



**Postal Regulatory Commission**

**Performance Budget Plan**

**Fiscal Year 2009**

## **Table of Contents**

	<u>Page</u>
Executive Summary	3
Background	5
Postal Regulatory Commission Achievements in Fiscal Year 2007	6
Budget Overview Introduction	8
Budget Program Information	10
Highlights for Fiscal Year 2009	13
Summary of Performance Goals and Measures	13

## **Executive Summary**

The Commission is an independent agency that has exercised regulatory oversight over the Postal Service since its creation by the Postal Reorganization Act of 1970. For thirty-six years, this oversight consisted primarily of conducting public, on-the-record hearings concerning proposed rate changes, mail classification or major service changes, and recommending decisions for action by the postal Governors. The Postal Accountability and Enhancement Act (PAEA), enacted on December 20, 2006, transformed the Postal Rate Commission into the Postal Regulatory Commission. The PAEA significantly strengthened the Commission's authority to serve as a counterbalance to new flexibility granted to the Postal Service in setting postal rates. The PAEA charged the Commission with significant new reporting requirements, including the submissions of the Commission's budget to the Office Management and Budget (OMB) and the Performance Budget Plan to the U.S. Congress. These budget plans are the Commission's first submissions to OMB and the Congress.

As the PAEA strengthened the regulatory role of the Commission, the PAEA also seeks to ensure our independence by authorizing the submission of our budget request to the Congress separate from the U.S. Postal Service and the appropriation of necessary sums from the Postal Fund. Section 2009, of title 39, instructs that:

*(3) the Postal Regulatory Commission requests to be appropriated, out of the Postal Service Fund, under section 504(d) of this title. The President shall include these amounts, with his recommendations but without revision, in the budget transmitted to Congress under section 1105 of title 31.*

The Commission has always recognized that its funding through the Postal Service Fund comes directly from the postal rates and fees paid by postal customers who use the U.S. Mail. To maximize our resources, the Commission processes its financial and personnel transactions through the Postal Service's human resources systems. The budget request for FY 2009 is \$14,043,000, a decrease of \$942,000 from FY 2008 appropriation.

## Mission

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*Ensure transparency and accountability of the United States Postal Service and foster a vital and efficient universal mail system*

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## Guiding Principles

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The Commission is committed to and operates by the principles of:

- Openness;
- Stakeholder participation;
- Collegiality and multi-disciplinary approaches;
- Timely and rigorous analysis;
- Fairness and impartiality;
- Integrity;
- Commitment to excellence; and
- Merit.

## **Background**

The Commission is an independent agency that has exercised regulatory oversight over the Postal Service since its creation by the Postal Reorganization Act of 1970. For thirty-six years, this oversight consisted primarily of conducting public, on-the-record hearings concerning proposed rate changes, mail classification or major service changes, and recommending decisions for action by the postal Governors.

The Postal Accountability and Enhancement Act (PAEA), enacted on December 20, 2006, significantly strengthened the Commission's authority to serve as a counterbalance to the new flexibility granted to the Postal Service in setting postal rates. The PAEA requires the Commission to develop and maintain regulations for a modern system of rate regulation, consult with the Postal Service on delivery service standards and performance measures, consult with the Department of State on international postal policies, prevent cross-subsidization or other anticompetitive postal practices, and adjudicate complaints.

The PAEA also assigns new and continuing oversight responsibilities to the Commission, including annual determinations of Postal Service compliance with applicable laws, development of accounting practices and procedures for the Postal Service, review of the Universal Service Obligation and Postal Monopoly, and assurance of transparency through periodic reports. New enforcement tools include subpoena power, authority to direct the Postal Service to adjust rates and to take other remedial actions, and levying fines in cases of deliberate noncompliance with applicable postal laws.

