



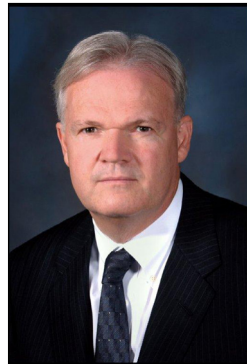
UNITED STATES POSTAL SERVICE
OFFICE OF
INSPECTOR GENERAL

FALL
2015

SEMIANNUAL REPORT TO CONGRESS
APRIL 1 – SEPTEMBER 30, 2015



A Message From The Inspector General



This report, submitted pursuant to the Inspector General Act, outlines our work and activities for the 6-month period ending September 30, 2015.

During this period, we issued 99 audit reports, management advisories, PARIS risk models and white papers, and the Postal Service accepted 84 percent of our significant recommendations. We completed 2,216 investigations that led to 415 arrests and nearly \$47 million in fines, restitutions, and recoveries, \$22 million of which was turned over to the U.S. Postal Service.

Independence and a right to access are the foundation of the Inspector General system. For OIGs to work effectively to uncover waste, fraud, and mismanagement, access to information is necessary — something Congress has reiterated in recent hearings. Our office has encountered several incidents this year in which access to documents and electronic records was restricted in a significant enough way as to be reportable to Congress. We have worked collaboratively with the Postmaster General to address this issue, and on March 15, 2015, she issued a strongly worded memorandum to her officers in response. This response and the Postmaster General's willingness to reinforce the message are greatly appreciated.

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.

A handwritten signature in black ink that reads "David Williams". The signature is written in a cursive, flowing style.

David C. Williams
Inspector General

Summary of Performance

For the period April 1 — September 30, 2015

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.

SUMMARY OF PERFORMANCE

For the Period April 1 — September 30, 2015

AUDIT

Funds put to better use	\$140,081,864
Questioned Costs	\$455,710,261
Revenue Impact	\$1,271,382,118

TOTAL \$1,867,174,243

Reports issued	99
Significant recommendations issued	138
Total reports with financial impact	25

INVESTIGATIONS¹

Cost Avoidance	\$204,254,384
Fines, Restitution, and Recoveries	\$46,863,637
Amount to the ² Postal Service	\$22,358,514

Investigations Completed	2,218
Arrests	415
Indictments/Informations	337
Convictions/pretrial diversions ³	460
Administrative actions	1,255

OIG HOTLINE CONTACTS

Telephone Calls	32,873	Voice Mail Messages	275
E-mail	19,343	Facsimile - FAX	174
Standard Mail	739	National Law Enforcement Communications Center	245

¹ Statistics include joint investigations with other law enforcement agencies.

² Amounts include case results of joint investigations with other OIG, federal, state, and local law enforcement entities.

³ Convictions reported in this period may be related to arrests in prior reporting.

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Office of Audit

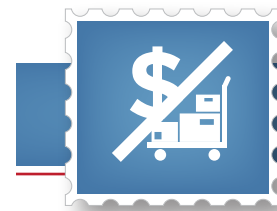
Significant Audit Work

For the period April 1 — September 30, 2015

Management Response to Audit Work

The OA adheres to professional audit standards and presents its audit work to management for comments prior to issuing a final report. Unless otherwise noted, management has agreed or partially agreed with our recommendations and is taking or has already taken corrective action to address the issues raised. *OIG white papers explore strategic ideas for ways to enhance the viability and efficiency of the Postal Service. These white papers are presented to Postal Service management for consideration and contain no recommendations.*

The Office of Audit (OA) conducts and supervises objective and independent audits and reviews of Postal Service programs and operations. It also assesses compliance with laws and regulations, and evaluates internal controls. OA keeps Congress, the Postal Service Board of Governors, and management informed of problems, deficiencies, and corresponding corrective actions. Generally, audit resources are aligned with those of the Postal Service vice presidents and major functional areas, allowing the OA to focus efforts where there is the greatest potential risk to Postal Service management and operations.



Finance and Supply Management

Innovative Promotion Highlights Challenges of Stamp Initiatives

Philatelic Initiatives

Our review of philatelic initiatives revealed the Postal Service created and improperly distributed a philatelic rarity by printing 100 sheets of the Un-Inverted Jenny stamp along with 2.2 million sheets of the Inverted Jenny stamp. The stamps were a part of a promotion intended to encourage interest in stamp collecting by highlighting one of the most famous stamps in American philately, the Inverted Jenny. But we found that the legal department did not approve the distribution and fulfillment plan, and the Postal Service randomly selected three customers to receive a free Un-Inverted Jenny stamp sheet. While Postal Service philately policy is vague, it does prohibit intentionally creating a philatelic rarity. In this case the rate stamp sheets, which were worth \$12 each, sometimes sold for much more in the secondary market — as much as \$55,000 in one case. We recommended the Postal Service develop a formal process for philatelic promotions and a plan for the Un-Inverted Jenny stamps that remain in inventory, and also revise the Postal Operations Manual to clarify language regarding philatelic rarities.

CBRE Real Estate Transactions Could Be Better Managed

Postal Service Management of CBRE Real Estate Transactions

We found CBRE Group, Inc. (CBRE) is allowed to collect commissions from lessors when they negotiate leases with the Postal Service while CBRE is also being paid by the Postal Service based on performance targets for lease renewals. The Postal Service also allows dual agency transactions in which CBRE represents and negotiates for both the Postal Service and the buyer or lessor, creating inherent risks and conflicts of interest. In addition, management has not fully implemented an earlier *OIG* recommendation to designate contracting officers' representatives to monitor contract performance and approve payments to CBRE.



Contributing Factors



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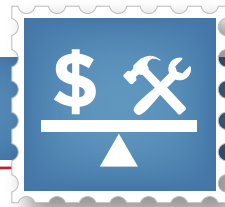
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For the period April 1 — September 30, 2015

We recommended the Postal Service terminate and re-compete its contract with CBRE for real estate management services. In the interim, the Postal Service should prohibit CBRE from collecting commissions from opposing parties while negotiating leases; prohibit dual agency representation; and notify lessors they are not required to pay commissions. The Postal Service disagreed with significant portions of the report, including the recommendation that it terminate and re-compete the CBRE real estate management contract. Notwithstanding the Postal Service's disagreement with portions of the report, the Postal Service removed the opportunity for dual agency representation with respect to Postal Service leasing transactions and eliminated the contractual provisions that permitted CBRE to earn performance based incentives under the CBRE contract.



Revenue and Resources

Mail Cover Program Safeguards Recommended

U.S. Postal Inspection Service Mail Covers Program - Phase II

Mail covers are investigative tools used to track criminal activity. Following specified procedures, authorized personnel copy the information on the outside of a mailpiece and provide it to law enforcement for investigative purposes. In this follow-up report on mail covers, we found that, although the U.S. Postal Inspection Service implemented mail cover controls in FY 2015, more improvements are needed. Postal Service and Postal Inspection Service personnel were still not ensuring accountable documents were returned promptly.

For external requests, 49 of the 75 files we sampled (65 percent) from the prior audit work as well as 16 mail cover files we judgmentally selected from FY 2015 had accountable information that was not returned promptly, not returned at all, or not retained. Internal mail cover requests from postal inspectors had similar issues. Specifically, Postal Inspection Service personnel closed 79 of the 120 mail cover files (66 percent) during FYs 2012 through 2014 without PS Forms 2009, Information Concerning Mail Matter, being returned. In addition, we found accountable documents for 10 of the 16 mail cover files judgmentally selected from FY 2015 (63 percent) were also not returned. Also, Postal Service employees who were responsible for documenting mailpiece information at 9 facilities selected for review did not always safeguard this information, follow procedures for recording information, or complete the mail cover.

We recommended the chief postal inspector attempt to obtain outstanding accountable documents and establish formal procedures for monitoring and tracking them. We also recommended the chief postal inspector study how the use of electronic media could impact the confidentiality and security of mail covers, set guidelines for annually reporting mail cover statistics, and work with Postal Service management to establish training requirements on handling and safeguarding mail covers. Management partially disagreed with the recommendations, stating that procedures for monitoring the return of mail cover-related material are already in place.

Programs Aim for High-Quality Retail and Commercial Customer Service

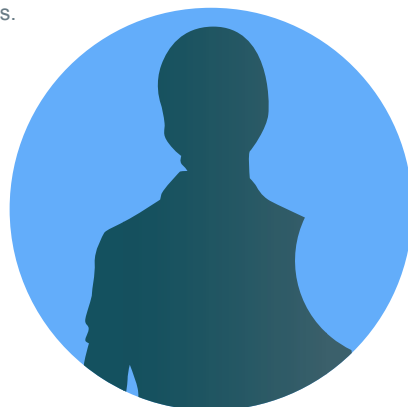
The Postal Service has initiatives aimed at offering high-quality service to retail and commercial customers, as well as programs to enhance its services to improve relationships with business mailers. Recent audits evaluated several of these efforts and made recommendations to improve services the Postal Service provides. Specifically, we looked at Customer Care Centers, the Premier Office Program, and implementation of Seamless Acceptance.

Customer Care Centers

Residential and business customers used toll-free telephone numbers to place more than 52 million calls in FY 2014 to the Postal Service seeking information on Post Office hours, prices, or service concerns. Sixteen million of these calls were routed to the four Customer Care Centers (Care Centers), which either immediately responded to the requests or routed calls to local operations staff for more information. We reported significant opportunities to improve the Care Centers. The quality assurance reviews were insufficient and most were not completed correctly, resulting, we estimated, in \$1.05 million in disbursements at risk in FY 2014. In addition, we found no standardized process in the field to improve management and monitoring of employees and no meaningful performance metric to evaluate the quality of information given to callers.

We recommended management develop controls to ensure quality reviews are performed on time and calls are randomly chosen for review; establish a standardized, consolidated reporting process for field supervisors; and develop a performance goal for quality of information. Management agreed with our recommendations and findings but disagreed with our calculation of disbursements at risk.

Click on a chat bubble to reveal details on responses.



Premier Office Program

The Postal Service established 3,088 of its 32,000 post offices as Premier Offices. The Premier Office program goals are to improve customer experiences and cost efficiency, and also maximize revenue at these facilities. We reviewed the program and found it can be improved. First, the Postal Service lacks a comprehensive methodology for evaluating program performance, which is currently measured using a customer service survey. Although survey results are important, this one indicator is not sufficient to measure program effectiveness. For example, revenue, cost-efficiency, and relevant customer-related data are not included in the measurement.

Second, the physical appearance of customer service areas at certain offices was lacking — chipped countertops, broken glass, empty retail displays, and litter were evident. Management at half of the offices we visited (12 of 24) did not know they could request repair and alteration funds as part of the program.

We recommended management develop a more robust methodology for evaluating program performance that includes customer experience, cost efficiency, and revenue metrics. We also recommended management better communicate procedures for requesting funds for repairs and alterations.

Seamless Acceptance Implementation

The Postal Service is transitioning to Seamless Acceptance (SA) of business mail, in which electronic documentation from the mailer, intelligent mail barcodes, and scanning devices are used to verify that letter and flat mail meets applicable standards and proper postage is collected. Twenty-nine mailers volunteered to use SA with another 288 participating in a preparatory phase of the program called Seamless Parallel. We evaluated implementation of SA and found it is hampered by ongoing data integrity issues. Also, customer service is not always effective because staff members do not have access to data needed to address customers' issues. Finally, information about SA issues is not consistently communicated to mailers. We recognize implementing such a complex system is challenging, but delays can be costly: We estimate \$1.9 million of SA funds committed but unspent and \$89.8 million in potential cost-savings over 2 years are at risk if corrective actions are not taken.

Hover over steps for more information

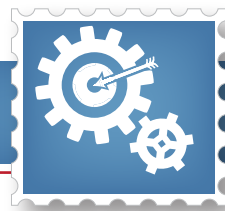
We recommended the Postal Service develop a comprehensive plan to integrate the information systems that support the move to SA, ensure staffers have access to SA information needed to respond to customers, and periodically communicate with all mailers participating in SA. Management disagreed that delays have put 2 years of cost-savings at risk and disagreed with our data integrity examples.

Government Mail Could Be Growth Area

Government Mail

The Postal Service could increase revenue by enhancing its sales and marketing efforts to government mailers. Postal Service competitors have a larger share of certain government package markets. Mailers we spoke with identified pricing, product, and service considerations that influenced them to use the Postal Service's competitors, but we found the Postal Service could provide better value in certain instances, such as for products weighing less than 1 pound. The Postal Service might also be able to generate revenue by promoting its mailing partners' capabilities. The Postal Service could, for example, work with mailing partners to offer presorting to the 28 percent of federal agencies that do not currently presort.

We recommended the Postal Service more effectively promote its prices, products, and performance to government mailers and also promote mailing partners' capabilities. The Postal Service disagreed with the recommendation, saying it already promotes the benefits of worksharing discounts and developed a proactive strategy in which sales staff members sell to government customers, including federal agencies.



Mission Operations

Mail Delivery Faces Unprecedented Challenges

FY 2015 was a time of unique challenges in mail and package delivery operations. The explosion in ecommerce has led to significant growth in package volume — with the Postal Service expecting to see a 5-6 percent increase in the number of packages it delivers each year through FY 2017. During the peak holiday mailing season in December 2014, the Postal Service faced the challenge of delivering a record number of packages while maintaining quality service.

Meanwhile, beginning in January 2015, significant changes to the Postal Service's mail processing network occurred over a short period of time as the Postal Service began the second phase of its initiative to optimize the network. These included changes to the service standards for several classes of mail, consolidation of mail processing facilities, and expanded windows of operation for mail processing equipment. There were also a number of extreme weather days during this period. These factors combined to impact mail delivery.

Given the importance of prompt, reliable delivery to the Postal Service brand, we examined its peak season FY 2014 package delivery and concerns about delayed mail in early 2015.

Substantial Increase in Delayed Mail

We found in the first 6 months of 2015 delayed mail processing increased by about 494 million mailpieces (a 48 percent increase) compared to the same period last year. We also found External First-Class Measurement scores declined by up to 6.71 percent for 2-day service and up to 38.60 percent for 3-day service compared to the same period last year right after the service standards were revised in January 2015. Since the revisions were first implemented, timeliness of mail processing has begun to improve and the volume of delayed mail has declined. Likewise, service scores have begun to rebound for both 2- and 3-day mail. Nevertheless, service is not where it was during the previous year and the network still needs to stabilize.

We recommended management continue to monitor and mitigate delayed mail processing as appropriate, ensure appropriate staffing levels, and conduct training to ensure mail is processed promptly. We also recommended management ensure appropriate transportation is in place to help meet the new service standards. Additionally, we recommended establishing criteria for determining if the network has stabilized, and ensure the criteria are met prior to resuming the network optimization efforts, which were put on hold in May 2015. The Postal Service disagreed that all optimization efforts should stop until it meets all criteria that ensure the network has stabilized.

Package Processing Performance During the December 2014 Peak Holiday Season

We found package processing improved during the December 2014 peak holiday season. Specifically, total workload increased by 88.2 million packages while delayed packages decreased by 1.8 million compared to the same period last year. At the same time, service scores for packages increased in 6 of the 9 package categories. While it was a successful season, processing of commingled Priority Mail and First-Class Mail packages could have caused processing delays, and we recommended those products be segregated. Delayed deployment of a new package processing machine and too few temporary workers also contributed to delays. We recommended the Postal Service ensure machines are installed before the peak season and improve the timing and prioritization of hiring temporary workers for the next peak season. Management disagreed with our methodology for calculating revenue at risk, but agreed with the recommendations.

Foreign Posts Offer Delivery Fleet Ideas

Benchmarking of Delivery Fleet Replacement Strategies

The Postal Service operates one of the largest vehicle fleets in the U.S., with nearly 190,000 vehicles used to collect and deliver mail. The Postal Service's plan to replace the fleet over 12 years began in FY 2015. To inform this process, we benchmarked the Postal Service fleet replacement strategy against those of five foreign posts — Deutsche Post, Posti, PostNord, Royal Mail, and Swiss Post. We found the Postal Service strategies were either consistent with or as compelling as the best practices and strategies used by foreign posts. However, our white paper notes that the foreign posts' practices differ from those of the Postal Service in four areas. The foreign posts generally:

- Purchased/leased vehicles annually within a 3- to 9-year replacement cycle.
- Operated their vehicles primarily on diesel/bio-diesel fuels, with limited investments in other green technologies.
- Outsourced vehicle maintenance and repair as part of a vehicle lease agreement.
- Acquired alternative delivery vehicles for distribution of letters and small parcels in urban areas.

