

# Postal Regulatory Commission Purchase Card Expenses

## AUDIT REPORT

Report Number 25-134-R26 | February 26, 2026



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# Highlights

## Background

The Postal Regulatory Commission (PRC) participates in the General Services Administration SmartPay® program. The program provides purchase cards to federal agencies through contracts negotiated with bank providers. PRC purchase card holders will use the government purchase card as its preferred acquisition method for official government business purchases \$10,000 and under, to expedite purchasing, streamline payment, and reduce administrative costs.

In 2022, prior to relinquishing its oversight responsibility to the U.S. Postal Service Office of Inspector General (OIG), the PRC OIG conducted the *PRC Purchase Card Expenses* audit, which found among other things, that the PRC purchase card policy needed strengthening. This audit follows up on those findings.

## What We Did

Our objective was to evaluate the PRC purchase card expenses and assess the effectiveness of internal controls and procedures. For this audit, we analyzed 252 of the 588 purchases (or about 43 percent) made from October 1, 2023, through July 31, 2025.

## What We Found

The PRC made significant strides to improve controls over their purchase card program since the *PRC Purchase Card Expenses* audit, including standing up the Office of Budget and Finance, updating purchase card policies, and initiating a system to electronically track all purchases. However, we found opportunities for the PRC to further strengthen controls over purchase card transactions. Specifically, we identified inconsistencies and missing documentation across several transactions and noted other opportunities for the PRC to replace recurring monthly payments with contracts. Lastly, we found that the PRC did not consistently use preferred vendors as required. These conditions may result in missed opportunities for cost savings, reduce individual accountability, and increase the risk of misuse of purchase cards.

## Recommendations and Management's Comments

We made three recommendations to address the issues identified in the report. The Postal Regulatory Commission agreed with all three recommendations. Management's comments and our evaluation are at the end of each finding and recommendation. The OIG considers management's comments responsive to all recommendations. Corrective actions should resolve the issues identified in the report. See [Appendix B](#) for management's comments in their entirety.

# Transmittal Letter



OFFICE OF INSPECTOR GENERAL  
UNITED STATES POSTAL SERVICE

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February 26, 2026

**MEMORANDUM FOR:** KELLIE KING  
DIRECTOR, OFFICE OF BUDGET AND FINANCE

*Mary H. Lloyd*

**FROM:** Mary Lloyd  
Deputy Assistant Inspector General  
for Operations, Performance & Services

**SUBJECT:** Audit Report – Postal Regulatory Commission Purchase Card Expenses  
(Report Number 25-134-R26)

This report presents the results of our audit of the Postal Regulatory Commission Purchase Card Expenses.

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

We appreciate the cooperation and courtesy provided by your staff. If you have any questions or need additional information, please contact Brandi Adder, Director, Strategic Initiatives & Performance, or me at 703-248-2100.

Attachment

cc: Jennifer Warburton, Director, Public Affairs & Government Relations

# Results

## Introduction/Objective

This report presents the results of our self-initiated audit of the Postal Regulatory Commission (PRC) Purchase Card Expenses (Project Number 25-134). Our objective was to evaluate the PRC purchase card expenses and assess the effectiveness of internal controls and procedures. See [Appendix A](#) for additional information about this audit.

## Background

Established by the Postal Reorganization Act of 1970, the PRC is an independent agency of the executive branch that has regulatory oversight over the U.S. Postal Service, including ensuring the Postal Service complies with the legal requirements for rates and service performance. From 2007 through October 2, 2022, the PRC Office of Inspector General (OIG) provided oversight of the PRC aimed at promoting efficiency and detecting fraud, waste, and abuse. On October 3, 2022, that oversight responsibility was transferred to the U.S. Postal Service OIG, as part of the Postal Reform Act of 2022.