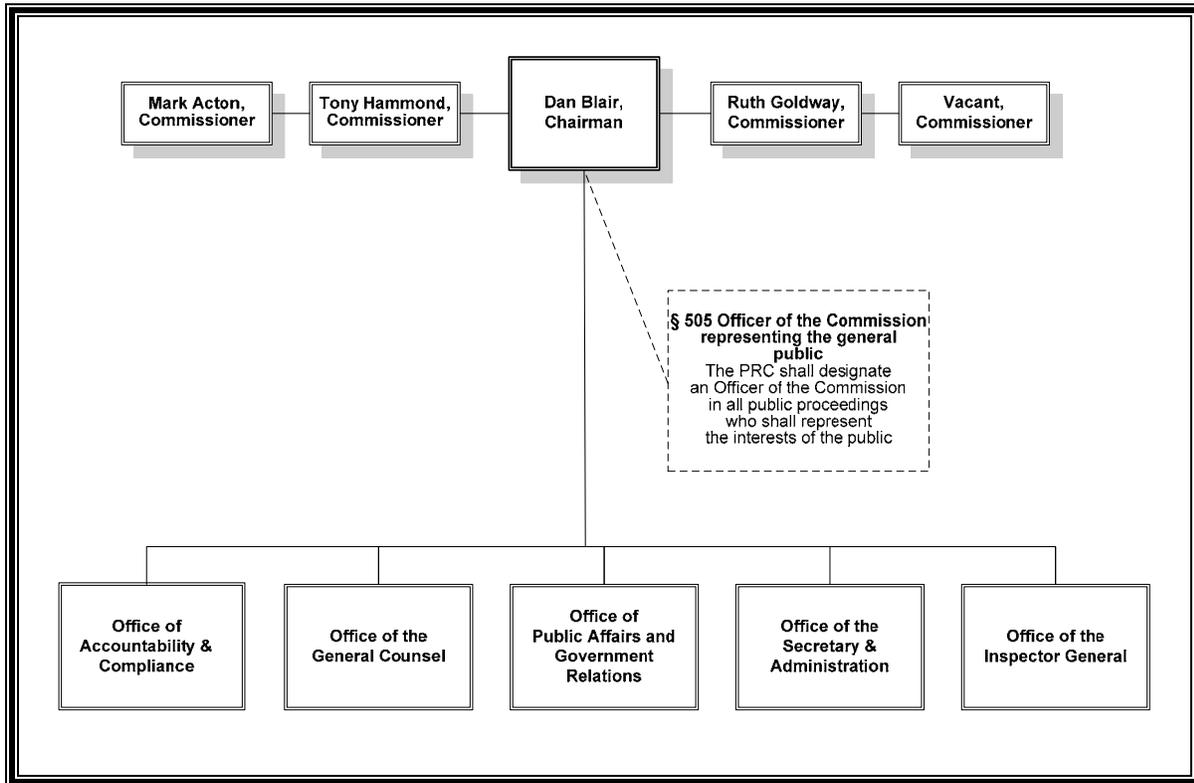
The Commission is composed of five Commissioners, each of whom is appointed by the President, with the advice and by consent of the U.S. Senate, for a term of six years. The Chairman is designated by the President and serves as the head of the agency. A Commissioner may continue to serve after the expiration of his or her term for up to one year. No more than three members of the Commission may be from the same political party.

Assisting the Commission is a staff with expertise in law, economics, finance, statistics, and cost accounting. The Commission is organized into four operational offices:

- ◆ Accountability and Compliance;
- ◆ General Counsel;
- ◆ Public Affairs and Government Relations; and
- ◆ Secretary and Administration.

The Commission maintains an independent office for its Inspector General.

## Postal Regulatory Commission Organizational Chart



### Postal Regulatory Commission Achievements in Fiscal Year 2007

In exercising its broad regulatory oversight of the Postal Service, the Commission kept in mind the goal to ensure transparency, accountability, predictability, and responsiveness, in its new role of a regulator. Under Pub. L. 109-435, the Postal Service has significantly more autonomy in setting rates; however, its ability to increase rates for market dominant products is limited ordinarily by changes in the Consumer Price Index (CPI). The law requires the Commission to complete its review of proposed new rates for market dominant products for compliance with the CPI cap within 45 days. To counterbalance the Postal Service’s autonomy in setting rates and introducing new services, the PAEA assigns continuing oversight responsibilities to the Commission. Oversight will consist mainly of information gathering, annual determinations of Postal Service compliance, consideration of complaints, and periodic reports on Commission operations.

