



Office of Inspector General | United States Postal Service

Audit Report

Management of Suppliers' Contractual Performance

Report Number 21-261-R22 | August 17, 2022



SHIPPING

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Contract

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Highlights

Background

The U.S. Postal Service has essential business relationships with its suppliers to perform many functions that closely support Postal Service operations. The Postal Service aims to build and maintain these relationships based on the potential impact suppliers' performance has on the Postal Service's operational and financial position. From fiscal years (FY) 2019 to 2021, the Postal Service's managed spend for goods and services was about \$17 billion on contracts distributed throughout ten Supply Management Category Management Centers and four Portfolios.

What We Did

Our objective was to determine if the Postal Service evaluates and manages risks associated with suppliers' performance to fulfill contractual requirements successfully. We reviewed a judgmental sample of 94 Postal Service suppliers with a managed spend of \$1 million and above per contract from FYs 2019 to 2021.

What We Found

Supply Management uses specific policies and procedures, contract clauses, metrics, market trends, and past performance to

evaluate and manage risks associated with supplier performance. However, we found areas where contracting professionals can improve application of their policies and procedures for managing contracts. Additionally, contracting officers did not always include required, accurate, or complete information in the contract files to support contract management decisions.

Recommendations

We recommended management revise their policies and procedures to require contracting professionals to document past performance reviews for all purchases, reinforce policies and procedures to contracting officers for conducting supplier performance reviews at contract end, and update lessons learned criteria as to when to formally document lessons learned. Additionally, we recommend management require contracting officers obtain either Digital Signature or original signature on all contracts and contract-related documents and reinforce to contracting officers the requirement to provide administrative oversight of contracting files to ensure they include all pertinent documentation and correct labeling of documents.

Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

August 17, 2022

MEMORANDUM FOR: MARK A. GUILFOIL,
VICE PRESIDENT, SUPPLY MANAGEMENT

A handwritten signature in black ink, reading "W Espinoza", is positioned below the "MEMORANDUM FOR" section.

FROM: Wilvia Espinoza
Deputy Assistant Inspector General
for Supply Management and Human Resources

SUBJECT: Audit Report – Management of Suppliers' Contractual
Performance (Report Number 21-261-R22)

This report presents the results of our audit of the Management of Suppliers' Contractual Performance.

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

Attachment

cc: Postmaster General
Corporate Audit Response Management

Results

Introduction/Objective

This report presents the results of our self-initiated audit of the Management of Suppliers' Contractual Performance (Project Number 21-261). Our objective was to determine if the U.S. Postal Service evaluates and manages risks associated with suppliers' performance to fulfill contractual requirements successfully. See [Appendix A](#) for additional information about this audit.

Background

The U.S. Postal Service has essential business relationships with its suppliers to perform many functions that closely support Postal Service operations. The Postal Service aims to build and maintain these relationships based on the potential impact suppliers' performance has on the Postal Service's operational and financial position.

From fiscal years (FY) 2019 to 2021, the Postal Service's managed spend¹ for goods and services was about \$17 billion on contracts distributed throughout ten Supply Management Category Management Centers (CMC) and four Portfolios (see Table 1).

Postal Service contracting professionals use the Postal Service's Supplying Principles and Practices² (SP&P) as required and as appropriate for contract management. Supply Management uses its SP&P as guidance to administer and maintain contracts with their suppliers to deliver timely, lean, and sustainable solutions, as well as obtaining best value in support of the Postal Service. According to the SP&P, purchase teams³ have broad flexibility in deciding what goods and services will be sought by the Postal Service and the most effective business practices to employ and are empowered to pursue strategies that enable the Postal Service to achieve best value.⁴

Table 1. Total Managed Spend

Portfolio	FY 2019		FY 2020		FY 2021	
	Suppliers	Spend	Suppliers	Spend	Suppliers	Spend
Mail & Operational Equipment	723	\$1,756,880,178	739	\$1,919,835,199	682	\$2,017,348,644
Technology Infrastructure	250	1,329,594,762	262	1,474,344,020	252	1,375,358,040
Commercial Products & Services	4,027	1,175,914,727	3,716	1,271,196,954	3,356	1,161,009,452
Facilities	878	985,217,079	709	1,231,382,893	569	1,137,785,353
Total	5,878	\$5,247,606,746	5,426	\$5,896,759,066	4,859	\$5,691,501,489
Grand Total	\$16,835,867,301					

Source: Manager, Stakeholder Outreach, Analysis and Research, Supply Chain Management Strategies, and U.S. Postal Service Office of Inspector General (OIG) analysis.