Prior to that transfer, the PRC OIG conducted the *PRC Purchase Card Expenses* audit (Inspection Report 20-02-A01, dated June 30, 2022), which found that the PRC purchase card policy needed to be updated to ensure controls were fully established for PRC purchases. Based on the findings, there were 14 recommendations aimed at strengthening the PRC purchase card program. This audit follows up on those findings.

The PRC participates in the General Services Administration (GSA) SmartPay® program. The program provides purchase cards to federal agencies through contracts negotiated with bank providers. Purchase card holders may only use their card for official government business and must

refuse to make any purchases that are prohibited, such as individual travel-related expenses, food and beverages, or gift cards. All purchase card holders are required to secure the purchase card, maintain accurate purchase card records, reconcile bank statements, and complete purchase card training every two years. Additionally, all transactions must be reviewed and approved for reasonableness and necessity by the Credit Card Authorizing Officials.

According to the PRC's Purchase Card Management Policy, dated May 20, 2025, the PRC will use the government purchase card as its preferred acquisition method for purchases \$10,000 and under, to expedite purchasing, streamline payment, and to reduce the administrative costs of a traditional paper-based ordering and payment process.

From fiscal year (FY) 2024 through July 31, 2025, the PRC had four purchase card holders. In FY 2024, the purchase card holders made 336 purchases, valued at about \$277,000. Additionally, in FY 2025, through July 31, 2025, PRC made 252 purchases, valued at about \$219,000 (see [Table 1](#)).

“From FY 2024 through July 31, 2025, the PRC had four purchase card holders. In FY 2024, the purchase card holders made 336 purchases, valued at about \$277,000. Additionally, in FY 2025, through July 31, 2025, PRC made 252 purchases, valued at about \$219,000.”

**Table 1. FY 2024 vs. FY 2025 (Through July 31, 2025) PRC Purchase Card Transactions**

Transaction Type <sup>1</sup>	FY24 Purchases	FY24 Purchase Amount	FY25 Purchases (through July 31, 2025)	FY25 Purchase Amount (through July 31, 2025)
Building Repairs and Alterations	3	\$4,478.87	2	\$1,337.00
Carfare <sup>2</sup> and Tolls	0	\$0.00	1	\$805.00
Communications	19	\$13,124.86	10	\$1,297.90
Consulting Services - Excluding Advertising	14	\$10,453.12	17	\$9,427.33
Equipment Rent and Repair	18	\$12,223.35	8	\$1,902.72
Information Technology	6	\$16,697.26	4	\$17,305.12
Miscellaneous Expense	8	\$1,840.99	1	\$566.50
Judgements and Indemnities - OSHA Civil Penalties <sup>3</sup>	23	\$31,472.43	18	\$36,056.22
Printing	3	\$1,651.13	3	\$1,555.80
Services	65	\$47,499.97	66	\$27,082.82
Supplies	147	\$80,173.04	96	\$85,963.57
Training	30	\$57,267.94	26	\$35,990.07
<b>TOTAL</b>	<b>336</b>	<b>\$276,882.96</b>	<b>252</b>	<b>\$219,289.95</b>

Source: Enterprise Data Warehouse (EDW).

From the universe of 588 transactions during the scope period, we statistically sampled 152 transactions (or about 25.9 percent) and completed a thorough analysis of all supporting documentation to ensure compliance with purchase card policies. We also judgmentally selected an additional 35 transactions that were not included in the statistical sample to analyze, based on high dollar amount and/or vendor used. In total, we analyzed 187 purchase card transactions valued at \$235,073 for compliance with established PRC policies and procedures. Finally, based on our initial analysis, we identified a reoccurring pattern of the use of non-preferred vendors to make purchases. Therefore, we filtered the universe of 588 transactions by vendor and judgmentally selected an additional 65 transactions to conduct further analysis.