We did not make any recommendations in this report. The Postal Service can consider these best practices as it finalizes its strategy for future vehicle acquisitions to ensure an efficient, cost-effective, and sustainable delivery fleet.

AMP Process Justifies Consolidations

Area Mail Processing Consolidations

Area mail processing (AMP) feasibility studies are used to determine whether there is a business case for relocating processing and distribution operations. The Postal Service has used these AMP studies as part of its Network Rationalization Initiatives, which involve consolidating or closing up to 252 of the 487 mail processing facilities across the country. We evaluated the AMP process to determine whether guidelines provide adequate justification and transparency for consolidating facilities.

We found the guidelines do adequately justify the closures and consolidations. We examined 60 consolidations and found they were cost-justified and yielded financial savings, although we calculated those savings to be less than the Postal Service's estimates. But the process could be more transparent. We recommended the Postal Service update AMP guidelines to include establishing a timeframe for consolidating a facility once a feasibility study is approved, define the term "substantive change," which determines when an AMP should be updated, and require weekly updates of the AMP public notification website. Management disagreed in part with the recommendations and disagreed with the calculated savings shortfall.



Technology, Investment, and Cost

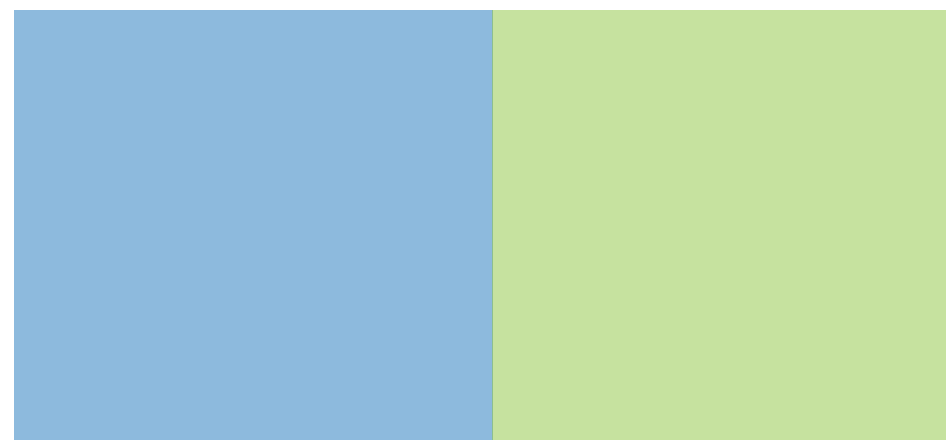
DRIVE Package Initiative Needs More Measurable Goals

U.S. Postal Service's Delivering Results, Innovation, Value, and Efficiency Initiative 43 — Building a World-Class Package Platform

Delivering Results, Innovation, Value and Efficiency (DRIVE) initiatives are used by the Postal Service to manage strategic programs aimed at increasing revenue and reducing costs. DRIVE initiatives are meant to be bold and aggressive, with clear, measurable goals that include deadlines. We found that DRIVE Initiative 43 – Building a World-Class Package Platform had incomplete information and an unreliable project management process. The Postal Service established cumulative goals of increasing domestic package volume and revenue net contribution by FY 2016. However, the Postal Service did not include these goals in the underlying projects or establish a way to accurately measure progress toward meeting the revenue net contribution goal.

We recommended management ensure the DRIVE governance policy is followed by including initiative goals in the underlying projects, ensure all projects have at least one goal measured in the initiative charter, and complete all appropriate forms and obtain all necessary approvals when making changes to initiative and project goals. Management did not agree that DRIVE governance procedures were not followed or that the project management process was unreliable.

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for more information*



Some Workshare Discounts are Obsolete*Workshare Discounts for Automated Mail Processing*

The Postal Service offers workshare discounts to mailers for mail preparation and distribution activities it would otherwise have to perform. We reviewed workshare discounts related to automated mail processing and found some no longer benefit the postal network. Specifically, certain workshare discounts for sorting mail into carrier route delivery point sequence (DPS) duplicates work the Postal Service is doing. As a result, we estimated an unrecoverable revenue loss of \$438 million annually.

We recommended management work with the Postal Regulatory Commission to periodically review existing workshare discounts for opportunities to eliminate obsolete discounts. We also urged management to periodically review workshare discounts and add those that might result in greater efficiency. The Postal Service disagreed with \$343.6 million of the \$452.9 million monetary impact for FY 2014.

Postal Leadership Should Emphasize Cybersecurity*U.S. Postal Service Cybersecurity Functions*

The Postal Service has initiated several positive changes since the cyber intrusion announced in November 2014. But our audit, which focused on a period of time up to the breach, revealed that management could improve its information technology security by re-aligning cybersecurity culture, resourcing, and strategy with industry best practices. We found Postal Service leadership had not emphasized cybersecurity responsibilities across its business operations. Also, staffing and support for cybersecurity functions were limited to basic operations and compliance with legal and industry requirements. In addition, the Postal Service lacked a comprehensive risk-based cybersecurity strategy.

We recommended management develop, execute, and communicate a cybersecurity strategy to embed a strong cybersecurity culture into daily operations, and also provide adequate staff and resources for cybersecurity operations. We also recommended it develop a strategy to enable the organization to exercise the appropriate governance and incident response.



Risk Analysis Research Center

The Risk Analysis Research Center (RARC) conducts in-depth research and analysis on postal issues to identify opportunities for revenue growth and increased operational efficiencies. OIG white papers explore strategic ideas for ways to enhance the viability and efficiency of the Postal Service. These white papers are presented to Postal Service management for consideration and contain no recommendations.

Enhancing the Value of Mail: The Human Response

Advertising mail accounted for over \$20 billion — or 31 percent — of the Postal Service's total revenue in fiscal year 2014. However, marketers have increasing choices of media available to them in today's rapidly growing digital world. Understanding physical ad mail's unique qualities and how people respond to them could enable the Postal Service to identify potential new opportunities to maintain and enhance this critically important source of revenue.

We worked with Temple University's Center for Neural Decision Making to study people's responses to physical and digital media in the consumer buying process, including memory of products advertised and intent to purchase. Instead of only using surveys, which rely on people's stated or conscious preferences, we also monitored physiological and neurological activity to understand the subconscious response. Known as neuromarketing, this rigorous scientific method uses technologies like eye tracking, heart-rate measurement, and MRIs to measure a person's reaction to various stimuli.

Our study builds on work done by the U.K.'s Royal Mail showing physical media generates greater activity in certain parts of the brain than digital media. The results revealed some distinct neurological and physiological responses to digital and physical media: participants processed digital ad content quicker but spent more time with physical ads; participants had a stronger emotional response to physical ads and more easily recalled physical ads, both crucial when making a purchase decision; and physical ads triggered greater brain activity responsible for value and desirability for featured products, which signal a greater intent to purchase. These results could help companies improve their marketing strategies and also help the Postal Service better understand the effectiveness of ad mail.

The Internet of Postal Things

The Internet of Things refers to interconnecting networks of physical objects embedded with digital sensors that can collect, transmit, and act upon a wide variety of data. The OIG, in conjunction with IBM, examined how this technology could be applied to create an Internet of Postal Things (IoPT) that could increase efficiency, lower costs, generate revenue, and improve customer service.

In our report, we note that the Postal Service has a vast and rich infrastructure that could be adapted to create an IoPT. We also identify more than a dozen IoPT applications that could be developed in four key categories:

- Transportation and logistics — Sensors on postal vehicles to increase efficiency through predictive maintenance, fuel management, and real-time dynamic routing.

- Smart postal buildings — Sensors to not only increase security and reduce energy consumption, but also improve customer convenience through, for example, equipping clerks with wearables to help them find what customers need.
- Neighborhood services — Sensors on postal vehicles, carrier devices, and mailboxes that could perform tasks useful to local authorities, such as monitoring air quality or identifying potholes.
- Enhanced mail and parcel services — A mailbox, for example, that could “sign” for parcel delivery, store it securely, and notify the recipient of its arrival.

We also discuss how the Postal Service can start building the IoPT in ways that account for privacy and other concerns.

Modes of Delivery and Customer Engagement with Advertising Mail

Delivery to curbside mailboxes or neighborhood cluster box units costs less than delivery to the door. But do curbside and cluster box delivery result in a lower level of customer engagement with mail? To find out, the OIG asked the market research firm InfoTrends Inc. to conduct a survey of 5,000 postal customers. The OIG then asked Professor Michael Bradley of George Washington to analyze the survey data to determine how customer engagement with advertising mail varied by mode of delivery.

The survey results showed that customers with delivery to the door reported significantly higher levels of engagement with most kinds of advertising mail than did customers with curb or cluster box delivery. These findings are especially important because advertising mail is critically important to the Postal Service's finances. The paper suggests that the Postal Service do more to understand the impact these findings could have on the effectiveness of advertising mail.

The Road Ahead for Postal Financial Services

More than a quarter of households in this country either don't have a bank account, or have an account but also rely on often expensive alternative financial services like check cashing and payday lending. These underserved households are looking for more affordable options, and the Postal Service may be able to help. In this follow-up to our January 2014 white paper, the OIG responds to a request from Congress and assesses potential approaches the Postal Service could take for expanding the financial services it offers.

The Postal Service already has a presence in the financial services market, as it is the largest single provider of paper money orders — the most widely used alternative financial service in the United States. In fiscal year 2014, the Postal Service sold 97 million money orders with a face value of \$21 billion. Through its unmatched nationwide retail network, the Postal Service also offers international money transfers, prepaid gift cards, and limited check cashing.

Under its current legal authority, the Postal Service may be able to expand into new products related to its existing offerings. This may include payroll check cashing, domestic money transfers between post offices, bill payment services, and international money transfers to additional countries, and other affordable products. Working with financial consultancy Mercator Advisory Group, the OIG estimated that a suite of expanded financial services based on what the Postal Service may be able to offer under current law could bring in \$1.1 billion in annual revenue after a 5-year ramp up, while covering costs and contributing to profits. This paper also describes other approaches for expanded postal financial services, some of which are more complex and involve products that are likely beyond the Postal Service's current legal authority.

Office of Investigations

For the period April 1 — September 30, 2015

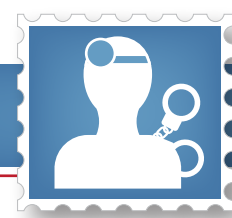
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The Postal Service is consistently ranked by the Ponemon Institute as America's "most trusted federal agency." Among the reasons for this ranking is the integrity of its employees. However, a few postal employees and contractors betray that trust and 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 fraud 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.

Healthcare Provider Fraud



- After pleading guilty to one count of healthcare fraud, the owner of a Texas-based durable medical equipment (DME) company was sentenced on May 15, 2015, to 36 months' imprisonment followed by three years' probation, and ordered to pay more than \$846,000 in restitution. The joint investigation with FBI and U.S. Department of Labor (DOL) OIG revealed that between February 2011 and February 2014, the company owner fraudulently billed DOL OWCP for medical equipment allegedly provided to 155 claimants, who did not receive it.

The investigation also discovered that other DME providers were billing and inappropriately getting paid for Current Procedural Terminology (CPT) code 99070. The use of this code by non-physicians for DME goods was brought to the attention of DOL. As a result, DOL implemented a policy change disallowing DME companies from billing for CPT 99070, thus enabling the Postal Service to avoid future costs of nearly \$3.4 million.

- A California-licensed psychologist pleaded guilty to one count of alteration or falsification of records. The OIG investigation revealed the psychologist on numerous occasions billed and received payment for treatment of postal employees and other federal employees while she was out of town and on vacation. Along with other improper billings, the total estimated fraud loss is close to \$500,000.

On April 22, 2015, the psychologist was sentenced to 4 months in prison, 6 months of home detention, and 3 years of supervised release. The judge ordered the psychologist to pay restitution of \$496,101 to the government and to participate in a mental health treatment program. DOL also excluded the psychologist from participating in the Federal Employees' Compensation Act (FECA) program as a provider of medical service. As a result of the exclusion, the Postal Service will avoid future costs of almost \$956,000.



Financial Fraud

- The former operator of a contract postal unit (CPU) in Florida pleaded guilty to a scheme in which he used his position to steal money orders and embezzle funds from the sale of money orders and metered postage. The contract with the CPU was terminated in January 2013, and in August 2015, the former operator was sentenced in federal court to 12 months in prison and 36 months of supervised release. In addition, he was ordered to pay the Postal Service nearly \$521,000 in restitution.
- An OIG investigation determined a postmaster relief in Alaska was responsible for the theft of 36 Postal Service deposits from October 30, 2012 through April 25, 2014, totaling more than \$46,000. During an interview with OIG agents in April 2014, the employee admitted to embezzling over \$45,000 to help pay bills, buy cigarettes, and purchase a four-wheel drive vehicle. The employee was removed from the Postal Service in September 2014. On April 14, 2015, in the U.S District Court, District of Alaska, she was sentenced to 5 years' probation and ordered to pay \$45,000 in restitution to the Postal Service.



An all-terrain vehicle was among the items a postmaster relief in Alaska bought with more than \$45,000 in embezzled funds.

In addition to losing her job, the employee was sentenced to 5 years of probation and ordered to pay \$45,000 in restitution.



Contract Fraud

- A Highway Contract Route (HCR) contractor in Montgomery, IL received funds from the Postal Service to cover costs of an employee health and welfare insurance plan. For an additional fee, which the contractor deducted from weekly pay, employees could have the plan include their dependents. But analysis of records obtained from federal search warrants revealed the contractor stopped paying for the insurance plan, withholding more than \$435,000 received from the Postal Service to cover costs. The contractor also pocketed approximately \$13,000 deducted from employee salaries for their dependent coverage. When employees attempted to use their health insurance, they were denied benefits. However, the HCR president continued funding benefits for herself and her dependents.

On April, 20, 2015, the president pleaded guilty to Healthcare Theft. On August 13, she was sentenced to 8 months' imprisonment, after which she will be on supervised release for 2 years. In addition, she was ordered to pay more than \$419,000 in restitution to the employees.

WHISTLEBLOWER REPRISAL ACTIVITY

Allegations Received	77
OIG Investigations Initiated	2
Investigations closed with no action	4
Allegations with closed with no action	71
Open Investigations (As of Last Day)	1
OIG found reprisal	0

For the period April 1 — September 30, 2015

- The OIG received an alert from a Postal Service facility in San Francisco, CA that its landlord had billed the Postal Service for unallowable costs per the lease agreement. The OIG investigation revealed the landlord had charged the Postal Service the full cost of a security contract, which should have been shared among all of the tenants of the commercial space, as it was in previous years. When interviewed by the OIG, the landlord stated it was an administrative error by the accounting department. On August 13, 2015, the Postal Service issued to the landlord a Letter of Demand seeking \$50,330.23 for overpayment. On August 20, 2015, the landlord provided the Postal Service a check for the exact amount.



This Postal Service facility was among several tenants sharing a commercial space, but the landlord charged the facility the full fee for a security contract normally divided equally among the tenants.

The Postal Service demanded and received refund for the overcharge.



Healthcare Claimant Fraud

- On January 6, 2014, a former Charlotte, NC city carrier entered a guilty plea in U.S. District Court to two counts of fraudulently obtaining federal workers' compensation benefits. The investigation had revealed that, while receiving workers' compensation benefits, he was operating a landscaping business and failing to disclose his earnings to DOL. The carrier was also observed on numerous occasions lifting bags of mulch, operating a riding and push mower, using a weed eater, and operating a backpack blower — all inconsistent with his injury claim. On April 8, 2015, he was sentenced to 6 months' confinement and 1 year of supervised release. DOL terminated the carrier's benefits, realizing a cost avoidance of more than \$500,000 for the Postal Service.
- OIG investigators determined that a former Pennsylvania rural carrier actively competed in multiple amateur horse association events between 2005 and 2010 while receiving workers' compensation benefits and OPM disability retirement benefits. Video surveillance captured the carrier competing and riding a horse on several occasions. On August 13, 2015, she was found guilty in U.S. District Court on 5 counts of mail fraud, 2 counts of conversion of government funds, 1 count of false statements, and 2 counts of false or fraudulent statements regarding workers' compensation benefits. The former carrier's bail was revoked, and she was remanded to federal custody. Sentencing is scheduled for November 2015. The claimant's benefits were terminated resulting in a cost avoidance of more than \$850,000.



