



# Office of Inspector General

## Semiannual Report to Congress

April 1 — September 30, 2013



## MISSION STATEMENT

The mission of the U.S. Postal Service Office of Inspector General is to conduct and supervise objective and independent audits, reviews, and investigations relating to Postal Service programs and operations to:

- Prevent and detect fraud, theft, and misconduct;
- Promote economy, efficiency, and effectiveness;
- Promote program integrity; and

Keep the Governors, Congress, and Postal Service management informed of problems, deficiencies, and corresponding corrective actions.

## A MESSAGE FROM THE INSPECTOR GENERAL

The U.S. Postal Service has had an impressive track record of success in the face of competing technologies, such as the telegraph, telephone, and computers. Successive predictions of the Postal Service's demise were greatly exaggerated, to borrow a phrase. But the digital revolution, with its smart devices, and social networking, has proven to be an especially challenging period. Creative destruction is weakening many of the nation's business sectors and public infrastructures.

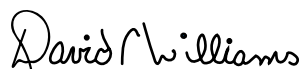
While the digital age has ushered in major changes in communications, the Postal Service's mission to bind the nation together has remained largely unchanged. It is past time to provide the Postal Service the tools it must have to adapt its business model for a new era of communications while retaining the valuable infrastructure that serves American citizens and commerce.

Likewise, the Office of Inspector General's commitment to integrity, accountability, and transparency remains steady even as the tools we use to achieve our goals continually evolve. Collaboration, data analytics, and modeling have enhanced our work, helping us to focus on high-risk, high-value work. We can now proactively pursue risks and work the best cases in a shorter period of time. We are collaborating with the Postal Service to model data across program areas for more timely, relevant, and actionable products.

The Semiannual Report to Congress, for the reporting period of April 1 through September 30, 2013, features overviews of our key audit and investigative work in the period, as well as special reports and white papers.

The appendices provide detailed information on audit reports and their recommendations, investigative cases pursued in the period, and monetary impacts of our work. In this reporting period, we issued 114 reports, including audit reports and management advisories, which resulted in about \$13.5 billion in monetary impact. We completed 2,143 investigations that led to 332 arrests and nearly \$80 million in fines, restitutions, and recoveries, of which \$74 million went to the Postal Service.

I look forward to working with the Governors, Congress, and Postal Service management as we address the challenges ahead. With the support of these groups, the OIG will continue to play a key role in maintaining the integrity and accountability of America's postal service, its revenue and assets, and its employees through our audit and investigative work.



David C. Williams  
Inspector General

# SUMMARY OF PERFORMANCE

For the period of April 1 — September 30, 2013

## AUDITS

Reports issued	114
Significant recommendations issued	106
Total reports with financial impact	34
Funds put to better use	\$11,034,458,086
Questioned costs	\$1,104,835,559
Revenue Impact	\$1,342,582,211
<b>TOTAL</b>	<b>\$13,481,875,856</b>

## INVESTIGATIONS <sup>1</sup>

Investigations Completed	2,143
Arrests	332
Indictments/Informations	237
Convictions/pretrial diversions <sup>2</sup>	318
Administrative actions	1,175
Cost Avoidance	\$147,036,411
Fines, Restitution, and Recoveries	\$79,671,450
Amount to the Postal Service <sup>3</sup>	\$74,015,994

## OIG HOTLINE CONTACTS

Telephone calls	32,244
E-Mail	19,888
Standard Mail	843
Voice Mail Messages	467
Facsimile - FAX	284
National Law Enforcement Communications Center	333
<b>TOTAL CONTACTS</b>	<b>54,059</b>

<sup>1</sup> Statistics include joint investigations with other law enforcement agencies.

<sup>2</sup> Convictions reported in this period may be related to arrests in prior reporting periods.

<sup>3</sup> Amounts include case results of joint investigations with other OIG, federal, state, and local law enforcement entities.

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## SIGNIFICANT AUDIT WORK

### Management Response to Audit Work

Office of Audit (OA) adheres to professional audit standards and generally presents its audit work to management for comments prior to issuing a final report. Unless otherwise noted in the selected audit work discussed in this report, management has agreed or partially agreed with our recommendations and is taking or has already taken corrective action to address the issues raised.

### FINANCIAL AND SYSTEMS ACCOUNTABILITY

#### Availability of Critical Applications

The Postal Service relies on several systems to support customer service, automate and improve mail acceptance and postage payment, and improve the user's overall experience. These systems, known as critical applications, can also reduce manual inputs, increase efficiency, and streamline postal operations. Often seamless to customers, these sophisticated systems cut across all aspects of postal operations. For example, business mailers rely on the Facility Access and Shipment Tracking (FAST) system to set up appointments for entering their mail. PostalOne! is an electronic suite of services for business mailers that allows for a seamless mail acceptance process.

Point-of-Service (POS) terminals are the “cash registers” at retail outlets that automate and expedite retail transactions. A wide range of customers, including home-based and small businesses, use the *USPS.com* applications, which provide access to online services and products.

Our report looked at how frequently these systems were down and unavailable to users and customers. The Postal Service has set a target of 99.7 percent for most applications to be available and 99.9 percent for online applications. We found the overall availability of these systems have ranged from 98.9 to 99.9 percent during FY2011 through the first 6 months of FY 2013. We determined the Postal Service's operations, processes, and procedures were effective in ensuring the availability of the FAST, PostalOne! – Business Customer Support System, and *USPS.com* applications.

The Postal Service has not been as effective in its POS terminal operations and in conducting monitoring activities to ensure that it meets availability targets. The Postal Service sites do not always report terminals disconnected from the network to the designated help desk. Further, employees are not properly following policy and management is not providing sufficient guidance on reporting POS terminal outages. We also determined the Postal Service does not monitor the availability of POS terminals during business hours or track how long terminals are unavailable. This is because no group has been assigned to conduct real-time monitoring or develop and maintain reports and metrics on the availability of POS terminals over time. We recommended the Postal Service develop and provide guidance and oversight that require POS users to immediately report all outages and issues to the designated help desk. We also recommended the Postal Service assign a group to conduct real-time monitoring and develop a process for timely reporting of outages and maintaining reports and metrics on the availability of POS terminals.

Management disagreed with recommendations to develop guidance for all POS-Retail associates on responding to an outage or a POS terminal in degraded mode. They also disagreed with the recommendation to document and provide oversight to ensure users of POS-Retail terminals at all Postal Service sites immediately report terminal outages and issues to the designated help desk. Management said data provided to the OIG indicates that employees call the help desk when there is an issue, substantiating their awareness of procedures. Management also disagreed with recommendations to assign responsibility for conducting real-time monitoring of POS-Retail terminals and to develop metrics and a process for timely reporting outages and degraded issues because end users are an effective way to monitor POS and enable the help desk to effectively troubleshoot and resolve issues; real-time monitoring represents a major effort; and a help desk case rate is reviewed on a quarterly basis and analyzed to continuously improve system availability.

## REVENUE AND PERFORMANCE

### Virtual Post Office Boxes

In today's mobile society, people socialize, shop, work, and play anywhere and everywhere. Yet even as many aspects of communications and commerce have gone mobile, the physical address has remained static. Our research paper explored the concept of a Virtual Post Office (PO) Box, which would offer portability to the address and create opportunities for customers and businesses to manage the physical delivery of mail and parcels the same way they manage digital communications. Much like the traditional PO Box service, the Virtual PO Box would provide users with an alternate address instead of their residential or business address. Virtual PO Box customers could log into their *USPS.com* accounts to link this address with any physical address, including a home or business address, a nearby Post Office, a physical PO Box, or even a gopost® parcel locker.

Virtual PO Boxes with an online management feature would also give users additional control over their mail, turning mailboxes into powerful tools for managing goods and information. They would provide users with an address that could be redirected anywhere they choose, solve the issue of some post offices having an insufficient number of physical PO Boxes to rent to customers, or act as a permanent address that would remain constant, which could help reduce change-of-address complications when a customer moves. Besides adding functionality to email accounts and smart devices, the virtual PO Box would be a portal for broad new uses for the Postal Service's current network and products.

## Revenue and Performance

We explored the Virtual PO Box concept more deeply at a roundtable with Postal Service officials and stakeholders, including representatives from the Postal Regulatory Commission, labor unions, management associations, and digital experts from business and academia. Participants noted the implementation challenges of the Virtual PO Box, especially in the areas of operations, privacy, and how the Postal Service's traditional role as a physical deliverer of mail might change. However, participants said the Postal Service is uniquely positioned to meet its customers' growing needs and to participate in the rapidly changing digital arena. But timing is critical, they said, and such an ambitious project would require a long adoption cycle. They suggested the Postal Service could reach out to potential partners and collaborate with other companies and organizations that have had success in the digital era.

### U.S. Postal Service Data Governance

The Postal Service operates one of the largest information technology infrastructures in the world. Data collected from hundreds of computer applications help it manage operations and shape strategic goals. Our report found numerous shortcomings in the management of this critical data. Notably, the Postal Service defined a structure for a data governance program in 2003, but full roles and responsibilities were not uniformly adopted across the enterprise. We also identified limitations in the Postal Service's data governance program that placed the organization at risk for potential vulnerabilities in data quality, availability, and integrity, which could cause inefficient operations, disruptions in service, and fraud. These limitations included an inconsistent corporate-wide data strategy, unreliable and inaccurate data, data inconsistencies within the Enterprise Data Warehouse, insufficient IT security measures, and difficulties with accessing and sharing data. We identified best practices used by companies with successful data governance programs and we applied these best practices to identify a possible implementation strategy. Management agreed with our recommendation and has begun establishing a formal, enterprise-wide data governance program.

### Small Business Growth

The small business mailing and shipping market is a key Postal Service customer segment – it generates more than \$9 billion in annual revenue – and a vital part of the national economy. Market research indicates the small business market is a multi-billion dollar opportunity for the Postal Service, and the organization has renewed its focus on this market. The Postal Service relies on its sales staff and postmasters to reach out to current and prospective small-business customers. Our report determined the Postal Service has opportunities to improve the efforts of its postmasters and sales staff in retaining and growing small business revenue. To start, it should place an organizational priority on generating small business revenue. It should further leverage the relationship postmasters have with local small businesses by establishing a process for postmasters to join local civic organizations. The Postal Service could enhance collaboration between postmasters and sales staff, developing clear communication paths to support postmasters, and it should improve the availability and usage of quality sales-related tools and training.

Our report found that these collective improvements could result in additional small business revenue of \$122 million in fiscal year 2013, although management disagreed with this revenue outcome. Management also disagreed with our recommendations to increase the priority that postmasters and sales staff place on generating small business revenue and to leverage the postmasters' community status. They disagreed with our suggestion to develop new communication paths for postmasters to get needed support from either business development specialists or sales staff. Management stated they have a successful set of well-defined processes in this area.

### Intelligent Mail Barcode Development and Use of Data

The Postal Service developed its Intelligent Mail Program 10 years ago to provide better information about mail as it moves through the system and to improve efficiency by using information-rich, standardized barcodes to track mail as it is processed. The main component of the program is the Intelligent Mail barcode (IMb), one of a suite of four barcodes used to generate data. The IMb uniquely identifies letter and flat-sized mailpieces. Other barcodes in the suite include IMb for trays; IMcb for containers; and IMpb for parcels.

The Postal Service is anticipating increased usage of the IMb as mailers prepare for the coming requirement that all automation mail include full-service IMb. As IMb usage increases, so does the data it generates. Our audit determined the Postal Service lacks a comprehensive plan for continued development and use of IMb data. First, the Postal Service developed the IMb database structure and made decisions about storage capacity, processing speed, and timely availability of data without considering the needs of all IMb data users. Also, current plans for using IMb data have grown beyond the original vision, meaning data storage capabilities and system upgrades were needed to support the requirements stakeholders identified after initial development. The Postal Service envisions developing an information technology infrastructure to scan and track letter and flat-sized mailpieces as they travel through its processing network. However, without a comprehensive plan, the program applications in development may have limited functionality and may not meet all users' needs, such as real-time mail tracking.

We recommended management develop a comprehensive IMb data plan utilizing data governance principles for the collection, storage, and use of IMb data. The plan should include input from all business users, an assessment of all costs, and milestones for the life of the IMb program. Management disagreed with our conclusion that the Postal Service has not had, and does not have, a comprehensive IMb plan. Management said the plan resides with the chief information officer, and it put forward project investments as evidence of the plan.

### MISSION OPERATIONS

#### U.S. Postal Service Parcel Delivery Lockers

Parcel lockers, the free 24-hour receptacles for receiving package delivery, have significant potential, but the Postal Service should revise the complex registration process of its pilot test of parcel lockers and adjust other impediments to their usage. With some adjustments and by broadening the options available in the pilot test, the Postal Service could evaluate additional revenue generating opportunities of parcel lockers, as well as their full potential for cost avoidance.

The growth in parcel volume and the changing needs of customers prompted the Postal Service to develop its gopost® parcel lockers, which provide an alternative to home delivery of packages. Under the current pilot test, registered customers use their gopost card and personal identification number to ship and receive parcels and receive email or text notifications about their parcel shipments. The Postal Service is testing gopost primarily in the greater Washington, DC, area in shopping centers, commercially situated post offices, and transportation hubs. It has also deployed lockers in New York City.

Our review, which focused on gopost in the Capital Metro Area, determined the Postal Service is missing opportunities for greater customer adoption of gopost because the registration process for using gopost is complex. About two-thirds of registered users gave up on their registration before finalization. We recommended the Postal Service simplify the process, perhaps taking lessons learned from other posts that have implemented parcel lockers. We recognized that this issue has not been explored because management wanted to limit initial functionality of the pilot test to evaluate operational strategy, but we suggest broadening the options tested during the pilot test to better evaluate the full revenue generating capability of gopost.

#### Emergency Preparedness for Hurricane Sandy and Vehicle Operations – Response to Hurricane Sandy

Hurricane Sandy, the deadliest and most destructive storm of the 2012 hurricane season, battered the eastern United States in October last year, causing billions of dollars in damage. The Postal Service suffered damage to 181 Postal Service facilities and 110 delivery vehicles, our two audits determined. The Postal Service followed its hurricane guidelines and enacted its integrated emergency management plan, which mitigated the effects of Hurricane Sandy on postal property and equipment. However, the plan could not completely safeguard postal property due to the deviation of the storm and its unprecedented impact. The storm hit hard the low-lying locations in New York and New Jersey that are not normally prone to flooding.

The Postal Service's emergency preparedness plans for its delivery vehicles included directing personnel to move vehicles to higher ground. Our report determined this move helped to mitigate damage to vehicles, but 110 of the 16,267 vehicles were still damaged or destroyed. Management ensured that damaged delivery vehicles were repaired and serviced before being reused.

In most of the 27 locations we visited, the Postal Service implemented emergency management plans to safeguard employees and assets. The organization properly assessed damages and quickly re-established operations. However, managers at four locations did not adequately safeguard employees, and managers at 13 locations did not adequately safeguard mail or other assets because they were not sufficiently trained. Also, we found that seven of the nine districts and installations did not always properly complete and approve the integrated emergency management plan because of inadequate oversight and confusion over which facilities required the plan. This resulted in employees, mail, and \$1.1 million of cash and other assets being exposed to increased risk.

We recommended the Postal Service clarify and communicate to personnel which facilities must have integrated emergency preparedness plans. We recommended management provide periodic training and implement policies and procedures for when personnel should report to facilities under mandatory evacuation orders. The Postal Service should issue guidance for holding and moving mail and other assets from facilities in flood zones and policies and procedures for completing and approving integrated emergency management plans. We also recommended updating emergency preparedness plans with new low-lying flood areas to safeguard vehicles. The Postal Service disagreed that its employees were at risk relating to mandatory evacuations, stating that it adhered to postal policy and followed locally ordered evacuations.

### SUPPORT OPERATIONS

#### Overtime Use During Fiscal Years 2011 and 2012

Many of the Postal Service's initiatives to address its financial challenges have resulted in workforce changes, which have contributed to an increase in overtime usage. At the request of the Postmaster General, we looked at why overtime workhours have been increasing and how the Postal Service manages workhours. The Postal Service uses overtime workhours to provide flexibility and meet its operational requirements without increasing overall staffing levels. Our audit report found opportunities for tighter controls on overtime usage.

Our report focused on three districts with the highest overtime rates during the past 5 years, and one district where employees received the highest overtime dollars. In this latter district, the Postal Service paid seven mail handlers between \$65,000 and \$76,000 each for overtime workhours in FY 2012, resulting in their salaries more than doubling. Overall, overtime hours accounted for more than 7 percent of total workhours in both FYs 2011 and 2012 – a rate well above the Postal Service's target rate of 5 percent. Our report determined the Postal Service incurred significant overtime workhour use primarily because workforce was not aligned with workload; inadequate supervisory oversight; and mail arrived late at the delivery units, which resulted in carriers having to wait to begin work and then needing overtime to deliver. Overtime costs were high in one district because a union agreement negotiated at the local level paid workers extra money for overtime hours worked after 5:15 PM. We recommended management:

- Establish a plan to address staffing vacancies and better align the workforce to workload;
- Require officials at identified mail processing facilities and delivery units to implement plans to better align mail arrival times and carrier schedules;
- Require supervisors to monitor carrier workload and conduct street supervision; and
- Pursue changes to local agreements in the district we visited.



### Postal Service Injury Compensation Program

Workers' compensation is a significant and growing cost for the Postal Service, totaling more than \$1.3 billion in FY 2012 plus another \$68 million in administrative fees. Workers comp costs have grown more than 25 percent since the 2009 billing period and administrative fees have increased 23 percent in that time. As of December 2012, the Postal Service is facing a long-term workers' compensation liability of \$16.5 billion and had 16,999 employees on the periodic roll, which refers to employees on workers comp with disabilities that are expected to be permanent or prolonged.

Postal employees are covered by the Federal Employees' Compensation Act (FECA), which provides benefits to civilian federal employees who sustain an injury or occupational disease as a result of employment. The U.S. Department of Labor administers and enforces this act and the Postal Service manages efforts to return injured employees to work through its Injury Compensation Program. The Postal Service is the largest FECA participant in the federal government. The Postal Service's health and resource management (HRM) staff and other officials play an important role in administering the injury compensation program and reducing related costs by returning injured employees to work as soon as possible. Our report determined that the Postal Service needs to improve procedures for administering workers' compensation claims. Management did not consistently determine the number of HRM district specialists needed. Also, the Postal Service has reduced the number of staff significantly since 2009 and used some health and resource management personnel for collateral duties. Management did not fully use nurses in case management. Specific performance measures did not exist and personnel did not receive adequate training.

We identified internal best practices to return employees to work and based our recommendations on these practices. We recommended an automated work search system and a quick reference guide for case management. We also identified industry practices for an effective workers' compensation program, including using nurse case managers, partnering with non-profit organizations, and using predictive analytics. For example, the Transportation Security Administration used measures that included early intervention with contracted nurse case managers and reduced its chargeback costs by about 30 percent from 2006-2010.

We determined the Postal Service could reduce the number of employees receiving workers' compensation and save more than \$85.5 million annually. We recommended management conduct a formal staffing analysis to include using contract nurses for case management. We recommended management establish district performance measures based on cost reductions and implement a nationwide work search system, along with district rehabilitation program committees.

Management disagreed with our recommendations to partner with nonprofit organizations, stating that it would not reduce the compensation payable to the employee. Management also disagreed with our recommendation to enhance the Employee Health and Safety system by providing automated reminders since other enhancements to the system take priority.

### Contracting of Real Estate Management Services

With a presence in nearly every community, the Postal Service is one of the largest real estate owners in the country. For years, its real estate objectives have been to acquire, lease, build, and expand facilities to support operations. But as operations have changed, so have the Postal Service's real estate goals and objectives. It now is focused on disposing of excess space and vacant properties to optimize operations, generate revenue, and reduce real estate expenses.

In June 2011, the Postal Service awarded a contract to real estate management firm CB Richard Ellis, Inc. (CBRE) to act as the primary provider of real estate management services, including managing the sale of the Postal Service's real estate. With this contract, the Postal Service turned over to CBRE many of the duties formerly performed by its own real estate specialists and other real estate contractors. The Postal Service expected to benefit from the expertise and reach of a national real estate management firm. The Postal Service paid the contractor \$1.8 million for its services in FY 2012.

Although the contract resulted in cost savings for the Postal Service during the first year, our report determined that postal officials did not effectively provide contract oversight to reduce risks. We also found potential conflicts of interest because CBRE provides a range of property values to negotiate a lease and then receives a commission from the lessor based on the property value negotiated. Its incentive to negotiate the lowest lease possible for the Postal Service could be called into question. Further, the Postal Service permits the contractor to act on its behalf in negotiating leases and the contractor can also represent the lessor after disclosure through a dual agency agreement and consent of the Postal Service. We found other shortcomings, including no maximum contract value. We also determined the contracting officer did not properly approve contract payments or appoint contracting officer's representatives to monitor contract performance or ensure services were provided. Postal Service officials should improve contract oversight to mitigate inherent risks associated with this contract. We recommended management establish a reasonable maximum contract value based on historical budgets, designate contracting officer's representatives, and specify their duties to monitor contract performance and approve payments.