### Findings Summary

The PRC implemented significant changes, such as publishing new purchase card policy, to increase controls over their purchase card program since the *PRC Purchase Card Expenses* audit, dated June 30, 2022. While notable improvements were made, there are still opportunities to strengthen controls over purchase card transactions. Specifically, we identified inconsistencies and missing documentation across several transactions, highlighting the need for stronger internal controls and stricter adherence to recordkeeping policies. In addition, we found opportunities for the PRC to replace recurring monthly payments with contracts, and that the PRC did not consistently use the preferred vendors as required.

1 In EDW, the Postal Service automatically designates transaction types to PRC purchase card transactions based on the vendor used. Because of this, transaction types may be miscategorized and not accurately reflect the PRC purchases made. PRC does not have control over this process. For the transactions we reviewed, we ensured the purchase was for official government business and was not prohibited, regardless of the transaction type assigned.  
 2 The fare for travel on a bus, subway, or similar mode of public transportation.  
 3 Allocation of funds to cover legally mandated payments resulting from court decisions related to safety violations. PRC purchase card transactions, such as attorney fees, were miscategorized under this transaction type.

# Finding #1: Non-Compliance with Certain Controls Over Purchase Card Transactions

We found that the PRC made significant improvements to its purchase card program between June 2022 and July 2025. Those improvements include creating the Office of Budget and Finance, updating purchase card policies, using designation letters, selecting a backup Credit Card Authorizing Official, properly segregating duties, clarifying guidance on spilt transactions, and the ongoing implementation of the Automated Transaction

Manager system to electronically track all purchases. We reviewed many of these improvements and controls during our audit and agree that they serve as effective enhancements to the PRC’s purchase card program.

However, we identified instances where PRC did not consistently follow certain internal controls when making purchase card transactions. According to Postal Service<sup>4</sup> and PRC policy<sup>5</sup> and procedures,<sup>6</sup> when approving and reconciling any purchase card transactions, specific actions or documents<sup>7</sup> are required to be complete, accurate, and included in the request.<sup>8</sup> Specifically, we reviewed 187 purchase card transactions totaling \$235,073 for compliance with these established policies and procedures. Of these, only 12 transactions (or about 6 percent) totaling \$9,621 (or about 4 percent) contained a non-compliance issue (see Table 2).

“We found that the PRC made significant improvements to its purchase card program between June 2022 and July 2025.”

**Table 2. Non-Compliance Issues Identified**

Identified Non-Compliance	October 2023 – April 2025*	May – July 2025*
Missing required signature	2	0
Over/Under authorized spending limit on requisition form <sup>9</sup> without approved discrepancy <sup>10</sup> form	4	0
Missing or inadequate justification	2	0
Missing certification of receipt	2	0
Lacking required price quote <sup>11</sup>	1	1
<b>Total Instances of Non-Compliance</b>	<b>11</b>	<b>1</b>

Source: Analysis of EDW data and OIG analysis of documentation provided by PRC.

\*Note: PRC updated their purchase card policy on May 20, 2025. Therefore, to identify non-compliance, we conducted our analysis based on the policies that were in place during our scope period.

4 Postal Service Handbook-709, *Purchase Card Local Buying Policies and Procedures*, Section 3-2.1, dated February 2021.

5 PRC Purchase Card Management Policy, FIN-001, dated May 20, 2025.

6 The Commission Purchase Card Program presentation, dated September 9, 2025, provided by the Office of Budget and Finance, and Standard Operating Procedures for Paying Invoices and Purchasing Goods and Services with a Purchase Card, dated January 15, 2025.

7 Required documents include the certification of receipt, price quote, justification, final verification, and approvals by department head and Credit Card Authorizing Official.

8 The PRC Purchase Card Management Policy supplements Postal Service’s procedures on the appropriate use of purchase cards. If there is any conflict between the PRC policy and the Postal Service’s policy, the Postal Service’s policy supersedes.

9 The PRC requisition form contains a note that allows for a price change, typically within 10 percent of the total estimated cost. These transactions fell outside of the 10 percent limit, either above or below.

