



OFFICE OF
**INSPECTOR
GENERAL**
UNITED STATES POSTAL SERVICE

Semiannual Report to Congress

October 1, 2014 — March 31, 2015

Message from the
Inspector General

Summary of Performance



A Message From the Inspector General



The Office of Inspector General (OIG) — together with the U.S. Postal Service Board of Governors, Congress, and Postal Service management — plays 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.

This report, submitted pursuant to the Inspector General Act, outlines our work and activities for the 6-month period ending March 31, 2015. Our efforts focused on identifying ways to improve Postal Service efficiencies, reduce strategic and financial risk, and lower operational costs. Among the reports featured in this semiannual report are audits on revenue protection and Sunday delivery of parcels; a management advisory on city carrier compensation costs; and white papers on a wide range of topics, including the Postal Service's universal service obligation.

During this period, we issued 74 audit reports, management advisories, PARIS risk models and white papers, and the Postal Service accepted 92 percent of our significant recommendations. We completed 1,955 investigations that led to 370 arrests and nearly \$1.4 billion in fines, restitutions, and recoveries, \$10.7 million of which was turned over to the Postal Service.

As an invaluable infrastructure serving American citizens and commerce, the Postal Service deserves to be positioned for success in the digital age. The challenges are considerable, but so are the opportunities. I look forward to working with the new Postmaster General and her management team, and with the Governors and Congress to address the challenges ahead.

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 October 1, 2014 — March 31, 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 October 1, 2014 — March 31, 2015

Audit

	Funds put to better use	\$1,391,068,588
	Questioned costs	\$7,509,879
	Revenue Impact	\$183,025,252
Total		\$1,581,603,719

	Reports issued	74
	Significant recommendations issued	71
	Total reports with financial impact	10

Investigations¹

	Cost Avoidance	\$188,496,707
	Fines, Restitution, and Recoveries	\$1,382,550,014
	Amount to the Postal Service ²	\$10,717,020

Investigations Completed	1,955
Arrests	370
Indictments/Informations	288
Convictions/pretrial diversions ³	400
Administrative actions	1,349

OIG Hotline Contacts

Telephone calls	46,099	E-Mail	22,343	Facsimile - FAX	266
Voice Mail Messages	647	Standard Mail	771	National Law Enforcement Communications Center	278

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 periods.

Table of Contents

Table of Contents	11
A Message From the Inspector General	1
Summary of Performance	2
Table of Contents	3
Office of Audit	4
Mission Operations	4
Mail Left in Mail Transport Equipment Causes Delays	4
<i>Mail Left in Mail Transport Equipment Dispatched to the</i>	
<i>Dallas, TX, Mail Transport Equipment Service Center</i>	4
Action Needed to Address North Dakota Population Growth	4
<i>North Dakota Postal Service Operations</i>	4
Efficiency Improvements Needed for Sunday Amazon Parcel Delivery	5
<i>Sunday Parcel Delivery Service</i>	5
Revenue and Resources	5
Carrier Compensation Based on Time Standards Could Encourage	
City Carrier Efficiency.....	5
<i>City Carrier Management and Compensation</i>	5
Revenue Protection is Vital to Postal Service Viability.....	6
<i>Revenue Protection Rules</i>	6
Retail Window Customer Service Should Improve.....	6
<i>Window Retail Customer Service</i>	6
Formal Review Process Needed for Patent Reviews	7
<i>Patent Review Process</i>	7
Finance and Supply Management	7
100 Percent Prefunding of Uncertain Liabilities Could Unnecessarily	
Damage the Postal Service	7
<i>Considerations in Structuring Estimated Liabilities</i>	7
Emerging Markets Offer Postal Service Growth Opportunities	7
<i>Revenue Opportunities for Innovative Mail Services</i>	7
Technology, Investment, and Cost	8
Functionality Issues Cause RSS Delay	8
<i>Retail Systems Software Deployment and Functionality</i>	8
Risk Analysis Research Center	9
Universal Service Obligation (USO)	9
<i>Guiding Principles for a New Universal Service Obligation</i>	9
<i>What Postal Services Do People Value the Most?</i>	9
Flexibility at Work: Human Resource Strategies to Help the	
Postal Service	10
The Value of the U.S. Postal Service Brand	10
Office of Investigations	11
Financial Fraud.....	11
Mail Theft.....	12
Workers' Compensation Fraud	13
Contract Fraud.....	14
Appendices	15
Appendix A	16
Summary	16
Definitions.....	16
Appendix B	20
Findings of Questioned Costs	20
Appendix C	21
Recommendations That Funds Be Put	
to Better Use	21
Appendix D	22
Other Impacts	22
Appendix E	23
Reports with Significant Recommendations Pending Corrective	
Actions	23
Appendix F	35
Significant Management Decisions in	
Audit Resolution	35
Appendix G	35
Status of Peer Review Recommendations.....	35
Office of Audit	35
Office of Investigations.....	35
Appendix H	36
Investigative Statistics.....	36
For the period October 1, 2014 — March 31, 2015.....	36
Appendix I	37
Summary of U.S. Postal Inspection Service Actions Under 39 USC §	
3005 and 3007.....	37
Appendix J	38
All Closed Congressional/PMG/BOG Inquiries	38
Supplemental Information	43
Acronym Guide	44
Who Do I Call — Report Fraud Waste and Abuse	45
Contact Information	46

Office of Audit

Significant Audit Work

For the period October 1, 2014 — March 31, 2015

Management Response to Audit Work

The Office of Audit 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 U.S. 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.

Mission Operations

Mail Left in Mail Transport Equipment Causes Delays



Mail Left in Mail Transport Equipment Dispatched to the Dallas, TX, Mail Transport Equipment Service Center

During a 5-day site visit to the Dallas, TX, Mail Transport Equipment Service Center, we observed almost 3,000 mailpieces and packages inadvertently left in mail transport equipment (MTE), such as trays, sacks, and cardboard containers that should have been processed and forwarded for delivery. The mail included greeting cards, prescriptions, and a passport, which were open, loose, or damaged. We also found Postal Service internal restricted reports, which included personal identifiable information. Delayed, undelivered, damaged, and unsecured mail can significantly impact the Postal Service and its customers. The Postal Service subsequently delivered this mail.

We recommended management reinforce the requirement to thoroughly inspect MTE before dispatch to the MTE Service Center and ensure sensitive internal documents are properly secured and safeguarded throughout the internal mail process so they are not compromised or misused.

Action Needed to Address North Dakota Population Growth



North Dakota Postal Service Operations

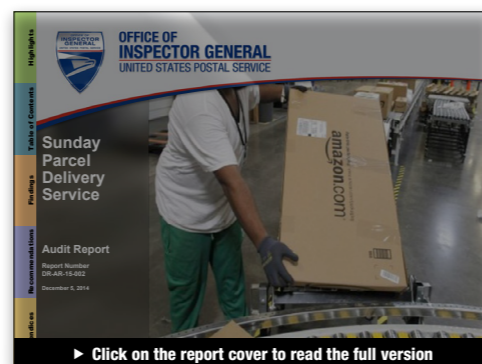
North Dakota's surging economy from FY 2010 through FY 2014 was fueled by an oil boom in the Bakken Shale formation. This led to a 14 percent increase in Postal Service delivery points and a 165 percent increase in package volume. The Postal Service has taken aggressive action to improve mail service in North Dakota in response to the growth, but more can be done. We found the Postal Service lacked adequate equipment and floor space for mail processing and needs more delivery staff and retail operations. Also, the posted time that mail is available for Post Office (PO) box customers was not always accurate. Finally, the timing of Postal Service mail deliveries by FedEx to suppliers at the Grand Forks, ND, airport sometimes led to delayed mail.

We recommended Dakotas District management install more mail processing equipment; consolidate Fargo, ND, operations; develop a staffing contingency plan; and ensure accurate postings of P.O. Box service up-times. We also urged Postal Service management to modify the transportation network. Management agreed with the recommendations.

In fiscal year (FY) 2013, the U.S. Postal Service paid \$21.7 billion in carrier compensation; \$15.5 billion for city carriers and \$6.2 billion for rural carriers.

City Rural 

Efficiency Improvements Needed for Sunday Amazon Parcel Delivery



Sunday Parcel Delivery Service

Under an October 2013 Postal Service negotiated service agreement with Fulfillment Inc., carriers deliver parcels on Sundays to customers using the Dynamic Routing Tool (DRT). As of April 2014, more than 2.7 million parcels had been delivered to customers on a Sunday from 22 districts in the Pacific, Eastern, Southern, Great Lakes, and Northeast areas. We found operational inefficiencies during Sunday parcel deliveries in scanning, sorting, vehicle loading, and using the DRT at 40 of the 134 hubs we visited in four districts. These inefficiencies occurred primarily because management did not enforce policies and procedures and because supervision was inconsistent. The Postal Service spent 17,446 more workhours than necessary delivering parcels on Sundays during June 15 through July 13, 2014, and could save \$356,736 annually for 134 hubs by improving efficiency.

We recommended managers in the Ohio Valley, Northern New Jersey, San Diego, and Dallas districts be directed to eliminate inefficient operational practices, reduce workhours, and ensure employees adhere to postal policies during Sunday parcel delivery. Management disagreed with the monetary impact.

Revenue and Resources

Carrier Compensation Based on Time Standards Could Encourage City Carrier Efficiency



City Carrier Management and Compensation

City and rural carriers represent about 48 percent of the 491,000 career postal employees and account for the Postal Service's largest personnel expense. Compensation for city and rural carriers is very different and the cost per delivery is significantly higher for city carriers than for rural carriers. The Postal Service implemented a number of tools to track and manage city carrier operations; however, it remains challenging to supervise city carriers. The Postal Service continues to experience excessive supervisory, overtime, and grievance costs associated with city carriers. For example, supervisory costs were twice as much for city carriers as for rural carriers in FY 2013. There is also little incentive for city carriers to be more productive and finish their routes faster because they are paid hourly. At the same time, there is an increasing need for carrier efficiency because of the growing number of packages and the adjustments of delivery routes.

We recommended Postal Service management develop a city carrier compensation system based on time standards for specific tasks completed by carriers. Management disagreed with the finding, recommendation, and monetary impact. Management disagreed with the supervisory costs estimate, stating that not all supervisory costs are attributed to management of city delivery routes. Management also disagreed with other aspects of the report including the calculation of compensation costs, overtime, and grievance costs. We found management's comments to be non-responsive to the recommendation in the report.

Issues Most Important to Customers Interacting with Sales Associates



Revenue Protection is Vital to Postal Service Viability

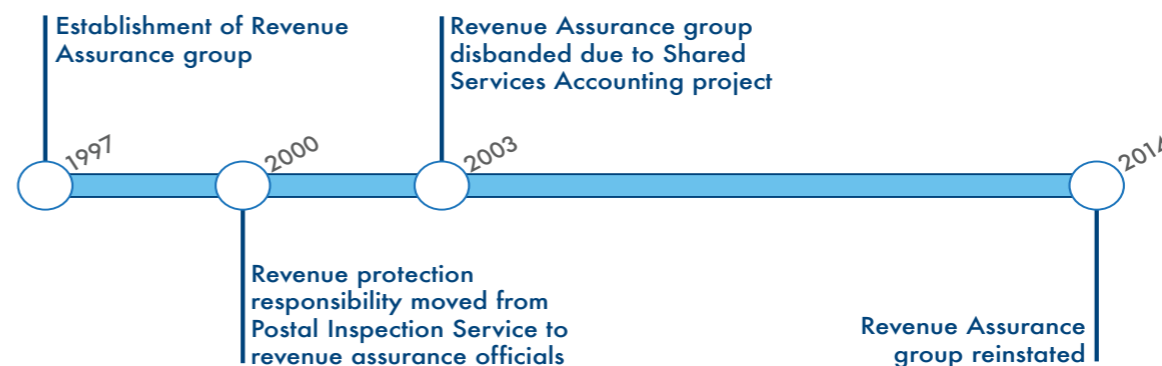


Revenue Protection Rules

Revenue protection is critical to posts' survival in a world of declining mail volume. It can be a challenge, especially given the Universal Postal Union's estimate that posts lose 5 to 10 percent of postage revenue due to fraud, poor mail acceptance, sampling and billing processes, and unreliable revenue collection technology. We found the Postal Service needs to tackle revenue protection in a comprehensive way.