# SPECIAL FEATURES

## The Untold Story of the ZIP Code

In 1963, the Post Office Department introduced the Zone Improvement Plan (ZIP) Code to make sorting mail easier and to move toward automated mail sorting. To ensure the success of the code, the Post Office found executive sponsorship, examined foreign posts for successful comparisons, developed a stakeholder outreach program, and remained committed to implementing the ZIP Code in spite of initial resistance by mailers. Society benefited from the Post Office's efforts because the ZIP Code became a valuable tool for organizing and displaying demographic information, as well as a support structure for entire industries such as insurance and real estate. Because it was offered as a foundational layer on a public open platform, the ZIP Code had potential for tremendous and wide impact. The OIG, in conjunction with IBM, determined that the ZIP Code adds about \$10 billion dollars in economic value to society each year.

The paper, *The Untold Story of the ZIP Code*, discussed ways to enhance the ZIP Code in the digital age, such as combining the ZIP Code with the precision of geocodes (latitude and longitude coordinates). This would help facilitate delivery route configuration and allow ZIP Codes to be linked to geographic information system software. It would also help align government investments to serve public needs by assisting disaster recovery efforts, tracking population "flight paths" to unaddressed areas, and increasing the capability to map demographic information to surface areas. Another enhancement would be to link demographic information with the ZIP Codes to improve target mailings. This would increase the value of the mail for both senders and receivers by connecting recipients with more targeted mailings, although this option should be pursued on an opt-in basis to protect privacy. A final suggestion is to maintain the ZIP Code as an open platform and let users come up with additional uses and applications that would increase the ZIP Code's value into the future.

## What America Wants from the Postal Service

The Postal Service is at a critical juncture in determining its role in the digital age. Americans' communications needs are continually evolving, as are their expectations of the Postal Service. The OIG commissioned a study by a market research firm to hear from the American public. The project called, *What America Wants from the Postal Service*, was aimed at better understanding how Internet-connected Americans view the Postal Service now and what role it could play in their lives in the future. While survey results were compared across multiple demographic criteria, the age of respondents was most likely to reveal variations in response.

Among the key findings from the survey:

- The vast majority of respondents think their lives would be affected if the Postal Service did not exist in 5 years.
- The majority of respondents still see value in receiving at least some of their mail in hard copy.
- Most respondents reported they have some discomfort with conducting online transactions, but more than half said they do so anyway.
- Most respondents reported they believe the Postal Service is a public service that should be maintained, even if it is not profitable.
- The overwhelming majority of respondents, however, misunderstand how the Postal Service is funded.

Those surveyed stated their satisfaction with the service and accessibility of their Post Office, but a majority of respondents indicated they would be interested in more self-service options. Respondents are generally not opposed to closing post offices to reduce cost, but they reported that they are less likely to support the notion if it resulted in their own Post Office closing. While the majority of respondents did not oppose 5-day delivery, very few participants were supportive of reducing mail delivery to 3 days per week or reducing Post Office hours. Respondents showed varied interest in the Postal Service providing additional services; the most interest was in other government services being provided at the Postal Service, such as renewing licenses or permits. Younger respondents showed the most interest in new services, including digital services.

### **The Global Logistics Revolution: A Pivotal Moment for the Postal Service**

Powerful forces like globalization and new digital technologies are changing how, when, and where goods are produced, purchased, and delivered. Together, these forces are transforming the global logistics market, altering hundreds of years of traditional commerce, and resulting in major implications for postal operators. The explosion of e-commerce parcels flooding postal networks is just one sign of the confluence of these forces. This “global logistics revolution” has also changed how we shop: with a smartphone or a tablet we can shop anytime, anywhere. In addition, offshore production trends are reversing, and some manufacturing jobs are returning to the United States. Finally, major urban areas continue to grow and link into a global transportation supergrid that connects people, commerce, and ideas. However, some people may be left off the supergrid, disconnecting them from the new global economy.

Postal organizations around the world could play a key role in keeping citizens and commerce connected as the global logistics revolution evolves. Some foreign posts already provide an array of logistics services ranging from comprehensive warehousing to customized, end-to-end cross-border and returns solutions. For some of these posts, these “value-added” logistics services are providing a significant new revenue stream. The Postal Service is well positioned to move into the large and fast-growing logistics market. With its extensive first- and last-mile reach and its mission to “bind the nation together,” the Postal Service is unmatched in keeping communities connected. Either on its own or by partnering with private sector companies, the Postal Service could offer a range of new services and products to meet the evolving needs of citizens and businesses across the country.

*The Global Logistics Revolution: A Pivotal Moment for the Postal Service* highlighted the forces and trends fueling the global logistics revolution and examined the implications and opportunities for the Postal Service to meet the changing needs of citizens and commerce through value-added logistics. The paper found that if the Postal Service does not at least keep up with emerging customer expectations for improved and expanded logistics services, it could jeopardize its position in the evolving expedited and small package market.

### **Public-Private Partnerships: Best Practices and Opportunities for the Postal Service**

Public-private partnerships (PPPs) are an increasingly popular way for governments to achieve policy goals and develop infrastructure while shifting short-term financial burdens away from taxpayers and strained government coffers. While the Postal Service does not use a single cohesive PPP strategy, it has experience with PPPs in several functional areas such as the contract postal unit program, which allows privately owned retail facilities to sell postal services. The Postal Service also has a number of marketing affiliate relationships with private businesses and operational partnerships designed to leverage private sector efficiencies.

The Postal Service can learn from the experiences of foreign postal operators and other U.S. federal and state agencies. A key lesson from observing other public organizations is that there are significant benefits in consolidating PPP expertise within a single office. A PPP office can serve as a repository for best practices; standardize and disseminate such practices to functions throughout the organization; act as a champion for PPPs; and develop the financial, legal, technical, and communications skills necessary for the successful development of PPPs. Such an office could also serve as a well-defined and easily identifiable point of contact for potential partners.

This paper reviewed lessons learned from the Postal Service’s use of PPPs, and identified critical success factors for effective PPPs based on the experiences of foreign postal operators and U.S. government agencies. The paper also identified potential partnership opportunities for the Postal Service, and suggested adoption of some best practices to help guide a future strategy.

# OFFICE OF INVESTIGATIONS

The Postal Service is consistently ranked by the Ponemon Institute as America's "most trusted federal agency." Among the reasons for this ranking is the integrity of its employees. However, a few postal employees and contractors betray that trust and abuse the public's confidence in the Postal Service. When that happens, the OIG's Office of Investigations (OI) gets involved.

To protect the mail and to ensure the integrity of postal processes, finances, and personnel, the Postal Service relies on the investigative efforts of OI special agents, who are stationed in offices nationwide. Their charge is to investigate internal crimes and frauds committed by postal employees and contractors against the Postal Service and employee misconduct. In this section, we highlight work conducted by the OI during this reporting period that contributed to safeguarding the Postal Service's revenue and assets and helped deter postal crimes, ultimately helping to maintain a stable and sound Postal Service.

## FINANCIAL FRAUD

A large portion of the \$66 billion in revenue generated by the Postal Service is handled at the 32,000 postal retail locations. Our agents investigate employees who embezzle funds; misuse money orders; or steal and misuse postal-issued credit cards.

- An OIG investigation revealed an Oregon sales and service associate converted postal funds for personal gain. The associate fraudulently negotiated checks from business mailing customers for a lesser amount than the face value of the check, keeping the difference for personal use. During an interview with agents, the sales associate also admitted to defrauding the Postal Service by failing to report the sale of stamps and using the proceeds from her schemes to support her gambling addiction. In June 2013, the employee pleaded guilty to one count of misappropriation of postal funds and was sentenced to 18 months in prison, 3 years of probation, and ordered to pay \$135,000 in restitution to the Postal Service. The Postal Service terminated the employee in January 2012.
- In June 2013, a Brooklyn contract postal unit employee pleaded guilty to theft of government property and was sentenced to 3 years of probation, 6 months of home detention, and ordered to pay \$62,000 in restitution to the Postal Service. Our investigation revealed that over a 3-year period, the employee underreported more than \$113,000 in postage meter revenue and could not account for \$10,000 in missing stamp stock. During an interview with OIG agents, the employee admitted to manipulating Postal Service records to embezzle funds for personal use. Because of the investigation, the Postal Service recovered \$123,000.

## HEALTHCARE FRAUD

Employees who suffer a work-related injury or illness receive monetary and medical benefits known as workers' compensation. The benefits paid by the Postal Service to workers' compensation claimants in FY 2013 totaled \$1.4 billion. Its estimated total liability for future workers' compensation costs now stands at \$16.5 billion.

The U.S. Department of Labor, Office of Workers' Compensation Programs (OWCP) administers workers' compensation on behalf of the Postal Service and passes through direct compensation to providers, claimants, and beneficiaries. Special agents detect and investigate fraudulent claims. Investigations that substantiate fraud result in significant long-term savings to the Postal Service. Investigative efforts in this reporting period resulted in more than \$127.8 million in cost savings or avoidances, 27 arrests, and 109 administrative personnel actions, including removals and suspensions and termination of benefits.

- Our joint investigation with the California Department of Insurance and the Department of Labor OIG determined a California letter carrier misrepresented his medical condition to receive OWCP benefits. The carrier alleged his workplace injury induced stress, and a fear of crowds and public places, which severely affected his lifestyle. Our surveillance and undercover operations revealed the carrier regularly participated in bowling tournaments and frequently traveled to casinos in Las Vegas. In January 2013, the carrier pleaded guilty to one count of workers' compensation fraud and was sentenced to 1 day of imprisonment, 5 years of probation, 200 hours of community service, and ordered to pay \$34,000 in restitution. Three months later, the carrier resigned from the Postal Service and the termination of OWCP benefits resulted in a \$1.5 million cost avoidance.
- A former Indianapolis letter carrier was sentenced in June 2013 to time served and ordered to pay almost \$19,000 in restitution to the Department of Labor after pleading guilty to one count of false statement or fraud to obtain federal employees' compensation. The investigation determined the carrier misrepresented his physical condition to his personal physician and OWCP officials. OIG agents observed the carrier riding go carts, playing laser tag, serving as a camp counselor, and engaging in landscape work, for which he was monetarily compensated, for prolonged periods. During landscaping activities, we observed the carrier swinging a sledgehammer and lifting 40-pound bags of topsoil to and from a pickup truck. The letter carrier's OWCP benefits were terminated in November 2012 resulting in a cost avoidance of nearly \$1.8 million. The Postal Service terminated the letter carrier in December 2012.

## Mail Theft

- OIG agents interviewed a former rural letter carrier receiving OWCP benefits and determined the claimant had exaggerated her claims. She said she could not walk, stand, kneel, squat, climb, bend, reach, and grasp. But agents determined the claimant participated in parasailing, water sliding, zip lining, bicycle riding, and was an active contestant on TV game show *The Price is Right*. All these activities exceeded her medical restrictions. The former rural letter carrier pleaded guilty in federal court to federal workers' compensation fraud after providing false statements to receive OWCP benefits. Termination of her workers' compensation benefits in June 2013 yielded a cost avoidance of more than \$700,000. Also in June, she was sentenced to 3 years of probation and ordered to pay \$30,000 in restitution.
- A former New York letter carrier was sentenced in April 2013 to 2 years' probation, 750 hours community service, and ordered to pay about \$93,000 in restitution to the Postal Service after pleading guilty to false statements to obtain workers' compensation benefits. Investigators determined the letter carrier engaged in physical activities that exceeded his medical restrictions. During surveillance, agents observed the letter carrier participating in various activities, including bowling and golf. The employee admitted he failed to report improvement in his medical condition to his doctor and the Department of Labor so he could continue to receive workers' compensation benefits. The Postal Service terminated the employee and the Department of Labor terminated the employee's workers' compensation benefits, yielding a cost avoidance of \$950,000.
- A 2-year investigation with assistance from the FBI, Social Security Administration OIG, Health and Human Services OIG, the DOL-OIG, and the Puerto Rico Police Department, resulted in indictments against providers and beneficiaries. In August, a federal grand jury in Puerto Rico charged 10 current and former Postal Service employees and two doctors with fraud associated with OWCP. The indictment charges that two doctors falsely evaluated and diagnosed OWCP claimants to justify non-existent injuries, allowing the claimants to fraudulently receive OWCP benefits. The investigation also uncovered evidence that 10 current and former Postal Service employees illegally received OWCP benefits; eight were treated by one of the indicted doctors. The 10 claimants received approximately \$3.5 million in OWCP benefits.

## MAIL THEFT

The majority of Postal Service employees work conscientiously to move the nation's mail to its proper destination. A few employees abuse the public's trust. Special agents investigate allegations of postal employees delaying, destroying, or stealing mail. Investigations of suspected employees are referred to prosecutors or to management for administrative action.

- Earlier this year, agents identified a Texas mail processing clerk as a suspect in a rash of mail thefts in the region. Agents conducted surveillance and observed the employee opening envelopes and removing cash from the mail. During an interview with OIG agents, the employee confessed to opening about 15-20 envelopes per night and stealing up to \$150 per night from the mail during a 3-month period. The employee resigned from the Postal Service in June and 2 months later pleaded guilty in federal court to theft of mail by a postal employee. Sentencing is scheduled for November.
- A former New York electronic technician pleaded guilty to theft of mail by an employee; detention, delay, and opening of mail; and wrongful conversion by a government employee. The employee was sentenced in August to 366 days in prison, 3 years of supervised release, ordered to pay a \$7,500 fine, \$7,800 in restitution, and a special assessment of \$2,000. During a surveillance operation, agents observed the employee rifle and steal the contents of multiple pieces of mail including cash, jewelry, collectable coins, and baseball cards while giving the appearance of servicing the sorting equipment. The technician resigned from the Postal Service.
- A joint investigation with the Postal Inspection Service revealed a Postal Service contract employee in Boston was involved in a scheme to steal Discover credit cards from the mail. The investigation determined the employee was responsible for the theft of more than 400 Discover cards, with losses totaling more than \$183,000. The employee pleaded guilty to credit card fraud and obstruction of correspondence and was sentenced to 51 months in prison, and 3 years of supervised release. The court ordered nearly \$184,000 in restitution to Discover Financial Services in July 2013.

## CONTRACT FRAUD

The Postal Service manages contracts ranging from multimillion dollar national contracts for services, such as transportation networks and IT infrastructures, to local contracts for supplies and services at individual postal facilities. The OIG aids the Postal Service by investigating allegations of contract fraud, waste, and misconduct. When our investigations document contract improprieties, special agents present the evidence for criminal and civil prosecution and administrative remedies. During this reporting period, our 110 contract fraud investigations resulted in five arrests, 10 convictions, and more than \$67.9 million in monetary benefits to the Postal Service.

- The OIG developed information that the owner of a New Jersey construction company responsible for performing contract repairs and renovations was engaged in a scheme to defraud the Postal Service. The investigation determined that Franchi Construction Inc. billed the Postal Service for labor not performed and equipment never installed in postal facilities. During an interview with agents, the owner of the company admitted to mischarging and submitting false claims for work that was never performed. The Postal Service recovered about \$23,000 from the construction company and subsequently terminated its contract in May 2013. A month later, the construction company was suspended from conducting business with the Postal Service for 1 year.
- A Washington, DC, purchasing specialist was sentenced in federal court in May to 18 months in prison, 3 years of probation, and ordered to pay \$40,000 in restitution to the Postal Service. The purchasing specialist was involved in a bribery scheme that yielded more than \$40,000. The specialist received the bribes in exchange for using his position to obtain and facilitate contracts for AH Computer Consulting. A complaint to the OIG Hotline in May 2012 prompted our investigation. In July 2012, the firm was ordered to pay a \$75,000 fine and an owner was sentenced to 12 months and 1 day in prison followed by 1 year of probation. The Postal Service terminated the purchasing specialist in April 2013 and debarred the company and its owners 3 months later.

## APPENDICES

The Inspector General (IG) Act of 1978 requires semiannual reports on the immediately preceding 6-month periods ending September 30 and March 31. These reports are sent to Congress and made available to the public.

This report summarizes OIG activities and illustrates significant problems, abuses, and deficiencies, along with recommendations and corrective actions related to the administration of U.S. Postal Service programs and operations during the reporting period.

The appendices on the following pages fulfill the requirements of the Act.

### APPENDIX A

#### Reports Issued to Postal Service Management

For the period April 1 — September 30, 2013

OIG audit teams conduct performance and financial audits, evaluations, and other reviews to address the business of the Postal Service. Each team issues audit reports (AR), management advisory (MA) reports, or management alert (MA) reports in accordance with the identified needs of the project.

#### Summary

Risk Categories	Number of Reports	Funds Put to Better Use	Questioned Costs	Unsupported Questioned Cost	Revenue Impact
Financial and Systems Accountability	18	\$10,780,000,000	—	—	—
Mission Operations	18	\$66,910,934	\$716,801,533	\$1,307,556	—
Revenue and Performance	23	\$9,152,797	\$74,757,101	\$68,921,485	\$1,156,541,483
Support Operations	19	\$178,394,355	\$313,276,925	\$313,276,925	\$186,040,728
SUB-TOTAL	78	\$11,034,458,086	\$1,104,835,559	\$383,505,966	\$1,342,582,211
PARIS Risk Model Reports	36	—	—	—	—
<b>TOTAL</b>	<b>114</b>	<b>\$11,034,458,086</b>	<b>\$1,104,835,559</b>	<b>\$383,505,966</b>	<b>\$1,342,582,211</b>

#### Fiscal Year 2013 Summary

For the period October 1, 2012 — September 30, 2013

Risk Categories	Number of Reports	Funds Put to Better Use	Questioned Costs	Unsupported Questioned Cost	Revenue Impact
Issued Reports	134	\$11,301,059,516	\$1,491,074,832	\$766,476,936	\$1,445,927,938
PARIS Risk Model Reports	72	—	—	—	—
<b>TOTAL</b>	<b>206</b>	<b>\$11,301,059,516</b>	<b>\$1,491,074,832</b>	<b>\$766,476,936</b>	<b>\$1,445,927,938</b>



**Definitions:**

**Questioned Costs.** A cost that is unnecessary, unreasonable, unsupported, or an alleged violation of law, regulation, contract, and so forth.

**Unsupported Costs.** A cost that is not supported by adequate documentation. Unsupported costs are included with the amounts shown as Questioned Costs.

**Funds Put to Better Use.** Funds that could be used more efficiently by implementing recommended actions.

**Revenue Impact.** Amounts from revenue-generating functions such as retail sales, rent, leases, or fees that were underpaid or not realized. In addition, this category includes increased revenue from existing functions and generating revenue from new sources.

**PARIS Risk Models.** Performance and Results Information System (PARIS) models with data visualization techniques. These models identify operational and financial risks, and enable OA staff to conduct reviews of Postal Service functions on a nationwide basis, while also identifying areas of emerging risk — fundamentally challenging the way the OIG examines and monitors risk. We present quarterly summary results and trend analyses of these risk models to key Postal Service executives and stakeholders.

**Reports with Quantifiable Potential Monetary Benefits**

	Funds Put to Better Use	Questioned Costs	Unsupported Questioned Costs	Revenue Impact
<b>FINANCIAL AND SYSTEMS ACCOUNTABILITY</b>				
<b>Finance</b>				
Using U.S. Postal Service-Specific Assumptions for Calculating the Civil Service Retirement System Liability; FT-MA-13-023; 9/27/2013	\$1,300,000,000	—	—	—
Using U.S. Postal Service-Specific Assumptions for Calculating the Federal Employees Retirement System Liability; FT-MA-13-024; 9/27/2013	\$9,480,000,000	—	—	—
<b>MISSION OPERATIONS</b>				
<b>Delivery and Post Office Operations</b>				
City Delivery Street Efficiency Southern, Pacific, and Western Areas; DR-AR-13-004; 5/24/2013	\$28,080,953	—	—	—
U.S. Postal Service Parcel Delivery Lockers; DR-MA-13-002; 5/6/2013	\$1,268,615	—	—	—
Use of Postal Support Employees in Customer Service Operations; DR-AR-13-006; 8/16/2013	—	\$43,233,842	—	—
Vehicle Maintenance Facility Efficiency Capital Metro and Pacific Areas ; DR-AR-13-007; 9/30/2013	\$16,102,750	\$1,307,556	\$1,307,556	—
<b>Network Processing and Transportation</b>				
Assessment of Overall Plant Efficiency 2013; NO-MA-13-007; 9/26/2013	—	\$628,670,104	—	—
Efficiency Review of the Atlanta Network Distribution Center - Processing and Transportation; NO-AR-13-005; 8/16/2013	\$15,999,708	—	—	—
Nationwide Analysis of Tier 1 Network Distribution Centers – Postal Vehicle Service Operations ; NO-AR-13-008; 9/27/2013	\$2,997,060	—	—	—
New Castle and Greensburg, PA Consolidation; NO-AR-13-004; 8/16/2013	—	\$978,954	—	—
Springfield Network Distribution Center - Postal Vehicle Service Operations; NO-AR-13-006; 8/26/2013	\$1,570,135	—	—	—
Supervisor Workhours and Span of Control; NO-MA-13-005; 4/4/2013	—	\$11,955,046	—	—
Surface Visibility - Transportation Operations - Oklahoma District; NO-AR-13-007; 9/25/2013	\$891,713	—	—	—
Use of Non-Traditional Full-Time and Postal Support Employee Positions in Processing Operations; NO-AR-13-003; 5/17/2013	—	\$30,656,031	—	—

## Appendix A

	Funds Put to Better Use	Questioned Costs	Unsupported Questioned Costs	Revenue Impact
<b>REVENUE AND PERFORMANCE</b>				
<b>Data Analysis and Performance</b>				
Click-N-Ship For Business; DP-AR-13-005; 4/29/2013	—	—	—	\$20,507,473
Enterprise Data Warehouse Cost of Use; DP-AR-13-009; 8/5/2013	\$3,800,989	\$483,808	—	—
Management of Detail Assignments; DP-AR-13-006; 5/23/2013	—	\$68,838,928	\$68,838,928	—
Postal Service Management of Closed Post Office Boxes; DP-AR-13-007; 6/18/2013	—	—	—	\$5,322,026
Postal Service Warranty Process; DP-AR-13-011; 9/25/2013	\$5,351,808	\$5,351,808	—	—
<b>Sales and Marketing</b>				
Domestic Negotiated Service Agreements; MS-AR-13-007; 4/29/2013	—	\$82,557	\$82,557	\$1,164,301
Electronic Parcel Payment Systems Internal Control Requirements; MS-AR-13-012; 9/27/2013	—	—	—	\$262,419,575
Political and Election Mail Sales; MS-AR-13-008; 6/19/2013	—	—	—	\$2,400,000
Retail Customer Experience Program; MS-AR-13-010; 7/9/2013	—	—	—	\$54,454,156
Small Business Growth; MS-AR-13-009; 6/20/2013	—	—	—	\$810,273,952
<b>SUPPORT OPERATIONS</b>				
<b>Human Resources and Support</b>				
Grievance Settlements and Payments Follow Up; HR-AR-13-008; 9/27/2013	—	\$3,388,305	\$3,388,305	—
Overtime Use During Fiscal Years 2011 and 2012; HR-AR-13-002; 7/5/2013	\$6,762,306	—	—	—
Postal Service Injury Compensation Program; HR-AR-13-004; 7/25/2013	\$171,632,049	—	—	—
Revenue Generation Patents; HR-MA-13-004; 9/26/2013	—	—	—	\$183,382,092
<b>Supply Management and Facilities</b>				
Contracting of Real Estate Management Services; SM-AR-13-001; 6/12/2013	—	\$1,703,766	\$1,703,766	—
Enterprise Technology Services Program; SM-AR-13-003; 7/18/2013	—	\$77,221,508	\$77,221,508	—
Independent Audit of Lockheed Martin Mission Systems and Training Automated Package Processing System Recognition Computer System Upgrade Proposal; SM-CAR-13-005; 9/20/2013	—	\$2,400,000	\$2,400,000	—
Noncompetitive Purchasing Practices; SM-AR-13-004; 9/25/2013	—	\$210,563,133	\$210,563,133	—
Oversight of Performance-Based Contracts; SM-AR-13-002; 6/17/2013	—	\$18,000,213	\$18,000,213	—
Vacant Land Parcels; SM-AR-13-005; 9/30/2013	—	—	—	\$2,658,636
<b>TOTAL</b>	<b>\$11,034,458,086</b>	<b>\$1,104,835,559</b>	<b>\$383,505,966</b>	<b>\$1,342,582,211</b>

### Report Listing

Complete listing of all OIG reports issued to Postal Service management.

