



Office of Inspector General | United States Postal Service

Audit Report

Leased Facility Maintenance

Report Number 19SMG012SM000-R20 | May 28, 2020

A photograph of a document titled "LEASE AGREEMENT" lying on a wooden desk. The document is white with black text. The title "LEASE AGREEMENT" is printed in large, bold, serif capital letters. Below the title, there are several lines of text with blank spaces for information, including "[Landlord's Name]", "[Street Address]", and "in the City of". A fountain pen with a gold nib and a blue and gold barrel is positioned at the bottom right of the document. To the left of the document, there are two brass keys with decorative heads. The background is a light-colored wooden surface.

LEASE AGREEMENT

Agreement is between _____ [Landlord's Name]
_____ [Street Address] in the City of _____
_____ [Name] known as the "Landlord" AND _____

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Highlights

Objective

Our objective was to evaluate the effectiveness of management controls over the Landlord Maintenance Program (LMP). Specifically, the controls in place to ensure compliance with policies and procedures related to leased buildings for which the landlords have repair and maintenance responsibilities. Our fieldwork was completed before the President of the United States issued the national emergency declaration concerning the novel coronavirus disease (COVID-19) outbreak on March 13, 2020. The results of this audit do not reflect any process changes that may have occurred as a result of the pandemic.

The U.S. Postal Service leases over 25,000 properties totaling almost 80 million square feet of interior space. Most leases are renewed every five years and include a maintenance rider. The rider establishes responsibility for maintenance and repairs between the Postal Service and the lessor. When the landlord does not complete a repair in the timeframe the Postal Service stipulates, the Postal Service can perform the work through an enforcement process. The landlord is then responsible for reimbursing the Postal Service for any costs incurred through the fee recovery process.

The Postal Service's LMP manages repair requests at landlord-responsible leased facilities. This includes addressing issues with the landlord to complete maintenance requests, enforce delayed maintenance, resolve disputes, and ensure repayment of Postal Service incurred expenses via direct reimbursement or rent reduction. The LMP outsources some tasks in the process including landlord notifications, management of repair requests, and enforcements through a contract with Jones Lang LaSalle Americas, Inc. and their subcontractor, EMCOR Group, Inc. The Landlord Maintenance Standard Operating Procedures outline the guidelines and time requirements for

“The Postal Service’s Landlord Maintenance Program manages repair requests at landlord-responsible leased facilities.”

these notifications and repair procedures. Additionally, these procedures include a process step for the contractor to confirm, with the facility, that the landlord completed the work. Landlords are required to complete urgent/routine repair requests within 30 days. For emergency repair requests, landlords are required to complete the repair within 48 hours.

Findings

The Postal Service did not ensure responsible landlords completed urgent/routine repair requests timely. We selected a statistical sample of 207 out of 58,937 urgent, routine, and emergency repair requests to assess the program management of repairs at leased facilities. This included a review of landlord notifications and enforcements, completion of repairs, and recovery of Postal Service incurred costs.

We found the LMP addressed emergency repairs with the landlord within 48 hours of the request. However, the LMP did not ensure the contractor followed up on urgent/routine repairs to ensure work was completed within 30 days. As a result, landlords did not complete 118 of 192 (61 percent) urgent/routine repair requests as required.

The repairs landlords did not complete within the 30-day requirement included requests to fix leaking roofs, broken docks and doors, and potholes in pavement and parking lots. We also found that landlords took 112 days on average to address these issues. For example, we found tiles potentially containing asbestos took up to 605 days to address. We also found delays up to 484 days occurred due to weather conditions to address potholes and crumbling concrete for sidewalk entrances, while repairs to leaking roofs took up to 151 days.

We also found differing standards for landlord notification letters, repair procedures, and contractor performance goals, which increased the difficulty to manage the program and hold the contractor accountable for ensuring the landlord addressed and completed repairs timely. We also found that the electronic Facilities Management System did not provide complete and accurate data for the LMP management to identify when follow-up did not occur.

Additionally, we found that the contractor did not always initiate the enforcement process for the 118 urgent/routine repairs that landlords did not resolve timely. For 27 repairs, landlords completed the work within 44 days or the LMP staff granted an extension. However, of the remaining 91 repairs, the contractor did not enforce 53 repairs as required.

Finally, the LMP staff did not initiate the fee recovery process for 26 of 37 enforced repairs at leased facilities. For five other repairs, recovery did not occur for 110 to 116 days after the Postal Service paid for the work to be completed. We also identified missing records in electronic Facilities Management System for Postal Service costs for completed repair work. As a result, the LMP was not always able to recover funds from the landlord. We estimated the Postal Service incurred an annual cost of \$1,125,610 by not recovering repair costs.

When established controls are not followed, landlords may not complete repairs timely and the Postal Service may incur additional costs. Unresolved repairs can result in health, safety, and security issues.