Various groups within the Postal Service address certain aspects of revenue protection. But best industry practices suggest a single group focused on Postal Service-wide coordination is critical to eliminating overlap and ensuring all aspects of revenue protection are covered.

We urged the Postal Service to develop such a group and also explore cost-effective ways to estimate insufficient postage revenue for business mail. The Postal Service did not fully agree that there is no comprehensive strategic approach to revenue protection and thinks it is approaching the issue strategically and is constantly looking for ways to improve its processes.



Retail Window Customer Service Should Improve



Window Retail Customer Service

During FYs 2012 and 2013, the Postal Service had an 8.9 percent increase in negative customer feedback about the retail counter experience. We evaluated customer service at retail counters and found that, in FY 2013, 20 percent of customers who responded to surveys stated they had been treated "worse" at Postal Service retail counters than by other retailers. Dissatisfied customers exist, in part, because procedures for improving customer service are not functioning properly, and there is a lack of continual, formal customer service training for sales associates. Also, sales associates are selected based on seniority rules rather than suitability for the position, and the Postal Service does not have a mandatory process to ensure managers regularly observe sales associates and provide feedback. We estimated the Postal Service risks losing \$288.5 million in FY 2015 due to less than satisfactory treatment of customers.

We recommended the Postal Service provide continual, formal customer service refresher training to sales associates and create a mandatory process for observing, tracking, and providing feedback to sales associates about their performance. We also urged the Postal Service to use Point of Service (POS) survey responses to improve customer service. Management disagreed with the findings and the revenue at risk. Management also disagreed with the recommendation to establish continual, formal training, saying several such programs exist. Finally, management said it is using POS surveys to improve customer service.

Audit

Summary of Performance

For the period October 1, 2014 — March 31, 2015

\$ Funds put to better use
\$1,391,068,588

\$??? Questioned costs
\$7,509,879

\$ Revenue Impact
\$183,025,252

Total
\$1,581,603,719

Formal Review Process Needed for Patent Reviews



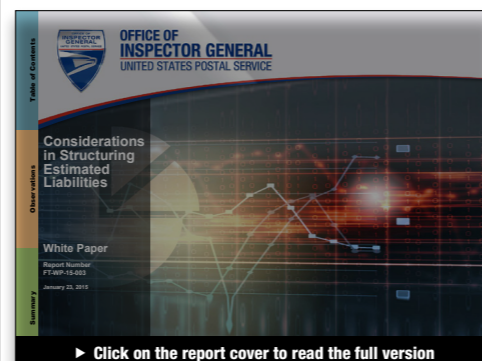
Patent Review Process

We reviewed the Postal Service's processes and controls for preventing private patent infringement and found the organization's analyses are consistent with patent law best practices. But it does not have formal written procedures for actively reviewing new products and services for patent infringement. Rather, it informally educates departments most likely to be affected by patent issues and relies on the departments to initiate reviews with the Law Department. It also does not always seek right-to-use opinions for new products because the reviews are costly.

We recommended management formalize written procedures for the patent review process, including right-to-use opinions and provide formal training on those procedures. Formal review procedures will help ensure new technology is examined for potential infringement, helping the Postal Service avoid litigation and related costs.

Finance and Supply Management

100 Percent Prefunding of Uncertain Liabilities Could Unnecessarily Damage the Postal Service



Considerations in Structuring Estimated Liabilities

This white paper evaluated assumptions used to estimate Postal Service future liabilities. Retiree healthcare and pension liabilities are estimated at \$403.8 billion. Cash set aside for these liabilities, totaling \$335.6 billion, exceeds 83 percent of the future payouts for retiree healthcare and pensions. In addition, the Postal Service's workers' compensation liability is estimated at \$18.4 billion. Based on these assumptions, retiree healthcare, pensions, and workers' compensation were unfunded by about \$86.6 billion as of September 30, 2014. We found mandating 100 percent prefunding of frequently changing and highly uncertain liabilities presents a risk of unnecessarily damaging the Postal Service, inflating prices, and overfunding future liabilities. We concluded that any discussion of unfunded liabilities should take into consideration real estate that could be used to satisfy the liabilities. Additionally, increases in the historically low interest rates, requiring participation in Medicare for retirees, and using Postal Service-specific demographic assumptions for these liabilities would significantly reduce the unfunded liability balance.

Emerging Markets Offer Postal Service Growth Opportunities



Revenue Opportunities for Innovative Mail Services

Emerging markets offer posts a chance to diversify and support their core postal mission. We looked at four of these emerging markets — international mail forwarding, continuity shipping, digital printing, and private locked bags (PLBs) — and found the first three offer revenue-generating opportunities for the Postal Service. In those cases, the Postal Service can use existing assets, such as trusted brand, transportation network, excess facilities, or printing capabilities to gain market share. On the other hand, most of the U.S. businesses we surveyed showed little interest in the PLBs service, which would face competition from courier services. We found more detailed analyses would be needed to determine whether it would be feasible for the Postal Service to expand into courier services.

Audit

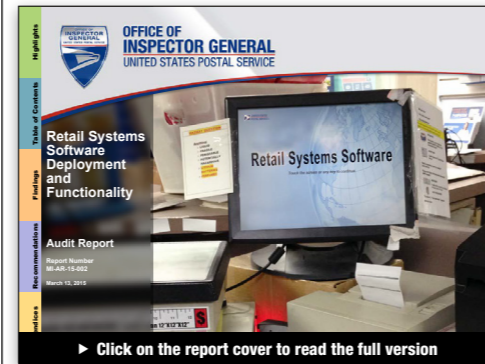
Summary of Performance

For the period October 1, 2014 — March 31, 2015



Technology, Investment, and Cost

Functionality Issues Cause RSS Delay



Retail Systems Software Deployment and Functionality

Retail Systems Software (RSS) will replace existing point-of-service software, including software used at self-service kiosks (SSKs) at post offices. The main benefit of the RSS is lower annual maintenance support costs. Initially, \$68.6 million was approved in January 2012 to install RSS in post offices by the end of FY 2013, but the technology was only installed in four facilities by that time, with pilot-site deployment then planned for May to September 2014. Complexity and functionality issues delayed completion of the pilot, which was subsequently put on hold in December 2014 due to an unrelated event. Full deployment to 17,219 sites is now planned for February through December 2015, 25 months later than the original date. The investment in RSS increased to \$97 million and the expected return on investment went from 41.3 percent to negative 9.8 percent.

We found the RSS deployment schedule is now too aggressive because of limited experience with the pilot sites, continuing help-desk issues, and the testing of a new Office Data Import tool only a month before national deployment of the RSS. Inadequate help desk support and functionality can negatively affect the customer experience, national deployment, and users' confidence in the RSS. We recommended the Postal Service complete the pilot, demonstrate SSKs functionality, and correct any user-related functionality issues before national deployment. We also urged management to establish metrics to ensure the RSS help desk is adequately staffed with knowledgeable personnel so it can support national deployment. Management partially agreed with the recommendations, stating functionality issues were resolved before the RSS was deployed nationally, the help-desk improvements are ongoing, and metrics have been established.

Remediating and Strengthening Information Technology Security

Given the size and complexity of the Postal Service, enterprise-wide information technology (IT) security is a continuous challenge, as evidenced by the cyber intrusion disclosed on November 10, 2014. This event compromised employee data, customer care data, and workers' compensation claims data.

During FY 2015, we will continue to evaluate and assess information security functions, including the Postal Service's organizational focus, resourcing, and governance and risk management over IT security. Additionally, we will evaluate the Postal Service's Mass Data Compromise plan to determine if it is complete, whether management adhered to the plan, and if the plan addressed the response required for the cyber intrusion.

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 U.S. Postal Service. These white papers are presented to Postal Service management for consideration and contain no recommendations.

Universal Service Obligation (USO)

RARC wrote two papers about the Universal Service Obligation (USO): *Guiding Principles for a New Universal Service Obligation* and *What Postal Services Do People Value the Most? A Quantitative Survey of the Postal Universal Service Obligation*.

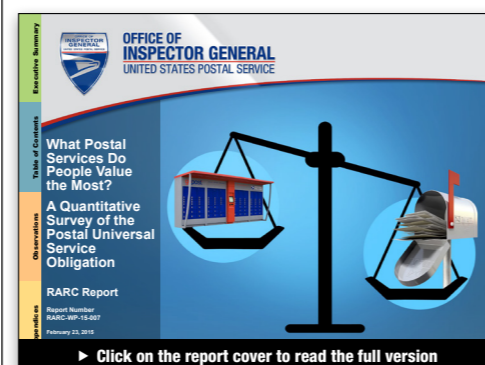
The USO ensures that the Postal Service provides a minimum level of service to all areas of the country. However, there is no explicit definition of USO; it is generally assumed to be a collection of various laws and regulations. Moreover, the rise in digital communication and the declining need for hardcopy mail raise the question of what services the Postal Service should be obligated to provide.



Guiding Principles for a New Universal Service Obligation

In *Guiding Principles for a New Universal Service Obligation*, we provide a framework to assist policymakers in debating and developing a new definition of the USO suitable to the modern era.

For instance, an updated USO should be flexible enough to enable adaptation to changing market conditions over multiple years. It should also define the minimum level of service that the Postal Service needs to provide to ensure that postal stakeholders' needs are being met. And it needs to be financially sustainable while reasonably priced. The development of a new USO should also consider the value the mailing public places on various aspects of universal service.



What Postal Services Do People Value the Most?

Our paper *What Postal Services Do People Value the Most? A Quantitative Survey of the Postal Universal Service Obligation* reports the findings of a quantitative study focused on people's thoughts about four attributes of the USO: mode of delivery, access to postal services, frequency of delivery, and price. The survey provided respondents with a choice of trade-offs between levels of service and price. The survey results can be used to produce quantitative measures of the relative value that consumers and businesses put on various aspects of the USO. These findings can help policymakers form a comprehensive view of the trade-offs involved when discussing what level of services the USO should include to meet the needs of American businesses and citizens.

Flexibility at Work: Human Resource Strategies to Help the Postal Service



The Postal Service is at a crossroads. Traditional mail volumes are declining, and the digital world is transforming the marketplace. Employees and management of the Postal Service must adapt. Our research shows that flexible workplace policies can help. We assembled a research team of leading experts in flexibility policies, and we found that, when properly implemented, increased work flexibility can benefit the Postal Service, its employees, and its customers.

Our conclusions yielded several high-level suggestions for the Postal Service: create a strategic partnership for flexibility between labor and management; pilot and evaluate a portfolio of new flexibility initiatives; improve information on workload to reduce uncertainty; and seek continuous feedback from employees. Examples of initiatives that can be piloted include moving to annualized workhours, which allows workers to trade overtime at busy periods for time-off in slow periods, and also developing a work or job sharing process in which employees have latitude to cover each other's absences.

Other potential pilots include allowing shift-trades or self-scheduling so that workers are able to apply for preferred shifts as often as possible and allowing employees to maintain reduced work-hour schedules to deal with elder, child, or health-care situations that arise. Improving work-life balance can give organizations a competitive edge when trying to attract and retain workers.

The Value of the U.S. Postal Service Brand



A corporate brand consists largely of intangible qualities that customers associate with and expect from a particular company. Although brand valuation is a management tool increasingly used by many successful firms, to date there has been no valuation of the Postal Service brand. We worked with Premier Quantitative Consulting (PQC) to develop a baseline estimate, and PQC conservatively estimates the Postal Service brand value as \$3.6 billion, based on FY 2013 data.