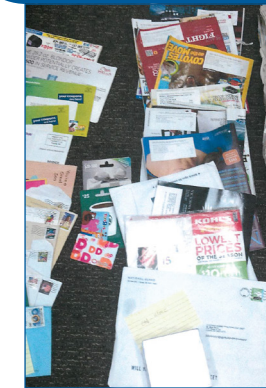
While receiving workers' compensation benefits and OPM disability retirement benefits, a former letter carrier participated in amateur horse riding competitions, video surveillance revealed.

The former carrier is seen here carrying a saddle.



Mail Theft

- A former Colorado contract cleaner opened and stole from as many as 30 pieces of deliverable mail an estimated \$800-\$1,000, OIG investigators found. The contractor was fired and pleaded guilty to theft or receipt of stolen mail, and in June 2015 received in federal court a sentence of 5 years' probation and a \$100 dollar special assessment. Additionally, the former contract cleaner was ordered to complete a mental health program.
- OIG investigators determined that a North Carolina rural carrier associate stole approximately \$250 cash and \$500 in gift cards from First-Class Mail. Special agents had conducted a search of the rural carrier associate's residence and recovered 855 pieces of delayed mail. The rural carrier associate later pleaded guilty to theft or receipt of stolen mail, and in July 2015 was sentenced in federal court to 3 years of probation, ordered to pay \$350 dollars in restitution, and issued a \$100.00 special assessment.



Some of the 855 pieces of mail OIG investigators recovered from the home of a North Carolina rural carrier associate.

The carrier pleaded guilty to mail theft, including \$750 in cash and gift cards stolen from First-Class Mail.

DON'T JUST SIT THERE...

If you suspect wrongdoing...
REPORT IT.

Office of Inspector General
888-USPS-OIG
888-877-7644
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UNITED STATES
POSTAL SERVICE

Postal 224 - August 2014 - PSN 7100-08-000-0014

Appendices

**Click on the appendix title
to the right to navigate to
the section content.**

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.

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Appendix A

Reports Issued to Postal Service Management

For the period April 1 — September 30, 2015

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 Costs Included in Questioned Costs	Revenue Impact
Finance and Supply Management	19	\$4,101,699	\$371,354,664	\$365,771,560	—
Technology, Investment, and Cost	15	\$60,817,369	\$29,879,201	\$26,480,766	\$875,973,601
Mission Operations	21	\$68,600,080	\$52,567,676	\$27,883,150	—
Revenue and Resources	18	\$6,562,716	\$1,908,720	—	\$395,408,517
SUB-TOTAL	73	\$140,081,864	\$455,710,261	\$420,135,476	\$1,271,382,118
PARIS Risk Model Reports	26	—	—	—	—
TOTAL	99	\$140,081,864	\$455,710,261	\$420,135,476	\$1,271,382,118

Fiscal Year 2015 Summary

For the Period October 1, 2014 — September 30, 2015

Risk Categories	Number of Reports	Funds Put To Better Use	Questioned Costs	Unsupported Costs Included in Questioned Costs	Revenue Impact
Issued Reports	121	\$1,531,150,452	\$463,220,140	\$420,135,476	\$1,454,407,370
PARIS Risk Model Reports	52	—	—	—	—
TOTAL	173	\$1,531,150,452	\$463,220,140	\$420,135,476	\$1,454,407,370

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 Costs Included in Questioned Costs	Revenue Impact
Finance And Supply Management				
Supply Management and Facilities				
Award of Agilex Technologies, Inc. Contracts; SM-AR-15-005; 6/17/2015	—	\$3,844,873	\$3,844,873	—
Lease Cost Saving Opportunities – Eastern Area; SM-WP-15-002; 5/12/2015	\$4,101,699	—	—	—
Oversight of Expense Purchase Cards; SM-AR-15-006; 8/7/2015	—	\$337,738,558	\$337,738,558	—
Postal Service Management of CBRE Real Estate Transactions; SM-AR-15-003; 4/22/2015	—	\$62,734	\$62,734	—
Siemens Postal Automated Redirection System Phase 5 Proposal Audit; SM-CAR-15-002; 8/28/2015	—	\$29,708,499	\$24,125,395	—
Information Technology, Investment and Cost				
Cost and Pricing				
Workshare Discounts for Automated Mail Processing; CP-AR-15-002; 6/8/2015	—	—	—	\$875,973,601
Information Technology				
[Redacted] Software Contract and Compliance Review; IT-AR-15-009; 9/18/2015	\$62,352	\$21,980,766	\$21,980,766	—
Software Development Processes; IT-AR-15-006; 7/13/2015	—	\$4,500,000	\$4,500,000	—
Major Investments				
Mobile Delivery Device Deployment and Functionality; MI-AR-15-005; 7/8/2015	\$255,017	\$255,017	—	—
Passive Adaptive Scanning System Functionality and Savings; MI-AR-15-007; 9/1/2015	\$60,500,000	\$3,143,418	—	—
Mission Operations				
Delivery				
City Delivery Office Efficiency – Connecticut Valley District; DR-AR-15-008; 7/24/2015	\$10,317,528	\$10,317,528	\$10,317,528	—
City Delivery Office Efficiency – Greater Boston District; DR-AR-15-007; 5/28/2015	\$12,349,295	\$12,349,295	\$12,349,295	—
City Delivery Office Efficiency – San Francisco District; DR-AR-15-011; 9/15/2015	\$7,217,500	\$6,983,354	—	—
Review of City Carrier Office Efficiency –Sierra Coastal District; DR-AR-15-010; 9/1/2015	\$7,651,122	\$7,403,504	—	—
Vehicle Maintenance Facility Efficiency Nationwide – Capping Report; DR-AR-15-006; 4/28/2015	\$21,858,233	—	—	—
Network Processing and Transportation				
Highway Contract Routes – Extra Trips – Greater Indiana District; NO-AR-15-004; 5/7/2015	\$228,959	\$1,300,429	\$1,071,470	—
Highway Contract Routes-Extra Trips - Greater South Carolina District; NO-AR-15-008; 7/22/2015	\$89,827	\$603,593	\$88,516	—
Internal Controls and Transportation Associated with the Dallas, TX, Mail Transport Equipment Service Center; NO-AR-15-005; 5/22/2015	\$1,676,552	\$1,676,552	—	—
Leased Trailer Damage Payments; NO-MA-15-005; 9/1/2015	\$992,546	\$5,048,887	\$4,056,341	—
Use of Leased Fleet Trailers - Northeast Area; NO-AR-15-009; 8/5/2015	\$5,690,080	\$6,356,097	—	—
Use of Leased Trailers – Western Area; NO-AR-15-010; 9/28/2015	\$528,438	\$528,437	—	—
Revenue and Resources				
Human Resources and Support				
Unscheduled Leave in the Chicago District; HR-AR-15-006; 5/21/2015	\$6,562,716	—	—	—
Retail, Revenue, and Customer Service				
Government Mail; MS-MA-15-005; 4/24/2015	—	—	—	\$363,534,957
Opportunities for Election Mail; MS-AR-15-007; 8/4/2015	—	—	—	\$31,873,560
Seamless Acceptance Implementation; MS-AR-15-004; 4/7/2015	—	\$1,908,720	—	—
Total	\$140,081,864	\$455,710,261	\$420,135,476	\$1,271,382,118

Report Listing

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

For the period April 1 — September 30, 2015

Finance and Supply Management**Finance**

Bank Secrecy Act Compliance for Fiscal Year 2015; FT-AR-15-007; 6/10/2015

Fiscal Year 2015 Financial Testing Compliance Oversight Reviews Quarter 2; FT-MA-15-006; 5/29/2015

Fiscal Year 2015 Financial Testing Compliance Oversight Reviews Quarter 3; FT-MA-15-008; 8/24/2015

Fiscal Year 2014 Postal Service Selected Financial Activities and Accounting Records; FT-AR-15-006; 4/20/2015

Fiscal Year 2014 Statistical Test Reviews; FT-MA-15-005; 4/13/2015

Independent Report on Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Reporting Submitted to the Office of Personnel Management; FT-AR-15-010; 9/16/2015

Officer Compensation for Calendar Year 2014; FT-AR-15-009; 7/22/2015

Philatelic Initiatives; FT-MA-15-007; 7/15/2015

Retail Systems Software — Business Process Controls; FT-AR-15-008; 7/21/2015

Supply Management and Facilities

Accenture Federal Services, LLC's U.S. Postal Service Estimating System; SM-CAR-15-001; 6/12/2015

Award of Agilex Technologies, Inc. Contracts; SM-AR-15-005; 6/17/2015

Controls Over Credit Card Data at the National Customer Support Center; SM-MA-15-003; 9/11/2015

Lease Cost Saving Opportunities — Eastern Area; SM-WP-15-002; 5/12/2015

Oversight of Expense Purchase Cards; SM-AR-15-006; 8/7/2015

Oversight of Properties Financed by Bonds; SM-MA-15-002; 9/8/2015

Oversight of the Approved Shippers Program; SM-AR-15-004; 5/26/2015

Postal Service Management of CBRE Real Estate Transactions; SM-AR-15-003; 4/22/2015

Siemens Postal Automated Redirection System Phase 5 Proposal Audit; SM-CAR-15-002; 8/28/2015

Supply Management's Rapid Renegotiation Initiative; SM-MA-15-001; 6/4/2015

Information Technology, Investment and Cost**Cost and Pricing**

Market Dominant Billing Determinants: First-Class Mail; CP-AR-15-003; 6/11/2015

Market Dominant Billing Determinants: Periodicals; CP-AR-15-004; 9/14/2015

U.S. Postal Service Promotions Program; CP-AR-15-005; 9/28/2015

Workshare Discounts for Automated Mail Processing; CP-AR-15-002; 6/8/2015

Information Technology

End User Data Loss Prevention; IT-AR-15-005; 4/17/2015

Management of Unauthorized Software; IT-MA-15-003; 7/14/2015

[Redacted] Software Contract and Compliance Review; IT-AR-15-009; 9/18/2015

Software Development Processes; IT-AR-15-006; 7/13/2015

Software Inventory Management — Greater Boston District; IT-AR-15-007; 7/13/2015

U. S. Postal Service Cybersecurity Functions; IT-AR-15-008; 7/17/2015

Major Investments

Mobile Delivery Device Deployment and Functionality; MI-AR-15-005; 7/8/2015

Passive Adaptive Scanning System Functionality and Savings; MI-AR-15-007; 9/1/2015

Small Package Sorting System Performance and Functionality at the West Valley Processing and Distribution Center; MI-AR-15-006; 8/24/2015

U.S. Postal Service's Delivering Results, Innovation, Value, and Efficiency 30 - Achieve 100 Percent Customer and Revenue Visibility; MI-AR-15-004; 6/12/2015

U.S. Postal Service's Delivering Results, Innovation, Value, and Efficiency 43 — Building a World-Class Package Platform; MI-AR-15-003; 5/4/2015

Mission Operations**Delivery**

Benchmarking of Delivery Fleet Replacement Strategies; DR-MA-15-002; 8/18/2015

City Delivery and Customer Service Operations — Red Hook Station, NY; DR-AR-15-005; 4/21/2015

City Delivery Office Efficiency-Connecticut Valley District; DR-AR-15-008; 7/24/2015

City Delivery Office Efficiency — Greater Boston District; DR-AR-15-007; 5/28/2015

Review of City Carrier Office Efficiency - San Francisco District; DR-AR-15-011; 9/15/2015

City Delivery Office Efficiency — Sierra Coastal District; DR-AR-15-010; 9/1/2015

Managing Package Growth — Southern Area; DR-MA-15-003; 8/21/2015

Solution for Enterprise Asset Management System — Vehicle Maintenance Facility Data; DR-MA-15-004; 9/18/2015

Utilization of Data by the Chief Operating Officer and Executive Vice President; DR-AR-15-009; 8/25/2015

Vehicle Maintenance Facility Efficiency Nationwide — Capping Report; DR-AR-15-006; 4/28/2015

Network Processing and Transportation

Area Mail Processing Consolidations; NO-AR-15-007; 6/5/2015

Highway Contract Routes — Extra Trips — Greater Indiana District; NO-AR-15-004; 5/7/2015

Highway Contract Routes-Extra Trips — Greater South Carolina District; NO-AR-15-008; 7/22/2015

Internal Controls and Transportation Associated with the Dallas, TX, Mail Transport Equipment Service Center; NO-AR-15-005; 5/22/2015

Leased Trailer Damage Payments; NO-MA-15-005; 9/1/2015

Mail Processing Operations at the Southern Maine Processing and Distribution Center; NO-MA-15-003; 5/11/2015

Package Processing Performance During the December 2014 Peak Holiday Season; NO-AR-15-006; 5/27/2015

Postal Service Handling of Inbound International Mail at the [Redacted] International Service Center in [Redacted]; NO-MA-15-006; 9/3/2015

Substantial Increase in Delayed Mail; NO-MA-15-004; 8/13/2015

Use of Leased Fleet Trailers - Northeast Area; NO-AR-15-009; 8/5/2015

Use of Leased Trailers — Western Area; NO-AR-15-010; 9/28/2015

Revenue and Resources**Human Resources and Support**

Designation of Law Enforcement Officer Positions; HR-MA-15-006; 9/25/2015

Disabled Veterans Affirmative Action Program in the [Redacted]; HR-MA-15-005; 9/9/2015

Postal Inspection Service Mail Covers Program Phase II; HR-AR-15-007; 9/15/2015

Postal Service Utilization of Data by the Chief Human Resources Officer; HR-AR-15-005; 4/7/2015

Unscheduled Leave in the Chicago District; HR-AR-15-006; 5/21/2015

Working Conditions at the [Redacted] Post Office; HR-MA-15-004; 9/2/2015

Retail, Revenue, and Customer Service

Customer Care Centers; MS-AR-15-006; 6/11/2015

Customer Service Operations Efficiency — Chicago District; MS-AR-15-005; 4/28/2015

Government Mail; MS-MA-15-005; 4/24/2015

Mail Recovery Center; MS-MA-15-007; 5/26/2015

Mail Service Providers; MS-WP-15-003; 8/31/2015

Opportunities for Election Mail; MS-AR-15-007; 8/4/2015

Plant Load Agreements — Central Pennsylvania District; MS-AR-15-003; 4/8/2015

Premier Office Program; MS-MA-15-008; 8/26/2015

Retail Opportunities for the U.S. Postal Service; MS-WP-15-004; 9/4/2015

Seamless Acceptance Implementation; MS-AR-15-004; 4/7/2015

Small Business Exports; MS-WP-15-002; 8/26/2015

Strategies for Reducing Undeliverable as Addressed Mail; MS-MA-15-006; 5/1/2015

PARIS Risk Models

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

For the period April 1 — September 30, 2015

Cost and Pricing

Fiscal Year 2015 Cost and Pricing Risk Model Quarter 2; CP-PM-15-004; 6/29/2015

Fiscal Year 2015 PARIS Cost and Pricing Risk Model Report Quarter 3; CP-PM-15-005; 9/25/2015

Delivery

Fiscal Year 2015 City Delivery Efficiency Risk Model Quarter 2; DR-PM-15-006; 6/25/2015

Fiscal Year 2015 City Delivery Efficiency Risk Model Quarter 3; DR-PM-15-007; 9/21/2015

Fiscal Year 2015 Vehicle Maintenance Efficiency Risk Model Quarter 2; DR-PM-15-005; 6/25/2015

Fiscal Year 2015 Vehicle Maintenance Efficiency Risk Model Quarter 3; DR-PM-15-008; 9/29/2015

Finance

Fiscal Year 2015 Field Financial Risk Model Quarter 2; FT-PM-15-004; 6/30/2015

Fiscal Year 2015 Field Financial Risk Model Quarter 3; FT-PM-15-005; 8/31/2015

Human Resources and Support

Fiscal Year 2015 Human Resources Risk Model, Quarter 2; HR-PM-15-005; 6/19/2015

Fiscal Year 2015 Human Resources Risk Model Quarter 3; HR-PM-15-007; 8/13/2015

Fiscal Year 2015 Security Risk Model Quarter 2; HR-PM-15-006; 6/30/2015

Fiscal Year 2015 Security Risk Model Quarter 3; HR-PM-15-008; 8/28/2015

Information Technology

Fiscal Year 2015 Information Technology Security Risk Model Quarter 2; IT-PM-15-003; 6/15/2015

