



UNITED STATES POSTAL SERVICE

OFFICE OF

**INSPECTOR GENERAL**

SPRING  
**2016**

**SEMIANNUAL REPORT TO CONGRESS**

OCTOBER 1, 2015 — MARCH 31 2016



# A Message From the Acting Inspector General



The Office of Inspector General – with the support of the Governors, Congress, and U.S. 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. The OIG also helps to maintain confidence in the postal system and to improve the Postal Service’s bottom line through independent audits and investigations.

This report, submitted pursuant to the Inspector General Act, outlines our work and activities for the 6-month period ending March 31, 2016.

During this period, we issued 83 audit reports, management advisories, and PARIS risk models, and the Postal Service accepted 93 percent of our recommendations. We completed 2,069 investigations that led to 391 arrests and \$21.1 million in fines, restitutions, and recoveries, \$5.28 million of which was turned over to the Postal Service.

To fulfill our mission, we increasingly rely on data mining, risk assessments, and predictive analytics to synthesize data in ways that help us detect fraud and misconduct. Data analytics also help us identify root causes of problems and develop solutions to those problems.

In this period, our audit report on compounding pharmacies illustrates how data tools and collaboration can result in major financial savings, improved efficiency, and risk mitigation. The report highlighted the huge increase in the Postal Service’s workers’ compensation costs for compound drugs, which are created when licensed physicians or pharmacists combine, mix, or alter ingredients of drugs to tailor them to individual patients.

It was a data analytics tool that alerted us to a compounding medication scheme. From there, we opened an investigation, which then prompted a review by our Office of Audit on the current cost to the Postal Service and the potential long-term financial impact. We found the Postal Service’s compound drug costs have increased almost 2,000 percent, growing from about \$5 million to nearly \$100 million from July 2010 to June 2015. For the last 6 months of calendar year 2015 (July through December), the Postal Service incurred \$85.7 million in compound drug costs, with another \$71 million forecasted through the following 6 months. We determined the long-term cost to be \$1.2 billion.

We will continue working with the Governors, Congress, and Postal Service management as we address the challenges ahead.

A handwritten signature in black ink that reads "Tammy L. Whitcomb". The signature is written in a cursive, flowing style.

Tammy L. Whitcomb  
Acting Inspector General

# Summary of Performance

For the period October 1, 2015 — March 31, 2016

## 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, 2015 — March 31, 2016

## AUDIT

Funds put to better use **\$1,385,570,624**

Questioned Costs **\$879,268,869**

Revenue Impact **\$127,109,805**

**TOTAL \$2,391,949,298**

Reports issued **83**

Recommendations issued **119**

Total reports with financial impact **12**

## INVESTIGATIONS<sup>1</sup>

Cost Avoidance **\$135,533,680**

Fines, Restitution, and Recoveries **\$21,122,711**

Amount to the<sup>2</sup> Postal Service **\$5,279,930**

Investigations Completed **2,069**

Arrests **391**

Indictments/Informations **326**

Convictions/pretrial diversions<sup>3</sup> **427**

Administrative actions **1,358**

## OIG HOTLINE CONTACTS

Telephone Calls **14,138**

Voice Mail Messages **2,606**

E-mail **30,571**

Facsimile - FAX **177**

Standard Mail **916**

National Law Enforcement Communications Center **200**

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.

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# Office of Audit

## Significant Audit Work

For the period October 1, 2015 — March 31, 2016

### 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 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 OA to focus efforts where there is the greatest potential risk to Postal Service management and operations.



## Finance and Supply Management

### Policies Could Improve Utility Bill Payment Process

#### *Assessing Controls Over the Utility Payment Process*

The U.S. Postal Service operates about 32,000 facilities that use electricity, natural gas, water, and other utilities. In fiscal year (FY) 2014 it paid about \$537 million for utilities, using two payment systems: the Utility Management System (UMS) for about 5,500 larger postal facilities and the eBuy2 system for the rest.

We found the processes for reviewing invoices in the UMS redundant and unclear. For example, personnel did not review, question, or approve 89 percent of the invoices we analyzed, and area, district, and local personnel were all tasked with the same responsibility to review invoices. Furthermore, the majority of employees tasked with reviewing the 153 eBuy2 invoices we sampled received no guidance. The lack of a comprehensive policy on the utility payment process was the underlying reason for all these issues.

We recommended management develop comprehensive, formal policies and procedures to ensure utility payments are properly made through UMS and eBuy2. Postal Service management agreed with the findings and recommendation but disagreed with the reported financial impact.

### Requiring Competition in Multiple Supplier Contracts Might Improve Value

#### *Controls Over Multiple Award Indefinite Delivery, Indefinite Quantity Contracts*

The Postal Service uses indefinite delivery, indefinite quantity (IDIQ) contracts to acquire goods and services when it is uncertain about delivery schedule and quantity. As needs arise, contracting officers (CO) purchase from IDIQ suppliers by issuing orders against IDIQ contracts, and suppliers must fulfill those orders. Suppliers with multiple award contracts may compete against each other for some or all of the contract orders.

We found some COs made purchases against IDIQ contracts without issuing the required orders, and did not always incorporate required clauses in the contracts or require competition. IDIQ contracts have minimum and maximum amounts, and the orders are important because they enable the Postal Service to effectively track contracts and ensure it does not issue payment before receiving any services or supplies. Also, Postal Service policy states that best value is achieved through competition, but it does not require competition in multiple supplier IDIQ contracts.