PQC asserts that there is untapped financial value in the Postal Service brand. More value for customers and the Postal Service could be created through stressing good news, effectively managing licensing activity to increase brand awareness, engaging employees in the brand through enhanced training and communication, and using the brand constructively and consistently through marketing activities and advertising. The Postal Service should protect its brand and build brand equity. This requires a management commitment to the brand across the organization, along with consistent strategies to maximize, measure, and monitor its value and the cumulative benefits that accrue from it.

Click on the image to see the full sized version

Office of Investigations

For the period October 1, 2014 — March 31, 2015

Investigations Summary of Performance

For the period October 1, 2014 — March 31, 2015

Investigations Completed 1,955

Arrests 370

Indictments/Informations 288

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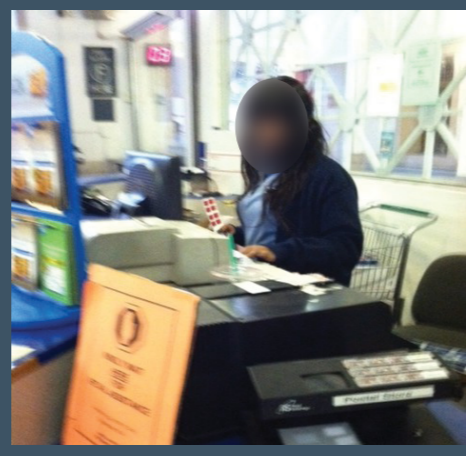
The Postal Service is consistently ranked by the Ponemon Institute as America’s “most trusted federal agency.” Among the reasons for this ranking is the integrity of its employees. However, a few postal employees and contractors betray that trust and abuse the public’s confidence in the Postal Service. 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.

Financial Fraud

A large portion of the \$68 billion in revenue generated by the Postal Service is handled at the 32,000 Postal Service retail locations. Our agents investigate customers who submit fraudulent indemnity claims and also employees who embezzle funds, misuse money orders, or steal and misuse Postal Service-issued credit cards.

- In April 2014, a customer service employee at a Post Office in New York was arrested for theft of government funds. The OIG investigation revealed that from October 2012 to December 2013, the former employee embezzled postal funds by issuing fraudulent stamp refunds for approximately \$62,300, and voiding 31 legitimate money order transactions totaling over \$25,800. The Postal Service never received these monies paid by customers. During an interview with our agents, the employee admitted her involvement in the scheme. The investigation resulted in the Postal Service terminating the employee, and in November 2014 she was sentenced in federal court to three years’ supervised probation, including six months’ home confinement, and ordered to pay more than \$88,000 in restitution.



The OIG investigation revealed

A customer service employee embezzled postal funds totaling over \$88,000

By manipulating the Point of Service retail terminal, the employee issued fraudulent stamp refunds and voided 31 money order transactions

The OIG investigation resulted in

Postal Service terminating the employee

In November 2014 the employee was sentenced to:

- 3 years supervised probation
- 6 months home confinement
- Pay over \$88,000 in restitution

Investigations

Summary of Performance

For the period October 1, 2014 — March 31, 2015



Cost Avoidance

\$188,496,707



Fines, Restitution,
and Recoveries

\$1,382,550,014



Amount to the
Postal Service

\$10,717,020

- OIG agents determined that a postmaster in Wisconsin stole thousands of dollars from postal stamp vending machines he serviced outside the Post Office between 2000 and 2014 to support a gambling habit. To help cover the missing money, he falsified results of cash and stamp inventory counts by using the passwords of unwitting employees. In January 2014, after admitting the fraudulent activity to an OIG agent, the employee retired from the Postal Service while under OIG investigation. In December 2014, the employee was sentenced in federal court to two years' unsupervised probation and ordered to pay approximately \$44,000 in restitution to the Postal Service

Mail Theft

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

- In September 2014, an OIG investigation was initiated after the U.S. Postal Inspection Service learned that thousands of pieces of undelivered U.S. Mail were found in a private storage unit in Portland, OR. During an interview with our agents, a city carrier associate (CCA) admitted to conspiring with his girlfriend to opening the undelivered mail in the storage locker and removing cash and gift cards for their personal use. During a consensual search of the CCA's residence, OIG agents found several thousand more pieces of undelivered mail. The investigation, which involved at least 35,000 items of mail the CCA stole from his route, resulted in the Postal Service terminating the carrier. Also, in February 2015, the Circuit Court of the State of Oregon for Multnomah County found the CCA guilty of 100 counts of Mail Theft, one count of Official Misconduct, one count of Possession of a Loaded Firearm in Public, one count of Attempted Unlawful Possession of Methamphetamine, and four counts of Identity Theft. He received 36 months' incarceration, 24 months' probation, and ordered to pay approximately \$100,000 in restitution with his co-defendant.
- Another OIG investigation, launched from a USPS-OIG Hotline tip, revealed a letter carrier was taking mail from the Catonsville (MD) Post Office and storing it at his residence. OIG agents searched the carrier's residence, personal vehicle, and rented storage locker, and recovered approximately 20,500 pieces of mail. During an interview with OIG agents, the letter carrier admitted to stealing money, gift cards, DVDs, and other items from the U.S. Mail. In February 2015, the letter carrier was sentenced to 20 months in prison, followed by 3 years of supervised release, and ordered to pay approximately \$20,000 in restitution. The sentence also required the letter carrier to resign from the Postal Service.



The OIG investigation revealed

A letter carrier was taking mail from the Catonsville, MD Post Office

20,500 pieces of mail were discovered at the letter carrier's residence, in his personal vehicle, and in a storage locker

The OIG investigation resulted in

Postal Service requiring the letter carrier to resign

In February 2015 the letter carrier was sentenced to:


- 20 months incarceration
- 3 years supervised release
- Pay approximately \$20,000 in restitution

- In a third investigation, a postal employee in South Dakota reported she observed an unknown person opening a Postal Service collection box. The ensuing OIG investigation determined that the person observed opening the collection box was a Postal Support Employee (PSE) mail processor from Sioux Falls, SD. During an interview with OIG agents, the mail processor admitted to using a stolen Postal Service arrow key to open collection boxes to steal mail containing cash and gift cards. OIG agents recovered approximately 2,400 pieces of First-Class Mail from the mail processor's personal vehicle and residence. In August 2014, the mail processor was indicted by a federal grand jury for Theft of Mail Matter by a postal employee, and the employee was also terminated. In March 2015, the former employee was sentenced in federal court to 3 years' probation and ordered to repay over \$4,000 in restitution and ordered to repay over \$4,000 in restitution.

Workers' Compensation Fraud

Claimant Fraud

- In January 2015, a former New York mail handler was sentenced in federal court to 3 months' home confinement, 3 years' supervised released, and also ordered to pay more than \$101,000 in restitution after pleading guilty to theft of public money, property, and records. An OIG investigation revealed that the mail handler claimed total disability due to a work-related injury that caused persistent pain in both hands and neck and also radiating down both arms. An OIG investigation determined the mail handler regularly attended a gym, operating a variety of weightlifting equipment, lifting heavy objects, and hitting a punching bag — physical activities inconsistent with the disability she reported to her physician, the Department of Labor, and the Postal Service. In November 2014, the mail handler's workers' compensation benefits were terminated, resulting in a cost avoidance to the Postal Service of approximately \$1.3 million.
- In a joint investigation with the Social Security Administration, OIG determined that an Alaska city carrier misrepresented his physical condition, rehabilitation status, income, employment status, and wage-earning capacity as part of a scheme to defraud multiple government agencies. In December 2014, the carrier pled guilty in federal court to 6 counts of Wire Fraud, 2 counts of Theft of Government Funds, 1 count of False Statement or Fraud to obtain Federal Employee's Compensation, and 1 count of Social Security Fraud. DOL OWCP terminated the carrier's benefits resulting in a cost avoidance to the Postal Service of more than \$1 million. The carrier was sentenced to 30 months in prison and 3 years' probation; ordered to pay restitution to the DOL for \$227,953.50 and the SSA for \$137,878.00; and ordered to forfeit \$14,141.00 in cash seized from his residence.

	The OIG investigation revealed	The OIG investigation resulted in
	<p>A city carrier defrauded multiple government agencies by misrepresenting his physical condition, rehabilitation status, income, employment status, and wage-earning capacity</p>	<p>The carrier's workers' compensation benefits were terminated</p> <p>The carrier was sentenced to 30 months in prison and 3 years' probation; ordered to pay more than \$365,000 in restitution; and ordered to forfeit \$14,141.00 in cash seized from his residence</p>

- In November 2014, a former California auto mechanic was sentenced in federal court to 12 months and 1 day in prison, ordered to serve 26 months of supervised release, and ordered to pay restitution for approximately \$160,800 after pleading guilty to fraud to obtain federal workers' compensation benefits. The OIG investigation revealed that the mechanic misrepresented his physical incapacities. Video surveillance conducted by agents showed the mechanic performing physical labor at his residence, including lifting large sheets of plywood, climbing ladders, shoveling dirt and rocks into a wheelbarrow, moving a stack of firewood from one location to another, and skiing. DOL terminated the mechanic's workers' compensation benefits, resulting in a cost avoidance to the Postal Service of more than \$600,000.

Whistleblower Reprisal Activity

Allegations Received	82
OIG Investigations Initiated	7
Investigations closed with no action	5
Allegations with closed with no action	90
Open Investigations (As of Last Day)	0
OIG found reprisal	0

- In January 2015, a former Pennsylvania clerk was sentenced to pay more than \$145,000 in restitution after pleading guilty to one count of theft by deception. The clerk alleged total disability because of a workers' compensation claim she filed in 1986. The OIG investigation revealed that the clerk misrepresented her physical incapacities. She was observed mowing a lawn, pulling weeds, digging, shopping, lifting, and running. Agents also learned that the clerk concealed her employment with a local department store by using the identity of a family member, and that she falsified prescriptions to obtain controlled narcotics. In August 2014, the DOL terminated the clerk's compensation benefits, resulting in a cost avoidance to the Postal Service of over \$400,000.

Medical Provider Fraud

- After approximately two hours of deliberation in January 2015, a federal court jury in Puerto Rico found a psychiatrist guilty on three counts of making false statements regarding workers' compensation claims. An OIG investigation revealed the psychiatrist committed fraud by issuing false medical reports so that claimants, some of whom were Postal Service employees, could receive workers' compensation benefits. In return, the claimants paid the psychiatrist. After a detention hearing in February 2015, the psychiatrist was remanded to the Metropolitan Detention Center in Puerto Rico until his sentencing, which is scheduled for May 2015. The case was part of Operation Hurting for Dollars, a multi-agency operation led by the USPSOIG in Puerto Rico targeting health care fraud by Postal Service employees and the health care providers treating them.

Contract Fraud

The Postal Service manages contracts, ranging from multimillion dollar national contracts for services, such as transportation networks and IT infrastructures, to local contracts for supplies and services at individual postal facilities. The OIG aids the Postal Service by investigating allegations of contract fraud, waste, and misconduct. When contract improprieties are documented, special agents present the evidence for criminal and civil prosecution and administrative remedies.

- In a joint investigation with the Department of Labor (DOL), OIG agents determined a Nashville Highway Contract Route (HCR) contractor violated the 1965 Service Contract Act (SCA) by embezzling monies from his employee's health benefit plan. From 2005 until 2010, the HCR contractor delivered mail under HCR supplier contracts and was paid over \$5 million. The HCR contractor had to comply with the SCA, which requires contractors to pay the local prevailing wage and fringe benefits, as determined by the DOL, to service employees for contracts over \$2,500. The HCR contractor had to pay his employees on the Nashville, TN, contract a prevailing wage of \$19.39 per hour plus a fringe benefit of \$3.79 per hour. The fringe benefit either had to be paid directly to the employee or through a benefit program funded with the fringe benefit money. However, the HCR contractor told employees he was funding their group insurance plan when he was keeping the money for himself. In September 2014, the HCR contractor pled guilty to mail fraud and three months later was sentenced to 60 months' probation and ordered to pay about \$42,900 in restitution.
- In another investigation, FBI and OIG investigators jointly determined that two station managers in Baltimore, MD, received kickbacks from three Postal Service contractors who provided landscaping and cleaning services. Station managers have authority to contract for landscaping, snow removal, and cleaning services at their respective post offices, and they can bill those services to the Postal Service. The joint investigation revealed that from 2007 through 2013, the station managers created, approved, and paid invoices for maintenance work that was never performed. The payments were then split with the contractors. Both managers admitted to submitting false and inflated invoices for bribe payments. In August 2014, one station manager pled guilty to bribery and was sentenced to 20 months in prison, 6 months of home detention, 3 years of probation, and ordered to pay approximately \$43,000 in restitution. The next month, the second former station manager pled guilty to bribery, and in March 2015 was sentenced to 40 months in prison, 3 years of probation, and ordered to pay approximately \$501,700 in restitution to the Postal Service.