Fiscal Year 2015 Information Technology Security Risk Model Quarter 3; IT-PM-15-004; 9/1/2015

Major Investments

Fiscal Year 2015 Major Investments Risk Model Quarter 2; MI-PM-15-002; 6/30/2015

Fiscal Year 2015 Major Investments Risk Model Quarter 3; MI-PM-15-003; 8/10/2015

Network Processing and Transportation

Fiscal Year 2015 Network Processing Risk Model Quarter 2; NO-PM-15-005; 6/16/2015

Fiscal Year 2015 Network Processing Risk Model Quarter 3; NO-PM-15-007; 8/27/2015

Fiscal Year 2015 Transportation Risk Model Quarter 2; NO-PM-15-006; 6/25/2015

Fiscal Year 2015 Transportation Risk Model Quarter 3; NO-PM-15-008; 9/11/2015

Retail, Revenue, and Customer Service

Fiscal Year 2015 Retail Customer Service Risk Model Quarter 2; MS-PM-15-005; 6/25/2015

Fiscal Year 2015 Retail Customer Service Risk Model Quarter 3; MS-PM-15-008; 9/2/2015

Fiscal Year 2015 Revenue Generation and Protection, Quarter 2; MS-PM-15-006; 6/19/2015

Fiscal Year 2015 Revenue Generation and Protection Risk Model Quarter 3; MS-PM-15-007; 8/26/2015

Supply Management and Facilities

Fiscal Year 2015 Facilities Risk Model Quarter 2; SM-PM-15-002; 6/30/2015

Fiscal Year 2015 Facilities Risk Model Quarter 3; SM-PM-15-003; 9/25/2015

Appendix B

Findings of Questioned Costs

For the period April 1 — September 30, 2015

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	—	—	—
Reports requiring management decision that were issued during the reporting period	19	\$455,710,261	\$420,135,476
Totals	19	\$455,710,261	\$420,135,476
Reports for which a management decision was made during the reporting period (i+ii)	19	\$455,710,261	\$420,135,476
(i) Dollar value of disallowed cost	8	\$52,230,441	\$43,753,478
(ii) Dollar value of cost not disallowed ¹	13	\$403,479,820	\$376,381,998
Reports for which no management decision was made by the end of the reporting period; negotiations are ongoing.	—	—	—
Reports for which no management decision was made within 6 months of issuance	—	—	—
Reports for which no management decision was made within 1 year of issuance	—	—	—

Note 1 — Reports for which no management decision was made within 6 months of issuance: *None* this reporting period.

Note 2 — Reports for which no management decision was made within 1 year of issuance: *None* this reporting period.

Note 3 — Contract Reports with Significant Audit Finding:
SM-CAR-15-002 – DCAA - Siemens PARS Phase 5 Proposal Review

Appendix C

Recommendations That Funds Be Put to Better Use

For the period April 1 — September 30, 2015

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.

Description	Number of Reports	Dollar Value
Reports for which no management decision was made at the beginning of the reporting period	—	—
Reports issued during the reporting period	16	\$140,081,864
Totals	16	\$140,081,864
Reports for which a management decision was made during the report period	16	\$140,081,864
(i) Value of recommendations agreed to by management ¹	5	\$18,082,226
(ii) Value of recommendations that were not agreed to by management	13	\$121,999,638
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)	—	—

Note 1 — Reports for which no management decision was made within 6 months of issuance:
None for this reporting period.

Note 2 — Reports for which no management decision was made within 1 year of issuance:
None for this reporting period.

Appendix D

Other Impacts

For the period April 1 — September 30, 2015

Overview

Many of our audit reports identify areas for improvement that result 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
Improved Services		
Recommendations that address the Postal Service's efforts to improve the quality and accessibility of its products and services	Number of Recommendations	62
Number of customer service audits conducted	Number of Audits	24
Safeguarding Assets		
Assets or Accountable Items at Risks		
Inadequate internal controls put the value of assets or accountable items (e.g., cash and stamps) at risk of loss	Dollar Value	\$86,150,373
Physical Safety and Security		
Dollar value of physical assets (plant, computer equipment, vehicles, etc.) at risk of loss due to inadequate physical protection	Dollar Value	\$0
Recommendations that address the safety and security of Postal Service employees and/or the work environment	Number of Recommendations	21
Number of employee/facility safety and security audits conducted	Number of Audits	18
Information Technology Security		
Inadequate controls/protection put the value of data, IT assets (software, networks), and employee work time at risk of loss	Dollar Value	\$1,003,675
Dollar value of data at risk	Dollar Value	\$52,276
Number of data security/IT security audits conducted	Number of Audits	19
Revenue at Risk		
Dollar value of revenue that the Postal Service is at risk of losing. (Mailer seeking alternative solutions for current services)	Dollar Value	\$8,645,210
Disbursements at Risk		
Dollar value of disbursements made where proper Postal Service internal controls and processes were not followed	Dollar Value	\$56,450,283
Goodwill / Branding		
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	34
Misallocation of Costs		
A misallocation of costs can occur when Postal Service costs are misclassified as volume variable, product specific, or institutional cost	Dollar Value	\$0
Capital Investment Savings Shortfall and Predicted Savings Shortfall		
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 which will be realized	Dollar Value	\$253,839,176
Potential Additional Revenue		
Revenue the Postal Service potentially generate for goods delivered or services rendered based on suggested improvements	Dollar Value	\$0
Reliability of Data		
Records at Risks		
Data at risk of corruption or loss due to inadequate internal controls and or protection	Number of Data Records at Risk	1,766
Dollar value of data used to support management decisions that is not fully supported or completely accurate	Dollar Value	\$3,793,617,302

Appendix E

Reports with Significant Recommendations Pending Corrective Actions

For the period April 1 — September 30, 2015

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
Access Controls in the Enterprise Data Warehouse		
IS-AR-09-004	02/20/2009	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: October 2015
Postal Service Patent Management		
DA-MA-10-004	08/31/2010	R-1 — Establish a strategic plan with timelines to capitalize on the Postal Service's patent inventory strength. TID: December 2014
Management of Mail Transport Equipment - National Analysis		
NL-AR-10-009	09/29/2010	R-1 — 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. TID: June 2015
Certification Process for Electronic Payments		
CA-AR-10-006	09/30/2010	R-3 — Develop and implement written procedures for receiving invoices for annual highway contract route services and verifying that services were rendered prior to payment. TID: November 2015
Express Mail Guarantees		
FF-AR-11-004	12/15/2010	R-5 — 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. TID: April 2015
Postal Service Patent Management Continuation		
DA-MA-11-002	04/08/2011	R-1 — Work closely with subject matter experts to review highly rated patents to draft claims as appropriate. TID: December 2014 R-3 — 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. TID: December 2014
Postal Service Work Rules and Compensation Systems		
HR-AR-11-002	09/19/2011	R-3 — A comprehensive study to determine the optimal incentive-based carrier compensation system. TID: June 2013
Business Mail Acceptance Centralization Process		
FF-AR-11-015	09/23/2011	R-2 — Require each district to conduct a centralization feasibility study, document the results, and take action based on the results of the study, as appropriate. TID: September 2015 R-3 — Manage business mail entry workhour usage to achieve 93 percent efficiency and develop tools to monitor performance. TID: September 2015 R-4 — Establish annual goals for business mail entry workhour efficiency to include measuring performance against goals. TID: September 2015
Patch Management Processes		
IT-AR-12-002	01/09/2012	This report and its recommendations are not publically available due to concerns with information protected under the Freedom of Information Act.
Fiscal Year 2011 Information Technology Internal Controls		
IT-AR-12-003	01/09/2012	This report and its recommendations are not publically available due to concerns with information protected under the Freedom of Information Act.
Mail Verification Procedures at Detached Mail Units		
MS-AR-12-002	01/12/2012	R-3 — Enhance automated systems to notify managers when acceptance employees override Mail Evaluation Readability Lookup Instrument results. TID: January 2016
Efficiency Review of the Cleveland, OH Processing and Distribution Center		
NO-AR-12-005	06/05/2012	R-1 — 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. TID: July 2015
21st Century Post Office: Non-Postal Products and Services		
DA-MA-12-005	07/16/2012	R-1 — 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. TID: December 2015
Efficiency Review of the Los Angeles Network Distribution Center		
NO-AR-12-007	08/03/2012	R-1 — 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. TID: February 2017

Report Number	Issue Date	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
IT-AR-12-009	09/12/2012	Security of File Transfer Protocol Transmissions This report and its recommendations are not publically available due to concerns with information protected under the Freedom of Information Act.
DR-MA-12-003	09/28/2012	City Delivery Operations - Lancaster Carrier Annex R-1 — 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. TID: September 2015
NL-AR-12-010	09/28/2012	First-Class Mail on Air Transportation — Assignment by Weight R-1 — This recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act.
NL-AR-12-011	09/28/2012	Mail Transport Equipment – Shortages of Pallets, Tubs, and Trays – Fall 2011 Mailing Season R-2 — Finalize implementation of prior 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. TID: June 2015
DA-MA-13-001	10/02/2012	Biohazard Detection System Progress This report and its recommendations are not publically available due to concerns with information protected under the Freedom of Information Act.
IT-AR-13-003	01/28/2013	Fiscal Year 2012 Information Technology Internal Controls This report and its recommendations are not publically available due to concerns with information protected under the Freedom of Information Act.
SM-MA-13-004	02/12/2013	Hybrid Mail Efforts R-1 — 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. TID: December 2015
MS-AR-13-005	03/18/2013	Residential Customer Service Experiences R-2 — Develop a process to collect and analyze residential customer experience information from other access channels. TID: September 2016
DR-MA-13-001	03/21/2013	Lessons Learned From Retail Optimization Initiatives R-3 — Develop and implement a formal post-implementation review that evaluates savings achieved and potential revenue loss associated with retail network realignments. TID: December 2015
NO-MA-13-005	04/04/2013	Supervisor Workhours and Span of Control R-2 — Fill vacant supervisor positions up to the appropriate span of control level and reduce supervisor replacement workhours accordingly. TID: December 2016
DP-AR-13-004	04/23/2013	U.S. Postal Service Data Governance R-1 — Direct the vice president, Information Technology, to implement a formal, enterprise-wide data governance program. TID: January 2016
HR-AR-13-004	07/25/2013	Postal Service Injury Compensation Program R-1 — 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. TID: January 2015 R-8 — Evaluate how predictive analytics can be used to support claims management activities and reduce costs. TID: September 2014
MS-MA-13-004	08/14/2013	Benchmarking of Costing Methodologies R-1 — 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. TID: July 2016 R-2 — 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. TID: July 2016 R-3 — 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. TID: July 2016
HR-MA-13-004	09/26/2013	Revenue Generation Patents R-1 — Work closely with subject matter experts to review patents with revenue generation potential and draft claims as appropriate. TID: December 2014
IT-AR-13-009	09/26/2013	LiteBlue Security Assessment This report and its recommendations are not publically available due to concerns with information protected under the Freedom of Information Act.

Report Number	Issue Date	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
MS-AR-13-012	09/27/2013	Electronic Parcel Payment Systems Internal Control Requirements This report and its recommendations are not publically available due to concerns with information protected under the Freedom of Information Act.
HR-AR-13-009	09/30/2013	Emergency Preparedness for Hurricane Sandy R-1 — Provide periodic training to responsible personnel to ensure they are aware of procedures for safeguarding employees during an emergency. TID: October 2015 R-3 — Issue supplemental guidance for holding mail and moving mail and other assets from facilities located in mandatory evacuation areas. TID: March 2014 R-4 — Establish controls to ensure integrated emergency management plans are reviewed, approved, and updated at least annually. TID: December 2013 R-5 — Clarify which facilities are required to maintain complete, approved integrated emergency management plans and communicate that to appropriate personnel. TID: December 2013
SM-AR-13-005	09/30/2013	Vacant Land Parcels R-1 — Declare the land parcel located in Norman, OK as excess. TID: September 2015 R-3 — List the Elk River, MN; Norman, OK; and Islip, NY parcels for sale. TID: September 2015 R-4 — Evaluate the eight parcels in Kahului, HI; Cooper City, FL; Stuart, FL; Kihei, HI; Pahoia, HI; Incline Village, NV; Mendocino, CA; and Pinetop, AZ, and develop a strategy to sell the properties when market conditions improve. TID: September 2015 R-5 — 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. TID: September 2015
HR-MA-14-001	11/20/2013	Management of Equipment in Capitol Heights, MD R-1 — Establish procedures to comply with the revised mail transportation equipment policy when implemented. TID: June 2015
IT-AR-14-002	12/02/2013	Controls Over the Premium Forwarding Service Point of Service Retail System This report and its recommendations are not publically available due to concerns with information protected under the Freedom of Information Act
HR-MA-14-002	12/03/2013	Mail Isolation Control and Tracking This report and its recommendations are not publically available due to concerns with information protected under the Freedom of Information Act.
DR-AR-14-001	12/13/2013	Rural Delivery Operations - Mail Count and Timekeeping Processes R-1 — Develop a strategy to fully automate the rural timekeeping process. TID: December 2015
NO-AR-14-001	12/20/2013	Internal Controls and Transportation Associated with the Springfield, MA Mail Transport Equipment Service Center R-1 — Establish adequate controls over contractor performance and ensure adequate resources for the quality assurance function for effective oversight and monitoring of contractor operations at the Springfield Mail Transport Equipment Service Center, including processing, invoicing, repairing, and handling of mail transport equipment. TID: February 2015 R-3 — Ensure area and plant management monitor compliance with the established policies and procedures for mail transport equipment return handling procedures at processing facilities, for dispatch and proper use of over-the-road containers and proper storage, handling, and maintenance of shoring straps. TID: June 2015 R-5 — Reassess mail transport equipment standing orders and transportation schedules for all processing facilities as necessary to ensure they are up-to-date and efficient given the operational changes and imbalance of mail transport equipment flow. TID: February 2015
HR-MA-14-003	01/27/2014	Security Risks in the Capital District This report and its recommendations are not publically available due to concerns with information protected under the Freedom of Information Act.
DR-AR-14-003	02/28/2014	Address Management System Data R-1 — Revise and implement delivery policy to include specific time requirements for carrier edit book updates, submissions to delivery supervisors, and error corrections in address systems. TID: September 2015 R-3 — Develop and incorporate an Address Management System module in the delivery supervisor's training course. TID: September 2015 R-4 — Establish and sustain a follow-up process to correct address errors using the Address Quality Improvement Process reports and complete necessary street reviews. TID: September 2015