10 Per PRC guidance, a discrepancy occurs when there is a difference between the request and the purchase card transaction that was approved. The guidance does not specify whether the difference must be above or below for the discrepancy form to be completed.

11 A price quote became a requirement for transactions effective January 15, 2025 – the date of the Standard Operating Procedures for Paying Invoices and Purchasing Goods and Services with a Purchase Card. Both non-compliant transactions occurred after the procedures took effect.

These non-compliance issues primarily stem from inconsistent management oversight and failure to ensure that purchase card documents were complete and accurate as required by established policies and procedures. To remedy this, in April 2025, PRC management started to implement the Automated Transaction Manager system to electronically track all purchases. This system, once fully implemented, will help ensure that all purchases comply with policy requirements, and will provide management with an electronic audit trail to conduct oversight. However, as of September 2025, PRC management stated they were still in the process of incorporating checks and balances into the Automated Transaction Manager to strengthen internal controls for the purchase card program.

“Incomplete documentation makes it difficult to accurately reconcile purchase card transactions and may limit the PRC’s ability to demonstrate appropriate use of funds.”

Incomplete documentation makes it difficult to accurately reconcile purchase card transactions and may limit the PRC’s ability to demonstrate appropriate use of funds. This lack of documentation also reduces individual accountability and increases the risk of overspending or misuse of purchase cards. The identified exceptions underscore the need for continual improvements in monitoring and strengthening internal controls over purchase card activities.

### Recommendation #1

We recommend the **Director, Office of Budget and Finance**, finalize implementation of controls within the new Automated Transaction Manager system to require all forms and supporting documentation associated with purchase card transactions be properly completed, verified, and retained in accordance with policy.

### Postal Regulatory Commission Response

The PRC partially agreed with the finding and agreed with recommendation 1.

Regarding the finding, PRC management noted that several of the issues identified occurred during a transitional period when new policies and standard operating procedures were still under development.

Regarding recommendation 1, PRC management stated that the Automated Transaction Manager system is currently in development, and does not include functionality specific to purchase card documentation. Nevertheless, PRC management stated a review of all policies, procedures, and forms related to purchase card documentation will be conducted to ensure appropriate internal controls are in place and that all purchase card expenses are properly documented. The target implementation date is June 30, 2026.

### OIG Evaluation

The OIG considers management’s comments responsive to recommendation 1, as the corrective actions should address the issues identified in the report.

Regarding the finding, the OIG acknowledges that the PRC went through a transitional period during the audit, when new policies and procedures were being developed. However, to identify non-compliance, we conducted our analysis based on the policies that were in place during our scope period.

## Finding #2: Use of Recurring Monthly Payments Versus Contracts

The PRC has recurring monthly payments that could potentially be replaced with contracts, creating expense predictability with locked in rates, and reducing administrative costs. Per Postal Service Handbook AS-709,<sup>12</sup> when making recurring purchases from one or more merchants, management should assess whether establishing a contract would be more beneficial. Specifically, we identified four vendors with 15 recurring monthly purchase card transactions totaling \$24,936. Each transaction required manual documentation, individual approvals, and separate payment processing. These recurring purchases were processed independently rather than being consolidated under a formal contract.

“The PRC has recurring monthly payments that could potentially be replaced with contracts, creating expense predictability with locked in rates, and reducing administrative costs.”

PRC management viewed the purchases as routine operational expenses rather than opportunities for consolidation. In the case of some purchase card transactions, management stated that the PRC and vendors had long standing agreements, and it was how management had always handled those payments. However, this resulted in PRC staff having to complete identical administrative tasks and responsibilities monthly, which in a limited budget office is consumptive of valuable time and resources.

In December 2024, the PRC hired a new contracting officer. With this additional resource, there is an opportunity to review and analyze contract options as an alternative to recurring monthly purchase card transactions. Assessing and streamlining these transactions by transitioning to formal contracts could yield overall cost savings and improve operational efficiency through reduced administrative time and contract discounts.