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.

Appendix A	16	Appendix G	35
Summary	16	Status of Peer Review Recommendations.....	35
Definitions.....	16	Office of Audit	35
Appendix B	20	Office of Investigations.....	35
Findings of Questioned Costs	20	Appendix H	36
Appendix C	21	Investigative Statistics.....	36
Recommendations That Funds Be Put to Better Use	21	For the period October 1, 2014 — March 31, 2015.....	36
Appendix D	22	Appendix I	37
Other Impacts	22	Summary of U.S. Postal Inspection Service Actions Under 39 USC § 3005 and 3007	37
Appendix E	23	Appendix J	38
Reports with Significant Recommendations Pending Corrective Actions	23	All Closed Congressional/PMG/BOG Inquiries	38
Appendix F	35	Supplemental Information	43
Significant Management Decisions in Audit Resolution	35		

Appendix A

Reports Issued to Postal Service Management

For the period October 1, 2014 — March 31, 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	15	\$9,922,928	\$5,653,390	—	\$12,521,281
Mission Operations	10	\$52,150,941	\$1,856,489	—	\$922,295
Technology, Investment, and Cost	9	—	—	—	—
Revenue and Resources	14	\$1,328,994,719	—	—	\$169,581,676
SUB-TOTAL	48	\$1,391,068,588	\$7,509,879	—	\$183,025,252
PARIS Risk Model Reports	26	—	—	—	—
TOTAL	74	\$1,391,068,588	\$7,509,879	—	\$183,025,252

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				
Finance				
Dormant Advance Deposit Permit Accounts; FT-MA-15-001; 10/1/2014	—	—	—	\$6,728,929
Revenue Opportunities for Innovative Mail Services; FT-WP-15-002; 1/20/2015	\$9,922,928	—	—	\$5,792,352
Supply Management and Facilities				
Professional Services Contract Rates; SM-AR-15-001; 11/10/2014	—	\$5,653,390	—	—
Mission Operations				
Delivery				
Contract Postal Units; DR-AR-15-001; 11/13/2014	\$1,241,683	\$160,425	—	\$922,295
Sunday Parcel Delivery Service ; DR-AR-15-002; 12/5/2014	\$356,736	—	—	—
Network Processing and Transportation				
Efficiency of the San Francisco, CA Processing and Distribution Center; NO-AR-15-001; 11/19/2014	\$43,294,305	—	—	—
Efficiency Review of the Chicago, IL, Network Distribution Center – Operations and Transportation; NO-AR-15-003; 1/22/2015	\$5,562,153	—	—	—
Internal Controls and Transportation Associated With the Atlanta, GA, Mail Transport Equipment Service Center; NO-AR-15-002; 12/12/2014	\$1,696,064	\$1,696,064	—	—
Revenue and Resources				
Human Resources and Support				
City Carrier Management and Compensation; HR-MA-15-001; 12/2/2014	\$1,328,994,719	—	—	—
Retail, Sales and International				
Sales Staffing; MS-MA-15-004; 2/25/2015	—	—	—	\$169,581,676
Total	\$1,391,068,588	\$7,509,879	—	\$183,025,252

Report Listing

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

For the period October 1, 2014 — March 31, 2015

Finance and Supply Management

Finance

- Considerations in Structuring Estimated Liabilities; FT-WP-15-003; 1/23/2015
- Dormant Advance Deposit Permit Accounts; FT-MA-15-001; 10/1/2014
- Fiscal Year 2014 Financial Testing Compliance Oversight Reviews; FT-MA-15-004; 2/26/2015
- Fiscal Year 2014 Information Technology Internal Controls; FT-AR-15-005; 3/30/2015
- Interim Management Advisory – Quarter 1 – Fiscal Year 2015 Financial Testing Compliance Oversight Reviews; FT-MA-15-003; 2/26/2015
- Interim Management Advisory – Quarter 4 – Fiscal Year 2014 Financial Testing Compliance Oversight Reviews; FT-MA-15-002; 11/13/2014
- Officers' Travel and Representation Expenses for Fiscal Year 2014; FT-AR-15-003; 2/11/2015
- Opinion on the U.S. Postal Service's Fiscal Year 2014 Closing Package Financial Statements; FT-AR-15-002; 12/10/2014
- Parcel Payment Technologies and Payment Strategies; FT-WP-15-001; 11/19/2014
- Postal Service Board of Governors' Travel and Miscellaneous Expenses for Fiscal Year 2014; FT-AR-15-001; 12/5/2014
- Revenue Opportunities for Innovative Mail Services; FT-WP-15-002; 1/20/2015
- Utilization of Data by the Chief Financial Officer and Executive Vice President; FT-AR-15-004; 3/12/2015

Supply Management and Facilities

- Challenges in Controlling Costs with Standard Mail Flats and Periodicals; SM-WP-15-001; 2/26/2015
 - Deputy Postmaster General's Use of Data; SM-AR-15-002; 3/19/2015
 - Professional Services Contract Rates; SM-AR-15-001; 11/10/2014
- Mission Operations**
- Delivery**
- Contract Postal Units; DR-AR-15-001; 11/13/2014
 - North Dakota Postal Service Operations; DR-AR-15-004; 3/31/2015
 - Rural Delivery Operations - Indian Trail Post Office Consolidation to the Monroe, NC, Carrier Annex; DR-AR-15-003; 3/31/2015
 - Sunday Parcel Delivery Service ; DR-AR-15-002; 12/5/2014
 - Suspension or Delay of Scheduled Vehicle Maintenance; DR-MA-15-001; 2/10/2015
- Network Processing and Transportation**
- Efficiency Review of the Chicago, IL, Network Distribution Center – Operations and Transportation; NO-AR-15-003; 1/22/2015
 - Efficiency of the San Francisco, CA Processing and Distribution Center; NO-AR-15-001; 11/19/2014
 - Internal Controls and Transportation Associated With the Atlanta, GA, Mail Transport Equipment Service Center; NO-AR-15-002; 12/12/2014

- Lack of Service Standards Change Information in Area Mail Processing Feasibility Studies; NO-MA-15-001; 10/6/2014
 - Mail Left in Mail Transport Equipment Dispatched to the Dallas, TX, Mail Transport Equipment Service Center; NO-MA-15-002; 2/2/2015
- Technology, Investment, and Cost**
- Cost and Pricing**
- Package Price Simplification; CP-AR-15-001; 12/23/2014
- Information Technology**
- Capital District Vulnerability Assessment; IT-AR-15-001; 12/12/2014
 - Hardware Inventory Management - Greater Boston District; IT-AR-15-004; 3/25/2015
 - Overview of Information Technology Security; IT-MA-15-001; 1/21/2015
 - Product Tracking and Reporting System Controls; IT-AR-15-002; 12/16/2014
 - Retail Systems Software Application Requirements; IT-MA-15-002; 3/30/2015
 - Utilization of Data by the Chief Information Officer and Executive Vice President ; IT-AR-15-003; 3/2/2015
- Major Investments**
- Postal Service Utilization of Data by the General Counsel and Executive Vice President; MI-AR-15-001; 1/23/2015
 - Retail Systems Software Deployment and Functionality; MI-AR-15-002; 3/13/2015

Revenue and Resources

Human Resources and Support

- 911 Emergency Services Policy; HR-MA-15-003; 3/17/2015
 - Badges for Postal Service Contractors; HR-AR-15-004; 3/6/2015
 - City Carrier Management and Compensation; HR-MA-15-001; 12/2/2014
 - Extra Hours Worked by Supervisors in the Greater Indiana District; HR-AR-15-002; 12/18/2014
 - Hiring Practices in the U. S. Virgin Islands; HR-AR-15-003; 12/18/2014
 - Patent Review Process; HR-MA-15-002; 3/6/2015
 - Security Clearances for Postal Service Contract Drivers; HR-AR-15-001; 11/20/2014
- Retail, Sales and International**
- Domestic Merchandise Returns and Forwarding; MS-WP-15-001; 3/9/2015
 - Nonmachinable Outside Parcels Pilot Program; MS-MA-15-003; 11/5/2014
 - Retail Customer Service; MS-MA-15-002; 10/17/2014
 - Revenue Protection Rules; MS-MA-15-001; 10/3/2014
 - Sales Staffing; MS-MA-15-004; 2/25/2015
 - Utilization of Marketing and Sales Data for Executives; MS-AR-15-002; 3/4/2015
 - Window Retail Customer Service; MS-AR-15-001; 1/29/2015

PARIS Risk Models

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

For the period October 1, 2014 — March 31, 2015

Cost and Pricing

Fiscal Year 2014 Credit Card Risk Model Quarter 4; CP-PM-15-002; 12/5/2014

Fiscal Year 2015 Cost and Pricing Risk Model Quarter 1; CP-PM-15-003; 3/31/2015

Delivery

Fiscal Year 2014 City Delivery Efficiency Risk Model Quarter 4; DR-PM-15-001; 12/9/2014

Fiscal Year 2014 Vehicle Maintenance Risk Model Quarter 4; DR-PM-15-002; 12/9/2014

Fiscal Year 2015 Vehicle Maintenance Risk Model Quarter 1; DR-PM-15-003; 3/26/2015

Fiscal Year 2015 City Delivery Efficiency Risk Model Quarter 1; DR-PM-15-004; 3/30/2015

Finance

Fiscal Year 2014 Bank Secrecy Act Risk Model Quarter 4; FT-PM-15-001; 11/28/2014

Fiscal Year 2014 Field Financial Risk Model Quarter 4; FT-PM-15-002; 12/24/2014

Fiscal Year 2015 Field Financial Risk Model Quarter 1; FT-PM-15-003; 3/26/2015

Human Resources and Support

Fiscal Year 2014 Human Resources Risk Model Quarter 4; HR-PM-15-002; 12/22/2014

Fiscal Year 2014 Security Risk Model Quarter 4; HR-PM-15-001; 12/2/2014

Fiscal Year 2015 Human Resources Risk Model Quarter 1; HR-PM-15-003; 3/31/2015

Fiscal Year 2015 Security Risk Model Quarter 1; HR-PM-15-004; 3/31/2015

Information Technology

Fiscal Year 2014 Information Technology Risk Model Quarter 4; IT-PM-15-001; 12/29/2014

Fiscal Year 2015 Information Technology Security Risk Model Quarter 1; IT-PM-15-002; 3/3/2015

Major Investments

Fiscal Year 2014 Major Investments Project Management Risk Model Quarter 4; CP-PM-15-001; 11/21/2014

Fiscal Year 2015 Major Investments Risk Model Quarter 1; MI-PM-15-001; 3/31/2015

Network Processing and Transportation

Fiscal Year 2014 Network Processing Risk Model Quarter 4; NO-PM-15-002; 12/23/2014

Fiscal Year 2014 Transportation Risk Model Quarter 4; NO-PM-15-001; 12/30/2014

Fiscal Year 2015 Network Processing Risk Model Quarter 1; NO-PM-15-003; 3/31/2015

Fiscal Year 2015 Transportation Risk Model Quarter 1; NO-PM-15-004; 3/31/2015

Retail, Sales and International

Fiscal Year 2014 Revenue Generation and Protection Risk Model Quarter 4; MS-PM-15-002; 12/16/2014

Fiscal Year 2014 Retail Customer Service Risk Model Quarter 4; MS-PM-15-001; 12/22/2014

Fiscal Year 2015 Retail Customer Service Risk Model Quarter 1; MS-PM-15-003; 3/30/2015

Fiscal Year 2015 Revenue Generation and Protection Risk Model Quarter 1; MS-PM-15-004; 3/27/2015

Supply Management and Facilities

Fiscal Year 2014 Real Estate Risk Model Quarter 4; SM-PM-15-001; 12/19/2014

Appendix B

Findings of Questioned Costs

For the period October 1, 2014 — March 31, 2015

As required by the IG Act, the following page shows 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	3	\$7,509,879	—
Totals	3	\$7,509,879	—
Reports for which a management decision was made during the reporting period (i+ii)	3	\$7,509,879	—
(i) Dollar value of disallowed cost	1	\$160,425	—
(ii) Dollar value of cost not disallowed	2	\$7,349,454	—
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 for this report period.

