice of Intent to Exercise Option		
	15	Contractor's Price or Cost Data			CloseOut	31	Contractor Performance Evaluation (COTR evaluation)		
	16	Consensus Report Technical Evaluation (TET report)				32	Close Out Packet		
	Modification No.				Contract Specialist Name: Signature				
	Option No.								

Source: PRC management provided copies of Checklist on May 23, 2023.

Appendix C: Management's Comments



U.S. POSTAL REGULATORY COMMISSION
Washington, DC 20268-0001
Office of the Secretary and Administration

September 20, 2023

John Cihota,
Director, Audit Services
Office of Inspector General,

Thank you for providing the Postal Regulatory Commission (“the Commission”) management with the Office of Inspector General’s (“OIG”) Audit “Postal Regulatory Commission Acquisition Planning and Contracting Practices” Project Number 23-096, received August 31, 2023.

The Commission agrees with the recommendations (4) and findings (2) provided by the OIG team.

The Commission is committed to improving internal controls and policies, throughout the acquisition planning and contracting process. For this purpose, in July 2023, the Commission engaged a consulting firm to assess the agency’s finance functions, including Acquisition Planning, Contracting Practices and Purchase Card Management.

The scope of this project includes a comprehensive assessment of the Commission’s Finance Department, including review of its organization, staffing, policies, processes, risks, and internal controls. The scope also includes the development of policies and procedures, under PRC guidance, which resolve identified risks and institute best practices that result in an efficient and effective Finance Department.

The Project is being conducted in three phases:

Phase 1 • Organizational Structure Assessment and Recommendations (planned for completion in early October 2023),

Phase 2 • Financial Operations Assessment (planned for completion at the end of November 2023),

Phase 3 • Policy and Procedure Development (planned for completion in July 2024).

The Recommendations and findings provided in this audit are included in the scope of this project and will be addressed through completion of Phase 3 where the policies and procedures will be established to implement the proposed recommendations. In addition, included in the scope are recommendations from the PRC Purchase Card Expenses audit. In response to your memorandum included in the report, the Commission will provide the OIG interim milestones after the completion of Phase 2 and Phase 3 of the project. After the

conclusion of this project in July 2024, PRC will work to fully implement OIG's recommendation by the end of FY 2024.

Therefore, the Target Implementation Date for all four recommendations is September 30th, 2024.

The Commission is taking actions to ensure records and files are complete and accurate. The Commission thanks the OIG auditors for their professionalism and cooperative spirit throughout the audit process.

Please note this letter was originally submitted on September 18 to the OIG and has been updated to reflect the correct addressee.

Sincerely,

ERICA BARKER Digitally signed by ERICA BARKER
Date: 2023.09.20 10:43:43 -04'00'

Erica Barker
Secretary and Chief Administrative Officer

OFFICE OF INSPECTOR GENERAL

UNITED STATES



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