### Recommendation #2

We recommend the **Director, Office of Budget and Finance**, identify and review recurring payments and assess whether establishing a contract would better serve the Postal Regulatory Commission.

### Postal Regulatory Commission Response

The PRC agreed with the finding and recommendation 2.

Regarding the finding, the PRC recognized that certain recurring expenses could be established as contracts, but upon review, it determined that the purchase card remains the most beneficial method, but determination should be better documented.

Regarding recommendation 2, PRC management agreed to add a memorandum to purchase card files to document the decision. The target implementation date is December 31, 2026.

### OIG Evaluation

The OIG considers management’s comments responsive to recommendation 2, as the corrective actions should resolve the issues identified in the report.

<sup>12</sup> Postal Service Handbook AS-709, *Purchase Card Local Buying Policies and Procedures*, Section 1-9, dated February 2021.

## Finding #3: Non-Compliance with Preferred Purchase Sources

The PRC did not consistently use preferred vendors as required. Both the PRC Purchase Card Management Policy and Postal Service Handbook AS-709 require the use of a preferred vendor when making purchases to ensure best pricing and that the cost does not include taxes. According to PRC policy, the following sources are designated as preferred for supply purchases:

- AbilityOne
- GSA Advantage
- GSA eBUY

Card holders are required to use these vendors for applicable supplies. Use of commercial or open-market vendors is only permitted when the preferred vendors cannot meet the requirement. The policies do provide for the use of an alternate vendor but require the purchaser to provide justification for exceptions.

However, we found many cases where justification was not provided. Specifically, from the universe of 588 transactions during the scope period, there were 90<sup>13</sup> transactions (about 15.3 percent) where a non-preferred vendor was used instead of a preferred vendor. Of these transactions, only three included a justification for the use of an alternate vendor.

“From the universe of 588 transactions during the scope period, there were 90 transactions where a non-preferred vendor was used instead of a preferred vendor.”

During discussions with PRC management, they acknowledged the PRC policy states that the Credit Card Authorizing Official must evaluate (on a case-by-case basis) purchases made using non-preferred vendors. However, they stated that this evaluation is often done informally. PRC management added

that verbal approval is also commonly used, with no documentation maintained.

Failure to follow established procurement protocols may result in missed opportunities for cost savings, reduced supply chain efficiency, and potential for questioned costs. Because most purchases did not include a justification or cost comparison we cannot say if these purchases were made with the intent of saving funds.

### Recommendation #3

We recommend the **Director, Office of Budget and Finance**, include controls within the Automated Transaction Manager system that requires the purchaser to submit justification if a non-preferred vendor is used, and requires the Credit Card Authorizing Official to conduct a formal evaluation of purchases when this occurs.

### Postal Regulatory Commission Response

The PRC agreed with the finding and recommendation 3.

Regarding the finding, PRC management stated that it will formalize its May 2025 policy of requiring purchase card holders to research preferred sources before making purchases into its standard operating procedures. It also stated that the Credit Card Authorizing Official approval could be better documented.

Regarding recommendation 3, PRC management will codify its current practice and incorporate this requirement into the PRC's standard operating procedures, and if possible, integrate documentation of this approval into the Automated Transaction Manager system. The target implementation date is September 30, 2026.

### OIG Evaluation

The OIG considers management's comments responsive to recommendation 3 as the corrective actions should resolve the issues identified in the report.

<sup>13</sup> From the statistical sample universe, 25 of the 187 transactions reviewed included purchases made using a non-preferred vendor. To determine if this was a systemic issue, we filtered the entire universe of 588 transactions by vendor and judgmentally selected an additional 65 transactions to conduct further analysis, for a total of 90 transactions reviewed.

