

Management of the Postal Service's Smartphones

AUDIT REPORT

Report Number 22-177-R23 | August 3, 2023



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Highlights

Background

The U.S. Postal Service uses smartphones as part of its larger information technology (IT) strategy to access data and systems and store large amounts of data. Smartphones help employees facilitate communications and share on-the-go information and run various software applications based on individual need. Often, these devices provide access to much of the same data and systems that would be available from an office desktop computer. As of February 2023, approximately 25,000 smartphones serviced by nine different carriers were used by approximately 23,350 individuals within the Postal Service to support its business operations and communications. The Postal Service spent about \$13 million on cellular services in calendar year 2022.

What We Did

Our objective was to assess management of the inventory, lifecycle, and utilization of the Postal Service's smartphones. We used a combination of data analytics and personnel interviews to determine if appropriate controls were in place to properly manage smartphones at the Postal Service.

What We Found

We identified opportunities for the Postal Service to improve its smartphone management practices regarding inventory, lifecycle, and utilization. Specifically, the Postal Service did not: (1) maintain an accurate and current inventory of its smartphones in its asset inventory management system; (2) maintain adequate oversight of its contractor's performance for the minimum requirements for the service level agreements in its contract, resulting in \$589,340 in excess payments; (3) verify that only supported smartphones were assigned to its users; and (4) certify that it deactivated the cellular services for employees with smartphones who separated from the agency, resulting in \$318,707 in excess payments. These issues occurred because the Postal Service did not follow a standardized process for inventory and utilization reviews, and responsibilities for contract and lifecycle reviews were incomplete or ignored due to the transfer of duties resulting from its recent reorganization.

Recommendations

We made nine recommendations, including to develop processes to validate the accuracy of inventory records; review invoices for service level agreements and verify the accuracy of the contractor's delivery; replace all unsupported smartphones with supported ones; and verify cancellation of service.

Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

August 3, 2023

MEMORANDUM FOR: JULIE BATCHELOR
EXECUTIVE DIRECTOR, ENDPOINT TECHNOLOGY

JOHN POMEROY
EXECUTIVE DIRECTOR, BUSINESS SERVICES ORGANIZATION

WILLIAM KOETZ
VICE PRESIDENT, NETWORK AND COMPUTE TECHNOLOGY

A handwritten signature in black ink, reading "W Espinoza", is positioned below the list of recipients.

FROM: Wilvia Espinoza
Deputy Assistant Inspector General
for Inspection Services, Technology, and Services

SUBJECT: Audit Report – Management of Postal Service Smartphones
(Report Number 22-177-R23)

This report presents the results of our audit of Management of Postal Service Smartphones.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Laura Roberts, Director, Cybersecurity & Technology, 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 Management of Postal Service Smartphones (Project Number 22-177). Our objective was to assess the management of the inventory, lifecycle, and utilization of the Postal Service's smartphones. See [Appendix A](#) for additional information about this audit.

Background

The U.S. Postal Service uses smartphones¹ to facilitate greater working efficiencies and operations, making them a core element of its information technology (IT) program. Often, these devices provide access to much of the same data and systems that would be available from an office desktop computer, allowing employees access to data and systems from anywhere at any time, as well as the ability to store large amounts of data. As of February 2023, individuals across various departments within the Postal Service used approximately 25,000 smartphones serviced by nine different carriers to support its business operations and communications. The Postal Service spent about \$13 million on cellular services in calendar year 2022.

Postal Service policy states that comprehensive, accurate, and up to date inventories must

“Individuals across various departments within the Postal Service used approximately 25,000 smartphones serviced by nine different carriers to support its business operations and communications.”

be maintained regardless of whether these smartphones are currently connected to its network. In addition, the Postal Service has policies to maintain mobile device inventories, monitor usage, and establish controls to ensure that public funds are not spent on unused or underutilized mobile devices.²

Policy also states that designated inventory management systems should track computing devices in the Postal Service, including the user who was issued the equipment, assigned location, and other device-specific information. Further, it states that support organizations are responsible for providing accurate information to update and maintain inventory and asset management systems.³

Roles and Responsibilities

Within the Postal Service, the Chief Information Office (CIO) has the overall responsibility to manage smartphones in compliance with policy. The CIO focuses on delivering products and solutions enabled by technology to improve systems, processes, and integration across several organizational units. In November 2020, the CIO introduced a major organizational realignment, which was centered on modernizing the way the Postal Service does business and supporting its business unit goals.⁴ Due to the reorganization, the responsibilities for managing smartphone inventory, lifecycle, and utilization were distributed among the following three groups within the CIO, as depicted in [Figure 1](#).

- The Endpoint Technology Engineering (ETE) office, in addition to delivering secure end-user solutions, is also responsible for inventory management, user support, and lifecycle of smartphones. The CIO's reorganization led to the formation of ETE and the dissolution of the IT Mobile Computing (ITMC) group. ITMC's responsibilities were distributed across several groups; specifically, the inventory responsibility was assigned to the newly formed ETE office.

¹ A smartphone is a high-end mobile phone built on a mobile computing platform, with more advanced computing ability and connectivity than a contemporary feature phone.

² Handbook AS-805, *Information Security*, Sections 10-2.7, dated June 2021.

³ Management Instruction AS-820-2022-13, *Advanced Computing Environment*, dated July 2022.

