



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

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**Trends and Systemic Issues in  
Defense Contract Audit Agency  
Audit Work for Fiscal Years  
2009-2012**

**Management Advisory Report**

March 15, 2013

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Report Number SM-MA-13-002



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

# HIGHLIGHTS

March 15, 2013

## Trends and Systemic Issues in Defense Contract Audit Agency Audit Work for Fiscal Years 2009-2012

Report Number SM-MA-13-002

### **BACKGROUND:**

In fiscal year (FY) 1999, the U.S. Postal Service Office of Inspector General (OIG) entered into an agreement with the Defense Contract Audit Agency (DCAA) to conduct contract audits on its behalf. This partnership benefits U.S. Postal Service contracting officials by arming them with audit reports to help make informed choices when negotiating and managing contracts.

Our objective was to identify contracting trends and issues in FY 2009-2012 DCAA audit reports that presented opportunities for improvement and future benefits for the Postal Service.

### **WHAT THE OIG FOUND:**

The Postal Service reduced its use of DCAA to conduct audits to support contracting actions from 23 audits in FY 2009 to just 11 audits in FY 2012. This reduction was due to concerns related to DCAA's audit quality and timeliness. In February 2010, we began implementing quality assurance procedures to address these concerns and continue to work with DCAA to minimize any potential delays. In addition, we are collaborating with Postal Service officials to enhance the process for requesting DCAA audits.

DCAA audits are cost-effective tools that help Postal Service contracting officials negotiate lower contract costs and manage contracts. These audits have

consistently contributed to significant savings and averaged a return on investment of \$105 for every dollar spent over the last 4 fiscal years.

During FYs 2009-2012, DCAA audits identified more than \$185 million in unallowable and unsupported contract costs; and disclosed internal control weaknesses related to contractors' accounting systems, financial capabilities, and labor charges. These results assisted contracting officials in negotiating lower contract prices and settlements.

### **WHAT THE OIG RECOMMENDED:**

We recommended management emphasize to contracting officials the importance of requesting DCAA audits to support decisions in awarding and managing contracts.

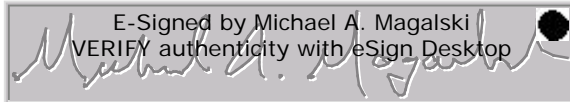
[Link to review the entire report](#)



March 15, 2013

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

E-Signed by Michael A. Magalski  
VERIFY authenticity with eSign Desktop

A rectangular box containing a handwritten signature in cursive, "Michael A. Magalski", and a small black circular icon to the right.

**FROM:** Michael A. Magalski  
Deputy Assistant Inspector General  
for Support Operations

**SUBJECT:** Management Advisory Report – Trends and Systemic Issues  
in Defense Contract Audit Agency Audit Work for Fiscal  
Years 2009-2012 (Report Number SM-MA-13-002)

This report presents the results of our analysis of Trends and Systemic Issues in Defense Contract Audit Agency Audit Work for Fiscal Years 2009-2012 (Project Number 12YG041CA000).

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

Attachments

cc: Joseph Corbett  
Trent K. Ensley  
Robert D. D'Orso  
Susan A. Witt  
Corporate Audit and Response Management

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## Introduction

This report presents the results of our analysis of Defense Contract Audit Agency (DCAA) audit reports for fiscal years (FY) 2009-2012 (Project Number 12YG041CA000). Our objective was to identify contracting trends and issues found in prior DCAA audit reports that presented opportunities for improvement and future benefits for U.S. Postal Service officials. This self-initiated review addresses operational risk.

In FY 1999, the U.S. Postal Service Office of Inspector General (OIG) entered into an agreement with the DCAA to conduct contract audits on its behalf. This partnership benefits Postal Service contracting officials by arming them with audit reports that help them make informed choices in negotiating contracts and claims and providing valuable insight into contractors' business practices. See [Appendix A](#) for additional information about this audit.

## Conclusion

The Postal Service reduced its use of DCAA to conduct audits to support contracting actions from 23 audits in FY 2009 to just 11 audits in FY 2012. This reduction was due to concerns related to DCAA's audit quality and timeliness. In February 2010, we began implementing quality assurance procedures to address these concerns and we will continue to work with DCAA to minimize any potential delays. In addition, we are collaborating with Postal Service officials to enhance the process for requesting DCAA audits.