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# Appendix A: Additional Information

Our objective was to evaluate the PRC purchase card expenses and assess the effectiveness of internal controls and procedures. To achieve our objective, we reviewed policies, procedures, and guidelines applicable to the purchase card program such as Postal Service Handbook AS-709, and the PRC Purchase Card Management Policy. Additionally, we:

- Interviewed Credit Card Authorizing Officials, purchase card holders, and other PRC staff responsible for purchase card purchases, approvals, or authorization of funds.
- Evaluated internal controls in place to prevent the misuse of purchase cards.
- Conducted a follow-up to review and determine the status of prior audit recommendations related to PRC purchase cards.
- Conducted one statistical sample and two judgmental samples on purchase card purchases that occurred from October 1, 2023, through July 31, 2025. In total, the team reviewed 252 of 588 transactions.
  - The statistical sample consisted of 152 transactions. These transactions, and all supporting documentation were reviewed to ensure compliance with purchase card policies.
  - The first judgmental sample consisted of an additional 35 transactions that were not included in the statistical sample to analyze, based on high dollar amount and/or vendor used.
  - The second judgmental sample consisted of 65 transactions. These transactions were selected based on identification of non-preferred vendor sources.

We conducted this performance audit from August 2025 through February 2026, in accordance with 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. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We discussed our observations and conclusions with management on January 29, 2026, and included its comments where appropriate.

In planning and conducting the audit, we obtained an understanding of the internal control structure regarding how purchase requests are submitted and approved to help determine the nature, timing, and extent of our audit procedures. We reviewed the management controls for overseeing the programs and mitigating associated risks. Additionally, we assessed the internal control components and underlying principles, and we determined that the following five components were significant to our audit objective:

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring

We developed audit work to ensure that we assessed these controls. Based on the work performed, we identified internal control deficiencies within the overarching components of control activities, control environment, information and communication, and monitoring — related to making purchase card transactions and the use of preferred vendors — that were significant within the context of our objectives. Our recommendations, if implemented, should correct the weaknesses we identified.

## Prior Audit Coverage

The table includes OIG and PRC OIG audits that have been completed and are relevant to this audit's overall objective.

Report Title	Objective	Report Number	Final Report Date	Monetary Impact
<i>Postal Regulatory Commission - Compensation and Benefits</i>	To determine whether the PRC followed all applicable laws, regulations, and policies around employee compensation and benefits.	25-033-R25	June 25, 2025	\$38,370
<i>Postal Regulatory Commission Acquisition Planning and Contracting Practices</i>	To evaluate acquisition planning and internal controls over the contracting practices for the procurement of goods and services under contracts issued by the PRC.	23-096-R23	September 22, 2023	N/A
<i>Postal Regulatory Commission Travel Expenses</i>	To evaluate the internal controls over travel expenses within the PRC to determine if they were properly supported and in compliance with travel practices, policies, and procedures.	23-027-R23	July 27, 2023	N/A
<i>Postal Regulatory Commission Purchase Card Expenses</i>	To determine whether PRC purchase card expenses were properly supported, reasonable, and made for business purposes.	Inspection Report 20-02-A01	June 30, 2022	N/A

# Appendix B: Management's Comments



POSTAL REGULATORY COMMISSION  
Washington, DC 20268-0001  
Office of Budget and Finance

February 19, 2026

TO: Laura Lozan  
Director, Audit Services

FROM: Kellie J. King  
Director, Office of Budget and Finance  
Postal Regulatory Commission

RE: Management Response to Postal Regulatory Commission Purchase Card Expenses (Project Number 25-134)

The Postal Regulatory Commission (Commission) has reviewed the findings and recommendations in the audit report and appreciates the Inspector General's efforts to evaluate the effectiveness of the Commission's internal controls and procedures related to purchase card expenses. The Commission remains committed to strengthening its processes and enhancing internal controls, improvements that the Inspector General acknowledged in the report. Since 2022, improvements made by the Commission, that were noted by the Inspector General, include the establishment of the Office of Budget and Finance, the issuance of a new Purchase Card Policy in May 2025, and the development of an Automated Transaction Manager to support administrative functions.