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

Note 3 — Contract Reports with Significant Audit Finding:
None for this report period.

Appendix C

Recommendations That Funds Be Put to Better Use

For the period October 1, 2014 — March 31, 2015

As required by the IG Act, the following page shows 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	7	\$1,391,068,588
Totals	7	\$1,391,068,588
Reports for which a management decision was made during the report period	7	\$1,391,068,588
(i) Value of recommendations agreed to by management	2	\$6,803,836
(ii) Value of recommendations that were not agreed to by management	5	\$1,384,264,752
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 report period.

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

Appendix D

Other Impacts

For the period October 1, 2014 — March 31, 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	29
Number of customer service audits conducted	Number of Audits	14
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	\$172,707
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	40
Number of employee/facility safety and security audits conducted	Number of Audits	13
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	\$3,693,672
Dollar value of data at risk	Dollar Value	\$137,517,351
Number of data security/IT security audits conducted	Number of Audits	9
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	\$1,488,553,330
Disbursements at Risk		
Dollar value of disbursements made where proper Postal Service internal controls and processes were not followed	Dollar Value	\$0
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	16
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	\$28,790
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	161,027,878
Dollar value of data used to support management decisions that is not fully supported or completely accurate	Dollar Value	\$0

Appendix E

Reports with Significant Recommendations Pending Corrective Actions

For the period October 1, 2014 — March 31, 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: September 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: September 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
Intelligent Mail: Realizing Revenue Assurance Benefits		
DA-AR-11-010	08/30/2011	R-1 --Establish timeframes for implementing the enhanced/expanded automated verifications as described in the original Intelligent Mail infrastructure Decision Analysis Report. TID: January 2013 R-2 --Develop a tolerance level for low scan rates to use for exception reporting. TID: January 2013 R-3 --Develop a process for identifying the cause(s) of low scan rates for customer follow-up as warranted. TID: January 2013
Service Performance Measurement Data - Commercial Mail		
CRR-AR-11-003	09/06/2011	R-1 --Establish milestones for implementing recovery of Full-Service Intelligent Mail Barcode discounts provided to mailers when Full-Service mailings do not meet the specific requirements for the discounts received. TID: November 2013
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: October 2013 R-3 --Manage business mail entry workhour usage to achieve 93 percent efficiency and develop tools to monitor performance. TID: October 2013 R-4 --Establish annual goals for business mail entry workhour efficiency to include measuring performance against goals. TID: October 2013
Strategic Approaches to Revenue Protection		
MS-AR-11-007	09/30/2011	R-1 --Work with a broadened group of internal and external stakeholders to prepare for streamlining the entry of business mail, accelerate the timeline for streamlined acceptance and verification, and seek to leverage technology to provide revenue protection for Basic Service Intelligent Mail and non-automated volumes. TID: October 2013
Patch Management Processes		
IT-AR-12-002	01/09/2012	This report and its recommendations are not publicly 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 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
Mail Verification Procedures at Detached Mail Units		
MS-AR-12-002	01/12/2012	R-1 --Review automation efforts to date to identify improvements that can be made in the interim while mailers continue to implement Intelligent Mail barcode technologies. TID: June 2013
		R-2 --Continue ongoing mail verification training efforts while detached mail unit employees continue to use manual mail verification processes. TID: October 2013
		R-3 --Enhance automated systems to notify managers when acceptance employees override Mail Evaluation Readability Lookup Instrument results. TID: June 2013
		R-4 --Develop and implement automated tools that managers can use to monitor and evaluate detached mail unit staffing and scheduling. TID: June 2013
Domestic Mail Manual Preparation and Acceptance Mail Instructions		
CI-AR-12-004	02/02/2012	R-1 --Combine and remove all duplications in the Domestic Mail Manual, Quick Service Guides, Business Mail Acceptance, Job Aids, and Customer Support Rulings; and publish a new document available to all mailers online. TID: November 2013
		R-2 --Migrate to a one permit per customer requirement using PostalOne!. TID: August 2013
		R-3 --Archive all PostalOne! deleted or canceled permits. TID: April 2015
Package Delivery Growth		
MS-AR-12-003	05/04/2012	R-2 --Develop enhancements to the CustomerFirst! system to ensure that the data and information contained within are reliable and useful. TID: January 2015
		R-5 --Continue to pursue legislative change that will allow the Postal Service to ship beer and wine. TID: July 2015
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
City Delivery Route Optimization Pilot Initiative		
DR-MA-12-002	08/24/2012	R-2 --Execute a new initiative to maximize savings by using lessons learned and data results from the pilot with the goal of optimizing the full- and part-time staff mix. TID: December 2015
Security of File Transfer Protocol Transmissions		
IT-AR-12-009	09/12/2012	This report and its recommendations are not publicly available due to concerns with information protected under the Freedom of Information Act.
Oversight of Equitable Adjustments		
CA-AR-12-006	09/28/2012	R-1 --Require contracting officers to include a general release of claims in all supplemental agreements that constitute a release by the supplier for additional costs beyond that which is provided for in the contract modification or a more specific release in complex or contentious equitable adjustments. TID: November 2012
		R-3 --Reiterate the contract file tracking process to ensure contract files are not lost when they are transferred from one office to another. TID: December 2013
Partnerships with Other Government Agencies		
DA-MA-12-006	09/28/2012	This report and its recommendations are not publicly available due to concerns with information protected under the Freedom of Information Act.
City Delivery Operations - Lancaster Carrier Annex		
DR-MA-12-003	09/28/2012	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

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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 U.S. Postal Service Office of Inspector General recommendations from the Management of Mail Transport Equipment (MTE) – National Analysis audit (Report Number NL-AR-10-009, dated September 29, 2010) covering an automated inventory and tracking system, ensuring adequate resources for areas and plants, and update policies and procedures that support current MTE operational requirements. TID: June 2015
DA-MA-13-001	10/02/2012	Biohazard Detection System Progress This report and its recommendations are not publicly available due to concerns with information protected under the Freedom of Information Act.
CA-AR-13-001	10/09/2012	Best Value in the Purchasing Process R-2 --Update the contract file transfer process to include a step to require the receiving contract officials to certify that contract files contain required documentation. TID: March 2014
IT-AR-13-003	01/28/2013	Fiscal Year 2012 Information Technology Internal Controls This report and its recommendations are not publicly 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-1 --Process and approve or disapprove the remaining 600 Retail Access Optimization Initiative discontinuance proposals. TID: September 2014 R-3 --Develop and implement a formal post-implementation review that evaluates savings achieved and potential revenue loss associated with retail network realignments. TID: November 2014
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: October 2013
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: April 2015
DR-MA-13-002	05/06/2013	U.S. Postal Service Parcel Delivery Lockers R-2 --Add revenue and cost reduction features to the pilot to maximize return-on-investment opportunities. TID: December 2014
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: None
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 R-4 --Evaluate the feasibility of performing cost and revenue analysis at the ZIP Code level or relevant regional areas to support development of customer-specific rates for those products for which such price distinctions are considered legal. TID: None
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

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IT-AR-13-009	09/26/2013	LiteBlue Security Assessment This report and its recommendations are not publicly available due to concerns with information protected under the Freedom of Information Act.
MS-AR-13-012	09/27/2013	Electronic Parcel Payment Systems Internal Control Requirements This report and its recommendations are not publicly available due to concerns with information protected under the Freedom of Information Act.
NO-AR-13-008	09/27/2013	Nationwide Analysis of Tier 1 Network Distribution Centers – Postal Vehicle Service Operations R-1 --Require the six Tier 1 Network Distribution Centers identified in the report conduct an assessment of driver workload and staffing and make appropriate adjustments to workhours based on compliance with yard move productivity standards. TID: January 2015
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: April 2015 R-4 --Evaluate the eight parcels in Kahului, HI; Cooper City, FL; Stuart, FL; Kihei, HI; Pahoa, HI; Incline Village, NV; Mendocino, CA; and Pinetop AZ and develop a strategy to sell the properties when market conditions improve. TID: April 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: April 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 publicly 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 publicly 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 automated the rural timekeeping process. TID: March 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 publicly available due to concerns with information protected under the Freedom of Information Act.

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Address Management System Data		
DR-AR-14-003	02/28/2014	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: October 2014 R-3 --Develop and incorporate an Address Management System module in the delivery supervisor's training course. TID: September 2014 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: October 2014
U.S. Postal Service's Delivering Results, Value, and Efficiency Initiative 6, Improve Employee Availability		
DP-AR-14-001	03/07/2014	R-1 --Establish and implement a process to ensure that Delivering Results, Innovation, Value, and Efficiency project management roles are clearly identified and not performed by the initiative lead and roadmap owner. TID: June 2014 R-2 --Evaluate implementing regular audits and controls for each project at the project management level. TID: September 2014
Postal Service Knowledge Management Process		
DP-AR-14-002	03/07/2014	R-1 --Develop a comprehensive Postal Service knowledge management (KM) strategy and associated policies and procedures, including appointing a chief knowledge officer. This process should include and build on current Postal Service KM practices and the appropriate best practices identified in this report. TID: None R-2 --Join the Federal Knowledge Management Working Group, an organization that has experts to assist, inform, and support the development and implementation of a comprehensive knowledge management strategy. TID: June 2014
Vehicle Parts Inventory Management-Capping		
DR-AR-14-005	03/26/2014	R-1 --Re-emphasize stockroom management policies and procedures on physical security and inventory management, including conducting mandatory inventories at vehicle maintenance facilities. TID: February 2015 R-2 --Implement training for stockroom personnel on security and inventory procedures and processes. TID: February 2015 R-3 --Re-emphasize stockroom management policies and procedures on purchasing and receiving duties. TID: April 2015
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: April 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: April 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: April 2015 R-4 --Establish minimum security requirements for storage devices in Postal Service environments based on industry best practices. TID: April 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 R-3 --In coordination with the vice president, Delivery and Post Office Operations, develop a comprehensive strategy to further reduce the percentage of non-barcoded packages. TID: October 2014 R-4 --Define a solution for the notification and collection of shortpaid postage for packages TID: October 2015
Preservation and Disposal of Historic Properties		
SM-AR-14-004	04/16/2014	R-1 --Reconcile Postal Service-owned properties listed on the National Register of Historic Places to the properties in the electronic Facilities Management System to improve the quality and accuracy of data recorded in the system and ensure related documents and images are electronically accessible in the system. TID: September 2015 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: None

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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
		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; ensure proper dispatching and use of over-the-road containers; ensure there is proper storage, handling, and maintenance of shoring straps; and minimize new cardboard purchases by using existing inventory at the Mail Transport Equipment Service Center. TID: June 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: June 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-1 --Ensure all acceptance agents have completed the required passport acceptance training. TID: None
		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: None
		R-4 --Implement controls to ensure completed transmittal forms are independently reviewed for accuracy and retained as required by Postal Service policy. TID: None
		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: May 2014
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: March 2015
		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: March 2015
		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: March 2015
Postal Inspection Service Mail Cover Program		
HR-AR-14-001	05/28/2014	R-1 --Improve controls to ensure responsible Postal Inspection Service personnel process mail covers as required. TID: March 2015
		R-2 --Establish procedures to ensure periodic reviews of criminal and special mail covers are conducted as required. TID: September 2014
		R-3 --Improve controls to ensure Postal Service facility personnel process mail covers in a timely manner. TID: March 2015
		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
Grievance Payout Costs in the South Florida District		
HR-MA-14-008	06/11/2014	R-2 --Implement accountability measures from the Central Plains District regarding grievances and grievance payout costs. TID: July 2014