Recommendations

We recommended management:

- Ensure the timeframes to complete urgent/routine repairs are consistent between the Landlord Maintenance Standard Operating Procedures and landlord notifications.
- Enforce requirements with the contractor to ensure landlords complete repairs within the established timeframes.
- Reinforce to LMP staff their responsibility to monitor and ensure the contractor enforces urgent/routine repairs after 30 days.
- Document procedures for the Postal Service Repair & Alterations group to communicate completed work for enforced repairs at leased facilities to the LMP.
- Establish and implement a plan with timeframes for the LMP to timely initiate the fee recovery process and collect expensed funds.

Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

May 28, 2020

MEMORANDUM FOR: TOM SAMRA
VICE PRESIDENT, FACILITIES

X 

Jason M. Yovich

Signed by: Office of the Inspector General of the U.S. Postal Service

FROM: Jason Yovich
Deputy Assistant Inspector General
For Supply Management & Human Resources

SUBJECT: Audit Report – Leased Facility Maintenance
(Report Number 19SMG012SM000-R20)

This report presents the results of our audit of the U.S. Postal Service's Leased Facility Maintenance.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Shirian Holland, Director, Supply Management, or me at 703-248-2100.

Attachment

cc: Postmaster General
Corporate Audit Response Management

Results

Introduction/Objective

This report presents the results of our self-initiated audit of leased facility maintenance (Project Number 19SMG012SM000). Our objective was to evaluate the effectiveness of the Landlord Maintenance Program (LMP) specifically, those program controls in place to ensure compliance with policies and procedures related to leased buildings for which the landlords have repair and maintenance responsibilities.

Our fieldwork was completed before the President of the U. S. issued the national emergency declaration concerning the novel coronavirus disease (COVID-19) outbreak on March 13, 2020. The results of this audit do not reflect any process changes that may have occurred as a result of the pandemic.

Background

The U.S. Postal Service leases over 25,000 properties totaling almost 80 million square feet of interior space. Most leases are renewed every five years and include a maintenance rider, which establishes repair responsibilities between the Postal Service and the lessor. When the landlord does not complete a repair within the stipulated timeframe, the Postal Service can perform the work through an enforcement process. The landlord is then responsible for reimbursing the Postal Service for any cost incurred through the fee recovery process.

The Postal Service's LMP manages repair requests at landlord-responsible leased facilities. The LMP is responsible for addressing issues with the landlord to complete maintenance requests, enforce delayed maintenance, resolve disputes, and ensure repayment of Postal Service incurred expenses.

Once alerted of a repair request, the LMP staff ensures the landlord addresses the issue and completes the work in a timely and satisfactory manner. The issue and the priority status of the repair (i.e., routine, urgent, and emergency) is determined by the facility when requesting the work. Figure 1 shows the categories of repairs reviewed by the U.S. Postal Service Office of Inspector General (OIG) in a sample of 207 requests from facilities.

Figure 1. Repair Categories.