1 Contract dollars spent on contracted suppliers, excluding money orders and credit cards.

2 The SP&P are intended to provide internal advice and guidance to Postal Service professionals on approaches to performing Supply Chain Management functions and are for internal use only to assist the Postal Service in obtaining best value. They are not binding regulations of the Postal Service.

3 Includes CO, COR, internal business partner, and others involved in the purchase.

4 SP&P, Best Value.

The SP&P require the purchase team to develop a risk management plan for high-level and complex purchases to manage and evaluate supplier relationships throughout the contract's life. Additionally, for purchases of \$1 million or greater, purchase teams are required to develop a written purchase plan as part of the planning activities. This provides the overall strategy for accomplishing and managing a purchase and should specify whether a quality assurance plan (QAP) is required. A QAP is used to monitor quality, implement corrective actions, and address key project processes and deliverables.

Contracting officers (CO) play an essential role within Supply Management as part of the purchase team and must carry out the solicitation, award, management, and termination of contracts. COs are typically responsible for assessing risks, ensuring best value, and monitoring completion of contract performance. COs are ultimately responsible for the contract; however, they have authority to delegate contract management to a contracting officer's representative (COR), who assumes responsibility for the day-to-day operations of the supplier, ensures contract compliance, directs supplier performance within the scope of the Statement of Work, and confirms adherence to contractual metrics.

At the end of the contract life cycle, the contract is evaluated by the purchase team for effectiveness to determine whether the identified needs and expectations of the internal business partner were met. The Postal Service then uses contract performance information for future purchases to provide reasonable assurance that it is making the proper investments and obtaining the best value.

Findings Summary

Supply Management uses specific policies and procedures, contract clauses, metrics, market trends, and past performance to evaluate and manage risks associated with supplier performance. However, we found areas where contracting professionals can improve application of their policies and procedures for managing contracts across all portfolios. Additionally, COs did not always include required, accurate, or complete information in the contract files to support contract management decisions.

Finding #1: Monitoring Contract Performance

Supply Management contracting professionals did not always adhere to prescribed policies and procedures related to risk management, supplier performance, and lessons learned. During our review of 94 suppliers with 143 contracts,⁵ we found areas where Supply Management professionals can improve application of their policies and procedures for managing contracts (see [Table 2](#)).

Specifically:

- COs did not always document required reviews of supplier past performance from the System for Award Management⁶ (SAM.gov) and the USPS Decline to Accept or Consider Proposals list,⁷ as stated in federal law and the SP&P.⁸
- COs did not always perform a supplier evaluation at the end of the contract, as stated in the SP&P.⁹
- COs did not use or formally document lessons learned in the centralized intranet knowledge site, as stated in the SP&P.¹⁰

5 These contracts were awarded from FYs 2008 to 2021.

6 Code of Federal Regulations Title 39 § 601.113(d)(1) (2021).

7 Code of Federal Regulations Title 39 § 601.105 (b).

8 SP&P 2-26.4.1 Past Performance.

9 SP&P 5-14 Contract Close-Out.

10 SP&P 5-9 Shared Lessons Learned.

Table 2. Required Documentation Deficiencies by Portfolio¹¹

Portfolio	Number of Contracts	No SAM.gov Review for Past Performance	No USPS Decline to Accept or Consider Proposals Review	No Supplier Performance Evaluation at Contract End	No Lessons Learned on Internal Knowledge Site
Mail & Operational Equipment	32	2	3	5	13
Technology Infrastructure	33	9	2	5	5
Commercial Products & Services	15	2	1	2	2
Facilities	63	20	20	7	7
Total	143	33	26	19	27

Source: OIG analysis from contract review using the Contract Authoring Management System (CAMS) and the electronic Facilities Management System (eFMS).