For the period April 1 — September 30, 2013

### FINANCIAL AND SYSTEMS ACCOUNTABILITY

#### Finance

Donated Leave Accounting;  
FT-MA-13-012; 4/18/2013

Fiscal Year 2013 Field Testing Control  
and Oversight Business Mail Entry Unit/  
Staged Detached Mail Unit Reviews  
Quarter 2; FT-MA-13-016; 5/20/2013

Fiscal Year 2013 Field Testing Control  
and Oversight Business Mail Entry Unit/  
Staged Detached Mail Unit Reviews  
Quarter 3; FT-MA-13-018; 8/27/2013

Fiscal Year 2013 Field Testing Control and  
Oversight Business Reply Mail Reviews  
Quarter 3; FT-MA-13-019; 8/30/2013

Fiscal Year 2013 Field Testing Control and  
Oversight Continuous Detached Mail Unit  
Reviews Quarter 2; FT-MA-13-015; 5/20/2013

Fiscal Year 2013 Field Testing Control and  
Oversight Continuous Detached Mail Unit  
Reviews Quarter 3; FT-MA-13-021; 8/30/2013

Fiscal Year 2013 Field Testing Control and  
Oversight Plant Verified Drop Shipment  
Reviews Quarter 2; FT-MA-13-013; 5/3/2013

Fiscal Year 2013 Field Testing Control and  
Oversight Plant Verified Drop Shipment Reviews  
Quarter 3; FT-MA-13-020; 8/30/2013

Overview of U.S. Postal Service Export Controls  
Monitoring Program; FT-MA-13-017; 7/25/2013

Sure Money Program; FT-MA-13-014; 5/8/2013

Using U.S. Postal Service-Specific Assumptions  
for Calculating the Civil Service Retirement  
System Liability; FT-MA-13-023; 9/27/2013

Using U.S. Postal Service-Specific Assumptions  
for Calculating the Federal Employees Retirement  
System Liability; FT-MA-13-024; 9/27/2013

Using U.S. Postal Service-Specific Assumptions  
for Calculating the Retiree Health Care  
Liability; FT-MA-13-022; 9/27/2013

#### Information Technology

Availability of Critical Applications;  
IT-AR-13-008; 9/25/2013

Data and Voice Communications;  
IT-AR-13-005; 6/14/2013



## Appendix A

Engineering Systems and Network Operations Disaster Recovery Plan – Merrifield, VA Campus; IT-AR-13-007; 9/24/2013

LiteBlue Security Assessment; IT-AR-13-009; 9/26/2013

Management and Utilization of Software Licenses; IT-AR-13-006; 7/31/2013

### MISSION OPERATIONS

#### Delivery and Post Office Operations

City Delivery Street Efficiency Southern, Pacific, and Western Areas; DR-AR-13-004; 5/24/2013

Delivery Data Transmission; DR-MA-13-003; 8/6/2013

U.S. Postal Service Parcel Delivery Lockers; DR-MA-13-002; 5/6/2013

Use of Postal Support Employees in Customer Service Operations; DR-AR-13-006; 8/16/2013

Vehicle Maintenance Facility Efficiency Capital Metro and Pacific Areas; DR-AR-13-007; 9/30/2013

Vehicle Operations - Response to Hurricane Sandy; DR-AR-13-005; 8/6/2013

Vehicle Parts Inventory Management - Pacific Area; DR-AR-13-003; 4/12/2013

#### Network Processing and Transportation

Altoona, PA Originating and Destinating Mail Consolidation; NO-AR-13-010; 9/30/2013

Assessment of Overall Plant Efficiency 2013; NO-MA-13-007; 9/26/2013

Efficiency Review of the Atlanta Network Distribution Center – Processing and Transportation; NO-AR-13-005; 8/16/2013

Modified Altoona, PA Originating and Destinating Area Mail Processing Package; NO-MA-13-006; 8/7/2013

Nationwide Analysis of Tier 1 Network Distribution Centers – Postal Vehicle Service Operations; NO-AR-13-008; 9/27/2013

New Castle and Greensburg, PA Consolidation; NO-AR-13-004; 8/16/2013

Springfield Network Distribution Center – Postal Vehicle Service Operations; NO-AR-13-006; 8/26/2013

Supervisor Workhours and Span of Control; NO-MA-13-005; 4/4/2013

Surface Visibility – Transportation Operations – Oklahoma District; NO-AR-13-007; 9/25/2013

Timeliness of Mail Processing at the Hartford, CT Processing and Distribution Center; NO-AR-13-009; 9/30/2013

Use of Non-Traditional Full-Time and Postal Support Employee Positions in Processing Operations; NO-AR-13-003; 5/17/2013

### REVENUE AND PERFORMANCE

#### Data Analysis and Performance

Click-N-Ship for Business; DP-AR-13-005; 4/29/2013

Delivering Results, Innovation, Value, and Efficiency Management; DP-AR-13-008; 6/19/2013

Enterprise Data Warehouse Cost of Use; DP-AR-13-009; 8/5/2013

Intelligent Mail Barcode Development and Use of Data; DP-AR-13-010; 9/6/2013

Management of Detail Assignments; DP-AR-13-006; 5/23/2013

Monitoring of Government Travel Card Transactions in the Northeast Area; DP-MA-13-004; 8/30/2013

Monitoring of Government Travel Card Transactions in the Southern Area; DP-MA-13-003; 8/30/2013

Postal Service Management of Closed Post Office Boxes; DP-AR-13-007; 6/18/2013

Postal Service Warranty Process; DP-AR-13-011; 9/25/2013

U.S. Postal Service Budget Formulation and Execution Process; DP-MA-13-002; 8/7/2013

U.S. Postal Service Data Governance; DP-AR-13-004; 4/23/2013

U.S. Postal Service Pay for Performance Program; DP-MA-13-001; 6/3/2013

#### Sales and Marketing

Benchmarking of Costing Methodologies; MS-MA-13-004; 8/14/2013

Domestic Negotiated Service Agreements; MS-AR-13-007; 4/29/2013

Electronic Parcel Payment Systems Internal Control Requirements; MS-AR-13-012; 9/27/2013

Political and Election Mail Sales; MS-AR-13-008; 6/19/2013

Postal Service Product Costing Methodologies; MS-MA-13-002; 4/11/2013

Retail Customer Experience Program; MS-AR-13-010; 7/9/2013

Shortpaid Postage – Information-Based Indicia Packages, Southern Area; MS-AR-13-011; 9/17/2013

Small Business Growth; MS-AR-13-009; 6/20/2013

The Postal Service's Use of Social Media; MS-MA-13-003; 8/1/2013

Virtual Post Office Box Roundtable Discussion Summary; MS-WP-13-003; 6/28/2013

Virtual Post Office Boxes; MS-WP-13-002; 4/17/2013

### SUPPORT OPERATIONS

#### Human Resources and Support

Emergency Preparedness for Hurricane Sandy; HR-AR-13-009; 9/30/2013

Employee and Labor Relations Manual Revisions; HR-AR-13-005; 8/20/2013

Grievance Settlements and Payments Follow Up; HR-AR-13-008; 9/27/2013

Limited Duty and Rehabilitation Employees Returned to Work; HR-AR-13-006; 9/12/2013

Overtime Use During Fiscal Years 2011 and 2012; HR-AR-13-002; 7/5/2013

Postal Career Executive Service I Annual Leave; HR-MA-13-003; 7/12/2013

Postal Service Injury Compensation Program; HR-AR-13-004; 7/25/2013

Response to Bicameral Task Force on Climate Change; HR-MA-13-002; 4/25/2013

Revenue Generation Patents; HR-MA-13-004; 9/26/2013

W.F. Bolger Center for Leadership Development; HR-AR-13-007; 9/24/2013

#### Supply Management and Facilities

Accenture Federal Services Contracting Practices; SM-MA-13-005; 6/6/2013

Contracting of Real Estate Management Services; SM-AR-13-001; 6/12/2013

Enterprise Technology Services Program; SM-AR-13-003; 7/18/2013

Independent Audit of Lockheed Martin Mission Systems and Training Automated Package Processing System Recognition Computer System Upgrade Proposal; SM-CAR-13-005; 9/20/2013

Independent Audit of Siemens Industry, Inc. Report on Pre-award Accounting System Review; SM-CAR-13-004; 4/4/2013

Noncompetitive Purchasing Practices; SM-AR-13-004; 9/25/2013

Oversight of Performance-Based Contracts; SM-AR-13-002; 6/17/2013

Postal Service Purchasing Policies' Impact on Defective Pricing Fraud Cases; SM-MA-13-006; 9/18/2013

Vacant Land Parcels; SM-AR-13-005; 9/30/2013

### PARIS Risk Models

Complete listing of all OIG PARIS Risk Models issued to Postal Service management.

For the period April 1 — September 30, 2013

#### Delivery and Post Office Operations

Fiscal Year 2013 City Delivery Efficiency Risk Model Quarter 2; DR-PM-13-003; 5/17/2013

Fiscal Year 2013 City Delivery Efficiency Risk Model Quarter 3; DR-PM-13-004; 8/5/2013

#### Finance

Fiscal Year 2013 Bank Secrecy Act Risk Model Quarter 2; FT-PM-13-006; 5/8/2013

Fiscal Year 2013 Bank Secrecy Act Risk Model Quarter 3; FT-PM-13-009; 8/7/2013

Fiscal Year 2013 Business Mail Entry Unit Risk Model Quarter 2; FT-PM-13-007; 5/16/2013

Fiscal Year 2013 Business Mail Entry Unit Risk Model Quarter 3; FT-PM-13-011; 8/7/2013

Fiscal Year 2013 Financial Cost and Control Risk Model Quarter 2; FT-PM-13-008; 5/15/2013

Fiscal Year 2013 Financial Cost and Control Risk Model Quarter 3; FT-PM-13-010; 8/20/2013

#### Human Resources and Support

Fiscal Year 2013 Green Risk Model Quarter 2; HR-PM-13-008; 5/15/2013

Fiscal Year 2013 Green Risk Model Quarter 3; HR-PM-13-015; 9/12/2013

Fiscal Year 2013 Human Capital Optimization Risk Model Quarter 2; HR-PM-13-011; 5/28/2013

Fiscal Year 2013 Human Capital Optimization Risk Model 2013 Quarter 3; HR-PM-13-012; 8/15/2013

Fiscal Year 2013 Security Risk Model Quarter 2; HR-PM-13-009; 5/16/2013

Fiscal Year 2013 Security Risk Model Quarter 3; HR-PM-13-014; 8/28/2013

Fiscal Year 2013 Workplace Environment Risk Model Quarter 2; HR-PM-13-010; 5/28/2013

Fiscal Year 2013 Workplace Environment Risk Model Quarter 3; HR-PM-13-013; 8/22/2013

#### Information Technology

Fiscal Year 2013 Information Technology Security Risk Model Quarter 2; IT-PM-13-003; 6/7/2013

Fiscal Year 2013 Information Technology Security Risk Model Quarter 3; IT-PM-13-004; 7/22/2013

#### Network Processing and Transportation

Fiscal Year 2013 Machines that Speak Risk Model Quarter 2; NO-PM-13-010; 5/30/2013

Fiscal Year 2013 Machines that Speak Risk Model Quarter 3; NO-PM-13-012; 8/8/2013

Fiscal Year 2013 Network and Delivery Optimization Risk Model Quarter 2; NO-PM-13-011; 5/15/2013

Fiscal Year 2013 Network and Delivery Optimization Risk Model Quarter 3; NO-PM-13-015; 9/13/2013

Fiscal Year 2013 Risk Model - Air Transportation Quarter 2; NO-PM-13-009; 5/14/2013

Fiscal Year 2013 Risk Model - Air Transportation Quarter 3; NO-PM-13-014; 8/13/2013

Fiscal Year 2013 Surface Transportation Risk Model Quarter 2; NO-PM-13-008; 5/7/2013

Fiscal Year 2013 Surface Transportation Risk Model Quarter 3; NO-PM-13-013; 8/13/2013

#### Sales and Marketing

Fiscal Year 2013 Cost, Pricing, and Rates Risk Model Quarter 2; MS-PM-13-009; 5/20/2013

Fiscal Year 2013 Cost, Pricing, and Rates Risk Model Quarter 3; MS-PM-13-012; 8/15/2013

Fiscal Year 2013 Retail Customer Service Risk Model Quarter 2; MS-PM-13-008; 5/16/2013

Fiscal Year 2013 Retail Customer Service Risk Model Quarter 3; MS-PM-13-010; 8/15/2013

Fiscal Year 2013 Revenue Generation and Protection Risk Model Quarter 2; MS-PM-13-007; 5/16/2013

Fiscal Year 2013 Revenue Generation and Protection Risk Model Quarter 3; MS-PM-13-011; 8/19/2013

#### Supply Management and Facilities

Fiscal Year 2013 Real Estate Risk Model Quarter 2; SM-PM-13-006; 5/16/2013

Fiscal Year 2013 Real Estate Risk Model Quarter 3; SM-PM-13-007; 8/8/2013

Fiscal Year 2013 Supplier Solvency Risk Model Quarter 2; SM-PM-13-005; 5/15/2013

Fiscal Year 2013 Supplier Solvency Risk Model Quarter 3; SM-PM-13-008; 8/8/2013

## APPENDIX B

*Findings of Questioned Costs*

For the period April 1 — September 30, 2013

As required by the IG Act, the following pages show the total number of audit reports and the total dollar value of questioned costs in audit reports.

**Questioned Cost:** A cost that is unnecessary, unreasonable, unsupported, or an alleged violation of law, regulation, or contract.

Description	Number of Reports	Questioned Costs	Unsupported Costs Included in Questioned Costs
Reports for which no management decision was made at the beginning of the reporting period	1	\$4,726,009	\$2,251,179
Reports requiring management decision that were issued during the reporting period	16	\$1,104,835,559	\$383,505,966
<b>Totals</b>	<b>17</b>	<b>\$1,109,561,568</b>	<b>\$385,757,145</b>
Reports for which a management decision was made during the reporting period (i&ii)	16	\$1,107,161,568	\$383,357,145
(i) Dollar value of disallowed cost <sup>1</sup>	8	\$898,773,496	\$256,685,584
(ii) Dollar value of cost not disallowed <sup>2</sup>	9	\$208,388,072	\$126,671,561
Reports for which no management decision was made by the end of the reporting period. Negotiations are ongoing.	1	\$2,400,000	\$2,400,000
Reports for which no management decision was made within 6 months of issuance (See Note 1 for a list of individual reports)	—	—	—
Reports for which no management decision was made within 1 year of issuance (See Note 2 for a list of individual reports)	—	—	—
Contract reports with a significant audit finding (See Note 3 for a list of individual reports)	—	—	—

<sup>1</sup> Management partially agreed with the monetary impact in one audit report.

<sup>2</sup> Management partially disagreed with the monetary impact in one audit report.

**Note 1 — Reports for which no management decision was made within 6 months of issuance:**

None this report period.

**Note 2 — Reports for which no management decision was made within 1 year of issuance:**

None this report period.

**Note 3 — Contract reports with significant audit finding:**

None this report period.

## APPENDIX C

**Recommendations That Funds Be Put to Better Use**

For the period April 1 — September 30, 2013

As required by the IG Act, the following pages show the total number of audit reports and the total dollar value of recommendations for funds that can be put to better use by management.

Funds Put to Better Use: Funds that could be used more efficiently by implementing recommended actions.

<b>Description</b>	<b>Number of Reports</b>	<b>Dollar Value</b>
Reports for which no management decision was made at the beginning of the reporting period	—	—
Reports issued during the reporting period	13	\$11,034,458,086
<b>Totals</b>	<b>13</b>	<b>\$11,034,458,086</b>
Reports for which a management decision was made during the report period <sup>1</sup>	13	\$11,034,458,086
(i) Value of recommendations agreed to by management	9	\$10,824,842,385
(ii) Value of recommendations that were not agreed to by management	6	\$209,615,701
Reports for which no management decision was made by the end of the reporting period	—	—
Reports for which no management decision was made within 6 months of issuance (See Note 1 for a list of individual reports)	—	—
Reports for which no management decision was made within 1 year of issuance (See Note 2 for a list of individual reports)	—	—

<sup>1</sup>Management partially agreed with the monetary impact of one audit report.

**Note 1** Reports for which no management decision was made within 6 months of issuance:

None for this report period.

**Note 2** Reports for which no management decision was made within 1 year of issuance:

None for this report period.

## APPENDIX D

*Other Impacts*

For the period April — September 30, 2013

**Overview**

Many of our audit reports identify areas for improvements that results in non-monetary benefits to the Postal Service. These benefits include improvements to service, protection of assets, and improvements in the reliability of data.

	Type of Measure	Value or Amount
<b>IMPROVED SERVICES</b>		
Recommendations that address the Postal Service's efforts to improve the quality and accessibility of its products and services	Number of Recommendations	33
Number of customer service audits conducted	Number of Audits	23
<b>SAFEGUARDING ASSETS</b>		
<b>Assets or Accountable Items at Risks</b>		
Inadequate internal controls put the value of assets or accountable items (e.g., cash and stamps) at risk of loss	Dollar Value	\$24,105,258
<b>Physical Safety and Security</b>		
Dollar value of physical assets (plant, computer equipment, vehicles, etc.) at risk of loss due to inadequate physical protection.	Dollar Value	\$777,509
Recommendations that address the safety and security of Postal Service employees and/or the work environment	Number of Recommendations	20
Number of employee/facility safety and security audits conducted	Number of Audits	21
<b>Information Technology Security</b>		
Inadequate controls/protection put the value of data, IT assets (software, networks), and employee work time at risk of loss	Dollar Value	\$102,379,861
Dollar value of data at risk	Dollar Value	\$144,719,892
Number of data security/IT security audits conducted	Number of Audits	10
<b>Revenue at Risk</b>		
Dollar value of revenue that the Postal Service is at risk of losing (mailer seeking alternative solutions for current services).	Dollar Value	\$1,638,114,821
<b>Disbursements at Risk</b>		
Dollar value of disbursements made where proper Postal Service internal controls and processes were not followed.	Dollar Value	—
<b>Goodwill / Branding</b>		
An adverse impact on goodwill is an actual event/problem that harms the Postal Service's reputation or a potential problem that could negatively impact the Postal Service "brand name"	Number of Issues Identified	26
<b>Misallocation of Costs</b>		
A misallocation of costs can occur when Postal Service costs are misclassified as volume variable, product specific, or institutional cost	Dollar Value	—
<b>Capital Investment Savings Shortfall and Predicted Savings Shortfall</b>		
The difference between the savings predicted by the Decision Analysis Report for capital investment projects and the actual savings realized, and the difference between the savings predicted by the Postal Service for a project (e.g., capital investment, consolidation, etc.) and the actual savings realized or the OIG estimate of savings that will be realized	Dollar Value	\$1,460,848
<b>Potential Additional Revenue</b>		
Revenue the Postal Service could potentially generate for goods delivered or services rendered based on suggested improvements	Dollar Value	\$14,307,898
<b>RELIABILITY OF DATA</b>		
<b>Records at Risks</b>		
Data at risk of corruption or loss due to inadequate internal controls and/or protection.	Number of Data Records at Risk	12,142
Dollar value of data used to support management decisions that is not fully supported or completely accurate.	Dollar Value	\$2,465,121,829

## APPENDIX E

**Reports with Significant Recommendations Pending Corrective Actions**

For the period through September 30, 2013

As required by the IG Act, the following pages include a list of each audit report for which no management decision has been made by the end of the reporting period.