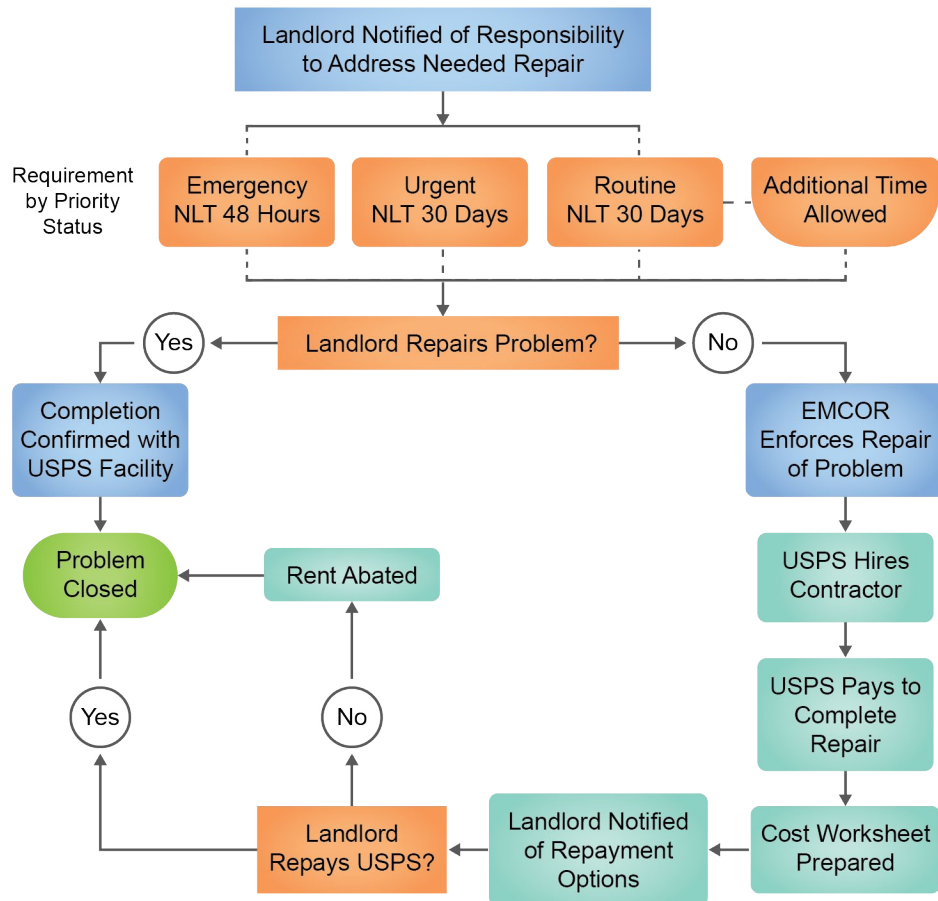


Source: OIG analysis.

According to the Maintenance Rider in standard Postal Service lease agreements, if the landlord does not complete the work within the time specified, the Postal Service has the right to perform the work and recover the cost.¹ The Postal Service can withhold the cost, including administrative costs and interest, from rental payments due under the lease or the landlord can repay the amount. In addition, the Landlord Maintenance Standard Operating Procedures (SOP) requires the LMP to initiate the collection process against the landlord after the Postal Service pays for the completed repair. Figure 2 provides an overview of the process.

¹ We obtained the templates for single tenant and multi-tenant lease agreements dated August 2017. These agreements include the *Maintenance Rider Landlord Responsibility* section outlining the landlord's responsibilities to complete repairs within the time period set by the Postal Service. Lease agreements also give the Postal Service the right to demand repayment for incurred costs.

Figure 2. Landlord Maintenance Program



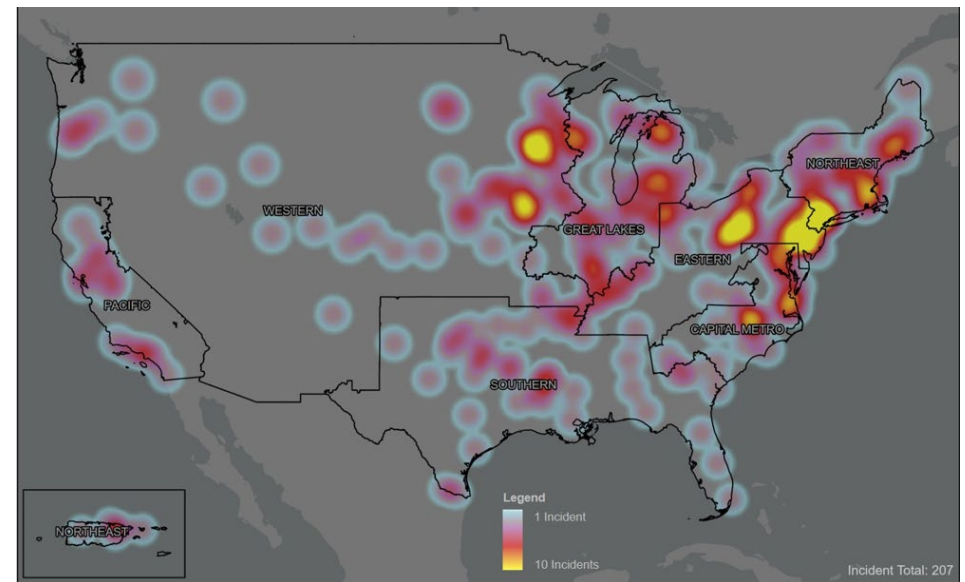
Source: OIG analysis of the SOP flowcharts.

Finding #1: Timeliness of Repairs

The LMP management did not provide adequate oversight to ensure responsible landlords completed urgent/routine repair requests timely. We selected a statistical sample of 207 out of 58,937 repair (urgent, routine, and emergency)

requests from electronic Facilities Management System (eFMS) managed by the LMP during fiscal years (FY) 2018 and 2019. These repair requests originated from the seven Postal Service areas nationwide. See Figure 3 for detailed geographic mapping.

Figure 3. Repair Requests By Postal Service Area



Source: OIG analysis.

We determined that contact with the landlord and required notifications occurred on time, and emergency repairs were addressed within 48 hours for 9 of 15 repairs.² For the remaining six repairs, the Postal Service took action when landlords did not respond within four hours of the initial call. We did not identify any issues with the notification process or completion of emergency repair requests.

