PRC Strategic Objectives: Year One of Five-Year Plan

AUDIT REPORT
Report Number 23-160-R24 | June 28, 2024

Table of Contents

Highlights

Background

The Postal Regulatory Commission (PRC) is an independent establishment of the executive branch that exercises regulatory oversight of the U.S. Postal Service. In December 2022, the PRC released its strategic plan for 2023–2028. With the assistance of a contractor, the PRC's plan has four goals, with corresponding objectives and performance indicators. The strategic plan is designed to be applicable, relevant, and impactful across a variety of potential future scenarios.

What We Did

The objective of our audit was to evaluate the processes used to develop and achieve the strategic plan's goals, objectives, and performance indicators, as well as measure the first year's implementation. We reviewed the PRC's planning and implementation processes for its strategic plan between January 1 and December 31, 2023.

What We Found

We identified opportunities for the PRC to improve its overall project management processes, and its use of recommendations from the contractor it hired to help implement the strategic plan. Specifically, the PRC could improve its initiating and planning, budgeting, and scheduling for the overall strategic plan and individual projects within the plan.

This occurred because the PRC management did not create and communicate consistent expectations for how projects — or the plan — would be managed. PRC management stated the budgeting process had not been tied to strategic planning but acknowledged it should be. In addition, there was a lack of oversight to ensure documentation between the PRC and the contractor about project schedules matched, which caused reported progress to be misaligned.

Recommendations and Management Comments

We made three recommendations to address the management of the strategic plan and its projects. The PRC agreed with one recommendation and partially agreed with two. Management's comments and our evaluation are at the end of the finding and recommendations. The U.S. Postal Service Office of Inspector General considers management's comments responsive to recommendations 1 and 3, and corrective actions should resolve the issues identified in the report. For recommendation 2, we consider management's comments partially responsive, and we plan to further evaluate the plan's budget in the future. See Appendix C for management's comments in their entirety.

Transmittal Letter

June 28, 2024

MEMORANDUM FOR: ERICA BARKER
SECRETARY AND CHIEF ADMINISTRATIVE OFFICER

DAVID A. TRISSELL
GENERAL COUNSEL

JENNIFER WARBURTON
DIRECTOR, PUBLIC AFFAIRS & GOVERNMENT RELATIONS

MARGARET M. CIGNO
DIRECTOR, ACCOUNTABILITY AND COMPLIANCE

Kelly Thresher

FROM: Kelly Thresher
Deputy Assistant Inspector General
 for Field Operations

SUBJECT: Audit Report – PRC Strategic Objectives: Year One of Five- Year Plan (Report Number 23-160-R24)

This report presents the results of our audit of PRC Strategic Objectives: Year One of Five-Year Plan.

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 Service's follow-up tracking system until the OIG provides written confirmation that the recommendations can be closed.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact J.T. Littlejohn, Director, Seasonal Performance and Postal Regulatory Commission, or me at 703-248-2100.

Attachment

Results

Introduction/Objective

This report presents the results of our self-initiated audit, Postal Regulatory Commission (PRC) Strategic Objectives: Year One of Five-Year Plan (Project Number 23-160). The objective of our audit was to evaluate the processes used to develop and achieve the strategic plan's goals, objectives, and performance indicators, as well as measure the first year's implementation. See Appendix A for additional information about this audit.

Background

The PRC is an independent establishment of the executive branch of the United States[1] that exercises regulatory oversight of the U.S. Postal Service. The PRC consists of five Commissioners[2] and a staff of about 75 various professional and administrative employees. The PRC's staff is organized into four operating offices: Office of Accountability and Compliance;[3] Office of General Counsel;[4] Office of Public Affairs and Government Relations;[5] and Office of the Secretary and Administration.[6] Each office plays a role in carrying out the agency's strategic plan.

The PRC published a strategic plan in December 2022 that spans from 2023 through 2028.[7] According to agency management, they hired a contractor to help create the strategic plan, and then hired them back to help prepare and implement the rollout

because the PRC did not have enough people with project management expertise.[8] The process for creating the strategic plan involved the exploration of multiple future scenarios, examining the possibilities for the future of the postal system, and the PRC as a regulator. The strategic plan is designed to be applicable, relevant, and impactful across a variety of potential future scenarios. It has four strategic goals; 15 objectives, which provide specificity on the elements of, and inform the actions needed to achieve, each goal; and 37 performance indicators, which are the primary measures to assess the progress of each objective. See Appendix B for full list of strategic plan components.

The four goals are:

1. Anticipate and adapt to an evolving postal system through a responsive and trusted regulatory framework.

2. Enhance and expand communication of accurate and relevant regulatory information to postal stakeholders, policymakers, and the general public.

3. Develop an internal infrastructure to support and strengthen its regulatory capabilities through adaptive policies, efficient processes, and scalable platforms.