⁴ CIO Restructuring - November 2020 - Special edition (usps.gov).

- The Business Services Organization, Technology Acquisitions group oversees the contracts related to smartphone management and telecommunication network providers. This group is also responsible for budgeting, project management, and workplace management services across the CIO organization.
- The Network and Compute Technology Operations – Voice Services office is responsible for overseeing the ordering, provisioning,⁵ and billing of smartphones through the telecommunication expense management (TEM) contract, as well as utilization, such as managing telecommunication expenses and zero-usage monitoring of smartphones. The Postal Service awarded the TEM contract in September 2015, valued at \$38 million. The contractor used a subcontractor, a global provider of TEM supporting over 3,000 enterprises. In April 2021, a new company took over the Postal Service’s smartphone contract. More broadly, Network Compute Technology is responsible for delivering a secure, resilient, and available network to postal users.

contract term. For example, there is an SLA related to order performance where the contractor must place orders for wireless services or new smartphones within [REDACTED] of receiving notice. If the contractor does not place the order within [REDACTED] of the time during that month, then the SLA is missed. If the contractor does not meet these performance metrics, the Postal Service is entitled to a percentage of the monthly management fee. Additionally, how well the contractor adheres to these SLAs is used as a benchmark of quality assurance for the contractor.

Smartphone Inventory Systems

To manage its smartphone inventory, the Postal Service relies on these three systems:

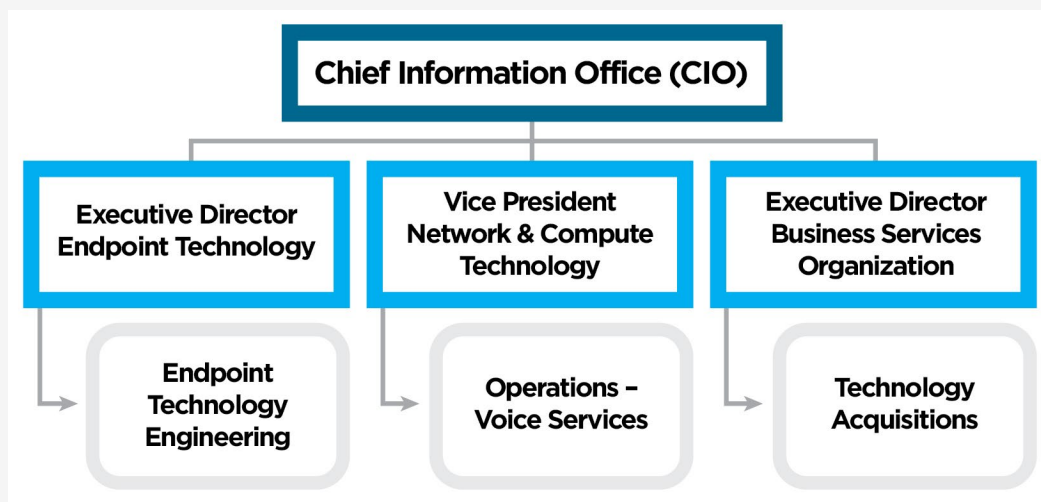
- Asset Inventory Management System (AIMS): a system that was developed on July 1, 2003, and is managed by ETE to store information about IT hardware inventory. It serves as the Postal Service’s system of record for smartphone inventory.
- [REDACTED] a system used by ETE that provides mobile device management services for Postal Service owned mobile computing devices that access the postal computing infrastructure and/or have used the postal computing network since November 5, 2013. [REDACTED] only recognizes devices that are registered and activated on the network.

Service Level Agreements

To meet the requirements of the TEM contract, 19 service level agreements (SLA) were mutually agreed upon by the Postal Service and its contractor in the statement of work.⁶ These SLAs detail the minimum acceptable performance levels the contractor must meet each month during the

Figure 1. CIO Organizational Structure for the Inventory, Lifecycle, and Utilization of Smartphones

Source: OIG analysis of the CIO page under the Postal Service’s Blue Pages.



⁵ Provisioning involves providing a user with a telecommunications service, such as assigning a phone number and issuing a smartphone.

⁶ The Statement of Work, [REDACTED], dated March 20, 2015.

- TEM system: a system managed by the TEM contractor that records all telecom network, voice, mobile phone inventory, billing, and invoicing data. It has been deployed since September 1, 2011, and it monitors the number of phones that are used by the Postal Service and/or have a cell phone service plan.

As of May 2023, the Postal Service is working to transition the inventory system of record from AIMS to a new system called Solution for Enterprise Asset Management. The organization expects this tool to use automatic data feeds to review and compare the inventory between [REDACTED] and TEM to create a more accurate system of record. The Postal Service anticipates this project to be completed by December 31, 2023.