Report Number	Issue Date	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
FF-MA-08-001	07/21/2008	<b>Fiscal Year 2008 – Use of No-Fee Money Orders</b>  R-2 — Evaluate the feasibility of restricting the use of no-fee money orders for local purchases in order to reduce the Postal Service's exposure to financial loss. TID: September 2013
IS-AR-09-001	10/08/2008	<b>Electronic Travel Voucher System Controls</b>  R-1 — Revise Postal Service Handbook F-15, Travel and Relocation, to require travelers to arrange for lodging at the prevailing government lodging rate, whenever practical. TID: February 2013  R-2 — Revise Postal Service Handbook F-15, Travel and Relocation, to require travelers to obtain prior approval and justify exceeding the government lodging rate within the notes on the electronic voucher. TID: February 2013
IS-AR-09-004	02/20/2009	<b>Access Controls in the Enterprise Data Warehouse</b>  R-3 — Update the Business Impact Assessment for the Enterprise Data Warehouse and recertify the system as required by Postal Service Handbook AS-805-A, Application Information Security Assurance Process. TID: September 2013
EN-AR-09-005	09/28/2009	<b>Performance Goals for Market-Dominant Products</b>  R-1 — Document the methodology used to develop future performance goals for market-dominant products. TID: December 2012
IS-AR-10-002	12/22/2009	<b>General Control Review of Human Resources Shared Service Center</b>  R-2 — Initiate appropriate security clearance investigations for all employees in sensitive positions at the Human Resources Shared Service Center. TID: December 2012
IS-AR-10-008	05/04/2010	<b>Certification and Accreditation Process</b>  R-4 — Hold portfolio managers accountable to complete the Certification and Accreditation process within the Technology Solutions Life Cycle prior to implementing critical applications into the production environment. TID: December 2013  R-5 — Complete the Certification and Accreditation process for all critical applications currently in production, as required by Handbook AS-805, Information Security. TID: December 2013  R-6 — Ensure the portfolio managers work with the executive sponsors to initiate the recertification process for critical applications assigned to their functional areas as required by Handbook AS-805, Information Security. TID: December 2013  R-9 — Work with executive sponsors to resolve unmitigated residual risks identified in the risk mitigation plans and recertification letters associated with the critical applications. TID: May 2014  R-12 — Input the Certification and Accreditation documentation for all critical applications into the central repository. TID: December 2013
CA-AR-10-004	05/27/2010	<b>Contract Payment Terms</b>  R-1 — Revise the Postal Service's Supplying Principles and Practices, Section 5 12.2, Payment Time Frame, and other sections as necessary, with language stating that when contracting officers negotiate payment terms other than net 30 days they include the business rationale and associated documentation for the payment terms in the contract file. TID: February 2014
CI-MA-10-001	06/18/2010	<b>Civil Service Retirement System Overpayment by the Postal Service</b>  R-1 — Pursue all necessary actions, including those suggested by the Office of Inspector General, to either secure the return of the \$75 billion overpayment or to otherwise realize the benefit of this overpayment to the Postal Service. TID: None
MS-AR-10-004	07/28/2010	<b>Efficiency of Retail Customer Service Operations</b>  R-2 — Explore opportunities to consolidate business mail acceptance operations at post offices, stations, and branches. TID: August 2014
DA-MA-10-004	08/31/2010	<b>Postal Service Patent Management</b>  R-1 — Establish a strategic plan with timelines to capitalize on the Postal Service's patent inventory strength. TID: June 2012
CA-AR-10-005	09/20/2010	<b>U.S. Postal Service Purchasing Policies</b>  R-5 — Take steps to ensure full and accurate tracking and public reporting of noncompetitive contracting actions. Data reported should include, but not be limited to, total dollars committed both competitively and noncompetitively; and the contractor, dollar value, and noncompetitive justifications for noncompetitive contracts. The tracking mechanism should be able to identify when a noncompetitive contract has crossed the review and approval threshold based on modification after initial award. TID: February 2012
IS-AR-10-014	09/23/2010	<b>Controls Over Payment Card Transaction Data</b>  R-1 — Finalize and implement a Payment Card Industry remediation plan that includes all associated costs, resources, and milestones needed to achieve and maintain Payment Card Industry-Data Security Standards compliance. TID: December 2014



## Appendix E

Report Title, Recommendation Summary  
**R** = Recommendation number  
**TID** = Target Implementation Date

Report Number	Issue Date	Report Title, Recommendation Summary
NL-AR-10-009	09/29/2010	<p><b>Management of Mail Transport Equipment - National Analysis</b></p> <p><b>R-1</b> — Further develop, update, and reinforce national mail transport equipment policies and procedures contained in the Postal Operations Manual and the Postal Handbook PO-502, Container Methods, which address mail transport equipment inventory and accountability controls, including validating customer mail transport equipment needs as well as tracking and reconciling mail transport equipment loaned to mailers and other external customers. <b>TID: February 2014</b></p>
CA-AR-10-006	09/30/2010	<p><b>Certification Process for Electronic Payments</b></p> <p><b>R-1</b> — Develop an oversight mechanism to monitor and ensure contracting officers' and/or designated officials' receipt and certification of invoices. <b>TID: October 2012</b></p> <p><b>R-2</b> — Reiterate to contracting officers and/or their designees their roles and responsibilities, and the importance of following Postal Service criteria, policies, and procedures for certification of invoices prior to payment to ensure that invoices are correct and goods and services were received. <b>TID: February 2014</b></p> <p><b>R-3</b> — Develop and implement written procedures for receiving invoices for annual highway contract route services and verifying that services were rendered prior to payment. <b>TID: October 2014</b></p> <p><b>R-5</b> — Review the \$7.6 million in payments made more than 30 days after contract end dates and collect overpayments. <b>TID: November 2013</b></p> <p><b>R-8</b> — Ensure that Utility Management System designated official contact information is accurate and that the system requires positive certification by the designated official before invoice payment. <b>TID: November 2013</b></p>
NL-MA-11-001	12/06/2010	<p><b>Surface Mail Classes on Air Transportation Networks</b></p> <p><b>R-1</b> — Verify that actions already taken related to minimizing surface mail classes on the FedEx Day-Turn network are applied to other air networks to ensure transportation managers use surface transportation, instead of the FedEx Night-Turn, commercial air carrier, United Parcel Service, and Christmas air transportation networks to move surface mail types where possible. <b>TID: December 2012</b></p> <p><b>R-2</b> — Routinely provide headquarters and area management with data, including Transportation Cost System/Cost and Revenue Analysis data, to monitor and track the volume and avoid additional costs for flying surface mail classes on the FedEx Night-Turn, commercial air carrier, United Parcel Service, and Christmas air transportation networks. <b>TID: September 2011</b></p> <p><b>R-3</b> — Reinforce existing policies and procedures for the processing and assigning of mail to air and surface transportation. <b>TID: None</b></p>
NO-AR-11-004	12/14/2010	<p><b>Houston, TX Processing and Distribution Center Mail Consolidation</b></p> <p><b>R-1</b> — Pursue expansion of the North Houston Processing and Distribution Center and consolidate the Houston Processing and Distribution Center's mail processing operations into the expanded facility, by fiscal year 2013. <b>TID: September 2013</b></p>
FF-AR-11-004	12/15/2010	<p><b>Express Mail Guarantees</b></p> <p><b>R-5</b> — Establish a timeframe for and develop a process to analyze Express Mail refunds by origin and destination to evaluate risk and identify necessary changes in service in order to make better business decisions for guarantees. <b>TID: July 2013</b></p>
IT-AR-11-004	03/16/2011	<p><b>Computer Incident Data Reliability</b></p> <p><b>R-3</b> — Integrate the Data Loss Prevention and Security Information Manager applications with the security incident management system to ensure a single incident data repository. <b>TID: September 2013</b></p> <p><b>R-4</b> — Either modify the existing incident management system or pursue development of a new system that enforces date and time value sequence and data validation. <b>TID: September 2014</b></p>
DA-MA-11-002	04/08/2011	<p><b>Postal Service Patent Management Continuation</b></p> <p><b>R-1</b> — Work closely with subject matter experts to review highly rated patents to draft claims as appropriate. <b>TID: September 2013</b></p> <p><b>R-3</b> — Ensure the Postal Service has an effective patent management process and comprehensive licensing program in place. This establishes control that protects intellectual capital and provides an appropriate return on investment. <b>TID: September 2013</b></p>
CA-AR-11-004	04/27/2011	<p><b>Internal Controls over the Contract Close-out Process</b></p> <p><b>R-3</b> — Establish a periodic control to ensure category management center personnel follow records management requirements for contract files, including, but not limited to retaining records for the required 6 years. <b>TID: December 2013</b></p>
HR-AR-11-004	05/27/2011	<p><b>Compliance with Occupational Safety and Health Administration Recordkeeping Requirements</b></p> <p><b>R-2</b> — Revise the Postal Service Occupational Safety and Health Administration Recordable Date policy to better clarify how to determine Occupational Safety and Health Administration recordable dates when they differ from the initial injury or illness date. <b>TID: March 2012</b></p> <p><b>R-4</b> — Establish mandatory training for officials responsible for determining Occupational Safety and Health Administration recordable cases and completing related forms. <b>TID: December 2011</b></p>

## Appendix E

Report Title, Recommendation Summary  
**R** = Recommendation number  
**TID** = Target Implementation Date

Report Number	Issue Date	Report Title, Recommendation Summary
DA-AR-11-008	06/08/2011	<p><b>Conflicts of Interest: Facility Leases and Contract Delivery Services</b></p> <p><b>R-1</b> — Revise the Postal Service’s policy for leasing property under 3,000 square feet from employees or relatives to include an ethics review. <b>TID: December 2013</b></p> <p><b>R-2</b> — Evaluate the universe of potential facility lease conflicts and develop an action plan to minimize active and future conflicts. <b>TID: December 2013</b></p> <p><b>R-3</b> — Implement a control to systemically identify, monitor, and resolve potential conflicts of interest with facility leases and, if necessary, request waivers for leases that represent conflicts. <b>TID: December 2013</b></p>
HR-AR-11-005	08/05/2011	<p><b>Postal Service Facility Security</b></p> <p><b>R-3</b> — Issue supplemental guidance and enhance internal controls to ensure security control officers conduct facility security surveys as required, corrective actions are taken to address security deficiencies, and security control officers take the mandatory security training. <b>TID: August 2012</b></p>
HR-AR-11-006	08/08/2011	<p><b>2009 Pay for Performance Program</b></p> <p><b>R-1</b> — Clarify policies and procedures to better define the relationship between the national performance assessment and core requirements, and the role of higher level management in the pay for performance process. <b>TID: April 2013</b></p> <p><b>R-2</b> — Establish and implement mandatory training events that educate new and existing participants and managers on policy, roles and responsibilities, goal setting, and the program’s objectives. <b>TID: April 2013</b></p> <p><b>R-3</b> — Evaluate the effectiveness of the current process used to establish and use behavioral core objectives to rate employees’ performance. <b>TID: April 2013</b></p>
DA-AR-11-010	08/30/2011	<p><b>Intelligent Mail: Realizing Revenue Assurance Benefits</b></p> <p><b>R-1</b> — Establish timeframes for implementing the enhanced/expanded automated verifications as described in the original Intelligent Mail infrastructure Decision Analysis Report. <b>TID: January 2013</b></p> <p><b>R-2</b> — Develop a tolerance level for low scan rates to use for exception reporting. <b>TID: January 2013</b></p> <p><b>R-3</b> — Develop a process for identifying the cause(s) of low scan rates for customer follow-up as warranted. <b>TID: January 2013</b></p>
FF-AR-11-013	08/30/2011	<p><b>Postal Service Refunds</b></p> <p><b>R-2</b> — Analyze and establish an administrative and minimum fee that will cover processing costs. <b>TID: January 2014</b></p>
CRR-AR-11-003	09/06/2011	<p><b>Service Performance Measurement Data - Commercial Mail</b></p> <p><b>R-1</b> — Establish milestones for implementing recovery of Full-Service Intelligent Mail Barcode discounts provided to mailers when Full-Service mailings do not meet the specific requirements for the discounts received. <b>TID: November 2013</b></p>
IT-AR-11-008	09/14/2011	<p><b>Remote Access Controls</b></p> <p><b>R-1</b> — Implement two-factor authentication to comply with Handbook AS-805 requirements and to meet Payment Card Industry – Data Security Standards. <b>TID: December 2013</b></p> <p><b>R-11</b> — Suspend remote access for all employees or contractors until they complete required security awareness training. <b>TID: December 2013</b></p>
HR-AR-11-002	09/19/2011	<p><b>Postal Service Work Rules and Compensation Systems</b></p> <p><b>R-3</b> — A comprehensive study to determine the optimal incentive-based carrier compensation system. <b>TID: June 2013</b></p>
FF-AR-11-015	09/23/2011	<p><b>Business Mail Acceptance Centralization Process</b></p> <p><b>R-2</b> — Require each district to conduct a centralization feasibility study, document the results, and take action based on the results of the study, as appropriate. <b>TID: October 2013</b></p> <p><b>R-3</b> — Manage business mail entry workhour usage to achieve 93 percent efficiency and develop tools to monitor performance. <b>TID: October 2013</b></p> <p><b>R-4</b> — Establish annual goals for business mail entry workhour efficiency to include measuring performance against goals. <b>TID: October 2013</b></p>
CA-AR-11-007	09/30/2011	<p><b>Contract Postal Units Contract Oversight</b></p> <p><b>R-1</b> — Require Contract Postal Unit contractors to submit invoices for payment. <b>TID: November 2013</b></p> <p><b>R-2</b> — Create a process to ensure the contracting officer or contracting officer’s representative validates and certifies invoices prior to payment, using data maintained in the Contract Postal Unit Technology system. <b>TID: November 2013</b></p> <p><b>R-3</b> — Establish a mandatory training procedure to ensure all contract officer representatives receive training of appointed duties within 2 weeks of notification of the contracting officer’s representative appointment. <b>TID: November 2013</b></p> <p><b>R-4</b> — Develop an oversight mechanism to monitor whether contracting officer’s representatives conduct quarterly performance and annual financial reviews, obtained completed appointment letters, and retain contract postal unit contracts in the contract administrative files. <b>TID: November 2013</b></p>



## Appendix E

Report Title, Recommendation Summary  
**R** = Recommendation number  
**TID** = Target Implementation Date

Report Number	Issue Date	Report Title, Recommendation Summary
HR-AR-11-007	09/30/2011	<p><b>Postal Service Workers' Compensation Program</b></p> <p><b>R-5</b> — Develop mandatory and refresher training for Postal Service officials responsible for workers' compensation to ensure they are aware of their roles and responsibilities for workers' compensation. <b>TID: September 2013</b></p>
MS-AR-11-007	09/30/2011	<p><b>Strategic Approaches to Revenue Protection</b></p> <p><b>R-1</b> — Work with a broadened group of internal and external stakeholders to prepare for streamlining the entry of business mail, accelerate the timeline for streamlined acceptance and verification, and seek to leverage technology to provide revenue protection for Basic Service Intelligent Mail and non-automated volumes. <b>TID: October 2013</b></p>
IT-AR-12-001	10/21/2011	<p><b>State of Corporate Information Technology Security</b></p> <p><b>R-2</b> — Complete the certification and accreditation process for the remaining national applications. <b>TID: December 2013</b></p> <p><b>R-4</b> — Implement a corporate-wide encryption solution to enhance the sensitive data protection effort. <b>TID: October 2013</b></p>
CA-AR-12-001	11/02/2011	<p><b>Contracting Opportunities and Impact of the Service Contract Act</b></p> <p><b>R-2</b> — Review the benefits of outsourcing cleaning/janitorial service positions and postal service vehicle driver positions and work with Supply Management to restructure those positions to achieve the most cost effective solution. <b>TID: March 2013</b></p> <p><b>R-3</b> — Working with Supply Management and Postal Service program officials, ensure that appropriate financial data are collected to aid in making in-sourcing/outsourcing decisions. <b>TID: March 2013</b></p>
HR-AR-12-001	11/14/2011	<p><b>Postal Service Health and Safety Program</b></p> <p><b>R-1</b> — Review and revise, as appropriate, supervisor performance measures to place a higher priority on maintaining a safe and healthy work environment; for example: performance measures could be linked to the number of abated and/or unabated safety hazards. <b>TID: October 2011</b></p>
IT-AR-12-002	01/09/2012	<p><b>Patch Management Processes</b></p> <p><b>R-1</b> — Ensure that all operating system and database patches are tested, documented, and implemented as required by Handbook AS-805, Information Security. <b>TID: January 2014</b></p> <p><b>R-2</b> — Ensure that administrators obtain required policy exception approvals when system patches are not applied. <b>TID: January 2014</b></p> <p><b>R-3</b> — Ensure that written procedures are developed to define the patch management process for each group, operating system, and database to include test and back-out plans. <b>TID: January 2014</b></p> <p><b>R-4</b> — Ensure that configuration management inventory records are reconciled to the actual servers and databases for their respective group. <b>TID: December 2013</b></p> <p><b>R-5</b> — Work together to implement a process to verify that required operating system and database patches distributed to the mail processing plants are applied. <b>TID: September 2013</b></p> <p><b>R-6</b> — Implement a common method for all entities to track information technology asset and patch information. <b>TID: July 2014</b></p> <p><b>R-7</b> — Ensure vulnerability mediation training is provided to all employees and contractors responsible for enterprise patch management. <b>TID: July 2014</b></p> <p><b>R-8</b> — Conduct risk assessments and cost analyses to develop an enterprise-wide migration plan for upgrading unsupported operating systems and databases to vendor-supported software. <b>TID: July 2014</b></p> <p><b>R-9</b> — Adopt a method to identify, capture, and report patch management metrics to assist with oversight of the patch management process and facilitate related business and security decisions. <b>TID: July 2014</b></p>
IT-AR-12-003	01/09/2012	<p><b>Fiscal Year 2011 Information Technology Internal Controls</b></p> <p><b>R-1</b> — Implement corrective actions to address all open issues noted in this report for fiscal years 2010 and 2011. <b>TID: December 2013</b></p>
MS-AR-12-002	01/12/2012	<p><b>Mail Verification Procedures at Detached Mail Units</b></p> <p><b>R-1</b> — Review automation efforts to date to identify improvements that can be made in the interim while mailers continue to implement Intelligent Mail barcode technologies. <b>TID: June 2013</b></p> <p><b>R-2</b> — Continue ongoing mail verification training efforts while detached mail unit employees continue to use manual mail verification processes. <b>TID: October 2013</b></p> <p><b>R-3</b> — Enhance automated systems to notify managers when acceptance employees override Mail Evaluation Readability Lookup Instrument results. <b>TID: June 2013</b></p> <p><b>R-4</b> — Develop and implement automated tools that managers can use to monitor and evaluate detached mail unit staffing and scheduling. <b>TID: June 2013</b></p>

