



HIGHLIGHTS

BACKGROUND:

An unauthorized contractual commitment occurs when a U.S. Postal Service employee who has not been delegated contracting or local buying authority causes another party to deliver or provide goods or services, or when individuals who have delegated contracting authority exceed that authority. The Postal Service requires unauthorized contractual commitments to go through a process called ratification, which involves after-the-fact preparation and execution of appropriate contractual documents.

Our objective was to determine whether the Postal Service ratified unauthorized contractual commitments in accordance with its policy. We also reviewed contracting actions to determine whether contracting officers (COs) received delegations of authority to exceed their contracting authority and benchmarked Postal Service contracting authority levels and delegation of authority practices with those of other federal agencies.

WHAT THE OIG FOUND:

Postal Service personnel did not always ratify unauthorized contractual commitments in accordance with U.S. Postal Service policy. Of the 23 unauthorized contractual commitments we reviewed, eight (35 percent, valued at \$582,649) were either missing the approval of the

ratifying official, approved by an individual who did not have sufficient approval authority, or lacked sufficient documentation. We also found that Postal Service personnel generally followed their policy on delegating contracting authority to COs for actions exceeding their authority. However, we did identify one contracting action where the CO did not receive the proper delegation and exceeded their authority by more than \$5.1 million. Finally, our benchmarking results indicated that, unlike the Postal Service, other federal agencies do not have a policy providing for a one-time delegation of authority to COs to execute actions over and above their contracting authority.

WHAT THE OIG RECOMMENDED:

We recommended management ensure they review and ratify improperly ratified unauthorized contractual commitments, if appropriate; reinforce current policies to ensure Supply Management contracting personnel follow the ratification process and documentation requirements for unauthorized contractual commitments; and assess and align contracting authority levels within Supply Management.