Smartphone Refresh

Once a smartphone is no longer supported by the manufacturer, it is best practice to replace the older device with a new one, also known as a refresh. Per Postal Service policy, smartphones older than an iPhone 8 and Samsung Galaxy S9 will not be supported by its IT department.⁷ Additionally, industry

“As of May 2023, the Postal Service is working to transition the inventory system of record from AIMS to a new system called Solution for Enterprise Asset Management.”

best practices state that all components of mobile devices should be updated with the latest patches and configured following sound security practices.⁸ Keeping devices refreshed and aligned with manufacturer standards help protect end users and the postal network.⁹

Findings Summary

While the U.S. Postal Service had processes in place to manage inventory, lifecycle management, and smartphone utilization, we identified areas of improvement to advance its smartphone management practices. Specifically, we found that the Postal Service did not maintain accurate inventory records in Asset Inventory Management System (AIMS). In addition, the contractor did not meet the minimum service level agreement (SLA) requirements for inventory, order placements, and invoice processing. Further, the Postal Service has opportunities to improve its current practices for smartphone lifecycle management and utilization, such as confirming that separated employees' smartphone services are properly canceled.

Finding #1: Smartphone Inventory Management

The U.S. Postal Service did not maintain an accurate and current inventory of its smartphones in Asset Inventory Management System (AIMS) in accordance with policies.¹⁰ Additionally, Postal Service officials did not compare the AIMS and [REDACTED] inventories, as specified in the AIMS Smartphone Inventory Process guidance.¹¹ To determine the accuracy of the inventory in AIMS, we compared the International Mobile Equipment Identity (IMEI) numbers¹² of the smartphones recorded in AIMS, telecommunication expense management (TEM) system, and [REDACTED], as of February 26 and 27, 2023. While these systems should contain the same information, we found significant discrepancies (see [Figure 2](#)), as follows:

- 27,266 IMEIs were identified in AIMS, of which 23,044 (85 percent) were unique and not found in the other two systems.
- 28,275 IMEIs were identified in TEM, of which 5,115 IMEIs (18 percent) were unique and not found in the other two systems.

⁷ USPS Mobile Computing Supported Standard Devices, dated November 2022.

⁸ National Institute of Standards and Technology Special Publication 800-124 Revision 1 of *Guidelines for Managing the Security of Mobile Devices in the Enterprise*, dated June 2013.

⁹ USPS News LINK article dated April 13, 2023.

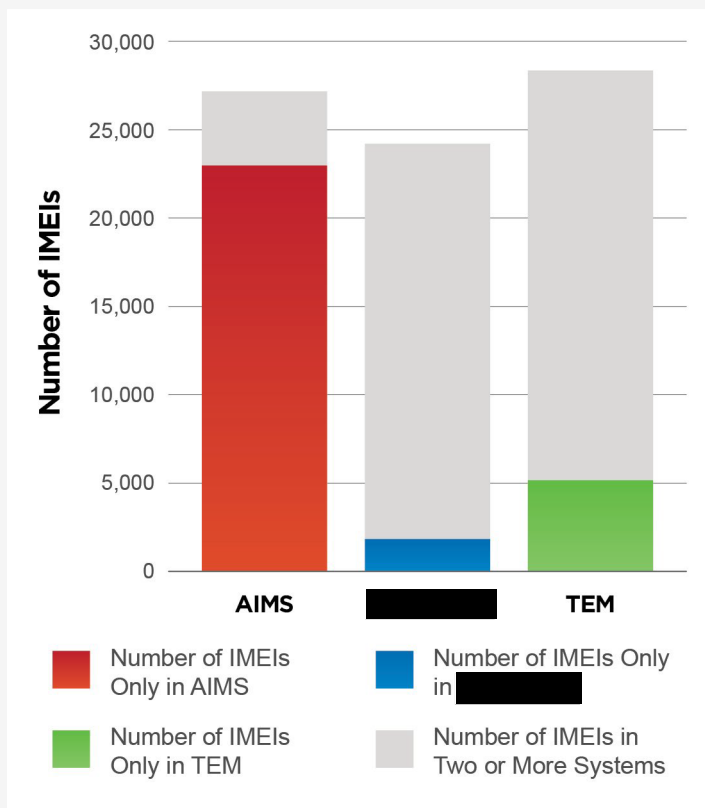
¹⁰ Handbook AS-805 and Management Instruction AS-820-2022-13.

¹¹ AIMS Smartphone Inventory Process Standard Operating Procedure, dated July 2016.

¹² An International Mobile Equipment Identity number is a unique identifier for a smartphone.

- 24,309 IMEIs were identified in ██████████ of which 1,863 IMEIs (8 percent) were unique and not found in the other two systems.
- 2,454 IMEIs (5 percent) were shared across all three systems.

Figure 2. Smartphone Inventory Systems Comparison



Source: OIG analysis of ██████████ Smartphone Inventory and AIMS data from February 27, 2023, and TEM data from February 26, 2023.

According to policy, a comprehensive, accurate, and up to date hardware asset inventory must be maintained and include all technology assets known to the organization with the potential to store or process information.¹³ In addition, internal guidance states that Information Technology Mobile Computing, now Endpoint Technology Engineering (ETE), personnel should review and compare the inventory of AIMS and ██████████ before sending it to the contractor for them to review and incorporate into their inventory records.¹⁴

According to ETE management, AIMS contained inaccuracies primarily due to the incomplete transition of work caused by the November 2020 CIO reorganization and a lack of automatic data feeds. Specifically, with the reorganization, the inventory responsibility was assigned to the ETE lifecycle group (which was created in 2020); however, individuals in the newly formed group did not compare the AIMS and ██████████ inventories, as required by the guidance.¹⁵ Because of this incomplete transition of work, AIMS has not been updated nor compared since at least April 2021.

