



Audit Report



OIG-20-030

BILL AND COIN MANUFACTURING

The United States Mint Numismatic Order Management System is Meeting User Needs But Improvements to Oversight are Needed

March 25, 2020

Office of Inspector General
Department of the Treasury

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Abbreviations

CCC Customer Contact Center

The United States Mint Numismatic Order Management System is Meeting User Needs But Improvements to Oversight are Needed (OIG-20-030)

COR	Contracting Officer's Representative
CSR	Customer Service Representative
FAR	Federal Acquisition Regulation
GAO	U.S. Government Accountability Office
GPRA	Government Performance and Results Act
JAMES	Joint Audit Management Enterprise System
Mint	United States Mint
OIG	Office of Inspector General
OMB	Office of Management and Budget
OMS-II	The Mint's Order Management System
PFSWeb	PFSWeb, Inc.
QASP	Quality Assurance Surveillance Plan
SAM	Sales and Marketing
Treasury	Department of the Treasury

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Audit Report

March 25, 2020

David J. Ryder
Director
United States Mint

This report presents the results of our audit of the United States Mint (Mint) numismatic order management system. The Mint is authorized to produce and sell numismatic products to the public. Numismatic products include precious metal coins, proof coins, uncirculated coins, commemorative coins, and Congressional medals. The numismatic program is self-sustaining and operates at no cost to the public under the United States Mint Public Enterprise Fund.¹

Using the services of a contractor, PFSWeb, Inc. (PFSWeb), in October 2014, the Mint introduced a new catalog website and order management system (OMS-II). According to the Mint's Capital Investment Plan, the objective of this new system is to provide Mint customers with an experience that keeps pace with advancements in both technology and business functionality.

Our audit objective was to determine whether the Mint is effectively managing order processing for numismatic products, such as precious metal coins, commemorative coins, and medals for sale to the public. As part of this work, we planned to determine if OMS-II is working as intended and the numismatic program is meeting the needs of its users.² This audit was included in our fiscal year 2017 annual audit plan. The scope of our audit

¹ Under 31 U.S.C. 5136, the Mint operates under the Public Enterprise Fund. This fund enables the Mint to operate without an appropriation using revenue generated through the sale of circulating coinage, numismatic products to the public, and bullion coins to authorized purchasers.

² OMS-II, which is operated by PFSWeb, provides a full suite of applications that includes retail order management, warehouse management, customer service, and payment processing that supports the Mint's numismatic operations and meets the eCommerce needs of the Mint's retail sales operations.

covered from the launch of OMS-II in October 2014 through September 2017.

To accomplish our objective, we evaluated key contractor order processing controls and controls used by the Mint in providing oversight of the contractor's numismatic order management system. We reviewed Mint numismatic performance documentation and performed tests of system data collected by the Mint's data warehouse to determine if OMS-II is working as intended. We also reviewed customer survey results, Department of the Treasury (Treasury) Office of Inspector General (OIG) Office of Investigation complaints, and transcripts of online customer service conversations to determine if the numismatic order processing program is meeting user needs. We conducted fieldwork from June 2017 through November 2018 at Mint facilities in Washington, DC, and Philadelphia, Pennsylvania, and the contractor's facilities in Dallas Texas, and Memphis, Tennessee with additional follow-up in June 2019. Appendix 1 contains a more detailed description of our objective, scope, and methodology.

Results in Brief

The Mint is effectively managing ordering processing for numismatic products using a contractor order management system; however, the Mint's oversight of its contractor needs improvement. The Mint contracted with a full-service provider to meet the order processing needs of its numismatic retail sales operations.³ The Mint provides oversight of the contractor through the Quality Assurance Surveillance Plan (QASP). The QASP established contract performance requirements and the Mint's methodologies for conducting contractor oversight.

Specifically, the Mint did not make necessary adjustments or develop corrective action plans, as required by the QASP, to improve contractor performance in meeting established performance requirements. In addition, the Mint did not maintain required quality assurance documentation of its monitoring

³ An End-to-End eCommerce solution consolidates multiple facets of the eCommerce business with one trusted provider. This includes a team of technology professionals, distribution centers, logistics infrastructures, customer care operations, designers, and consultants.

activities. The Mint also relied on contractor-provided summary reports to validate performance. Further, at the end of fieldwork, the Mint was in the process of developing a risk management program, but did not consider the risk of losing the numismatic order management contractor.

We also concluded that OMS-II, created and maintained by PFSWeb, is working as intended based on the contractor meeting most of its performance goals and successfully processing numismatic orders. In addition, based on Mint-contracted customer satisfaction surveys and our review of online customer service conversations, we determined that OMS-II is meeting the needs of a majority of its users. However, the contractor operated and maintained website and Customer Contact Center (CCC) do not offer services to those with limited English proficiency. Additionally, the Mint has not met targeted unit sales goals from fiscal years 2015 through 2017, resulting in declining revenues.

We are recommending that the Director of the Mint ensure the Numismatic and Bullion Directorate (1) periodically reviews QASP performance measures to determine necessary adjustments and develop corrective action plans, as required by the QASP, with the contractor, where needed; (2) retains evidence of the its monitoring activities outlined in the contract's QASP to better document the Mint's oversight of the contractor's compliance with contract requirements; (3) obtains and validates contractor's supporting documentation against monthly performance reports and retains this as part of the Mint's monthly monitoring documentation; (4) works with the newly appointed Chief Risk Officer to assess the need to include, the loss of the OMS-II contractor as a potential risk to the numismatic program as part of the Mint's Risk Management Program; (5) performs an assessment regarding the impact of not having language accessibility on Mint's numismatic program services and considers adding these services to OMS-II; and (6) performs analyses to determine the feasibility and potential impact of proposed actions to improve numismatic sales, performs additional studies to enhance future sales, and reports the results to stakeholders.

In a written response, management concurred with our six recommendations and outlined corrective actions, planned or taken,

to address our recommendations. Specifically, in response to recommendation number 1, the Mint plans to address changes to the QASP during the contract option year negotiations and has established an executive steering committee to evaluate the current vendor and future needs during those option years. In response to recommendation number 2, management stated that the Mint retains evidence and records of its monitoring of the CCC and performance related to customer service. Management also stated that the Mint plans to conduct a monthly review of all QASP elements, as well as the business dashboard, with each Division Chief and Branch manager. While we did find evidence of some of the Mint's monitoring activities mentioned in management's response, the Mint did not provide evidence of a monthly written report submitted to the Contracting Officer's Representative (COR) documenting the quality assurance monitoring of the contractor's performance as required by the QASP. Similar to its retention of evidence and records of certain monitoring activities, the Mint should ensure that this monthly written report is prepared and submitted to the COR and retained as evidence in the records of the Mint's monitoring activities.

In response to recommendation number 3, management plans to assess the feasibility of developing a system to capture and store the raw data elements to validate the contractor's monthly performance reports, or contracting with a third party to conduct additional surveillance and/or audits. In response to recommendation number 4, management stated that the Mint's Sales and Marketing (SAM) Directorate identified the loss of the OMS-II contractor as a risk in its risk inventory in 2018 and is currently evaluating available courses of action to mitigate this risk. In response to recommendation number 5, in the next year, the Mint plans to reassess the costs and benefits of providing OMS-II system access with additional languages. In response to recommendation number 6, management stated that the Mint continues to perform formal and informal analyses of business opportunities to grow market share and gross revenue, as well as to identify new income sources for the program.