4. Build an organization that will attract, develop, and retain a diverse workforce of experts.

---

1.   39 USC §501.
2.   Includes one Chairman and one Vice Chairman.
3.   Responsible for technical analysis and formulating policy recommendations for the PRC on domestic and international matters.
4.   Provides legal assistance on matters involving the PRC's responsibilities, defends PRC decisions before the courts, and manages the formal complaint process. Ensures the PRC fulfills its statutory and regulatory obligations by providing legal guidance on matters involving the PRC's responsibilities.
5.   Facilitates prompt and responsive communications for the PRC with the public, Congress, federal agencies, the Postal Service, and the media.
6.   Records the PRC's official actions; manages the PRC's records, human resources, budget and accounting, and information technology; and provides other support services.
7.   The PRC refers to the strategic plan as lasting five years, however, the duration is six years.
8.   The PRC's contractor created guidance roughly based on the Project Management Institute's (PMI's) framework for project management. This framework has four parts: initiating, planning, executing, and monitoring and controlling. For more information, see Project Management Institute Inc., *A Guide to the Project Management Body of Knowledge: PMBOK® Guide – Fifth Edition* (Newton Square, PA: 2013). PMBOK is a trademark of Project Management Institute, Inc.

To implement the strategic plan, the PRC developed 52 projects that span the 37 performance indicators. These projects range in scope from administrative projects aimed at improving internal operations to larger, externally focused projects intended to improve regulatory effectiveness. The PRC generally implements its projects through the process detailed in Figure 1. Our audit is primarily focused on the project kickoff,[9] project agreement,[10] project plan or schedule,[11] and the overall Implementation Roadmap,[12] as the projects associated with the plan were just beginning in the first year of implementation.
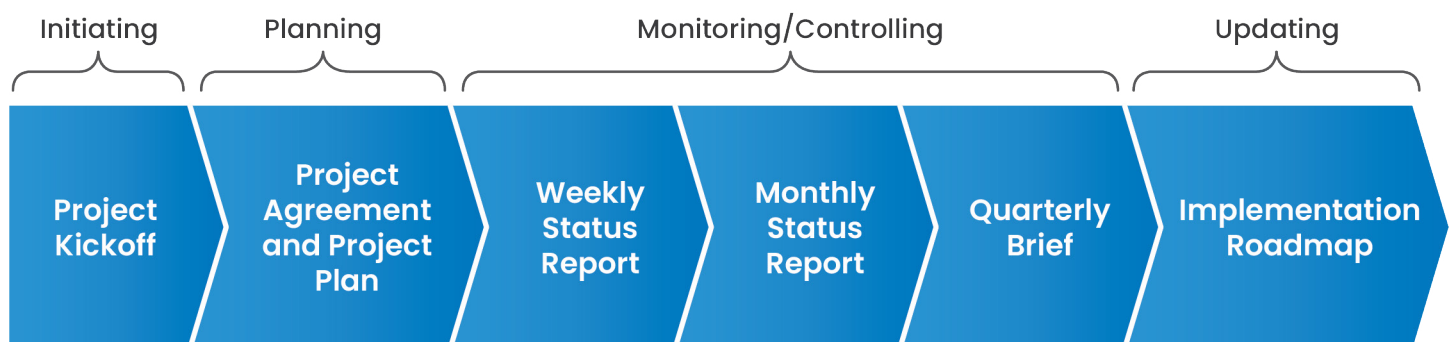
The Secretary and Chief Administrative Officer is responsible for overall plan management and has taken on the main role of updating the

> "To implement the strategic plan, the PRC developed 52 projects that span the 37 performance indicators."

"Implementation Roadmap," which tracks overall plan progress. In April 2023, the PRC selected the same contractor that assisted in creating the plan to serve as the project management office (PMO) for a year-long contract.[13] As the PMO, it is responsible for conducting plan management, plan implementation, strategy sustainment, and strategy communication. The contractor created project templates, as well as milestone guides, for the PRC to use. Different leadership levels within the PRC are responsible for carrying out portions of the plan and sometimes share responsibilities across the plan. The four goals are split between the four office heads at the PRC, and projects are managed across an array of management levels, with staff responsible for some and office heads for others.

Figure 1. PRC Project Process

Initiating	Planning	Monitoring/Controlling			Updating
Project Kickoff	Project Agreement and Project Plan	Weekly Status Report	Monthly Status Report	Quarterly Brief	Implementation Roadmap

Source: OIG Analysis of PRC processes.

---

9   Meeting between the contractor and key stakeholders to refine approach of the project and identify roles and responsibilities, scope, deliverables, key activities, and timelines. The kickoff serves as a formal project launch.
10 The project agreement template identifies key stakeholders and roles, objectives, scope, milestones, deliverables, estimated timelines, conflicts, resources, briefings, work schedule, reporting and coordination, project manager, and accountable party approvals.
11 An output of a schedule model that presents linked activities with planned dates, durations, milestones, and resources.
12 Created December 2, 2022, the PRC also referred to this as its "Strategic Master Schedule."
13 A PMO is an organizational structure that standardizes the project-related governance processes and facilitates the sharing of resources, methodologies, tools, and techniques.

Finding: Managing the Strategic Plan and Its Projects

We identified opportunities for the PRC to improve its overall project management, processes, and use of recommendations from the contractor it used to implement the strategic plan. Specifically, the PRC could improve its initiating and planning, budgeting, and scheduling for the overall strategic plan and individual projects within the plan.

Initiating and Planning

The planning steps taken by the PRC did not include quality standards or review for each plan-related deliverable. In addition, the PRC was inconsistent in its use of project templates and risk management tools recommended by its contractor. Specifically:

- **Project Templates:** The contractor made suggested project templates for specific project processes, such as for initiating a project using project kickoff meetings[14] and project agreements.[15] However, the PRC did not consistently use these templates, and management did not always document their approval of project agreements or hold kickoff meetings.

