

POSTAL REGULATORY COMMISSION

OFFICE OF INSPECTOR GENERAL



FINAL EVALUATION REPORT

FOLLOW-UP REVIEW OF CERTIFICATION OF PRC INVOICES (REPORT #12-02-A01)

**EVALUATION REPORT #20-01-A02
March 30, 2020**

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Introduction

Background

On December 4, 2013 the Postal Regulatory Commission Office of Inspector General (PRC-OIG) issued an inspection report entitled *Certification of PRC Invoices* (Report Number 12-02-A01). We initiated this follow-up review to determine if the Postal Regulatory Commission (PRC) took appropriate actions to implement recommendations 1, 3 and 4 from this prior inspection report.

Recommendation 1: Enhance PRC's Purchasing Policy to require COR and COTR appointment notifications.

The PRC's Secretary and Chief Administrative Officer or Assistant Secretary serve as Contracting Officer (CO). They have the authority to sign contracts on behalf of the agency. PRC's purchasing policy states that the Secretary and Chief Administrative Officer may appoint a PRC employee as the Contracting Officer Representative (COR) who monitors PRC's contract performance, ensures quality assurance processes are in place, resolves grievances and verifies satisfactory delivery of invoiced goods and services.

The CO may also appoint a Contracting Officer Technical Representative (COTR) to work with the COR. The COTR is the technical liaison between the COR and the vendor, and has technical knowledge of goods or services which are provided under the contract.

PRC's purchasing policy did not address the delegation process for either the COR or the COTR, or provide appointed employees with their roles and responsibilities. PRC officials informed us that the CO sends an email to the COR or the COTR notifying them of their designation, but it did not explain or identify their roles and responsibilities as it relates to certifying invoices.

Recommendation 3: Develop and implement comprehensive policies and procedures for the invoice certification and submission process.

Recommendation 4: Develop and implement comprehensive policies and procedures for proper invoice data elements

The PRC did not have adequate policies or procedures in place for certification of invoices prior to payment. PRC's purchasing policy did not address the invoice certification process, which is a significant internal control purchasing procedure.

Under the United States Postal Service (USPS) policy, each invoice must contain:

- The supplier's name, address and contract number;
- A description of supplies/services and dates delivered/performed;
- Delivery, price and payment terms, and
- The date invoice was created.

If an invoice is improper, the supplier must be notified of the defect within seven days of receipt of the invoice.

Objective, Scope and Methodology

The objective of this follow-up review was to determine if recommendations 1, 3 and 4 made in our 2013 inspection report were implemented.

To accomplish our objective, we obtained and reviewed the PRC purchasing policy. We will review implementation of these policies in a separate review.

We conducted this review between February 17 and March 6, 2020 in accordance with the Council of the Inspectors General on Integrity and Efficiency's January 2012 *Quality Standards for Inspection and Evaluation*. We believe that the documentation obtained provides a reasonable basis for our conclusions based on our objectives.

Results

The follow-up review disclosed that the PRC implemented policies addressing recommendations 1, 3 and 4 of our prior inspection report.

Recommendation 1: Enhance PRC's Purchasing Policy to require COR and COTR appointment notifications.

On July 17, 2013, the PRC strengthened the COR and the COTR designation process. They also enhanced the purchasing policy to require formal designation of COR and COTR. The CO may appoint a COR to oversee and manage a contract, ensure that contractors meet the commitment of their contracts, verify satisfactory delivery of invoiced goods and services, and coordinate with the budget official on prompt payment. The COR must also have technical knowledge of specific substantive PRC responsibilities, as appropriate for the contract.

The actions taken by the PRC are sufficient to close this recommendation.

Recommendation 3: Develop and implement comprehensive policies and procedures for the invoice certification and submission process.

Recommendation 4: Develop and implement comprehensive policies and procedures for proper invoice data elements

All expenditures and payment requisitions undergo a two-tier approval process prior to purchase. The PRC uses the USPS eBuy2 system, which was implemented in FY 2011, for accounting and payment services for PRC expenses. The PRC has an invoice certification process that ensures that all invoices are certified before submission to the USPS Accounting Service Centers for

payment. The Assistant Secretary, Secretary, or designee approve all requests, and the Chairman's approval is obtained when needed.

On July 17, 2013, the PRC strengthened the existing invoice certification process by enhancing the existing purchasing policies and procedures to include written invoice certification and submission processes and procedures.

The action taken by the PRC is sufficient to close these recommendations.