## Appendix E

Report Number	Issue Date	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
CI-AR-12-004	02/02/2012	<p><b>Domestic Mail Manual Preparation and Acceptance Mail Instructions</b></p> <p><b>R-1</b> — Combine and remove all duplications in the Domestic Mail Manual, Quick Service Guides, Business Mail Acceptance, Job Aids, and Customer Support Rulings; and publish a new document available to all mailers online. <b>TID: November 2013</b></p> <p><b>R-2</b> — Migrate to a one permit per customer requirement using PostalOne!. <b>TID: August 2013</b></p> <p><b>R-3</b> — Archive all PostalOne! deleted or canceled permits. <b>TID: April 2015</b></p>
NL-AR-12-001	02/02/2012	<p><b>Postal Vehicle Service Transportation Routes – Margaret L. Sellers Processing and Distribution Center</b></p> <p><b>R-2</b> — Verify the reallocation of 2,424 workhours within existing postal vehicle service (PVS) schedules and reallocate an additional 5,728 workhours within PVS schedules to accommodate future Flats Sequencing System implementation. <b>TID: November 2012</b></p>
NL-AR-12-003	03/12/2012	<p><b>Density of First-Class Mail on Air Transportation</b></p> <p><b>R-3</b> — Develop targeted secondary sort programs to process First-Class Mail bound for air transportation to maximize container space. <b>TID: April 2013</b></p>
HR-AR-12-002	03/30/2012	<p><b>Postal Service Mail Security</b></p> <p><b>R-3</b> — Develop and implement training for contract postal unit personnel to ensure they understand their responsibilities regarding safeguarding mail and accounting for Registered Mail. <b>TID: July 2012</b></p>
NL-AR-12-005	04/25/2012	<p><b>Postal Vehicle Service — Nationwide Analysis</b></p> <p><b>R-3</b> — Encourage area Postal Service officials to negotiate the use of split days off with local union officials where possible to reduce operating costs through staff reductions. <b>TID: March 2012</b></p>
NO-MA-12-001	04/27/2012	<p><b>Assessment of Overall Plant Efficiency 2012</b></p> <p><b>R-1</b> — Reduce 14,268,171 workhours by fiscal year 2014 with an associated economic impact of \$664,997,872. <b>TID: September 2014</b></p>
MS-AR-12-003	05/04/2012	<p><b>Package Delivery Growth</b></p> <p><b>R-2</b> — Develop enhancements to the CustomerFirst! system to ensure that the data and information contained within are reliable and useful. <b>TID: January 2015</b></p> <p><b>R-4</b> — Evaluate the feasibility of offering a local product the customer either arranges to have picked up or takes to the local Post Office for sortation and delivery without involving a mail processing plant. <b>TID: December 2013</b></p> <p><b>R-5</b> — Continue to pursue legislative change that will allow the Postal Service to ship beer and wine. <b>TID: January 2014</b></p> <p><b>R-6</b> — Evaluate the feasibility of offering an international service that will allow customers the option of prepaying customs duties and taxes. <b>TID: September 2013</b></p>
NL-AR-12-006	05/29/2012	<p><b>POSTAL SERVICE INITIATIVE: Consolidation of Mail for Transportation Between Network Distribution Centers</b></p> <p><b>R-3</b> — Add Jacksonville Network Distribution Center's Puerto Rico Highway Contract Routes 32202 and 32204 into the consolidation initiative. <b>TID: September 2012</b></p>
DR-AR-12-001	06/05/2012	<p><b>City Delivery — Street Efficiency San Diego District</b></p> <p><b>R-1</b> — Reduce 83,943 workhours to achieve an associated economic impact of more than \$3.3 million annually or \$6.8 million over 2 years. <b>TID: October 2014</b></p>
NO-AR-12-005	06/05/2012	<p><b>Efficiency Review of the Cleveland, OH Processing and Distribution Center</b></p> <p><b>R-1</b> — By fiscal year 2017, reduce workhours by 352,388 to produce a cost avoidance of \$22.7 million over the following 2 years, or through consolidations, increase mail volume by 377 million, or a combination of workhours reductions and mail volume increases that will achieve the median productivity level of 1,069 pieces per hour. <b>TID: September 2014</b></p>
DR-AR-12-002	06/19/2012	<p><b>City Delivery — Excess Routes</b></p> <p><b>R-1</b> — Eliminate 33 excess city delivery routes in their respective districts. <b>TID: May 2013</b></p> <p><b>R-2</b> — Review delivery units consistently using fewer than projected street hours to make appropriate route adjustments, eliminations, and consolidations. <b>TID: May 2013</b></p> <p><b>R-3</b> — Reallocate the 33 assigned Postal Service-owned delivery vehicles from the eliminated city routes to rural routes to achieve an associated economic impact of \$250,110 annual discounted savings or \$500,220 over 2 years. <b>TID: June 2013</b></p>
IT-AR-12-008	06/25/2012	<p><b>Security Awareness Training Program</b></p> <p><b>R-3</b> — Establish a monitoring process to track user compliance with Handbook AS-805, Information Security, information security awareness training requirements. <b>TID: July 2013</b></p> <p><b>R-4</b> — Work with applicable managers to take appropriate action, including suspending access if necessary, to ensure employees and contractors complete the security awareness training in compliance with Handbook AS-805, Information Security, and regulatory requirements. <b>TID: January 2014</b></p>

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DA-MA-12-005	07/16/2012	<p><b>21st Century Post Office: Non-Postal Products and Services</b></p> <p><b>R-1</b> — Develop a strategy to identify, evaluate, and offer the most promising non-postal products and services, including how to overcome identified barriers, when legislation permits. <b>TID: June 2013</b></p>
NO-AR-12-007	08/03/2012	<p><b>Efficiency Review of the Los Angeles Network Distribution Center</b></p> <p><b>R-1</b> — Reduce workhours by 200,019 by fiscal year 2017 to produce an annual cost avoidance of about \$6.5 million, or increase volume by 39 million pieces, or combine workhour reductions and mail volume increases that will achieve the above average median productivity level of 117 pieces per hour. <b>TID: February 2015</b></p>
CI-AR-12-006	08/14/2012	<p><b>Delivery Fleet Strategies</b></p> <p><b>R-2</b> — Establish an annual new vehicle replacement strategy, as part of a comprehensive fleet management strategy, to replace part of the fleet each year, spread out the expenditures over time, and ensure the overall operational functionality of the fleet. <b>TID: September 2016</b></p>
DR-AR-12-003	08/16/2012	<p><b>City Delivery — Street Efficiency Capital District</b></p> <p><b>R-1</b> — Reduce 110,740 workhours to achieve an associated economic impact of \$4.5 million annually, or \$9 million over 2 years. <b>TID: October 2014</b></p>
DR-AR-12-004	08/16/2012	<p><b>City Delivery — Street Efficiency Louisiana District</b></p> <p><b>R-1</b> — Reduce 107,550 workhours to achieve an associated impact of more than \$4.4 million annually, or \$8.8 million over 2 years. <b>TID: September 2014</b></p>
EN-AR-12-003	08/17/2012	<p><b>Efficiency of Customer Service Operations</b></p> <p><b>R-3</b> — Provide training as needed to customer service managers that would enable them to effectively use managerial reports and tools. <b>TID: September 2013</b></p>
DR-AR-12-005	08/21/2012	<p><b>Carrier Optimal Routing System Phase II</b></p> <p><b>R-1</b> — Continue to pursue funding to resolve performance issues with the Web Carrier Optimal Routing system and implement the web-based program nationwide. <b>TID: September 2013</b></p> <p><b>R-2</b> — Re-emphasize performing route adjustments using the Carrier Optimal Routing system to achieve an annual economic impact of more than \$84 million. <b>TID: None</b></p> <p><b>R-3</b> — Cross-train existing and additional personnel in both Carrier Optimal Routing system database preparation and route adjustment processes to ensure the availability of adequately trained resources. <b>TID: February 2013</b></p>
DR-AR-12-006	08/24/2012	<p><b>City Delivery Staffing</b></p> <p><b>R-1</b> — Balance the number of full-time carriers per route and manage labor cost within established fiscal year budgets. <b>TID: None</b></p> <p><b>R-2</b> — Continue pursuing the ability to increase the number of part-time, non-career flexible employees at installations nationwide in the city letter carrier craft to reduce labor costs. <b>TID: None</b></p>
DR-MA-12-002	08/24/2012	<p><b>City Delivery Route Optimization Pilot Initiative</b></p> <p><b>R-2</b> — Execute a new initiative to maximize savings by using lessons learned and data results from the pilot with the goal of optimizing the full- and part-time staff mix. <b>TID: None</b></p>
MS-AR-12-007	09/10/2012	<p><b>Customer Complaint Resolution Process</b></p> <p><b>R-2</b> — Identify deficiencies and desired enhancements for the Enterprise Consumer Care system and take necessary action to notify the Information Technology department. <b>TID: March 2014</b></p> <p><b>R-3</b> — Develop a mechanism for tracking Enterprise Consumer Care system usage and wait times and ensuring that current archiving processes and system outage records are continued. <b>TID: March 2014</b></p>
IT-AR-12-009	09/12/2012	<p><b>Security of File Transfer Protocol Transmissions</b></p> <p><b>R-1</b> — Assign a controlling authority the responsibility for managing all electronic file transfer activities and enforcing electronic file transfer policies. <b>TID: September 2017</b></p> <p><b>R-3</b> — Direct the controlling authority identified in recommendation 1 to develop a business case solution to mitigate and, ultimately, eliminate the use of file transfer protocol transmissions to ensure the protection of sensitive data in accordance with Handbook AS-805, Information Security. <b>TID: May 2013</b></p> <p><b>R-4</b> — Conduct periodic security assessments to identify and monitor file transfer protocol usage throughout the Postal Service network. <b>TID: September 2013</b></p> <p><b>R-5</b> — Identify, monitor, and remove all unnecessary file transfer protocol services running on all servers and mainframes and identify the related sensitive applications. <b>TID: September 2013</b></p> <p><b>R-6</b> — Implement a secure electronic file transfer protocol for receiving manifest files from external business partners. <b>TID: September 2017</b></p>

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FI-AR-12-004	09/14/2012	<p><b>Revenue Sharing Agreements</b></p> <p><b>R-5</b> — Establish and maintain a central repository for all revenue sharing agreement documentation. <b>TID: May 2013</b></p> <p><b>R-6</b> — Develop detailed policies and procedures for creating, designing, and monitoring revenue sharing agreements and disseminate the new procedures to the entire organization. <b>TID: May 2013</b></p>
DA-AR-12-002	09/18/2012	<p><b>Lease Purchase Options for Postal Service Facilities</b></p> <p><b>R-2</b> — Establish procedures for assigning lease purchase options to third parties in the real estate market. <b>TID: November 2013</b></p>
HR-AR-12-006	09/21/2012	<p><b>Motor Vehicle Accident Prevention Program</b></p> <p><b>R-2</b> — Provide periodic refresher training to supervisors on the Safe Driver Program and ensure employees performing driving observations take the Driver Observation training course. <b>TID: June 2013</b></p> <p><b>R-3</b> — Establish and implement proactive monitoring processes that include using Department of Motor Vehicle's databases to validate driver's licenses for employees in driving positions. <b>TID: None</b></p>
NL-AR-12-008	09/21/2012	<p><b>St. Louis Network Distribution Center — Postal Vehicle Service Operations</b></p> <p><b>R-1</b> — Periodically assess postal vehicle service spotter truck driver workload and staffing requirements with respect to productivity standards to maintain appropriate staffing levels. <b>TID: July 2012</b></p> <p><b>R-3</b> — Ensure that St. Louis Network Distribution Center management re-emphasize the safety policy that drivers must wear safety belts whenever the vehicle is in motion and provide management oversight for enforcement. <b>TID: September 2012</b></p>
CA-AR-12-006	09/28/2012	<p><b>Oversight of Equitable Adjustments</b></p> <p><b>R-1</b> — Require contracting officers to include a general release of claims in all supplemental agreements that constitute a release by the supplier for additional costs beyond that which is provided for in the contract modification or a more specific release in complex or contentious equitable adjustments. <b>TID: November 2012</b></p> <p><b>R-3</b> — Reiterate the contract file tracking process to ensure contract files are not lost when they are transferred from one office to another. <b>TID: December 2013</b></p>
CI-AR-12-007	09/28/2012	<p><b>Post-Implementation Review Process</b></p> <p><b>R-1</b> — Improve the Post-Implementation Review (PIR) process in Handbook PO-408, Area Mail Processing Guidelines, to identify and separate savings and costs associated with concurrent initiatives from savings and costs directly related to the area mail processing consolidation, implement the use of automated data calculation and pre-population for PIR worksheets and checklists, establish a process to allocate savings and costs when multiple consolidations are made into the same gaining facility, and assess whether current PIR timelines should be adjusted. <b>TID: March 2014</b></p>
DA-AR-12-004	09/28/2012	<p><b>Accuracy of the Electronic Facilities Management System</b></p> <p><b>R-1</b> — Modify the Electronic Facilities Management System to address inconsistency in data entry, including the use of drop-down lists and requiring completion of all data fields. <b>TID: December 2012</b></p> <p><b>R-2</b> — Develop a plan to require annual review and validation of all Electronic Facilities Management system data by Facilities Service Office personnel. <b>TID: August 2013</b></p> <p><b>R-3</b> — Develop and administer training for the use of Electronic Facilities Management System. <b>TID: None</b></p>
DA-MA-12-006	09/28/2012	<p><b>Partnerships with Other Government Agencies</b></p> <p><b>R-1</b> — Clearly define organizational roles and responsibilities for developing and managing partnerships with other federal agencies and establish a written policy to identify, develop, track, and follow-up on potential partnership opportunities. <b>TID: February 2013</b></p>
DR-MA-12-003	09/28/2012	<p><b>City Delivery Operations - Lancaster Carrier Annex</b></p> <p><b>R-1</b> — Reduce 12,339 office and street workhours in fiscal years 2013 and 2014 to achieve an annualized economic impact of \$515,838, or \$1,031,676 over 2 years. <b>TID: September 2014</b></p>
NL-AR-12-010	09/28/2012	<p><b>First-Class Mail on Air Transportation — Assignment by Weight</b></p> <p><b>R-1</b> — Modify the assignment process to assign First-Class Mail to air transportation considering weight where feasible, with the heavier mail being assigned to FedEx and the lighter mail being assigned to United Parcel Service and commercial passenger air carriers – with consideration of contractor service performance and future air transportation contract requirements. <b>TID: December 2014</b></p>

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NL-AR-12-011	09/28/2012	<p><b>Mail Transport Equipment – Shortages of Pallets, Tubs, and Trays – Fall 2011 Mailing Season</b></p> <p><b>R-1</b> — Finalize procedures, processes, and guidelines to ensure there is effective planning and budgeting for Mail Transport Equipment (MTE) needs for the fall mailing season, taking into consideration operational and customer needs, financial condition, MTE leakage, and MTE condemnation. <b>TID: July 2013</b></p> <p><b>R-2</b> — Finalize implementation of prior U.S. Postal Service Office of Inspector General recommendations from the Management of Mail Transport Equipment (MTE) – National Analysis audit (Report Number NL-AR-10-009, dated September 29, 2010) covering an automated inventory and tracking system, ensuring adequate resources for areas and plants, and update policies and procedures that support current MTE operational requirements. <b>TID: October 2013</b></p> <p><b>R-3</b> — Finalize processes and procedures (considering costs and benefits) to limit or better control distribution and have visibility of Mail Transport Equipment distributed to mailers and other customers. <b>TID: January 2014</b></p> <p><b>R-4</b> — Evaluate the best practices identified in this report and identify any applicable industry best practices for implementation (considering costs and benefits), such as the viability of implementing Radio Frequency Identification technology to control the leakage of plastic pallets and reduce annual purchase of replacement plastic pallets. <b>TID: March 2013</b></p>
DA-MA-13-001	10/02/2012	<p><b>Biohazard Detection System Progress</b></p> <p><b>R-1</b> — Complete a comprehensive update to the 2002 threat assessment to determine risks to the mail stream prior to procuring new biohazard detection equipment. <b>TID: September 2013</b></p> <p><b>R-2</b> — Develop a policy requiring periodic update of threat assessments. <b>TID: July 2013</b></p>
IT-AR-13-001	10/05/2012	<p><b>Information Technology – Contractor Timecard Approvals in the Program Cost Tracking System</b></p> <p><b>R-2</b> — Make improvements to the Program Cost Tracking System procedures to ensure program managers validate their assigned project timecards initially approved by Information Technology Business Management. <b>TID: September 2013</b></p>
CA-AR-13-001	10/09/2012	<p><b>Best Value in the Purchasing Process</b></p> <p><b>R-2</b> — Update the contract file transfer process to include a step to require the receiving contract officials to certify that contract files contain required documentation. <b>TID: December 2013</b></p>
DR-AR-13-001	10/11/2012	<p><b>Delivery Operations Data Usage</b></p> <p><b>R-1</b> — Streamline systems, reports (including exception based reporting) and data (including real-time data) to meet city delivery needs. <b>TID: June 2012</b></p> <p><b>R-2</b> — Re-emphasize city delivery operating procedures to new supervisors and managers. <b>TID: October 2012</b></p>
FT-AR-13-001	10/19/2012	<p><b>Officer Compensation for Calendar Year 2011</b></p> <p><b>R-1</b> — Coordinate with the Board to ensure the Postal Service reports to the Office of Personnel Management and Congress a complete list of critical senior executive or equivalent positions allowed to receive total compensation in an amount not to exceed 120 percent of the total annual compensation payable to the vice president of the U.S. <b>TID: September 2013</b></p> <p><b>R-2</b> — Request an interpretation from the Government Accountability Office on whether annuity payments are considered in an employee's total compensation and subject to the Postal Act of 2006 compensation caps. <b>TID: September 2013</b></p>
MS-AR-13-001	12/06/2012	<p><b>Delivery Unit Optimization Initiative</b></p> <p><b>R-1</b> — Revise delivery unit optimization guidelines to include a well-defined, consistent methodology for projecting cost savings and operational efficiencies. <b>TID: March 2013</b></p> <p><b>R-2</b> — Develop a process to ensure the revised guidelines are applied consistently and post consolidation reviews are performed to accurately validate savings and efficiencies. <b>TID: March 2013</b></p>
SM-MA-13-001	12/17/2012	<p><b>Accenture Federal Services Contracts</b></p> <p><b>R-3</b> — Revise the policy and clauses for time and material contract types to include a definition of material handling costs and exclude payment of profit or handling fees on materials. <b>TID: March 2013</b></p>
HR-AR-13-001	12/24/2012	<p><b>Workers' Compensation Data Systems</b></p> <p><b>R-1</b> — Provide additional training for personnel responsible for entering and monitoring data in the Employee Health and Safety system. <b>TID: None</b></p> <p><b>R-2</b> — Issue supplemental guidance and enhance internal controls to ensure that responsible officials consistently adhere to workers' compensation claims management procedures. <b>TID: None</b></p> <p><b>R-3</b> — Assess options to enhance and integrate the reporting capabilities of the Injury Compensation Performance Analysis System to provide management with data necessary for effective analysis and decision making. <b>TID: None</b></p>
DP-AR-13-001	01/03/2013	<p><b>Caller and Reserve Service Operations</b></p> <p><b>R-1</b> — Implement, if feasible, an automated process to identify all inactive or unassigned caller and reserve service addresses by linking mailing data systems to the Web Box Activity Tracking System. <b>TID: August 2013</b></p> <p><b>R-3</b> — Update caller and reserve service policies and procedures so they are consistent, clear, accurate, and easily located and accessible in one place. <b>TID: January 2014</b></p>

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IT-AR-13-003	01/28/2013	<p><b>Fiscal Year 2012 Information Technology Internal Controls</b></p> <p><b>R-3</b> — Implement corrective actions as coordinated between the Information Technology Sarbanes-Oxley Compliance Management Office and the Postal Service Office of Inspector General during the audit relating to use of scans, scripts, and monitoring efforts to confirm the installation and reporting of intrusion detection and prevention software or services on all in-scope Windows and UNIX servers. <b>TID:</b> <i>December 2013</i></p> <p><b>R-4</b> — Implement corrective actions as coordinated between the Information Technology Sarbanes-Oxley Compliance Management Office and the Postal Service Office of Inspector General during the audit relating to segregation of duties in the regular reviews of actions taken to assess Guardium log records. <b>TID:</b> <i>December 2013</i></p> <p><b>R-6</b> — Implement corrective actions as coordinated between the Information Technology Sarbanes-Oxley Compliance Management Office and the Postal Service Office of Inspector General during the audit relating to compliance with expected Windows operating system configurations on in-scope servers. <b>TID:</b> <i>December 2013</i></p> <p><b>R-8</b> — Implement corrective actions as coordinated between the Information Technology Sarbanes-Oxley Compliance Management Office and the Postal Service Office of Inspector General during the audit relating to redesign of the control over UNIX configurations to remove duplication and better reflect expectations for controls over financial reporting. <b>TID:</b> <i>December 2013</i></p> <p><b>R-9</b> — Implement corrective actions as coordinated between the Information Technology Sarbanes-Oxley Compliance Management Office and the Postal Service Office of Inspector General during the audit relating to alignment of the procedures and processes used to test and approve UNIX patches before implementation in the production environment. <b>TID:</b> <i>December 2013</i></p>
SM-MA-13-004	02/12/2013	<p><b>Hybrid Mail Efforts</b></p> <p><b>R-1</b> — Develop a business strategy to increase hybrid mail revenue for small- and medium-sized businesses if profitable and feasible (including transactional mail) and overcome privacy concerns. <b>TID:</b> <i>None</i></p>
IT-AR-13-004	03/04/2013	<p><b>Web Server Security Assessment</b></p> <p><b>R-4</b> — Review web server configurations in accordance with policy to ensure servers remain configured according to security standards. <b>TID:</b> <i>September 2013</i></p>
SM-MA-13-002	03/15/2013	<p><b>Trends and Systemic Issues in Defense Contract Audit Agency Audit Work for Fiscal Years 2009-2012</b></p> <p><b>R-1</b> — Emphasize to contracting officials the importance of requesting Defense Contract Audit Agency audits to support decisions in awarding and managing contracts. <b>TID:</b> <i>October 2013</i></p>
MS-AR-13-005	03/18/2013	<p><b>Residential Customer Service Experiences</b></p> <p><b>R-1</b> — Update the residential Customer Experience Measurement survey to allow customers to provide more definitive location identifiers (for example, Post Office™ name, city, and ZIP Code) that relate to their experiences. <b>TID:</b> <i>March 2014</i></p> <p><b>R-2</b> — Develop a process to collect and analyze residential customer experience information from other access channels. <b>TID:</b> <i>March 2014</i></p> <p><b>R-3</b> — Develop a strategy to design and implement corrective actions in a more timely and response manner when poor customer service experience scores are identified. <b>TID:</b> <i>December 2013</i></p> <p><b>R-4</b> — Ensure that mechanisms are developed and implemented to track residential customer experiences as key operational initiatives are taken to improve the Postal Service's financial condition. <b>TID:</b> <i>December 2013</i></p>
DR-MA-13-001	03/21/2013	<p><b>Lessons Learned From Retail Optimization Initiatives</b></p> <p><b>R-1</b> — Process and approve or disapprove the remaining 600 Retail Access Optimization Initiative discontinuance proposals. <b>TID:</b> <i>September 2014</i></p> <p><b>R-2</b> — Enhance communication plans with stakeholders by providing consistent, accurate, and timely information that supports retail optimization initiatives. <b>TID:</b> <i>None</i></p> <p><b>R-3</b> — Develop and implement a formal post-implementation review that evaluates savings achieved and potential revenue loss associated with retail network realignments. <b>TID:</b> <i>November 2014</i></p>



