



Office of Inspector General | United States Postal Service

Audit Report

U.S. Postal Inspection Service New York Division

Report Number OV-AR-19-004 | September 19, 2019

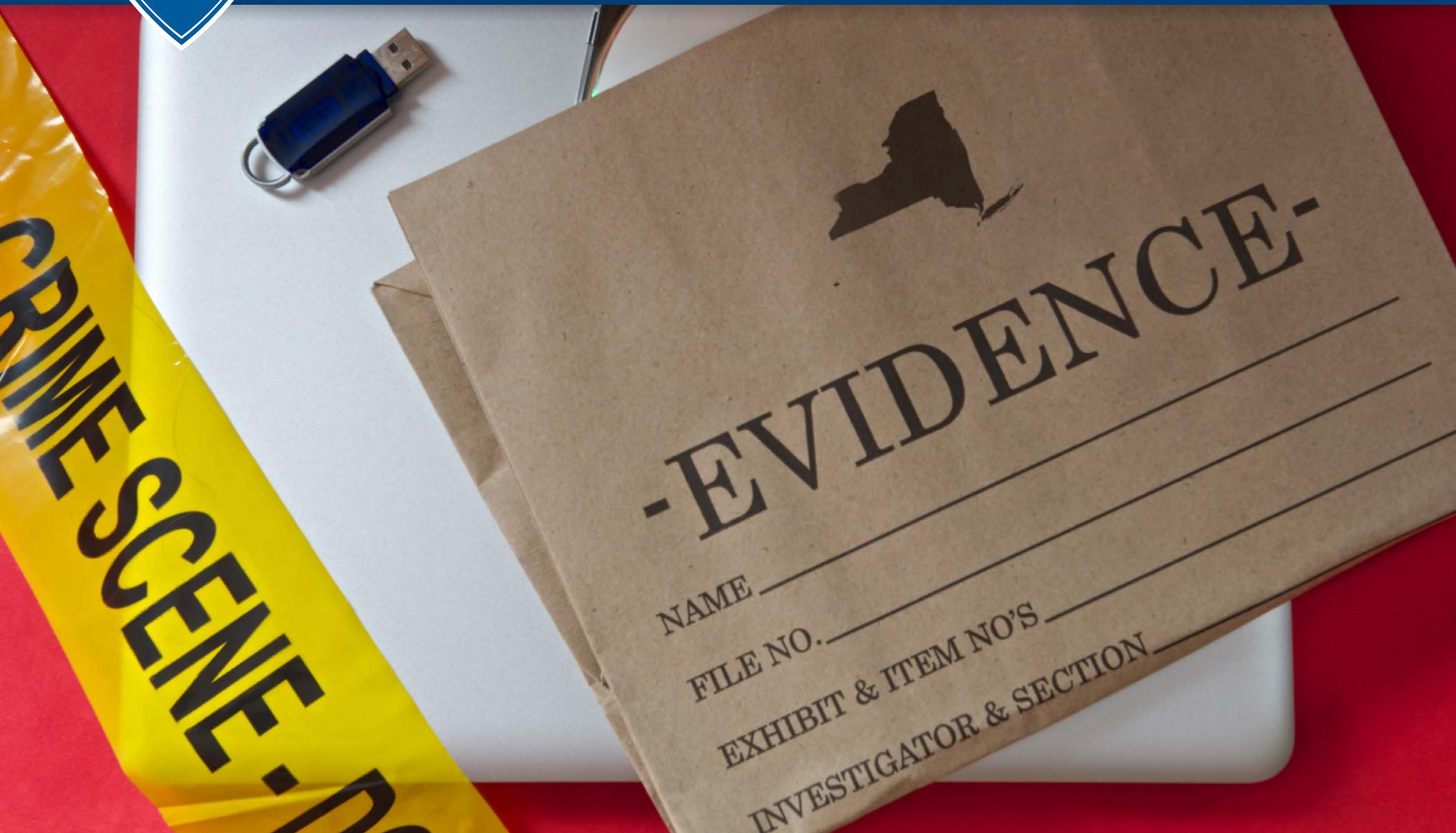


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Highlights

Objective

Our objective was to determine whether the U.S. Postal Inspection Service, New York Division, implemented effective controls for accountable property, case management, and training. Based on risk analysis of closed case count and workhours, number of hotline referrals, and National Compliance Review occurrence, we selected the New York Division for our review.