However, the LMP management did not ensure the contractor followed-up on urgent/routine repairs to ensure work was completed within 30 days. As a result,

² In one instance, the landlord took 22 days to complete one repair because the post office was closed due to a flood. We did not consider this to be an exception.

landlords did not complete work as required for 118 of 192 (61 percent) of urgent/routine repair requests (see Table 1).³

Table 1. Repair Completion

Completed	Emergency (48 Hours)	Urgent/Routine (30 Days)	Total
As Required	9	74	83
Outside of Requirements	6	118	124
Total	15	192	207

Source: OIG analysis.

The Landlord Maintenance SOP outlines the guidelines and time requirements for notifications and repair procedures.⁴ The priority status of a repair denotes how much time is required to complete the repair. Landlords are required to complete

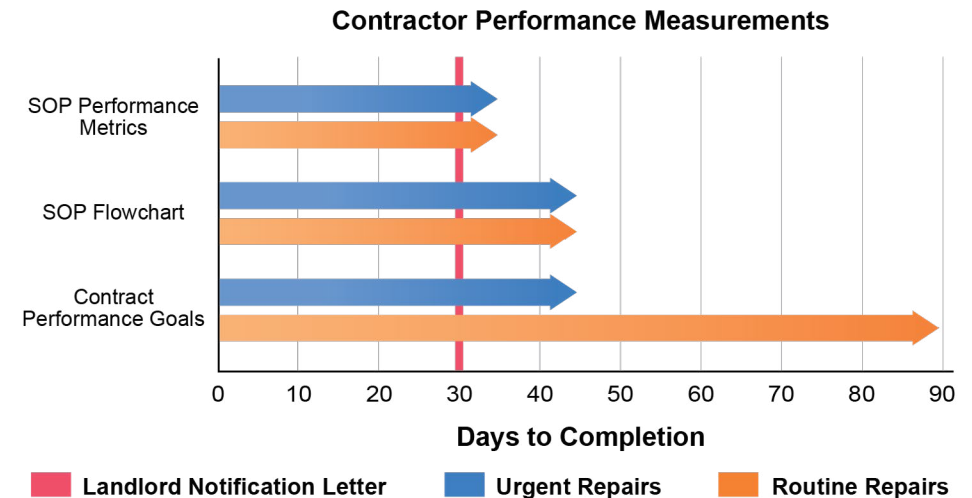
“The Landlord Maintenance Program management did not provide adequate oversight to ensure responsible landlords completed urgent/routine repair requests timely.”

urgent/routine repair requests within 30 days. For emergency repair requests, landlords are required to complete the repair within 48 hours. Additionally, the SOP includes a process step for the Postal Service’s contractor to confirm with the facility that the landlord completed the work. A record of all actions along with the facility information and property documentation are maintained in the eFMS.

The LMP outsources some tasks, including landlord notifications, management of repair requests, and enforcements through a contract with Jones Lang LaSalle Americas, Inc., and their subcontractor, EMCOR Group, Inc.⁵ The contract, in addition to the SOP, sets performance goals and measurements based on the time landlords should take to complete repair requests. The contract sets performance goals for landlords to complete 90 percent of urgent requests within 45 days and 95 percent of routine requests within 90 days.

The SOP performance metric measures the contractor’s performance based on a standard that landlords will complete 80 percent of urgent/routine repairs within 35 days. The SOP flowchart indicates that landlords must complete repairs within 45 days. We found these measurements are not consistent with the notification letter sent to the landlord, which provides for 30 days to complete the repair (see Figure 4).

Figure 4. Required Days to Complete a Repair



Source: OIG analysis.

³ The SOP outlines the time requirements for landlords to complete repairs.

⁴ SOP dated 2017.

⁵ The indefinite delivery indefinite quantity contract (109825-17-B-0001) dated April 21, 2017, is for four years with three two-year renewal options.

LMP management stated the measurements were established to help assess the contractor’s performance. However, they also asserted that the 30 days cited in the notification letter is the established deadline for landlords to complete urgent/ routine repair requests. The differing standards for landlord notification letters, SOP measurements, and contractor performance goals increased the difficulty to manage the program and hold the contractor accountable for ensuring landlords addressed and completed repairs timely.

The LMP staff also approves extensions when landlords need more time to complete a repair due to outside factors, such as environmental issues, natural disasters, weather, and third-party damages. However, in some cases, without these approvals, landlords did not complete the work for more than a year and a half from the initial notification date.

Repairs not completed by landlords within 30 days included requests to fix roofing leaks, broken docks and doors, and potholes in pavement and parking lots. We found landlords took on average 112 days to address these issues. For example, we found tiles potentially containing asbestos took up to 605 days to address. We also found delays up to 484 days occurred due to weather conditions to address potholes and crumbling concrete for sidewalk entrances, while repairs to leaking roofs took up to 151 days. Table 2 provides a breakdown of the 118 urgent/routine repairs that were not completed within requirements.