We recommended management update contract policy to clarify ordering procedures regarding IDIQ contracts, reiterate contracting policy for IDIQ contract clauses, and require suppliers under multiple-award IDIQ contracts to compete for orders or provide proper justification when competition is not required. Management agreed to update and reiterate contract policy related to ordering procedures and contract clauses, respectively; however, management disagreed with requiring COs to compete orders under multiple-award IDIQ contracts. Notwithstanding, management will require COs to consider the benefits of further competing orders and document the business rationale for placing orders without further competition. Management disagreed with \$18.3 million of the \$740.8 million in monetary impact.

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## Revenue and Resources

### Timely Responses to Congress Could Enhance Transparency

#### *U.S. Postal Service Government Relations Responsiveness to Congressional Requests*

We assessed the Government Relations team's management of congressional requests and inquiries received for FYs 2011-2014. The team received over 18,500 congressional letters during that period and had an internal goal to respond to each within 10 business days.

Seventeen percent of the congressional requests we reviewed were between 1 and 41 business days late. Furthermore, for 34 percent of the request we reviewed there was either no date stamp or an illegible date stamp; for the remainder, Government Relations did not account for the time between the date a request was received and the date it was assigned to personnel. In addition, the dates of requests – such as those by email – were not always documented, requestors were not always informed when responses were delayed, and Postal Service policy did not prioritize requests from individual members of Congress. Finally, we reviewed 12 questions for the record (QFR). QFRs are questions congressional committees submit as a result of their hearings. Responses were timely, but there was no formal, published policy for handling QFRs.

We recommended management publish internal and external policies that include date-stamping correspondence when it arrives and starting the response period at that time. We also urged management to treat requests from individual members of Congress with appropriate priority to promote transparency and positive government relations. Management agreed with the recommendations but commented that the deputy postmaster general sends QFRs to the responsible Executive Leadership Team members with instructions for responding.

[Hover mouse below to see the Number of Late Responses per business days late.](#)

## Lost and Found Department Needs Improved Management

### *U.S. Postal Service Mail Recovery Center*

The Mail Recovery Center (MRC) is the official lost and found department for the Postal Service. In FY 2014 it received 88 million items, processed 12 million for possible return to customers, and returned 2.5 million.

We found the MRC did not effectively handle inquiries or manage undeliverable items it received because it did not have adequate policies – or did not follow them. For example, the MRC did not track inquiries resulting in items returned to customers, return or dispose of certain items in a timely manner, or adequately oversee the contractor responsible for auctions of unclaimed items. We also found that retail clerks – who were outside the MRC's control – did not provide customers with clear instructions for filing search inquiries and also incorrectly sent recyclable materials to the MRC.

We recommended the Postal Service enhance policies and procedures for handling lost and undeliverable mail at the MRC, review the contract for auctioning unclaimed items, instruct retail clerks to provide customers with proper procedures for filing a search inquiry, and enforce existing policy for recyclable materials that should not be sent to the MRC.



**Track how many inquiries resulted in items returned to customers.**



**Return wallets, purses, and the documents they contained to customers.**



**Return, dispose of, or secure military items efficiently.**



**Adequately oversee the contractor responsible for auctions of unclaimed items at the MRC.**



## Mission Operations

### Greater Controls Needed Over High-Risk Fleet Card Transactions

#### *Fleet Credit Card Controls in the Capital Metro Area*

With more than 211,000 vehicles in FY 2014, the Postal Service operates one of the nation's largest vehicle fleets, used primarily to deliver and collect mail. Every postal vehicle is assigned a fleet credit card to buy fuel and oil and pay for routine maintenance.

We assessed the controls over fleet credit cards in the Capital Metro Area and found they were not effective. Some site managers were certifying reconciliations in the Reconciliation Exception Report without verifying transactions or providing adequate supporting documentation or proper justification. Exceptions are high risk transactions that are most likely to be generated by fraud or abuse. In addition, units did not always follow policy for securing fleet credit cards.

We recommended the Capital Metro Area ensure site managers review fleet credit card receipts, enter comments to explain transactions in the Reconciliation Exception Report, and properly safeguard cards when not in use. Management agreed with the findings and recommendations but disagreed with the monetary and other impacts.

### Excess Workhours Cost Colorado/Wyoming District \$8.6 Million

#### *Review of City Carrier Office Efficiency — Colorado/Wyoming District*

From July 2014 through June 2015, 55 of the Colorado/Wyoming District's 136 delivery units used 179,619 more office hours than necessary – about 17 more minutes of office time per day on each route – at a cost of more than \$8.6 million. This occurred because mail sometimes arrived late and the mail mix was sometimes incorrect, or carriers were wasting time. Also, mail arrival profiles used to establish staffing levels and mail arrival times did not exist or were unsigned or outdated. Finally, managers did not enforce policies and procedures.

We recommended Colorado/Wyoming District management eliminate 179,619 workhours at delivery units and inefficient office practices, prepare up-to-date mail arrival profiles, and ensure staff follow appropriate policies and procedures. Management agreed with the findings and recommendations but disagreed with the workhour savings and calculation of monetary impact.