Report Number	Issue Date	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
Information Storage Security		
IT-AR-14-004	03/27/2014	R-1 — Ensure Data Management Services management provides security operating procedures, periodic reviews, and oversight for the storage teams as required by Handbook AS-805, Information Security. TID: December 2015
		R-2 — Ensure the vendor for the storage contract provides periodic training to personnel to maintain storage group knowledge and skills with vendor products and management tools. TID: September 2015
		R-3 — Evaluate the storage environment managed by Data Management Services against Handbook AS-805, Information Security, security requirements and develop a schedule to bring the environment into compliance. TID: December 2015
		R-4 — Establish minimum security requirements for storage devices in Postal Service environments based on industry best practices. TID: December 2015
Readiness for Package Growth - Customer Service Operations		
DR-MA-14-003	03/31/2014	R-1 — Direct Customer Service Operations employees to perform acceptance scans on all barcoded packages as required. TID: October 2014
		R-2 — Enable the Passive Adaptive Scanning System's revenue protection function, and document and communicate procedure changes to employees. TID: November 2015
Preservation and Disposal of Historic Properties		
SM-AR-14-004	04/16/2014	R-8 — Assess the cost and benefits of utilizing U.S. General Services Administration's services when a historic property is being considered for sale. TID: September 2015
Internal Controls and Transportation Associated with Des Moines Mail Transport Equipment Service Center		
NO-AR-14-003	04/29/2014	R-1 — Establish and implement adequate controls over contractor performance and ensure there are adequate resources for effective oversight and monitoring of contractor operations at the Des Moines Mail Transport Equipment Service Center, including the processing, invoicing, repairing, and handling of mail transport equipment. TID: May 2014
Cloud Computing Contract Clauses		
SM-MA-14-005	04/30/2014	R-2 — Assess the cost and benefits of negotiating post-award agreements with cloud service providers to incorporate requirements from Handbook AS-805, Information Security, and Handbook AS-805H, Cloud Security, in existing cloud computing contracts. TID: July 2014
Passport Personally Identifiable Information		
HR-MA-14-007	05/15/2014	R-2 — Require responsible personnel adhere to policies and procedures for appropriately safeguarding customers' privacy and personally identifiable information associated with the passport acceptance process. TID: September 2015
		R-4 — Implement controls to ensure completed transmittal forms are independently reviewed for accuracy and retained as required by Postal Service policy. TID: September 2015
		R-6 — Establish and implement policies and procedures identifying district management's roles and responsibilities relating to passport acceptance procedures and remediation of deficiencies identified in Department of State reviews. TID: September 2015
Highway Contract Routes – Miles per Gallon Assessment		
NO-AR-14-008	05/27/2014	R-1 — Ensure that the best value determination process in Highway Contract Route negotiations includes use of industry miles-per-gallon averages for the proposed equipment or properly justifies and documents why lower than industry average MPG amounts are used. TID: January 2016
		R-2 — Use vehicle classifications that are more in line with industry standards to establish more precise miles-per-gallon for determining authorized gallons for highway contract routes, based on vehicle type and gross weight. TID: January 2016
		R-3 — Develop a comprehensive and cost-effective strategy, in coordination with highway contract route suppliers, for using advanced fuel efficient technology in vehicles and equipment and periodically review that strategy, as necessary, to account for continuous, evolving changes in technology. TID: January 2016
Postal Inspection Service Mail Cover Program		
HR-AR-14-001	05/28/2014	R-4 — Implement system controls to ensure data integrity in the Postal Inspection Service mail cover system. TID: June 2015
Delivery Operations – Additional Carrier Services		
DR-MA-14-004	06/03/2014	R-1 — Develop and implement a strategy to identify, evaluate, and offer the most promising additional carrier services. TID: October 2015

Report Title, Recommendation Summary		
Report Number	Issue Date	R = Recommendation number TID = Target Implementation Date
Recycling Opportunities in the San Francisco District		
HR-AR-14-002	06/13/2014	R-1 — Implement backhauling procedures at all designated hubs in the San Francisco District. TID: September 2015
		R-2 — Establish procedures to require the environmental compliance/sustainability specialist to provide additional recycling guidance to the district manager and personnel involved with recycling. TID: September 2015
		R-3 — Coordinate with Supply Management to ensure future recycling contracts require contractors to separate revenue and cost amounts on invoices. TID: September 2015
		R-4 — Provide training to personnel involved with recycling to increase awareness and recycling in the San Francisco District. TID: September 2015
		R-5 — Establish controls to ensure that responsible personnel accurately record recycling costs. TID: September 2015
Delegations of Contracting Authority Outside of Supply Management		
SM-AR-14-007	08/05/2014	R-5 — Develop a process to identify contracts and agreements that may not have a delegation of authority. TID: May 2015
Backup and Recovery of Essential Data		
IT-MA-14-001	08/20/2014	R-2 — Issue a reminder that data backups are to be maintained in an appropriate location to reduce potential loss, damage, or misuse of essential data. TID: November 2015
Missing Leased Trailers in the Northeast Area		
NO-MA-14-004	08/25/2014	R-1 — Implement its plans to consolidate leased trailer information into a central database to clearly document receipt of the leased trailer assets and to improve tracking and tracing of leased trailer inventory. TID: May 2016
		R-2 — Develop a process to identify trailers that are not being used and ensure unused trailers are promptly returned to suppliers to avoid unnecessary lease expenses. TID: May 2016
		R-3 — Develop an interim tracking system and provide written instructions to plant management requiring them to routinely inventory and account for all leased trailers. TID: May 2016
		R-4 — Require local facilities to have suppliers place numbers that meet the Postal Service's specifications for numbering on leased trailers for ease of identification and tracking through consistent and accurate data. TID: May 2016
		R-5 — Ensure all leased trailers are equipped with satellite-tracking devices and issue policy and provide training on the features and functionality of the satellite-tracking system for leased trailers, including functionality of the related web-based management system to help track and manage leased trailers. TID: May 2016
Consolidation of the Toledo, OH Processing & Distribution Center		
NO-AR-14-009	08/28/2014	R-1 — Re-evaluate cost savings to include additional transportation costs and update data as necessary and adjust the Area Mail Processing proposal based on the post-implementation review. TID: May 2016
Management of Cloud Computing Contracts and Environment		
IT-AR-14-009	09/04/2014	R-5 — This recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act.
		R-7 — Require cloud service providers of current and future cloud computing contracts to become Federal Risk and Authorization Management Program-certified in accordance with Postal Service policy. TID: February 2015
		R-8 — This recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act.
Efficiency Review of the Cincinnati Network Distribution Center		
NO-AR-14-011	09/11/2014	R-1 — Improve the efficiency of the Cincinnati Network Distribution Center's distribution operations by attaining the average productivity level of 186 mailpieces per workhour by fiscal year 2016. TID: October 2015
		R-3 — Remove an unnecessary highway contract roundtrip associated with the Cincinnati and Des Moines network distribution centers. TID: July 2015
Overtime at the Iowa City Post Office		
HR-MA-14-009	09/18/2014	R-2 — Implement procedures to ensure all routes are structured within 8-hour assignments to reduce overtime. TID: May 2016

Report Number	Issue Date	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
National Change of Address Program		
IT-AR-14-010	09/24/2014	R-4 — Re-initiate the certification and accreditation process for the National Change of Address (NCOA) application to identify and document security risks as required. TID: November 2015
		R-5 — This recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act.
		R-7 — Implement a process to ensure current legal, security, privacy, and compliance requirements are included in all NCOALink license agreements. TID: October 2015
		R-8 — Implement a process and plan of action for establishing and conducting random site security reviews of NCOALink licensees to verify adherence to license agreement requirements, as required. TID: November 2015
Customer Retention		
MS-AR-14-008	09/25/2014	R-1 — Implement a strategy to improve the effectiveness of the Postal Service’s customer retention efforts by promoting organization-wide collaboration for handling customer service and operational problems that could lead to churn or defection and effectively sharing information on at-risk customers. TID: June 2015
		R-2 — Implement a strategy to improve the effectiveness of the Postal Service’s customer retention efforts by reaching out to former customers. TID: April 2015
Management of Detail Assignments Follow Up		
DP-AR-14-007	09/26/2014	R-1 — Implement an interim tracking system this fiscal year for detail assignments and the associated travel costs before phasing in the automated system by 2017. TID: December 2014
Suitability of Rail Transportation – New Jersey Network Distribution Center		
NO-AR-14-013	09/29/2014	R-1 — Perform a cost/benefit analysis of transportation associated with the New Jersey Network Distribution Center and Consolidation and Deconsolidation Facility to determine if rail is more cost-effective than highway contract routes, taking into account rates from multiple intermodal providers and service performance. TID: March 2015
		R-2 — Adjust operating plans for Standard Mail and Package Services Mail, when doing so is economical and meets service standards, to further accommodate the use of rail for trips associated with the New Jersey Network Distribution Center. TID: June 2015
		R-4 — Test to determine if the Postal Service can convert some highway contract route transportation to rail where economical and service responsive for transportation associated with the New Jersey Network Distribution Center. TID: September 2015
Voyager Card Program for Highway Contract Routes – Pooling Policy Concerns and Potential Overpayment		
NO-MA-14-006	09/29/2014	R-2 — Ensure that all overpayments to suppliers for excess fuel gallons not attributed to proper pooling are identified and collected timely to safeguard Postal Service financial assets for the July 1, 2014–June 30, 2015, fuel year and any subsequent periods. TID: December 2015
Manual Package Counting and Conversion Factors		
NO-MA-14-008	09/30/2014	R-1 — Automate manual package processing counts nationwide. TID: October 2015
		R-2 — Revise the count sheet to ensure consistency among various mail processing facilities and adjust container-to-piece conversion rates to ensure more accurate mail volume reporting until the manual package processing counts can be automated. TID: December 2015
		R-3 — Train employees on proper counting of manual packages nationwide. TID: October 2015
Highway Contract Route Electronic Payment Process		
SM-MA-14-006	09/30/2014	R-1 — Revise and implement a plan to integrate Highway Contract Route (HCR) tracking and payment technology to verify HCR services were rendered prior to payment. TID: November 2015
		R-2 — Explore the use of identified best practices to integrate HCR tracking and payment technology within the Postal Service HCR payment process to ensure the Postal Service pays suppliers based on services rendered. TID: November 2015
Revenue Protection Rules		
MS-MA-15-001	10/03/2014	R-1 — Develop a strategy to coordinate revenue protection efforts which will mitigate gaps in communication and duplication of revenue protection activities, leverage Postal Service resources and increase the effectiveness of revenue protection efforts. TID: December 2015
		R-2 — Explore cost-effective methods for estimating shortpaid revenue for business mail. TID: December 2015
Professional Services Contract Rates		
SM-AR-15-001	11/10/2014	R-1 — Complete the independent accounting services contract before exercising the option to renew the existing contract in fiscal year 2016, to ensure the Postal Service obtains fair and reasonable pricing. TID: June 2015

Report Number	Issue Date	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
Contract Postal Units		
DR-AR-15-001	11/13/2014	R-1 — Conduct annual evaluations of contract postal units to ensure they are cost-effective. TID: December 2015 R-2 — Convert firm-fixed-price contracts for contract postal units, where cost-effective, to performance-based contracts to optimize revenue performance. TID: December 2015
Security Clearances for Postal Service Contract Drivers		
HR-AR-15-001	11/20/2014	R-1 — Establish formal procedures to track and monitor contract driver security clearances to ensure drivers have the appropriate clearance and are re-screened, as required. This should include a process to notify appropriate management officials when security clearances have not been renewed. TID: January 2016 R-2 — Establish a formal centralized system that allows for the tracking and monitoring of contract driver security clearances. TID: January 2016 R-3 — Establish mandatory and refresher training requirements for Postal Service officials responsible for security clearances to ensure they are aware of their roles and responsibilities regarding the security clearance process. TID: January 2016 R-4 — Establish a formal oversight process for contracting officers to validate contract drivers have security clearances when renewing contracts. TID: January 2016
Capital District Vulnerability Assessment		
IT-AR-15-001	12/12/2014	R-3 — This recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. R-7 — This recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act.
Internal Controls and Transportation Associated With the Atlanta, GA, Mail Transport Equipment Service Center		
NO-AR-15-002	12/12/2014	R-1 — Establish and implement adequate controls over contractor performance and ensure there are adequate resources for effective oversight and monitoring of contractor operations at the Atlanta, GA, Mail Transport Equipment Service Center, including the processing, invoicing, repairing, and handling of mail transport equipment. TID: March 2015 R-3 — Ensure management monitors compliance with established mail transport equipment policies and procedures to minimize risk of accidents and injuries to personnel handling this equipment and ensure proper dispatching and use of over-the-road containers. TID: June 2015 R-4 — Reinforce the requirement that processing facilities thoroughly inspect mail transport equipment before it is sent to the Atlanta, GA, Mail Transport Equipment Service Center to ensure it contains no mail. TID: January 2015 R-5 — Reassess mail transport equipment standing orders and transportation schedules for all processing facilities to ensure they are up-to-date and efficient given the operational changes and imbalance of mail transport equipment flow. TID: April 2015
Product Tracking and Reporting System Controls		
IT-AR-15-002	12/16/2014	R-1 — This recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. R-6 — Complete the Product and Tracking Reporting system Tier 2 Disaster Recovery Plan. TID: April 2016
Package Price Simplification		
CP-AR-15-001	12/23/2014	R-1 — Periodically evaluate market demand for Flat Rate and other package products in the retail and commercial marketplace. TID: September 2016 R-2 — Develop a strategic plan to simplify package prices by adjusting or eliminating low or no volume package prices to reduce complexity for customers. TID: September 2016
Efficiency Review of the Chicago, IL, Network Distribution Center – Operations and Transportation		
NO-AR-15-003	01/22/2015	R-1 — Increase efficiency by eliminating 119,572 workhours to produce an annual cost avoidance of over \$4.3 million by: a) Properly adjusting staffing and scheduling within the parcel sorter machine and sack sorter machine operations; b) Installing a singulate, scan, and induction unit on the parcel sorter machines; c) Repairing the Power Industrial Vehicle Management System at the Chicago Network Distribution Center; d) Assigning specific dock doors through the Yard Management System at the Chicago Network Distribution Center to reduce unnecessary movement of mail for incoming and outgoing trips. TID: December 2015
Window Retail Customer Service		
MS-AR-15-001	01/29/2015	R-2 — Create a mandatory process for observing, tracking, and providing managerial feedback concerning individual sales associates' customer service performance. TID: September 2015
Mail Left in Mail Transport Equipment Dispatched to the Dallas, TX, Mail Transport Equipment Service Center		
NO-MA-15-002	02/02/2015	R-1 — Reinforce the Standard Operating Procedure requirement that processing facilities thoroughly inspect mail transport equipment before sending it to the Dallas, TX, Mail Transport Equipment Service Center to ensure that Mail Transport Equipment is empty. TID: October 2015 R-2 — Ensure that internal documents containing personal identifiable information or other sensitive information are properly secured and safeguarded throughout the internal mail process to avoid compromise or misuse of this information. TID: October 2015

Report Number	Issue Date	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
		Sales Staffing
MS-MA-15-004	02/25/2015	R-1 — Enhance the Sales force by developing a formal, proactive strategy to effectively fill vacancies, and methodologies grounded in data analytics to determine optimal Sales staff size, deployment, and compensation structure. TID: March 2016
		Badges for Postal Service Contractors
HR-AR-15-004	03/06/2015	R-1 — Provide formal training including periodic refresher training to responsible personnel to ensure they understand their roles and responsibilities for managing contractor badges. TID: February 2016 R-2 — Revise national policy to ensure responsible personnel develop comprehensive and uniform standard operating procedures to manage contractor badges, including procedures for issuing, tracking, and monitoring badges. TID: February 2016 R-3 — Establish an oversight process to strengthen controls and accountability of the contractor badge program to ensure it is effectively managed. TID: December 2015
		Patent Review Process
HR-MA-15-002	03/06/2015	R-2 — Provide formal training to Postal Service management on written procedures developed for the patent review process. TID: July 2015
		Retail Systems Software Deployment and Functionality
MI-AR-15-002	03/13/2015	R-1 — Deploy the Retail Systems Software at the remaining 304 pilot sites, demonstrate self-service kiosk functionality, and correct any user-related functionality issues before initiating a nationwide deployment. TID: January 2016 R-2 — Evaluate and establish metrics to ensure the Retail Systems Software help desk is adequately staffed with knowledgeable personnel and is able to support national deployment. TID: October 2015
		Deputy Postmaster General's Use of Data
SM-AR-15-002	03/19/2015	R-1 — Update policy to require local postmasters to record local complaints in the Enterprise Customer Care database and include that information in the customer complaint performance reports. TID: September 2015
		Hardware Inventory Management - Greater Boston District
IT-AR-15-004	03/25/2015	R-2 — Implement procedures to verify assets are authorized for network connectivity before Asset Inventory Management System records are added or modified. TID: December 2015 R-3 — Implement a scheduled inventory verification process to verify the existence of sensitive property at regular intervals, as required. TID: September 2017
		North Dakota Postal Service Operations
DR-AR-15-004	03/31/2015	R-1 — Install additional mail processing equipment at the Bismarck and Fargo Processing and Distribution Centers. TID: June 2016
		Postal Service Utilization of Data by the Chief Human Resources Officer
HR-AR-15-005	04/07/2015	R-1 — Release Postal Service workers' compensation data and instruct the Human Resources staff to reconcile data and chargeback billing for July 2013 through June 2014 to ensure accuracy. TID: July 2015
		Seamless Acceptance Implementation
MS-AR-15-004	04/07/2015	R-1 — Enhance Seamless Acceptance (SA) implementation by developing a comprehensive plan that effectively integrates the various information systems that support the move to SA, ensures staff has appropriate access to applicable SA reports and data to effectively respond to customer inquiries, and provides periodic communication with all SA mailer participants. TID: February 2016
		End User Data Loss Prevention
IT-AR-15-005	04/17/2015	R-2 — Implement and communicate formal data loss prevention indexing processes and procedures to require business groups that generate and maintain sensitive information in documents to use data loss prevention indexing services. TID: September 2015 R-3 — This recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. R-4 — This recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act.