Table 2. Repairs Completed Outside of Requirements

Repair Type	Days to Complete					Total
	Fewer Than 45 Days	46 to 90 Days	Greater Than 90 Days	Completed by USPS	Not Completed or Unknown ⁶	
Roofing	4	6	4	4	5	23
Docks/Doors	5	4	3	5	3	20
Pavement/ Parking Lots	2	1	3	3	10	19
Exterior ⁷	3	5	3	3	3	17
Electrical	2	3	0	4	2	11
Plumbing	2	1	2	2	1	8
Interior ⁸	0	1	0	2	5	8
Painting	1	1	1	0	3	6
HVAC	0	1	1	1	1	4
Asbestos	0	0	2	0	0	2
Total	19	23	19	24	33	118

Source: OIG analysis.

⁶ These include repairs with deferred maintenance or were identified as active at the time of our audit.

⁷ Exterior repairs included walls, stairs and railings, windows, landscaping, and flag poles.

⁸ Interior repairs included ceilings, floors, and termites.

Further, we found 32 repairs were backdated by the contractor to appear that repairs were completed within the SOP performance standards. Although there were no incentives in the contract for meeting performance standards, we referred this matter to our Office of Investigations. We discussed this with LMP management who were unaware the contractor recorded incorrect landlord completion dates. Further, LMP management stated that the inability of eFMS reporting to display the elapsed calendar days contributed to the difficulty of identifying outstanding or backdated repair requests.

We also found 12 of the 118 (10 percent) repairs not completed within requirements were marked as closed in eFMS; however, the system did not indicate that LMP followed-up with the facility to determine if the landlord completed the work. LMP management stated that follow-up may have occurred but was not recorded in eFMS when closing repairs. We reviewed all requests from each of these facilities but did not find similar or duplicate requests for the same repair.

We also noted during our review that eFMS reporting did not provide information for the LMP to identify when follow-up does not occur within 30 days. Further, they did not identify outstanding repairs because of the difficulty isolating aging repairs in eFMS. As a result, they relied on information provided by the contractor to assess performance.

“Repairs not addressed timely may increase in severity and result in safety or security issues that affect employees and customers and incur additional cost to the Postal Service.”

LMP management stated that they are updating the functionality and reporting capability of eFMS to improve program visibility of outstanding repairs at leased facilities. Management stated that these enhancements planned for implementation in May of 2020 will also help them improve monitoring of the

contractor’s performance. While eFMS enhancements should assist LMP management’s visibility of repairs at leased facilities, they alone will not ensure the program operates as intended. Repairs not addressed timely may increase in severity and result in safety or security issues that affect employees and customers, and incur additional cost to the Postal Service.

Recommendation #1

We recommend the **Vice President, Facilities**, ensure the timeframes to complete urgent/routine repairs are consistent between the Landlord Maintenance Standard Operating Procedures and the landlord notification letter.

Recommendation #2

We recommend the **Vice President, Facilities**, enforce requirements with the contractor to ensure landlords complete repairs within the established timeframes and require Landlord Maintenance Program personnel to perform reviews of closed repairs in the electronic Facility Management System.

Finding #2: Enforcement of Repair Process

The contractor did not always initiate the established enforcement process when landlords did not resolve urgent/routine repairs in a timely manner. We determined that landlords completed the work within 44 days or the LMP staff granted an extension for 27 of the 118 repair requests not completed as required. The contractor needed to initiate the enforcement process for 91 repairs; however, we found that they did not send 53 of the required enforcement notifications.

Additionally, enforcement notifications were not always properly documented in eFMS prior to the Postal Service assuming responsibility for the repairs. The SOP requires the contractor to confirm with the Postal Service facility that the work has been completed before initiating enforcement. It also requires the contractor notify the landlord of the enforcement in writing when the landlord does not complete the repairs within 30 days.

This occurred because the contractor did not always follow-up with the facility at the end of 30 days to determine if the landlord completed repairs as requested. As a result, enforcement notifications were either not sent, or they were delayed from 38 days to more than a year after the initial request by the facility.⁹

We found the LMP did not effectively monitor repair requests to confirm that the contractor enforced repairs that landlords did not address. Specifically, after 30 days the LMP did not take action to:

- Confirm when the contractor contacted the facility to determine if the landlord completed the repair.
- Identify repair requests the contractor did not mark as completed by the landlord.
- Review documents to determine if the contractor sent an enforcement letter to the landlord.

LMP management stated that eFMS reporting limitations and LMP staffing issues contributed to the lack of oversight. The Postal Service incurred additional costs when enforcement was delayed, and repair personnel arrived on site and found that the landlord had already completed the repair. Unresolved repairs can result in health, safety, and security issues as well as negatively affect the Postal Service brand.

Recommendation #3

We recommend the **Vice President, Facilities**, reinforce to Landlord Maintenance Program staff their responsibility to monitor and ensure the contractor enforces urgent/routine repairs after 30 days.