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NO-AR-13-001	03/21/2013	<p><b>Washington Network Distribution Center – Postal Vehicle Service Operations</b></p> <p><b>R-1</b> — Follow prescribed Postal Service standard operating procedures to the extent possible for live loading mail into trailers for immediate movement from the facility yard and consider the reduction of moves in future workload and staffing analyses. <b>TID: March 2013</b></p> <p><b>R-2</b> — Periodically assess Postal Vehicle Service truck driver workload and staffing requirements with respect to productivity standards to maintain appropriate staffing levels. <b>TID: April 2013</b></p> <p><b>R-3</b> — Eliminate 3,492 annual workhours associated with improving Postal Vehicle Service truck driver productivity to the Breakthrough Productivity Initiative standard of 40 moves per day, or 200 moves per week. <b>TID: February 2013</b></p> <p><b>R-4</b> — Ensure managers within the Capital Metro Area follow prescribed highway contract procedures for making highway contracts efficient, including the continual monitoring and adjustment of trips based on need. <b>TID: May 2013</b></p> <p><b>R-5</b> — Verify the elimination or modification of 24 trips from highway contracts initiated by management during our audit for a savings of about \$800,000 annually. <b>TID: March 2013</b></p> <p><b>R-6</b> — Eliminate or modify 36 trips from highway contracts identified during our audit for a savings of about \$1.3 million annually. <b>TID: January 2013</b></p> <p><b>R-7</b> — Continually re-emphasizes the safety policy that drivers must wear safety belts whenever their vehicles are in motion, and provide management oversight for enforcement. <b>TID: January 2013</b></p> <p><b>R-8</b> — Ensure Postal Service management repairs exterior doors that have broken locks and security badge readers that do not operate and hold safety talks with all employees to highlight that security policy states exterior doors are not to be propped open with any devices to bypass security. <b>TID: December 2012</b></p>
NO-MA-13-004	03/27/2013	<p><b>Lessons Learned from Mail Processing Network Rationalization Initiatives</b></p> <p><b>R-1</b> — Improve the communication process by ensuring accurate and consistent information is shared with stakeholders on consolidation impacts. <b>TID: April 2013</b></p>
NO-AR-13-002	03/29/2013	<p><b>Postal Service Performance During the Fiscal Year 2013 Fall Mailing Season</b></p> <p><b>R-1</b> — Coordinate with area vice presidents to ensure that all field personnel properly color code Standard Mail in accordance with Postal Service policy and store mail transportation equipment to facilitate mail flow. <b>TID: August 2013</b></p>
NO-MA-13-005	04/04/2013	<p><b>Supervisor Workhours and Span of Control</b></p> <p><b>R-2</b> — Fill vacant supervisor positions up to the appropriate span of control level and reduce supervisor replacement workhours accordingly. <b>TID: October 2013</b></p>
DP-AR-13-004	04/23/2013	<p><b>U.S. Postal Service Data Governance</b></p> <p><b>R-1</b> — Direct the vice president, Information Technology, to implement a formal, enterprise-wide data governance program. <b>TID: December 2013</b></p>
MS-AR-13-007	04/29/2013	<p><b>Domestic Negotiated Service Agreements</b></p> <p><b>R-1</b> — Develop and implement standardized procedures for managing negotiated service agreements. The procedures should include requirements for validating data used by individuals for various internal and external reporting purposes. <b>TID: October 2013</b></p> <p><b>R-2</b> — Create a data retention policy and central repository for data archival. Specifically, the data should be retained throughout the life of the NSA and for a specified period after the agreement expires or is terminated. Historical data should include the methodology the Postal Service uses to project a customer's mail volume to determine discounts, a comparison of the mailer's pre-agreement volumes with its annual volumes under the NSA, and analyses of data from other mailers with similar NSAs. <b>TID: October 2013</b></p>
DR-MA-13-002	05/06/2013	<p><b>U.S. Postal Service Parcel Delivery Lockers</b></p> <p><b>R-1</b> — Adjust access and implementation factors in the pilot to maximize customer utilization. <b>TID: September 2013</b></p> <p><b>R-2</b> — Add revenue and cost reduction features to the pilot to maximize return-on-investment opportunities. <b>TID: September 2013</b></p> <p><b>R-3</b> — Implement parcel locker best practices and strategies from international entities in the pilot where applicable. <b>TID: September 2013</b></p>
DP-AR-13-006	05/23/2013	<p><b>Management of Detail Assignments</b></p> <p><b>R-1</b> — Designate overall responsibility for managing detail assignments and associated travel costs to an appropriate functional area to ensure detailed assignment compliance, effectiveness, and efficiency. <b>TID: August 2014</b></p>
DR-AR-13-004	05/24/2013	<p><b>City Delivery Street Efficiency Southern, Pacific, and Western Areas</b></p> <p><b>R-1</b> — Reduce 340,499 workhours in the five districts cited. <b>TID: None</b></p>
SM-AR-13-002	06/17/2013	<p><b>Oversight of Performance-Based Contracts</b></p> <p><b>R-2</b> — Ensure that clear policy guidance is provided for contracting officers when considering the use of performance-based contracting. <b>TID: January 2014</b></p> <p><b>R-3</b> — Provide training to contracting officers on the use of performance-based contracting methods. <b>TID: January 2014</b></p>

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Report Number	Issue Date	Report Title, Recommendation Summary
DP-AR-13-008	06/19/2013	<p><b><i>Delivering Results, Innovation, Value, and Efficiency Management</i></b></p> <p><b>R-1</b> — Evaluate implementing regular audits and controls for each project at the program management level. <b>TID:</b> <i>September 2013</i></p> <p><b>R-2</b> — Develop and implement a Postal Service-wide program management policy that identifies the best practices currently employed by the Postal Service, as well as differentiates between mandated and optional practices. This process should also take into consideration best practices, including those provided by the Postal Service Office of Inspector General. <b>TID:</b> <i>March 2014</i></p>
MS-AR-13-009	06/20/2013	<p><b><i>Small Business Growth</i></b></p> <p><b>R-3</b> — Establish a process for improving the availability and use of sales-related tools, market data, and training. The process should include providing postmasters additional training on selling Postal Service products and services, updating data in the Business Opportunity Tool Kit, and providing postmasters with product sales scripts and market data. <b>TID:</b> <i>June 2014</i></p>
HR-AR-13-002	07/05/2013	<p><b><i>Overtime Use During Fiscal Years 2011 and 2012</i></b></p> <p><b>R-1</b> — Require responsible management officials to conduct complement analyses and establish staffing plans for the Houston, Chicago, South Florida, and Hawkeye Districts to better align the workforce to the workload. <b>TID:</b> <i>February 2014</i></p> <p><b>R-2</b> — Require responsible officials at identified mail processing facilities and delivery units to implement a plan to ensure mail arrival times and carrier schedules are aligned to minimize stand-by time and associated overtime. <b>TID:</b> <i>February 2014</i></p> <p><b>R-3</b> — Implement controls to ensure supervisors at the Fort Dearborn, Roberto Clemente, and Cragin Stations take advantage of pivot opportunities and conduct street supervision of carriers. <b>TID:</b> <i>September 2013</i></p> <p><b>R-4</b> — Pursue changes to local agreements in the Houston District associated with strict rotation and the requirement for the Postal Service to pay letter carriers an additional \$10 per hour for any hour they work after 5:15 p.m. <b>TID:</b> <i>February 2014</i></p>
HR-MA-13-003	07/12/2013	<p><b><i>Postal Career Executive Service I Annual Leave</i></b></p> <p><b>R-1</b> — Clarify the annual leave policy (with examples) to include how various ways of using annual leave satisfy the requirement to use 80 hours annually and communicate to applicable personnel. <b>TID:</b> <i>January 2014</i></p> <p><b>R-2</b> — Modify and test leave system controls to ensure U.S. Postal Inspection Service Postal Career Executive Service I equivalent employees' annual leave amounts are calculated according to Postal Service policy, and communicate policy to applicable personnel. <b>TID:</b> <i>January 2014</i></p>
HR-AR-13-004	07/25/2013	<p><b><i>Postal Service Injury Compensation Program</i></b></p> <p><b>R-1</b> — Conduct a formal staffing analysis to determine the number and type of employees needed to handle workers' compensation claims, including Health and Resource Management specialists, internal or contract nurses, specially trained or contract third-party recovery specialists, or other support personnel and adjust staffing accordingly. <b>TID:</b> <i>October 2013</i></p> <p><b>R-2</b> — Establish performance measures or other incentives for district managers based on chargeback reductions. <b>TID:</b> <i>October 2013</i></p> <p><b>R-3</b> — Complete implementation of Rehabilitation Program Committees nationwide to include developing standard guidelines to facilitate returning injured employees to work. <b>TID:</b> <i>October 2013</i></p> <p><b>R-4</b> — Complete the nationwide implementation of WebESP to provide a more efficient and effective process for identifying and assigning available work for injured employees. <b>TID:</b> <i>March 2014</i></p> <p><b>R-5</b> — Develop a simplified and standardized quick reference guide of key process steps to help district Health Resource Management staff effectively perform their duties. <b>TID:</b> <i>October 2013</i></p> <p><b>R-8</b> — Evaluate how predictive analytics can be used to support claims management activities and reduce costs. <b>TID:</b> <i>None</i></p>
IT-AR-13-006	07/31/2013	<p><b><i>Management and Utilization of Software Licenses</i></b></p> <p><b>R-2</b> — Establish an enterprise-wide inventory listing of all software installed on the Postal Service's network. <b>TID:</b> <i>January 2014</i></p> <p><b>R-4</b> — Require management to establish and maintain an enterprise-wide software inventory list and periodically scan workstations to identify unauthorized software products running on the Postal Service network. <b>TID:</b> <i>January 2014</i></p>
DR-MA-13-003	08/06/2013	<p><b><i>Delivery Data Transmission</i></b></p> <p><b>R-1</b> — Issue guidance on conducting a refresher stand-up talk to carriers showing how to connect cell phones and Intelligent Mail Data Devices and noting the importance of the connection. <b>TID:</b> <i>July 2012</i></p> <p><b>R-2</b> — Ensure that an onscreen connectivity indicator is installed on either carrier cell phones or Intelligent Mail Data Device scanners. <b>TID:</b> <i>June 2013</i></p> <p><b>R-3</b> — Modify the Intelligent Mail Device Acquisition System report for delivery unit management to provide unit and route specific information on cell phone and Intelligent Mail Data Device scanner connectivity. <b>TID:</b> <i>October 2013</i></p>
NO-MA-13-006	08/07/2013	<p><b><i>Modified Altoona, PA Originating and Destinating Area Mail Processing Package</i></b></p> <p><b>R-1</b> — Make necessary corrections in the revised Area Mail Processing package by adjusting workhours and employee complement accordingly and then determine whether they should pursue the additional consolidation to include some of the Altoona's designating operations. <b>TID:</b> <i>July 2013</i></p>



## Appendix E

Report Title, Recommendation Summary  
**R** = Recommendation number  
**TID** = Target Implementation Date

Report Number	Issue Date	Report Title, Recommendation Summary
MS-MA-13-004	08/14/2013	<p><b>Benchmarking of Postal Service's Costing Methodologies</b></p> <p><b>R-1</b> — Develop a formal process, in coordination with the chief information officer and chief operating officer, to strengthen the communication process between Finance, Operations, and users of the product costing system data regarding data needs and production. <b>TID:</b> <i>July 2016</i></p> <p><b>R-2</b> — Establish a long-term implementation plan, in coordination with the chief information officer and chief operating officer, to expand usage of system-generated data that includes a data transition roadmap. <b>TID:</b> <i>July 2016</i></p> <p><b>R-3</b> — Expand usage of currently available system-generated data from operations or data that can be available in the near term to enable the product costing system to rely more on operations data and less on special studies. <b>TID:</b> <i>July 2016</i></p> <p><b>R-4</b> — Evaluate the feasibility of performing cost and revenue analysis at the ZIP Code level or relevant regional areas to support development of customer-specific rates for those products for which such price distinctions are considered legal. <b>TID:</b> <i>None</i></p>
NO-AR-13-004	08/16/2013	<p><b>New Castle and Greensburg, PA Consolidation</b></p> <p><b>R-1</b> — Coordinate with the Facility Service Office when rental space is vacated to ensure management takes appropriate lease termination actions. <b>TID:</b> <i>July 2013</i></p>
NO-AR-13-005	08/16/2013	<p><b>Efficiency Review of the Atlanta Network Distribution Center — Processing and Transportation</b></p> <p><b>R-1</b> — Improve the efficiency of the Atlanta Network Distribution Center's mail processing operations by attaining the above-average median productivity level of 119 pieces per workhour by Fiscal Year 2016. <b>TID:</b> <i>September 2013</i></p> <p><b>R-2</b> — Realign, remove, and modify Highway Contract Route transportation associated with the Atlanta and Memphis Network Distribution Centers. <b>TID:</b> <i>October 2013</i></p> <p><b>R-3</b> — Reinforce field compliance with Network Distribution Center guidelines for properly sorting, labeling, and consolidating mail prior to transport. <b>TID:</b> <i>September 2013</i></p> <p><b>R-4</b> — Reinforce existing safety procedures requiring restraint of Mail Transport Equipment rolling stock containers in trailers. <b>TID:</b> <i>August 2013</i></p>
HR-AR-13-005	08/20/2013	<p><b>Employee and Labor Relations Manual Revisions</b></p> <p><b>R-1</b> — Implement procedures to update the Employee and Labor Relations Manual on a regular basis to ensure that it is current, accurate, and complete. <b>TID:</b> <i>December 2013</i></p> <p><b>R-2</b> — Clearly identify functional organizations responsible for Employee and Labor Relations Manual section and chapter contents and communicate that information to appropriate stakeholders. <b>TID:</b> <i>December 2013</i></p>
NO-AR-13-006	08/26/2013	<p><b>Springfield Network Distribution Center — Postal Vehicle Service Operations</b></p> <p><b>R-3</b> — Eliminate an additional 8,623 annual workhours associated with improving Postal Vehicle Service driver productivity to the standard of five moves per hour. <b>TID:</b> <i>September 2013</i></p>
SM-MA-13-006	09/18/2013	<p><b>Postal Service Purchasing Policies' Impact on Defective Pricing Fraud Cases</b></p> <p><b>R-1</b> — Require suppliers to certify that cost or pricing data is accurate, complete, and current. <b>TID:</b> <i>March 2014</i></p>
HR-AR-13-007	09/24/2013	<p><b>W.F. Bolger Center for Leadership Development</b></p> <p><b>R-1</b> — Establish an accounting methodology to allocate all W.F. Bolger Center for Leadership Development operating costs between internal and external customers. <b>TID:</b> <i>December 2013</i></p> <p><b>R-2</b> — Conduct at least one formal audit of the contractor's financial records annually. <b>TID:</b> <i>None</i></p>
IT-AR-13-007	09/24/2013	<p><b>Engineering Systems and Network Operations Disaster Recovery Plan — Merrifield, VA Campus</b></p> <p><b>R-1</b> — Establish, implement, and test a disaster recovery plan for Engineering Systems and Network Operations in Merrifield, VA that is commensurate with the sensitivity of data, available resources, and level of risk for the applications and incorporates an appropriate alternative site located far enough away from the Merrifield campus that it will not be affected by the same disaster. <b>TID:</b> <i>May 2014</i></p> <p><b>R-2</b> — Timely complete or update, as appropriate, business impact or infrastructure impact assessments for all applications supported by Engineering Systems. <b>TID:</b> <i>December 2013</i></p>
IT-AR-13-008	09/25/2013	<p><b>Availability of Critical Applications</b></p> <p><b>R-2</b> — Provide the guidance developed by the Retail Business Technology group for Point-of-Service (POS)–Retail users on how to respond to an outage or a POS–Retail terminal in degraded mode. <b>TID:</b> <i>November 2013</i></p>

## Appendix E

Report Title, Recommendation Summary  
**R** = Recommendation number  
**TID** = Target Implementation Date

Report Number	Issue Date	Report Title, Recommendation Summary
NO-AR-13-007	09/25/2013	<p><b>Surface Visibility — Transportation Operations — Oklahoma District</b></p> <p><b>R-1</b> — Ensure the containers coming from the mail processing operations have the proper barcoded placards so they can be scanned. <b>TID: October 2013</b></p> <p><b>R-2</b> — Eliminate the prescan barcode workarounds and any unnecessary manual inputs and follow prescribed scan procedures. <b>TID: October 2013</b></p> <p><b>R-3</b> — Put controls in place to prevent recurrence of improper scanning. <b>TID: October 2013</b></p> <p><b>R-4</b> — Retrain employees on the proper Surface Visibility policies and procedures regarding scanning. <b>TID: November 2013</b></p> <p><b>R-5</b> — Verify and document the elimination or modification of 38 trips from highway contract routes in the Oklahoma District and eliminate 3,636 workhours from Postal Vehicle Service trip schedules assigned to the Tulsa Processing and Distribution Center, or document the reasons for retaining the workhours. <b>TID: November 2013</b></p>
SM-AR-13-004	09/25/2013	<p><b>Noncompetitive Purchasing Practices</b></p> <p><b>R-1</b> — Direct contracting officials to include and verify that sufficient information is in the contract file to support price and cost analysis. <b>TID: December 2013</b></p> <p><b>R-2</b> — Reiterate policy that field personnel not approve suppliers to start work without authorization from the contracting officer. <b>TID: December 2013</b></p> <p><b>R-3</b> — Ensure contracting officials collaborate with the competition advocate and internal business partners requesting purchases to promote increased competition when awarding contracts. <b>TID: December 2013</b></p>
HR-MA-13-004	09/26/2013	<p><b>Revenue Generation Patents</b></p> <p><b>R-1</b> — Work closely with subject matter experts to review patents with revenue generation potential and draft claims as appropriate. <b>TID: None</b></p>
IT-AR-13-009	09/26/2013	<p><b>LiteBlue Security Assessment</b></p> <p><b>R-1</b> — Enhance access controls to all Postal Service employee self-service applications. <b>TID: February 2014</b></p> <p><b>R-3</b> — De-identify personally identifiable information on forms loaded into the employee self-service module of the electronic Official Personnel Folder application. <b>TID: None</b></p> <p><b>R-4</b> — Re-enable system banners after patching is complete. <b>TID: None</b></p> <p><b>R-5</b> — Implement database auditing and logging on all databases that contain personally identifiable information. <b>TID: None</b></p> <p><b>R-8</b> — Develop a method by which database administrators can obtain information on specific requirements and authorizations for each application to track authorized account settings and parameters. <b>TID: None</b></p>
NO-MA-13-007	09/26/2013	<p><b>Assessment of Overall Plant Efficiency 2013</b></p> <p><b>R-1</b> — Reduce 14,364,398 workhours by fiscal year 2018, with an associated economic impact of \$628,670,104. <b>TID: September 2018</b></p>
FT-MA-13-022	09/27/2013	<p><b>Using U.S. Postal Service-Specific Assumptions for Calculating the Retiree Health Care Liability</b></p> <p><b>R-1</b> — Coordinate with the Office of Personnel Management to modify the future retiree health care liability calculation to use actuarial assumptions specific to the Postal Service. <b>TID: None</b></p>
FT-MA-13-023	09/27/2013	<p><b>Using U.S. Postal Service-Specific Assumptions for Calculating the Civil Service Retirement System Liability</b></p> <p><b>R-1</b> — Coordinate with the Office of Personnel Management to modify the future Civil Service Retirement System liability calculation to use actuarial assumptions specific to the Postal Service. <b>TID: None</b></p>
FT-MA-13-024	09/27/2013	<p><b>Using U.S. Postal Service-Specific Assumptions for Calculating the Federal Employees Retirement System Liability</b></p> <p><b>R-1</b> — Coordinate with the Office of Personnel Management to modify the future Federal Employees Retirement System liability calculation to use actuarial assumptions specific to the Postal Service and, based on the results, take action as appropriate. <b>TID: None</b></p>
HR-AR-13-008	09/27/2013	<p><b>Grievance Settlements and Payments Follow Up</b></p> <p><b>R-1</b> — Issue a reminder, re-emphasizing to managers the importance of adhering to existing internal control guidelines, specifically as they relate to using Grievance Arbitration Tracking System alerts to monitor grievance activity and document handling to ensure completeness of grievance case files. <b>TID: December 2013</b></p>
MS-AR-13-012	09/27/2013	<p><b>Electronic Parcel Payment Systems Internal Control Requirements</b></p> <p><b>R-2</b> — Develop interim controls, such as establishing roles and responsibilities in the identification of shortpaid mailpieces, providing enhanced scanners to clerks and carriers, judgmentally sampling PC Postage parcels at sorting facilities and delivery units, and increasing the accuracy of scales on mail processing equipment, to improve detection of shortpaid parcels until automated controls are in place. <b>TID: June 2014</b></p> <p><b>R-4</b> — Implement software changes to the Electronic Verification System in order to correctly validate destination entry rates claimed by mailers. <b>TID: January 2015</b></p>