SAM.gov and the USPS Decline to Accept or Consider Proposals

SAM.gov is an official government website suppliers use to conduct business with the U.S. government and federal agencies use to search exclusion records. Specifically, federal regulations require the Postal Service to review the SAM.gov exclusions database to determine if a supplier is suspended, debarred, or proposed for debarment before awarding a contract and to ensure that no award is made to a listed supplier.¹² Suppliers that do business with the Postal Service must register in this system.

Additionally, the Postal Service maintains a listing of interested suppliers on the USPS Decline to Accept or Consider Proposals list. After reviewing this list, the Postal Service may decline to accept or consider proposals when a person or organization exhibits unacceptable conduct or business practices that do not meet reasonable business expectations.

The SP&P require contracting professionals to review the SAM.gov database and the Decline to Accept or Consider Proposals list prior to awarding contracts. Although we determined that the Postal Service had no suppliers in our sample on the SAM.gov debarment list or the Decline to Accept or Consider Proposals list, we determined that 33 of the 143 (23 percent) contracts did not have documented evidence of the SAM.gov review and 26 of the 143 (18 percent) contracts did not have documented evidence of the USPS Decline to Accept or Consider Proposals review. In some instances, management stated that language referencing these reviews was included in the Award Recommendations as part of the standard template; however, many of these documents were not signed by contracting professionals. The Postal Service is at risk of not complying with federal law if contracting professionals are not performing these reviews. Furthermore, without evidence of such reviews, the Postal Service cannot provide reasonable assurance that it is awarding contracts to a person or organization that meets reasonable business expectations.

¹¹ After our review, Postal Service management provided additional documentation to support the audit findings.

¹² The federal government required federal agencies to review supplier exclusions since 2007. SAM.gov was created around 2012 and replaced the prior debarment and suspension database listing.

SAM.gov

is an official government website suppliers use to conduct business with the U.S. government

33 23%
of the
143

contracts did not have documented evidence of the SAM.gov review

26 18%
of the
143

contracts did not have documented evidence of the USPS Decline to Accept or Consider Proposals review

Federal regulations require the Postal Service to review the SAM.gov exclusions database to determine if a supplier is suspended, debarred, or proposed for debarment before awarding a contract

Supplier Performance Evaluations

The SP&P state that a contract is considered to be performed and fully completed once performance has been officially assessed and evaluated. The SP&P further state that contract effectiveness is evaluated at the end of the life cycle and is also used by the Postal Service for future purchases to provide reasonable assurance that only top performers are considered. We found that COs did not perform a supplier evaluation at the end of the contract for 19 of 27¹³ (70 percent) closed contracts. However, we found that some CMCs implemented their own best practices. For example, the Facilities Construction CMC required contracting professionals to perform supplier performance evaluations for all work orders prior to final payment. Additionally, the Automation & Material Handling Equipment CMC piloted a performance evaluation closeout document in 2021 and officially implemented it in 2022. The Postal Service deems supplier performance information as critical to ensure that informed decisions are made on future contract awards. Without conducting these evaluations, the Postal Service could make decisions based on incomplete or inaccurate information.

Lessons Learned

The SP&P state that contracting professionals must capture and share lessons learned from the contract, including analyzing data and discussing results with the supplier, as a way of transferring knowledge. The main forum for sharing lessons learned is a post-contract performance workshop facilitated by the CO. The SP&P further state that the results of the workshop should be posted on the Postal Service intranet knowledge site so that lessons learned can be permanently memorialized and shared. However, COs did not use or formally document lessons learned in the centralized intranet knowledge site for any of the 27 closed contracts we reviewed. Without such information, the Postal Service is at risk of awarding contracts to suppliers that may not provide the best value for future purchases.

These issues occurred because established policies and procedures are not practiced consistently by contracting professionals across the portfolios. Management does not view the SP&P as rigid rules that must be followed but instead as guidelines that allow contracting professionals considerable flexibility

¹³ This number represents the closed contracts within our sample of 143.

for contract negotiations and administrative responsibilities. For example, some COs stated that they were aware of policies regarding SAM.gov and USPS Decline to Accept or Consider Proposals but could not provide a valid explanation as to why the reviews were not documented. In some cases, COs did not feel a supplier performance evaluation at the end of a contract was necessary, while others performed this assessment as a practice or requirement of their Portfolio or CMC. Lastly, some COs stated that they were unaware that SP&P contained formal processes for lessons learned.