Report Number	Issue Date	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
Postal Service Management of CBRE Real Estate Transactions		
SM-AR-15-003	04/22/2015	R-1 — Terminate and recomplete the current CBRE real estate management services contract. a) Ensure the new Modify the CBRE contract prohibits the contractor CBRE from collecting commissions from opposing parties when negotiating leases and from representing both the Postal Service and prospective buyers and lessors in Postal Service real estate transactions; b) Until the current contract is recompleted, modify the current contract to prohibit CBRE from collecting commissions from opposing parties when negotiating leases and from representing both the Postal Service and prospective buyers and lessors in Postal Service real estate transactions; c) Notify lessors they are not required to pay commissions for new leases. TID: None R-4 — Establish updated records management retention requirements for employees to retain files to support real estate transactions, including appraisal reviews. TID: September 2015
Vehicle Maintenance Facility Efficiency Nationwide – Capping Report		
DR-AR-15-006	04/28/2015	R-1 — Improve monitoring and oversight in the vehicle maintenance facilities to reduce 431,129 undistributed workhours for maintenance and repair work orders. TID: January 2016 R-2 — Right-size staffing at vehicle maintenance facilities to improve operations. TID: January 2016
Strategies for Reducing Undeliverable as Addressed Mail		
MS-MA-15-006	05/01/2015	R-1 — Work with mailers to leverage new technologies to promote compliance with address standards and more accurately attribute actual undeliverable as addressed mail costs. TID: September 2017
Unscheduled Leave in the Chicago District		
HR-AR-15-006	05/21/2015	R-1 — Provide Enterprise Resource Management System and leave control training to managers and supervisors. TID: August 2015 R-3 — Establish an oversight process to ensure managers and supervisors complete employee attendance reviews; Postal Service (PS) Form 3971, Request for or Notification of Absence, and PS Form 3972, Absence Analysis, and other required supporting documentation are completed, timely reviewed and maintained. TID: June 2015
Internal Controls and Transportation Associated with the Dallas, TX, Mail Transport Equipment Service Center		
NO-AR-15-005	05/22/2015	R-1 — Establish and implement adequate controls over contractor performance and ensure there are adequate resources for effective oversight and monitoring of contractor operations at the Dallas, TX, Mail Transport Equipment Service Center, including the processing, invoicing, repair, and handling of mail transport equipment. TID: June 2015 R-3 — Ensure management monitors compliance with established mail transport equipment policies and procedures to reduce costs and minimize risk of accidents and injuries to personnel handling this equipment. TID: June 2015 R-4 — Ensure over-the-road containers are not incorrectly sent to the Dallas, TX, Mail Transport Equipment Service Center in order to reduce unnecessary handling costs. TID: June 2015 R-5 — Establish a policy and procedures for securing and handling mail mistakenly sent to mailers' facilities. TID: June 2015 R-6 — Reassess mail transport equipment standing orders and transportation schedules for all processing facilities. Ensure orders are up-to-date and transportation is efficiently scheduled by coordinating customers' orders with mail transport equipment facilities' dispatches to the Dallas Mail Transport Equipment Service Center. TID: June 2015
Mail Recovery Center		
MS-MA-15-007	05/26/2015	This report and its recommendations are not publically available due to concerns with information protected under the Freedom of Information Act.
Oversight of the Approved Shippers Program		
SM-AR-15-004	05/26/2015	R-1 — Develop formal policies and procedures for overseeing the Approved Shippers Program, including roles, responsibilities, and a verification process for performing reviews. TID: October 2015
Package Processing Performance During the December 2014 Peak Holiday Season		
NO-AR-15-006	05/27/2015	R-1 — Enforce the segregation of Priority from First-Class Mail® for commercial mailers and post offices. TID: November 2015
City Delivery Office Efficiency – Greater Boston District		
DR-AR-15-007	05/28/2015	R-1 — Eliminate 265,462 workhours at delivery units. TID: January 2016
Area Mail Processing Consolidations		
NO-AR-15-007	06/05/2015	This report and its recommendations are not publically available due to concerns with information protected under the Freedom of Information Act.

Report Title, Recommendation Summary		
Report Number	Issue Date	R = Recommendation number TID = Target Implementation Date
Customer Care Centers		
MS-AR-15-006	06/11/2015	R-2 — Establish a standardized, consolidated reporting process for field supervisors. TID: November 2015 R-3 — Develop a quality of information performance goal. TID: October 2015
Award of Agilex Technologies, Inc. Contracts		
SM-AR-15-005	06/17/2015	R-1 — Reiterate to contracting officers that contract solicitations must correctly and clearly describe the Postal Service's requirements and emphasize to them the importance of collaborating with Postal Service internal business partners prior to solicitation to obtain these requirements. TID: August 2015
Philatelic Initiatives		
FT-MA-15-007	07/10/2015	R-1 — Develop a formal process for philatelic promotions that includes: a) A strategic plan that describes how promotions will be marketed, the legal authority behind promotions, and transparency to the public to ensure fair access to promotions; b) Formal approval of the promotions and strategic plan from the key executive leadership team, including the general counsel; c) Controls to prevent employees from designing and implementing unapproved ideas related to philatelic promotions. TID: December 2015 R-2 — Develop a plan to address the Un-inverted Jenny stamps that remain in inventory (not purchased by customers) at both Stamp Fulfillment Services and retail units. TID: August 2015 R-3 — Revise the Postal Operations Manual to clarify the language of section 211, regarding the creation of philatelic rarities. TID: August 2015
Software Development Processes		
IT-AR-15-006	07/13/2015	R-2 — Implement guidance and training to Business Owners for the customer testing process and ensure that testing teams are following requirements in Handbook AS-805, Information Security. TID: March 2016 R-4 — Update development policies including the Technology Solutions Life Cycle (TSLC) governance and compliance policy to include all software development phases in the monthly governance and compliance review process and update the system retirement process to designate responsibility for updating the application status in the TSLC Artifacts Library. TID: September 2016 R-5 — Revise policies to require program managers to upload required documentation into the TSLC Artifacts Library at the completion of each phase of the TSLC process. TID: September 2016
Software Inventory Management – Greater Boston District		
IT-AR-15-007	07/13/2015	R-1 — Update policies to provide specific roles and responsibilities for managing the software inventory process, and provide instructions for detecting and removing unauthorized software to all districts. TID: December 2016 R-5 — Remove unauthorized software identified on the Greater Boston District network. TID: December 2016 R-6 — Revise Handbook AS-805, Information Security, to clarify software inventory policies pertaining to Engineering systems connected to the Postal Service's Mail Processing Equipment/Mail Handling Equipment private network and the Managed Network Services. TID: July 2016
Management of Unauthorized Software		
IT-MA-15-003	07/14/2015	R-1 — Assign responsibility for identifying and reviewing unauthorized software products on the network and if applicable remove these products or add them to the approved software listing. TID: December 2016 R-2 — Assign personnel to coordinate with district Information Technology staff on a quarterly basis to monitor, identify, and remove unauthorized software from the network. TID: December 2016
U. S. Postal Service Cybersecurity Functions		
IT-AR-15-008	07/17/2015	R-2 — Communicate the cybersecurity strategy and initiate cultural changes through initiatives focused on security education, training, and awareness activities to all U.S. Postal Service employees, contractors, and senior leadership. TID: December 2016 R-3 — Separate the joint duties of the chief information security officer and vice president of Digital Solutions and designate a senior-level chief information security officer with information security as the primary duty. TID: March 2016 R-4 — Provide adequate resources for cybersecurity operations, including: a) Funding commitments to enable proactive prevention, detection, response, and mitigation of sophisticated cyber threats; b) Providing visibility into fragmented cybersecurity funding to facilitate a coordinated approach to reducing business risk. TID: September 2015 R-5 — Adequately staff cybersecurity operations functions based on the organization's risk tolerance. Specifically, staffing levels should support business requirements to: a) Ensure the Security Operations Center provides skilled cyber threat and intrusion analysis and experienced threat remediation and response management staff; b) Expand Computer Incident Response Team functions to include comprehensive incident management and response, including anomalous activity detection; c) Create centralized network operations capabilities and require participation as part of a cybersecurity incident response with the security operations center and Computer Incident Response Team; d) Expand the existing vulnerability management program to encompass the federal objectives for continuous monitoring, including penetration testing. TID: September 2017 R-6 — Develop and implement a plan for the organization to exercise the appropriate governance and incident response. TID: December 2016

Report Number	Issue Date	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
		Retail Systems Software – Business Process Controls
		R-1 — Implement controls to prevent multiple scans on prepaid barcodes or to alert retail associates when multiple scans occur. TID: None
		R-2 — Remediate the Retail Systems Software messaging center issue so it is fully functional. TID: None
		R-4 — Implement controls to appropriately limit administrator and supervisor access based on retail unit size. TID: None
		R-5 — Implement controls to ensure Retail Systems Software communicates with the Change of Address Reporting System. TID: January 2016
FT-AR-15-008	07/21/2015	R-6 — Develop a unique transaction reference number that retrieves all stored Premium Forwarding Service data and links related transactions. TID: January 2016
		R-7 — Reiterate to retail associates that they must use Retail Systems Software to accept prepaid mail at the retail counter. TID: None
		R-8 — Develop controls to ensure postmasters revoke retail associate access rights when the employee no longer works at the retail unit. TID: None
		R-10 — Develop additional methods to communicate Retail Systems Software updates and enhancements directly to retail associates as a workaround until the Retail Systems Software messaging center is fully functional. TID: None
		City Delivery Office Efficiency-Connecticut Valley District
DR-AR-15-008	07/24/2015	R-1 — Eliminate 221,787 workhours at delivery units. TID: September 2015
		Use of Leased Fleet Trailers - Northeast Area
		R-1 — Ensure compliance with the newly established leased trailer policy. TID: June 2015
NO-AR-15-009	08/05/2015	R-2 — Assess leased trailer needs and routinely identify and return any unneeded leased trailers to suppliers. TID: October 2015
		R-3 — Finish implementing the Solutions for Enterprise Asset Management application for managing and tracking leased trailers nationwide. TID: May 2016
		Oversight of Expense Purchase Cards
SM-AR-15-006	08/07/2015	R-2 — Update Handbook AS-709, Local Buying and Purchase Card Policies and Procedures, to: a. Require refresher training for all cardholders and credit card approving officials; b. Require credit card approving officials to verify and certify their review of approved eBuy2 requests prior to approving cardholder expense purchase card monthly statements; c. Incorporate the new eAccess purchase card account setup process; d. Implement a process to verify that all cardholders and credit card approving officials have completed required training and all cardholders have a delegation of authority. TID: March 2016
		Substantial Increase in Delayed Mail
		R-1 — Continue to monitor and mitigate delayed mail processing as appropriate. TID: September 2015
NO-MA-15-004	08/13/2015	R-2 — Assign appropriate staffing and conduct training to ensure timely processing of the mail. TID: September 2015
		R-3 — Ensure appropriate transportation is in place to help meet the new service standards. TID: September 2015
		R-4 — Establish criteria for determining if the network has stabilized and ensure the criteria are met prior to resuming the Phase II consolidations or conducting any other optimization efforts. TID: January 2016
		Managing Package Growth - Southern Area
		R-1 — Evaluate actual package volume data for city delivery units and modify route base package volume estimates on routes through route adjustments or minor route adjustments. TID: January 2016
DR-MA-15-003	08/21/2015	R-2 — Evaluate package volumes and possible deliveries and implement dedicated package routes during peak seasons. TID: November 2015
		R-3 — Evaluate package volumes and possible deliveries and implement dedicated package routes on high-volume days during non-peak seasons. TID: September 2015
		R-7 — Request from Postal Service Headquarters funding assistance for gopost® locker units and inclusion in pilot tests for the next generation mailboxes and delivery unit automated sortation equipment. TID: None
		Utilization of Data by the Chief Operating Officer and Executive Vice President
		R-1 — Connect metrics to the strategic plan which will enable Operations to provide insight into ongoing progress in executing strategy. TID: March 2016
DR-AR-15-009	08/25/2015	R-2 — Evaluate and update metrics annually to evolve alongside the organization's priorities and strategic goals. TID: August 2016
		R-3 — Include predictive metrics in data tools, which enable proactive or forward-focused decision-making. TID: August 2016
		R-4 — Identify, develop, and implement systems, data, and reporting tools which cover additional internal and external data sources and have the capability to collect and report real-time actionable data. TID: March 2016

Report Title, Recommendation Summary		
Report Number	Issue Date	R = Recommendation number TID = Target Implementation Date
City Delivery Office Efficiency – Sierra Coastal District		
DR-AR-15-010	09/01/2015	R-1 — Eliminate 172,601 workhours at delivery units. TID: None
Passive Adaptive Scanning System (PASS) Functionality and Savings		
		R-1 — This recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act.
MI-AR-15-007	09/01/2015	R-2 — Establish a program in coordination with Supply Management to secure, repurpose, or dispose of the printers, handheld scanners, weight scales, and weight sets for calibration currently not being used with the PASS units to safeguard the investment of more than \$2.8 million. TID: March 2016
		R-3 — This recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act.
Leased Trailer Damage Payments		
		R-1 — Review and update damage claims policy and procedures. TID: April 2016
		R-2 — Ensure all policies and procedures for damage claims are being enforced before payments are issued. TID: October 2015
NO-MA-15-005	09/01/2015	R-3 — Ensure suppliers provide all supporting documentation for damage claims as required in the contract terms and conditions on leased trailers and that represent a single damage incident caused by Postal Service negligence. TID: October 2015
		R-4 — Identify any improper damage claim payments already made and initiate recovery of those payments where practical. TID: July 2016
		R-5 — Ensure all responsible local Postal Service personnel follow terms and conditions to timely request substitute trailers or pay adjustments if repairs go beyond 10 days, and ensure they submit payment adjustments to recoup the daily trailer lease rate beyond the allotted 10 day period. TID: October 2015
Working Conditions at the [redacted] Post Office		
		R-1 — This recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act.
HR-MA-15-004	09/02/2015	R-2 — Establish procedures for the manager of Post Office Operations to conduct periodic observations at all post offices to assess working conditions and create an action plan to resolve any issues that could affect employee health and safety. TID: October 2015
		R-3 — Provide Safety Toolkit training to facility safety coordinators. TID: September 2015
Postal Service Handling of Inbound International Mail at the [redacted]		
		R-1 — To enhance the system application for automation to identify mail requested by U.S. Customs and Border Protection. TID: September 2016
NO-MA-15-006	09/03/2015	R-2 — To coordinate with U.S. Customs and Border Protection to clarify their inspection requirements and establish a process to ensure compliance. TID: March 2016
		R-3 — To provide recurring training to employees to ensure they remain current with the proper processes for handling and presenting mail in accordance with U.S. Customs and Border Protection requirements. TID: January 2016
		R-4 — To ensure scanned data is accurate, complete, and reliable. TID: July 2016
Oversight of Properties Financed by Bonds		
SM-MA-15-002	09/08/2015	R-1 — Implement a policy to reassign properties after asset managers retire or leave the Postal Service. TID: August 2015
		R-2 — Verify that all associated records for all bond-financed properties are retained in the Facilities Management System. TID: September 2015
Disabled Veterans Affirmative Action Program in the [redacted]		
HR-MA-15-005	09/09/2015	R-2 — Establish oversight procedures to ensure the district's Disabled Veterans Affirmative Action Program is implemented in accordance with the national program plan. TID: October 2015
		R-3 — Provide training to the district human resources manager and district veterans coordinator on Disabled Veterans Affirmative Action Program policies and procedures and their roles and responsibilities. TID: November 2015
Controls Over Credit Card Data at the National Customer Support Center		
		R-1 — Increase security of customer information by masking credit card numbers when received and stored within the accounting room. TID: June 2016
SM-MA-15-003	09/11/2015	R-2 — Replace the combination locks with employee identification access badge readers for the accounting and storage room doors. TID: September 2016
		R-3 — Restrict personnel with access to the accounting room from accessing the storage room to prevent tampering with the video surveillance system and undetected access to primary account number information. TID: September 2016
		R-4 — Complete periodic Payment Card Industry compliance reviews at the National Customer Support Center. TID: June 2015