Management's response and its corrective actions, taken and planned, meet the intent of our recommendations. Management will need to record the estimated dates for completing its planned

corrective actions as well as the actual dates of completed corrective actions in the Joint Audit Management Enterprise System (JAMES), Treasury's audit recommendation tracking system.

Background

The Mint produces and sells numismatic products to the public through its numismatic program.⁴ Numismatic product offerings and maximum amounts minted are authorized by Congress.⁵ The program is self-sustaining and operates at no cost to taxpayers.

The numismatic program sold approximately 3.9 million units in fiscal year 2017, a decrease of 6 percent from the prior year. Numismatic revenues totaled \$387.5 million in fiscal year 2017, a decrease of 6 percent from fiscal year 2016. Over half of the numismatic program's revenue is generated through online sales. Bulk orders account for over 20 percent of revenue, but only accounted for 0.3 percent of all orders.⁶

Launching of OMS-II

In October 2014, the Mint launched OMS-II which included a new catalog website designed to provide Mint customers with an experience that keeps pace with advancements in both technology and business functionality.

OMS-II, which is maintained by a contractor, supports the Mint's numismatic retail sales operations mostly through eCommerce, allowing customers to place orders online and by phone.⁷ OMS-II provided a business solution for the Mint's numismatic ordering processes to replace its legacy system. According to the Mint's

⁴ 31 U.S.C. 5111 authorizes the Secretary of the Treasury to prepare and distribute numismatic items. Numismatic items include proof coins; uncirculated coins; commemorative coins; Congressional gold medals; platinum, gold, and silver bullion coins; and related products or accessories.

⁵ 31 U.S.C. 5112, *Denominations, specifications, and design of coins*.

⁶ To participate in the Numismatic Bulk Purchase Program, applicants must meet qualifying criteria and complete an agreement form and registration form.

⁷ Along with placing orders online and over the phone, customers can purchase coins at retail locations at the Mint Headquarters in Washington, DC and Mint-attended numismatic conventions. Mail orders for numismatic products ended on September 30, 2017.

Capital Investment Plan, the Mint's old system had become obsolete, which resulted in an environment that failed to meet the Mint's business needs, and posed unacceptable risks.

The OMS-II solution includes the following major components: eCommerce, Creative Design, Interactive Marketing Services, Order Management/Warehouse Management Systems, Information Technology Integration, CCC, and Fulfillment/Distribution Center. The contractor operates from its headquarters in Allen, Texas; the CCC is located in Dallas, Texas; and the Distribution Center is located in Memphis, Tennessee.

In addition to purchasing products online, over the phone, and in person at Mint Headquarters and the Mint kiosk at numismatic collector conventions, an enrollment program is available for customers to sign up for certain products to be automatically delivered when they become available. The Mint also has a Numismatic Bulk Purchase Program where authorized dealers can order numismatic products in bulk and qualify for a discount on their purchases.

Roles of the Contractor and the Mint

In September 2013, the Mint entered into an initial 6 year performance-based contract with an eCommerce full-service provider to meet the needs of its numismatic retail sales operations.⁸ As of November 2019, the Mint extended the PFSWeb contract until the end of fiscal year 2020. The contract set the requirements, roles and responsibilities of the contractor, and defined the scope of the contractor's services.⁹ The contract is structured around "what" service or quality level is required, as opposed to "how" the contractor should perform the work.

⁸ The Mint entered into a performance-based contract with PFSWeb for the OMS-II program with a potential performance period from September 2013 through September 2023. The contract includes a design and implementation year, five operations and maintenance years, and four operations and maintenance option years. According to the Federal Acquisition Regulation (FAR), performance-based contracting is the preferred method for acquiring services and is to be used to the maximum extent possible.

⁹ According to FAR 37.601(b), performance-based contracts shall include a performance work statement, measurable performance standards, and performance incentives where appropriate.

The contract also included a QASP that sets forth procedures and guidelines the Mint uses to ensure the contractor achieves required performance standards or service levels.¹⁰ The QASP identifies performance requirements the contractor must meet. These requirements fall into three categories—CCC, Distribution Center, and Systems—each with specific performance targets and minimum desired outcomes acceptable to the Mint. Quality levels that fall below the specified performance targets for the month are considered a “service failure.” Each month, the contractor provides the Mint with the results of these performance requirements. Some of these performance measures are tied to incentives for superior results or disincentives for not meeting the requirements. Incentives include monetary fees payable to the contractor when performance exceeds performance targets within a specified timeframe while disincentives results in “performance credits” which are paid to the Mint in the event of a Service Level Failure. We noted that incentives and disincentives were applied to the invoice immediately following the month in which they were realized. From fiscal year 2014 through fiscal year 2017, the activities from the CCC and distribution center resulted in total net disincentives of over \$51,000.¹¹

The QASP also defines the performance management approach the Mint will use to monitor and manage the contractor’s performance to ensure expected outcomes or performance objectives communicated in the contract are achieved. As part of this approach, the QASP defines the methodologies the Mint uses to monitor and evaluate the contractor’s performance, describes Mint quality assurance documentation requirements, and describes the Mint’s analysis of quality assurance monitoring results.

The methodologies to monitor performance identified in the QASP include 100 percent inspections and periodic inspections but does not specifically identify what those inspections entail. The QASP states that each month the Mint COR shall review monitoring

¹⁰ According to FAR 46.401(a), quality assurance surveillance plans should be prepared in conjunction with the preparation of the statement of work and should specify all work requiring surveillance and the method of surveillance.

¹¹ Two percent of certain CCC and Distribution Center invoice amounts are available for incentives/disincentives to encourage the contractor to meet performance measures. Also, a disincentive of \$10,000 per month is available if the contractor does not meet performance measures associated with the OMS-II system, such as system up-time requirements.

documentation and enter summary results into a Surveillance Activity Checklist.

Mint officials and staff stated they used the following methods to conduct oversight of the contractor's performance:

- Monthly reviews of the service level agreement results reported in the contractor's QASP report.
- Monthly reviews of contractor invoices for proper supporting documentation and approval.
- Quarterly inventories conducted with Mint oversight.
- Periodic review and monitoring of the Distribution Center and CCC.
- Daily live feed monitoring of website activity, including live-time traffic to the Mint's website and products being bought.
- Daily report reviews including an Operational Dashboard.¹²
- Weekly meetings with the contractor to discuss CCC and distribution center operations.
- Reviews of all emails, chats, and call disposition summaries.
- Live call calibrations performed to ensure the contractor's call quality assurance reviews are performed as required by the Mint.
- Reviews of the website and CCC customer satisfaction survey results.

Audit Results

Finding 1 The Mint's Oversight of the Numismatic Order Management System Contractor Needs Improvement

We concluded that key controls and procedures used by the Mint in providing oversight of the contractor's numismatic ordering

¹² The Operational Dashboard includes revenue figures by order method, order method figures, freight option breakdowns, volume of units shipped, inbound activity (new inventory and sales returns), call center volume and service levels, and monthly customer counts.

management system could be improved. As discussed further below, we noted that the Mint did not periodically review or make necessary adjustments to improve the QASP since the beginning of the contract. The Mint also did not develop corrective action plans in conjunction with the contractor, as required by the QASP, to improve contractor performance in meeting established performance requirements.