DCAA audits are cost-effective tools that help Postal Service contracting officials negotiate lower contract costs and manage contracts. These audits have consistently contributed to significant savings and averaged a return on investment of \$105 for every dollar spent over the last 4 fiscal years. During FYs 2009-2012, DCAA audits identified more than \$185 million in unallowable and unsupported contract costs. They also disclosed internal control weaknesses related to contractors' accounting systems, financial capabilities, and labor charges. These results assisted contracting officials in negotiating lower contract prices and settlements.

## Reduction in DCAA Audits

The number of DCAA audits has declined substantially, from 23 audits in FY 2009 to 11 in FY 2012, a decrease of 52 percent (see [Table 1](#)).

**Table 1. DCAA Audits Requested from FYs 2007–2012**

Fiscal Year	Number of DCAA Audits Requested
2007	21
2008	29
2009	23
2010	13
2011	11
2012	11

Source: OIG analysis 2007-2012.

We may be able to attribute some of this decline, especially in the case of proposal audit requests, to a decrease in Postal Service spending. However, management indicated they did not strongly pursue additional DCAA audit requests during this period because of concerns regarding DCAA’s audit quality<sup>1</sup> and timeliness. In February 2010, the OIG began implementing procedures to address these concerns, including incorporating a quality assurance review of statistically selected DCAA audits. The OIG also continues to work with a DCAA representative to minimize any potential delays in completing these audits. In addition, the Postal Service is currently working to update the DCAA portion of the Supply Management website and improve the DCAA audit request process and report timeliness.

### **Cost-Effective Audit Tools**

DCAA audits are cost-effective tools that help Postal Service contracting officials negotiate lower contract costs and manage contracts. These audits have consistently contributed to significant savings and averaged a return of \$105 for every dollar spent over the last 4 fiscal years. During FYs 2009-2012, DCAA audits identified more than \$185 million in unallowable and unsupported contract costs due to reviews of price proposals, termination claims, and equitable adjustments. They also disclosed internal control weaknesses related to contractors’ accounting systems, financial capabilities, and labor charges. These results assisted contracting officials in negotiating lower contract prices and settlements.

<sup>1</sup> *DCAA Audits: Widespread Problems with Audit Quality Require Significant Reform* (Government Accountability Office (GAO), Report Number GAO-09-468, dated September 23, 2009), found audit quality problems at DCAA offices nationwide, including compromise of auditor independence, insufficient audit testing, and inadequate planning and supervision.

## Fiscal Years 2009-2012 Summary of Key Defense Contract Audit Agency Issues

### Price Proposal Reviews

DCAA reviews of 12 price proposals<sup>2</sup> identified unallowable and unsupported costs totaling \$181,204,699, or 24 percent of the \$757,873,923 proposed costs. DCAA noted that \$27,480,874 of unallowable costs in 11 of the 12 price proposals were due to:

- Prime contractors not considering reductions in proposed subcontractor costs that are likely to be achieved during negotiations with subcontractors, based on experience.
- Use of outdated vendor quotes for proposed material costs.
- Use of inaccurate labor hours and rates.
- Use of inaccurate overhead rates.<sup>3</sup>

Six of the 12 proposals contained \$153,723,825 in unsupported costs primarily because the contractor did not provide adequate supporting documentation for subcontractor costs, direct material, and overhead rates. A recently issued OIG report<sup>4</sup> expressed concerns about contractors not providing adequate documentation and cost or price analyses during the contract evaluation process. According to Postal Service requirements,<sup>5</sup> contracting officers (COs) should ensure that contractors provide adequate cost or pricing data to support their proposals. Without adequate cost or pricing data, the Postal Service may not establish a fair and reasonable contract price.

We reviewed audit follow-up documentation for the three price proposals with the highest questioned costs and determined the Postal Service was able to negotiate a lower price based on the DCAA reviews.

- One price proposal disclosed unallowable costs of \$10.9 million and unsupported costs of \$143.5 million. The CO was able to negotiate the proposed price of \$382.1 million down to a negotiated final price of \$346.8 million, for a savings of \$35.3 million.<sup>6</sup>

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<sup>2</sup> DCAA reviewed 14 price proposals from FYs 2009-2012; however, only 12 price proposal reviews identified unallowable or unsupported costs. DCAA did not express an opinion in one report because the contractor did not provide an adequate proposal for review or a basis for the proposed cost. In another report, DCAA provided a technical analysis with no questioned or unsupported costs.

