

July 7, 1999

A. KEITH STRANGE  
VICE PRESIDENT, PURCHASING AND MATERIALS

SUBJECT: Contracting Concerns Identified at the  
Wilmington, Delaware Vehicle Maintenance  
Facility Management Advisory Report Number  
CA-MA-99-001

This report presents the results of our review of contracting concerns at the Wilmington Delaware Vehicle Maintenance Facility. We conducted this review at the request of Congressman John M. McHugh, Chairman, Subcommittee on the United States Postal Service (USPS).

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**Results In Brief**

The review identified that opportunities exist for improvement of contracting practices at the Philadelphia Purchasing and Materials Service Center and maintenance control procedures at the Vehicle Maintenance Facility in Wilmington, Delaware.

We identified concerns with the monitoring of work performed by the contractor. Specifically; the contractor's

- Performance was not formally evaluated; and
- work was not thoroughly checked for acceptability by the Vehicle Maintenance Facility staff.

We offered management two suggestions that may result in increased efficiency and enhanced quality assurance as well as yield potential monetary savings.

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**Summary of  
Management  
Comments**

Management indicated that they generally agreed with and have planned or taken action to address the two suggestions in this report. We have summarized these responses in the report and included the full text of the comments in the Appendix.

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**Evaluation of  
Management's  
Comments**

Management's comments were responsive to our suggestions, and the corrective actions implemented or planned should increase efficiency and enhance quality assurance as well as yield potential monetary savings.

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**Background**

The purpose of the Vehicle Maintenance Program is to ensure the safe, dependable and economical performance of vehicles owned by USPS. Achieving this objective requires an emphasis on preventive maintenance rather than on repair of vehicle problems. Preventive maintenance and inspections consist of a bumper to bumper visual inspection, lubrication, and repair or replacement of items found to be defective. Preventive maintenance and inspections are conducted at prescribed intervals.

The Vehicle Maintenance Facility in Wilmington has 11 mechanics responsible for conducting preventive maintenance and inspections on 611 vehicles located throughout the state of Delaware. The vehicles are serviced through either in-house mechanics, a maintenance ordering agreement with an outside contractor, or local garages used by individual Postmasters. The Purchasing and Materials Service Center in Philadelphia, Pennsylvania awarded the vehicle maintenance ordering agreement on January 5, 1998, on behalf of the Wilmington Vehicle Maintenance Facility. The ordering agreement was awarded because the Vehicle Maintenance Facility could not meet its demand for services.

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**Objective, Scope, and Methodology**

The objective of our review was to review contracting actions for vehicle maintenance at the Wilmington Vehicle Maintenance Facility. During our review, we visited both the Vehicle Maintenance Facility and the Processing and Distribution Center located in Wilmington, Delaware. We also visited the Purchasing and Materials Service Center in Philadelphia, Pennsylvania, which awarded the vehicle maintenance ordering agreement for the Wilmington Vehicle Maintenance Facility. We interviewed employees at the sites visited who participated in the vehicle maintenance contracting process. We reviewed vehicle maintenance ordering agreement 412735-98-R-0837 between the Vehicle Maintenance Facility and the contractor providing mechanical services. In addition, we reviewed other relevant documentation. We conducted the review from September 1998 to February 1999, in accordance with the President's Council on Integrity and Efficiency, Quality Standards for Inspections. We discussed our conclusions and observations with appropriate management officials and included their comments, where appropriate.

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## Observations

### Formal Evaluation of the Contractor's Performance

A formal evaluation of the contractor's performance was not completed as required. USPS Handbook AS-707A, 4.5.1, requires that approximately 90 days after an ordering agreement start date, a vehicle maintenance ordering agreement service inquiry must be requested by the contracting officer and conducted by the contracting officer's representative. The representative is required to conduct a service inquiry and complete a service inquiry form. The inquiry form is used to document the contractor's performance, improve any performance problems, and to serve as a record in considering a contractor for future USPS contracting opportunities. The contracting officer should have ensured that the contracting officer's representative completed the inquiry. However, the contracting officer did not receive a completed inquiry from the contracting officer's representative. A completed inquiry should accurately and fairly reflect the contractor's performance under the ordering agreement.

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### Acceptability of Work Performed

The Vehicle Maintenance Facility does not have formal procedures to inspect vehicles once they are returned from the contractor's facility to ensure they were properly serviced. We questioned the Vehicle Maintenance Facility manager on how he ensures that the work was actually performed. The manager stated that he relies on the integrity of the contractor and may periodically inspect the vehicles.

A regularly scheduled inspection would help determine whether the contractor properly performed all required work and that the work is of an acceptable quality and workmanship. At the Wilmington Vehicle Maintenance Facility, the manager was designated as the contracting officer's representative, and thus the person responsible for performing these inspections. Instituting a formal set of verification procedures ensures USPS receives quality services.