We were also unable to verify the extent to which the Mint performed monitoring activities per the QASP because the Mint did not maintain required quality assurance documentation. In addition, as of the end of fieldwork, the Mint was finalizing its risk management program. We noted that this program did not include the risk associated with the potential loss of the numismatic order management contractor.

Lack of Periodic Review of the QASP Performance Requirements and Corrective Action Plans

As discussed above, the QASP established contract performance requirements and the Mint's methodologies for maintaining contractor oversight. We noted that the Mint did not periodically review QASP performance requirements, as necessary. The Mint also did not develop corrective action plans, as required by the QASP, when the contractor failed to meet established performance requirements. The performance measures put in place by the contract's QASP are used to ensure customer service quality, which was identified by the Mint as a risk to OMS-II. Repeated failure to meet these performance measures places the Mint at greater risk of not ensuring customer service quality.

While the contractor met most performance requirements from October 2014 through September 2017, as described further in finding 2 below, the contractor did not consistently meet the following CCC performance requirements over the period reviewed:

- Agent Utilization – The contractor is required to maintain agent productivity to hours worked of 65 percent.¹³ We found that

¹³ Agent utilization is calculated by summing all agents' total talk time, after call work, and training and quality coaching divided by the total system logged in time.

during the 3-year review period, the contractor only met this measure 39 percent of the time.

- Peak Day Performance – The Mint identified high volume and coin release days as risks to the OMS-II. The Mint manages these risks by identifying peak days with the contractor in advance to prepare staffing needs. The peak day performance measure goal is to meet all three performance requirements (i.e. 80 percent of calls answered in 20 seconds or less, average speed of answer of 20 seconds or less, and abandon call rate of 5 percent or less) during a designated peak day. There had been 11 designated peak days over the three-year review period; the contractor met peak day performance requirements for only five of those days.
- Email Response Time – The contractor is required to respond to 99 percent of emails within one business day. The contractor only met this performance measure 17 percent of the time.
- CCC Satisfaction Survey –The contractor is required to maintain 90 percent customer satisfaction. The contractor has never met the CCC satisfaction survey measure over the 3-year review period—averaging 77 percent customer satisfaction per month.

The QASP states that if the contractor has not met the minimum performance requirements, a corrective action plan is required to bring the contractor’s performance to service level requirements. Mint personnel must coordinate and communicate with the contractor to resolve issues and concerns regarding marginal or unacceptable performance.

A Mint official told us that they have not developed any recent corrective action plans with the contractor and that the contractor’s performance has been strong and within acceptable ranges.

At least one of the performance requirements may need to be adjusted— CCC satisfaction survey requirement of 90 percent. Performance standard requirements should be appropriate and developed so that the contractor’s performance meets the contract terms and conditions. Because the contractor has never met this performance level requirement and the Mint has not developed a related corrective action plan, the required performance level may

be too high or the survey may need to be modified. A Mint official told us that some performance measures such as the CCC survey may be too high. When asked about the CCC survey goal of 90 percent, a Mint employee told us that the goal was difficult to achieve and there was a need to figure out how to improve results. The Mint employee further stated that the customer survey was not truly reflective of the job CCC was doing.

The QASP is a “living document” in that the Mint may review and revise it on a regular basis, with the consent of the contractor. As such, the QASP performance measures should be reviewed and adjusted, as appropriate.

Based on the contractor’s inconsistency for meeting CCC performance requirements, the Mint should periodically review and refine QASP performance requirements and work with the contractor to develop corrective action plans to improve performance and ensure quality customer service is maintained. The absence of updated performance requirements and corrective action plans leaves the Mint’s ordering system at risk of not achieving its goals and limits Mint management’s ability to effectively monitor contractor performance. Since most of these measures require proper staffing to achieve, the Mint should revisit its staffing forecast procedures with the contractor as part of these corrective action plans.

Lack of Sufficient Documentation Supporting the Mint’s Contract Oversight

We were unable to verify the extent to which the Mint performed monitoring activities to ensure the contractor was meeting required performance requirements. Although Mint employees told us they monitor the contractor’s performance, they could not provide sufficient documentation to support the Mint’s contract monitoring activity results, including activities specified in the QASP. A Mint employee told us there was no direct access to all information maintained by the contractor, and therefore, Mint personnel relied on contractor-provided summary reports to validate QASP-related performance. Specifically, the Mint did not prepare and maintain reports supporting the overall results of its quality assurance monitoring of the contractor’s performance.

Per the QASP, quality assurance monitoring is to be performed by designated Mint technical monitors and reported using agreed upon monitoring forms. The forms are to be used to document the government's assessment of the contractor's performance under the contract to ensure that required results are being achieved. The COR is to retain copies of all completed quality assurance surveillance forms. The QASP states that at the end of each month, technical monitors are to prepare a written report for the COR summarizing the overall results of the quality assurance monitoring of the contractor's performance. This written report along with the contractor's submitted weekly and monthly reports and quality assurance monitoring forms are to become part of the quality assurance documentation.

We also noted that the Mint did not maintain documentation supporting the validation and approval of contractor invoices. The Mint COR told us that they do not maintain supporting documentation once the invoice has been approved. The only document maintained is a monthly email from the designated approver to the COR stating that they approve or disapprove of the totals on the invoice.

In addition, the Mint did not validate contractor performance reporting to raw source data. The Mint could not provide performance data to support the QASP performance results, instead, we had to request that data directly from the contractor.

We also compared contractor performance reporting to the contractor provided supporting data and were able to validate most performance results to supporting documentation. However, the contractor could not provide data supporting past performance of the agent utilization performance measure because they did not maintain and could not reproduce reports for the time period requested. We also noted that the contractor was not systematically tracking receiving and returns processing performance measures as required by the QASP, and its calculation of the shipping accuracy performance measure was not correct.

A Mint employee told us that the Mint was at a disadvantage because it does not receive raw data from the contractor, only contractor-produced reports. The Mint's COR coordinates with specialists and managers from different operational areas to review

performance results. This group looks at the performance results summarized by the contractor in the monthly QASP report to see if it is consistent with daily figures. The Mint COR explained that these individuals look at the data on a daily basis and should know if the monthly performance results are accurate.

The Government Accountability Office's (GAO) Standards for Internal Control in the Federal Government,¹⁴ states

Management may engage external parties to perform certain operational processes for the entity, however, management retains responsibility for the performance of processes assigned to service organizations and needs to understand the controls each service organization has designed, implemented, and operates for the assigned operational process.

Office of Management and Budget (OMB) Circular A-123¹⁵ states

Management's internal control considerations should include responsibility for the performance of third-party provided processes, establishing 'user controls', and service organization oversight. If the processes provided by the third-party service organization is significant to an Agency's internal control objectives, then the Agency is responsible for establishing user controls that complement the service organization's controls. Management retains overall responsibility and accountability for all controls related to the processes and must monitor the process as a whole to make sure it is effective.

Per OMB Circular A-123, user controls include:

- Input/output Controls – management must have access to the information processed by a service organization so that it can compare the data submitted by the service organization with reports or information received from the service organization.
- Performance Monitoring – Management must have a process for monitoring service level organization performance in relation to various metrics, typically defined in a service-level agreement.