The mission of the Postal Inspection Service is to support and protect the U.S. Postal Service and its employees, infrastructure, and customers; enforce the laws that defend the nation's mail system from illegal or dangerous use; and ensure public trust in the mail.

Postal inspectors are federal law enforcement agents responsible for enforcing more than 200 federal statutes that deal with the Postal Service and the U.S. mail.

Postal inspectors use various tools and resources to carry out their mission, which includes the Case Management System used to open and close cases, and to document and track case activities. In addition, postal inspectors are assigned accountable property, such as firearms and vehicles, to perform their work.

The New York Division has 89 postal inspectors. In fiscal year (FY) 2018, it had 294 closed, jacketed cases. A jacketed case is opened when there is indication or occurrence of criminal activity warranting further review. We reviewed a random sample of 60 closed, jacketed cases in FY 2018.

What the OIG Found

The Postal Inspection Service provided required threat management training to postal inspectors and instructors. However, the Postal Inspection Service has not consistently implemented effective controls for accountable property and case management.

Specifically, opportunities exist to strengthen controls over high-value evidence, inventory management, undercover operations, and case management.

We found:

- Postal inspectors did not properly package, track, and store high-value evidence. Specifically, out of 66 total pieces, three [REDACTED] were torn and had to be repackaged during our site visit; one piece of [REDACTED] evidence did not have matching dates on the sealed bag and the evidence tracking system; and one piece of grand jury evidence was not kept separate from other evidence, as required per policy.
- New York Division personnel did not adequately track and conduct annual inventories of [REDACTED] postal inspectors' offices, Postal Service facilities with lookout galleries, and the evidence room.
- Postal inspectors did not receive the required approvals to conduct undercover operations for five of seven cases in our sample that had undercover operations.
- Postal inspectors did not prepare field notes for 44 of 60 (73 percent) cases; and prepare a signed, detailed list of seized items or properties for 4 of 40 (10 percent) cases with an arrest.

Overall, these conditions occurred due to inconsistent management oversight and insufficient policy or procedures. Specifically:

- Policy does not specify the quality or durability of storage materials needed for securely packaging [REDACTED] evidence.
- Management and a postal inspector were unaware and unable to explain the mislabeling of evidence.
- A postal inspector was unaware of the policy for storing grand jury material separately from other evidence.
- Procedures did not exist to track [REDACTED] to employees or conduct an annual inventory.
- Management did not consider [REDACTED] as undercover operations due to policy inconsistency.
- Case management reporting requirements were not consistently followed.
- A prior audit report identified issues concerning case management requirements and recommended management provide refresher training to team leaders on investigative documentation requirements and proper case closure procedures. Management agreed and plans to provide the training by September 30, 2020; therefore, we are not making a recommendation for this issue.

What the OIG Recommended

We recommended management:

- Update policy to include guidelines for packaging [REDACTED] evidence.
- Reiterate the policy related to high-value evidence to postal inspectors.
- Reiterate policy for tracking [REDACTED] and [REDACTED] assigned to postal inspectors and conducting an inventory of the [REDACTED]
- Update policy to provide consistent guidance for [REDACTED] as related to undercover operations.
- Update policy to require undercover operation approvals be stored in the Case Management System.

Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

September 19, 2019

MEMORANDUM FOR: GARY R. BARKSDALE
CHIEF POSTAL INSPECTOR

PHILIP R. BARTLETT
INSPECTOR-IN-CHARGE, NEW YORK DIVISION

E-Signed by Jason Yovich
E-IPM authentication with eSign Desktop

FROM: Jason M. Yovich
Acting Deputy Assistant Inspector General
for Technology

SUBJECT: Audit Report – U.S. Postal Inspection Service New York
Division (Report Number OV-AR-19-004)

This report presents the results of our audit of the U.S. Postal Inspection Service New York Division (Project Number 19TG011OV000).

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Julie T. Wong, Acting Director, Inspection Service, 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 the U.S. Postal Inspection Service's New York Division (Project Number 19TG011OV000). Our objective was to determine whether the Postal Inspection Service, New York Division, implemented effective controls for accountable property, case management, and training.

We have a statutory requirement to oversee all activities of the Postal Inspection Service.¹ We plan to conduct similar reviews of other Postal Inspection Service divisions. See [Appendix A](#) for additional information regarding this audit.

