

# **POSTAL REGULATORY COMMISSION**

## **OFFICE OF INSPECTOR GENERAL**



### **SEMIANNUAL REPORT TO CONGRESS**

April 1, 2009 through September 30, 2009

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# **INTRODUCTION**

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## **THE POSTAL REGULATORY COMMISSION**

The Postal Regulatory Commission is an independent federal agency established (as the Postal Rate Commission) by the Postal Reorganization Act of 1970. From its establishment through the enactment of the Postal Accountability and Enhancement Act (PAEA) of 2006, the Commission primarily received United States Postal Service proposals for domestic mail rates and classifications, presided over litigation regarding those proposals, and recommended rates and classifications to the Board of Governors of the United States Postal Service. PAEA, which was enacted on December 20, 2006, re-designated the Commission, expanded its jurisdiction to include international mail and service standards, and charged the Commission with implementing a new system of postal rate regulation.

The Postal Regulatory Commission consists of five Commissioners who are appointed for six-year terms by the President, with the advice and consent of the Senate. No more than three of the Commissioners can be members of the same political party. The President designates one of the Commissioners to serve as Chairman, and the Commissioners, by majority vote, select one Commissioner to serve as Vice Chairman. In August 2009, President Barack Obama designated Commissioner Ruth Y. Goldway Chairman of the Postal Regulatory Commission, succeeding Dan G. Blair.

## **THE OFFICE OF INSPECTOR GENERAL**

The Commission established the Office of Inspector General (OIG) on June 15, 2007 and hired the first Inspector General on June 23, 2007. During the reporting period, OIG had two full-time employees—the Inspector General and an administrative assistant. OIG was assisted in the conduct of its audits and inspections during the reporting period by three auditors on detail from the United States Postal Service Office of Inspector General.

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# ACTIVITIES OF THE OFFICE OF INSPECTOR GENERAL

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## AUDITS AND EVALUATIONS

Under the Inspector General Act of 1978 as amended (IG Act), the Inspector General provides policy direction and conducts, supervises and coordinates audits relating to programs and operations of the Postal Regulatory Commission.

During the reporting period, OIG completed two final audit reports, which are summarized below:

### **FINAL AUDIT REPORT: PRC TRAVEL POLICY AND PRACTICES**

OIG initiated an audit of the PRC's travel policies and practices to determine if travel expenses were properly supported and complied with the Commission's policies and procedures. The audit identified opportunities to strengthen the policy, and included four recommendations to assist with the overall management of these expenditures. Management agreed with these recommendations and established target dates for their implementation.

### **FINAL AUDIT REPORT: EMPLOYEE TRANSPORTATION SUBSIDY PROGRAM**

Based on concerns raised by Chairman Dan G. Blair, OIG initiated an audit of the Commission's transportation subsidy program, which provides subsidies to PRC employees for parking spaces and for the use of public transportation. The objective of the audit was to determine if transportation subsidy expenses were properly supported and complied with PRC procedures and practices. OIG found that overall, the PRC's transportation subsidy expenses were properly supported. However, during the period reviewed, PRC rented more unassigned parking spaces than necessary, and in some instances provided metro transit benefits to employees without adequate supporting documentation on file. OIG reported the cost of the excess parking spaces as \$15,214 in funds put to better use, and the cost of the undocumented metro transit benefits as \$12,664 in unrecoverable unsupported questioned costs. The final audit report included eight recommendations. Management agreed with these recommendations and set target dates for the implementation of each.

### **ONGOING AUDITS AND EVALUATIONS**

At the close of the reporting period, the following reviews were ongoing: a benchmarking review of PRC's alternate work schedule (AWS) and telework policies; and an audit of compensation changes and performance awards.

## **INVESTIGATIVE ACTIVITIES**

Under the IG Act, OIG receives and investigates allegations of fraud, waste, abuse and misconduct within Commission programs and operations. OIG investigations can give rise to administrative, civil and criminal penalties.