- **Quality Management:** The contractor had a quality management plan for the deliverables they provided to the PRC, and the contractor gave its quality control plan to the PRC. However, we could not find evidence of a quality management plan for PRC-initiated projects for the strategic plan. A quality management plan is designed to ensure that the project team is aware of the project's requirements and that they are met throughout the project. Quality management plans include quality control activities, which monitor the project metrics to ensure those metrics are performing at satisfactory levels. Without quality standards in place, it will be difficult to validate successful completion of deliverables.

- **Risk Management:** The PRC's contractor suggested a proactive risk management process, but we could not find evidence the PRC implemented it, nor that PRC management developed a mitigation strategy of their own. Identifying risk is the process of defining which risks may affect the project and documenting their characteristics. Specifically, we found the PRC did not use the risk response strategy — which is meant to be used to help prepare for the unexpected — despite one being developed in advance by the contractor.

This occurred because PRC management did not create and communicate consistent expectations for how projects — or the plan — would be managed. Specifically, project managers decided, on a project-by-project basis, what tools to use and what type of project milestones and approvals were necessary. The PRC did not use the tools provided by the contractor to verify the quality of its project deliverables or risk management approach.

Budgeting

In 2023, the PRC hired a contractor for about $1 million to manage the implementation of and track completion of components of its strategic plan.[16] This contract was not included in its budget request or plans for fiscal year 2023. In addition, the PRC did not have a cost management plan, which would include cost estimates for individual, plan-related projects. In its budget justifications, the PRC tied costs related to contractors and new staff positions as supporting strategic plan goals but did not account for them elsewhere.

According to PMI principles, a project cost management plan should include determining the budget of the plan and aggregating the estimated costs of individual activities to establish an authorized cost baseline.[17]

---

14   Presentations that include stakeholder analysis, roles and responsibilities, expected deliverables, key activities, and timelines.
15   The project agreement template identifies key stakeholders and roles, objectives, scope, milestones, deliverables, estimated timelines, conflicts, resources, briefings, work schedule, reporting and coordination, project manager, and accountable party approvals.
16   The contract term was May 2023 through May 2024.
17   The use of a project cost management plan is a recommended practice in the PMI's *A Guide to the Project Management Body of Knowledge – Fifth Edition* (Newton Square, PA: 2013). PMBOK is a trademark of Project Management Institute, Inc.

> **"PRC management stated the budgeting process has not been tied to strategic planning but acknowledged it should be."**

PRC management stated the budgeting process has not been tied to strategic planning but acknowledged it should be. The PRC said that its budget spending is mostly reactionary, so it does not predict what it will spend. The PRC did not develop a budget or resource estimate for specific projects because the agency does not typically track employee time dedicated to plan-related projects, and it did not expect most individual projects to have a cost. Instead, PRC project managers simply considered whether sufficient resources existed to take on a task to complete a discrete project and initiated the effort.

Scheduling the Plan and Individual Projects

We found the schedules for the overall strategic plan and individual projects were insufficient. Specifically, schedules did not always include:

- **Specific start and end dates:** The PRC did not always include start and end dates for tasks in the project agreements. This made it difficult to measure the expected progress of plan-related projects.

- **Progress tracking:** When implementing projects, the tracking indicators used did not accurately reflect progress toward projects' completion and did not always correlate with what the contractor provided at the weekly, monthly, or quarterly brief. For example, according to the quarterly

update for FY24, Q1, one task was listed as on track with no obstacles, however, according to the implementation roadmap, it was not listed to start until FY25, Q3.

- **Comprehensive schedule that includes all subsidiary projects:** The PRC's contractor suggested a process for schedule management. However, the project schedules we reviewed did not always identify granular activities, dependencies, and expected durations to produce projects' deliverables. Also, we found the project schedules were not available for all internal stakeholders to access or review. In addition, the contractor developed an "Implementation Roadmap" to help plan, guide, and track the strategic plan, which lists the goals, objectives, responsible parties, and estimated timeframes for each project. However, we found this roadmap was not comprehensive and did not always integrate all scheduling requirements for project management. Specifically, it did not include all major deliverables or break out components[18] for all individual projects.

These conditions existed because there was a lack of oversight to ensure documentation between the PRC and the contractor about project schedules matched, which caused reported progress to be misaligned. Also, regarding project schedules not being available for all internal stakeholders to access or review, this occurred because PRC management saved schedules in a file that had specific permissions, limiting access. We informed PRC management their project schedules were not available to all internal stakeholders. They took corrective action to make these documents available during our audit. Therefore, we will not be making a recommendation on this portion of the process.

---

18   Schedule milestones and activities, resources required, cost estimates, quality requirements, acceptance criteria, and technical references.

> **"In calendar year 2023, the PRC planned to start 18 projects and complete nine. Instead, the PRC started nine projects and completed six."**

Without following the contractor's recommendations or establishing a policy for implementation, the PRC is at risk of inconsistent quality, not being prepared for the unexpected, having unpredictable costs, and not completing its strategic plan timely. For example, in calendar year 2023, the PRC planned to start 18 projects and complete nine. Instead, the PRC started nine projects and completed six.[19] Also, without determining what contractor recommendations, templates, and processes it will follow, the PRC risks not benefiting from the $1 million it allotted to secure the contractor's services. Further, the PRC will not be able to identify reasons why projects do not meet objectives if they do not follow a consistent policy.