<sup>3</sup> Overhead rates consist primarily of material handling, indirect labor, and general and administrative expense rates.

<sup>4</sup> *Best Value in the Purchasing Process* (Report Number CA-AR-13-001, dated October 9, 2012).

<sup>5</sup> *Supplying Principles and Practices* (SP&P), Section 2-34.13, Cost or Pricing Data.

<sup>6</sup> The original proposal, dated October 28, 2010, totaled \$404,219,624. However, DCAA performed an audit on the revised proposal amount of \$382,149,221, dated May 16, 2011. Therefore, we are basing the Postal Service's negotiated savings on the proposed amount that DCAA reviewed.

- Another price proposal contained unallowable costs of \$3.9 million. Based on the DCAA findings, the CO negotiated the original proposed price of \$49.8 million down to a final negotiated price of \$47.1 million, for a savings of \$2.7 million.
- For a price proposal containing \$6.2 million in unallowable costs, the Postal Service later cancelled negotiations and issued a separate solicitation, which it subsequently placed on hold indefinitely.

### Termination and Equitable Adjustments

DCAA reviews of two terminations and three equitable adjustment<sup>7</sup> claims disclosed unallowable costs totaling about \$3.3 million, or about 90 percent of total claimed costs (see Table 2).

**Table 2. Termination and Equitable Adjustment Claims**

Type of Claim	Claimed Costs	Questioned Costs
Termination	\$1,039,079	\$812,171
Equitable Adjustment	2,639,618	2,514,232
<b>Total</b>	<b>\$3,678,697</b>	<b>\$3,326,403</b>

Source: OIG analysis 2009-2012.

In FY 2009, the DCAA reviewed two contractor termination claims totaling \$1,039,079, resulting in questioned costs totaling \$812,171.

- One contractor submitted a termination claim for \$702,230, \$475,322 of which DCAA questioned based on the comingling of terminated proposal costs, unallowable fee costs, and disallowed subcontractor estimated-to-complete costs included by the prime contractor. The Postal Service terminated this contract for convenience<sup>8</sup> and settled the questioned cost of \$475,322.
- Another contractor submitted a termination claim for \$336,849 and the entire claim was questioned due to inadequate cost and pricing data. The Postal Service was able to negotiate a lower price of \$73,475, a reduction of about 78 percent of the claimed cost.

<sup>7</sup> An equitable adjustment is a contract adjustment made pursuant to a changes clause and intended to compensate a supplier for expenses incurred due to actions of the Postal Service or to compensate the Postal Service for contract reductions.

<sup>8</sup> The Postal Service's SP&P, Section 5-13.1, Termination for Convenience, states that a contract may be terminated for convenience when it is in the Postal Service's best interest; for example, when the products or services supplied under the contract are no longer required or the contract becomes unnecessary for some other reason. The supplier is entitled to a percentage of the contract price, as well as any reasonable charges that directly result from the termination.



DCAA identified \$2,514,232 in questioned costs for one of the three contractors' equitable adjustment claims:

- A contractor submitted an equitable adjustment that resulted in \$2,514,232 in questioned costs out of \$2,639,618 total claimed costs. The questioned costs were primarily due to excessive labor costs claimed for holiday staffing, nonconforming mail, and excess staffing due to truck schedule changes. The DCAA report was a useful tool for the CO to use during claims negotiations and for substantially reducing contract settlement amounts. As a result, the CO negotiated the claim down to \$16,562.
- The other two reports did not cite questioned costs.

It is important for the Postal Service to review termination and equitable adjustment claims. Audits of these claims can identify significant questionable costs submitted by the contractor and are effective tools to help Postal Service COs negotiate lower contract settlement costs. A recent OIG report<sup>9</sup> stated that equitable adjustment claims generally receive reviews and oversight consistent with current Postal Service policies and procedures. However, of 24 equitable adjustment claims reviewed during that audit only one received DCAA review. The DCAA audit of the equitable adjustment claim cited above shows the importance of these audits and the potential for similar cost reductions from other DCAA audits.