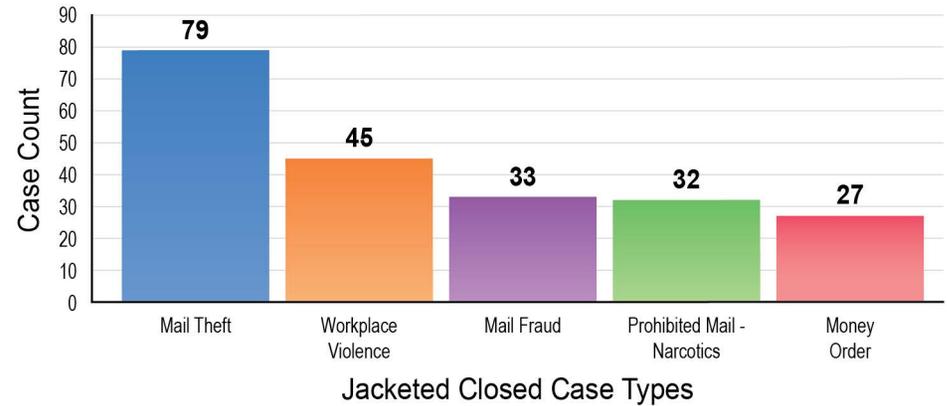
Background

The mission of the Postal Inspection Service is to support and protect the Postal Service and its employees, infrastructure, and customers; enforce the laws that defend the nation's mail system from illegal or dangerous use; and ensure public trust in the mail. Postal inspectors are federal law enforcement agents responsible for enforcing more than 200 federal statutes that deal with the Postal Service and the U.S. mail.

Postal inspectors use various tools and resources to carry out their mission, which includes the Case Management System (CMS) used to open and close cases and document and track case activities. In addition, postal inspectors are assigned accountable property, such as firearms and vehicles, to perform their work.

The New York Division has 89 postal inspectors. During FY 2018, it had 294 closed, jacketed cases.² During this period, postal inspectors in the New York Division spent 114,500 workhours on 294 cases. Figure 1 shows the total number of cases for the top five case types for that period: (1) Mail Theft, (2) Workplace Violence, (3) Mail Fraud, (4) Prohibited Mail – Narcotics, and (5) Money Order.

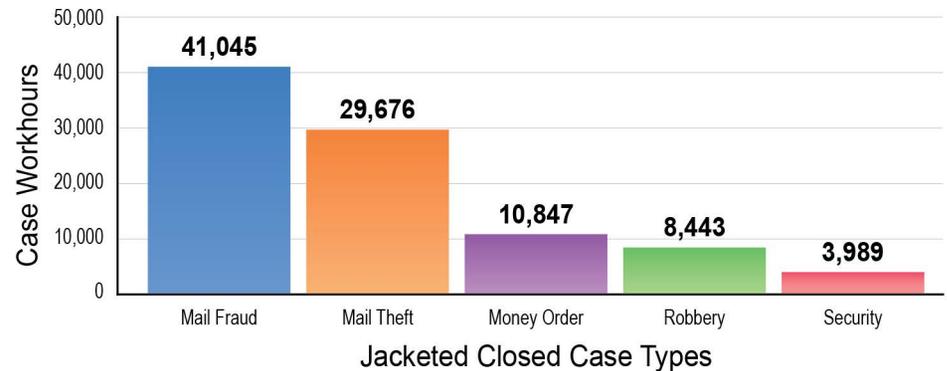
Figure 1. Top 5 Jacketed Closed Case Types by Case Count for FY 2018



Source: Office of Inspector General (OIG) analysis and U.S. Postal Inspection Service.

Figure 2 shows the total number of workhours³ for the top five case projects during FY 2018, with Mail Fraud having the highest count of workhours (41,045).

Figure 2. Top 5 Jacketed Closed Case Types by Case Workhours for FY 2018



Source: OIG analysis and U.S. Postal Inspection Service.

¹ Title 39 CFR §230.1.

² Jacketed cases are used when an investigation results in evidence gathered to support potential administrative action or prosecution against a suspect.

³ The total workhours were for cases opened between fiscal years (FY) 2000 and 2018.

Finding #1: Evidence Handling

Postal inspectors did not handle five of 66 pieces (8 percent) of high-value evidence⁴ properly. Specifically:

- Three high-value evidence storage bags used to hold ██████████ were damaged and had to be repackaged during our audit. In one instance, an evidence bag seam broke during our review, ██████████ onto the evidence room floor.
- One high-value evidence bag containing ██████ was entered into the evidence tracking system on June 22, 2018; however, the tape sealing the bag was dated September 12, 2018.
- One piece of grand jury material was stored in the same area as the ██████ instead of being stored separately, in accordance with policy.