Recommendation #1

We recommend the **Secretary and Chief Administrative Officer,** in conjunction with the **General Counsel, Director of Public Affairs and Government Relations**, and **Director of Accountability and Compliance** determine what templates and processes should be adopted for strategic plan implementation and develop a policy incorporating those elements.

Recommendation #2

We recommend the **Secretary and Chief Administrative Officer** estimate and document budgetary requirements for achieving the strategic plan and develop a process for incorporating expected project costs.

Recommendation #3

We recommend the **Secretary and Chief Administrative Officer** develop and communicate a consolidated schedule that incorporates all requirements for the overall strategic plan and individual projects.

Postal Regulatory Commission Response

Regarding the audit overall, the PRC stated it shares the OIG's commitment to ensuring its Strategic Plan implementation process supports the Commission's success in meeting its mission. Management also agreed in principle that there is room for improvement in its implementation process for their strategic plan. Additionally, management noted it is not subject to any requirements to develop specific project management processes or documentation for its internal strategic plan implementation. Further, the PRC stated it is not subject to the Government Performance and Results Act, which mandates specific provisions in performance reporting and strategic planning.

Management agreed with recommendation 1, and they partially agreed with recommendations 2 and 3. Regarding recommendation 1, management stated they are currently in the process of refining their methodology for tracking initiatives and progress. The target implementation date is May 30, 2025.

---

19   The PRC also completed one additional project ahead of its 2024 planned completion.

Regarding recommendation 2, management agreed to document expenditures within the project plan and incorporate costs for projects that require external contract support and the cost of the PMO to complete. The PRC is revising its financial policies and practices and can only estimate and document budgetary requirements for initiatives necessitating external contractor support and the PMO's cost. Management stated it does not agree to establish a budget methodology that incorporates all resources required for each strategic initiative beyond the cost of external support. The PRC feels implementing this recommendation fully would require them to hire additional personnel, secure additional funding, and revise their current budget process. The target implementation date is May 30, 2025.

Regarding recommendation 3, management stated they are developing an in-house solution to create a unified tracking site that incorporates all essential elements, allowing individuals to drill down into specific details. Management noted the comprehensive solution under development would not include detailed tracking information in the overall master schedule, meriting their partial agreement. The target implementation date is May 30, 2025. See Appendix C for management's comments in their entirety.

OIG Evaluation

The emphasis of this audit was to evaluate the processes used to develop and achieve the goals, objectives, and performance indicators in relation to the current published strategic plan. The audit team did not suggest the PRC was subject to any requirements to develop specific project management processes or the Government Performance and Results Act. Rather, the OIG benchmarked the processes the PRC's hired contractor used versus what the PRC used, which aligned with PMI project management tools.

We found management's comments responsive to recommendations 1 and 3, and corrective actions should resolve the issues identified in the report. Regarding the partial agreement with recommendation 2, we consider management's comments partially responsive, and we plan to further evaluate the plan's budget in the future.

PRC management's intent to incorporate a budget methodology to document external costs, but not include internal costs, would not fully yield an accurate estimate of their strategic plan budget. However, we accept their planned changes, and we will evaluate their budgeting again in the future as they continue to implement their strategic plan.

Appendices

Appendix A: Additional Information

Scope and Methodology

The scope of our audit was for the first-year implementation of the strategic plan, which is the 2023 calendar year.

To achieve our objective, we reviewed procedures and criteria related to establishing strategic plan initiatives:

- Interviewed PRC staff to obtain information regarding current and planned initiatives, and strategic objectives and performance indicators to understand how the initiatives were prioritized or associated to provide an overall strategy to meet long-term goals, and how the PRC strategic plan contributes to the Postal Service's overall strategic plan.

- Obtained and reviewed roadmap metrics to determine if projected goals were met.

- Discussed strategic planning best practices with external stakeholders.

For informational purposes, we reviewed, compared, and analyzed the strategic planning information of 15 international posts, corporations, and advisory boards to identify best practices. In addition, we reviewed, compared, and analyzed 15 trade and industry organization articles and reports to identify industry strategic initiatives that may apply to the Postal Service.

To evaluate the strategic objectives and performance indicators, we compared the PRC's plan to that of the Postal Service, the Universal Postal Union, and other regulatory agencies' strategic plans to gain knowledge of strategic plans. The organizations we compared included:

- U.S. Postal Service
- Universal Postal Union
- National Archives and Records Administration
- Government Services Administration

- Securities and Exchange Commission
- Nuclear Regulatory Commission

In planning and conducting the audit, we obtained an understanding of PRC's internal control structure to help determine the nature, timing, and extent of our audit procedures. We reviewed the management controls for overseeing the program 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 Systems
- Monitoring

We developed audit work to ensure that we assessed these controls. Based on the work performed, we identified internal control deficiencies that were significant within the context of our objectives and have provided recommendations to address the deficiencies.

We did not assess the reliability of any computer-generated data for the purposes of this report.

We conducted this review between September 2023 and June 2024, in accordance with generally accepted government auditing standards and included tests of internal controls that were 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 May 29, 2024, and included their comments where appropriate.

Prior Audit Coverage

From 2007 through October 2, 2022, the PRC Office of Inspector General provided oversight of the PRC. In 2022, Congress enacted the Postal Reform Act of 2022, which, among other changes, transferred responsibility for oversight of the PRC to the USPS OIG. There were no prior reports completed by the previous, or current, OIG for the PRC strategic plan.