The law appropriately equips the Commission with authority to use new enforcement mechanisms. The PAEA directs the Commission to make annual determinations of Postal Service compliance with applicable laws, develop accounting practices and procedures for the Postal Service, review the universal service obligations and the postal monopoly, and ensure

transparency through periodic reports. New enforcement tools include subpoena power, authority to direct the Postal Service to adjust rates and to take other remedial actions, and levying fines in cases of deliberate noncompliance with applicable postal laws.

During Fiscal Year 2007, the last year as a ratemaking entity, the Commission:

- ◆ Completed and issued a Recommended Decision Rate Case R2006-1, an omnibus rate case on February 26, 2007;
- ◆ Completed and issued Recommended Decisions on three requests for reconsideration as part of the R206-1 omnibus rate case;
- ◆ Reorganized the Commission to reflect its strengthened regulatory role, including establishment of an Auditing Costing Division and an Office of Public Affairs and Government Relations;
- ◆ Created an Office of the Inspector General as required by the PAEA;
- ◆ Began regular consultation meetings with the Postal Service to develop service standards and service performance measurements for market dominant products as required by the PAEA;
- ◆ Completed and issued an Advisory Opinion concerning a proposed change in the nature of postal services, N2006-1 (Evolutionary Network Development Service Changes);
- ◆ Initiated a classification docket to facilitate compliance with a prior Order finding stamped stationery is a postal service;
- ◆ Conducted hearings and issued a Recommended Decision in Docket No. MC2006-7 establishing fees and permanent classification for Stamped Stationery;
- ◆ Issued a Recommended Decision in Docket No. MC2007-2 approving a one-year extension in the provisional Repositionable Notes classifications and rates;
- ◆ Issued two Advance Notices on Rulemaking for RM2007-1, rulemaking for regulations for Market Dominant and Competitive Products;
- ◆ Conducted three public field hearings in Kansas City, Missouri; Los Angeles, California; and Wilmington, Delaware, in connection with RM2007-1, and as part of the Commission's consultation with the Postal Service to establish modern service standards and performance measurement systems;
- ◆ Filed proposed regulations establishing a system for ratemaking – ten months ahead of the statutory mandate
- ◆ Issued two Notices of Public Inquiry: PI2007-1, Service Standards for Market Dominant Products and Performance Measurements (initiated 6/13/07), and PI2008-1, Service Performance Measurement System for Market Dominant Products (initiated 12/4/07);
- ◆ Issued Recommended Decision regarding the proposed negotiated service agreement with Washington Mutual Bank; Docket No. MC2006-3;
- ◆ Conducted hearings on the proposed Bank of America negotiated service agreement;
- ◆ Reviewed two Postal Service's requests for an opinion and recommended decision to proceed with negotiated service agreements in Docket Nos. MC2007-5, the Bradford Group and MC2007-5, the Life Line Screening;
- ◆ Testified before Congress at five hearings (and additional hearing during the first quarter of Fiscal Year 2008); and
- ◆ Initiated the redesign of the Commission's website and upgraded web security.

## **Budget Overview Introduction**

The Postal Accountability and Enhancement Act (the PAEA), enacted in December 2006, transforms the Postal Rate Commission into the Postal Regulatory Commission. The PAEA significantly strengthened the authority of the Commission, changed the method of regulatory oversight in many respects, and assigned significant new responsibilities to the Commission. It provides the Commission with enhanced independent regulatory authority to establish a modern ratemaking system that provides accountability and transparency of the Postal Service, which the Commission issued eight months ahead of the statutory deadline for a new postal ratemaking system. The Postal Service had annual revenues of \$75 billion in Fiscal Year 2007 and delivers nearly half of the world's mail, provides regulatory oversight of the pricing of the Postal Service's products and services while serving as a forum to act on complaints with postal products and services.