Finding #3: Repair Costs Recovery

The LMP staff did not always recover the Postal Service's incurred repair costs at leased facilities. The recovery could occur either through landlord reimbursement or rent deduction. In our sample of 207 repairs, the Postal Service incurred costs of \$56,874 for the following 37 repairs in an enforcement status:

- Twenty-six repairs valued at \$34,330, with no recovery initiated.
- Five repairs valued at \$18,393, that took from 110 to 616 days to initiate recovery after payment for the work.
- Four repairs valued at \$4,151, with recovery not pursued due to the small amount or the work was considered a normal business cost.
- Two repairs did not have cost information in eFMS at the time of the review.

Of the five recovery actions the LMP staff initiated in our sample of 207 repairs, we found one instance of landlord repayment and two recoveries through rent deductions. However, the LMP staff did not take action until months after the Postal Service paid for the repair work. For the remaining 26 repairs, the LMP staff did not attempt to recover the costs.

After the initiation of an enforcement, the Postal Service Repair & Alterations group is notified by the LMP and assumes responsibility for the repair. This includes hiring and paying a contractor, and completing cost worksheets detailing a description of the work and associated costs. The Repair & Alterations group is responsible for communicating to the LMP when the work has been completed and a cost recovery is necessary. However, we could not identify from our review of repairs in eFMS if this always occurred.

To initiate the recovery, the LMP staff notifies landlords by certified mail that payment is due within 30 days or the Postal Service will pursue recovery through a rent deduction. The schedule of rent deductions must be approved by a contracting officer. LMP management stated that based on their experience landlords would not repay; therefore, actions were not taken. Further, management stated that a lack of dedicated

“The Landlord Maintenance Program staff did not always recover the Postal Service’s incurred repair costs at leased facilities.”

⁹ The standard initial notification letter sent to landlords states that after 30 days the Postal Service has the right to perform the repair and seek reimbursement. The enforcement notification is the instrument by which the Postal Service notifies the landlord that it is exercising this right.

contracting officers prevented the LMP from proceeding against the landlord to recover costs through rent deductions.

We also identified missing records in eFMS for Postal Service costs for completed repair work. This includes the administrative cost worksheets, and copies of written notification between the Postal Service and the landlord, necessary when the Postal Service must enforce the work and recover expended funds. As a result, the LMP was not always able to recover funds from the landlord.

During our audit, the LMP added additional contracting officers to assist with the recovery process. Additionally, the LMP management took corrective action by initiating the fee recovery process for 13 of the 26 repairs identified by the OIG. We estimated the Postal Service incurred \$2,251,220 of questioned costs during FYs 2018 and 2019 by not recovering repair costs.

Recommendation #4

We recommend the **Vice President, Facilities**, document procedures for the Postal Service Repair & Alterations group to communicate the completion of work for enforced repairs at leased facilities to the Landlord Maintenance Program.

Recommendation #5

We recommend the **Vice President, Facilities**, establish and implement a plan with timeframes for the Landlord Maintenance Program to timely initiate the fee recovery process and collect expensed funds.

Management's Comments

Management agreed with all findings, recommendations, and monetary impact in the report.

Regarding recommendation 1, management stated they will update the LMP's SOP to clarify timeframes for the landlord notification letter and repair procedures. Management plans to implement this action by August 31, 2020.

Regarding recommendation 2, management stated they will reinforce the LMP's SOP with the contractor to ensure landlords complete repairs; however, they cannot guarantee that a landlord will respond to a request to make repairs. Management also stated they will require contractors to include descriptive notes in eFMS when landlords do not complete repairs within established timeframes. Additionally, LMP personnel will periodically review closed repairs in eFMS to ensure the contractor confirmed with the site that the work was completed. Management plans to implement this action by June 30, 2020.

Regarding recommendation 3, management stated they have established periodic reports to track the volume of the urgent/routine repairs to ensure aging repair calls are addressed. Additionally, management will continue to reinforce the LMP's SOP with LMP personnel. Management plans to implement this action by June 30, 2020.

Regarding recommendation 4, management stated they will incorporate procedures in the SOP for R&A to communicate completed repairs to the LMP. To further enhance the timeliness of the SOP, updates to eFMS will include automatic notification of repairs completed by R&A. Additionally, eFMS enhancements will include email alerts about fee collection to LMP personnel and a dashboard to monitor the recovery process. Management plans to implement this action by August 31, 2020.

Regarding recommendation 5, management stated the LMP will implement an established fee recovery process with service level timeframes by August 31, 2020.

See [Appendix B](#) for management's comments in their entirety.

Evaluation of Management's Comments

The OIG considers management's comments responsive to recommendations 1, 2, 4, and 5 and their planned actions should resolve the issues identified in the report.

Regarding recommendation 3, management provided copies of reports used to monitor urgent/routine repairs; however, they did not provide training records of LMP staff or identify steps used to address aging repairs. Management will need to provide documentation to support the actions taken including recurring communications with LMP staff on program requirements and actions taken to ensure the contractor enforces repairs.