Not conducting and documenting these reviews and evaluations for every contract increases the Postal Service's risk of awarding a contract to a supplier with a history of inferior performance or unprofessional behavior, which may result in a lack of control over contract management. This also leads to ambiguity in the application of guidance across contracting professionals.

Recommendation #1

We recommend the **Vice President, Supply Management**, revise the Supplying Principles and Practices to require contracting professionals to confirm the supplier's eligibility for award by including specific written confirmation of award eligibility, or screenshot evidence of a webpage search from the System for Award Management and the USPS Decline to Accept or Consider Proposals list in the contract files for all purchases.

Recommendation #2:

We recommend the **Vice President, Supply Management**, reinforce the Supplying Principles and Practices for contracting officers to conduct supplier performance reviews at the end of the contract life.

Recommendation #3:

We recommend the **Vice President, Supply Management**, clarify and update specific lessons learned criteria in the Supplying Principles and Practices as to when to conduct and formally document lessons learned workshops that may be in the best interest of the Postal Service.

Finding #2: Contract Administration

COs did not always include required, accurate, or complete information in the contract files to support contract management decisions. Supply Management uses a mixture of electronic and manual-based practices within two centralized contracting systems — CAMS and eFMS — which allow document routing and approval for contract administration.

During our contract review, we observed additional issues concerning contract administration needing improvement in both systems. Specifically, in CAMS, contracting professionals:

- Did not always include a physical signature or use the internal routing and approval functions, specifically Digital Signature, enabling contracting professionals and suppliers to sign documents digitally. This resulted in missing authorized signatures for some contract actions. For example, one fully executed base contract was missing a supplier signature, two were missing signatures on a final, approved purchase plan, and one was missing a CO signature on a funding modification.
- Did not always include executed modifications and pertinent supporting documents, both monetary and nonmonetary, in the contract files. Such information is vital for addressing contract disputes and other legal claims. Additionally, without documented evidence, there is no way to determine the required reviews and approvals of certain dollar values for these modifications and whether the reviewer and approver are independent of each other. For example, we identified one contract missing six modifications and supporting documents and two were missing five modifications and supporting documents.
- Repeatedly labeled executed final documents as drafts for open and closed files, including purchase plans, request for proposals, statements of work, award recommendations, and contracts. This action makes it difficult to maintain document version controls. For example, one open contract had all 75 supporting documents labeled as draft instead of final, which included 41 pre-award documents; one closed contract had all 85 supporting

documents labeled as draft instead of final; and another closed contract had all 34 supporting documents labeled as draft instead of final.

We also identified issues regarding document storage in eFMS for two COs. When multiple contracts were issued against one solicitation, COs were placing contract documents into the file for the first contract awarded against the solicitation instead of separate files for the individual contracts. When this occurs, there should be a memo in the contract referencing the location of those supporting documents; however, we found this does not always occur.

Specifically:

- Eighteen of the contract files did not reference the location of the supporting documents; and
- Five contracts had supporting documentation stored in local shared drives, outside of eFMS.

According to the SP&P, procedures, evaluation techniques, proposal evaluation reports, negotiations, and the best value determination must be formally documented and maintained in the contract file.¹⁴ Additionally, COs must provide administrative oversight to ensure proper upkeep of the contract files and keep contract documentation up to date and relevant. File documentation should be sufficient for a third party to understand what was done and why it was done.¹⁵

These issues occurred for various reasons:

- Contracting professionals send emails through various levels of management for the approval of contract documents, instead of obtaining physical signatures. Additionally, the Digital Signature feature implemented in September 2020 is not required, and therefore, was inconsistently used by contracting professionals.
- Changes in contracting professionals and a lack of oversight regarding documentation in CAMS and eFMS resulted in missing contract modifications and their supporting documentation. Many COs indicated that missing

documentation was from previous COs or due to older contracts having been converted from paper to electronic files.

- In some cases, contracting professionals lack knowledge about CAMS system capabilities such as changing documents from draft to final once final approval is given.