The Commission is adapting quickly in its role as a regulator. The PAEA directs the Commission to develop and promulgate a modern ratemaking system by June 2008. For the first time, postal products are split into two separate categories: market dominant and competitive. Market dominant products are defined in statute and include First-Class letters and cards, advertising mail, Periodicals, and single piece parcels. Rates for these products are subject to a price cap based on the Consumer Price Index (CPI). Rates for competitive products are determined solely by the Postal Service, and by law, each competitive product must cover its costs and pay a share of the Postal Service's institutional costs.

The PAEA presents many challenges. Two critical ones are the development of staff with the necessary mix of skills, and modernizing the Commission's management systems to include information technology architecture. Doing so will ensure enhanced communication with the public and an improved ability to meet our new objectives as defined by the PAEA. Efforts to establish a supporting information technology infrastructure are underway. These efforts will be completed over the next two fiscal years on a budget of \$14,985,000 for FY 2008, which declines to \$14,043,000 in FY 2009. This request also continues funding for the Office of Inspector General, as authorized by the PAEA.

The Commission is confident that the requested resources will allow us to meet the mission of ensuring transparency and accountability of the United States Postal Service. Under prior law, the Commission's budget request was approved and funded by the Postal Board of Governors. Congress sought to insulate the regulator from the Postal Service by requiring the submission of our budget request to the Congress separate from the Postal Service, and the appropriation of necessary sums from the Postal Fund. Section 2009, of Title 39, instructs that:

*(3) the Postal Regulatory Commission requests to be appropriated, out of the Postal Service Fund, under section 504(d) of this title. The President shall include these amounts, with his recommendations but without revision, in the budget transmitted to Congress under section 1105 of title 31.*

The Commission will issue an annual compliance report assessing the Postal Service's compliance with the ratemaking regulations and applicable laws. The report will review and

determine whether market dominant rates are within the CPI rate cap, ensure that competitive products are not subsidized by market dominant products, and that competitive products pay their attributable costs as well as appropriate share of fixed postal costs.

In addition, the statute significantly augments the Commission's existing authority to act on complaints. Chapter 36 of Title 39 and new regulations will govern the complaint process. Complaints may be filed by "any interested person who believes the Postal Service is not operating in conformance" with the specific portions of the statute. The Commission established a system to respond and track consumer inquiries that do not rise to the level of a formal actionable complaint.

The Commission's performance budget is structured on the basis of its *Strategic and Operational Plan for FY 2008 – 2012*, it will be published during the second quarter of Fiscal Year 2008. The *Strategic and Operational Plan* contains the following seven goals.

**Goal 1 - Modern Rate and Product Regulation** Establish and maintain a predictable, transparent, and effective system of rate and product regulation.

**Goal 2 - Service Performance Evaluation** Ensure appropriate and transparent United States Postal Service performance standards and measurements to promote an efficient, effective and responsive mail service.

**Goal 3 - Financial Accountability and Compliance** Ensure transparent, accurate, and informative United States Postal Service data reporting sufficient for evaluation of financial performance.

**Goal 4 - Complaint Process** Ensure United States Postal Service accountability through a fair and open public complaint process that provides appropriate and timely resolution.

**Goal 5 - Public Participation and Government Relations** Ensure the Commission is visible and readily accessible to all stakeholders.

**Goal 6 - Human Capital** Enhance a system that fosters recruitment, development, and retention of a talented and skilled workforce based on merit.

**Goal 7 - Program Integration and Support** Utilize latest technology, operational systems, and organizational infrastructure in achieving Commission goals.

## **Budget Program Information**

The Commission's *Performance Budget Plan* has five goals consisting of: (1) distinct systems of Modern Rate Regulations for Market Dominant and Competitive Products; (2) service and performance measurements of the Postal Service; (3) financial accountability and compliance; (4) program integration and support; and (5) the Office of the Inspector General. Within each of the five goals, the Commission has identified performance objective measures.

