

POSTAL REGULATORY COMMISSION
OFFICE OF INSPECTOR GENERAL



SEMIANNUAL REPORT TO CONGRESS

October 1, 2018 through March 31, 2019

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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.

On June 6, 2018, President Trump nominated Michael M. Kubayanda as Commissioner of the PRC, and the Senate confirmed him on January 2, 2019. He will serve out the remainder of a six-year term that expires November 22, 2020.

On December 17, 2018, the PRC elected Commissioner Nanci E. Langley as Vice Chairman of the PRC, succeeding Commissioner Tony Hammond.

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 and inspections relating to programs and operations of the Postal Regulatory Commission.

OIG conducts these reviews in accordance with either Generally Accepted Government Auditing Standards or with the Council of the Inspectors General on Integrity and Efficiency's Quality Standards for Inspection and Evaluation, or other standards as deemed appropriate.

FINAL EVALUATION REPORT: FOLLOW-UP REVIEW OF USE OF PRC PURCHASE CARDS

OIG initiated a follow-up review of *Use of PRC Purchase Cards*. The objective of our evaluation was to determine if the Postal Regulatory Commission (PRC) implemented the following recommendations made in our 2012 audit:

Recommendation 1: Implement controls to ensure cardholders adhere to the single purchase dollar amount limit.

Recommendation 2: Implement comprehensive policies and procedures for purchase card use at the PRC. In the interim, adopt the Postal Service's Handbook AS-709.

Recommendation 3: Develop a comprehensive policy and procedure addressing the use and purchase of refreshments to include food, beverages and alcohol.

Our review determined that the PRC has effectively implemented recommendations 1, 2 and 3 from our prior audit report, and we are satisfied with their corrective actions. There were no recommendations in this report.

ONGOING AUDITS, INSPECTIONS AND EVALUATIONS

At the close of the reporting period, one inspection was ongoing: a review of the PRC's retention incentive program. OIG is conducting this review in accordance with the Council of the Inspectors General on Integrity and Efficiency's Quality Standards for Inspection and Evaluation.

This review includes payments made to PRC employees during Calendar Years 2014 through 2018.

TERMINATED AUDITS, INSPECTIONS AND EVALUATIONS

At the close of the reporting period, OIG terminated three inspections that had been suspended: (1) A review of the PRC's budget process (2) A review of the PRC's Student Loan Repayment Program (SLRP) (3) A review of the PRC's tuition reimbursement program. This was due to changes in processes in the programs and outdated data.

OIG will include the budget process, SLRP and tuition reimbursement programs in future audit planning.

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.

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. The Inspector General attends meetings of CIGIE and served on CIGIE's Legislation and Professional Development Committees.

PEER REVIEW

The Federal Election Commission Office of Inspector General concluded the most recent audit peer review of the PRC OIG on September 28, 2018. The report states that the PRC OIG established policies and procedures for the audit function in effect for the peer review period ending September 30, 2017 that were current and consistent with applicable professional standards.

OIG did not conduct any peer reviews during this reporting period.

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)	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)	Summary of unimplemented recommendations from prior reporting periods	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

REFERENCE	REPORTING REQUIREMENT	PAGE
Section 5(a) (14)(15)(16)	Peer Review Activity	Page 4
Section 5(a) (17)(18)	Statistical table—investigative reports, criminal referrals	Table III
Section 5(a)(19)	Summary of results of investigations involving certain government employees	None
Section 5(a)(20)	Summary of findings of whistleblower retaliation	None
Section 5(a)(21)	Attempts to interfere with OIG independence	None
Section 5(a)(22)	Closed OIG audits, inspections, evaluations and investigations that were not disclosed to the public	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

Table III

INVESTIGATION RESULTS

	Number of Reports
A. Total number of investigative reports issued during the reporting period.	0
B. Persons referred to DOJ for prosecution during the reporting period.	0
C. Persons referred to state and local prosecuting authorities during the reporting period.	0
D. Indictments and information resulting from OIG referrals during the reporting period.	0

Description of metrics used: Not applicable

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:
**Office of Inspector General
Postal Regulatory Commission
901 New York Avenue, NW, Suite 250E
Washington, DC 20001**

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