### Reviews of Systems, Financial Capability, and Labor Floor Checks

Seven of 18 DCAA reviews uncovered weaknesses in contractors' accounting systems, estimating system, financial capability, and labor floor checks<sup>10</sup> (see Table 3). COs were proactive in requesting DCAA audits of suppliers' accounting systems and financial capability for some new suppliers or if there were questions concerning financial solvency.

**Table 3. Reviews of Systems, Financial Capability, and Floor Checks**

Type of Review	Number Reviewed	Number Unacceptable or Unfavorable <sup>11</sup>
Accounting System	3	2
Estimating System	1	1
Financial Capability	12	2
Labor Floor Checks	2	2
<b>Total</b>	<b>18</b>	<b>7</b>

Source: OIG Analysis 2009-2012.

<sup>9</sup> *Oversight of Equitable Adjustments* (Report Number CA-AR-12-006, dated September 28, 2012).

<sup>10</sup> Labor floor checks help validate direct and indirect labor costs allocated to Postal Service contracts.

<sup>11</sup> 'Unacceptable' refers to weaknesses in contractor accounting systems, estimating systems, and timekeeping (labor floor checks). 'Unfavorable' refers to negative financial statement trends (contractor financial capability).

The DCAA reports disclosed that two of the three accounting systems reviewed were unacceptable for accumulating and segregating costs on Postal Service contracts. One accounting system review was initiated prior to awarding a fixed-price contract. According to a CO, these system reviews are often initiated as a general audit tool and are not contract-specific. However, conducting accounting system audits before contract award can help avoid problems that contractors may have in properly accumulating and segregating contract costs. In addition, these audits provide Postal Service COs with valuable insight into contractors' business practices.

DCAA performed an audit of the contractor's cost estimating system under the Information Technology Preferred Portfolio Partnering program.<sup>12</sup> This audit disclosed several weaknesses in the system, including not:

- Using historical experience.
- Monitoring and tracking estimates against actual costs.
- Subjecting estimates to periodic internal reviews.
- Requiring periodic training on the *Estimating Manual*.
- Reviewing management documentation sufficiently.
- Reviewing subcontractor costs adequately.
- Documenting policies, procedures, and practices.

Weaknesses in contractor estimating systems can result in estimates of total cost or major cost elements that are unacceptable as a basis for negotiating fair and reasonable prices. As a result, the OIG initiated an audit<sup>13</sup> to follow-up on DCAA recommendations.

Two of 12 financial capability audits found indications of significant unfavorable key financial statement trends. DCAA conducts financial capability audits to determine whether the contractor is financially capable of performing on contracts. Based on the two audits with unfavorable trends, the CO continued to monitor the contractors' financial performance. Additionally:

- The CO stated that one contractor ceased operations in February 2011 with no open issues or unfinished Postal Service work.
- The CO met with another contractor who pointed out that the audit did not provide key financial ratios. As a result, the CO felt the findings did not accurately reflect the supplier's financial capability. However, examination of the contractor's financial capability disclosed that its cash flow projections were calculated on an aggressive estimate of contracts to be awarded based on its current outstanding proposals. DCAA was unable to validate the contractor's estimate of the contracts to be awarded; therefore, it recommended that the CO continue to monitor the contractor's

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<sup>12</sup> This program awarded long-term professional service ordering agreements to enterprise-wide information technology providers. The program did not provide for competition among suppliers when task orders were issued; rather, suppliers were competitively awarded ordering agreements for specific portfolios and received all task orders for those portfolios.

<sup>13</sup> *Accenture Federal Services Contracts* (Report Number SM-MA-13-001, dated December 17, 2012).

financial condition by requiring it to submit periodic status reports showing updated cash flow projections and any efforts to obtain new financing or reduce costs.

These audits are important in identifying contractors' financial difficulties that can disrupt production schedules, cause inefficient use of resources, and result in contract nonperformance.

Both labor floor check reviews disclosed timekeeping weaknesses. Employees did not always complete timesheets on a daily basis and payroll records did not reconcile to timesheets. Weaknesses in contractors' timekeeping systems greatly increase the risk of labor mischarging.

The Postal Service's SP&P<sup>14</sup> state that supplier capability is evaluated to determine its ability to perform upon award of a contract and should be used as a snapshot of the quality and reliability of that performance. It is critical that the Postal Service continue to review contractors' accounting and estimating systems and perform financial capability and labor floor check reviews to help identify contractors who:

- Are unable to accurately estimate proposal costs.
- Cannot segregate and identify costs to appropriate Postal Service contracts.
- Are experiencing financial difficulties.
- Have weaknesses in their timekeeping systems.