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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
Business Service Network		
MS-AR-14-005	07/09/2014	R-4 --Expanding the performance evaluation methodology for Business Service Network staff by factoring in variables that would allow evaluation of the performance of individual staff members. TID: March 2015
Undeliverable as Addressed Mail		
MS-AR-14-006	07/14/2014	R-1 --Enhancing the methodology used to determine surcharge amounts. TID: January 2015
		R-2 --Considering pursuing a regulatory change to increase the Move Update threshold. TID: January 2015
		R-3 --Enhancing the assessment of surcharges, which may include addressing system-related issues. TID: January 2016
		R-4 --Expanding mail verification by increasing the number of mailings tested using automated address verification. TID: January 2016
		R-5 --Tracking undeliverable as addressed mail volume by mailer. TID: January 2016
Delegations of Contracting Authority Outside of Supply Management		
SM-AR-14-007	08/05/2014	R-1 --Rescind the delegation to the vice president (VP), Facilities, for real estate services contracts and transfer the responsibilities for these contracts to the VP, Supply Management, to ensure consistent contracting practices for the procurement of goods and services. TID: September 2015
		R-3 --Determine whether current Address Quality Service agreements should be ratified. TID: March 2015
		R-4 --Delegate contracting authority to personnel responsible for signing Address Quality Services agreements. TID: March 2015
		R-5 --Develop a process to identify contracts and agreements that may not have a delegation of authority. TID: March 2015
Geo-Fence Technology in Delivery Operations		
DR-MA-14-006	08/14/2014	R-1 --Modify Delivery Management System software to capture adjustments for time and location projections when carriers are assigned deliveries on more than one route prior to nationwide implementation of DMS. TID: January 2015
Competition Advocate		
SM-AR-14-008	08/14/2014	R-3 --Establish and implement a process for verifying that the competition advocate reviewed all applicable noncompetitive actions. TID: March 2015
		R-4 --Issue guidance to clarify how contracting officers should address and document the competition advocate's comments on the noncompetitive purchase requests. TID: March 2015
Backup and Recovery of Essential Data		
IT-MA-14-001	08/20/2014	R-1 --Expand existing procedures in Handbook AS-805, Information Security, to prohibit the practice of using the same hardware to maintain and back up noncritical information resources. TID: September 2015
		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: April 2015

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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: April 2015
		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 2015
		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: November 2014
		R-4 --Require local facilities to have suppliers place numbers that meet the U.S. Postal Service's specifications for numbering on leased trailers for ease of identification and tracking through consistent and accurate data. TID: September 2015
		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: September 2015
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
Post Office Relocation Process		
DR-AR-14-008	09/02/2014	R-1 --Revise Postal Service regulations and guidance for the retail operations relocation process to enhance transparency and public input regarding potential alternative site selections. TID: None
		R-3 --Establish a method to track and monitor retail operation relocations nationwide. TID: March 2015
Management of Cloud Computing Contracts and Environment		
IT-AR-14-009	09/04/2014	R-1 --Implement an enterprise-wide definition of cloud computing and hosted services, guidance on identifying and classifying cloud computing technologies, and detailed roles and responsibilities for managing cloud computing technologies. TID: March 2015
		R-2 --Assign a group the responsibility for managing cloud services, including establishing and maintaining an enterprise-wide inventory of all cloud computing technologies. TID: June 2015
		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-2 --Reduce the amount of workhours used for allied and indirect operations by 2.15 percent and 4.14 percent, respectively, to be in line with workhours used for those operations at similar network distribution centers. TID: April 2015
		R-3 --Remove an unnecessary highway contract round trip 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 use. TID: May 2016
		R-3 --Implement procedures to ensure Iowa City Post Office management pivots available routes. TID: September 2014
Facilities Repair and Alteration Process		
SM-AR-14-009	09/22/2014	R-2 --Update policy to require credit card approving officials to perform and document detailed reviews of selected credit card statement activity above pre-determined transaction and dollar value thresholds. TID: March 2015

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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 application to identify and document security risks as required. TID: April 2015
		R-5 --This recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act.
		R-6 --Update license agreements to require that licensees include the names of cooperative database business mailers and their data activities in their monthly performance reports. TID: April 2015
		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: April 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: None
		R-3 --Consider moving Periodical Mail volume through the existing Surface Transportation Center network, if deemed appropriate based on service and cost, to ensure this mail class meets its service standards. TID: April 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-1 --Ensure pooling agreements clearly demonstrate an operational need, that pooling is consistently applied, and that aggregate pooling is not allowed. TID: None
		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: August 2015
Voyager Card Program - Capping Report		
NO-MA-14-007	09/30/2014	R-1 --Consider alternatives to the Highway Contract Route Voyager Card Program. TID: March 2015
		R-2 --Consider fuel management best practices as appropriate to obtain the best value for the U.S. Postal Service. TID: March 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: March 2015
		R-3 --Train employees on proper counting of manual packages nationwide. TID: October 2015

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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: September 2015 R-2 --Explore the use of identified best practices to integrate Highway Contract Route (HCR) tracking and payment technology within the Postal Service HCR payment process to ensure the Postal Service pays suppliers based on services rendered. TID: June 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: September 2015 R-2 --Explore cost effective methods for estimating shortpaid revenue for business mail. TID: September 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
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: June 2015 R-2 --Convert firm-fixed-price contracts for contract postal units, where cost effective, to performance-based contracts to optimize revenue performance. TID: June 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: September 2015 R-2 --Establish a formal centralized system that allows for the tracking and monitoring of contract driver security clearances. TID: September 2015 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: July 2015 R-4 --Establish a formal oversight process for contracting officers to validate contract drivers have security clearances when renewing contracts. TID: September 2015
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-4 --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. R-9 --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-2 --Ensure the contractor at the Atlanta, GA Mail Transport Equipment Service Center provides adequate security and access control to ground and trailer parking areas, including access control of inbound and outbound trailers. TID: January 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

Report Number	Issue Date	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
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: September 2015
Extra Hours Worked by Supervisors in the Greater Indiana District		
HR-AR-15-002	12/18/2014	R-3 --Investigate and address supervisors' claims of unpaid hours worked. TID: December 2014
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: (1) Properly adjusting staffing and scheduling within the parcel sorter machine and sack sorter machine operations. (2) Installing a singulate, scan, and induction unit on the parcel sorter machines. (3) Repairing the Power Industrial Vehicle Management System at the Chicago Network Distribution Center. (4) 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: June 2015 R-2 --Reinforce plant employee compliance with network distribution center guidelines for consolidating mail prior to transport. TID: February 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
Suspension or Delay of Vehicle Scheduled Maintenance		
DR-MA-15-001	02/10/2015	R-1 -- Maintain scheduled vehicle maintenance services on a timely basis. TID: April 2015 R-2 -- Lease additional delivery vehicles as necessary to maintain scheduled maintenance services. TID: None
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: April 2016
Utilization of Marketing and Sales Data for Executives		
MS-AR-15-002	03/04/2015	R-1 --Enhance and expedite efforts to achieve complete customer and revenue data visibility. TID: none
Badges for Postal Service Contractors		
HR-AR-15-004	03/06/2015	R-1 --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-2 --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-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-1 --Formalize written procedures for the patent review process to include, but not be limited to, instructions for U.S. Postal Service employees to ask the Law Department to review new products or technology to mitigate the risk of patent infringement, and to document criteria used to determine whether to use right-to-use opinions or an alternative analysis. TID: June 2015 R-2 --Provide formal training to U.S. Postal Service management on written procedures developed for the patent review process. TID: June 2015

Report Number	Issue Date	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
<i>Retail Systems Software Deployment and Functionality</i>		
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: June 2016
<i>911 Emergency Services Policy</i>		
HR-MA-15-003	03/17/2015	R-1 --Communicate interim guidance to all employees to call 911 immediately in the event of a medical emergency. TID: April 2015 R-2 --Require all areas and districts to make their emergency services policy consistent with the revised national policy. TID: May 2015 R-3 --Require all information technology managers to review telephone system access to emergency services and modify the telephone system to give employees the ability to call 911. TID: June 2015
<i>Deputy Postmaster General's Use of Data</i>		
SM-AR-15-002	03/19/2015	R-1 --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
<i>Hardware Inventory Management - Greater Boston District</i>		
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: July 2015 R-3 --Implement a scheduled inventory verification process to verify the existence of sensitive property at regular intervals, as required. TID: September 2017
<i>North Dakota Postal Service Operations</i>		
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 R-3 --Develop a contingency plan to address staffing levels during periods of rapid economic growth or retraction. TID: none

Appendix F***Significant Management Decisions in Audit Resolution***

For the period October 1, 2014 — March 31, 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.

No recommendations for this period in resolution***Office of Audit*****Internal Peer Reviews**

None conducted during this period.

External Peer Reviews

None conducted during this period.

Office of Investigations**Internal Peer Reviews**

In spring 2014, the Office of Inspector General for the Department of Agriculture conducted a peer review of our Office of Investigations. At the time of publishing of the Fall 2014 semiannual report to Congress, the Department of Agriculture had not yet issued its report. Therefore, this semiannual report contains the findings of the peer review, which found the OIG to be in compliance with the Council of the Inspectors General on Integrity and Efficiency peer review standards. In a supplement to the report, the reviewers also found three OIG programs as “Best Practices,” as areas where other OIGs could benefit from following our methods.

External Peer Reviews

None conducted during this period.

Appendix H

Investigative Statistics

For the period October 1, 2014 — March 31, 2015

For the period October 1, 2014 — March 31, 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	90	2	6	3	71	2,057,701	2,979,233	2,934,510	50	50
Financial Fraud	209	81	72	87	197	1,265,500	2,312,666	1,386,248	147	153
General Crimes	364	25	12	32	316	86,645	557,344	483,497	224	236
Healthcare Fraud	540	23	18	25	128	185,086,861	1,349,049,718	5,715,020	142	153
Internal Mail Theft	752	239	180	253	637	—	27,651,053	197,745	502	527
Total	1,955	370	288	400	1,349	188,496,707	1,382,550,014	10,717,020	1,065	1,119

Appendix I

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

For the period October 1, 2014 — March 31, 2015

Type of Scheme	Complaints Filed	Consent Agreements	FROs	C&D Orders
Advance Fee	1	1	—	1
Counterfeit Check	5	5	—	5
Failure to Pay	2	1	—	2
Failure to Render	2	2	—	2
Foreign Lottery	13	13	—	13
Foreign Lottery & Counterfeit Check	1	—	—	—
Investment Fraud	1	1	—	1
Invoice Schemes	1	1	—	1
Lottery	8	7	—	7
Medical Fraud - Other	1	1	—	1
Other	4	4	—	4
Psychic	2	—	—	—
Reshipping Scheme	5	4	—	4
Sweepstakes	3	4	—	4
Work at Home-Other	1	1	—	1
TOTAL	50	45	—	46

Other Administrative Actions

Temp. Restraining Orders Requested	—
Temp. Restraining Orders Imposed	—
Cases Using Direct Purchase Authority	—
Civil Penalties (Section 3012) Imposed	—
Test Purchases	—
Withholding Mail Orders issued (included 0 Petitions)	3
Voluntary Discontinuances	—

Administrative Subpoenas Requested by the Postal Inspection Service.

There was one request during this reporting period.