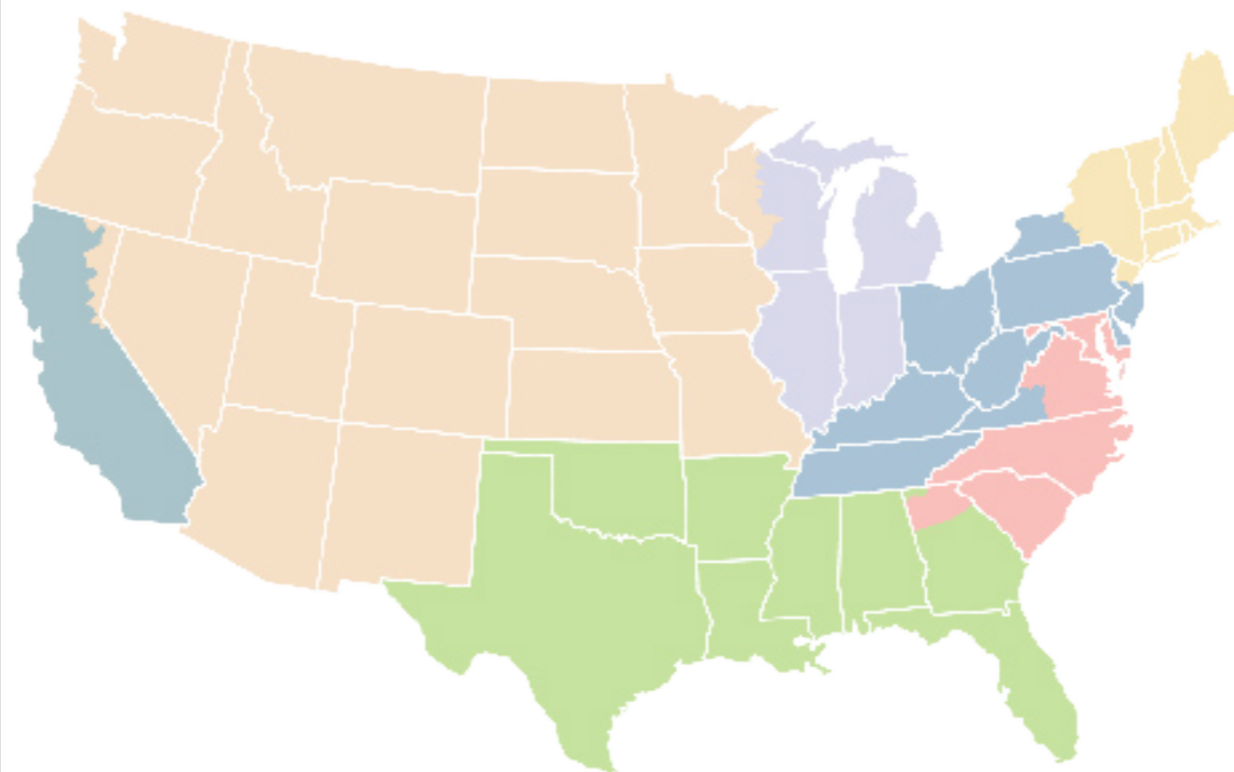
### Better Preparation Could Lower MTE Handling Costs

#### *Mail Transport Equipment Service Centers — Nationwide Assessment*

We assessed the 15 Mail Transport Equipment Service Centers (MTE SC), which handle, supply, and transport mail transport equipment (MTE) such as tubs and trays to mail processing facilities and mailers. Four centers had been previously audited; they and the remaining 11 MTE SCs were part of this capping report.

We found that for 13 MTE SCs, less than half of the trays and tubs received from facilities contained the correct amount and type of MTE and were properly stacked and shrink-wrapped on pallets. Properly prepared MTE reduces processing and transportation costs and is safer for employees. Also, management did not adequately manage contractor performance for processing, invoicing, and repairs. We found the Postal Service could avoid \$2.4 million annually over the next 5 years by improving controls and implementing best practices for preparing MTE.

We recommended management implement best practices for, and monitor facilities' preparation of, MTE, and also establish adequate controls over contractor performance. Management agreed with the findings and recommendations but disagreed with the monetary impact calculation.







## Technology, Investment, and Cost

### Training Can Help Protect Employees against Phishing

#### *Information Security Awareness Training and Phishing*

Phishing is a security threat that occurs when someone tries to deceive or defraud email recipients by posing as a legitimate entity. We found the information security awareness training provided by the Postal Service related to phishing was not effective because it did not explain how to identify and report phishing emails. During our audit, management added instructions on this element to the training course. We also found policy does not require all employees with network access to complete the annual information security awareness training, and our limited phishing tests showed employees did not respond to the phishing email according to policy.

We recommended the Postal Service modify policy to require all employees with network access to take annual information security awareness training. Management agreed with the findings and the recommendation, but disagreed with the OIG's analysis and conclusions concerning the policy for annual information security awareness training.

### Documented Processes Could Ease Price Change Process

#### *Market-Dominant Price Adjustment Filings*

The Postal Accountability and Enhancement Act (PAEA) limits price increases for the five market-dominant classes of mail — First-Class, Periodicals, Standard, Package Services, and Special Services — to no more than the Consumer Price Index. We evaluated how the Postal Service compiles market-dominant price adjustment proposals filed with the Postal Regulatory Commission (PRC).

We found the Postal Service Pricing group did not have documented and repeatable processes for preparing price adjustment proposals, which increases the risk that proposals will have errors or will not meet PRC requirements. Furthermore, before filing the January 2015 price adjustment proposal with the PRC, the Pricing group did not always perform internal reviews of supporting documentation. Proposing complex mail classification changes during a short price adjustment period further complicated the process. Because the PRC could not determine whether the proposal complied with applicable laws and regulations, it returned the proposal to the Postal Service twice. Consequently, the Postal Service forfeited \$108 million in revenue because the price changes were delayed from April 26 to May 30, 2015.