## Recommendation

We recommend the vice president, Supply Management:

1. Emphasize to contracting officials the importance of requesting Defense Contract Audit Agency audits to support decisions in awarding and managing contracts.

## Management's Comments

Management agreed with our findings and recommendation and stated that they will ensure that contracting officials are knowledgeable about the availability and capabilities of DCAA as a resource. Management further stated that they appreciate the assistance the OIG provided in updating the forms and processes for using DCAA and expect required actions to be completed in March 2013. Management believes these DCAA audits add value to the purchasing process; however, they expressed concern regarding the OIG's request to revise the original 45-day completion time for DCAA audits to 90 days. Management believes this significantly increases their procurement timelines and hinders efforts to streamline the time to award a contract. See [Appendix C](#) for management's comments in their entirety.

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<sup>14</sup> SP&P, Section 2-22.1.2, Supplier Capability.

## Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendation and corrective actions should resolve the issues identified in the report. During coordination with Postal Service officials to update the process for requesting DCAA audits, we proposed revising the original 45-day completion time for DCAA audits to 90 days. Regarding management's concern that the extra time would significantly impact procurement timeliness, we believe that 90 days is more realistic and allows DCAA to perform thorough reviews with sufficient testing. The average project time for DCAA reviews is currently about 100 days. In addition, our efforts to enhance coordination and timeliness of DCAA audits should assist in reducing project time. Finally, Postal Service officials could help address timeliness concerns by submitting requests for DCAA audits with sufficient advance notice to meet their contracting deadlines.

We consider the recommendation significant, and therefore require OIG concurrence before closure. Consequently, the OIG requests written confirmation when the corrective action is completed. This recommendation should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendation can be closed.

## Appendix A: Additional Information

### Background

In FY 1999, the OIG entered into an agreement with the DCAA to conduct contract audits on its behalf. The OIG initiates and provides funding for DCAA audits at the request of Postal Service contracting officials and when the OIG identifies a need. The OIG's partnership with the DCAA benefits Postal Service contracting officials by arming them with audit reports that help them make informed choices when negotiating contracts and claims and conducting other business related to contracts.

### Objective, Scope, and Methodology

Our objective was to identify contracting trends and issues found in DCAA audit reports that presented opportunities for improvement and future benefits for Postal Service officials. To accomplish our objective, we analyzed 58 DCAA audit reports issued during FYs 2009-2012. Our analysis consisted of audits reporting \$185.9 million in unallowable and unsupported costs, including price proposals, accounting systems, termination and equitable adjustment claims, financial capability reviews, labor floor checks, incurred costs, the purchasing system, rate proposals; and special request audits. After categorizing the audits (see [Appendix B](#)), we reviewed each audit report to identify and provide a summary of similar significant issues.

We conducted this review from August 2012 through March 2013 in accordance with the Council of the Inspectors General on Integrity and Efficiency, *Quality Standards for Inspection and Evaluation*. We discussed our observations and conclusions with management on December 19, 2012.

We determined that the data reviewed were sufficiently reliable for the purposes for this report since this report summarizes prior DCAA reports.

### Prior Audit Coverage

Our report titled *Trends and Systemic Issues in Defense Contract Audit Agency Audit Work for Fiscal Years 2007 and 2008* (Report Number CA-MA-09-001, dated October 6, 2008) identified trends and systemic issues in DCAA audits of contractors' proposals, systems, and claims. Proposal audits disclosed a trend of quality concerns and high unallowable costs related to subcontracting issues. Other audits disclosed unacceptable contractor accounting systems and unallowable costs related to contractor claims. We recommended management direct COs to emphasize to contractors the significance of the Postal Service's reliance on the quality of subcontract proposals and the integrity of material vendor quotations and request audits of significant claims filed against the Postal Service. We also recommended that management re-emphasize to COs the requirement to and significant benefits of requesting an accounting system audit of prospective contractors before awarding them a contract. Management agreed with the findings and recommendations.

