

POSTAL REGULATORY COMMISSION
OFFICE OF INSPECTOR GENERAL



SEMIANNUAL REPORT TO CONGRESS

October 1, 2014 through March 31, 2015

TABLE OF CONTENTS

	PAGE
Introduction.....	2
Activities of the Office of Inspector General	3
Inspector General Act Reports	5
Contact Information.....	8

INTRODUCTION

THE POSTAL REGULATORY COMMISSION

The Postal Regulatory Commission (PRC) 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 PRC 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.

During the reporting period, the PRC issued its *2014 Annual Compliance Determination* assessing the pricing and service performance standards of the Postal Service in fiscal year 2014. The review is based on the exigency rates approved for Market Dominant products. Also during the reporting period, the PRC unveiled its new website designed to target intuitive user engagement and improve accessibility and transparency of Commission documents and activities.

On December 4, 2014, President Obama formally designated Commissioner Robert G. Taub as Acting Chairman of the PRC effective immediately. He succeeded Commissioner Ruth Y. Goldway who served as Chairman since August 2009. On December 11, 2014, Commissioners Tony Hammond and Nanci E. Langley were sworn in as Commissioners at the PRC by Acting Chairman Robert G. Taub. They return to the Commission after having first been appointed in 2002 and 2008, respectively. On January 1, 2015, the PRC elected Commissioner Tony Hammond as Vice Chairman of the PRC, succeeding Commissioner Mark Acton.

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 three full-time employees—the Inspector General, a

senior auditor and an administrative assistant.

ACTIVITIES OF THE OFFICE OF INSPECTOR GENERAL

AUDITS, INSPECTIONS 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.

OIG conducts these reviews in accordance with either Generally Accepted Government Audit Standards or with the Council of the Inspectors General on Integrity and Efficiency's Quality Standards for Inspections.

ONGOING AUDITS, INSPECTIONS AND EVALUATIONS

At the close of the reporting period, two inspections were ongoing: one regarding PRC's imprest fund and one regarding PRC's budget reporting process.

The objective of the imprest fund inspection is to assess whether the PRC imprest fund was properly accounted for and administered according to PRC policy. During the course of the review, the PRC closed its imprest fund. OIG will issue a final inspection report in May.

The objective of the budget reporting inspection is to determine whether budget reports were properly documented and whether expenses were properly classified. The scope of our review will include PRC expenses during October 1, 2014 through December 31, 2014.

INVESTIGATIVE ACTIVITIES

Under the IG Act, OIG receives and investigates allegations of fraud, waste, abuse and misconduct within the PRC's 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. OIG did not review any draft policies during the reporting period.

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 meetings of CIGIE as well as meetings of CIGIE's Legislation Committee.

PEER REVIEW

OIG received its first peer review of its audit operations, which was completed by the Federal Trade Commission Office of Inspector General on March 26, 2012. OIG received a rating of Pass. A copy of the PRC system review report is available on the OIG website.

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	Page 3
Section 5(a)(2)	Recommendations for corrective action	None
Section 5(a)(3)	Significant 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	None
Section 5(a)(7)	Summary of particularly significant reports	None
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
Section 5(a)(14)	Peer Review Activity	Page 4

Table 1

AUDIT REPORTS WITH QUESTIONED COSTS

	Number of Reports	Number of Recommendations	Questioned Costs	Unsupported Costs
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.	0	0	0	0
Subtotals (A+B)	0	0	0	0
C. For which a management decision was made during the reporting period.	0	0	0	0
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

AUDIT REPORTS WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE

	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.	0	0	0
Subtotals (A+B)	0	0	0
C. For which a management decision was made during the reporting period.	0	0	0
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

CONTACTING THE OFFICE OF INSPECTOR GENERAL

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.**