“Without an accurate inventory list, mobile phone bills cannot be sufficiently analyzed”

Further, the manual nature of updating inventory in AIMS predisposed it to be inaccurate and not current. Because of this, the Postal Service is transitioning to using the Solution for Enterprise Asset Management system for the inventory of smartphones. This system will use automatic data feeds between TEM and ██████████ to populate the inventory records to serve as a system of record. Consequently, Postal Service management stated AIMS is slated to be retired as the system of record for smartphones as of December 31, 2023.

Without an accurate inventory list, mobile phone bills cannot be sufficiently analyzed, which could lead to excess payments. In addition, the Postal Service may be overpaying for cellular and management services for its smartphones. For instance, in February 2023, we found 24,580 smartphone IMEIs in the contractor’s inventory, but not in AIMS. The contractor charged Postal Service a monthly fee of ██████████ for each device contained within the inventory it managed. Because of this, the Postal Service did not have assurance that ██████████ it spent on management fees were for devices in its possession, which we consider to be unsupported questioned costs.¹⁶

¹³ Handbook AS-805.

¹⁴ AIMS Smartphone Inventory Process Standard Operating Procedure.

¹⁵ AIMS Smartphone Inventory Process Standard Operating Procedure.

¹⁶ A subset of questioned costs that are called into question because of missing or incomplete documentation, or because of failure to follow required procedures.

While the Postal Service has declared its intentions to move from AIMS to a new inventory system, the inputs to its new system will be the inventories from [REDACTED] and TEM. This has the potential to undercount the true number of phones within the organization, leaving a heightened risk for theft, loss, and misuse.

Recommendation #1

We recommend the **Executive Director, Endpoint Technology**, develop guidance to maintain an accurate, comprehensive, and up to date internal inventory of smartphones in accordance with policies. At a minimum, the guidance should include roles and responsibilities, frequency, and requirements for documenting evidence of reviews.

Recommendation #2

We recommend the **Executive Director, Endpoint Technology**, conduct an inventory of the Postal Service's current smartphones to be used as the baseline in Solution for Enterprise Asset Management before implementing the new system.

Finding #2: Oversight of Contractor Performance

The U.S. Postal Service's contractor did not meet all the requirements of the contract for the service level agreements (SLAs) for inventory, order placement, and invoice processing and did not credit the Postal Service for these missed SLAs from December 2020 through November 2022. Specifically, the contractor was required to maintain an inventory with [REDACTED] accuracy. In addition, the contractor was required to place new smartphone orders within [REDACTED] and process invoices within five business days, [REDACTED] accuracy rates.

Inventory SLA

We examined 24 months of invoices to determine compliance with the Inventory SLA on a monthly basis. We found the contractor did not meet the minimum requirements for the Inventory SLA in all 24 instances and did not credit the Postal Service [REDACTED] of its maintenance fees, as agreed upon in the contract.

For the inventory to be accurate, each inventory line must be complete based on 13 different characteristics (type of service ordered, service ID, account number, service provider, address for service, Postal Service facility ID, billing telephone number, employee ID, fulfillment date, service plan, device model, international calling plan, and monthly costs).

When one of these characteristics is incorrect, then the line is considered incomplete. Per the contract, the Postal Service is entitled to a [REDACTED]

In our analysis of the 24 months of invoices and corresponding inventories, we found, on average, 63 percent of the monthly inventory records were accurate. This is below the SLA agreement of [REDACTED]. Specifically, the inventory did not contain required information for the service plans and cellular service account numbers. As such, we determined that the contractor owed the Postal Service about [REDACTED] for failing to meet the Inventory SLA, as required by the statement of work (see [Table 1](#)).

“While the Postal Service has declared its intentions to move from AIMS to a new inventory system, the inputs to its new system will be the inventories from [REDACTED] and TEM.

Table 1. Missed Inventory SLA and Credits ([REDACTED] Requirement)

Date	Subcontractor's SLA Measurement	OIG's SLA Measurement	[REDACTED]	[REDACTED]	[REDACTED]
1/26/21	99.69%	72%	[REDACTED]	[REDACTED]	[REDACTED]
2/26/21	99.52%	71%	[REDACTED]	[REDACTED]	[REDACTED]
3/26/21	99.28%	71%	[REDACTED]	[REDACTED]	[REDACTED]
4/26/21	99.44%	70%	[REDACTED]	[REDACTED]	[REDACTED]
5/26/21	99.49%	70%	[REDACTED]	[REDACTED]	[REDACTED]
6/26/21	99.47%	70%	[REDACTED]	[REDACTED]	[REDACTED]
7/26/21	99.65%	70%	[REDACTED]	[REDACTED]	[REDACTED]
8/26/21	99.65%	69%	[REDACTED]	[REDACTED]	[REDACTED]
9/26/21	99.45%	68%	[REDACTED]	[REDACTED]	[REDACTED]
10/26/21	99.43%	67%	[REDACTED]	[REDACTED]	[REDACTED]
11/26/21	99.44%	67%	[REDACTED]	[REDACTED]	[REDACTED]
12/26/21	99.73%	65%	[REDACTED]	[REDACTED]	[REDACTED]
1/26/22	99.71%	64%	[REDACTED]	[REDACTED]	[REDACTED]
2/26/22	99.60%	63%	[REDACTED]	[REDACTED]	[REDACTED]
3/26/22	99.52%	61%	[REDACTED]	[REDACTED]	[REDACTED]
4/26/22	99.52%	60%	[REDACTED]	[REDACTED]	[REDACTED]
5/26/22	99.48%	59%	[REDACTED]	[REDACTED]	[REDACTED]
6/26/22	99.40%	58%	[REDACTED]	[REDACTED]	[REDACTED]
7/26/22	99.40%	57%	[REDACTED]	[REDACTED]	[REDACTED]
8/26/22	99.43%	54%	[REDACTED]	[REDACTED]	[REDACTED]
9/26/22	99.43%	53%	[REDACTED]	[REDACTED]	[REDACTED]
10/26/22	99.43%	53%	[REDACTED]	[REDACTED]	[REDACTED]
11/26/22	99.41%	51%	[REDACTED]	[REDACTED]	[REDACTED]
12/26/22	99.41%	50%	[REDACTED]	[REDACTED]	[REDACTED]
Total Amount Not Credited					[REDACTED]