The Commission's performance budget plan goals are aligned with its strategic goals:

- Distinct Systems of Modern Rate Regulations for Market Dominant and Competitive Products - Establish and maintain predictable, transparent, and efficient ratemaking systems;
- Measure USPS Service and Performance - Ensure appropriate and transparent USPS measurements to promote an efficient, effective, and responsive mail service. Ensure accountability through a fair and open complaint process that provides for appropriate and effective remedies;
- Financial Accountability and Compliance - Provide accountability through transparent data reporting and review USPS compliance with appropriate accounting standards and financial reporting;
- Program Integration and Support - Regulate, evaluate, and report on USPS products and services. Maintain a visible and accessible PRC connected to all stakeholders assuring representation of the interests of the general public in proceedings before the Commission. Enhance a system that fosters recruitment, development, and retention of a skilled workforce based on merit. Provide the technology and infrastructure necessary to meet the needs of the PRC's mandate; and
- Program Office of the Inspector General – The Office of Inspector General was established in June, 2007 as required by an amendment to the Inspector General Act of 1978 included in the Postal Accountability and Enhancement Act of 2006 (Pub. L. 109-435 sec. 605). The Inspector General will conduct independent and objective audits, internal investigations and inspections; prevent and detect waste, fraud and abuse; promote economy, effectiveness and efficiency; review pending legislation and regulations; and keep the Commission Chairman and Congress fully informed of Commission issues.

<b>Program</b>	<b>FY 2008</b>		<b>FY 2009</b>	
	<b>(\$000)</b>	<b>FTE</b>	<b>(\$000)</b>	<b>FTE</b>
Modern Rate Regulation	2,318	17.8	2,576	18.3
USPS Service & Performance	1,948	14.5	2,190	15.6
Financial Accountability & Compliance	2,277	17.0	2,565	18.4
Program Integration and Support	8,111	18.7	6,295	18.7
Program Office of Inspector General	331	2.0	417	3.0
<b>Total</b>	<b>14,985</b>	<b>70</b>	<b>14,043</b>	<b>74</b>

### Obligation by Object Class

Object Classification	FY 2008	FY 2009
Personnel Compensation	8,890	9,753
Other Personnel Compensation	90	100
<b>Subtotal</b>	<b>8,980</b>	<b>9,853</b>
Supplies	220	230
Office furniture and equipment	150	150
Office equipment rental and repair	20	25
Contractual services	315	320
Medical services	8	8
Consulting services	3,194	1,232
Advertising	5	5
<b>Subtotal</b>	<b>3,912</b>	<b>1,970</b>
Travel	150	160
Training	40	40
Printing and reproduction	85	85
Rent	1,488	1,575
Depreciation and amortization	75	75
Miscellaneous, subscriptions	15	15
Communications	40	40
Information technology	200	200
<b>Subtotal</b>	<b>2,093</b>	<b>2,220</b>
<b>Total Obligations</b>	<b>14,985</b>	<b>14,043</b>

#### **Appropriation Language**

For necessary expenses to carry out the duties, responsibilities and functions of the Postal Regulatory Commission pursuant to Postal Accountability and Enhancement Act of 2006, Pub. L. 109-475, \$14,043,000 is to be derived by transfer from the Postal Service Fund, and expended as authorized by section 603(a) of such Act.

**Highlights of the Fiscal Year 2009 Request:**

- The Commission request for FY 2009 is \$14,043,000, a decrease of \$942,000 over the FY 2008 appropriation.
- This budget justification provides for a comprehensive review of the universal service obligation and the postal monopoly. The Commission will issue a report based on the findings of the review to the Congress and the President, no later than December 20, 2008.
- In this request, the Commission will conduct a financial review of the Postal Service report on costs, revenues, rates and services to ensure the applicable methodologies as prescribed by regulations established in 2008 are followed.
- In this request, the Commission will conduct a financial review of the Postal Service compliance report with Section 404 of the Sarbanes-Oxley Act, as required by the PAEA.