## Appendix E

Report Number	Issue Date	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
NO-AR-13-008	09/27/2013	<p><b><i>Nationwide Analysis of Tier 1 Network Distribution Centers – Postal Vehicle Service Operations</i></b></p> <p><b>R-1</b> — Require the six Tier 1 Network Distribution Centers identified in the report conduct an assessment of driver workload and staffing and make appropriate adjustments to workhours based on compliance with yard move productivity standards. <b>TID:</b> <i>January 2015</i></p> <p><b>R-2</b> — Ensure Tier 1 Network Distribution Centers annually assess Postal Vehicle Service driver workload and staffing requirements. <b>TID:</b> <i>January 2015</i></p>
DR-AR-13-007	09/30/2013	<p><b><i>Vehicle Maintenance Facility Efficiency Capital Metro and Pacific Areas</i></b></p> <p><b>R-1</b> — Fill vacant mechanic and support staff positions to improve inefficiencies in operations. <b>TID:</b> <i>None</i></p> <p><b>R-2</b> — Assess the reporting structure for vehicle operations maintenance assistants (VOMAs) and require vehicle maintenance managers, or designees, to provide adequate oversight of VOMAs to ensure they perform their vehicle maintenance-related duties. <b>TID:</b> <i>None</i></p>
HR-AR-13-009	09/30/2013	<p><b><i>Emergency Preparedness for Hurricane Sandy</i></b></p> <p><b>R-1</b> — Provide periodic training to responsible personnel to ensure they are aware of procedures for safeguarding employees during an emergency. <b>TID:</b> <i>None</i></p> <p><b>R-2</b> — Clarify policies and procedures regarding employees reporting to postal facilities where mandatory evacuation orders have been issued. <b>TID:</b> <i>March 2014</i></p> <p><b>R-3</b> — Issue supplemental guidance for holding mail and moving mail and other assets from facilities located in mandatory evacuation areas. <b>TID:</b> <i>March 2014</i></p> <p><b>R-4</b> — Establish controls to ensure integrated emergency management plans are reviewed, approved, and updated at least annually. <b>TID:</b> <i>December 2013</i></p> <p><b>R-5</b> — Clarify which facilities are required to maintain complete, approved integrated emergency management plans and communicate that to appropriate personnel. <b>TID:</b> <i>December 2013</i></p>
NO-AR-13-009	09/30/2013	<p><b><i>Timeliness of Mail Processing at the Hartford, CT Processing and Distribution Center</i></b></p> <p><b>R-1</b> — Adjust planning and scheduling to accommodate mail volumes especially during holiday periods. <b>TID:</b> <i>None</i></p>
SM-AR-13-005	09/30/2013	<p><b><i>Vacant Land Parcels</i></b></p> <p><b>R-1</b> — Declare the land parcel located in Norman, OK as excess. <b>TID:</b> <i>June 2014</i></p> <p><b>R-3</b> — List the Elk River, MN; Norman, OK; and Islip, NY parcels for sale. <b>TID:</b> <i>June 2014</i></p> <p><b>R-4</b> — Evaluate the eight parcels in Kahului, HI; Cooper City, FL; Stuart, FL; Kihei, HI; Pahoa, HI; Incline Village, NV; Mendocino, CA; and Pinetop, AZ and develop a strategy to sell the properties when market conditions improve. <b>TID:</b> <i>None</i></p> <p><b>R-5</b> — Evaluate the 10 additional parcels in Apache Junction, AZ; Central, AZ; Tehachapi, CA; Marengo, IN; Kokomo, IN; Hilton Head, SC; Garland, TX; Loiza, PR; Viequez, PR; and San Juan, PR to determine whether they are suitable for sale. <b>TID:</b> <i>None</i></p>

## APPENDIX F

**Significant Management Decisions in Audit Resolution**

For the period April 1 — September 30, 2013

As required by the IG Act, the following discusses information concerning any significant management decision with which the Inspector General disagrees and is currently in audit resolution.

Report Number	Issue Date	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
SM-MA-13-006	09/18/2013	<b>Postal Service Purchasing Policies' Impact on Defective Pricing Fraud Cases</b>  R-1 — Require suppliers to certify that cost or pricing data is accurate, complete, and current. TID: None

## APPENDIX G

**Status of Peer Review Recommendations**

Federal audit organizations undergo an external quality control assessment by their peers every 3 years. The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 requires an appendix reporting on 1) any Office of Inspector General peer reviews conducted during the semiannual period; and 2) any outstanding recommendations from any previous or current peer reviews that remain outstanding or have not been fully implemented.

**Office of Audit****Internal Peer Reviews**

None conducted during this period.

**External Peer Reviews**

None conducted during this period.

**Office of Investigations****Internal Peer Reviews**

None conducted during this period.

**External Peer Reviews**

None conducted during this period.

## APPENDIX H

*Investigative Statistics\**

For the period April 1 — September 30, 2013

	Investigations Closed	Arrests	Indictments / Information	Convictions**	Admin Action Taken	Cost Avoidance	Fines / Restitution, and Recoveries	Amount to USPS***	To Mgmt. for Admin Action
Contract Fraud	110	5	6	10	66	17,025,985	68,153,767	67,973,902	25
Financial Fraud	264	64	41	64	173	2,191,900	1,229,121	1,166,463	153
General Crimes	446	43	25	41	328	—	355,490	192,560	237
Healthcare Fraud	485	27	28	21	109	127,818,526	5,503,623	4,551,777	92
Internal Mail Theft	838	193	137	182	499	—	4,429,449	131,292	374
<b>Total</b>	<b>2,143</b>	<b>332</b>	<b>237</b>	<b>318</b>	<b>1,175</b>	<b>147,036,411</b>	<b>79,671,450</b>	<b>74,015,994</b>	<b>881</b>

\* Statistics include joint investigations with other law enforcement agencies.

\*\* Convictions reported in this period may be related to arrests in prior reporting periods.

\*\*\* Amounts include case results of joint investigations with other OIG, federal, state, and local law enforcement entities.

For the period October 2012 — September 30, 2013

	Investigations Closed	Arrests	Indictments / Information	Convictions**	Admin Action Taken	Cost Avoidance	Fines / Restitution, and Recoveries	Amount to USPS***	To Mgmt. for Admin Action
Contract Fraud	205	10	11	23	123	136,710,309	200,467,901	94,636,338	55
Financial Fraud	470	118	84	130	303	8,269,220	2,990,196	2,868,277	311
General Crimes	728	68	35	67	562	62,500	563,217	353,774	482
Healthcare Fraud	877	57	46	43	188	227,272,433	1,884,606,581	48,235,986	200
Internal Mail Theft	1,514	339	239	352	854	—	7,980,098	350,263	720
<b>Total</b>	<b>3,794</b>	<b>592</b>	<b>415</b>	<b>615</b>	<b>2,030</b>	<b>372,314,462</b>	<b>2,096,607,993</b>	<b>146,444,638</b>	<b>1,768</b>

\* Statistics include joint investigations with other law enforcement agencies.

\*\* Convictions reported in this period may be related to arrests in prior reporting periods.

\*\*\* Amounts include case results of joint investigations with other OIG, federal, state, and local law enforcement entities.

**Whistleblower Reprisal Activity**

The Whistleblower Protection Act does not apply to the Postal Service. However, the Postal Service has its own policy governing whistleblower retaliation. The policy prohibits retaliation against employees who have disclosed information they reasonably believe to be: 1) a violation of any rule, law or regulation, or 2) a gross waste of funds, gross mismanagement, abuse of authority, or a substantial and specific danger to public health or safety.

For the period April 1 — September 30, 2013

<b>Whistleblower Reprisal Activity</b>	
Allegations Received	88
OIG Investigations Initiated	5
Investigations Closed with No Action	10
Allegations Closed with No Action	88
Open Investigations (As of Last Day)	—
OIG Found Reprisal	—

For the period October 2012 — September 30, 2013

<b>Whistleblower Reprisal Activity</b>	
Allegations Received	172
OIG Investigations Initiated	18
Investigations Closed with No Action	21
Allegations Closed with No Action	181
Open Investigations (As of Last Day)	—
OIG Found Reprisal	—

## APPENDIX I

*Summary of U.S. Postal Inspection Service Actions Under 39 USC § 3005 and 3007*

For the period April 1 - September 30, 2013

*Financial Reporting on  
Investigative Activities for the  
Postal Inspection Service*

<b>Type</b>	
Personnel	172,951,164
Nonpersonnel	35,887,643
<b>TOTAL</b>	<b>208,838,806</b>
Total Capital Commitments	946,439

<b>Type of Scheme</b>	<b>Complaints Filed</b>	<b>Consent Agreements</b>	<b>FROs</b>	<b>C&amp;D Orders</b>
Advanced Fee	1	1	—	1
Charity	1	1	—	1
Counterfeit Financial Instruments	10	10	—	10
Coupon/Rebate Fraud	2	2	—	2
False Billings	5	5	6	11
Fraudulent Postage	8	8	—	8
Identity Theft	1	1	—	1
Medical Product Fraud	—	—	—	—
Merchandise: Failure to Furnish	5	5	—	5
Merchandise: Failure to Pay	2	4	—	3
Misrepresentation	5	5	1	5
Other	6	6	—	6
Reshipping Scheme	18	18	1	19
Sweepstakes/Lottery	47	49	14	50
Work at Home	6	6	—	6
<b>TOTAL</b>	<b>117</b>	<b>121</b>	<b>22</b>	<b>128</b>

**Other Administrative Actions**

Administrative Action Requests	117
Temp. Restraining Orders Requested	—
Temp. Restraining Orders Issued	—
Cases Using Direct Purchase Authority	—
Civil Penalties (Section 3012) Imposed	—
Test Purchases	—
Withholding Mail Orders issued (includes 1 Petition)	26
Voluntary Discontinuances	—

*Administrative Subpoenas Requested by the Postal Inspection Service*

There was one request during the reporting period.

## APPENDIX J

*All Closed Congressional/ PMG/BOG Inquires*

For the period April 1 — September 30, 2013

This appendix lists the congressional, postmaster general, and Board of Governors inquiries the OIG closed during this reporting period. OIG units reviewed or investigated these inquiries to resolve allegations and disputes, and to help identify systemic issues. Inquires are listed in the chronological order of receipt.

*Inspector General Investigations (58)*

<b>Requestor</b>	<b>Allegation/ Concern</b>	<b>Major Findings</b>	<b>Closure Date</b>
Representative, New York	Status of complaint about theft of multiple stamp orders from the Stamp Fulfillment Center in Kansas City	We monitored deliveries and conducted surveillance and testing in 2012. This culminated in the recovery of stolen stamps, other illegal items, including a firearm. We recognized a loss to the Postal Service of more than \$5,700. In 2012, the US Attorney for the Southern District of New York accepted the case for prosecution.	09/16/13
Representative, Georgia	Hostile work environment and postal management misconduct, e.g., harassment, discrimination, and intimidation	We confirmed North Florida District Human Resources management already conducted a climate assessment and recommended training, coaching, and review of postal operations. Employees indicated management had made positive changes.	06/07/13
Representative, Maryland	Theft and irregular delivery of mail	We found a transitional employee delayed mail on several routes. Management removed the employee. In 2013, the former employee was found guilty under Maryland criminal law and was sentenced.	04/15/13
Representative, Virginia	Theft of mail containing a \$25,000 check in 2004	We confirmed complaint was one of 20 checks sent by First Class Mail from Pennsylvania to trust beneficiaries. We attempted to use the cancelled check to determine who negotiated it and subpoenaed bank records for that purpose. Due to passage of time and bank mergers, we could not determine if any postal employees were responsible.	05/20/13
Representative, Texas	Non-delivery of 22,000 Voter Registration Cards (VRCs)	We confirmed that in part of Bend County, VRCs likely were not delivered; however, we could not determine how many were not delivered or their whereabouts. Our investigation revealed no evidence of voter fraud, mail theft, or non-delivery by postal employees.	04/15/13
Senator, Illinois	Theft of jewelry valued at \$1,000, sent by mail in 2009	We conducted an investigation and found a postal carrier signed complainants' names on the Delivery Attempt Notice in an apparent attempt to provide convenient delivery. He initially paid the customer \$500 on the claimed \$1,000 loss. When the customer complained that the carrier had not covered the remainder of her loss, postal management explained postal policy provided relief only through the formal claims process. We documented that management conducted a service talk reinforcing postal policies. Management referred complainant to Postal Inspection Service, but we could not document the actions taken.	06/13/13
Senator, Kansas	Delay of mail; safety and National Agreement violations	Our investigation determined that the National Association of Letter Carriers (NALC) filed several grievances regarding clerks carrying mail. We learned that neither right-hand drive nor 2-ton vehicle training was required for the clerks, who were considered incidental drivers. In February, we confirmed that all the carrier-related grievances have been settled.	04/05/13
Senator, Kansas	Postal management misconduct including payroll improprieties, improper clock rings, and conduct of personal business while on duty	Evidence the complainant supplied was incomplete; other evidence showed supervisors were correctly charged for their requested leave hours. We found the clock rings followed postal policy, although the complainant disagreed with the policy. We found no evidence of a supervisor conducting personal business while on duty.	04/26/13
Representative, Texas	Anonymous employees of a delivery unit reported potential misconduct with controlled items including keys, gas cards, and postage due monies; falsification of delivery scans, or delay and non-delivery of mail; and a hostile work environment	We found no evidence to support allegations of misuse of controlled items or falsification of delivery scans. We reviewed the steps management took to address what it believes is an operational issue about delivery. Postal employees we interviewed never witnessed nondelivery of advertisements or delay of Certified Mail. Management took a number of steps to evaluate and address workplace complaints, such as reviews of quarterly employee survey data (showing this location did not rank low in satisfaction factors) and grievance rates (the station had not had any filings referencing these issues).	04/26/13
Ranking Member, Senate Committee	Non-delivery of mail containing a check worth \$100,000	We interviewed several postal management and craft personnel. We found a substitute carrier unfamiliar with the route attempted delivery but failed to leave a notice. We noted carriers were not following postal policies and procedures. Management located the mailpiece and personally delivered it.	04/26/13

## Appendix J

Requestor	Allegation/ Concern	Major Findings	Closure Date
Senator, Michigan	Intentional mishandling and non-delivery of Political Mail during November 2012 election cycle.	We conducted an investigation and determined the mailing was accepted by a P&DC but needed information the complainant could not provide in order to search using the Intelligent Mail Barcode and Mail History Tracking System. Searches and interviews with postal management and non-postal sources failed to yield results, further leads, or evidence of intentional mishandling, theft, or delay of mail.	04/26/13
Representative, Missouri	Tampering and delay of mail (phone bill payment) by postal employees	We learned that three phone companies (Embark, Qwest, and Century Tel) merged to form Centurylink in April 2011. The Centurylink fraud department said it was possible that the payment was credited to the former Century Tel, and later learned Centurylink resolved the issue. No postal employee misconduct was involved.	06/20/13
Representative, Illinois	Repeated thefts of jewelry from mail by Jewelry Television purchaser, resulting in purchaser's suspension	Our office conducted a sequence of integrity tests and surveillance of postal employees, none of which developed further leads. We interviewed numerous management and non-management postal employees, but found no evidence to substantiate postal employees tampered with or stole parcels.	06/18/13
Representative, Florida	Theft of jewelry from mail	Although our investigation revealed multiple complaints, including missing Netflix DVDs, credit card statements, and medications, a series of mail tests showed no system weaknesses. We could not determine the whereabouts of the missing package or substantiate the allegation that a specific postal employee was responsible for its disappearance, noting it might have been misdelivered.	04/26/13
Senator, Ohio	Hostile environment and postal management misconduct including harassment, whistleblower retaliation, union contract violations, falsification of postal records at an Ohio delivery unit	We reiterated previous responses that we found no retaliation and declined to prosecute based on allegations of falsification of timekeeping records because no crime had been committed. We also mentioned the employees had resorted to the grievance process where the issues were being addressed through procedures established by the unions and management.	05/09/13
Representative, Texas	Denial of insurance claim after a package mailed to Singapore, containing a watch worth \$1,800, was stolen	Postal policies dictate the sender is responsible for reviewing applicable forms before presenting an item to be mailed. The sender acknowledged notice on the Customs declaration. Management asserted the claim was denied because the item shipped was identified as a prohibited item in the country of Singapore, and the OIG has no jurisdiction to intervene in such matters. However, we used tracking software to trace the package through some of the US locations, and found no evidence that theft occurred before the package entered the international mail stream.	05/20/13
Representative, West Virginia	Theft of mail from P.O. Box	We conducted a series of integrity mail tests and confirmed that mail addressed to complainant arrived intact and was handled properly. We could not account for the reported problems.	04/04/13
Senator, Maryland	Theft of mail containing medications mailed from the Department of Veterans Affairs (VA)	We conducted numerous observations and tests in and around the Post Office and found no suspicious activity or theft of parcels. While we confirmed the loss, interviews with Postal Service personnel about storage procedures for packages requiring a signature produced no evidence of mail theft.	06/20/13
Representative, Massachusetts	Postal management misconduct in 2006-2007, threatening an employee, causing a work-related stress injury, and covering up information	Our 2010 investigation addressed the complaints of a hostile work environment in which the complainant declined to be interviewed. His attorney provided a copy of an undated written statement from the accused postal manager. (This statement did not support the allegation.) Our 2013 investigation did not uncover any additional information or reveal any additional evidence warranting further investigation.	06/28/13
Postmaster General	Postal employee misconduct including harassment, theft of, and tampering with mail	We interviewed postal management and reviewed its investigation of allegations; we found no evidence of theft of or tampering with mail. We conducted several integrity tests to verify that postal employees were properly handling the complainant's mail. Test pieces arrived intact and with no signs of tampering.	09/05/13
Senator, New Jersey	Theft of and tampering with mail	We conducted several mail integrity tests to verify that Postal Service employees were properly handling mailpieces shipped on routes from Wyoming to New Jersey. Test pieces arrived intact and with no signs of tampering. Due to the complainant not requesting tracking information at the time of mailing, and passage of time, we were unable to identify the cause or location of the loss. Our investigative efforts produced no evidence to substantiate postal employees tampered with and stole the items in the package.	06/06/13



## Appendix J

Requestor	Allegation/ Concern	Major Findings	Closure Date
Representative, Texas	Delay of and tampering with mail, i.e., bank statements	We examined the complainant's Neighborhood Delivery and Collection Box Unit, which was properly secured and did not exhibit any signs of damage. We interviewed the bank's fraud investigator and found no similar complaints. Mail integrity tests arrived intact and with no signs of tampering.	06/20/13
Representative, Missouri	Intentional non-delivery of mail by postal employee following complainant's dog biting the carrier	The investigation was unable to prove or disprove the allegation of intentional delay or destruction of mail. Most test mailings were properly delivered, and we found no patterns of poor service, improper conduct, or theft.	06/26/13
Senator, Maryland	Delay and theft of mail	We found the delivery problems were limited to the timeframe when a temporary change of address order was in place. The Postal Inspection Service was notified of a potential external theft problem. Once the permanent change of address was placed, the delivery problems were resolved.	08/23/13
Senator, Maryland	Lost mail	We conducted several mail integrity tests for collection boxes where we believe items were mailed. Tests did not reveal information to help us pinpoint mail problems. We interviewed management and craft employees and found no evidence of theft or delay of mail from the collection boxes.	08/07/13
Senator, Connecticut	Tampering with mail causing financial loss	Initial inquiries into the allegations confirmed the Connecticut Valley District conducted a review and provided a response. Our review did not reveal any evidence of misconduct or obstruction of the mail, or basis to open formal investigative work.	04/08/13
Senator, North Carolina	Management conducted illegal counts of mail on rural routes — by reducing the amounts of raw mail not requiring sorting during the count timeframe — reducing salaries of carriers at a rural post office.	Complainant was last employed at this location in 2009. We reviewed Handbook P0-603, Rural Carrier Duties and Responsibilities. Interviews with workers did not substantiate the allegation that management prepares the mail better during the mail count timeframe. We did not document that the practice had occurred with the past or occurs today.	06/06/13
Senator, Delaware	Postal Inspection Service management misconduct including whistleblower retaliation and discrimination	We did not substantiate the whistleblower reprisal allegations. Our investigative work revealed evidence that Inspection Service management would have taken disciplinary action against the complainant regardless of his disclosures. As we concluded our work, we became aware the complainant filed an Equal Employment Opportunity (EEO) claim. The OIG will not take any further steps that could interfere in the resolution of the matter.	06/24/13
Senator, Florida	Misuse of position; a postal customer lent money to his carrier, who did not repay in full	We confirmed the loan totaling \$2,000 was made in 2010. The customer also paid the carrier in increments of \$30 to ensure the carrier would forward the customer's mail. We learned more than one resident provided financial favors, believing it would ensure proper mail delivery. We determined such transactions violated regulations under the Standards of Ethical Conduct for Employees of the Executive Branch. This behavior also violated Postal Service rules in Handbook M-41, City Delivery Carriers Duties and Responsibilities and Employee and Labor Relations Manual, ELM 665. 16, Behavior and Personal Habits. We referred our findings to postal management for action deemed appropriate.	07/11/13
Representative, California	Hostile work environment and postal management misconduct, including time and attendance fraud, discrimination, unfair labor practices, harassment, nepotism, and unsafe working conditions at a postal plant	As many of these issues were included in an informal Equal Employment Opportunity (EEO) complaint filed in 2013, the OIG took no further investigative steps that could interfere in the resolution of the matter. Concurrently, an OIG field office investigated possible falsification of timecards. We found numerous discrepancies in record keeping. Because of system outages, the system is not reliable in confirming intentional falsification of records or wrongful use of break time by employees. We referred our findings to postal area and district management for action deemed appropriate.	08/13/13
Senator, Louisiana	Hatch Act violation; postal supervisor holding a local office misused position by appointing another postal employee to a paid town position.	The Hatch Act issues already were settled by agencies with jurisdiction over the matter. There is no legal basis for action on this allegation by the OIG. We investigated the appointment of a postal employee to a town position, and found a mayor, not the postal supervisor, made the appointment; accepting the appointment aligned with outside employment rules.	07/26/13
Representative, Maryland	Tampering with and theft of mail containing gift card	We conducted substantial surveillance at different processing and delivery locations. All the mailpieces were properly handled by postal employees.	07/29/13