Source: OIG analysis of the subcontractor's inventory reports from January 2021 to December 2022.

Order Placement and Invoice Processing SLAs

We found the contractor did not meet the requirements for the Order Placement and Invoice Processing SLAs in 17 of 48 instances (35 percent) over the 24-month period. While the contractor reported these missed SLAs, it did not credit the Postal Service [REDACTED] of the monthly maintenance charges that it agreed to in the contract when not meeting these requirements.

Specifically, from December 2020 to November 2022, the contractor did not order and provision telecom/wireless services [REDACTED] eight times (17 percent) for the Order Placement SLA. For the Invoice Processing SLA, the contractor did not send payment packages (payment request + payment detail) to the Postal Service [REDACTED]

of loading into the database nine times (19 percent). Additionally, the contractor did not credit the Postal Service [REDACTED] of the monthly maintenance charges for failing to meet the timeframe as required by the statement of work (see Table 2).

These issues occurred because Postal Service personnel did not provide sufficient oversight of the contractor's performance for its smartphone contract. Specifically, to verify the contractor's performance of accuracy, Postal Service personnel should have reviewed the inventory quarterly and examined the accuracy of the 13 different inventory characteristics, as outlined in the statement of work. However, we found that the Postal Service did not review the accuracy of the contractor's inventory on a regular, documented basis.

Table 2. Missed SLAs and Credits (Requirement)

Date	SLA Missed	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
12/1/20	Order Placement	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
3/1/21	Order Placement	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
3/1/21	Invoice Processing	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
4/1/21	Order Placement	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
5/1/21	Order Placement	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
7/1/21	Invoice Processing	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
8/1/21	Invoice Processing	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
10/1/21	Invoice Processing	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
1/1/22	Invoice Processing	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
2/1/22	Invoice Processing	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
3/1/22	Invoice Processing	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
6/1/22	Invoice Processing	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
7/1/22	Order Placement	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
8/1/22	Order Placement	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
10/1/22	Order Placement	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
11/1/22	Order Placement	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
11/1/22	Invoice Processing	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total Amount Not Credited					[REDACTED]

Source: OIG analysis of the subcontractor's invoices from December 2020 to November 2022.

According to Postal Service management, the lack of oversight for Order Placement and Invoice Processing SLAs resulted from the incomplete transition of responsibilities when the CIO underwent its reorganization in 2020. Specifically, Postal Service management stated that the office went through a difficult time when the experienced employees left, and their responsibilities were not effectively transitioned to the new employees.

The Postal Service did not receive credit from the contractor for failing to manage the inventory because the Postal Service was not meeting with the contractor on a quarterly basis, as required in the statement of work, to review the accuracy of the contractor's inventory. As a result, the Postal Service is entitled to credits, based on our analysis, for the contractor's incomplete inventory. Both the Postal Service and the contractor have long been aware of the discrepancies; however, they had not resolved the issue as of the issuance of this report.

The lack of oversight and enforcement of contractor compliance impacts the Postal Service's ability to protect its interests or ensure that the outsourced management of smartphones is performed effectively and economically to reduce unnecessary costs. Further, by not validating the accuracy of the contractor's inventory on a scheduled basis, the Postal Service's new system of record, Solution for Enterprise Asset Management, will continue to contain inaccurate information. This will lead to the Postal Service having an incomplete view of its endpoint devices.

Because the contractor missed the Inventory SLA, the Postal Service is entitled to [REDACTED] due to the inaccuracies in the inventory. Further, the eight missed SLAs for Order Placement, and nine missed SLAs for Invoice Processing

“The Postal Service is entitled to credits, based on our analysis, for the contractor's incomplete inventory”

amounted to [REDACTED], which the Postal Service is entitled to receive from the contractor. We consider these dollar amounts to be questioned costs.¹⁷

During our audit, the Postal Service worked to recover funds from the contractor for credits for the Order Placement and the Invoice Processing SLAs. As of June 2023, the Postal Service has requested credits for these missed SLAs from the contractor, totaling approximately \$172,233, from fiscal years 2020 to 2023. The Postal Service has received approximately \$36,478 in credits so far, which we consider to be corrective action. Therefore, we are not making a recommendation to recover these funds.