## PRICE ADJUSTMENT REVIEW PROCESS



We recommended the vice president, Pricing, establish a repeatable process to compile price adjustment proposals and a documented internal review process. We also recommended the vice president establish internal procedures for filing complex mail classification changes separately from price adjustment filings. Management partially agreed with the recommendations but said certain PRC remand issues concerned different methodologies and would not have been resolved through internal reviews.

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### Response Plan Should Be Updated

#### *U.S. Postal Service Mass Data Compromise Response Plan*

The Postal Service has one of the world's largest computer networks, which enables nationwide communication among more than 32,000 facilities. To respond to the threat of cyber intrusions, the Postal Service developed the Mass Data Compromise Response Plan (MDCRP). We found the MDCRP provides some guidance when an intrusion occurs but needs to be updated to have a clearance requirement for groups responding to events involving sensitive information. Also, the MDCRP was missing critical assets, comprehensive workflow processes, incident checklists, external communication protocols, and a Postal Service policy.

We recommended management update the MDCRP to incorporate these missing elements.

### The Postal Service's MDCRP should incorporate these five key elements<sup>1</sup>:

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<sup>1</sup> The five elements are based on best practices in the SANS Institute InfoSec Reading Room, The Incident Handler's Handbook, December 5, 2011; NIST SP 800-61, Revision 2; Computer Security Incident Handling Guide, August 2012; Handbook AS-805-A, Information Resource Certification and Accreditation Process, Section 6-2.j; and Handbook AS-805-B, Infrastructure Information Security Assurance (ISA) Process, Section 5-2.b.  
<sup>2</sup> According to the SANS Institute InfoSec Reading Room, The Incident Handler's Handbook, December 5, 2011; and NIST SP 800-61, Revision 2, Computer Security Incident Handling Guide, August 2012  
<sup>3</sup> The Certification & Accreditation (C&A) process is a formal security analysis and management approval process used to assess residual risk before a system is put into production  
<sup>4</sup> Handbook AS-805-A, Section 6-2.j, Criteria Forcing Security Recertification, dated March 2015.



## Risk Analysis Research Center

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

### Co-opetition in Parcel Delivery: An Exploratory Analysis

E-commerce and changing consumer demand have led to an explosion in parcel shipping, which in turn is driving dynamic change in the parcel market. Not only has greater demand for parcels benefitted the providers of parcel services through increased volume, it has also changed the relationship between players in the market. In order to remain competitive, firms are beginning to collaborate with their once rivals — providing processing, transportation, or delivery for each other — something we refer to as co-opetition. For example, both UPS and FedEx use the Postal Service to provide last-mile delivery for a significant portion of their ground parcels.

The OIG partnered with Dr. John C. Panzar, professor of economics, University of Auckland, to examine the economic efficiency of co-opetition in the parcel market and the relationship among the crowded field of players. *Co-opetition in Parcel Delivery: An Exploratory Analysis* details Professor Panzar's research and findings, which show that co-opetition is not inherently anti-competitive or bad for consumers. On the contrary, the paper demonstrates what Professor Panzar calls a “win-win-win” phenomenon: the Postal Service benefits by earning additional revenues through last-mile delivery, private package carriers benefit from a lower delivery cost, and all of it happens without the customer paying a higher price. In fact, it is possible that co-opetition can lead to an overall price decrease for the customer.

### Terminal Dues in the Age of Ecommerce

Terminal dues is the system that posts use to pay one another for international deliveries of letters and small packages. The global terminal dues system, updated every four years by the Universal Postal Union (UPU), does not fully reflect actual domestic processing and delivery costs.

As a result, the Postal Service and other operators have lost money on international postal letters and small packages received from abroad, especially from emerging countries like China. The explosive growth in cross-border ecommerce traffic has greatly elevated stakeholders' concerns about the economic distortions created by the system.



In our report, we assess the impact of these distortions in the international small package market, with a focus on the U.S.-to-China corridor. Our research shows that terminal dues create winners and losers among posts and retailers:

- In the lightweight, low-value package segment, low terminal dues benefit China Post and Chinese online retailers at the expense of the Postal Service, other international carriers operating from China, and American retailers.
- In other segments, such as heavier, higher-value packages requiring additional services, the rate advantage decreases. In addition, other carriers effectively compete by providing better service or through direct entry into the U.S. mail processing system.

We also note that the emergence of alternative remuneration methods (such as bilateral agreements) that circumvent the terminal dues system along with innovative, non-postal logistics value-chains reduce the competitive harm that lower UPU terminal dues may cause. At the same time, however, they threaten the relevance of terminal dues.

Finally, the paper addresses the need for comprehensive terminal dues reform and discusses possible fixes to the system, such as moving all small packages from terminal dues toward self-declared, cost-reflective rates.

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### Funding the Universal Service Obligation

Currently, the Postal Service has two legal monopolies — on most letter mail and exclusive access to the mailbox. Historically, the purpose of these monopolies is to help ensure the Postal Service has adequate revenue to cover the cost of its universal service obligation (USO). However, the combination of the steady decline in letter mail and the price cap on the monopoly products has begun to decrease the monopoly-related revenue. This, in turn, has eroded the ability of the Postal Service to fund its USO.

In this paper, we look at several USO funding alternatives and suggest three viable options that can be used alone or in combination:

- Greater pricing flexibility with the current monopolies,
- Direct subsidies to compensate the Postal Service for specific targeted obligations, and
- Diversification, allowing the Postal Service to earn revenue from non-mail products and services.