Per policy,⁵ postal inspectors are accountable for all property/evidence (PE) in their possession in the course of their official duties. All PE must be properly reported, protected, and disposed of before a case can be closed. ██████ be stored in a heat-sealed, tamper-evident clear plastic bag with tamper-evident tape placed over both sides of the seal.

Postal inspectors are also required to put ██████ in a clear container and seal it with tamper-resistant evidence tape. The postal inspector and a witness must write their initials and date across the sealing tape when it is applied so a portion of the initials and date is on the container. The date in the evidence tracking system must match the date on the sealing tape. Furthermore, grand jury evidence must be clearly identified as “grand jury material” and be maintained separately from other documents, material, and evidence.

These incidents occurred because Postal Inspection Service policy does not specify the quality or durability of storage materials needed for securely packaging ██████████ by its own postal inspectors or by the forensic lab responsible for testing the evidence. The forensic lab determines what type of storage materials are used to repackage ██████████ Management and the postal inspector in possession of the evidence could not explain why the evidence was mislabeled by the original postal inspector, who was responsible for the evidence before transferring to a different division. Additionally, a postal inspector was unaware of the policy for storing grand jury material separately from other evidence.

The weight of the ██████████ could be questioned during criminal proceedings, which could affect the outcome of an investigation and result in evidence being inadmissible. When the date on evidence packaging does not match the date in the evidence tracking system, the evidence could be inadmissible in court proceedings. Proper packaging, storage, and oversight of high-value evidence helps protect against theft and evidence tampering.

“Postal inspectors did not handle five of 66 pieces (8 percent) of high-value evidence properly.”

Recommendation #1

We recommend the **Chief Postal Inspector** update policy to include guidelines for packaging ██████████ evidence.

Recommendation #2

We recommend the **Inspector-in-Charge, New York Division**, reiterate the policy related to high-value evidence to postal inspectors.

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5 *Inspection Service Manual (ISM)*, ██████████ 2018.

agents while performing [REDACTED]. Additionally, policy does not require undercover operation approval documentation be maintained in CMS. The current process for documenting undercover operation approvals is to maintain a hard copy.

The undercover operations we reviewed were conducted to gather evidence for narcotics, identity theft, mail theft, prohibited mail, and child pornography cases. In six of these cases, a postal inspector operated a [REDACTED] to identify a suspect. In one case, a [REDACTED] used [REDACTED] to help authorities arrest co-conspirators.

Postal inspectors could conduct an unsafe undercover operation that is not in accordance with Postal Inspection Service policy and protocols. The agency is at risk of not providing sufficient oversight if a legal or ethical question arises about an undercover operation. Not obtaining proper approval for undercover operations could put postal inspectors and cooperating defendants at risk of harm. In addition, maintaining hard copy undercover operation approvals would increase the risk of losing or misplacing the document.

Recommendation #4

We recommend the **Chief Postal Inspector** update policy to provide consistent guidance for [REDACTED] as related to undercover operations.

Recommendation #5

We recommend the **Chief Postal Inspector** update policy to require undercover operation approvals be stored in the Case Management System.

Finding #4: Incomplete Case Documentation

Postal inspectors did not adequately document investigative activities, as required. Specifically, postal inspectors did not:

- Prepare field notes¹³ for 44 of 60¹⁴ (73 percent) jacketed, closed cases reviewed.
- Prepare a signed, detailed list of seized items or properties for 4 of 40 (10 percent) jacketed, closed cases with an arrest made by the Postal Inspection Service.

Per Postal Inspection Service policy,¹⁵ case management is the responsibility of the case owner, who must enter all required case information accurately and timely. A team leader is required to complete a Closed Case Checklist¹⁶ before case closure to ensure that all required documents, including field notes, are attached to the case file in the CMS. In addition, postal inspectors are required to prepare and preserve complete investigative notes of the circumstances surrounding an arrest and prepare and have signed a detailed list of items and property seized as evidence and for forfeiture.

These issues occurred due to the lack of team leaders' oversight and failure to consistently follow policies. Team leaders did not receive refresher case management training, including comprehensive case reviews, after graduating from Basic Inspector Training.¹⁷

Criminal proceedings could be affected when postal inspectors are not sufficiently documenting investigative activities with the use of field notes. Postal inspectors' field notes can be obtained during discovery¹⁸ and

“Postal inspectors did not adequately document investigative activities.”