Recommendation #3

We recommend the **Executive Director, Business Services Organization**, develop a process to validate and confirm performance of inventory reviews by telecommunication contractors, as required by contractual agreements.

Recommendation #4

We recommend the **Executive Director, Business Services Organization**, develop a standard process to review the invoices for service level agreements and verify the accuracy of the contractor's delivery on a quarterly basis.

Recommendation #5

We recommend the **Executive Director, Business Services Organization**, file a claim, as appropriate, for the missed Inventory service level agreement the contractor reported, but did not credit the Postal Service for, as required by the contract statement of work.

Finding #3: Smartphone Refresh

Although the U.S. Postal Service generally managed the refresh of most of its smartphones efficiently and effectively, we found ETE allowed some unsupported smartphones to remain active on the Postal Service's network. Specifically, Postal Service employees used smartphones that manufacturers stopped supporting between six months to over three and a half years ago. Industry best practices state that all components of mobile devices should be updated with the latest patches and configured following sound security practices.¹⁸ Manufacturers do not

¹⁷ A cost the OIG believes is unnecessary, unreasonable, or an alleged violation of law, regulation, or contract.

¹⁸ National Institute of Standards and Technology Special Publication 800-124 Revision 1 of *Guidelines for Managing the Security of Mobile Devices in the Enterprise*.

provide patches and updates for unsupported devices.

In our analysis of the [REDACTED] inventory data as of February 2023, we found that 1,286 (5 percent) of the 24,764 smartphones used by Postal Service employees were unsupported, as shown in Table 3 below:

Postal Service management stated that the devices were not refreshed due to a lapse in reassignment of responsibilities from ITMC managing smartphone inventory to ETE in 2020. During this restructure, the responsibilities of the ITMC group were distributed among various groups in ETE. One of these responsibilities was ensuring smartphones that were no longer supported were refreshed. However, ETE management failed to transition this responsibility to a new owner due to the restructuring and, subsequently, the Postal Service did not recover and replace the older, unsupported smartphones. In addition, according to Postal Service management, the lack of automation, internal controls, and defined procedures contributed to the inability to refresh unsupported phones in a timely manner.

As a result, Postal Service personnel were using unsupported phones to access the Postal Service

network. Not having up to date security features poses a risk to the confidentiality, integrity, and availability of Postal Service data and resources. Additionally, management does not have assurance that information resources were not inadvertently exposed to risks of unauthorized access and vulnerabilities without the manufacturer's security patches.

As of April 2023, the Postal Service implemented a control to quarantine smartphones that do not have their operating system up to date. However, Postal Service management has stated that this control has not been fully implemented, and phones with outdated, non-current operating systems are still allowed to access Postal Service networks.

Recommendation #6

We recommend the **Executive Director, Endpoint Technology**, update guidance and define specific responsibilities governing refreshing of unsupported smartphones, to include a process for identifying and replacing them.

Recommendation #7

We recommend the **Executive Director, Endpoint Technology**, replace all unsupported smartphones with supported smartphones.

Table 3. Unsupported Smartphones

Model	Number of Active Devices	Date Manufacturer Stopped Supporting	Length of Time Unsupported, as of February 27, 2023 (in months)
iPhone 6	1	September 2019	41
iPhone 6 Plus	1	September 2022	6
iPhone 6s	80	September 2022	6
iPhone 6s Plus	256	September 2022	6
iPhone 7	729	September 2022	6
iPhone 7 Plus	3	September 2022	6
SAMSUNG-SM-G930A (Samsung S7)	3	April 2020	27
SM-G930T (Galaxy S7)	1	April 2020	27
SM-G930V (Galaxy S7)	6	April 2020	27
AM-G950U (Galaxy S8)	206	December 2021	21
Total Number of Unsupported Phones		1,286	

Sources: OIG analysis of IT Mobile Computing from the Postal Service, [REDACTED] data from 2023, and information from smartphone manufacturers and wireless service providers.

Finding #4: Disconnecting Service for Former Employees

We found areas for improvement in the U.S. Postal Service’s ability to disconnect smartphones used by employees who separated from the organization. We identified 3,965 employees who separated from the Postal Service in calendar years 2021 and 2022 who remained active for various timeframes after they separated. Of these 3,965 employees, 2,763 (70 percent) had

“The Postal Service is at a heightened risk of further misuse if inventory controls are not fixed.”

smartphones that were paid for at least one month to as many as 11 months after they separated from the Postal Service. According to the USPS

Playbook: Standard Operating Procedure, dated December 2, 2019, the Postal Service’s human resources and access management system automatically sends a file to telecommunication expense management (TEM) detailing which employees are active, inactive, or suspended. With this information, TEM is designed to update the inventory accordingly [REDACTED]

This issue occurred because TEM’s automated system that creates [REDACTED] for [REDACTED] was not working properly. The system created [REDACTED]. Next, the system should have used this report to generate [REDACTED] for these devices. However, according to the Postal Service and the contractor, the system generated the reports, but did not submit [REDACTED]

As a result, the number of reports was continuing to grow, but [REDACTED]

By not canceling services once an employee left the organization, the Postal Service paid approximately

\$318,707 for services that were not being used from January 2021 to December 2022, which we determined to be questioned costs.¹⁹ Additionally, because of inventory control weaknesses, these former employee smartphones are subject to loss, misplacement, or misuse. For example, from November 2019 through March 2022, we found

[REDACTED] instances [REDACTED]. While the security controls in place prevented these [REDACTED], the Postal Service is at a heightened risk of further misuse if inventory controls are not fixed, and cellular services are not canceled timely.