## Appendix J

Requestor	Allegation/ Concern	Major Findings	Closure Date
Representative, Pennsylvania	Delay of mail — failure to honor an Express Mail signature waiver — and rude or threatening behavior by personnel at the delivery unit	Our office reviewed the allegations, and conducted interviews, and a search of postal databases and records. While we found no similar complaints about customer treatment, we did find data about delays and scanning issues. We referred our findings to management for action deemed appropriate.	08/27/13
Representative, New York	Non-delivery, non-receipt of mail	Our office conducted an investigation that produced no investigative leads or means of accounting for the delay or loss of mail. In late April, complainant reported the cause was failure by the senders to mail their payments promptly.	9/30/13
Representative, Missouri	Non-delivery and theft of mail containing iPod touch, scanned as delivered, and disputes about proper handling of postal insurance	A search of the Financial Crimes Database from December 2011 to May 2013 found no similar complaints; other searches uncovered no iPod Touch devices. Our interviews and other observations could not account for the missing mailpiece. We did not substantiate the allegation that the parcel was stolen by a postal employee. We reviewed the insurance claim and found the process had been confusing, but the result conformed to regulations.	07/29/13
Postmaster General	P&DC employees vandalized another employee's vehicle	We investigated, but could not find documentation of the event.	06/27/13
Representative, California	Postal employee misconduct and non-delivery of mail containing personally identifiable information (PII)	In our observations and interviews with personnel at the two postal facilities and at the Passport Center, we found no evidence indicating PII might have been compromised, nor did the evidence support the claim of willful delay or theft of mail. However, we did document misconduct, violations of policy, and inappropriate conduct. These issues included failures to secure passport applications, erroneous certification of mail logs, and improper handling of Express Mail. We notified the OIG Office of Audit, which has on-going work to assess the handling of PII, particularly regarding passports.	07/11/13
Representative, Tennessee	Theft of cash to be used to pay for a money order	We investigated the carrier's conformance with policies allowing for rural money order transactions on the route. We found that management took appropriate steps to safeguard, discover, and investigate the delivery of the funds and the alleged shortage.	08/27/13
Representative, Florida	Non-delivery and theft of media mail	Postal management determined the package did not qualify for reduced Media Mail rate. Items sent via Media Mail are subject to review and are returned to the mailing address if the rate is incorrectly applied. We could not determine if the package had been returned to the shipper as the signature on the mailing was illegible and the credit card number incomplete. The complainant did not retain information on the identity of the seller. We found no evidence of mail theft.	09/05/13
Representative, Maryland	Hostile work environment and postal management misconduct, including mail and time and attendance fraud	Complainant withdrew his complaint. We found no issues that would cause us to override his request.	07/22/13
Representative, Maryland	Management committed time and attendance fraud by not paying an employee for overtime hours worked in 2012	Our Office of Investigations conducted an investigation, but found no pattern of overtime hour deletions or other time and attendance irregularities. As of late June, management had corrected the pay.	07/29/13
Senator, Idaho	Non-delivery of mail package with an urn containing ashes shipped from Idaho to Ohio	A postal scan on the package in Illinois led us to conclude the container had likely been mixed with empty equipment at the Cincinnati P&DC and returned to Illinois for storage for at least several weeks, despite assurances the P&DC had checked all empty equipment. Management confirmed, as inspectors had noted, that registry personnel had not been keeping a detailed log of incoming registered pieces. Management reported it reinstated the proper process. Once located, the package was delivered on May 9.	06/13/13
Representative, Florida	Requests reward for providing OIG information that led to an arrest	The OIG offers rewards only under extremely restricted circumstances involving undercover operations (seldom involving internal mail theft, and always approved in advance). Even then, the reward is based on substantial risk or hazards the informant encountered. The poster complainant relied on was issued by another agency and dates from a time that different reward practices were in place.	07/11/13
Representative, Florida	Theft of mail about the future of the Postal Service sent to a U.S. Senator	The ricin letter incidents of April 2013 impacted mail going to the U.S. Senate in general, and may have affected delivery of complainant's mailpiece, but we could not document that specifically. Complainant alleged his return address was targeted. Postal Service personnel advised us mail is redirected based on the destination address, not the return address. We did not substantiate his allegation that Postal Service management tampered with and stole mail he sent to the U.S. Senate.	09/04/13
Senator, Maryland	Hostile work environment; postal management misconduct including mail and time and attendance fraud	Complainant withdrew his complaint. We found no issues that would cause us to override his request.	07/25/13

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Requestor	Allegation/ Concern	Major Findings	Closure Date
Senator, New Jersey	Hostile work environment; postal management misconduct including harassment, intimidation, slander, and bullying	We found no related complaints or EEO complaints concerning postal management. Management promptly investigated the complaint in 2012 and determined that the incident did not rise to the level of workplace harassment or assault. However, it took responsive steps concerning a supervisor's role in an altercation by requiring training. We confirmed the training was completed in the summer of 2012. The complainant did not provide any specific information to support his complaint of slander, intimidation, or bullying.	09/25/13
Senator, Michigan	Additional documentation regarding non-delivery and theft of Political Mail	The documentation the mail house provided was from a Basic IMB mailing, using a hardcopy statement, not the electronic version needed for tracking. We took the opportunity to raise the issue of financial responsibility for the loss. Management advised that, based on the OIG investigation, it can authorize reimbursement for the postage of the mailing.	07/11/13
Senator, Ohio	Misconduct by OIG agents	Allegations stemmed from an investigation we conducted in 2011, when we recovered about 4,190 pieces of mail dated for delivery in 2005 and 2006, including state and federal tax refunds and assistance payments. We referred our findings to the prosecutor. In March 2012, complainant was indicted on five counts of theft; one count of aggravated theft; and five counts of receiving stolen property. In response to senator's inquiry, we reviewed OIG videotape evidence showing the house prior to and at the conclusion of the 2011 search. Our investigation found no evidence of agent misconduct.	07/11/13
Senator, Texas	Whistleblower retaliation, i.e., denial of Workers' Compensation because of a protected communication, and OIG agent misconduct, i.e., denying access to medical care and providing inaccurate information to the Department of Labor (DOL).	We reviewed the complainant's whistleblower retaliation claim and found no evidence of a protected communication, one of four required elements for whistleblower retaliation claims. Therefore, we declined to proceed with the retaliation claim. We also conducted interviews and a review of documents regarding management's role in the denial of Workers' Compensation. We found management contacted the OIG because of discrepancies in complainant's documentation; we had advised that the evidence of injury he provided did not support his claim. After a review, the DOL denied his claim for compensation.	07/22/13
Representative, California	Theft of mail containing a credit card and misconduct by a Postal Service employee	We investigated 13 fraudulent gas station charges totaling \$1,581 following the reported theft of a gas charge card from the mail. Video surveillance and transaction information did not lead us to identify the individuals, or find a link to the Postal Service. We referred our findings to the Postal Inspection Service, which addresses external theft. We also looked into complainant's claim of rude behavior at a post office. Management was aware of a clerk's problems handling customer issues and complaints and was addressing the problems and making improvements.	9/30/13
Senator, Indiana	Postal employee misconduct, including abuse of postal equipment and damage to private property	We found that in May, OIG agents had already investigated unrelated incidents involving this employee. After concluding our earlier work in May, we provided our investigative findings to Postal Service management for administrative action. In July, we confirmed the carrier is no longer employed by the Postal Service.	08/13/13
Representative, Virginia	Postal management misconduct including forged signature on a letter of warning (LOW), which affected ability to compete for other jobs	We substantiated the allegation that the signature on the LOW was not the complainant's, and that it was retained in the Official Personnel Folder beyond the 2-year limit. We confirmed management removed the LOW in December 2012. Labor relations personnel we interviewed asserted the LOW would not have been available to hiring officials, so it would not have affected complainant's job prospects. We referred our findings to postal management for action deemed appropriate.	09/26/13
Senator, Nevada	Disparate treatment based on age	Facts the complainant presented relate to EEO law. The OIG does not have jurisdiction to investigate those issues. The OIG will not interfere with review in the proper venue.	07/22/13
Senator, Mississippi	Non-delivery of mail containing a stock certificate insured for \$1,000, sent from Mississippi to Massachusetts	We found the transporter of the Registered Mail on that date retained no documentation, although he apparently obtained a signature on delivery of the dispatch. The Postal Service and the issuer of the stock resolved the issue, but we continue to be concerned about the failure to safeguard the mail and to follow procedures. We planned to meet with the plant manager to discuss procedures for handling Registered Mail.	09/25/13
Senator, South Carolina	Non-delivery of mail containing a firearm	The investigation did not identify the whereabouts of the missing parcel or determine whether it was in fact stolen or simply lost. We worked with the National Crime Information Center, the Mail Recovery Center in Atlanta, and the local police department, in case the firearm is pawned or recovered.	09/25/13

## Appendix J

Requestor	Allegation/ Concern	Major Findings	Closure Date
Representative, Missouri	Tampering with and theft of mail containing checks	The Postal Service determined that automated postal sorting machines could not read the address as the sender's window envelopes did not fit the checks. As the face of the check shifted during processing, machines read incorrect barcode information. As a result the mail was misrouted and delivery was delayed. Postal managers discussed the problem with the sender, who took corrective action. We could not determine the cause of apparent tampering with other mail.	09/25/13
Senator, North Carolina	OIG and postal management harassment following an on-the-job injury	We coordinated with other parts of the Postal Service and could not account for the assertion that we were monitoring the complainant. As to claims that we were electronically monitoring the complainant, we noted the Supreme Court recently limited the use of electronic monitoring devices without a warrant.	09/12/13
Senator, Maryland	Non-delivery and theft of mail	Complainant moved and is no longer the senator's constituent.	08/20/13

### Inspector General (IG) Audits / Risks Analysis Research Center Reports (9)

Requestor	Allegation/Concern	Major Findings/Resolution	Closure Date
Chairwoman, Senate Committee	Committee requests information about management of detail assignments	OIG produced audit DP-AR-13-006, Management of Detail Assignments. We found the Postal Service did not effectively manage detail assignments. Specifically, the Postal Service did not ensure compliance with detail assignment policies and was unable to identify who was on detail and the associated costs. We recommended the Postal Service assign the responsibility for managing detail assignments and associated travel costs to the appropriate functional area.	05/23/13
Senator, Pennsylvania	Senator requests an audit of the consolidation of the New Castle Processing and Distribution Facility and the Greensburg Customer Service Mail Processing Center into the Pittsburgh Processing and Distribution Center	OIG produced audit NO-AR-13-004, New Castle and Greensburg, PA consolidation. The consolidation should produce a cost savings of about \$3.3 million the first year and \$8.9 million annually in subsequent years. However, we found that the Postal Service did not terminate, seek buyout opportunities, or sublet leases for facilities vacated as a result of the consolidation. We recommended coordination with the Facility Service Office when rental space is vacated to ensure appropriate lease termination actions are taken.	08/16/13
Ranking Member, Senate Committee	Committee requests analysis and report analyzing the impact of postal price regulations on the Postal Service's financial condition	RARC examined the regulatory framework for pricing imposed by the Postal Accountability and Enhancement Act, and evaluated alternatives that might provide a better fit. The detailed report notes a critical issue with the price cap: as mail volume declines, the CPI-only price cap does not reflect the additional burdens placed on each product to financially support the expanding network. The report also notes the potential to retain price regulation, but with key modifications that take into consideration declining volume and the expanding delivery network.	04/12/13
Senator, Vermont	Senator requests analysis of pensions and retiree healthcare provisions; and analysis of authority to offer non-postal products on long-term financial sustainability	Our Audit team conducted analysis and responded. We issued a Primer on Postal Challenges, which provides the OIG's assessment of the key issues involved in preparing the Postal Service for the future. This document provides a background on Postal Service issues, as well as the short- and long-term options under discussion to help the Postal Service recover and continue to serve the country.	04/29/13
Senator, Vermont	Senator requests analysis using different assumptions	We conducted additional analysis and responded.	04/29/13

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Requestor	Allegation/Concern	Major Findings/Resolution	Closure Date
Chairman, Senate Committee	Committee requests copy of the campaign mail report	Additional opportunities exist for the Postal Service to increase political mail revenue. The Postal Service has limited ability to influence state and local election officials in adopting a 100-percent vote-by-mail process. However, nonballot election mail, such as absentee request forms, may provide opportunities for increased sales of about \$1.2 million in the next general election by addressing citizen groups that are eligible to vote but not yet registered. We recommended the Postal Service develop a strategy to increase the sale of nonballot election mail products to citizen groups that are eligible to vote but not registered.	06/19/13
Chairman and Ranking Member, House Committee	Committee requests update on status of recommendations from OIG audits	We responded with information in June. As of May 31, 2013, there were 238 open and unimplemented recommendations, 78 of which had an estimated monetary impact of over \$69 billion. Additionally, since May 31, 2012, our office has deemed 161 recommendations as accepted and implemented by the Postal Service.	06/28/13
Ranking Member, Senate Committee	Committee requests briefing on price caps and attributable costs	We provided an in-person briefing in June.	06/28/13
Representative, Ohio	Additional information; audit of the Toledo, OH P&DC AMP study	Information provided to audit staff.	09/10/13

### General Counsel and Support Functions (6)

Requestor	Allegation/ Concern	Major Findings/ Resolution	Closure Date
Ranking Member, Senate Committee	Committee requests unredacted copy of the SEC report of investigation	Withdrawn	04/05/13
Chairman, Senate Committee	Committee requests copy of the Dover misconduct report	We provided the report in full for the committee and with redactions for distribution to constituents.	05/07/13
Senator, New Mexico	Obstruction of Hotline mailbox as entry point for complaints to the OIG	We reviewed the complaint and found indications this document delivery problem was an information technology issue.	06/18/13
Representative, Pennsylvania	Requests information entered by a third party be removed from OIG blog feed	We removed the information.	07/01/13
Representative, New York	Wrongful termination	We assessed OIG jurisdiction over matters raised. We noted administrative remedies might have been appropriate venues to resolve the complaint. To the extent allegations involve managerial misconduct, investigative work would be hampered by passage of time and unavailability of parties no longer subject to OIG jurisdiction. Therefore, we did not refer it for investigation.	08/09/13
Representative, Utah	Postal management misconduct; violation of hiring policies	The matters concerning complainant's right to re-employment are not within OIG jurisdiction. We found no basis to review this postal personnel matter.	08/08/13

### Referrals (5)

Requestor	Allegation/ Concern	Major Findings/ Resolution	Closure Date
Senator, Pennsylvania	Postal management misconduct; violation of policy; inappropriate conduct	Referred to Office of Government Relations	04/29/13
Representative, Pennsylvania	Information only; mail forwarding issues	Referred to Office of Government Relations	05/03/13
Representative, Ohio	Requests record of complaint	Referred to Office of Government Relations	05/30/13
Representative, Missouri	Tampering with and theft of mail	Referred to Office of Government Relations	06/28/13
Representative, Delaware	Improprieties in denial of Workers' Compensation appeals	The issues are within the jurisdiction of the Department of Labor.	09/25/13

## SUPPLEMENTAL INFORMATION

### Freedom of Information Act

The OIG Freedom of Information Act (FOIA) Office operates independently of, but frequently coordinates with, its counterparts at the Postal Service and the Postal Inspection Service. The FOIA Office receives requests for records from the public, the media, and postal employees. The FOIA, according to the Department of Justice, “generally provides that any person has a right, enforceable in court, to obtain access to federal agency records, except to the extent that such records (or portions of them) are protected from public disclosure by one of nine exemptions.”

For the period April 1 — September 30, 2013

Requests	Number of Requests
Carryover from prior period	27
Received during period	294
<b>Total on hand during period</b>	<b>321</b>

Actions	Number of Requests
<b>Processed during the period</b>	<b>294</b>
Requests denied in full	11
Requests granted in full	9
Requests denied in part	133
No records	54
Requests referred	20
Requests withdrawn	19
Fee-related reasons	—
Records not reasonably described	—
Not a proper FOIA request for some other reason	7
Not an agency record	40
Duplicate request	1

Balance	Number of Requests
Balance at the end of the period (pending)	27

Processing Days	Number of Days
Median processing days to respond to a FOIA request	8

### Workplace Environment

The OI Workplace Environment unit reviews workplace environment and operational issues that may affect workplace climate in postal facilities through the country. The OIG Hotline is the usual source for the complaints, but occasionally members of Congress, the Governors, and postal management will raise concerns or forward complaints appropriate for review by the unit. Complaint topics range from sexual harassment and discrimination to workplace safety. Workplace Environment reviews are designed to identify systemic, rather than individual, issues and foster postal management efforts toward providing employees a stress- and adversity-free work environment.

The unit accepts complaints from any postal employee, including OIG and Postal Inspection Service staff. Reviews may result in fact-finding reports to management or referral for specific suggested action, such as climate assessments.

#### Activities

For the period April 1 — September 30, 2013

Complaints Received	Total
Carried over from previous quarter(s)	21
Complaints received from OIG Hotline, Congress, Governors, management, internal, and other:	263
<b>Total on hand during this period</b>	<b>284</b>

#### Workplace Environment Actions

Complaints reviewed and closed during the period	243
Referred to Postal Inspection Service	—
Referred to Office of Audit	—
Referred to Office of Investigations	2
Referred to Workplace Environment	41
Referred to Hotline	1
Referred to Summary of findings to Congress/BOG/ Postal Service Management	96
Referred to FOIA	—
Referred to AIG for Investigations	—
Referred to Database for statistical analysis and possible systemic review	103



## Acronym Guide

Here is a quick guide to acronyms used in this reporting period.

<b>APPS:</b> Automated Package Processing System	<b>NALC:</b> National Association of Letter Carriers
<b>APWU:</b> American Postal Workers Union	<b>NCSC:</b> National Customer Support Center
<b>C&amp;A:</b> certification and accreditation	<b>NDC:</b> network distribution center
<b>CSRS:</b> Civil Service Retirement System	<b>NPV:</b> net present value
<b>CSS:</b> customer service supervisor	<b>OA:</b> Office of Audit
<b>DBCS:</b> Delivery Barcode Sorter	<b>OI:</b> Office of Investigations
<b>DOL:</b> U.S. Department of Labor	<b>OWCP:</b> Office of Workers' Compensation Programs
<b>DEA:</b> Drug Enforcement Administration	<b>P&amp;DC:</b> processing and distribution center
<b>DWC:</b> distribution window clerk	<b>P&amp;DF:</b> processing and distribution facility
<b>eCBM:</b> Electronic Conditional Based Maintenance	<b>PAEA:</b> Postal Accountability and Enhancement Act of 2006 (also known as the Postal Act of 2006)
<b>EDDI:</b> Electronic Data Distribution Infrastructure	<b>PKI:</b> Public Key Infrastructure
<b>EDI:</b> Electronic Data Interchange	<b>PRC:</b> Postal Regulatory Commission
<b>EIR:</b> Enterprise Information Repository	<b>PVS:</b> Postal Vehicle Services
<b>FEGLI:</b> Federal Employees' Group Life Insurance	<b>RARC:</b> Risk Analysis Research Center
<b>FEHB:</b> Federal Employees Health Benefits	<b>SBOC:</b> Stations and Branches Optimization Consolidation
<b>FSS:</b> Flats Sequencing System	<b>SSA:</b> sales and services associate
<b>GMU:</b> George Mason University	<b>TACS:</b> Time and Attendance Collection System
<b>HCR:</b> highway contract route	<b>VMF:</b> Vehicle Maintenance Facility
<b>LLV:</b> long-life vehicles	
<b>MTE:</b> mail transport equipment	

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## Who do I call?

The U.S. Postal Service has two law enforcement agencies with distinct areas of investigative responsibility to serve the needs of stakeholders, postal employees, and the American public.



### Office of Inspector General

- Theft, delay, or destruction of mail by employees and contractors
- Workers' compensation fraud
- Embezzlements and financial crimes
- Contract fraud
- Kickbacks
- Computer crimes
- Narcotics
- Employee misconduct
- Internal affairs and executive investigations
- Whistleblower reprisals

**Contact: 888-877-7644**  
[www.uspsolg.gov](http://www.uspsolg.gov)



### Postal Inspection Service

- Security of employees, facilities, and equipment
- Revenue and postage fraud
- International mail security
- Violent crimes:
  - Threats and assaults of employees
  - Burglaries and robberies
- Mail theft by nonemployees
- Dangerous mail and bombs
- Mail fraud
- Identity theft
- Narcotics in the mail
- Child pornography and obscenity

**Contact: 877-876-2455**  
<http://postalinspectors.uspis.gov>