¹⁴ GAO-14-704G, *Standards for Internal Control in the Federal Government* (September 2014).

¹⁵ OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control* (July 15, 2016).

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- Process controls – user controls are closely tied to the service organizations processes and provide direct assurance over their operation.

Although the Mint has processes in place for monitoring the contractor’s performance through the establishment of the QASP, the Mint should retain required documentation to support its contract monitoring. Without adequate documentation of its monitoring of the contractor’s performance, the Mint is at potential risk for not ensuring that oversight measures are being properly performed and required performance standards or service levels are achieved by the contractor. Supporting documentation retained should include obtaining information processed by the contractor to validate the data in the summary reports provided.

GAO’s Standards for Internal Control in the Federal Government identifies the appropriate documentation of transactions and internal control as a common control activity category.¹⁶ The standard states:

Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination... Documentation and records are properly managed and maintained.

The Mint Did Not Identify Loss of the Contractor as a Risk to the Numismatic Program

As of the time of our audit fieldwork, the Mint did not have a formalized risk management program in place. In May 2017, the Mint initiated a risk management program and was in the process of forming a Concept of Operations document to capture details of the program and charters for two internal risk management governance bodies—the Risk Management Committee and the Risk Officer Community of Practice. As of June 2019, the Mint was in the process of hiring a Chief Risk Officer, finalizing the fiscal year 2019 U.S. Mint Profile and Risk Appetite, and finalizing the Enterprise Risk Management Concept of Operations.

¹⁶ Management designs control activities in response to the entity’s objectives and risks to achieve an effective internal control system.

As part of the risk management program, the Mint conducted a top-down risk assessment to create a risk profile. The Mint provided us with a list of strategic risks associated with its risk profile; however, the loss of the contractor was not identified as a risk to the numismatic program.

GAO's Standards for Internal Control in the Federal Government states "management should define objectives clearly to enable the identification of risks and define risk tolerances." Further, "management should identify, analyze, and respond to risks related to achieving the defined objectives." OMB Circular A-123 also requires agencies to complete a risk profile by June 2017 and to update that risk profile every June as part of its implementation of Enterprise Risk Management.¹⁷

Mint officials told us that they monitor the contractor's ability to meet its contractual obligations and maintain a database of customer information that would help expedite the migration of work to an alternate vendor, if necessary. In the event the vendor could not continue to provide service to the Mint, the Mint may not be able to ensure the continuity of its numismatic program since it relies on the contractor to provide most of the order management services. We believe that the Mint should include the loss of the current numismatic contractor as part of its finalized risk management plan.

Recommendations

We recommend that the Mint Director ensures the Numismatic and Bullion Directorate:

1. Periodically reviews QASP performance measures to determine necessary adjustments and develop corrective action plans, as required by the QASP, with the contractor, where needed.

Management Response

Management concurred with our recommendation. Management stated that it has developed a business dashboard consisting of

¹⁷ The primary purpose of a risk profile is to provide a thoughtful analysis of the risks an agency faces toward achieving its strategic objectives arising from its activities and operations and to identify appropriate options for addressing significant risks.

a robust set of variables and standards that are tracked by both the SAM group and the Mint's OMS-II contractor on a daily basis. The Mint believes these variables give the Mint a more reliable depiction of CCC and fulfillment operations. The leadership team of the Mint's SAM Directorate monitors this data daily and meets monthly to discuss trends and impacts to the business.

Management further stated that, on a quarterly basis, the Mint conducts a formal business review with the contractor of OMS-II, which consists of more data elements than the QASP. The data are reported on current terms and compared to historical data points to identify trends. During the review, the Mint and PFS collaborate on additional business standards or data points that need to be monitored. These steps are taken to ensure the Mint and PFS are reacting to the needs of the Mint and stakeholders in a cost effective and time effective manner. Management also stated that changes to the QASP would require the Mint to formally negotiate terms of the contract and would be cost prohibitive and time consuming; and therefore, management will address changes to the QASP during the contract option year's negotiations. The Mint has also established an executive steering committee to evaluate its current vendor and future needs during the option years on the existing contract.

OIG Comment

Management's response and corrective actions, planned and taken, meet the intent of our recommendation. Management will need to record the estimated dates for completing its planned corrective actions as well as the actual dates of completed corrective actions in JAMES, Treasury's audit recommendation tracking system.

2. Retains evidence of its monitoring activities outlined in the contract's QASP to better document the Mint's oversight of the contractor's compliance with contract requirements.

Management Response

Management concurred with the recommendation and stated that there have been on-going changes to monitoring activities.

Management stated that the Mint has evidence and records showing that it monitors the CCC and performance related to customer service weekly and monthly, and the overall QASP is reviewed and retained on file monthly. In addition to these monitoring methods, the Mint conducts quality oversight through semi-annual CCC agent training. To improve employee awareness of the Mint's efforts, the Division Chief of Sales plans to conduct monthly reviews of all QASP elements, as well as the business dashboard, with each Division Chief and Branch manager.

OIG Comment

Management's response and planned corrective action meet the intent of our recommendation. While we did find evidence of some of the Mint's monitoring activities mentioned in management's response, the Mint did not provide evidence of a monthly written report submitted to the COR documenting the quality assurance monitoring of the contractor's performance as required by the QASP. Similar to its retention of evidence and records of certain monitoring activities, the Mint needs to ensure that this monthly written report is prepared and submitted to the COR and retained as evidence in the records of the Mint's monitoring activities. Management will need to record the estimated dates for completing its planned corrective actions as well as the actual dates of completed corrective actions in JAMES, Treasury's audit recommendation tracking system.

3. Obtains and validates contractor's supporting documentation against monthly performance reports and retains this as part of the Mint's monthly monitoring documentation.

Management Response

Management concurred with the recommendation and acknowledged that the Mint could have improved validating the contractor's documentation of performance against raw data. Management stated that the Mint has gone to great lengths to ensure customer service is monitored independent of the contractor and that records are kept on file. The Mint plans to assess the feasibility of developing a system to capture and

store the raw data elements, or of contracting a third party to conduct additional surveillance and/or audits.

OIG Comment

Management's response and planned corrective actions meet the intent of our recommendation. Management will need to record the estimated dates for completing its planned corrective actions as well as the actual dates of completed corrective actions in JAMES, Treasury's audit recommendation tracking system.

4. Assesses the need to include, the loss of the OMS-II contractor as a potential risk to the numismatic program as part of the Mint's Risk Management Program.

Management Response

Management concurred with the recommendation and stated that the SAM Directorate identified a single source contractor as a risk in its risk inventory in 2018. The Mint is currently evaluating available courses of action to mitigate this risk.

OIG Comment

Management's response and corrective actions, planned and taken, meet the intent of our recommendation. Management will need to record the estimated date for completing its planned corrective actions as well as the actual date of completed corrective actions in JAMES, Treasury's audit recommendation tracking system.

Finding 2

OMS-II Is Working as Intended and Meeting User Needs

We concluded that the Mint OMS-II is working as intended based on the system meeting most of its performance goals and on our analysis of OMS-II numismatic order processing data. OMS-II is meeting the needs of a majority of its users according to customer satisfaction surveys and our review of online customer service conversations. However, the Mint's website and CCC are only offered in English. Additionally, the Mint has not met targeted unit

sales goals for fiscal years 2015 through 2017, resulting in declining revenues.