During the audit, Supply Management personnel implemented corrective actions by uploading missing contract related documentation for 51 contracts in CAMS and eFMS, to include executed modifications, award recommendations, purchase plans, COR training and delegation letters, quality assurance documentation, and technical proposals. However, inadequate contract maintenance moving forward could limit the Postal Service's ability to assess necessary information for future contract decisions and may also lead to poor business decisions. In addition, the use of Digital Signature capabilities can increase efficiencies and sustainability and reduce costs. According to the Postal Service, implementing Digital Signature directly influences its sustainability concept by reducing 26 million scans.

Recommendation #4:

We recommend the **Vice President, Supply Management**, update its Supplying Principles and Practices to require contracting officers to obtain either Digital Signature or original signature on fully executed contract awards, purchase plans, award recommendations, and orders placed under ordering agreements, and require these documents to be filed in the Contract Authoring Management System.

Recommendation #5:

We recommend the **Vice President, Supply Management**, reinforce to contracting officers the requirement to provide administrative oversight of contracting files to ensure they include all pertinent documentation, such as contract modifications — including supporting documents with justifications and higher-level reviews and approvals — and correct labeling of documents in the Contract Authoring Management System.

¹⁴ SP&P 2-40.3 Contract File.

¹⁵ SP&P 3-6.1 Contract Maintenance.

Management's Comments

Management generally agreed with the findings and recommendations in the report.

Regarding finding 1, management was in partial agreement with the finding except for the lessons learned section. Management stated that the process of sharing lessons learned with a supplier at the completion of performance is not a prescribed policy as the OIG report suggested, but instead is a matter of discretion of the purchase/Supply Chain Management team. The SP&P, Section 5-9, Share Lessons Learned, provides suggested topics for discussion for when a lessons learned session is utilized.

Regarding recommendation 1, management stated they will revise the SP&P to require contracting professionals to confirm the supplier's eligibility for award by including specific, written confirmation of award eligibility, or screenshot evidence of a webpage search from the System for Award Management and the USPS Decline to Accept or Consider Proposals list in the contract files for all purchases. The target implementation date is July 31, 2023.

Regarding recommendation 2, management stated they will issue formal communication to contracting officers to reinforce the policy to conduct supplier performance reviews at the end of the contract life. The target implementation date is January 31, 2023.

Regarding recommendation 3, management agreed with this recommendation in part, stating that the SP&P, Section 5-9, Share Lessons Learned, already contains criteria for documentation when a post-contract performance workshop is held. However, they will issue formal communication to contracting officers to clarify specific criteria as to when to conduct and formally document lessons learned workshops that may be in the best interest of the Postal Service. The target implementation date is January 31, 2023.

Regarding recommendation 4, management agreed with this recommendation in part, stating they will update the SP&P to require contracting officers to obtain either Digital Signature or original signature on fully executed contract awards, modifications, and orders placed under ordering agreements, and require

these documents to be filed in the Contract Authoring Management System. However, requiring signatures on internal documents such as purchase plans and award recommendations when other evidence of approvals such as emails are available, would be an inefficient requirement for Supply Management processes. The target implementation date is July 31, 2023.

Regarding recommendation 5, management stated they will issue formal communication to contracting officers to reinforce the requirement to provide administrative oversight of contracting files to ensure they include all pertinent documentation, such as contract modifications — including supporting documents with justifications and higher-level reviews and approvals — and consistent naming of documents and/or file folders in the Contract Authoring Management System. The target implementation date is January 31, 2023.

See [Appendix B](#) for management's comments in their entirety.

Evaluation of Management's Comments

The OIG considers management's comments responsive to recommendations 1, 2, 3 and 5 in the report. Action plans to address these recommendations should resolve the issues identified in this report. However, the OIG does not agree the actions proposed by management will be sufficient to fully satisfy recommendation 4.

Regarding finding 1, the OIG does not dispute whether lessons learned can be conducted as a matter of discretion by the purchase/Supply Chain Management team. However, according to the SP&P, Section 5-9-1, contract performance information is used by the Postal Service to guarantee that the proper investments are being made for future purchases and that best value has been obtained. The OIG did not see evidence of lessons learned conducted for the 27 closed contracts reviewed.