The Commission generally agrees with the recommendations provided by the Inspector General and plans to resolve all recommendations by December 31, 2026. However, the Commission does not concur with all twelve non-compliance findings, as explained in greater detail in the responses to the individual findings.

**Finding 1: Non-Compliance with Certain Controls Over Purchase Card Transactions**  
**Recommendation 1:** We recommend the Director, Office of Budget and Finance, finalize implementation of controls within the new Automated Transaction Manager system to require all forms and supporting documentation associated with purchase card transactions be properly completed, verified, and retained in accordance with policy.

**Response to Finding 1 and Recommendation 1:** The Commission disagrees with 6 of the 12 non-compliance issues identified. Many of the Inspector General's findings stemmed from the transitional period during the audit, when new policies and standard operating procedures

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were still being developed. As a result, documentation requirements evolved during that time. Of the 12 instances cited, the Commission disagrees that required signatures were missing, that discrepancy forms were necessary when final purchase prices were lower than approved amounts, and that certain files lacked required price quotes.

In response to Recommendation 1, the Commission will review all policies, procedures, and forms related to purchase card documentation by **June 30, 2026**, to ensure that appropriate internal controls are in place and that all purchase card expenses are properly documented.

The Commission is currently developing an Automated Transaction Manager system, but its focus is on receiving employee requests and it is not currently specific to purchase card documentation. For that reason, the Commission cannot currently commit to integrating purchase card related controls into that system. However, the Commission's review of policies and procedures will meet the spirit of this recommendation.

**Finding 2: Use of Recurring Monthly Payments Versus Contracts**

**Recommendation 2:** We recommend the Director, Office of Budget and Finance, identify and review recurring payments and assess whether establishing a contract would better serve the Postal Regulatory Commission.

**Response to Finding 2 and Recommendation 2:** The Commission recognizes that some recurring expenses could be established as contracts. The Commission has determined that the purchase card remains the most effective and beneficial method for procuring the associated goods and services noted. However, the Commission acknowledges that the basis for this determination should be better documented.

In response to Recommendation 2, the Commission will begin adding a memorandum for record to purchase card files to document the decision to use a purchase card for recurring expenses. Because these recurring expenses are established at the start of each fiscal year, this action will be completed by **December 31, 2026** for FY 2027 recurring expenses.

**Finding 3: Non-Compliance with Preferred Purchase Sources**

**Recommendation 3:** We recommend the Director, Office of Budget and Finance, include controls within the Automated Transaction Manager system that requires the purchaser to submit justification if a non-preferred vendor is used, and requires the Credit Card Authorizing Official to conduct a formal evaluation of purchases when this occurs.

**Response to Finding 3 and Recommendation 3:** The Commission established preferred purchase sources in its Purchase Card Management Policy issued in May 2025. Following issuance of the policy, Purchase Card Holders began confirming that goods were not available at a lower price from those preferred sources before making purchases. If the good or service was available, the item would be purchased from the preferred vendor. The Commission

acknowledges, however, that this review, and Credit Card Authorizing Official approval could be better documented.

In response to Recommendation 3, the Commission will codify its current practice of requiring Purchase Card Holders to research preferred sources for supplies before making purchases, and will incorporate this requirement into the Commission's standard operating procedures for purchase cards. In addition, the Commission will work to integrate documentation of this review—and the Credit Card Authorizing Official's approval of the selected vendor—into the Automated Transaction Manager by **September 30, 2026**. If integration into the Automated Transaction Manager is not feasible, the Commission will implement a manual process to ensure this documentation is captured by the same date.

Very Respectfully,

**KELLIE KING**  Digitally signed by KELLIE KING  
Date: 2026.02.19 10:56:38 -05'00'

Kellie J. King  
Director, Office of Budget and Finance

# OFFICE OF INSPECTOR GENERAL

UNITED STATES



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