All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. Recommendations should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendations can be closed.

Appendices

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Appendix A: Additional Information

Scope and Methodology

The team assessed the program management of maintenance and repair problems that occurred at leased facilities from October 1, 2017 through September 30, 2019. The team sampled 207 repair problems during the two-year period to assess the effectiveness of the LMP to ensure landlords address and correct problems. This included the timeliness of landlord notifications and enforcements, management of the repair process, completion of repairs, recording of required documentation, and recovery of Postal Service incurred costs.

To accomplish our objective, we:

- Reviewed policies, procedures, manuals, flow charts, training material, and contracts, to gain an understanding of how the Postal Service manages the repair process at leased facilities.
- Visited facilities service offices in Denver, CO and Greensboro, NC and observed customer service representatives responding to facility requests and recording information in eFMS. The team also interviewed LMP personnel, lease management specialists, project managers, and a facilities contract specialist about the repair request process, enforcement and fee recovery.
- Visited the contractor in Phoenix, AZ and discussed responsibilities and local processes, and observed operations to confirm adherence to the SOP procedures.
- Interviewed Postal Service management to gain an understanding of the management, responsibilities, and monitoring of repair requests, enforcement and fee recovery processes. The team also discussed information system capabilities, limitations, reporting and planned enhancements with knowledgeable officials.
- Interviewed the Program Manager, Facilities Information Systems, to discuss the accuracy and completeness of the reporting and recorded date in

eFMS. The team also observed a demonstration of eFMS enhancements in development.

- Identified a universe of repair requests from FYs 2018 and 2019 and reviewed key attributes to assess areas of risk.
- Randomly selected a statistical sample proportional to the universe based on the status priority of the repair request.
- Developed an electronic data collection instrument to assess the effectiveness of controls over repair requests with landlord responsibility. Conducted transaction testing of repair requests including notification dates, completed work, and cost amounts, and validated attributes with lease documentation, invoices and electronically recorded data available in eFMS.

We conducted this performance audit from August 2019 through May 2020 in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We discussed our observations and conclusions with management on April 14, 2020, and included their comments where appropriate.

We relied on computer-generated data from the eFMS - Application System Reporting. Although we did not test the validity of controls over these systems, we assessed the accuracy of the data by reviewing existing information in eFMS, comparing data from other sources including notification letters and invoices, and interviewing Postal Service officials knowledgeable about the data. We determined that this data were sufficiently reliable for the purposes of this report.

Prior Audit Coverage

The OIG did not identify any prior audits or reviews related to the objective of this audit in the last five years.

Appendix B: Management's Comments



May 14, 2020

LAZERICK POLAND
DIRECTOR, AUDIT OPERATIONS

SUBJECT: **Leased Facility Maintenance** (Project Number 19SMG012SM000-DRAFT), dated April 20, 2020

Thank you for the opportunity to review and comment on the above referenced audit entitled the "Leased Facility Maintenance". The audit evaluated the effectiveness of the management controls in place to ensure compliance with policies and procedures related to leased buildings for which the landlords have repair and maintenance responsibilities. The audit is based on a statistical sample of 207 out of 58,937 repair (urgent, routine, and emergency) requests from electronic Facilities Management System (eFMS) managed by the Landlord Maintenance Program (LMP) during fiscal years (FY) 2018 and 2019.

As the OIG has outlined in the referenced audit, the Postal Service should consider enhancing the controls that monitor and measure contractor performance with Leased Facility Maintenance and ensure that repairs are getting completed or timely enforced. Overall, Management is in agreement with the audit and findings.

Monetary Impact

Management agrees that the monetary impact calculations identified were true at the time of the audit.

At the time of the audit, OIG identified costs that had not been recovered, however Postal Service had plans to recover these costs. The Postal Service has 6 years to pursue recoverable costs from landlords which includes the Postal Service's right to offset rents due to landlords. A defined SOP with established timeframes would expedite fee recovery and this has been an important focus of the IT enhancements planned for implementation by August 31, 2020.

FINDINGS:

Finding #1: The LMP management did not provide adequate oversight to ensure responsible landlords completed urgent/routine repair requests timely. We also found differing standards for landlord notification letters, repair procedures, and contractor performance goals, which increased the difficulty to manage the program and hold the contractor accountable for ensuring the landlord addressed and completed repairs timely.

Management agrees that the program would benefit from increased controls surrounding the contractor's ability to ensure landlords are completing repairs timely. This includes reviewing the SOPs, landlord notices, and performance metrics to ensure consistency. In October 2019, Management required the contractor to retrain all staff and added weekly meetings with the contractor to review performance.