Recommendation #8

We recommend the **Vice President, Network and Compute Technology**, develop a process to validate that cellular services for employees who have departed the organization are canceled timely.

Recommendation #9

We recommend the **Vice President, Network and Compute Technology**, file a claim, if appropriate, for the overcharges the contractor invoiced and was paid for the separated employees.

Management’s Comments

Management agreed with the report’s findings and recommendations.

Regarding recommendation 1, management stated the Endpoint Technology Engineering office will update the standard operating procedures regarding inventory of smartphones. The target implementation date is October 31, 2023.

Regarding recommendation 2, management stated it will reconcile its smartphone inventory prior to designating the System for Enterprise Asset Management as the official inventory system for smartphones. Management also noted that it will create the baseline by reconciling these three sources: the smartphone provider of record, the active cellular plan management data, and the mobile device management platform. The target implementation date is December 30, 2023.

¹⁹ A cost the OIG believes is unnecessary, unreasonable, or an alleged violation of law, regulation, or contract.

Regarding recommendation 3, management stated the Business Services Organization will update standard operating procedures to validate and confirm performance of inventory reviews in accordance with contractual requirements. The target implementation date is December 31, 2023.

Regarding recommendation 4, management stated the Business Services Organization will update standard operating procedures to validate and confirm the accuracy and performance of invoices for service level agreements in accordance with contractual requirements. The target implementation date is December 31, 2023.

Regarding recommendation 5, management stated the Business Services Organization will work with the Supply Management contracting officer to review the inventory service levels reported by the supplier to assess inventory. Management also noted that, if appropriate, it will work with Supply Management and the USPS Legal Department to file a claim for missed service level agreements. The target implementation date is December 31, 2023.

Regarding recommendation 6, management stated the Endpoint Technology Engineering office will update the standard operating procedures regarding the replacement of unsupported smartphones. The target implementation date is October 31, 2023.

Regarding recommendation 7, management stated it will replace all unsupported smartphone devices. The target implementation date is April 30, 2024.

Regarding recommendation 8, management stated Network and Compute Technology will develop and implement a process to validate that cellular services for employees who have departed the organization are canceled timely. The target implementation date is December 31, 2023.

Regarding recommendation 9, management stated Network and Compute Technology and the Business Services Organization will work with the Supply Management contracting officer to review charges invoiced by the supplier. Management also noted that if appropriate, Network and Compute Technology and the Business Services Organization will work with Supply Management and the USPS

Legal Department to file a claim for overcharges. The target implementation date is December 31, 2023.

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

Evaluation of Management's Comments

The U.S. Postal Service Office of Inspector General (OIG) considers management's comments responsive to the recommendations in the report and the actions planned to address these recommendations should resolve the issues identified in the report. 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.

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Appendix A: Additional Information

Scope and Methodology

Our audit scope included the review of smartphones at the U.S. Postal Service; specifically, we reviewed the following:

- Inventory management and applicable policies and procedures.
- Oversight of the telecommunication expense management (TEM) contract.
- Lifecycle management and smartphone refresh practices.
- Utilization reviews regarding cellular billings.

To accomplish our objective, we:

- Evaluated the controls over the inventory systems that the Postal Service and its contractors employed to manage smartphones.
- Reviewed service level agreements (SLAs) in the contracts between the TEM contract team in Supply Management and the CIO's Business Services Organization and Postal Service's subcontractor. We also reviewed the Postal Service's oversight of these SLAs.
- Conducted interviews with Telecommunications Management, Endpoint Technology Engineering, and other subject matter authorities to understand how smartphones were managed.
- Reviewed cellular billing data for phones of employees that have left the agency.

We conducted this performance audit from October 2022 through July 2023 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions

based on our audit objectives. We discussed our observations and conclusions with management on June 28, 2023, and included their comments where appropriate.

In planning and conducting the audit, we obtained an understanding of mobile device internal control structure to help determine the nature, timing, and extent of our audit procedures. We reviewed the management controls for overseeing the program and mitigating associated risks. Additionally, we assessed the internal control components and underlying principles, and we determined that the following three components were significant to our audit objective: control activities, information and communication, and monitoring.

We developed audit work to ensure that we assessed these controls. Based on the work performed, we identified internal control deficiencies that were significant within the context of our objectives. Our recommendations, if implemented, should correct the weaknesses we identified.

We assessed the reliability of [REDACTED], Asset Inventory Management System, and telecommunication expense management billing data by performing analyses to determine if the data were accurate and reliable, and performing manual reviews to ensure the data can support our audit work. We determined that the 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 within the last five years.

Appendix B: Management's Comments



July 24, 2023

JOHN CIHOTA
DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response: Management of Postal Service Smartphones
(22-177-DRAFT)

Thank you for providing the Postal Service with an opportunity to review and comment on the findings and recommendations contained in the draft report – *Management of Postal Service Smartphones*.

Finding 1:

USPS Management agrees with the finding that a current and accurate inventory of smartphones was not maintained. Once System for Enterprise Asset Management (SEAM) is updated with active cellular plan management data, standard processes will account for all smartphones provisioned to USPS employees.