Report Number	Issue Date	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
DR-AR-15-011	09/15/2015	<p>Review of City Carrier Office Efficiency - San Francisco District</p> <p>R-1 — Eliminate 158,847 workhours at delivery units. TID: March 2016</p>
HR-AR-15-007	09/15/2015	<p>Postal Inspection Service Mail Covers Program Phase II</p> <p>R-1 — Proceed with completing the debarment process to hold external law enforcement agencies accountable for returning mail cover documents. TID: March 2016</p> <p>R-2 — Establish formal procedures to monitor and track accountable mail cover documents for postal inspectors to ensure they are properly completed, submitted, and maintained at the Postal Inspection Service's Criminal Investigations Service Center (CISC). These procedures should include requiring inspectors to return all mail cover documents to the CISC within 60 days of the mail cover end date. TID: March 2016</p> <p>R-3 — Conduct a study to determine how using electronic media, including spreadsheets, will impact the confidentiality and security of mail cover information. Based on study results, clarify policies and procedures regarding completing Postal Service Form 2009, Information Regarding Mail Matter, for each mailpiece related to interdiction mail covers and for mail covers that are automatically generated, approved, and closed. TID: March 2016</p> <p>R-5 — Establish training requirements for Postal Service personnel responsible for handling and safeguarding mail covers to ensure they are aware of their roles and responsibilities regarding the mail cover process. TID: March 2016</p>
DR-MA-15-004	09/18/2015	<p>Solution for Enterprise Asset Management System – Vehicle Maintenance Facility Data</p> <p>R-2 — Provide continuous opportunities for Solution for Enterprise Asset Management system training to improve knowledge of system features and capabilities for vehicle maintenance staff. TID: April 2016</p> <p>R-3 — Improve monitoring and oversight of vehicle maintenance facility repair operations to ensure work orders are reviewed and promptly corrected. TID: December 2015</p>
IT-AR-15-009	09/18/2015	<p>[Redacted] Software Contract and Compliance Review</p> <p>R-1 — This recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act.</p> <p>R-2 — This recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act.</p> <p>R-3 — This recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act.</p> <p>R-5 — This recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act.</p> <p>R-6 — This recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act.</p>
NO-AR-15-010	09/28/2015	<p>Use of Leased Trailers – Western Area</p> <p>R-1 — Ensure compliance with the newly established trailer policy. TID: May 2016</p> <p>R-2 — Assess leased trailer needs and return any underused or unneeded leased trailers to suppliers. TID: December 2015</p>

Appendix F

Significant Management Decisions in Audit Resolution

For the period April 1 — September 30, 2015

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.

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.

Report Number	Date Issued	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
Postal Service Management of CBRE Real Estate Transactions		
SM-AR-15-003	04/22/2015	R-1 — Terminate and recomplete the current CBRE real estate management services contract. a) Ensure the new Modify the CBRE contract prohibits the contractor CBRE from collecting commissions from opposing parties when negotiating leases and from representing both the Postal Service and prospective buyers and lessors in Postal Service real estate transactions; b) Until the current contract is recompleted, modify the current contract to prohibit CBRE from collecting commissions from opposing parties when negotiating leases and from representing both the Postal Service and prospective buyers and lessors in Postal Service real estate transactions; c) Notify lessors they are not required to pay commissions for new leases. TID: None
Area Mail Processing Consolidations		
NO-AR-15-007	06/05/2015	R-1 — Include guidelines for determining a timeframe for implementing an area mail processing consolidation once a feasibility study is approved. TID: None R-2 — Define “substantive change” with respect to changes that warrant revisions to area mail processing feasibility studies and specify timeframes for evaluating a feasibility study to determine whether substantive change(s) occurred. TID: None
Retail Systems Software – Business Process Controls		
FT-AR-15-008	07/21/2015	R-1 — Implement controls to prevent multiple scans on prepaid barcodes or to alert retail associates when multiple scans occur. TID: None R-2 — Remediate the Retail Systems Software messaging center issue so it is fully functional. TID: None R-4 — Implement controls to appropriately limit administrator and supervisor access based on retail unit size. TID: None R-7 — Reiterate to retail associates that they must use Retail Systems Software to accept prepaid mail at the retail counter. TID: None R-8 — Develop controls to ensure postmasters revoke retail associate access rights when the employee no longer works at the retail unit. TID: None R-10 — Develop additional methods to communicate Retail Systems Software updates and enhancements directly to retail associates as a workaround until the Retail Systems Software messaging center is fully functional. TID: None

Office of Audit

External Peer Reviews

The U.S. Department of Housing and Urban Development Office of Inspector General (HUD OIG) issued a Peer Review Report to the United States Postal Office of Inspector (USPS OIG) on September 22, 2015, which gave the USPS OIG a passing rating. The report is located at https://www.uspsoig.gov/sites/default/files/document-library-files/2015/2015_HUD-OIG_System_Review_Report.pdf

The latest External Peer Review the USPS OIG conducted was on the Department of Homeland Security Office of Inspector General (DHS OIG). The report was issued on June 28, 2012. We started conducting an external peer review on the Department of Defense Office of Inspector General (DOD OIG) on April 1, 2015, however it is still ongoing.

Office of Investigations

External Peer Reviews

None conducted during this period.

Appendix H

Investigative Statistics

For the period April 1 — September 30, 2015

	Investigations Closed	Arrests	Indictments / Informations	Convictions	Admin Action Taken	Cost Avoidance	Fines / Restitution, and Recoveries	Amount to USPS	To Mgmt. for Admin Action	To Mgmt. for Admin Action (FY)
Contract Fraud	111	9	7	10	54	55,830,876	14,619,677	14,170,259	63	124
Financial Fraud	260	89	72	96	167	229,230	1,549,366	1,495,470	161	330
General Crimes	420	27	22	33	306	1,167	412,782	282,999	252	511
Healthcare Claimant Fraud	532	26	24	27	139	148,193,111	26,827,114	6,129,034	117	280
Healthcare Provider Fraud	37	10	8	6	5	—	—	—	—	—
Internal Mail Theft	858	254	204	288	584	—	3,454,698	280,752	508	1,056
Total	2,218	415	337	460	1,255	204,254,384	46,863,637	22,358,514	1,101	2,301

For the period October 1, 2014 — September 30, 2015

	Investigations Closed	Arrests	Indictments / Informations	Convictions	Admin Action Taken	Cost Avoidance	Fines / Restitution, and Recoveries	Amount to USPS	To Mgmt. for Admin Action	To Mgmt. for Admin Action (FY)
Contract Fraud	201	11	13	13	124	57,888,578	17,598,910	17,104,769	124	124
Financial Fraud	468	170	144	183	365	1,494,730	3,862,032	2,881,718	330	330
General Crimes	781	52	34	65	622	87,812	970,126	766,496	511	511
Healthcare Claimant Fraud	1,034	49	41	49	266	332,651,418	1,375,876,832	11,883,094	280	280
Healthcare Provider Fraud	75	10	9	9	6	—	—	—	—	—
Internal Mail Theft	1,607	493	384	541	1,220	—	31,105,752	478,497	1,056	1,056
Total	4,166	785	625	860	2,603	392,122,538	1,429,413,652	33,114,574	2,301	2,301

Appendix I

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

For the period April 1 — September 30, 2015

Type of Scheme	Complaints Filed	Consent Agreements	FROs	C&D Orders
Collect on Delivery	1	1	—	1
Counterfeit Check	6	6	—	6
Failure to Render	4	4	—	4
Foreign Lottery	22	23	—	23
Foreign Lottery & Counterfeit Check	2	3	—	3
Government Look-Alike	3	3	—	3
Identity Theft - Other	—	1	—	1
Invoice Schemes	3	3	2	4
Lottery	20	23	—	23
Other	1	1	—	1
Psychic	—	1	1	1
Rebate and Refund	6	6	—	6
Reshipping Scheme	4	4	—	4
Sweepstakes	1	1	—	1
Work at Home-Other	4	4	—	4
TOTAL	77	84	3	85

Other Administrative Actions

Temporary Restraining Orders Requested	—
Temporary Restraining Orders Imposed	—
Cases Using Direct Purchase Authority	—
Civil Penalties (Section 3012) Imposed	1
Test Purchases	—
Withholding Mail Orders issued (included 0 Petitions)	2
Voluntary Discontinuances	—

Administrative Subpoenas Requested by the Postal Inspection Service.

There were none requested during this reporting period.

Financial Reporting on Investigative
Activities for the Postal Inspection Service

Type	Total
Total Personnel Comp	\$178,928,938
Total Nonpersonnel Expense	\$39,386,475
Total Operating Expense	\$218,315,413
Total Capital Commitments	\$6,688,865

Appendix J

All Closed Congressional/PMG/BOG Inquires

For the period April 1 — September 30, 2015

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. Inquiries are listed in chronological order of receipt.

Inspector General Investigations (62)

Requestor	Allegation/ Concern	Major Findings	Closure Date
Representative, North Carolina	Non-delivery of a package containing gold	Having observed a Postal Service employee rifle multiple pieces of mail, our agents, in coordination with local police, arrested the employee and found her in possession of narcotics and coins stolen from the mail stream. We found three other missing packages of gold destined for the same delivery location and determined the arrested employee had access to each package when they went missing.	5/19/15
Senator, Iowa	Theft of medication mailed from the Department of Veterans Affairs	Our investigation substantiated an allegation that a Postal Service employee repeatedly intercepted, opened, and stole a varying number of prescription narcotics, and also resealed the constituent's packages for delivery. The employee pled guilty to theft in federal court.	6/18/15
Representative, New York	Many issues with timeliness, customer service, and accuracy of mail delivery	Our investigators followed up with several individual cases. The investigation revealed no evidence of fraud or misconduct by a Postal Service employee. However, we found allegations of external mail theft that we forwarded to the Postal Inspection Service.	8/14/15
Senator, New York	Non-delivery of mail to residence	We found that local Postal Service employees believed the constituent had an informal agreement to forward his mail to a P.O. Box, and the Postal Service Office of Government Relations stated the constituent did not have a working mailbox. Our agents found no evidence of the informal agreement to forward mail, determined the constituent had an operational mailbox, and facilitated a conversation to restart mail to the constituent's residence.	5/8/15
Senator, New Jersey	Hostile work environment at a New Jersey Post Office	We found Postal Service management conducted their own investigation and took actions to remedy the issues.	4/22/15
Senator, Ohio	Several Postal Service employees alleged a hostile work environment	The employee accused of causing a hostile work environment was a temporary detailee. After the detail ended, the employee returned to their permanent position in a different building and on a different tour.	4/22/15
Senator, Illinois	Consistent mail tampering	The investigation revealed the constituent's mail was likely damaged by Postal Service machinery and found no evidence the damage was intentional.	4/22/15
Representative, Pennsylvania	Missing laptop and external DVD drive from a package delivered to a deployed soldier in Afghanistan	Our agents recovered the laptop and gathered information on possible theft suspects. At the time, we could not attribute the theft to a Postal Service employee, and the Postal Service reimbursed the constituent for the missing items.	4/1/15
Representative, Texas	Hostile work environment at a Texas Post Office	We learned Postal Service management conducted their own inquiry and took action to remedy the issues.	4/9/15
Representative, California	A Postal Service employee intentionally tampered with frequently delayed and returned mail	Mail processing equipment likely misread mail pieces and clerks failed to recognize change of address orders on file. Our agents placed a forwarding note inside the constituent's old P.O. Box and forwarded all pieces improperly held there.	7/2/15
Senator, Florida	A Postal Service manager drugged and sexually assaulted an employee, and refused to allow her to return to work because of her sexual orientation	The employee did not initially submit the required medical paperwork following her leave, and the employee and her doctor repeatedly failed to cooperate regarding clarification for a requested work accommodation. We found no evidence the actions were discriminatory or retaliatory. Regarding the sexual assault, we found the Postal Service acted swiftly and properly after the constituent's initial allegation.	4/14/15
Senator, California	Theft of gift cards out of greeting cards	Our agents inserted a test mail piece containing a gift card into the mail stream. The gift card was stolen, and our agents were able to track the card to a Postal Service employee. The employee admitted to theft of our gift card, as well as gift cards from other birthday cards.	7/9/15
Representative, Alabama	Theft of tennis shoes from China	The investigation revealed a Postal Service employee likely mishandled the package in the delivery process, and we found no evidence of theft by a Postal Service employee.	4/1/15
Representative, California	Non-delivery of a package containing a tablet	We found the Postal Service found the package damaged in processing with its contents missing. We were unable to determine where the damage occurred.	4/7/15
Senator, Florida	Refusing to allow the constituent to return to work due to sexual orientation and a Postal Service manager drugged and sexually assaulted her	We found the employee did not initially submit the required medical paperwork following her leave, and the employee and her doctor repeatedly failed to cooperate regarding clarification for a requested work accommodation. We found no evidence the actions were discriminatory or retaliatory. Regarding the sexual assault, we found the Postal Service acted swiftly and properly after the constituent's initial allegation, working with local police and the State's Attorney.	4/14/15
Senator, Maryland	Non-delivery and delayed delivery of mail deposited in collection boxes	Postal Service management said they had between 30 to 40 similar allegations from the same area. By tracking stolen gift cards, our agents identified a Postal Service employee likely responsible for the stolen and delayed mail.	6/25/15
Representative, Maryland	Non-delivery to a residence, scan falsification, and tampering of a parcel	The constituent later picked up the package from a Post Office with signs of tampering. We were not able to determine the source of the tampering, but the parcel contained all intended items. Our agents determined the package was likely mis-sorted when originally scanned as delivered and then purposefully brought back to the Post Office during the second delivery attempt to avoid potential theft.	6/22/15
Representative, New York	A package was delivered with its contents missing and replaced with playing cards	We determined the package was likely damaged and went through the rewrap process. The Postal Service likely placed the playing cards in the damaged package, believing the cards to be the original contents.	4/1/15
Representative, California	Non-delivery of two parcels scanned as delivered	The investigation revealed a Postal Service employee mis-delivered two mail hampers, containing the parcels, and falsely scanned the hampers as delivered. The Postal Service retrieved the two hampers, but did not recover the constituent's parcels.	5/8/15