**Strategic Goal 1: Distinct Systems of Modern Rate Regulations for Market Dominant and Competitive Products** - Establish and maintain predictable, transparent, and efficient ratemaking systems.

**Performance Objectives:**

- 1.1 Establish and maintain predictable, transparent, and efficient ratemaking system*
- 1.2 Reduce the administrative burden and increase the transparency of the ratemaking process*
- 1.3 Establish and maintain a just and reasonable schedule for rates and classifications*

**Resources:**

	<b>FY 2008</b>	<b>FY 2009 (REQUESTED)</b>
\$ (000)	\$2,318	\$2,576
% Resources	17.8	18.3

**Results:**

- 1.1 Establish and maintain predictable, transparent and efficient ratemaking system.*

**FY 2008** The Commission published the new ratemaking system eight months ahead of the statutory requirement.

The regulations allow the Postal Service significantly more autonomy in setting rates; however, its ability to increase rates for market dominant products is limited by changes in the Consumer Price Index (CPI). The law requires the Commission to complete its review of proposed new rates for market dominant products for compliance with the CPI cap within 45 days.

The Commission anticipates the Postal Service will file a new rate adjustment during the second quarter of Fiscal Year 2008, which initiates the 45 day review by the Commission.

**FY 2009**

The Commission will continue to monitor the regulations to ensure they meet the objectives of predictability and stability as outlined in the PAEA.

Continue to monitor and evaluate *any* Postal Service notice of rate change to ensure the rates are within the CPI cap.

**1.2** *Reduce the administrative burden and increase the transparency of the ratemaking process.*

**FY 2007**

In February and May of 2007, the Commission published *Federal Register* notices seeking public comments on how best to structure the new ratemaking system. We received approximately 100 separate responses in all. Second, the PAEA requires the Postal Service to consult with the Commission on the establishment of modern service standards for market dominant products. To fulfill this requirement, and as part of our ongoing outreach, we published a *Federal Register* Notice of Public Inquiry in June soliciting input on service and performance standards. The Commission received 35 comments in response to this Notice.

Further, we reached out to postal stakeholders ‘outside the beltway’ through field hearings - in Kansas City, Missouri; Los Angeles; California, and Wilmington, Delaware. The formal comments received in response to our Notices and the testimony heard during our field hearings both shared a number of common themes. In general, the mailing community sought to move to a new system with the expectation of more stable and predictable rates. By publishing the regulations eight months ahead of the Congressional deadline, it obviated a final rate case under old system.

**1.3** *Establish and maintain a just and reasonable schedule for rates and classifications.*

**FY 2008**

Issue Annual Compliance Report that includes determination of whether or not any rates or fees in effect during the fiscal year were in compliance with applicable provisions of the regulations.

**Strategic Goal 2: Measure USPS Service and Performance** - Ensure appropriate and transparent Postal Service measurements to promote an efficient, effective, and responsive mail service. Ensure accountability through a fair and open complaint process that provides for appropriate and effective remedies.

**Performance Objectives:**

- 2.1 *Establish and maintain rules, regulations, and procedures for a formal complaint system.*
- 2.2 *Establish and maintain rules, regulations, and procedures for sensitive documents required by annual reports or obtained via subpoena authority.*
- 2.3 *Complete a comprehensive review of universal postal service and the postal monopoly.*

**Resources:**

	<b>FY 2008</b>	<b>FY 2009 (REQUESTED)</b>
\$ (000)	\$1,948	\$2,190
% Resources	14.5	15.6

**Results:**

- 2.1 *Establish and maintain rules, regulations, and procedures for a formal complaint system.*

**FY 2008** The Commission will establish rules, regulations, and procedures for a formal complaint system. (39 CFR 3001.81)

The Commission will implement procedures for a formal complaint system.

**FY 2009** The Commission will continue to monitor the complaint system to ensure appropriate and effective remedies are applied.

The Commission will issue an annual Compliance Report that includes determinations of whether or not applicable provisions of the regulations and any service standards in effect during the reporting period were met.