OMS-II is Working as Intended

OMS-II was intended to meet the Mint's strategic goals of effectively managing bullion and numismatic programs and responsibly expanding the numismatic program. To meet its goals, the Mint contracted for a solution that uses existing online retail technology while providing reasonable levels of functionality. It is also not overly complex and can be used by the Mint and its employees.

The Mint's 2016 through 2018 Capital Investment Plans included, among others, the following metrics used to measure the success of the OMS-II:

- average time to ship orders,
- maintenance of eCommerce Website uptime, and
- bimonthly customer satisfaction measure from tracking survey.

The customer satisfaction metric and numismatic sales units are also used as performance metrics to gauge the Mint's progress in achieving its strategic goals. Additionally, as previously mentioned, the OMS-II contract established performance requirements.

Table 1 below provides a summary of the performance requirements and the percentage of months the contractor met these performance requirements from October 2014 through September 2017.

As shown in Table 1, the contractor is generally meeting established performance requirements. The Mint's website and order management systems have performed well since being implemented in October 2014, maintaining required uptime during the 3-year review period.¹⁸ The website is meeting its customer satisfaction goal and has only fallen under the required performance requirement twice since the measure started being tracked in March 2016. The contractor's distribution center has

¹⁸ Up-time measures the percentage of time the system is operational net of any scheduled systems maintenance.

also been excelling at meeting order fulfillment goals, while maintaining shipping accuracy and shipping priority and nonpriority shipments in a timely manner.^{19,20}

¹⁹ Shipping Accuracy measures the accuracy of customer shipments and is defined as customers receiving the correct products and the correct number of units for their order.

²⁰ The QASP requires that all priority orders be shipped on-time 99.5 percent of the time. On-time shipments for priority orders are considered to be on the same day if received prior to the 12:00 PM Eastern Standard Time cutoff or the next day if not received prior to that time. On-time shipments for non-priority orders are considered within one business day with a goal of meeting the target 99 percent of the time.

Table 1: QASP Performance Requirements and Results

Area	Measure	Measurement Period	Target	% of Measurement Periods Met
Call Center	Average Speed to Answer*	Monthly	≤ 20 Seconds	56%
	Agent Utilization*	Monthly	≥ 65%	39%
	Call - Customer Satisfaction Survey*	Monthly	≥ 90%	0%
	Web - Customer Satisfaction Survey*	Monthly	≥ 75%	89%
	Peak Day Performance *	Peak Day(s)	All 3 SLAs^	45%
	CSR Quality Score	Monthly	≥ 90%	75%
	Service Level (Answered within 20 seconds)	Monthly	≥ 80%	92%
	Abandoned Call Rate	Monthly	≤ 5%	92%
	One Call Resolution (Resolved in 1 call)	Monthly	≥ 85%	94%
	Email and Response Time (1 business day)	Monthly	≥ 99%	17%
Fulfillment	On-Time Shipments - Priority (Same or next business day) *	Monthly	≥ 99.5%	72%
	On-Time Shipments - Non Priority (1 business day)*	Monthly	≥ 99%	86%
	Shipping Accuracy	Monthly	≥ 99.5%	91%
	Receiving Turnaround (1 business day)	Monthly	≥ 99%	100%
	Returns Processing (2 business days)	Monthly	100%	94%
	Freight Management - Audit Accuracy	Monthly	> 99%	91%
Systems	OMS Up-Time*	Monthly	≥ 99.5%	100%
	Web - Up-Time *	Monthly	≥ 99.5%	100%
	Incident Response on Critical Incidents (within 1 hour)	Monthly	≥ 95%	100%
	Load Test Certification	Annually	Pass/Fail	100%
*Indicates a incentives/disincentive performance measure.				
^The Peak Day Performance Measure requires the contractor to meet three all service level agreements (SLA). The SLAs include maintaining an average answering speed of 20 seconds or less, answering 80% of calls in 20 seconds or less, and maintaining an abandoned call rate of less than 5%.				

Source: QASP Workbooks (October 2014 through September 2017).

In Finding 1, we found the contractor has not consistently met agent utilization, peak day performance, email response, and call center customer satisfaction performance goals, however, the CCC is doing well in meeting other established performance goals. The contractor is meeting its goal of 80 percent of calls answered in 20 seconds or less, having only missed this measure three times over the three-year period—all occurred within the first 4 months of operation. CCC has also improved its average answering speed over the life of the contract. CCC struggled with meeting its goal of average answering speed of 20 seconds or less during the first 18 months of the contract, only meeting it five times. However, CCC showed significant improvement in meeting this measure during the period of April 2016 through September 2017, meeting the target 15 times. CCC has also successfully met its abandoned call rate goal by maintaining an average abandoned call percentage of only 2 percent over the reviewed period.²¹

In addition, we performed analytical tests of OMS-II sales order, credit card settlement, and shipping data we received for the month of September 2017 and found no anomalies.²² Online, mail, and subscription transactions occurring within the audit period were traced through the OMS-II system data to determine if all orders processed and invoiced were settled by the customer and shipped from the warehouse; finding no significant exceptions. Based on our review of OMS-II data, we found the system was meeting its purpose of accurately processing and fulfilling orders.

OMS-II Is Meeting Most User Needs

Our review of customer satisfaction survey results and customer chat transcripts indicate that OMS-II is meeting the needs of the majority of its users. The Mint uses contractors to conduct customer satisfaction surveys for users of both CCC and the website.²³ Mint officials told us that customer satisfaction surveys were the Mint's primary means to determine customer satisfaction.

²¹ Abandoned call rate is a measure of how frequently callers disconnect before they are serviced by a customer service representative (CSR).

²² Anomalies included testing for zeros and blank fields when not appropriate, looking for outliers within the data, and testing for duplicate entries.

²³ Desktop and mobile website surveys are conducted by Foresee and CCC surveys are conducted by the Claes Fornell International Group, both customer experience consultants.

As discussed in Finding 1, the QASP performance requirement for CCC customer satisfaction was never met by the contractor. Our review of the customer satisfaction surveys from October 2014 through September 2017 found that, overall, customers are satisfied with the call center and there has been an upward trend in most performance categories over the 3-year period reviewed.

The survey uses the American Customer Satisfaction Index methodology to measure overall customer satisfaction. Although they never met the 90 percent CCC customer satisfaction requirement established in the QASP, the CCC average customer satisfaction index of 76 is above private and public sector contact center benchmarks of 68.²⁴ CSRs have the largest impact on customer satisfaction and they are performing well above public and private sector industry benchmarks.²⁵ Based on these results, customers were satisfied with the service they were receiving from the CSRs and the improvements to call waiting times.

Customer satisfaction survey results show that desktop and mobile users are overall satisfied with the website, based on the upward trends in satisfaction of all measured categories of the website from the beginning to the end of the 3-year period reviewed. The Mint's overall customer satisfaction measure has performed slightly above average for government desktop websites.