Requestor	Allegation/ Concern	Major Findings	Closure Date
Senator, New Jersey	Postal Service employees intentionally intercepted and did not scan two pieces of mail containing rent payments	We found the mail pieces arrived at the intended destination, but not in the constituent's desired timeframe. However, the Postal Service has no obligated delivery time for Certified Mail. Regarding the lack of scanning, we found employees at the local Post Office uninformed about proper scanning procedures, and no evidence of intentional misconduct.	4/22/15
State Attorney General	Non-delivery of an international package from China	Our agents performed mail processing observations, mail integrity testing, a 30-day mail watch, coordinated with the Postal Inspection Service, and searched Postal Service databases. We found no evidence of theft or misconduct, but had no further leads.	5/14/15
Postal Service Executive	Several misconduct allegations against a Postal Service employee	We found no evidence to substantiate the allegations.	5/8/15
Senator, Georgia	OIG agents falsely accused a former employee of theft and forced her to resign	We found the employee voluntarily wrote and signed a resignation letter saying she stole money from a Post Office. Our agents reviewed the files and found no evidence of coercion or agent misconduct.	4/9/15
Senator, Florida	A Postal Service employee made slanderous remarks, causing undue stress and affecting the constituent's ability to perform work	Our agents interviewed several employees and reviewed paperwork, but were unable to substantiate the allegations of slander and its impact on the ability for the constituent to perform his work.	5/28/15
Representative, Pennsylvania	Package shipped to another country arrived with the contents missing	We searched several databases and subpoenaed eBay's records in attempt to find the missing camera, but found no leads.	7/28/15
Senator, Missouri	Whistleblower retaliation following assistance with an OIG investigation	The constituent did not meet the four-pronged criteria for a <i>prima facie</i> case of whistleblower retaliation. Specifically, we found no evidence of targeted adverse personnel action. The constituent alleged he was removed from an accommodated work schedule, but we found no official record of his accommodation.	6/9/15
Representative, Missouri	Manager verbally threatened and made rude hand gestures toward the employee and the Postal Inspection Service did not address the threats	We found the Postal Inspection Service and the Equal Employment Opportunity Commission (EEOC) each previously investigated the case and found no credible threat. Since the EEOC was conducting an additional investigation, we concluded our efforts.	6/29/15
Representative, Virginia	Theft of three gift cards sent through the mail	The investigation revealed an individual unrelated to the Postal Service used the gift cards after the packages were mis-delivered to the individual's address. The individual admitted to the theft and later reimbursed the amount lost from the gift cards.	9/10/15
Representative, Maryland	A Postal Service employee delayed and tampered with several pieces of delivered mail	The previous carrier assigned to the route was removed and the Postal Service did not assign a permanent replacement. Our agents conducted surveillance and found no delivery issues during the investigation.	7/9/15
Representative, New York	A Postal Service employee stole a neighbor's package	The neighbor said she was not expecting a package and is not missing anything.	5/8/15
Senator, Pennsylvania	Postal Service management did not initially allow an employee to file a claim with the Department of Labor Office of Workers' Compensation Program (OWCP)	Postal Service management was unaware the constituent was eligible for an OWCP claim at the time, but also said the constituent never requested one. We found no evidence management prevented the constituent from filing an OWCP claim.	5/27/15
Representative, Florida	Non-delivery of a package	We searched several databases, but found no pattern of mail theft allegations and no evidence of theft or misconduct by a Postal Service employee.	5/27/15
Representative, Texas	Delivery issues with three pieces of mail	We conducted interviews and searched several databases, but found no pattern of mail theft and no evidence of theft or misconduct by a Postal Service employee.	5/14/15
Representative, North Carolina	Missing items associated with an incident of attempted mail destruction	Our agents determined a Postal Service employee was responsible for the mail destruction, and the case was taken up for federal prosecution. We were able to identify about 25 victims associated with the case, but individual insurance matters are under Postal Service jurisdiction.	6/4/15
Representative, Florida	A carrier mis-delivered mail and left the building mailroom unsecured, which led to residents experiencing identity theft	We found the Postal Service stopped delivery to the mailroom after discovering a broken lock on the door to the mailroom. The Postal Service addressed the issue and resumed delivery service. Our agents conducted testing to verify service returned to normal, but we could not substantiate the broken lock as the cause for the identity thefts.	7/21/15
Senator, Florida	Fraud and delinquency in filing a Department of Labor OWCP form	Our investigation found Postal Service management changed the date on the claim form in an improper manner. The OWCP also said a form with a date from several months prior would not prevent the claim from being processed. The OWCP later denied the award because the constituent did not submit an updated medical report from her physician.	6/29/15
Representative, North Carolina	Forgery of the constituent's signature upon delivery	A Postal Service employee admitted to forging the constituent's signature upon the delivery of a package.	6/4/15
Representative, North Carolina	An envelope containing tax information arrived opened, repackaged, and replaced with reports addressed to other individuals	We searched several databases, but found no pattern of mail theft allegations and no evidence of theft or misconduct by a Postal Service employee.	6/18/15

Requestor	Allegation/ Concern	Major Findings	Closure Date
Representative, Georgia	The OIG conducted a fabricated investigation that resulted in the constituent's termination	We reviewed our files and found the constituent admitted to theft of gift cards and coupons from the mail stream. We found no evidence of investigative misconduct.	5/14/15
Ranking Member, Senate Committee	Request for information on agencies investigating the gyrocopter landing on the National Mall	Our investigators held a meeting and responded to questions.	4/22/15
Senator, New Mexico	Many issues with working conditions affecting the lights, restrooms, electrical, and heating and cooling system	Our investigators found the heating, cooling, and lighting issues have been repaired, but the other issues all still needed addressing. We reported our findings to Postal Service management for actions deemed appropriate.	9/30/15
Representative, California	Retaliation after reporting corruption between the Postal Service and the American Postal Workers Union	We previously investigated the same allegations and found the employee does not meet the <i>prima facie</i> findings for a whistleblower retaliation. The Postal Service terminated the employee after failing a Fitness-For-Duty examination, not out of retaliation, and we found the Postal Service mandated the Fitness-For-Duty examination based on reasonable workplace concerns.	4/28/15
Representative, New Jersey	Non-delivery of a flag and mount	We searched several databases, but found no pattern of mail theft allegations and no evidence of theft or misconduct by a Postal Service employee.	6/18/15
Representative, Oregon	Missing multiple days of mail after switching P.O. Boxes	We found at least three pieces of mail never arrived as addressed. However, the constituent did not originally file the change of address form correctly, which likely caused a period when all mail was returned to sender.	7/27/15
Senator, Georgia	Officials are tampering with her parcels after a competitor posted online that the constituent is a threat to national security	Our agents contacted the Department of Homeland Security (DHS) Terrorist Screening Center and the DHS OIG and learned the constituent is neither on a terrorist watch list, nor involved in an active DHS investigation. We learned DHL, not DHS, inspected the constituent's packages.	7/15/15
Representative, California	Retaliation after providing testimony against the Postal Inspection Service	We found the constituent's testimony did not play a role in his dismissal from his contractor position. The constituent provided testimony in an over 1,500-person class action lawsuit where many plaintiffs continued working for the contracting firm.	7/13/15
Postal Service Executive	Fraud and misconduct involving several Postal Service managers	The investigation did not substantiate the allegations. We had previously done an investigation based on the former employee making the allegations and explained the findings from that investigation.	5/14/15
Representative, North Carolina	Package arrived to the Post Office with the contents missing and the package resealed	We searched several databases, but found no pattern of mail theft allegations and no evidence of theft or misconduct by a Postal Service employee.	6/26/15
Chairman, Senate Committee	Harassment and whistleblower retaliation following assistance in an OIG investigation	Our agents found the workplace issues stemmed from basic personality differences. We found no evidence of adverse personnel action, and so the constituent did not meet the criteria for a whistleblower reprisal finding. The constituent further discussed denial of overtime and the disabling of his work email account, which also do not constitute directed adverse personnel action.	7/27/15
Representative, California	Non-delivery of \$11,000 in money orders	The investigation revealed the parcel did not have a sufficient mailing address, and our investigators found the missing parcel at the Mail Recovery Center.	8/7/15
Representative, North Carolina	Theft of a credit card later used at two stores	Our investigators obtained surveillance footage, but were unable to identify the person using the card.	9/16/15
Senator, Georgia	Non-delivery of several checks	We found a similar investigation of missing checks during the same period. In that investigation, none of the missing checks were cashed, and our investigators suspected an employee that no longer works for the Postal Service may have been involved. We found no pattern of missing checks since that period.	8/5/15
Senator, Maryland	Theft of two holiday cards containing cash	We searched several databases, but found no pattern of mail theft allegations and no evidence of theft or misconduct by a Postal Service employee.	9/11/15
Senator, Arizona	Favoritism and misconduct in the Postal Inspection Service	We found the constituent had two open complaints with the Equal Employment Opportunity Commission that covered his same allegations.	9/30/15
Senator, New York	A package was returned as undeliverable with the contents stolen	The package arrived stamped with "undeliverable as addressed" and a label with the checked boxes for "received unsealed," "received damaged," and "received without contents." We searched several databases, but found no pattern of mail theft.	9/14/15
Senator, Virginia	Non-delivery of film strip negatives	Our agents visited the facility where the tracking data stopped and discovered several temporary, untrained clerks intercepting damaged mail. The investigation found a large portion of the damaged mail at the facility was likely not reaching the proper section for processing and repacking. These administrative weaknesses may have contributed to the loss.	8/14/15
White House	A package of tools arrived late with several items replaced with others	The description indicated the package likely went through a rewrap process after being damaged in mail processing. However, we were unable to locate the missing tools.	9/21/15
Representative, Kentucky	An employee sustained a knee injury while walking their delivery route, but the Postal Service will not consider it work-related and the Department of Labor (DOL) denied the claim	The investigation revealed DOL refused the claim for lack of medical evidence proving the knee injury. When our agents reviewed the claim records, we were also unable to locate a document clearly stating the diagnosis. The Postal Service had still been accommodating the employee with a full-time light duty schedule.	9/1/15

Requestor	Allegation/ Concern	Major Findings	Closure Date
Representative, Virginia	Non-delivery of film strip negatives	Our agents visited the facility where the tracking data stopped and discovered several temporary, untrained clerks intercepting damaged mail. The investigation found a large portion of the damaged mail at the facility was likely not reaching the proper section for processing and repacking. These administrative weaknesses may have contributed to the loss.	9/11/15
Representative, West Virginia	The OIG provided false information to local prosecutors related to the amount of alleged theft	We reviewed the investigative file and found the former postmaster misused a government travel card in 2009 and, once discovered, paid the credit card balance with Postal Service funds. At the time, the former employee submitted to a polygraph that indicated deception. Our review found no indication the OIG or Postal Service provided false or misleading information to state prosecutors.	9/2/15
Ranking Member, House Committee	A request to discuss a whistleblower allegation	We had a discussion of the case and provided a fact finding sheet from our investigations.	9/14/15
Senator, Alaska; Senator, Alaska; Representative, Alaska	Questions about the closure of a Contract Postal Unit (CPU)	Our agents explained that the OIG could not order, recommend, or facilitate the closure of the CPU.	9/23/15

Inspector General Audit and Risk Analysis Research Center (RARC) Reports (10)

Requestor	Allegation/ Concern	Major Findings	Closure Date
Chairman, Senate Committee	Potential risk and conflict of interest involving a contract between the Postal Service and CBRE	Our Office of Audit created the report: <i>Postal Service Management of CBRE Real Estate Transactions</i> . The report found the Postal Service could improve its management of CBRE real estate transactions. Some of the transactions are inherently risky and create conflicts of interest whereby CBRE may not negotiate property sales and lease transactions in the Postal Service's best interest.	4/22/15
Senator, Massachusetts	Request for the OIG to explore the Postal Service's service offerings	We provided a copy of our RARC report: <i>The Road Ahead for Postal Financial Services</i> .	5/21/15
Senator, Florida	Issues with the Postal Service's Disabled Veterans Affirmative Action Program (DVAAP)	Our Office of Audit created the report: <i>Disabled Veterans Affirmative Action Program in the [Redacted] District</i> . The report found district officials did not fully comply with the Postal Service's DVAAP. Specifically, the district veterans coordinator did not always communicate and partner with veterans organizations across the district or participate in job fairs as required.	9/9/15
Senator, New Mexico	Employees of a New Mexico Post Office alleged poor working conditions, including no working air conditioning, bathrooms, or lights	Our Office of Audit created the report: <i>Management Alert - Working Conditions at the [Redacted] Office</i> . The report found heating and air had been inadequate at the facility for 6 years. Additionally, it found issues with lighting, electrical wiring, plumbing, and bathroom fixtures; cracked windows; water damage; and a cockroach infestation.	9/2/15
Ranking Member, Senate Committee	Request for a copy of the audit: <i>Management Alert - Mail Processing Operations at the Southern Maine Processing and Distribution Center</i>	We provided a copy of the audit.	5/12/15
Ranking Member, Senate Committee	Request for OIG opinion on major Postal Service issues for committee consideration	We created an ordered list of topics for legislative consideration with several links to prior audits and RARC reports.	5/21/15
Chairman, Senate Committee	Information on non-career employee involvement in Freedom of Information Act (FOIA) inquiry processing	We obtained written certification from the Postal Service's chief FOIA officers stating that no non-career officials were involved in the agency's response to any FOIA request.	8/14/15
Ranking Member, Senate Committee	Request for an update on the 2013 paper: <i>Revisiting the CPI-Only Price Cap Formula</i>	We provided an updated analysis using the latest available data.	7/13/15
Ranking Member, Senate Committee	Request for input on Postal Service reform text	We provided our agency's recommendations.	8/14/15
Chairman, Senate Committee	Request for a copy of <i>The Road Ahead for Postal Financial Services</i> and a list of the Postal Service's non-disclosure agreements	We provided a copy of the requested white paper and the list of non-disclosure agreements.	8/25/15

General Council and Support Functions (10)

Requestor	Allegation/ Concern	Major Findings	Closure Date
Representative, Illinois	Request for records related to an investigation	Our FOIA analysts processed the request. We provided redacted copies of the documents releasable under FOIA.	4/7/15
Representative, Illinois	Follow up request for records related to an investigation	Our FOIA analysts processed the request. We provided redacted copies of the documents releasable under FOIA.	7/20/15

Requestor	Allegation/ Concern	Major Findings	Closure Date
Representative, California	Request for information on whether the Postal Service has a top-down policy on how individual branches must be available to the public	We sent a copy of Postal Operations Manual Section 162.22 about the policy for telephonic customer service. However, we found no policy requiring voicemail capacity or an obligation to respond to messages.	7/2/15
Representative, Mississippi	Request for records related to an investigation and to have her name expunged from investigative records	We provided all releasable records related to the request. However, OIG investigative files are exempt from the Privacy Act of 1974 so we cannot expunge the constituent's name from these records.	8/20/15
Chairman, Senate Committee Ranking Member, Senate Committee	Request for the list of databases in the Data Analytics and Technical Expert Services system	We provided the requested list of databases.	8/12/15
Chairman, Senate Committee Ranking Member, Senate Committee	Request for our list of analytic tools for addressing credit card fraud	We provided the requested list of tools.	8/17/15
Chairman, House Committee Ranking Member, House Committee	Biannual set of questions on all closed cases, all open recommendations, prioritization of recommendations, and monetization of open recommendations	We provided the requested material.	9/11/15
Chairman, Senate Committee Chairman, Senate Committee	Biannual set of questions requesting a report on all unposted audits and investigations and any threats to independence and oversight since the last SARC period	We provided the requested material.	9/11/15
Chairman, House Committee Ranking Member, House Committee	Questions about agency interference with accessing information and steps taken to address any issues	We reported four issues of agency interference over the last two years and explained the circumstances and outcomes.	9/25/15
Ranking Member, House Committee	Request for information about an inquiry made to the Postal Service into their research on financial services	We provided a timeline with the requested information.	8/28/15

Referrals (6)

Requestor	Allegation/ Concern	Major Findings	Closure Date
Representative, Iowa	Request for information regarding a letter the constituent received from the Postal Inspection Service	We forwarded the request to the Postal Inspection Service.	4/27/15
Representative, California	Request for information on Postal Service policies related to the creation of a plaque for a Post Office	We forwarded the request to the Postal Service Office of Government Relations.	4/27/15
Representative, California	Non-responsiveness from a local Post Office	We forwarded the request to the Postal Service Office of Government Relations.	6/11/15
Representative, Texas	Request for personnel files on behalf of a former postal inspector	We forwarded the request to the Postal Inspection Service.	6/9/15
Representative, Kentucky	Lost wages after an incident in 2008	We forwarded the request to the Postal Service Office of Government Relations.	8/14/15
Representative, Kentucky	Theft of a package after delivery	We forwarded the request to the Postal Inspection Service.	8/11/15

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.”

Activities

For the period April 1 — September 30, 2015

Requests	Number of Requests
Carryover from prior period	36
Received during period	309
Total on hand during period	345

Actions	Number of Requests
Processed during the period	314
Requests Denied in Full	9
Requests Granted in Full	9
Requests Denied in Part	86
No Records	158
Requests Referred	5
Requests Withdrawn	39
Fee-Related Reasons	—
Records not reasonably described	1
Not a proper FOIA request for some other reason	1
Not an agency record	3
Duplicate Request	3

Balance	Number of Requests
Balance at the end of the period (pending)	31

Processing Days	Number of Days
Median processing days to respond to a FOIA request	6.5

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, 2015

Complaints Received	Total
Carried over from previous quarter(s)	33
Complaints received from OIG Hotline, Congress, Governors, management, internal, and other	592
Total on hand during this period	625

Workplace Environment Actions	Number of Complaints
Total Complaints reviewed and closed during the period	582
Referred to Office of Audit	2
Summary of findings to Congress/BOG/Postal Service Management	83
Referred to FOIA	—
Referred to Hotline	12
Referred to AIG for Investigations	—
Referred to Postal Inspection Service	1
Referred to database for statistical analysis and possible systemic review	369
Referred to Office of Investigations	2
Workplace Environment	113

Acronym Guide

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

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

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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

Contact: 888-877-7644
www.uspsoig.gov

- 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



Postal Inspection Service

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

- 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





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