Overall, there has been significant improvement in the completion rates of urgent and routine repairs from FY2017 to FY2020. As of April 2020, an average of 96% of routine/urgent repairs were completed by landlords or turned over to enforcement within established timeframes. Management will continue to closely monitor these efforts.

Finding #2: The contractor did not always initiate the established enforcement process when landlords did not resolve urgent/routine repairs in a timely manner. Additionally, enforcement notifications were not always properly documented in eFMS prior to the Postal Service assuming responsibility for the repairs.

Management agrees that there is a need to reinforce the SOPs and ensure that enforcement notifications are properly documented in eFMS. Retraining of all LMP personnel and contractors occurred in October 2019. As of April 2020, an average of 90% of all enforced maintenance repair requests are being completed within established timeframes including appropriate notes and documentation in eFMS.

Finding #3: The LMP staff did not always recover the Postal Service's incurred repair costs at leased facilities.

Management agrees that the costs identified in the audit had not been recovered at the time of this audit, however Postal Service had plans to recover these costs. The Postal Service has 6 years to pursue recoverable costs from landlords which includes the ability to offset rent due to landlords to recover said costs. It is the goal of the LMP to recover fees as quickly as possible. A defined SOP with established timeframes and technology enhancements would expedite fee recovery and the technology enhancements are soon to be completed.

Recommendation 1:

We recommend the Vice President, Facilities, ensure the timeframes to complete urgent/routine repairs are consistent between the Landlord Maintenance Standard Operating Procedures and the landlord notification letter.

Management Response/Action Plan:

Management agrees with this recommendation.

The program's SOPs will be updated to clarify timeframes for the landlord notification letter and repair procedures.

Target Implementation Date:

August 31, 2020

Responsible Official:

Manager Property Management

Recommendation 2:

We recommend the Vice President, Facilities, enforce requirements with the contractor to ensure landlords complete repairs within the established timeframes and require Landlord Maintenance Program personnel to perform reviews of closed repairs in the electronic Facility Management System.

Management Response/Action Plan:

Management agrees with this recommendation.

The program's SOP will be reinforced with the contractor to ensure landlords complete repairs, however Management cannot guarantee that a landlord will respond to a request to make repairs. If repairs are not completed by landlords within the established timeframes, the contractor will be required to place descriptive notes in eFMS and enforce.

Additionally, LMP personnel will perform periodic reviews of a percentage of closed calls in eFMS to ensure records include confirmation from the site that the work was completed or proper enforcement notes and documentation if the work was enforced.

Target Implementation Date:

June 30, 2020

Responsible Official:

Manager Property Management

Recommendation 3:

We recommend the Vice President, Facilities, reinforce to Landlord Maintenance Program staff their responsibility to monitor and ensure the contractor enforces urgent/routine repairs after 30 days.

Management Response/Action Plan:

Management agrees with this recommendation.

Periodic management reports have been established to track the volume of the urgent/routine repairs to ensure that aging repair calls are addressed. Program SOPs will continue to be reinforced with all LMP personnel to ensure that landlords complete

repairs. If repairs are not completed by landlords within the established timeframes, contractor will be required to place descriptive notes in eFMS and enforce the repair(s).

Target Implementation Date:

June 30, 2020

Responsible Official:

Manager Property Management

Recommendation 4:

We recommend the Vice President, Facilities, document procedures for the Postal Service Repair & Alterations group to communicate the completion of work for enforced repairs at leased facilities to the Landlord Maintenance Program.

Management Response/Action Plan:

Management agrees with this recommendation.

Management will incorporate the procedures for communicating Repairs & Alterations (R&A) completion of enforced repairs in the written SOP documentation for the LMP. To further enhance the timeliness of this SOP, eFMS will be updated to automate the notifications of enforced repairs completed by R&A. The technology enhancement will include sending email alerts to LMP personnel that fees are ready for collection, as well as, creation of a fee recovery management dashboard showing a summary of outstanding fees that require collection and fees that have been recovered.

Target Implementation Date:

August 31, 2020

Responsible Official:

Manager Information Systems

Recommendation 5:

We recommend the Vice President, Facilities, establish and implement a plan with timeframes for the Landlord Maintenance Program to timely initiate the fee recovery process and collect expensed funds.

Management Response/Action Plan:

Management agrees with this recommendation.

The LMP will implement an established Fee Recovery process with service level timeframes on or before August 31, 2020.

Target Implementation Date:
August 31, 2020

Responsible Official:
Manager Information Systems
Manager Property Management

In conclusion, Management appreciates the OIG's efforts in auditing the Leased Facility Maintenance and preparing this Draft Audit Report. The Draft Audit Report and Management's responses do not contain information that management believes may be exempt from disclosure under the FOIA.



Tom Samra
Vice President Facilities

cc: Manager, Corporate Audit Response Management
Program Management
Manager, Leasing
Manager, R&A West
Manager, R&A East
Manager, Property Management

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