Finding 2:

USPS Management agrees with the finding and will improve supplier performance oversight and compliance by implementing recommendations 3, 4, and 5.

Finding 3:

USPS Management agrees with the finding that some unsupported smartphones remained active on the Postal Service's network.

Finding 4:

USPS Management agrees with the finding that there are "areas for improvement in the U.S. Postal Service's ability to disconnect smartphones used by employees who separated from the organization."

Monetary Impact:

USPS Management agrees with the Monetary Impact assessments of recommendations 1, 5, and 9.

Following are our comments on each of the nine recommendations.

Recommendation 1:

We recommend the Executive Director, Endpoint Technology, develop guidance to maintain an accurate, comprehensive, and up to date internal inventory of smartphones in accordance with policies. At a minimum, the guidance should include roles and responsibilities, frequency, and requirements for documenting evidence of reviews.

Management Response/Action Plan:

USPS Management agrees with this recommendation. Endpoint Technology will update the standard operating procedures regarding inventory of smartphones.

Target Implementation Date: 10/31/2023

Responsible Official: Executive Director, Endpoint Technology

Recommendation 2:

We recommend the Executive Director, Endpoint Technology, conduct an inventory of the Postal Service's current smartphones to be used as the baseline in Solution for Enterprise Asset Management before implementing the new system.

Management Response/Action Plan:

USPS Management agrees with this recommendation to reconcile smartphone inventory prior to designating SEAM as the official inventory system for smartphones. The baseline will be created by reconciling these three sources: the smartphone provider of record, the active cellular plan management data, and the mobile device management platform.

Target Implementation Date: 12/30/2023

Responsible Official: Executive Director, Endpoint Technology

Recommendation 3:

We recommend the Executive Director, Business Services Organization, develop a process to validate and confirm performance of inventory reviews by telecommunication contractors, as required by contractual agreements.

Management Response/Action Plan:

USPS Management agrees with this recommendation. The Business Services Organization (BSO) will update standard operating procedures to validate and confirm performance of inventory reviews in accordance with contractual requirements.

Target Implementation Date: 12/31/2023

Responsible Official: Executive Director, CIO Business Services

Recommendation 4:

We recommend the Executive Director, Business Services Organization, develop a standard process to review the invoices for service level agreements and verify the accuracy of the contractor's delivery on a quarterly basis.

Management Response/Action Plan:

USPS Management agrees with this recommendation. The BSO will update standard operating procedures to validate and confirm the accuracy and performance of invoices for service level agreements in accordance with contractual requirements.

Target Implementation Date: 12/31/2023

Responsible Official: Executive Director, CIO Business Services

Recommendation 5:

We recommend the Executive Director, Business Services Organization, file a claim, as appropriate, for the missed Inventory service level agreement the contractor reported, but did not credit the Postal Service for, as required by the contract statement of work.

Management Response/Action Plan:

USPS Management agrees with this recommendation. BSO work with Supply Management contracting officer (CO) to review the inventory service levels reported by the supplier to assess inventory. If appropriate, BSO will work with Supply Management and USPS Legal Department to file a claim for missed SLAs.

Target Implementation Date: 12/31/2023

Responsible Official: Executive Director, CIO Business Services

Recommendation 6:

We recommend the Executive Director, Endpoint Technology, update guidance and define specific responsibilities governing refreshing of unsupported smartphones, to include a process for identifying and replacing them.

Management Response/Action Plan:

USPS Management agrees with this recommendation. Endpoint Technology will update the standard operating procedures regarding the replacement of unsupported smartphones.

Target Implementation Date: 10/31/2023

Responsible Official: Executive Director, Endpoint Technology

Recommendation 7:

We recommend the Executive Director, Endpoint Technology, replace all unsupported smartphones with supported smartphones.

Management Response/Action Plan:

USPS Management agrees with this recommendation to replace all unsupported smartphone devices.

Target Implementation Date: 04/30/2024

Responsible Official: Executive Director, Endpoint Technology

Recommendation 8:

We recommend the Vice President, Network and Compute Technology, develop a process to validate that cellular services for employees who have departed the organization are canceled timely.

Management Response/Action Plan:

USPS Management agrees with this recommendation. Network and Compute Technology (NCT) will develop and implement a process to validate that cellular services for employees who have departed the organization are canceled timely.

Target Implementation Date: 12/31/2023

Responsible Official: Vice President, Network and Compute Technology

Recommendation 9:


We recommend the Vice President, Network and Compute Technology, file a claim, if appropriate, for the overcharges the contractor invoiced and was paid for the separated employees.

Management Response/Action Plan:

USPS Management agrees with this recommendation. NCT and BSO will work with Supply Management CO to review charges invoiced by the supplier. If appropriate, NCT and BSO will work with Supply Management and USPS Legal Department to file a claim for overcharges.

Target Implementation Date: 12/31/2023

Responsible Official: Vice President, Network and Compute Technology

 E-SIGNED by William E Koetz
on 2023-07-25 09:51:23 CDT

William E. Koetz
Vice President, Network and Compute Technology

cc: *Chief Information Officer*
Corporate Audit & Response Management

OFFICE OF INSPECTOR GENERAL

UNITED STATES



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