Appendix B: PRC Strategic Goals, Objectives, and Performance Indicators

Strategic Goal	Strategic Objective	Performance Indicator
1. Anticipate and adapt to an evolving postal system through a responsive and trusted regulatory framework.	1.1. Monitor for emerging issues to consider regulatory actions or exploratory processes ahead of postal system changes.	Established processes, roles, and capabilities that allow the Commission to anticipate potential issues.
	1.2. Determine potential responses to emerging issues, aligned with limitations set by the Commission's legal authority.	Established processes, roles, and capabilities to review and facilitate Commission-wide consensus on anticipated issues.
	1.3. Increase, refine, and curate publicly accessible postal data to improve the quality of analysis by the Commission and external stakeholders.	Time from when data is available to the Commission to when it is available to stakeholders through reports, dashboards, or downloadable files.
		Percentage of postal data held by the Commission made available to stakeholders through reports, dashboards, and other visualizations.
		Stakeholder input on accessibility of data.
	1.4. Handle routine matters faster without compromising quality.	Established processes, roles, and capabilities to categorize cases and identify those that are routine.
		Time from when a routine case is submitted to when it is completed.
2. Enhance and expand communication of accurate and relevant information to postal stakeholders, policymakers, and the general public.	2.1. Identify and monitor the Commission's key stakeholders and its content needs and communication preferences.	Updated communications plan.
		Established processes, roles, and capabilities to monitor stakeholder content needs and communications preferences.
	2.2. Engage with stakeholders through understandable and accessible work products using the most effective communication methods.	Level of stakeholder engagement across channels.
		Stakeholder use of communications.
	2.3. Cultivate and foster relationships with interagency and non-governmental partners.	Relationships maintained with primary interagency partners.
		Relationships maintained with primary nongovernmental partners.

Strategic Goal	Strategic Objective	Performance Indicator
3. Develop an internal infrastructure to support and strengthen our regulatory capabilities through adaptive policies, efficient processes, and scalable platforms.	3.1. Ensure operational policies support an evolving postal system and efficient execution of regulatory activities.	Completed future state operating model design.
		Established processes, roles, and capabilities, where necessary, to develop, review, update, store, and communicate operational policies.
		Updated and documented operational policies.
	3.2. Define and improve processes to optimize operational and regulatory activities.	Established processes, roles, and capabilities to consider, develop, update, and communicate necessary operational and/or regulatory activities.
	3.3. Utilize technology and data infrastructure to support scalable, informative, and efficient operations.	Standardized tools and software for functions and processes.
		Operational process and employee output efficiency.
		Established foundational data infrastructure to capture, store, and secure data.
		Established data sharing agreements between the Commission and the Postal Service.
	3.4. Determine the acquisition requirements for developing and operating the internal infrastructure necessary to support operational and regulatory needs.	Established acquisition requirements and timeframes for needed capabilities.
		Established hiring plan for development and implementation support.
		Benchmarks of the Commission's budget to comparable government agencies.
4. Build an organization that will attract, develop, and retain a diverse workforce of experts.	4.1. Attract an expert and diverse workforce through effective recruitment and a positive candidate experience.	Documented and updated position descriptions.
		Documented recruiting plan for Offices or positions as appropriate.
		Established onboarding guide with preemployment details for hiring officials, onboarding plan, and post-onboarding survey.
	4.2. Reinforce an inclusive, engaging, and supportive work environment that fosters development and retention of world-class experts in postal regulation and agency administration.	Completed Learning and Development Strategy to ensure knowledge, skills, and abilities (KSAs) are trained.
		Updated training policy to incorporate Learning and Development Strategy and plan for ongoing employee instructions.
		Employee satisfaction and engagement scores within the Federal Employee Viewpoint Survey (FEVS).
		Employee attrition rates compared to relevant benchmarks.
		Documented and updated compensation plans.
	4.3. Engage with Commission employees by providing regular and quality communications and facilitating relevant information sharing.	Employee satisfaction and engagement
		FEVS scores on communications-related questions.
	4.4. Develop and maintain flexible workforce plans that meet regulatory, workforce, and operational requirements as the Commission grows and evolves.	Completed organizational assessment to determine skill gaps and workforce needs.
		Completed short-term and long-term workforce plan for each Office.
		Established change management processes, roles, and capabilities.

Source: PRC Strategic Plan, 2023-2028.

Appendix C: Management's Comments

U.S. POSTAL REGULATORY COMMISSION
Washington, DC 20268-0001
Office of the Secretary and Administration

June 21, 2024

John Cihota,
Director, Audit Services
Office of Inspector General
audittracking@uspsoig.gov

Thank you for providing the Postal Regulatory Commission ("the Commission")
management with the opportunity to review the Office of Inspector General's ("OIG") Audit
"PRC Strategic Objectives: Year One of Five-Year Plan", DR23-160, received June 5, 2024.
The Commission is dedicated to the continued progress and success of its 2023-2028
Strategic Plan.

Management Response:
The report's overall finding is:

> We identified opportunities for the PRC to improve its overall project management,
> processes, and use of recommendations from the contractor it used to implement
> the strategic plan. Specifically, the PRC could improve its initiating and planning,
> budgeting, and scheduling for the overall strategic plan and individual projects
> within the plan.
>
> This occurred because the PRC management did not create and communicate consistent
> expectations for how projects — or the plan — would be managed. PRC management
> stated the budgeting process had not been tied to strategic planning but acknowledged
> it should be. In addition, there was a lack of oversight to ensure documentation between
> the PRC and the contractor about project schedules match, which caused reported
> progress to be misaligned.