**Appendix B: Defense Contract Audit Agency Audit Reports Issued from Fiscal Years 2009-2012**

Fiscal Year	Type of Report	Number of Reports	Unallowable and Unsupported Costs	Comments
2009	Accounting Systems	2		Systems found unacceptable for properly accounting for costs under Postal Service contracts.
	Equitable Adjustment	3	\$ 2,514,232	Unallowable and unsupported costs due to inadequate cost or pricing data; and unallowable costs for labor, staffing, transportation schedule, overhead, and general and administration costs.
	Incurred Costs	3		
	Performance (Special Request Audit)	3		
	Price Proposals	8	26,086,161	Unallowable and unsupported costs due to inadequate cost or pricing data and prime contractors not considering reductions to subcontract proposed costs.
	Purchasing System	1		
	Rates Proposal	1		
	Termination	2	812,171	Unallowable costs due to misclassification of comingled new solution and stop work costs, unallowable fees, and settlement claims of subcontractors.
2010	Accounting Systems	1		
	Financial Capability	4		Indications of unfavorable financial trends.
	Labor Floor Check	1		Disclosed weakness in timekeeping system.
	Performance (Special Request Audit)	5	503,586	Unsupported unallowable costs due to job qualifications.
	Price Proposals	1	8,320	Unallowable and unsupported costs due to other direct costs.
	Rates Proposal	1		
2011	Financial Capability	2		Indications unfavorable financial trends.
	Labor Floor Check	1		Disclosed weaknesses in timekeeping system.
	Incurred Costs	2		
	Performance (Special Request Audit)	2	866,886	Unallowable costs due to labor, overhead expenses, material, and subcontractors.
	Price Proposals	4	155,110,218	Unallowable and unsupported costs due to lack of supporting documentation, inadequate cost or pricing data, and unsupported direct material costs.

Fiscal Year	Type of Report	Number of Reports	Unallowable and Unsupported Costs	Comments
2012	Estimating System	1		Estimating system disclosed several weaknesses.
	Financial Capability	6		
	Incurring Costs	2	3,895	Unallowable costs due to timekeeping.
	Price Proposals <sup>15</sup>	1		
	Rates Proposal	1		
<b>Total</b>		<b>58</b>	<b>\$185,905,469<sup>16</sup></b>	

Source: OIG analysis.

<sup>15</sup> Of the 14 price proposal reports issued between FYs 2009 and 2012, two did not report unallowable or unsupported costs, including one report issued in 2012 and one issued in 2011.

<sup>16</sup> Total unallowable and unsupported costs for all DCAA audits issued during FYs 2009-2012. This includes unallowable and unsupported costs totaling \$181,204,699 for price proposal reports issued during FYs 2009-2011.

## Appendix C: Management's Comments

SUSAN M. BROWNELL  
VICE PRESIDENT, SUPPLY MANAGEMENT



March 5, 2013

JUDITH LEONHARDT

SUBJECT: Response to Draft Management Advisory Report – Trends and Systemic  
Issues in Defense Contract Audit Agency Audit Work for Fiscal Years 2009-2012  
(Report Number SM-MA-13-DRAFT)

Thank you for providing the Postal Service with the opportunity to review and comment on this subject draft report. Management agrees with the report's findings and will continue our efforts in communicating the availability of the Defense Contract Audit Agency (DCAA) as a resource for contracting officials' use.

OIG Audit Recommendations:

We recommend the vice president, Supply Management:

1. Emphasize to contracting officials the importance of requesting DCAA audits to support decisions in awarding and managing contracts.

Management Response: Management agrees and will ensure our contracting officials are knowledgeable about the capabilities of the DCAA and its availability as a resource. This will be accomplished by cascading the final audit report. Further, we appreciate the assistance that the Office of Inspector General (OIG) has provided on our efforts to update the forms and processes for using the DCAA, and expect our internal OIG Services website to be updated within the next few weeks. We believe these DCAA audits add value to the purchasing process. However, with the OIG's request to revise the original 45-day completion time to 90 days for these audits, there is a concern regarding timeliness. This significantly increases our procurement timelines which hinders our strategic direction to streamline time to award. We will continue working with the OIG to determine an acceptable process that promotes the use of DCAA as a procurement resource as we complete our updates to our OIG Services webpage.

Target Implementation Date: March 2013

Responsible Manager: Manager, Supply Management Infrastructure

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



cc: Joseph Corbett  
Trent Ensley  
Robert D'Orso  
Susan Witt  
Corporate Audit and Response Management