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## Suggestions

1. The Manager, Materials, strengthen contracting practices at the Purchasing and Materials Service Center in Philadelphia by ensuring that service inquiries

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for vehicle maintenance ordering agreements be completed within 90 days of the start of an ordering agreement.

2. The District Manager of Customer Services and Sales, South Jersey District, strengthen quality assurance procedures related to vehicle maintenance ordering agreements by directing the Vehicle Maintenance Facility manager to institute a formal process for verifying that contracted vehicle maintenance work is acceptably performed.

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**Management  
Comments**

Management generally agreed with our suggestions and stated the following:

**Suggestion 1.** A Vehicle Maintenance Service Inquiry was mailed to the contracting officer's representative. Although the Purchasing and Materials Service Center did not receive a formal response to the Vehicle Maintenance Service Inquiry, there were no reports of unsatisfactory work during the term of the ordering agreement. Additionally, the Vehicle Maintenance Facility manager advised that he had been very pleased with the contractor's performance. Also, the Purchasing and Materials Service Center will follow-up to ensure replies to Vehicle Maintenance Service Inquiries are received.

**Suggestion 2.** The Allegheny Area is forming a workgroup to develop a process that will make spot checks on contractor's performance and be implemented at all Area Vehicle Maintenance Facilities.

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**Evaluation of  
Management's  
Comments**

Management's comments are responsive and the actions planned or taken address the issues.

We appreciate the cooperation and courtesies extended to our staff during this review. If you have any questions or would like any further information concerning our review, please contact Ms. Kim H. Stroud, Director, Contracts, or me at (703) 248-2300.

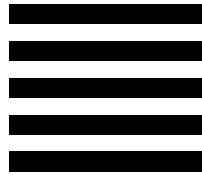
*//Signed//*  
Sylvia L. Owens  
Assistant Inspector General

for Revenue/Cost Containment  
Attachment

cc: Alan B. Kiel  
John R. Gunnels

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**Major Contributors to  
This Report**



OPERATIONS SUPPORT  
ALLEGHENY AREA OFFICE



March 22, 1999

MEMORANDUM FOR SYLVIA L. OWENS  
ASSISTANT INSPECTOR GENERAL  
FOR REVENUE/COST CONTAINMENT

SUBJECT Contracting Concerns Identified at the Wilmington, Delaware Vehicle  
Maintenance Facility

The Allegheny Area has reviewed your Advisory Report-Contracting Concerns Identified at the Wilmington, Delaware Vehicle Maintenance Facility (CA-MA-99-XXX).

The report cited five findings, four of which were related to the Purchasing and Materials Service Center. The final item recommended that the "Vehicle Maintenance Facility Manager institute a formal process for verifying that contracted vehicle maintenance work performed is acceptable."

In response to the final item, the Allegheny Area is forming a workgroup to develop a process that will make spot checks on contractor's performance. This process, once developed, will be instituted at all Area VMF's.

The Area does not believe that it is feasible or cost efficient to inspect each vehicle as was cited in the report. These inspections would be redundant and very cost prohibitive considering the dispersed locations of the postal vehicles.

If you have any questions concerning this matter please contact [REDACTED]  
[REDACTED] Allegheny Area, at [REDACTED]

  
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KEITH STRANGE  
VICE PRESIDENT, PURCHASING AND MATERIALS



June 25, 1999

SYLVIA L. OWENS

SUBJECT: Revised Draft Management Advisory Report—  
Contracting Concerns Identified at the Wilmington,  
Delaware Vehicle Maintenance Facility (CA-MA-99-Draft)

We appreciate the opportunity to respond to the subject draft advisory report. We agree with the one suggestion made for the Manager, Materials, and will implement as discussed below. The second suggestion is directed to the South Jersey District Manager, and is therefore not included in this response.

**OIG SUGGESTION 1**

*We suggest that the Manager, Materials, strengthen contracting practices at the Purchasing and Materials Service Center in Philadelphia by ensuring that service inquiries for vehicle maintenance ordering agreements be completed within 90 days of the start of an ordering agreement.*

**P&M RESPONSE**

The OIG recognized that the Vehicle Maintenance Service Inquiry (VMSI) was mailed to the contracting officer's representative at the Wilmington DE, Vehicle Maintenance Facility (VMF). While the PMSC did not receive a formal response to the VMSI, there were no reports of unsatisfactory work during the term of the agreement. For your information, the VMF Manager advised the contracting officer that he has been very pleased with the contractor's performance and timely return of Postal Service vehicles. The Philadelphia PMSC Manager will advise purchasing personnel to close the loop on VMSIs.

If you have any questions regarding this response, please contact [REDACTED] at [REDACTED]

A handwritten signature in cursive script that reads "Keith Strange".

cc: Alan B. Kiel  
John R. Gunnels  
Michael T. McDonald w/copy OIG report (CA-MA-99-Draft)