Each alternative has pros and cons, and policy makers will have to decide which alternative, or which mix of them, is most suitable. For example, it may be possible to fix the funding issue by simply allowing the Postal Service to increase prices beyond the current price cap. However, if there is little tolerance for higher prices, price increases could be mitigated by using one or both of the other alternatives — direct subsidy and diversified revenue stream — in addition to more pricing flexibility. While there may be no one perfect funding mechanism for the USO, it may be possible to combine several alternatives to ensure that the Postal Service has sufficient revenue to cover the entire cost of the USO.

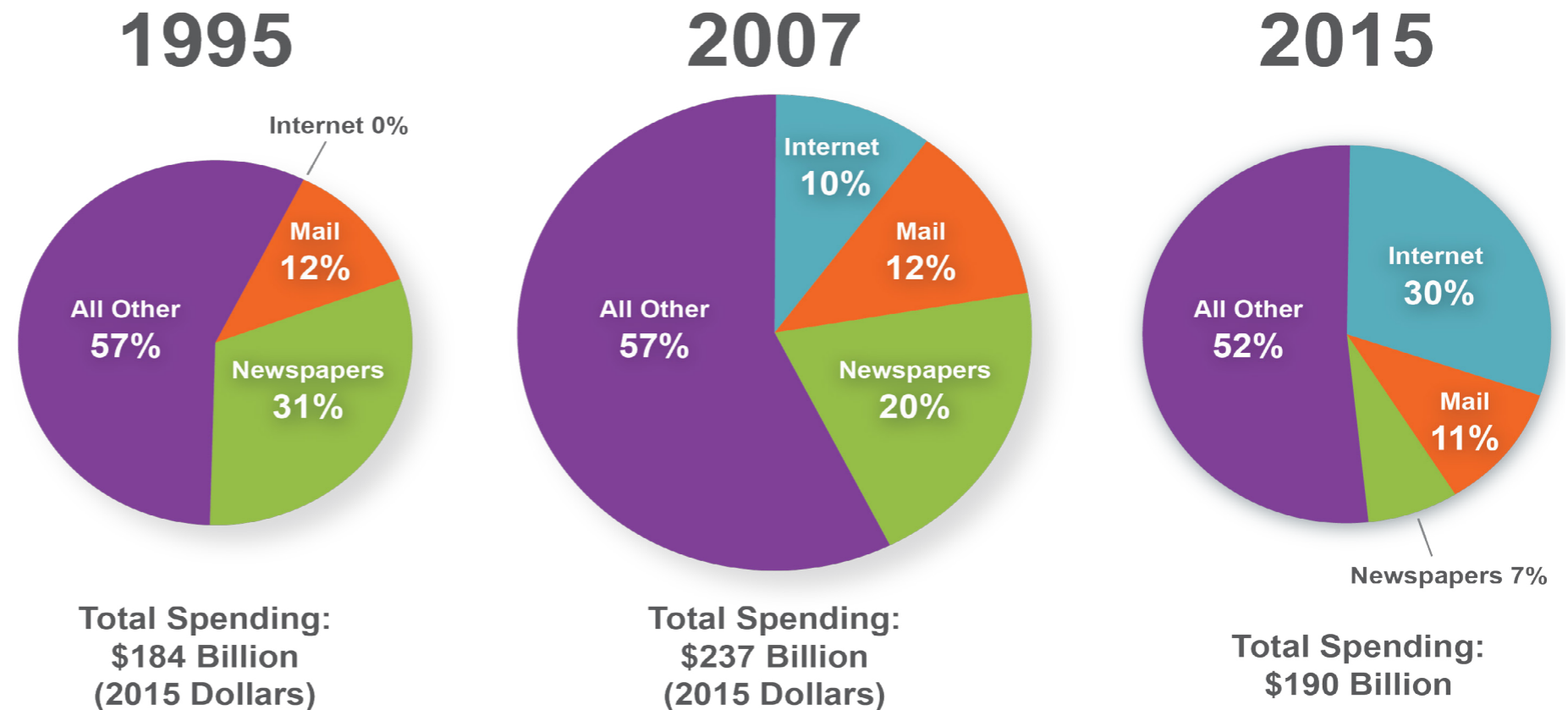
### Advertising Mail: Past and Present

Direct mail advertising is one of the Postal Service's most important and profitable services, especially considering the decline of First-Class Mail correspondence and transactions mail. Spending on ad mail has decreased as a share of GDP since the Great Recession of 2007 – 2009, and ad mail is failing to track with GDP as it had in the past. *Advertising Mail: Past and Present* examines why this is the case, looking at ad mail revenues and trends since 1980 in the face of significant societal and economic changes, as well as the changing dynamics of the overall ad market itself.

Some decline in the size of ad mail's market share relates to macroeconomic factors such as lower median household income, which lowers potential consumer spending. Other factors include lower ad prices driven by digital technology and the growth of nontraditional advertising such as social media, which is virtually free.

Finally, advertising itself may be more effective today than in the past because of improved analytics. Ironically, this phenomenon parallels the computer technology boom in the 1980s, which, along with worksharing, helped spur the initial growth of ad mail to 9.8 percent per year between 1980 and 1988. Computer technology allowed fine-tuning of mailing lists and more sophisticated targeting than had been possible in prior years.

The paper suggests five strategies for ad mail in the context of growing digital advertising and omnichannel marketing.