¹³ Field notes are detailed notes of an investigation. Postal inspectors must prepare field notes to document all matters that occur in an investigation.

¹⁴ We reviewed a sample of 60 closed, jacketed cases.

¹⁵ FY 2018 Case Management Reporting Requirements.

¹⁶ The closed case checklist is a standard Postal Inspection Service form that includes items such as arrest/search warrants, field notes, investigative memorandums, and presentation letters to ensure they are attached to the case file prior to closure.

¹⁷ A resident program at the Career Development Division. Completion of basic training is a condition of appointment to the position of postal inspector.

¹⁸ Discovery is the process through which the parties to a lawsuit formally exchange evidence and information before a case goes to trial.

examined by an attorney before a trial. Not providing the notes could result in a mistrial as any evidence that could be used by the defense must be provided by the prosecution. In addition, personnel turnover or reassignment of postal inspectors could duplicate efforts or knowledge loss and disrupt the Postal Inspection Service's ability to efficiently continue operations.

A prior audit report¹⁹ identified issues about case management requirements and recommended management provide refresher training to team leaders regarding investigative documentation requirements and proper case closure procedures. Management agreed and plans to conduct in-service functional team leader training, which will include investigative documentation requirements. The target implementation date is September 30, 2020; therefore, we are not making recommendations for this finding.

Management's Comments

Management disagreed with recommendation 1 and agreed with recommendations 2, 3, 4, and 5.

Regarding recommendation 1, management stated that the current policy is sufficient to meet the concerns regarding [REDACTED] packaging. Management stated a specific vendor used non-Inspection Service packaging procedures and the issue has been addressed by their Forensic Laboratory Services. In addition, the Laboratory Director has notified all division managers to immediately notify them when they become aware of questionable packaging material being used by external vendors. The target implementation date is September 30, 2019.

Regarding recommendation 2, management agreed and stated they will reiterate the policy related to high-value evidence to postal inspectors. The target implementation date is September 30, 2019.

Regarding recommendation 3, management agreed and stated they will reiterate the policy for tracking [REDACTED] and [REDACTED] assigned to postal

inspectors and conducting an inventory of the [REDACTED]. The target implementation date is October 31, 2019.

Regarding recommendation 4, management agreed and stated they will clarify the policy governing undercover operations to ensure consistency and the delegations of the proper approvals. The target implementation date is September 30, 2020.

Regarding recommendation 5, management agreed and stated they will update policy to require undercover operation approvals be stored in Case Management. The target implementation date is September 30, 2020.

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

Evaluation of Management's Comments

The OIG considers management's comments partially responsive to recommendation 1 and responsive to recommendations 2, 3, 4 and 5, and corrective actions should resolve the issues identified.

Regarding recommendation 1, as noted in the report, the current policy does not specify the quality or durability of storage materials needed for securely packaging [REDACTED] evidence by its own postal inspectors or by the forensic lab. Postal Service guidance²⁰ provides packaging instructions for hazardous materials including specific measurements for package thickness.

Management detailed corrective action; however, the OIG has not received supporting documentation. For the recommendation to officially close, management should provide support demonstrating that they have taken corrective action.

All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. The 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.

¹⁹ Review of Postal Inspection Service Criminal and Administrative Processes – Fort Worth Division (Report Number HR-AR-19-002, dated April 19, 2019).

²⁰ Publication 52, Hazardous, Restricted, and Perishable Mail, Appendix C – USPS Packaging Instructions for Mailable Hazardous Materials.

Appendices

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Appendix A: Additional Information

Scope and Methodology

The scope of our audit included a review of New York Division closed cases from October 2017 to September 2018. We selected the New York Division for our review based on the number of closed jacketed cases, case workhours, number of hotline referrals identified, and National Compliance Review occurrence. We reviewed a non-statistical random sample of 60 closed cases to determine whether division employees followed case management requirements. We verified accountable property, including 66 pieces of high-value evidence, 26 vehicles, and 138 firearms. Additionally, we reviewed threat management training records for 78²¹ postal inspectors.