The OIG includes three recommendations related to the internal process the Commission
uses to manage, track, and budget for its strategic plan implementation.

Management shares the OIG's commitment to ensuring that its Strategic Plan
implementation process supports the Commission's success in meeting its mission, and we
agree in part with the specific recommendations included in this audit report. While
management agrees in principle that there is room for improvement in its strategic plan
implementation process, we do not agree with all of the recommendations in this audit
report. As discussed in additional detail below, the Commission has an extensive and
robust process for its strategic plan implementation that is effective and efficiently tailored
to an agency of its size with limited resources.

1

The Commission's Strategic Plan outlines four strategic goals aimed at transforming its regulatory framework, enhancing communication, developing internal infrastructure, and building a diverse workforce of experts. Specifically:

Goal 1. Anticipate and adapt to an evolving postal system: This involves creating a responsive and trusted regulatory framework, leveraging scenario planning to address future uncertainties.

Goal 2. Enhance and expand communication: We aim to improve the dissemination of accurate information to stakeholders, policymakers, and the public through effective communication methods.

Goal 3. Develop internal infrastructure: This goal focuses on optimizing our processes and technology to support our regulatory capabilities efficiently.

Goal 4. Build an organization to attract, develop, and retain a diverse workforce: We strive to cultivate a skilled and diverse workforce to sustain our regulatory excellence.

This strategic plan sets the stage for dramatic improvements required over the next few years. The Commission's new strategic plan for 2023-2028 is notably distinct from previous plans and is highly ambitious given its small size and limited staff. The plan is a necessary response to the rapid changes in the postal sector and actions by the Postal Service, and the evolving dynamics in the postal sector require it to adopt a forward-looking and comprehensive strategy to effectively fulfill its regulatory responsibilities.

It is important to note that the Commission does not have a separate Policy or Strategic Planning Office. This, in part, was the justification for hiring contract support to assist in implementing the Plan. The same four executives responsible for leading the Strategic Plan are also the same executives responsible for executing the Commission's mission areas and all other support functions. As the audit report states, this was the first ever audit of Commission's Strategic Planning process, as the previous process was never reviewed by the Commission's prior Inspector General. Because of the lack of any previous review, this report does not capture the growth that has occurred at the Commission compared to the Commission's prior strategic planning efforts or the significant work with its contractor to overhaul its strategic planning project management and implementation processes.

The recommendations in this report focus primarily on how activities related to strategic plan implementation should be documented. As an example, the report concludes that "the project schedules we reviewed did not always identify granular activities, dependencies, and expected durations to produce projects' deliverables." However, the Commission is not subject to any requirements that it develop specific project management processes or documentation for its internal strategic plan implementation. Specifically, the Commission is a very small independent Non-CFO Act agency and is not subject to the Government Performance and Results Act (GPRA), which mandates specific provisions in performance reporting and strategic planning.

Although the Commission is not covered by requirements for how it implements its strategic plan, we have extensive plans in place that address all elements of our strategic plan implementation process but are appropriately scaled to the Commission's workforce. As part of our strategic plan implementation, we have implemented a structured and documented schedule for tracking and reporting progress that includes:

- **Per Initiative Meetings:** Each strategic initiative has a defined meeting schedule determined during the project kickoff. These meetings typically occur weekly and are critical for ensuring timely progress and addressing any emerging issues.
- **Internal Collaboration:** An internal communication strategy includes regular cross-departmental meetings facilitated by the PMO, ensuring that all relevant parties are informed and engaged in the strategic plan's execution.
- **Weekly Status Reports:** The PMO emails weekly status reports to the Chairman, Office Heads, and Chief of Staff. These reports offer detailed updates on each strategic initiative, highlighting progress, risks, and any issues that need resolution.
- **Quarterly Briefings:** Strategic plan implementation is tracked quarterly through comprehensive briefings to the Chairman and starting in October 2023. These meetings are documented and involve detailed discussions on progress, risks, and mitigation strategies.

While the audit noted a lack of a formal quality management plan for Commission-initiated projects, it is important to highlight that each project under our strategic plan includes documented quality control measures, ensuring that project requirements are met and monitored for satisfactory performance.

Budget planning and process
In addition to the concerns addressed above, management has specific concerns regarding Recommendation 2.

The audit statement claiming that the PMO "contract was not included in its budget request or plans for fiscal year 2023" appears to reflect a potential misunderstanding of the Commission's budget process. Due to the unique budgetary nature of the Commission as a non-appropriated agency, not all costs are specifically included in its budget request because the Commission has two alternate sources of funding: a limited reserve fund and funding for technology spending due to awards from the Technology Modernization Fund. These sources allow the Commission to plan for specific expenses without requesting additional money through the normal budget process. This approach ensures that the Commission remains within its budgetary constraints while still able to address critical strategic needs like the strategic planning process.

The engagement of external consultants was a well-considered decision aimed at addressing specific strategic needs that could not be met internally due to resource constraints. Unlike larger agencies, the Commission does not have dedicated strategic planning staff; strategic planning activities are managed within the existing organizational framework, requiring staff to balance multiple roles and responsibilities. Outsourcing these

functions to external experts was a necessary step to ensure effective execution of the Strategic Plan. This makes our achievements in strategic planning even more significant, given the resource limitations.