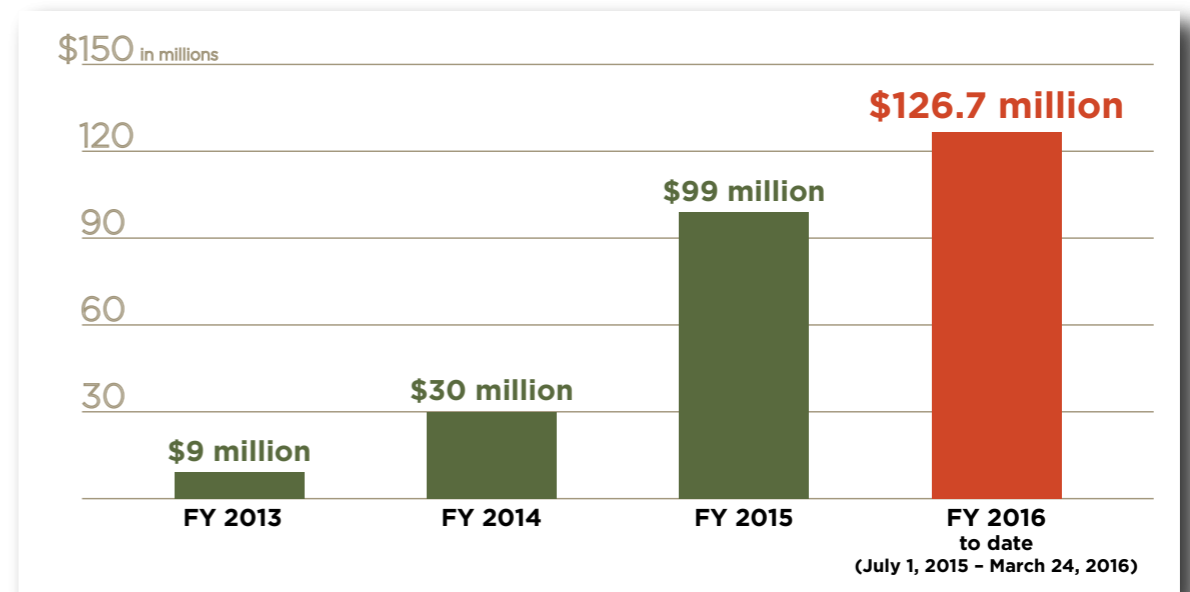
## Compound Drug Costs Skyrocketing

### Workers' Compensation Compound Drug Costs

The U.S. Department of Labor (DOL) Office of Workers' Compensation Program (OWCP).

The DOL allows charges for compound drugs, which licensed pharmacists create by combining, mixing, or altering ingredients of a drug to meet the specific needs of a patient. OIG auditors and investigators have noted the Postal Service's self-funded workers' compensation program has experienced unprecedented rising costs for compound drugs.

According to DOL, which operates on a fiscal year calendar of July 1 – June 30, the costs totaled:



The Office of Audit (OA) estimated the Postal Service incurred over \$81.8 million in excessive compound drug costs and nearly \$4.1 million in related excessive administrative fees paid to the DOL for FYs 2014 and 2015. The OA also estimated that if the DOL does not do anything to control compound drug costs, they and related administrative fees could accumulate to over \$1.2 billion and over \$60.3 million, respectively, over the next 3 years.

The OA recommended and management agreed to coordinate with the DOL to identify and implement best practices for controlling compound drug costs, authorize payments for only Food and Drug Administration-approved drugs, and inform and educate Congress on the impact of the DOL's failure to address escalating compound drug costs on the Postal Service.

Management also stated in its response the DOL is the sole administrator of the Federal Employees Compensation Act (FECA). As such, the DOL has exclusive control over the FECA-claims process. It alone approves or denies claims submitted through that process. By contrast, the Postal Service has no authority to approve or deny any FECA claims, nor does it have any authority to impose administrative controls on the claims process. Rather, the Postal Service is required by law to pay the claims billed to it by the DOL. The Postal Service therefore cannot unilaterally control its own compound-drug costs. Only the DOL can control these costs.

Furthermore, management noted the issues raised in this audit can and should be resolved without congressional intervention. As the sole FECA administrator, the DOL already has ample authority to adopt best practices to restrict compound-drug prescriptions. The DOL needs no additional authority to police the FECA claims process. Indeed, it is already obligated to do so. As such, while management committed to working to inform and educate members of Congress about these issues, they do not see the need for affirmative congressional action or new legislation at this time.

The OIG Office of Investigations has several ongoing fraud investigations involving compound drugs and has also established a working group to address the issue.

# Office of Investigations

For the period October 1, 2015 — March 31, 2016

## SUMMARY OF PERFORMANCE

### INVESTIGATIONS

Cost Avoidance **\$135,533,680**

Fines, Restitution, and Recoveries **\$21,122,711**

Amount to the Postal Service **\$5,279,930**

Investigations Completed	2,069
Arrests	391
Indictments/Informations	326
Convictions/pretrial diversions	427
Administrative actions	1,358

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

- An OIG investigation revealed that from October 2011 to May 2014, a postal employee in Maryland fraudulently issued 272 no-fee money orders totaling \$92,147. The majority of the money orders were made payable either to or from the employee, a Lead Sales and Services Associate. She also wrote the names of relatives, friends, neighbors, and associates on the money orders to conceal the scheme. She used the cash fraudulently obtained to pay a number of personal bills. She was removed from the Postal Service in August 2014, and on November 5, 2015, the former employee was sentenced to serve 5 months' home detention and 5 years' supervised probation. She was also ordered to pay a \$3,000 fine, and \$92,147 in restitution.
- In another case, a June 2014 OIG audit of an Ohio Post Office identified a nearly \$31,000 shortage in postage stamps. An additional shortage of \$5,844 was also identified when an employee of the Post Office was interviewed and admitted to embezzling funds by intentionally failing to report postage sales and falsifying unit reserve and retail floor stock audits. The employee also admitted to embezzling additional funds by making fraudulent charges to a customer's credit card. In June 2014, the employee retired from the Postal Service while under investigation. On October 29, 2015, the former employee was sentenced in U.S. District Court to 5 months of imprisonment, 5 months of home confinement, 1 year of probation, and 100 hours of community service. She was also ordered to pay restitution of \$38,741 to the U.S. Postal Service and \$18,341 to the Postal Service customers that she defrauded.