To accomplish our objective we:

- Reviewed a non-statistical random sample of 60 closed case files to determine completeness of case files, including evidence disposal, forfeiture, (pre/post seizure), confidential funds disbursement, and arrests.
- Interviewed New York Division managers and postal inspectors to gain an understanding of their roles and responsibilities.
- Evaluated the oversight and handling of confidential funds and high-value evidence for compliance with established policies.
- Reviewed a sample of high-value evidence, vehicles, firearms, ammunition, and confidential funds for their completeness and compliance with internal controls.
- Reviewed firearms and safety training records to ensure compliance with Postal Inspection Service training requirements.
- Reviewed postal inspector workload, analyzing case count and workhours.

We conducted this performance audit from April through September 2019, 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 August 12, 2019, and included their comments where appropriate.

We assessed the reliability of CMS data by reviewing source documents and interviewing responsible personnel knowledgeable about the data. We determined that the data were sufficiently reliable for the purposes of this report.

²¹ We did not review training records for 11 postal inspectors because of extended leave, detail assignments, or recent assignments.

Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date	Monetary Impact
<i>Review of Postal Inspection Service Criminal and Administrative Processes – Fort Worth Division</i>	Assess the U.S. Postal Inspection Service's compliance with criminal and administrative processes, including the effectiveness of internal controls. Specifically, we reviewed the areas of case management, accountable property, and training in the Fort Worth Division, which we judgmentally selected based on number of investigative cases.	HR-AR-19-002	4/19/2019	None

Appendix B: Management's Comments



GARY R. BARKSDALE
CHIEF POSTAL INSPECTOR

UNITED STATES POSTAL INSPECTION SERVICE

September 3, 2019

LAZERICK C. POLAND
DIRECTOR, AUDIT OPERATIONS

SUBJECT: U.S. Postal Inspection Service New York Division
(Report Number OV-AR-19-DRAFT)

Thank you for the opportunity to review and comment on the findings recommendations contained in the draft audit report, U.S. Postal Inspection New York Division.

The Postal Service disagrees with recommendation 1 and agrees with recommendation 2, 3, 4, and 5. Management will address each recommendation separately below.

Recommendation 1: We recommend the Chief Postal Inspector update policy to include guidelines for packaging [REDACTED] evidence.

Management Response/Action Plan: Management disagrees with this recommendation. The finding for this recommendation was related to a specific vendor who used non-Inspection Service packaging procedures. Our Forensic Laboratory Services has addressed this issue with the vendor. In addition, the Laboratory Director has notified all division managers to immediately notify them when they become aware of questionable packaging material being used by our external vendors. The current policy is sufficient to meet the concerns regarding [REDACTED] packaging.

Target Implementation Date: September 30, 2019

Responsible Official: Director, Forensic Laboratory Services

Recommendation 2: We recommend the Inspector-in-Charge, New York Division, reiterate the policy related to high-value evidence to postal inspectors.

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Washington, D.C. 20260-2100
www.POSTALINSPECTORS.USPIS.GOV

Management Response/Action Plan: Management agrees with this recommendation. The Inspector-in-Charge, New York Division, will reiterate the policy related to high-value evidence to postal inspectors.

Target Implementation Date: September 30, 2019

Responsible Official: Inspector-in-Charge, New York Division

Recommendation 3: We recommend the Inspector-in-Charge, New York Division, reiterate policy for tracking ██████████ assigned to postal inspectors and conducting an inventory of the ██████████

Management Response/Action Plan: Management agrees with this recommendation. The Inspector-in-Charge, New York Division, will reiterate the policy for tracking ██████████ assigned to postal inspectors and conducting an inventory of ██████████

Target Implementation Date: October 31, 2019

Responsible Official: Inspector-in-Charge, New York Division

Recommendation 4: We recommend the Chief Postal Inspector update policy to provide consistent guidance for ██████████ as related to undercover operations.

Management Response/Action Plan: Management agrees with this recommendation. The Postal Inspection Service will clarify the policy governing undercover operations to ensure consistency and the delegations of the proper approvals.

Target Implementation Date: September 30, 2020

Responsible Official: Chief Postal Inspector

Recommendation 5: We recommend the Chief Postal Inspector update policy to require undercover operation approvals be stored in Case Management.

Management Response/Action Plan: Management agrees with this recommendation. The Postal Inspection Service will update policy to require undercover operation approvals be stored in Case Management.

- 3 -

Target Implementation Date: September 30, 2020

Responsible Official: Chief Postal Inspector

Thank you,


Gary R. Barksdale
Chief Postal Inspector

cc: *Manager, Corporate Audit Response Management*



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