We received approximately 66,000 CCC chat transcripts from fiscal year 2017. Because of the large volume of transcripts, we searched key words to filter through the transcripts for potential issues. The purpose of this review was to identify issues customers might be experiencing with OMS-II or the numismatic program, as well as to determine how those issues were addressed. We found no significant systemic issues with order processing or order fulfillment. In addition, CSRs generally handled chats properly resulting in customers being mostly satisfied with

²⁴ Private Sector benchmark is from the Contact Center Satisfaction Index and the Public Sector benchmark is from the Government Contact Center Satisfaction Index (GCCSI) issued from Claes Fornell International Group as of September 2017.

²⁵ CSRs are rated on their knowledge, courteousness, communication skills, and ability to resolve issues. CSRs averaged a score of 88 for Knowledge, 92 for Courteousness, and 90 for Communication Skills during the three years reviewed. Public and private sectors scored 72 and 79, respectively, for Knowledge; 78 and 83, respectively, for Courteousness; and 77 and 82, respectively, for Communication Skills.

the service provided. Some of the most common issues identified in the chats were lost/forgotten password, sold out/household limits, damaged or missing products requiring a certificate of non-receipt, and problems completing orders due to customer internet browser compatibility.

However, we found that the Mint's website and CCC are only offered in English to customers. Mint officials told us that most of the Mint's user base is English speaking and internet browsers can translate the website into another language, if needed. With that said, as of 2017, the number of people in the United States 5 years and older who spoke a language other than English neared 22 percent.²⁶ Of those, 39 percent spoke English less than "very well." The Mint had not pursued adding foreign languages to its business solution because only a limited portion of its business comes from international sales. The Mint also had not performed any studies into offering its services in other languages.

Federal agencies are required to take reasonable steps to provide meaningful access for Limited English Proficient individuals to federally conducted programs.²⁷ Also, according to Guideline 7 of the "Guidelines for Improving Digital Services," agencies are to ensure that digital services are easy to use and accessible, including for people with disabilities and those who are not proficient in English.²⁸

We believe that the Mint should consider the feasibility of offering language services as part of its numismatic program based on the growing population of individuals who speak a language other than English and the requirement that all federal agencies must take reasonable steps to accommodate limited English proficient individuals.

²⁶ U.S. Census Bureau, *2017 American Community Survey 1-Year Estimates*.

²⁷ Executive Order 13166, *Improving Access to Services For Persons With Limited English Proficiency* (August 11, 2000)

²⁸ *Digital Government: Building a 21st Century Platform to Better Serve the American People* (May 23, 2012) states that agencies are to ensure all new digital services follow digital services and customer experience improvement guidelines developed by Federal interagency groups.

Numismatic Sales Have Not Expanded

The goal of OMS-II per the Mint’s Capital Investment Plan was to responsibly expand the numismatic program; however, numismatic sales since the inception of the contract reveal that the Mint is not meeting its units sold goal. Specifically, the numismatic sales unit metric, established as part of the Mint’s annual performance plan, measures public demand for coin products sold from numismatic operations. Per the metric, as shown in Table 2, from fiscal years 2015 through 2017 the Mint missed its target unit sales goals—during the same time target unit sales also decreased. For fiscal year 2018, the Mint target goal dropped to 3.5 million units.

Table 2: Numismatic Sales Units Fiscal Years 2013 – 2017

Numismatic Sales Units (In Millions)	2013	2014	2015	2016	2017
Actual Units Sold	5.5	5.7	5.4	4.2	3.9
Target Units Sold	5.2	5.4	5.6	4.6	4.4

Source: Excerpts from fiscal year 2013 through fiscal year 2017 President’s Budget and fiscal years 2018 and 2019 Mint Congressional Justification and Annual Performance Report and Plan.

The Government Performance and Results Act (GPRA) Modernization Act of 2010 requires agencies to establish performance goals to define the level of performance to be achieved during the year as part of its annual performance plan.²⁹ Each year the agency shall make available to the public an update on agency performance including a comparison of actual performance achieved with the performance goals established in the agency performance plan. Each update shall explain and describe where a performance goal has not been met, why the goal was not met, and the plans for achieving the established performance goal.

²⁹ P.L. 111-352 The GPRA Modernization Act of 2010 (January 4, 2011).

As shown in the Table 3 below, lower unit sales resulted in lower revenues and income for the Mint numismatic program. From fiscal years 2013 to 2017, revenues decreased from approximately \$512 million to \$387 million (24 percent), while income decreased from approximately \$96 million to \$19 million (80 percent) during the same time. Numismatic revenues are projected to decrease in fiscal years 2018 and 2019 to \$327 million and \$305 million, respectively, due to decreased demand for numismatic products.

Table 3: Numismatic Sales Fiscal Years 2013 – 2017

Numismatic Sales (In thousands)	2013	2014	2015	2016	2017
Units Sold	5,509	5,725	5,379	4,159	3,905
Revenue	\$512,400	\$504,500	\$453,200	\$413,000	\$387,500
Net Income	\$95,800	\$50,800	\$66,800	\$34,500	\$19,200

Source: 2017 Mint Annual Report.

Along with lower profits, the numismatic customer base was also steadily declining over the last few years. According to the contractor, in fiscal year 2013, Mint numismatic unique purchasers totaled over 575,000 customers. In fiscal year 2017, the number of unique purchasers fell to about 459,000 (20 percent).

In its fiscal year 2017 annual report, the Mint attributed the lower than anticipated results in fiscal year 2017 on a shortfall in sales of annual precious metal coins because of the overabundance of coin products available on the secondary market, and the conclusion of the Presidential \$1 Coin program. The Mint also attributed the shortfall to a lack of enthusiasm for commemorative coin offerings in fiscal year 2017.

Mint officials told us that the Mint is limited on the numismatic products it can offer to the public, and that they need Congressional approval and direction for new numismatic program offerings. In its 2018 risk profile, the Mint identified the need to

clearly articulate its brand and enhance the marketing of its products or be at risk of revenue from numismatic production being negatively impacted. At the time of our audit, the Mint was considering proposed actions to improve numismatic sales.

Recommendations

We recommend that the Mint Director ensures the Numismatic and Bullion Directorate:

5. Performs an assessment regarding the impact of not having language accessibility for Mint's numismatic program services and considers adding these services to OMS-II.

Management Response

Management concurred with the recommendation and stated that Executive Order 13166 requires agencies to assess the costs and benefits of providing access in additional languages. The Mint explored this with the contractor during initial implementation of OMS II. At that time, the Mint determined that it would not be economically feasible nor cost effective to do so. Management further stated that, in the next 12 months, the SAM Directorate and the Equal Employment Opportunity Office will reassess this conclusion based on the current environment.

OIG Comment

Management's response and planned corrective actions meet the intent of our recommendation. Management will need to record the estimated date for completing its planned corrective actions as well as the actual date of completed corrective actions in JAMES, Treasury's audit recommendation tracking system.

6. Performs analyses to determine the feasibility and potential impact of proposed actions to improve numismatic sales, performs additional studies to enhance future sales, and reports the results to stakeholders.

Management Response

Management concurred with the recommendation. Potential strategies currently under evaluation include an improved loyalty

program, systems upgrades to allow for prepayment and embargo options for bulk customers, and alternative distribution channels that allow for greater reach and pricing flexibility. Management stated that the SAM Directorate has performed and continues to perform formal and informal analysis of business opportunities to grow the market share, gross revenue, and net income of the Mint's numismatic program.