Financial Reporting on Investigative
Activities for the Postal Inspection Service

Type	Total
Total Personnel Comp	\$173,261,804
Total Nonpersonnel Expense	\$37,149,595
Total Operating Expense	\$210,411,399
Total Capital Commitments	\$7,979,855

Appendix J

All Closed Congressional/PMG/BOG Inquiries

For the period October 1, 2014 — March 31, 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 (54)

Requestor	Allegation/ Concern	Major Findings	Closure Date
Representative, Massachusetts	A source alleged there was an improper relationship between a Postal Service employee and contractors	We developed evidence the employee used a postal position to direct hundreds of inflated construction contracts worth millions of dollars to contracting firms, including one owned by a spouse, in exchange for substantial personal compensation. The employee provided insider information and endorsements to enable the contractors to win bids and execute fraudulent contract modifications. The employee pled guilty to bribery, wire fraud, and filing a false tax return, and agreed to forfeit the proceeds.	2/23/15
Representative, Tennessee	Theft of a gift card by a Postal Service employee	Information from the complainant led to a store where the gift card was used, but we were unable to identify the user. We looked for similar theft issues in the area and conducted mail integrity tests, but found no further leads.	10/2/14
Senator, Illinois	Theft of a passport, renewal application, and check for the renewal fee	We confirmed the theft but were not able to substantiate a postal employee was involved, or where the loss occurred. Our agents determined the identity of the person who attempted to cash the stolen check, but found no apparent link to the Postal Service.	10/15/14
The White House	Non-receipt of international mail from Germany	Our investigation revealed the International Service Center did not receive the receptacle containing the mail piece. The mail was last scanned in Germany, and Postal Service databases have no entry information for any of the mail shipped in that container.	10/31/14
Representative, New Jersey	Management forged work orders and time cards following an on-the-job injury, which interfered with the Department of Labor (DOL) Office of Workers' Compensation Program (OWCP) payments	We found no evidence of timecard forgery or falsification. Our records show the complainant reported for work twice following reporting an injury to receive holiday pay. We found no evidence of a duplicate badge made in the system for potential falsification. DOL asserted missing paperwork stalled the OWCP claim. The recipient received retroactive payments for his claim.	10/29/14
Ranking Member, Senate Committee	A computer using a Postal Service IP address infiltrated the complainant's computer	The investigation did not substantiate the hacking allegation.	10/24/14
Senator, Missouri	Theft of two passports and original copies of identity documents, and derogatory comments by postal personnel	We substantiated Postal Service employees lost, rather than stole, the original government documents and passport applications. We did not substantiate the derogatory comments, nor find profiling as the motivation behind the loss.	10/6/14
Representative, California	Continued delivery complaints following a prior inquiry	We facilitated a meeting between the constituent and the local Post Office. Management agreed to implement a special hold so the constituent could pick up all packages at the station. We informed district management of the constituent's losses.	11/12/14
Representative, Pennsylvania	Theft of four gift cards	The complainant had evidence parties unknown to him spent the gift cards. Our agents contacted the seven locations the gift cards were used, but were not able to obtain surveillance footage or retrieve additional information to support further investigation.	10/29/14
Representative, Massachusetts	Non-delivery to a U.S. Treasury unit of six savings bonds bearing the constituent's Social Security number and other personal information	The Treasury address in Pittsburgh is no longer valid. Our agents contacted the Pittsburgh-area Post Office, and employees found the package improperly stored and, at our request, returned it to complainant.	10/30/14
Senator, Georgia	Delay of political mailings	Our agents could not find record of the mailings in the postal tracking system, even though some of the flyers were later delivered. We found numerous recipients who did not receive the mailings until after the election, and at least one local post office did not receive the mailings for delivery until after the election. A significant portion of the political mailing addresses may have been undeliverable, but the Postal Service did not follow policy to notify the campaign of the issue.	12/18/14
Representative, Connecticut	Non-delivery of a package scanned as delivered	We conducted mail integrity tests and searched postal databases but found no leads to the missing package.	11/25/14
The White House	Timecard falsification, non-receipt of a previous response from the OIG, and issues involving the National Labor Relations Board (NLRB) and the National Association of Letter Carriers (NALC)	Numerous interviews produced no direct evidence of timecard falsification. Databases produced no record of a previous hostile work environment allegation from complainant. Matters regarding NALC representation are not under the jurisdiction of the OIG.	1/7/15
Representative, California	Continued non-delivery of mail from Germany	After receipt at the International Service Center, there is no domestic tracking for incoming international mail. We interviewed employees and contacted U.S. Customs and Border Patrol, but we were not able to locate the missing mail piece.	12/29/14
Representative, Missouri	Complainant attempted to assist OIG by photographing alleged mail delays at a processing and distribution center, but an OIG agent advised him to desist, implying a lack of OIG interest	Our agents determined the mis-delivered mail was the result of unintentional mishandling by employees. We asked the complainant to stop taking photographs because the investigation moved to a different field office and photos inadvertently captured individual mail addresses.	12/18/14

Requestor	Allegation/ Concern	Major Findings	Closure Date
Representative, New York	A Postal Service employee forged the constituent's signature for a package valued at \$4,600	Searching databases, we found multiple similar complaints in the area. Postal Service management issued disciplinary action to an employee who handled the constituent's mail for misconduct related to signature parcels. We did not determine whether the package was stolen.	10/1/14
Representative, Illinois	Discovery of approximately 620 pieces of mail discarded in the trash	By analyzing the discarded mail, our agents determined the employee assigned to their delivery. We concluded the employee intentionally delayed or discarded the mail, and notified management.	10/16/14
Representative, Florida	Damaged mail, sometimes stored for days, often disappeared or was improperly disposed	We found no evidence of misconduct. Some undeliverable mail processing duties had recently moved to the plant, and we noted management errors inadvertently delayed the hiring of processing employees. Several untrained clerks temporarily worked in the undeliverable mail area, which could explain some of the delay allegation.	12/18/14
Senator, Missouri	Complainant attempted to assist OIG by photographing alleged mail delays at a processing and distribution center, but an OIG agent advised him to desist, implying a lack of OIG interest	Our agents determined the mis-delivered mail was the result of unintentional mishandling by employees. We asked the complainant to stop taking photographs because the investigation moved to a different field office and photos inadvertently captured individual mail addresses.	12/18/14
Representative, California	Review a previous investigation into non-receipt of documents related to a Postal Museum exhibit	We initially reviewed the investigation in December 2013, but were unable to locate the missing items. We reviewed the case again, but found no data to explain why the package disappeared.	10/1/14
Representative, Arizona	Advice for options about a constituent who allegedly stole mail	We recapped our investigative activity which led to federal prosecution of the complainant. We noted the role of the OIG in ensuring integrity of the Postal Service and the role of union representatives in assisting employees in the disciplinary process.	12/9/14
Representative, North Carolina	Unjust termination of a contract carrier	The carrier was terminated following a contract fraud investigation. The carrier was to deliver packages and parcels from a contract postal unit to a Post Office. Instead, the carrier received assistance from another contract driver, who detoured to deliver the mail. The outcome of the disciplinary action was subject to arbitration.	10/1/14
Representative, California	Non-delivery of a parcel requiring a signature, and issues with the insurance claim	The investigation revealed a substitute carrier did not follow postal procedures in delivering the package. The carrier did not obtain the signature of the recipient. We notified management.	3/6/15
Representative, Indiana	Request for a hearing regarding the constituent's prior whistleblower retaliation complaint	Our 2011 investigation revealed the constituent did not meet the four- pronged prima facie test. The constituent made a protected communication, but was terminated because of consistently poor performance during a probationary period. The OIG does not have a hearing process, as the constituent requested.	10/23/14
Representative, New York	Verbal harassment from a letter carrier, dating back to 2007	We conducted multiple investigations responding to the constituent's allegations about a letter carrier, most recently in August 2014. During that investigation we found video evidence the constituent initiated an altercation, including verbal harassment and taunting, towards the letter carrier, whose conduct remained professional.	10/8/14
Representative, Ohio	Non-delivery of ten \$100 bills	We found no similar issues along the transport route and contacted the Mail Recovery Center. Given the passage of time and lack of leads, we concluded our investigative review.	10/29/14
Senator, New York	The OIG terminated an employee in retaliation for reporting an OIG employee and manager violated outside employment policy	Our previous investigations produced no evidence that removal was in retaliation for reporting alleged misconduct by an OIG employee.	11/7/14
Senator, Virginia	Management failed to properly pay employees for hours worked	We found the postal branch receives high mail volumes, and the supervisors are under pressure to avoid overtime. We found supervisors conduct work reserved for craft employees; carriers have been asked to work after hours without pay; time and attendance data has been altered to avoid paying for hours worked, including data being manipulated to avoid premium pay.	3/18/15
Representative, Florida	Sexual harassment from coworkers and management refusal to use surveillance footage from the incident	Surveillance cameras at the facility were not operating on the day of the incident. As the constituent filed an Equal Employment Opportunity (EEO) complaint and a union grievance based on the same allegations, the OIG did not conduct further investigative work, to avoid duplication or interference with on-going work.	1/12/15
Ranking Member, Senate Committee	Time card fraud in Iowa and failure of the Postal Service to correct the issue	We confirmed time card alterations occurred at two post offices. We found management in each district is aware of the falsifications. One district had resolved the issues but another was excessively slow.	1/8/15
Representative, Virginia	Unjust termination following a vehicle accident	We found the constituent was operating his Postal service vehicle without a seatbelt and with the door open. The constituent fell out of the vehicle, which travelled 500 feet and hit a residence. The Postal Service found the gravity of the incident not comparable to the vehicle incidents the constituent presented for comparison.	3/17/15
Representative, Florida	Non-receipt of a stamp order	We learned the recipient had four addresses on file, causing confusion about the preferred delivery address.	1/15/15

Requestor	Allegation/ Concern	Major Findings	Closure Date
Representative, California	A package containing mementos from the New York Police Department (NYPD), including two police badges, showed signs of tampering	The package's tracking data showed "visible damage" upon processing along the route. Despite our search for similar issues and contact with the NYPD and Mail Recovery Center, we found no leads to the missing contents.	12/10/14
Representative, New York	Consistent delay of packages, dating back to 2009	We conducted an investigation in 2009 and found no unusual activity. Our 2014 review revealed no indicators of delay in the district or a pattern of mail delays on the routes. Since the constituents eventually received their packages, we did not conduct further work.	10/29/14
Senator, New Mexico	Management falsified timecards as a favor for a non-union employee; OIG employee would not investigate these allegations	An employee erred when opining on the investigative merits of a complaint. Another agent conducted an investigation of the timecard fraud and favoritism allegations earlier in the year and — although supervisors correct timecard entries on occasion — there was no evidence of fraud or favoritism.	1/16/15
Representative, Illinois	Non-delivery and mis-delivery of mail	While we found similar reports, we found no leads for further investigative work and no evidence of theft or misconduct. We forwarded several allegations to Postal Service management for administrative action.	1/8/15
Representative, California	Letter carrier assaulted customer and made racist comments, and failed to deliver the mail	The complainant recanted as to the assault and racist comments. We searched for similar incidents in the area, but found no leads.	2/9/15
Representative, Illinois	Non-delivery and mis-delivery of mail	While we found similar reports, we found no leads for further investigative work and no evidence of theft or misconduct.	12/18/15
Representative, New Jersey	Non-delivery and improper handling of multiple packages	We searched several databases for similar issues in the delivery area. We found no evidence of theft or misconduct.	1/9/15
Representative, Massachusetts	Request for copy of the report of investigation involving a noose hanging in the Worcester Post Office	We provided a redacted report of investigation.	11/7/14
Chairman, House Subcommittee	Testimony Request for the hearing: Examining Data Security at the U.S. Postal Service	Deputy IG Tammy Whitcomb testified on November 19, 2014.	11/19/14
Representative, New York	Harassment from a letter carrier and disagreement about previous investigations	The congressional office withdrew the inquiry.	1/20/15
Representative, Florida	A set of condominiums was not receiving mail, including mail containing personal financial information	From late September to early November 2014, the Postal Service assigned various letter carriers not familiar with the condominiums or its residents to sort and deliver mail there. Management assigned a regular carrier in November 2014.	2/25/15
Representative, Washington	A Postal Service attorney harassed and interfered with complainant's service animal during a deposition	We found the Postal Service already reviewing this inquiry, and reviewed their response. We found no basis for further investigative work.	1/26/15
Representative, New Jersey	Theft of multiple packages scanned as delivered	We searched several databases for similar issues in the delivery area, and we found no evidence of theft of misconduct. Since the constituent alleged a package was stolen after delivery, we forwarded the allegations to the Postal Inspection Service.	1/23/15
Representative, New York	Poor delivery service and non-delivery of a package	We searched several databases for similar issues in the delivery area. We found no evidence of theft or misconduct.	2/5/15
Senator, Ohio	Non-delivery of Certified Mail sent to the Social Security Administration (SSA)	The investigation revealed the SSA received and scanned the constituent's mail. The SSA reported that employees charged with checking in documents did not comply with Certified Mail procedures, and the Postal Service did not cause the delivery problems.	2/25/15
Representative, Pennsylvania	Multiple delivery issues and poor customer service experience	The Postal Service attempted to remedy the delivery issues by placing a barcode on the constituent's mailbox to ensure daily delivery. We included a link to the recent audit: Window Retail Customer Service.	2/20/15
Representative, New York	Fraud and compromise of personal information, based on a notification the former employee received from the Postal Service	We explained the notification followed a massive data breach affecting over 800,000 current and former employees, all of whom received similar notification letters. We included a link to the testimony presented at a House Committee hearing on the matter.	2/3/15
Representative, Texas	Delivery issues with two pieces of Certified Mail	We learned the Postal Service was reviewing the same inquiry, and we closed our case after receiving their response to the congressional office.	2/25/15
Representative, Georgia	Non-delivery of and tampering with multiple pieces of mail	We searched several databases for similar issues in the delivery area. We found no evidence of theft or misconduct.	3/5/15
Representative, Illinois	Non-delivery of multiple exhibit proposals sent various locations	We searched several databases for similar issues in the delivery areas. We found no evidence of theft or misconduct, but no indications of the whereabouts of the mailings.	3/30/15