The Commission would also like to clarify a statement attributed to management, suggesting that "its budget spending is mostly reactionary, so it does not predict what it will spend." This summary appears to meld management's statements regarding the nature of its business as a regulatory agency and its budget process. The Commission has a detailed and robust budget planning process that predicts and forecasts spending throughout the year. As a regulator, the Commission must often react to unforeseen circumstances, adjusting plans as necessary to accommodate these changes. As a very small agency and a unified budget primarily consisting of personnel costs, managing unexpected events can be challenging. This reality underscores the necessity of our flexible and responsive budgeting approach.

Benchmarking

The Commission would like to highlight the need for clear and comparable benchmarks to evaluate its strategic plan implementation. The report references various sources, including the strategic planning information of 15 international posts, corporations, and advisory boards, as well as the strategic plans of diverse organizations. These sources differ significantly in size, type, mission, available resources and regulatory requirements, and may have contributed to difficulty in clarifying a standard.

Throughout the audit process, the Commission sought clarity on the standards and benchmarks being utilized. The OIG's reference to general PMI standards, without specific details, made it challenging to align efforts with the audit's expectations. Without comparable benchmarks and alignment on the requirements, the audit may not fully capture a clear assessment of the Commission's strategic plan implementation and we hope to achieve better alignment on benchmarks and goals in future audits.

Response to Recommendations

Recommendation 1: Determine what templates and processes should be adopted for strategic plan implementation and develop a policy incorporating those elements.

Management Response: We agree with this recommendation. After nearly a year of implementing our new strategic plan, we are currently in the process of refining our methodology for tracking initiatives and progress. This evolution in our approach was anticipated and incorporated into our strategic plan from the outset. Given that this type of tracking and planning is novel to our agency, we have undergone a period of learning and adaptation to identify what is most effective, feasible, and transparent for monitoring our initiatives and progress based on the realities of our agency's limitations.

Recommendation 2: Estimate and document budgetary requirements for achieving the strategic plan and develop a process for incorporating expected project costs.

Management Response: We agree in part with this recommendation. We do not agree to the extent this recommendation implies that the Commission does not establish budgetary requirements or estimate expected costs for its strategic plan implementation.

We agree to document expenditures within the project plan and incorporate costs for projects that require external contract support and the cost of the Project Management Office (PMO) to complete. However, we can only estimate and document budgetary requirements for initiatives necessitating external contractor support and the PMO's cost. Our current practices do not include tracking the internal work hours of our employees. As the OIG is aware, the Commission is currently revising its financial policies and practices. We are in the process of establishing an Office of Budget and Finance, which will formally include budget information where applicable and ensure it is tracked internally.

To the extent this recommendation requires budgeting that incorporates all resources required for each strategic initiative beyond the cost of external support, we do not concur. The Commission includes budgetary requirements and expected costs for its strategic plan as part of its budget process. The Commission operates with a single, unified budget. Our budgeting methodology does not allocate funds by program or internal project but rather allocates the budget for contract support based on specific services provided. It is important to note that we already estimate and document budgetary requirements for achieving strategic plan initiatives within our existing budget process.

While the Commission acknowledges that it is beginning to formally use its strategic plan to drive its budgetary needs, any costs required to accomplish a strategic initiative are still planned and included in its budget process. Outside the cost of the PMO, all strategic initiatives have been completed in-house without additional cost. In addition, one of its strategic initiatives related to website development was funded outside of the budget process through the Technology Modernization Fund award.

To comply fully with this recommendation, the Commission would need to undertake significant changes, including:

> **Hire Additional Personnel:** Implementing a program-based budgeting system would require hiring additional staff to manage the development, tracking, and reporting of this new budget structure. We currently do not have the capacity to support such a system. Nor do we believe such budgeting processes are required in an agency where over 89% of resources are fixed (personnel and lease) and very little discretionary funds are available.

> **Securing Additional Funding:** Developing and maintaining a process for incorporating all project cost requirements, including in-house time, would necessitate additional funding. This funding would be required to purchase and implement budgeting software, and provide training for staff on these new processes.

Revise Current Budgeting Practices: Our current budgeting approach for strategic plan implementation utilizes in-house work and contract support for the PMO. This approach has proven effective and efficient for our operational needs. Introducing a detailed project-based budgeting process may not yield meaningful benefits and could lead to inefficiencies.

We believe that implementing these suggested changes would not be the most efficient use of our limited resources. Our current system effectively supports our strategic goals and initiatives without the need for an arbitrary and ultimately unnecessary process. However, we acknowledge the importance of robust financial practices and remain committed to ensuring transparency and efficiency in our operations. We propose to continue refining our existing processes to enhance alignment with our strategic objectives while maintaining operational efficiency.

Recommendation 3: Develop and communicate a consolidated schedule that incorporates all requirements for the overall strategic plan and individual projects.

Management Response: We agree with this recommendation to the extent that we will develop a consolidated schedule that is tailored to effectively support our strategic goals and initiatives within our resource constraints. We are developing an in-house solution using SharePoint to create a unified tracking site that incorporates all essential elements, allowing individuals to drill down into specific details. Our ongoing efforts to develop an in-house tracking solution will address many of the concerns raised and enhance our overall strategic plan implementation. While we agree on the importance of a comprehensive schedule, it is not feasible to include every detail in an overall master schedule. Implementing a one-size-fits-all scheduling approach may not be practical for our agency but we believe that our updated tracking mechanism will resolve this recommendation.