OIG Comment

Management's response and corrective actions, planned and taken, meet the intent of our recommendation. Management will need to record the estimated dates for completing its planned corrective actions as well as the actual dates of completed corrective actions in JAMES, Treasury's audit recommendation tracking system.

* * * * *

We appreciate the cooperation and courtesies extended to our staff during the audit. Major contributors to this report are listed in appendix 3. If you wish to discuss the report, you may contact me at (617) 223-8638 or Mark Ossinger, Audit Manager, at (617) 223-8643.

/s/

Sharon Torosian
Audit Director, Manufacturing and Revenue

Appendix 1: Objectives, Scope, and Methodology

The objective of our audit was to determine whether the United States Mint (Mint) is effectively managing order processing for numismatic products, such as precious metal coins, commemorative coins, and medals for sale to the public. As part of this work, we planned to determine if the Mint's order management system (OMS-II) is working as intended and the numismatic program is meeting the needs of its users. The scope of our audit covered from the launch of OMS-II in October 2014 through September 2017. We conducted our fieldwork from June 2017 through November 2018. We conducted additional follow-up with the Mint in June 2019.

To accomplish our objective, we interviewed Mint officials and staff at Mint's Headquarters in Washington, DC and conducted tours of the Mint's Philadelphia, Pennsylvania manufacturing facility. External to the Mint, we interviewed program management and staff from the Mint's numismatic contractor. We also conducted tours of the contractor's Customer Contact Center (CCC) in Dallas, Texas and its Distribution Center in Memphis, Tennessee.

At the Mint Headquarters, we interviewed officials responsible for oversight of the Mint numismatic program and oversight of the OMS-II contractor to help gain an understanding of the Mint's numismatic program order management system, as well as to determine how they oversee the Mint's OMS-II contractor.

At the Mint's Philadelphia, Pennsylvania manufacturing facility, we interviewed officials to obtain knowledge on how numismatic products are produced and the process for sending finished products to the numismatic contractor.

External to the Mint, we interviewed officials from the Mint's OMS-II contractor to gain an understanding of how they operate the OMS-II.

We reviewed applicable Treasury orders and directives, past Department of the Treasury (Treasury) Office of Inspector General (OIG) reports, applicable laws and regulations, and government-wide guidance applicable to the Mint's numismatic program, including:

The United States Mint Numismatic Order Management System is Meeting User Needs But Improvements to Oversight are Needed (OIG-20-030)

Appendix 1: Objectives, Scope, and Methodology

- Office of Management and Budget Circular A-123 Management's Responsibility for Enterprise Risk Management and Internal Control
- Government Accountability Office Standards for Internal Control in the Federal Government (Green Book)
- Federal Acquisition Regulations
- Executive Order 13166, Improving Access to Services For Persons With Limited English Proficiency
- Digital Government: Building a 21st Century Platform to Better Serve the American People

Through our interviews with Mint and contractor officials to gain an understanding of the numismatic program and the ordering processes, our walkthroughs of the contractor's CCC and distribution center to gain an understanding of the contractor's processes, and review of the Mint's and contractor's policies and procedures, we documented our understanding of the processes and controls over numismatic product order management and program oversight using flow charts. To validate our flow charts, we provided the flowcharts to the Mint and contractor to review and provide comments. A risk assessment was created to determine the processes and controls over the numismatic product ordering and program oversight that presented a high risk to the numismatic program. High risk process and oversight level controls were assessed further to determine if they were being implemented and were adequate. Although we identified physical security as a high-risk process-level risk, we did not assess the contractor's physical security, which was outside the scope of the audit.

We reviewed the adequacy of established numismatic program performance measures against industry standards to determine if the Mint contractor was meeting those established performance measures.

We performed tests on transaction data from the Mint's Data Warehouse and contractor data using data analysis software to determine if the system was working as intended and to determine the reliability of the system data. We requested and obtained sales order, credit card settlement, and shipping data

The United States Mint Numismatic Order Management System is Meeting User Needs But Improvements to Oversight are Needed (OIG-20-030)

Appendix 1: Objectives, Scope, and Methodology

from the OMS-II for the month of September 2017, which was the most recent month in our audit period. To assess the integrity of key system data, we looked for anomalies in the data. This included reviewing each field in the data sets to ensure they met the following requirements:

- Correct type of data (Character/Numeric),
- Presence (testing for zeros and blanks when not appropriate),
- Length (File was delineated based on established character length in the data definitions. Issues would be present if field went over this length),
- Reasonableness (looking for outlier entries in the data), and
- Ensuring other requirements of the field established in the data definitions are met.

Within each data set, we performed the following:

- Tested for duplicate entries,
- Tested to ensure products ordered matched products shipped/returned,
- Tested to ensure the total price equaled the unit price multiplied by the units ordered and the price stays the same throughout the transaction,
- Tested the dates to ensure they occurred in the correct order,
- Tested to ensure each record had a complete record as applicable,
- Tested to ensure that all invoiced transactions had proper shipping identification fields.

In addition, we traced online, mail, and subscription transactions occurring through the OMS-II system from initial order through shipment to the customer. This included determining that orders that were processed and invoiced were ultimately paid (also

Appendix 1: Objectives, Scope, and Methodology

referred to as settled) by the customer and shipped from the warehouse. We performed the following:

- Compared products purchased to those in the active inventory to ensure they were valid,
- Compared the sales transaction amount to the settlement amount to ensure the customer was charged the correct amount,
- Identified all invoiced orders from the sales transaction data to validate if the shipping data used to support the contractor's invoice was correct,
- Identified all invoiced sales returns from the sales transaction data to validate if the returns data used to support the contractor's invoice was correct,
- Identified all invoiced orders from the sales transaction data to validate if the data used to calculate QASP on-time shipping performance results was correct,
- Used sales return and appeasement data to validate if the data used to calculate the QASP shipping accuracy performance results was correct.³⁰

We also reviewed orders placed on hold to ensure they were eventually processed and we reviewed customer exchanges to ensure returned items were properly exchanged and returned to customers.

To determine if the system is meeting user needs, we reviewed customer satisfaction surveys, reviewed Treasury OIG Office of Investigation complaints regarding the Mint numismatic program, and reached out to two numismatic associations for feedback on the Mint's numismatic ordering processes.

We also reviewed transcripts of the CCC's online conversations with users referred to as chats. We received approximately 66,000 CCC chat transcripts from calendar year 2017. Because of the large volume of transcripts, we searched key words to

³⁰ Customer Service Agents have the ability to refund the original shipping cost on original orders as a way to appease and satisfy customers.

Appendix 1: Objectives, Scope, and Methodology

filter through the transcripts for potential issues. Examples of key words included broken, damaged, dissatisfied, horrible, issue, lost, missing, overcharge, problem, quality, terrible, worst, and wrong product.

We reviewed the transcripts to identify issues customers might be experiencing with OMS-II or the numismatic program, as well as to determine how the Mint addressed those issues.