Requestor	Allegation/ Concern	Major Findings	Closure Date
Representative, New York	Complainant further contested management's denial of her participation in the leave buy-back program at the time of disability retirement; discussion of prior hostile workplace complaint	We previously advised the administration of the leave buy-back program is a management issue. We previously reported our findings as to the hostile work environment complaint, now moot as a result of the retirement.	3/18/15
Senator, Illinois	Non-delivery of multiple exhibit proposals sent various locations	We searched several databases for similar issues in the delivery areas. We found no evidence of theft or misconduct, but no indications of the whereabouts of the mailings.	3/30/15

Inspector General Audit / Risk Analysis Research Center Requests (17)

Requestor	Allegation/ Concern	Major Findings	Closure Date
Senator, North Dakota	Complaints about mail delivery and the workplace environment in North Dakota	Responding to the inquiry, we conducted the audit: North Dakota Postal Service Operations. The report found the Postal Service in North Dakota rarely met national service standards. The Postal Service did not have a contingency plan to address rapid growth and staff turnover.	3/31/15
Chairman, House Subcommittee	Questions regarding the Postal Service's efforts to prevent private patents from being violated when new technology is released	We issued the audit: <i>Patent Review Process</i> . The Postal Service does not have a formal written process for actively reviewing new products and services for patent infringement. However, we found no current issues with infringement for the products evaluated.	3/6/15
Delegate, Virgin Islands	Hiring discrimination, including application processes which prevent Virgin Island residents from applying to open positions	We issued the audit: <i>Hiring Practices in the U.S. Virgin Islands</i> . Overall hiring practices were fair to applicants, but there were problems in the job announcement process that may have created the perception of improprieties.	12/18/14
Representative, North Carolina	The impact of the Indian Trail Post Office consolidation	The Office of Audit issued the audit: <i>Rural Delivery Operations—Indian Trail Post Office Consolidation to the Monroe, NC, Carrier Annex</i> . We found a business case existed for the consolidation, no employees lost their jobs because of the consolidation, and it had minimal community impact.	3/31/15
Chairman, Senate Committee	Request for a copy of the audit: Lack of Service Standard Change Information in Area Mail Processing Feasibility Studies	We provided the requested audit. The audit concluded the Postal Service has not analyzed the impact of consolidations on service standards.	10/8/14
Representative, District of Columbia	Request for a copy of the audit: National Change of Address Program	We provided the requested audit.	10/9/14
Chairman, Senate Subcommittee	Questions regarding the audit: Lack of Service Standard Change Information in Area Mail Processing Feasibility Studies	Our audit teams held a meeting and responded to questions.	10/21/14
Senator, Michigan; Senator, Montana; Senator, Missouri; Senator, North Dakota	Request for a discussion regarding various aspects of the area mail processing (AMP) feasibility studies	Our audit teams held a meeting and responded to questions.	10/21/14
Chairman, House Committee	Request for an unredacted copy of the audit: Postal Inspection Service Mail Covers Program	We provided the requested audit.	11/3/14
Senator, Vermont	Questions regarding Lack of Service Standard Change Information in Area Mail Processing Feasibility Studies and Modes of Delivery audit reports	Our audit teams held a meeting and responded to questions.	11/10/14
Washington State House of Representatives	Request for information regarding the white papers on unbanked financial services	OIG staff provided the requested information.	11/13/14
Chairman, House Subcommittee	Questions for the record following the hearing: Examining Data Security at the United States Postal Service	We submitted answers to the subcommittee's questions.	12/15/14
Senator, Delaware	Systemic mail forwarding issues in the South Jersey District	We provided risk model data on the South Jersey district that showed an abnormally high level of mail forwarding complaints compared to the national average.	3/4/15
Ranking member, Senate Committee	Miscellaneous questions on health care, delivery, and postal finances	We provided the requested information.	3/10/15
Chairman, Senate Committee	Questions on the audit: Window Retail Customer Service and prior reports on delivery customer service	We provided the requested information with links to several prior OIG audits.	3/16/15

Requestor	Allegation/ Concern	Major Findings	Closure Date
Chairman, Senate Committee	Questions about workers' compensation benefits as employees reach retirement age	We provided the requested information.	3/19/15
Representative, Virginia	Questions about the OIG's estimate for cost savings from Phase 1 of the facility consolidations	We provided the requested information with links to several prior OIG audits.	3/31/15

General Council and Support Functions (10)

Requestor	Allegation/ Concern	Major Findings	Closure Date
Ranking Members, two Senate Committees	Semiannual request for all unposted audits and investigations	We provided the requested lists of audits and investigations.	1/9/15
Senator, New Hampshire	Request to reopen an investigation	We reviewed and determined there was not sufficient new evidence to reopen .	11/25/14
Representative, Connecticut	A former employee sought a second OIG review of his termination, which he argued was retaliatory	We noted the OIG had already considered and did not find the termination to have been based on reprisal under postal rules. The complainant presented issues more suitable for consideration during the arbitration process — which is not subject to OIG review.	1/23/15
Representative, California	Questions regarding Long Life Vehicles and their specifications	We contacted the congressional office and responded to their questions.	1/23/15
Chairman, Senate Committee	Request for a copy of a report of investigation for a prior case	We provided the requested report of investigation.	1/29/15
Senator, Maryland	Privacy Act records amendment request from a former employee; and request for information on past EEO/ discrimination complaints	We declined to amend the records as we found them to be accurate and previously unchallenged through established means of relief. We provided a list of discrimination allegations.	2/18/15
Chairman, House Committee	Invitation to a hearing on challenges to access and independence faced by Inspectors General	The Inspector General attended the hearing.	2/3/15
Chairman and Ranking Member, Senate Committee	Request for a legal review of the Board of Governors' quorum rules change	Our Office of General Counsel performed the review.	2/27/15
Chairman and Ranking Member, House Committee	Request for a list of all closed cases, all open recommendations, prioritization of recommendations, and monetization of recommendations since January 1, 2014	We provided the requested information.	3/11/15
Chairmen, two Senate Committees	Request for a list of all closed cases and all open recommendations, information on whistle blowers, unprosecuted GS-14 and above employees, and threats to agency independence.	We provided the requested information.	3/27/15

Referrals (4)

Requestor	Allegation/ Concern	Major Findings	Closure Date
Representative, Texas	Non-delivery of several packages mailed from a collection box	The parcels with tracking information were not scanned in the postal tracking system. We found several similar complaints in the same area, confirmed the Inspection Service had an ongoing investigation, and forwarded this allegation to them.	10/1/14
Representative, California	A live-in aide fraudulently changed a client's address on postal forms	We forwarded the allegation to the Postal Inspection Service.	10/23/14
Senator, Maryland	Privacy Act and Health Insurance Portability and Accountability Act (HIPAA) violations by coworkers	We forwarded the allegation to the Postal Service Office of Government Relations and Privacy Officer.	10/31/14
Representative, Washington	Request for video footage of a theft from inside a Post Office	We forwarded the request to the Postal Inspection Service.	2/3/15

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 October 1, 2014 — March 31, 2015

Requests	Number of Requests
Carryover from prior period	21
Received during period	265
Total on hand during period	286

Actions	Number of Requests
Processed during the period	250
Requests Denied in Full	9
Requests Granted in Full	11
Requests Denied in Part	89
No Records	78
Requests Referred	12
Requests Withdrawn	23
Fee-Related Reasons	—
Records not reasonably described	—
Not a proper FOIA request for some other reason	10
Not an agency record	17
Duplicate Request	1

Balance	Number of Requests
Balance at the end of the period (pending)	36

Processing Days	Number of Days
Median processing days to respond to a FOIA request	7

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 October 1, 2014 — March 31, 2015

Complaints received	Total
Carried over from previous quarter(s)	22
Complaints received from OIG Hotline, Congress, Governors, management, internal, and other	477
Total on hand during this period	499

Workplace Environment Actions	Number of Complaints
Total Complaints reviewed and closed during the period	464
Carried over from previous quarters is not included in total reviewed & closed count	—
Carried over from previous quarter(s)	22
Closed Determination as No Action	—
Office of Audit	1
Summary of findings to Congress/BOG/Postal Service Management	120
FOIA	—
Hotline	7
AIG for Investigations	—
Postal Inspection Service	1
Database for statistical analysis and possible symentic review	283
Office of Investigations	2
WorkPlace Environment	50

Acronym Guide

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

APPS: Automated Package Processing System

APWU: American Postal Workers Union

C&A: certification and accreditation

CSRS: Civil Service Retirement System

CSS: customer service supervisor

DBCS: Delivery Barcode Sorter

DOL: U.S. Department of Labor

DEA: Drug Enforcement Administration

DWC: distribution window clerk

eCBM: Electronic Conditional Based Maintenance

EDDI: Electronic Data Distribution Infrastructure

EDI: Electronic Data Interchange

EIR: Enterprise Information Repository

FEGLI: Federal Employees' Group Life Insurance

FEHB: Federal Employees Health Benefits

FSS: Flats Sequencing System

GMU: George Mason University

HCR: highway contract route

LLV: long-life vehicles

MTE: mail transport equipment

NALC: National Association of Letter Carriers

NCSC: National Customer Support Center

NDC: network distribution center

NPV: net present value

OA: Office of Audit

OI: Office of Investigations

OWCP: Office of Workers' Compensation Programs

P&DC: processing and distribution center

P&DF: processing and distribution facility

PAEA: Postal Accountability and Enhancement Act of 2006 (also known as the Postal Act of 2006)

PKI: Public Key Infrastructure

PRC: Postal Regulatory Commission

PVS: Postal Vehicle Services

RARC: Risk Analysis Research Center

SBOC: Stations and Branches Optimization Consolidation

SSA: sales and services associate

TACS: Time and Attendance Collection System

VMF: Vehicle Maintenance Facility

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Who do I Call?

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



Office of Inspector General

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

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



Postal Inspection Service

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

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



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Contact us via our [Hotline](#) and [FOIA](#) forms, follow us on social networks, or call our Hotline at 1-888-877-7644 to report fraud, waste or abuse.
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