## Internal Mail Theft

- OIG investigators determined that a Florida Letter Carrier was involved in mail theft as part of a larger tax fraud scheme. Using stolen personal identity information, the carrier's co-conspirators applied for numerous debit cards, which would then be issued and sent to addresses along the carrier's route. The carrier was paid to intercept the cards and give them to the co-conspirators, who then filed fraudulent tax returns seeking refunds, which the IRS would credit to the debit cards. The employee was issued a Notice of Removal from the Postal Service effective July 18, 2013. The former Letter Carrier pled guilty, and in November 2015 was sentenced in federal court to 46 months of incarceration. Upon release the former Letter Carrier will serve 3 years of supervised release. Additionally, the former employee and co-conspirators were ordered to pay \$2,203,447 in restitution to the United States Government.

- In another instance, an OIG search of a City Letter Carrier's personal vehicle and residence in Ohio revealed the employee was responsible for the theft of approximately 13,000 pieces of mail. During an interview with OIG investigators, the employee admitted to committing the thefts over a period of several months during 2013. The employee was issued a Notice of Removal effective September 24, 2013, and then pled guilty. In December 2015, the former carrier was sentenced in federal court to 2 years of probation.



## Healthcare Claimant Fraud

- An OIG investigation revealed that a former Rural Carrier Associate (RCA) failed to report income from self-employment and a position as a hairstylist/manicurist while collecting workers' compensation benefits. During an interview, the former RCA admitted to not disclosing her work to the Department of Labor Office of Workers Compensation Programs (OWCP). She was also captured on video conducting activities inconsistent with what she reported to her physician. The RCA pled guilty in the Northern District of Texas to one count of false statement or fraud to obtain federal workers' compensation benefits. On February 11, 2016, she was sentenced to three years of probation and ordered to pay \$22,486.29 in restitution to the Department of Labor (credited back to the Postal Service). As a result of the investigation, OWCP terminated the RCA's benefits, resulting in future cost avoidance to the Postal Service in excess of \$600,000.
- In another case, a joint investigation with the Veterans Affairs OIG and the Department of Labor OIG revealed a former Postal Support Employee (PSE) filed multiple fraudulent mileage reimbursement claims while receiving worker's compensation benefits. The former PSE pled guilty and, in December 2015, was sentenced in the Southern District of Florida to 6 months of home confinement and 3 years of probation. The OWCP terminated the claimant's benefits, resulting in future cost avoidance to the Postal Service in excess of \$1 million.



## Contract Fraud

- Following a civil complaint, a consent judgment and settlement agreement were reached with a former Postal Service towing contractor and the company owner in U.S. District Court in the Northern District of Ohio in February 2016. The contractor and the owner both agreed to pay the Postal Service \$80,637 in damages due to false claims for towing services between September 2013 and May 2014. The OIG investigation disclosed the towing contractor submitted 5,505 invoices mischarging the Postal Service.
- Additionally, an OIG investigation revealed an employee of a postal Highway Contract Route (HCR) company in Texas entered into a conspiracy to steal diesel fuel, which the HCR purchased with a Postal Service-issued Voyager credit card. The employee would leave ignition keys inside of targeted trucks and notify a co-conspirator where the trucks were located; the co-conspirator would then drive the trucks from the HCR company premises to a designated area in south Dallas for the explicit purpose of siphoning and stealing the fuel and then selling it to other trucking companies. Analysis of records determined the scheme resulted in the theft of 17,944 gallons of diesel, totaling \$67,823.58. In September 2015, the co-conspirator pled guilty to a charge of Theft of Government Property and was subsequently sentenced in January 2016 to 12 months and 1 day in prison; ordered to serve 1 year of supervised release; and ordered to pay \$67,823.58 in restitution to the Postal Service. In December 2015, the HCR company employee pled guilty to a charge of Theft of Government Property and is pending sentencing.



## WHISTLEBLOWER REPRISAL ACTIVITY

Allegations Received 121

OIG Investigations Initiated 8

Investigations closed with no action 9

Allegations with closed with no action 123

Open Investigations (As of Last Day) 1

OIG found reprisal 0



# Appendices

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

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

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

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

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**Appendix A**

**Reports Issued to Postal Service Management**

For the period October 1, 2015 — March 31, 2016

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 (MT) reports in accordance with the identified needs of the project.