- 2.2 *Establish and maintain rules, regulations, and procedures for sensitive documents required by annual reports or obtained via subpoena authority.*

**FY 2008** The Commission will establish rules, regulations, and procedures for sensitive documents required by annual reports or the use of subpoena authority.

**FY 2009** The Commission will continue to monitor the process for receiving sensitive document to ensure compliance with regulations and privacy stipulations.

**2.3** *Complete a comprehensive review of the universal postal service and the postal monopoly.*

**FY 2008** The Commission issued a Request for Proposal and awarded the contract.  
  
The Commission commenced a study regarding universal service and postal monopoly as required by the PAEA.

**FY 2009** The Commission will continue the study of universal service and mail monopoly and issue a report on the findings by December 20, 2008.

**Strategic Goal 3: Financial Accountability and Compliance** – Provide accountability through transparent data reporting and review.

**Performance Objectives:**

- 3.1** *Conduct a financial review of the Postal Service’s report on costs, revenues, rates, and services to ensure the applicable methodologies as prescribe by regulations.*
- 3.2** *Conduct a financial review of the Postal Service’s report for each fiscal quarter as required by the Sarbanes-Oxley Act.*
- 3.3** *Establish accounting practices and principles for the Postal Service through substantive and procedural rules for the assumed income tax for competitive mail products, as required by the PAEA.*

**Resources:**

	<b>FY 2008</b>	<b>FY 2009 (REQUESTED)</b>
\$ (000)	\$2,277	\$2,565
% Resources	17.0	18.4

**Results:**

- 3.1** *Conduct a financial review of the Postal Service’s report on costs, revenues, rates, and services to ensure the applicable methodologies as prescribe by regulations.*

**FY 2008** The Commission is conducting a review of the data received and will issue a determination in the Compliance Report by the end of the second quarter.

**FY 2009** To ensure the applicable methodologies are applied as outlined in the regulations, the Commission will continue to monitor financial data.

**3.2** *Conduct a financial review of the Postal Service's report for each fiscal quarter as required by the Sarbanes-Oxley Act.*

**FY 2008** Establish data collection criteria.

**FY 2009** The Commission will continue to monitor and evaluate the Postal Service's data for compliance with section 404 of the Sarbanes Oxley Act, as required by the PAEA.

**3.3** *Establish accounting practices and principles for the Postal Service through substantive and procedural rules for the assumed income tax for competitive mail products, as required by PAEA.*

**FY 2008** In December 2007, the Commission received the U.S. Department of Treasury's recommendations, and issued a *Federal Register* Notice seeking public comment.

An officer of the Commission was designated to represent the public's interest.

**FY 2009** The Commission will monitor and evaluate the Postal Service's accounting practices and principles as it relates to the regulations for assumed income tax for competitive mail product, as required by the PAEA.

**Strategic Goal 4: Program Integration and Support** - Regulate, evaluate and report on Postal Service products and services. Maintain a visible and accessible Commission connected to all stakeholders and ensure representation of the interests of the general public in proceedings before the Commission. Enhance a system that fosters recruitment, development, and retention of a skilled workforce based on merit. Provide the technology and infrastructure necessary to meet the needs of the PRC's mandate.

**Performance Objectives:**

**4.1** *Effectively use information technology to enhance organizational performance and efficiency and provide appropriate access to and the dissemination of Postal Regulatory Commission information.*

- 4.2 *Effectively and efficiently operate financial, budget, and other support programs.*
- 4.3 *Attract, develop, and retain a highly skilled, diverse, and motivated workforce.*

**Resources:**

	<b>FY 2008</b>	<b>FY 2009 (REQUESTED)</b>
\$ (000)	\$8,111	\$6,295
% Resources	18.7	18.7

**Results:**

- 4.1 *Effectively use information technology to enhance organizational performance and efficiency and provide appropriate access to and the dissemination of Postal Regulatory Commission information.*

**FY 2008** The Commission began initiatives to modernize and ensure the security of the Commission’s information technology systems. The Commission’s existing information technology systems were designed for processing responsibilities under the old ratemaking regime. With the passage of the PAEA, the Commission conducted a comprehensive review resulting in modernization of our existing information.