Regarding recommendation 3, the OIG does not dispute that the SP&P, Section 5-9, Share Lessons Learned, already contains criteria for documenting when a post-contract performance workshop is held. As noted in the report, we found that contracting officers did not use or formally document lessons learned for 27 closed contracts. The proposed management action for this recommendation will

remediate the concerns in the audit report, and therefore, meet the intent of the recommendation.

Regarding recommendation 4, the OIG does not agree it will be inefficient to require formal signatures on documents such as purchase plans and award recommendations. These documents are an essential part of the purchasing process and should be validated with a formal signature, instead of an email approval. Additionally, according to the SP&P, Sections 2-1.3.1-2, a component of a purchase plan includes the signature of preparer, reviewer, and approver. Although, requiring signatures on fully executed documents such as contract awards, modifications, and orders placed under ordering agreements is sufficient to satisfy part of the recommendation, the OIG contends that a signature should be required for purchase plans and award recommendations.

All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. Recommendations should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendations can be closed.

Appendices

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Appendix A: Additional Information

Scope and Methodology

We reviewed a judgmental sample of 143 contracts with a managed spend of greater than \$1 million and contract actions from FYs 2019 to 2021. These contracts were awarded from FYs 2008 to 2021.

To accomplish our objective, we:

- Analyzed the contract files in CAMS and eFMS for the sample of suppliers to determine if Supply Management managed risk and evaluated supplier performance.
- Interviewed portfolio senior directors, COs, and CORs to understand the monitoring processes for supplier contractual performance in each CMC.
- Analyzed data from the OIG's Office of Investigations to determine if any suppliers in our sample have been investigated by the OIG.
- Analyzed the Contract Terminated for Default - Cause Report from Sam.gov for all federal agencies from FY 2019 through 2021 and compared the number of debarments per agency to Postal Service's Decline to Accept or Consider Proposals list.
- Compared the Federal Acquisition Regulations debarment and suspension policies against the Postal Service's SP&P.

- Analyzed the contract management and monitoring process for suppliers in our sample.
- Analyzed the Strategic Initiatives in Supply Management's 3-Year Strategic Plan (2019-2021) applicable to our audit and verified the status of each initiative.

We conducted this performance audit from December 2021 through August 2022 under generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. The evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

We assessed the reliability of CAMS and eFMS data by contacting COs and CORs for invoice matching documentation to determine payment reliability. We determined that the data were sufficiently reliable for the purposes of this report.

Prior Audit Coverage

The OIG identified no prior audits or reviews related to the objective of this audit within the last five years.

Appendix B: Management's Comments



August 10, 2022

JOHN CIHOTA
DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response to Draft Audit Report – Management of Suppliers' Contractual Performance (Project Number 21-261-DRAFT)

Thank you for the opportunity to provide comments to the Office of Inspector General's (OIG's) draft audit report entitled, "Management of Suppliers' Contractual Performance (Project Number 21-261-DRAFT)." Management has reviewed and agrees with the findings and recommendations of the report, except as noted below. Management is appreciative of the OIG's consideration and implementation of requested changes to the report and exceptions raised during discussions and meetings with the OIG on this project.

Findings

Finding #1: Monitoring Contract Performance

The OIG found that contracting professionals did not always adhere to prescribed policies and procedures related to lessons learned. According to the draft report, contracting officers did not use or formally document lessons learned with suppliers. Management disagrees with this finding on the basis that the OIG report states that this process is a prescribed policy. As we noted during the exit meetings, the process of sharing lessons learned with a supplier at the completion of performance is a matter of discretion of the purchase/Supply Chain Management (SCM) team. The Supplying Principles and Practices (SPs and Ps) Section 5-9, *Share Lessons Learned*, provides suggested topics for discussion for when a lessons learned session is utilized.

Finding #2: Contract Administration

The OIG reviewed a judgmental sample of 143 contracts with a managed spend of greater than \$1 million and had contract actions between FY's 2019 to 2021. While contracting actions such as a modification or the issuance of a delivery order did occur during this period qualifying it for inclusion in the sample, the contracts that were identified and reviewed included awards which were as much as 13 years old, awarded between FY's 2008 to 2021. As the draft audit report indicates, some of the missing documentation such as contract modifications and their supporting documentation may be due to older contracts having been converted from paper to electronic files (see report page 7). Pre-award actions of award eligibility (Sam.gov/USPS Decline to Accept or Consider Proposals Review) are actions performed and documented at the time of award. As the audit sample included contracts that predated SM's conversion from paper to electronic files, management notes that a more current sample of base contract files may have resulted in significantly different results, and the OIG's findings would have been more informative and reflective of current file compliance/electronic file practices.