In conclusion, the Commission remains steadfast in its commitment to effective strategic plan implementation and is committed to improving processes to ensure transparency and efficiency. The Commission plans to continue its growth in this area and continue to refine and improve its processes to ensure successful implementation of its 2023 – 2028 Strategic Plan.

Sincerely,

ERICA BARKER
Digitally signed by ERICA BARKER
Date: 2024.06.21 12:45:51 -04'00'

Erica A. Barker
Secretary and Chief Administrative Officer

	PRC Response to Recommendations "PRC Strategic Objectives: Year One of Five-Year Plan", DR23-160		
Recommendation	**Response**	**Responsible Official**	**TID**
1: Determine what templates and processes should be adopted for strategic plan implementation and develop a policy incorporating those elements.	We agree with this recommendation. After nearly a year of implementing our new strategic plan, we are currently in the process of refining our methodology for tracking initiatives and progress. This evolution in our approach was anticipated and incorporated into our strategic plan from the outset. Given that this type of tracking and planning is novel to our agency, we have undergone a period of learning and adaptation to identify what is most effective, feasible, and transparent for monitoring our initiatives and progress based on the realities of our agency's limitations.	Erica Barker Secretary and Chief Administrative Officer	5/30/2025
2: Estimate and document budgetary requirements for achieving the strategic plan and develop a process for incorporating expected project costs.	We agree in part with this recommendation. We do not agree to the extent this recommendation implies that the Commission does not establish budgetary requirements or estimate expected costs for its strategic plan implementation. We agree to document expenditures within the project plan and incorporate costs for projects that require external contract support and the cost of the Project Management Office (PMO) to complete. However, we can only estimate and document budgetary requirements for initiatives necessitating external contractor support and the PMO's cost. Our current practices do not include tracking the internal work hours of our employees. As the OIG is aware, the Commission is currently revising its financial policies and practices. We are in the process of establishing an Office of Budget and	Erica Barker Secretary and Chief Administrative Officer	5/30/2025

7

Finance, which will formally include budget information where applicable and ensure it is tracked internally.

To the extent this recommendation requires budgeting that incorporates all resources required for each strategic initiative beyond the cost of external support, we do not concur. The Commission includes budgetary requirements and expected costs for its strategic plan as part of its budget process. The Commission operates with a single, unified budget. Our budgeting methodology does not allocate funds by program or internal project but rather allocates the budget for contract support based on specific services provided. It is important to note that we already estimate and document budgetary requirements for achieving strategic plan initiatives within our existing budget process.

While the Commission acknowledges that it is beginning to formally use its strategic plan to drive its budgetary needs, any costs required to accomplish a strategic initiative are still planned and included in its budget process. Outside the cost of the PMO, all strategic initiatives have been completed in-house without additional cost. In addition, one of its strategic initiatives related to website development was funded outside of the budget process through the Technology Modernization Fund award.

To comply fully with this recommendation, the Commission would need to undertake significant changes, including:

Hire Additional Personnel: Implementing a program-based budgeting system would require hiring additional staff to manage the development, tracking, and reporting of this new budget structure. We currently do not have the capacity to support such a system. Nor do we believe such budgeting processes are required in an agency where over 89% of resources are fixed (personnel and lease) and very little discretionary funds are available.

Securing Additional Funding: Developing and maintaining a process for incorporating all project cost requirements, including in-house time, would

	necessitate additional funding. This funding would be required to purchase and implement budgeting software, and provide training for staff on these new processes. **Revise Current Budgeting Practices:** Our current budgeting approach for strategic plan implementation utilizes in-house work and contract support for the PMO. This approach has proven effective and efficient for our operational needs. Introducing a detailed project-based budgeting process may not yield meaningful benefits and could lead to inefficiencies. We believe that implementing these suggested changes would not be the most efficient use of our limited resources. Our current system effectively supports our strategic goals and initiatives without the need for an arbitrary and ultimately unnecessary process. However, we acknowledge the importance of robust financial practices and remain committed to ensuring transparency and efficiency in our operations. We propose to continue refining our existing processes to enhance alignment with our strategic objectives while maintaining operational efficiency.		
3: Develop and communicate a consolidated schedule that incorporates all requirements for the overall strategic plan and individual projects.	We agree with this recommendation to the extent that we will develop a consolidated schedule that is tailored to effectively support our strategic goals and initiatives within our resource constraints. We are developing an in-house solution using SharePoint to create a unified tracking site that incorporates all essential elements, allowing individuals to drill down into specific details. Our ongoing efforts to develop an in-house tracking solution will address many of the concerns raised and enhance our overall strategic plan implementation. While we agree on the importance of a comprehensive schedule, it is not feasible to include every detail in an overall master schedule. Implementing a one-size-fits-all scheduling approach is neither practical nor efficient for our agency but we believe that our updated tracking mechanism will resolve this recommendation.	Erica Barker Secretary and Chief Administrative Officer	5/30/2025

Contact us via our Hotline and FOIA forms. Follow us on social networks. Stay informed.

1735 North Lynn Street, Arlington, VA 22209-2020
(703) 248-2100

For media inquiries, please email press@uspsoig.gov or call (703) 248-2100