Establish and implement a tracking system for informal consumer inquiries.

Enhance government relations activities with Congress and other entities of the Federal Government.

**FY 2009** Develop and implement the remodeling of the internal databases and its supporting infrastructure with systemic changes to the enterprise architecture to improve overall operations and security.

Continue to monitor the tracking system of information consumer inquires.

- 4.2 *Effectively and efficiently operate financial, budget, and other support programs.*

**FY 2008** Developed and implemented the Commission’s first Strategic Plan.

The Commission will continue to comply with FISMA and other regulatory requirements.

**FY 2009** The Commission will continue to implement the business enterprise architecture plans.

The Commission will continue to comply with FISMA and other regulatory requirements.

**4.3** *Attract, develop, and retain a highly skilled, diverse, motivated workforce.*

**FY 2008** The Commission created the Office of Public Affairs and Government Relations.

The Commission will hire four FTEs and plans to hire an Assistant Director for Strategic Planning and Performance within the third quarter.

**FY 2009** The Commission will hire additional expert staff for compliance reporting of section 404 of the Sarbanes-Oxley Act.

The Commission will continue to comply and evaluate new and existing program requirements.

**Strategic Goal 5: Program Office of the Inspector General** – Conduct independent and objective audits, investigation and inspections in support of the Postal Regulatory Commission’s overall strategic goals and to prevent and detect waste, fraud and abuse.

**Performance Objectives:**

**5.1** *Conduct audits and evaluations in support of the Postal Regulatory Commission’s Program Integration and Support activities, including information technology management, financial management and human capital management.*

**5.2** *Prevent and detect waste, fraud and abuse.*

**5.3** *Review existing and proposed regulations and legislation for impact on the economy and efficiency of the Postal Regulatory Commission’s programs.*

**Resources:**

	<b>FY 2008</b>	<b>FY 2009 (REQUESTED)</b>
\$ (000)	\$331	\$417
% Resources	2.0	3.0

**Results:**

**5.1** *Conduct audits and evaluations in support of the Postal Regulatory Commission's Program Integration and Support activities, including information technology management, financial management and human capital management.*

**FY 2007** Established the Office of the Inspector General.

Initiated an audit of the Postal Regulatory Commission's information security planning and governance.

Completed the FY 2007 annual report under the Federal Information Security Management Act.

Reviewed proposed information technology and human capital policies.

**FY 2008** Completed audit of the Postal Regulatory Commission's information security planning and governance.

Initiated audits of financial management, human capital management, and other Commission Program Integration and Support activities.

Continue oversight of information technology management.

Improve and expand OIG's reporting under the Federal Information Security Management Act.

**FY 2009** Continue to monitor and audit Program Integration and Support activities as needed, and to review proposed internal policy changes.

Continue to improve effectiveness of reporting under the Federal Information Security Management Act along with any other mandated reports.

**5.2** *Prevent and detect waste, fraud and abuse.*

**FY 2007** Established the Office of Inspector General.

Established a confidential hotline to receive allegations of fraud, waste, and abuse regarding the Postal Regulatory Commission's operations via electronic mail or voicemail.

- FY 2008** Enhanced the Hotline system.
- Continue to investigate all allegations of misconduct in a timely manner.
- FY 2009** Continue to maintain hotline and to investigate all allegations of misconduct in a timely manner.
- 5.3** *Review existing and proposed regulations and legislation for impact on the economy and efficiency of the Postal Regulatory Commission's programs.*
- FY 2007** Established the Office of Inspector General.
- Reviewed proposed regulations implementing the Postal Accountability and Enhancement Act of 2006.
- FY 2008** Continue to review proposed regulations implementing the Postal Accountability and Enhancement act of 2006.
- FY 2009** Begin appropriate post-implementation review of regulations implementing the Postal Accountability and Enhancement Act of 2006.

The Postal Regulatory Commission is excluded from the Program Assessment Rating Tool (PART).