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Recommendations

Recommendation #1: We recommend the Vice President, Supply Management, revise the Supplying Principles and Practices to require contracting professionals to confirm the supplier's eligibility for award by including specific written confirmation of award eligibility, or screenshot evidence of a webpage search from the System for Award Management and the USPS Decline to Accept or Consider Proposals list in the contract files for all purchases.

Management Response #1: Management agrees with this recommendation. The SPs and Ps will be revised to require contracting professionals to confirm the supplier's eligibility for award by including specific written confirmation of award eligibility, or screenshot evidence of a webpage search from the System for Award Management and the USPS Decline to Accept or Consider Proposals list in the contract files for all purchases.

Target Implementation Date #1: July 2023

Responsible Official #1: Director, Supply Management Infrastructure, Supply Management

Recommendation #2: We recommend the Vice President, Supply Management, reinforce the Supplying Principles and Practices for contracting officers to conduct supplier performance reviews at the end of the contract life.

Management Response #2: Management agrees with this recommendation. A formal communication will be issued to reinforce to contracting officers the policy to conduct supplier performance reviews at the end of the contract life.

Target Implementation Date #2: January 2023

Responsible Official #2: Director, Supply Management Infrastructure, Supply Management

Recommendation #3: We recommend the Vice President, Supply Management, clarify and update specific lessons learned criteria in the Supplying Principles and Practices as to when to conduct and formally document lesson learned workshops that may be in the best interest of the Postal Service.

Management Response #3: Management agrees with this recommendation in part. Management will issue a formal communication to contracting officers to clarify specific lessons learned criteria as to when to conduct and formally document lesson learned workshops that may be in the best interest of the Postal Service. However, as discussed during the exit meeting with the OIG, the SPs and Ps at Section 5-9, Share Lessons Learned, does already contain criteria for documentation when a post-contract performance workshop is held, as determined by the Purchase/SCM Team.

Target Implementation Date #3: January 2023

Responsible Official #3: Director, Supply Management Infrastructure, Supply Management

Recommendation #4: We recommend the Vice President, Supply Management, update its Supplying Principles and Practices to require contracting officers to obtain either Digital Signature or original signature on fully executed contract awards, purchase plans, award recommendations, and orders placed under ordering agreements, and require these documents to be filed in the Contract Authoring Management System.

Management Response #4: Management agrees with this recommendation in part. Management will update the SPs and Ps to require contracting officers to obtain either Digital Signature or original signature on fully executed contract awards, modifications, and orders placed under ordering agreements, and require these documents to be filed in the Contract Authoring Management System. However, requiring signatures on internal documents such as purchase plans and award recommendations, when other evidence of approvals such as e-mails are available, would be an inefficient requirement for SM processes.

Target Implementation Date #4: July 2023

Responsible Official #4: Director, Supply Management Infrastructure, Supply Management

Recommendation #5: We recommend the Vice President, Supply Management, reinforce to contracting officers the requirement to provide administrative oversight of contracting files to ensure they include all pertinent documentation, such as contract modifications — including supporting documents with justifications and higher-level reviews and approvals — and correct labeling of documents in the Contract Authoring Management System.

Management Response #5: Management agrees with this recommendation. A formal communication will be issued to reinforce to contracting officers the requirement to provide administrative oversight of contracting files to ensure they include all pertinent documentation, such as contract modifications — including supporting documents with justifications and higher-level reviews and approvals — and consistent naming of documents and/or file folders in the Contract Authoring Management System.

Target Implementation Date #5: January 2023

Responsible Official #5: Director, Supply Management Infrastructure, Supply Management

E-SIGNED by MARK GUILFOIL
on 2022-08-10 12:49:14 CDT

Mark A. Guilfoil
Vice President, Supply Management

cc: Manager, Corporate Audit Response Management

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