We conducted this performance audit in accordance with generally accepted government auditing standards. 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix 2: Management Response




DEPARTMENT OF THE TREASURY
UNITED STATES MINT
WASHINGTON, D.C. 20220

February 18, 2020

DIRECTOR
OF THE
MINT

MEMORANDUM FOR SHARON TOROSIAN
AUDIT DIRECTOR
DEPARTMENT OF THE TREASURY
OFFICE OF THE INSPECTOR GENERAL

FROM: David J. Ryder 
Director, United States Mint

SUBJECT: Comments on Draft Audit Report on the United States Mint
Numismatic Order Management System

BACKGROUND

On May 3, 2017, the Office of Inspector General sent the United States Mint (Mint) an Engagement Memorandum initiating an audit of the Mint's Numismatic Order Processing Program. The objective of the audit was to determine whether the Mint is effectively managing order processing for numismatic products, such as precious metal coins, commemorative coins, and medals for sale to the public. This audit was included in the *Fiscal Year 2017 Office of Inspector General Annual Audit Plan*.

On December 10, 2019, the Office of Inspector General provided the Mint the draft audit results on the United States Mint Numismatic Order Management System (OMS II). The Draft Report (Report) contains two findings:

1. The Mint's oversight of the numismatic order management system contractor needs improvement.
2. OMS II is working as intended and meeting user needs.

ANALYSIS

The United States Mint has thoroughly reviewed the attached Report. We concur with all of the recommendations and are taking the necessary actions to improve all aspects of the Numismatic Order Management System.

MANAGEMENT RESPONSE TO FINDINGS AND RECOMMENDATIONS

Finding 1 – The Mint's oversight of the numismatic order system contractor needs improvement.

Recommendation 1. Periodically reviews the QASP performance measures to determine necessary adjustments and develop corrective action plans, as required by the QASP, with the contractor, where needed.

Appendix 2: Management Response

Management Response: The Mint concurs with this recommendation. The Mint has developed a “business dashboard” consisting of a robust set of variables and standards that are tracked by both the Mint and the Mint’s OMS II contractor. This dashboard is distributed daily to the Sales and Marketing (SAM) leadership. We believe these variables give the Mint a more reliable depiction of call center and fulfillment operations. These variables also provide the Mint a historical collection of data points that are used in updating internal policies and programs. The leadership team of the Mint’s SAM Directorate monitors this data daily and meets monthly to discuss trends and impacts to the business.

On a quarterly basis, the Mint conducts a formal business review with PFS Web (vendor of record for OMS II). This review consists of more data elements than the QASP. The data are reported on current terms and compared to historical data points to identify trends. During the business review, the Mint and PFS collaborate on additional business standards or data points that need to be monitored. These steps are taken to ensure that we are reacting to the needs of the Mint and stakeholders in a cost efficient and time effective manner. To change the QASP themselves would require the Mint to formally negotiate terms of the contract. To do so at this juncture, with the current dashboard in place, would be cost prohibitive and time consuming. We will address changes to the QASP during the contract option year’s negotiations. There are elements within our contract that allow for ad hoc reports and standards that would be measured to determine success. These elements will be easy to implement and more cost effective.

In addition to these improvements, the Mint has established an executive steering committee to evaluate our current vendor and future needs while we are in our option years on the existing contract.

Recommendation 2. Retains evidence of its monitoring activities outlined in the contract’s QASP to better document the Mint’s oversight of the contractor’s compliance with contract requirements.

Management Response: The Mint concurs with this recommendation. This is being addressed moving forward since there have been on-going changes to monitoring activities. The Mint has evidence and records showing that we monitor the Call Center and performance related to customer service weekly/monthly, and the overall QASP is reviewed and retained on file monthly. To improve employee awareness of the Mint’s efforts, the Division Chief of Sales will conduct a monthly review of all QASP elements as well as the Business Dashboard, with each Division Chief and Branch manager. Below are examples of the monitoring activities currently in place.

- a) Call Center Monitoring: Monthly the SAM Directorate conducts a Calibration Session to monitor customer service representative calls. Scorecards are kept and results are discussed with PFS, which uses these discussions to conduct training and for employee evaluations. We have records of this process from 2014 to the present. In addition, the Mint listens to call center calls weekly and the collective information is sent to the Customer Experience Manager. (The Mint has

Appendix 2: Management Response

historical records from 2014 to present of these call observations). In addition to these monitoring methods, the Mint conducts quality oversight through semi-annual call center agent training.

- b) The Customer Operations Manager and the Division Chief of Sales receive QASP Scores Monthly from PFS, and receive raw data as well. All Scores are saved on a Shared Drive within the Mint (effective 2018). Previously, the records were shared, and the Contracting Officer's Representative retained the scorecard.
- c) Both the SAM and Information Technology Directorates (ITD) review the "Systems" QASP's monthly. Records are kept and retained by the COR.

Recommendation 3. Obtains and validates contractor's supporting documentation against monthly performance reports and retains this as part of the Mint's monthly monitoring documentation.

Management Response: The Mint concurs with this recommendation. The Mint acknowledges that we could improve validating the contractor's documentation of performance against raw data. The Mint has gone to great lengths to ensure customer service is monitored independent of the contractor and records are kept on file. The Mint will assess the feasibility of developing a system to capture and store the raw data elements, or of contracting a third party to conduct additional surveillance and/or audits.

Recommendation 4. Assesses the need to include, the loss of the OMS-II contractor as a potential risk to the numismatic program as part of the Mint's Risk Management Program.

Management Response: The Mint concurs with this recommendation. The SAM Directorate did identify a single source contractor as a risk in our risk inventory in 2018. The Mint is currently evaluating available courses of action to mitigate this risk.

Finding 2 – OMS II is working as intended and meeting user needs.

Recommendation 5. Performs an assessment regarding the impact of not having language accessibility for Mint's numismatic program services and considers adding these services to OMS-II.

Management Response: The Mint concurs with this recommendation. Executive Order 13166 requires Agencies to assess the costs and benefits of providing access in additional languages. The Mint explored this with the contractor during initial implementation of OMS II. At that time, we determined that it would not be economically feasible nor cost effective to do so. In the next 12 months, SAM and the Equal Employment Opportunity (EEO) Office will reassess this conclusion based on the current environment.

Recommendation 6. Performs analyses to determine the feasibility and potential impact of proposed actions to improve numismatic sales, performs additional studies to enhance future sales, and reports the results to stakeholders.

Appendix 2: Management Response

Management Response: The Mint concurs with this recommendation. Currently, potential strategies under evaluation include an improved loyalty program, systems upgrades to allow for prepayment and embargo options for bulk customers, and alternative distribution channels that allow for greater reach and pricing flexibility. SAM has performed and continues to perform formal and informal analysis of business opportunities to grow the market share, gross revenue, and net income of the Mint's numismatic program.

SUMMARY

The United States Mint is committed to continuous improvement organizationally and within all of our lines of business. The recommendations you have provided will assist us in this endeavor as we continue to conduct comprehensive reviews and make necessary updates to our business policies, processes, and procedures.

I want to thank the Office of Inspector General for its review of the Mint's Numismatic Order System. Your recommendations will assist the Mint in improving our operations and achieving our mission of connecting America through coins.

Appendix 3: Major Contributors to This Report

Mark Ossinger, Audit Manager
Patrick Arnold, Auditor-in-Charge
Timothy Cargill, Auditor
Justin Bruner, Audit
Jeffrey Dye, Referencer

Appendix 4: Report Distribution

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