In order to facilitate reporting of allegations, OIG maintains a hotline (see “Contacting the Office of Inspector General,” Page 8). During the reporting period, OIG received hotline contacts via postal mail, electronic mail and telephone. Many were complaints regarding the United States Postal Service, which OIG forwarded for action.

OIG did not refer any matters for prosecution during the reporting period.

## **OTHER ACTIVITIES**

### **REGULATORY REVIEW**

Under Section 4(a)(2) of the IG Act, OIG reviews drafts of proposed Commission rules and regulations. During the reporting period, OIG provided comments regarding draft Commission regulations and policies, including revised Freedom of Information Act rules and regulations establishing procedures for obtaining information from the Postal Service.

### **LIAISON ACTIVITIES**

The Inspector General is a member of the Council of Inspectors General on Integrity and Efficiency (CIGIE), which was established on October 14, 2008, pursuant to the Inspector General Reform Act of 2008. During the reporting period, the Inspector General attended monthly meetings of CIGIE, as well as its annual training conference. Also during the period, the IG was named to CIGIE’s Legislation and Information Technology committees.

# INSPECTOR GENERAL ACT REPORTS

Section 5(a) of the IG Act requires that the following information be included in semiannual reports.

REFERENCE	REPORTING REQUIREMENT	PAGE
Section 5(a)(1)	Significant problems, abuses or deficiencies identified	None
Section 5(a)(2)	Recommendations for corrective action	None
Section 5(a)(3)	Open recommendations from previous semiannual reports	None
Section 5(a)(4)	Matters referred to prosecutors, disposition	None
Section 5(a)(5)	Reports of information or assistance unreasonably withheld	None
Section 5(a)(6)	Listing by subject of audit reports issued	Page 3
Section 5(a)(7)	Summary of particularly significant reports	Page 3
Section 5(a)(8)	Statistical table—questioned costs	Table 1
Section 5(a)(9)	Statistical table—recommendations that funds be put to better use	Table II
Section 5(a)(10)	Audit reports from prior reporting periods for which no management decision had been made	None
Section 5(a)(11)	Significant revised management decisions	None
Section 5(a)(12)	Significant management decisions with which the IG is in disagreement	None
Section 5(a)(13)	Information under section 05(b) of the FFMIA	None

**Table 1**

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**AUDIT REPORTS WITH QUESTIONED COSTS**

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	<b>Number of Reports</b>	<b>Number of Recommendations</b>	<b>Questioned Costs</b>	<b>Unsupported Costs</b>
A. For which no management decision has been made by the commencement of the reporting period.	0	0	0	0
B. Which were issued during the reporting period.	1	1	\$12,664	\$12,664
<b>Subtotals (A+B)</b>	0	0	0	0
C. For which a management decision was made during the reporting period.	1	1	\$12,664	\$12,664
D. For which no management decision has been made by the end of the reporting period.	0	0	0	0
E. For which no management decision was made within six months of issuance.	0	0	0	0

**Table II**

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**AUDIT REPORTS WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE**

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	Number of Reports	Number of Recommendations	Dollar Value
A. For which no management decision has been made by the commencement of the reporting period.	0	0	0
B. Which were issued during the reporting period.	1	1	\$15,214
<b>Subtotals (A+B)</b>	0	0	0
C. For which a management decision was made during the reporting period.	1	1	\$15,214
D. For which no management decision has been made by the end of the reporting period.	0	0	0
E. For which no management decision was made within six months of issuance.	0	0	0



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## **CONTACTING THE OFFICE OF INSPECTOR GENERAL**

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In our mission to detect and prevent waste, fraud and abuse and to promote efficiency and economy at the Postal Regulatory Commission, the Office of Inspector General relies on information provided by PRC staff and the general public.

Contact OIG to report illegal or wasteful activities or to receive copies of OIG reports:

Telephone:  
**202-789-6817**

E-Mail:  
**prc-ig@prc.gov**

Internet:  
**<http://www.prc.gov/oig>**

Mail:  
**P.O. Box 50264  
Washington, DC 20091**

**IDENTITIES OF WRITERS AND CALLERS ARE PROTECTED TO THE FULL EXTENT  
OF THE LAW.**