**Summary**

<b>Risk Categories</b>	<b>Number of Reports</b>	<b>Funds Put To Better Use</b>	<b>Questioned Costs</b>	<b>Unsupported Questioned Costs</b>	<b>Revenue Impact</b>
Finance and Supply Management	18	—	\$740,885,498	\$740,885,498	\$19,109,805
Information, Technology, Investment and Cost	16	\$60,067,064	\$26,143,964	—	\$108,000,000
Revenue and Resources	10	\$1,266,958,247	\$85,930,824	—	—
Mission Operations	13	\$58,545,313	\$26,308,583	\$21,373,008	—
<b>SUB-TOTAL</b>	<b>57</b>	<b>\$1,385,570,624</b>	<b>\$879,268,869</b>	<b>\$762,258,506</b>	<b>\$127,109,805</b>
<b>PARIS Risk Model Reports</b>	<b>26</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>TOTAL</b>	<b>83</b>	<b>\$1,385,570,624</b>	<b>\$879,268,869</b>	<b>\$762,258,506</b>	<b>\$127,109,805</b>

**Definitions**

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

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

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

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

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

**Reports with Quantifiable Potential  
Monetary Benefits**

	<b>Funds Put to Better Use</b>	<b>Questioned Costs</b>	<b>Unsupported Costs Included in Questioned Costs</b>	<b>Revenue Impact</b>
Finance And Supply Management				
Supply Management and Facilities				
Controls over Multiple Award Indefinite Delivery, Indefinite Quantity Contracts; SM-AR-16-007; 3/28/2016	—	\$740,885,498	\$740,885,498	—
Optimization of Passport Facilities; SM-AR-16-001; 10/20/2015	—	—	—	\$19,109,805
Information, Technology, Investment and Cost				
Cost, Pricing and Investments				
Market Dominant Price Adjustment Filings; CP-AR-16-003; 1/13/2016	—	—	—	\$108,000,000
Major Investments				
Capital Projects Return on Investment; MI-AR-16-002; 12/22/2015	\$47,622,524	\$26,143,964	—	—
Delivery Schemeless Sortation Deployment and Utilization; MI-AR-16-004; 2/26/2016	\$5,791,740	—	—	—
U.S. Postal Service's Delivering Results, Innovation, Value, and Efficiency Initiative 51 — Leverage Technology and Data to Drive Business Value; MI-AR-16-001; 11/16/2015	\$6,652,800	—	—	—
Mission Operations				
Delivery				
Fleet Credit Card Controls in the Capital Metro Area; DR-AR-16-001; 10/22/2015	—	\$3,084,225	\$3,084,225	—
Package Delivery Scanning — Chicago District; DR-AR-16-003; 3/31/2016	\$80,832	—	—	—
Review of City Carrier Office Efficiency — Colorado/Wyoming District; DR-AR-16-002; 1/20/2016	\$46,262,152	\$18,001,347	\$18,001,347	—
Network Processing				
Highway Contract Routes — Extra Trips — San Francisco District; NO-AR-16-002; 10/6/2015	\$91,074	\$378,510	\$287,436	—
Mail Transport Equipment Service Centers — Nationwide Assessment; NO-AR-16-004; 11/19/2015	\$12,111,255	\$4,844,501	—	—
Revenue and Resources				
Human Resources and Support				
Workers' Compensation Compounding Drug Costs; HR-MA-16-003; 3/14/2016	\$1,266,958,247	\$85,930,824	—	—
<b>Total</b>	<b>\$1,385,570,624</b>	<b>\$879,268,869</b>	<b>\$762,258,506</b>	<b>\$127,109,805</b>

**Report Listing**

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

For the period October 1, 2015 — March 31, 2016

**Finance and Supply Management****Finance**

Fiscal Year 2015 10-K Financial Report; FT-FQ-16-001; 11/10/2015

Fiscal Year 2016 10-Q Financial Report Quarter 1; FT-FQ-16-003; 2/8/2016

Fiscal Year 2015 Financial Testing Compliance Oversight Review; FT-FC-16-002; 1/29/2016

Fiscal Year 2015 Postal Service Selected Financial Activities and Accounting Records; FT-AR-16-005; 3/14/2016

Fiscal Year 2015 Statistical Test Review; FT-FO-16-001; 12/18/2015

Management of Post Office Box Services; FT-AR-16-004; 2/23/2016

Officers' Travel and Representation Expenses For Fiscal Year 2015; FT-AR-16-003; 2/10/2016

Opinion on the U.S. Postal Service's Fiscal Year 2015 Closing Package Financial Statements; FT-AR-16-001; 11/17/2015

Postal Service Board of Governors' Travel and Miscellaneous Expenses for Fiscal Year 2015; FT-AR-16-002; 12/7/2015

Quarter 1 Fiscal Year 2016 Sarbanes — Oxley Act Field Testing Oversight Review; FT-FC-16-003; 2/25/2016

Quarter 4 Fiscal Year 2015 Financial Testing Compliance Oversight Review; FT-FC-16-001; 11/12/2015

**Supply Management and Facilities**

Address Management Licensing Agreements; SM-AR-16-004; 12/29/2015

Assessing Controls Over the Utility Payment Process; SM-AR-16-003; 12/30/2015

Contracting Officers' Workloads; SM-AR-16-006; 2/18/2016

Controls over Multiple Award Indefinite Delivery, Indefinite Quantity Contracts; SM-AR-16-007; 3/28/2016

Deceased Lessors; SM-AR-16-005; 1/29/2016

Management of Vacant Properties; SM-AR-16-002; 11/6/2015

Optimization of Passport Facilities; SM-AR-16-001; 10/20/2015

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

Electronic Mail Improvement Reporting — Workshare Mail Quality; CP-AR-16-001; 12/8/2015

Management Operating Data Systems Flat Mail Exceptions; CP-MA-16-001; 10/13/2015

Market Dominant Billing Determinants: Special Services; CP-AR-16-004; 2/4/2016

Market Dominant Price Adjustment Filings; CP-AR-16-003; 1/13/2016

U.S. Postal Service Building Occupancy Data; CP-AR-16-002; 12/8/2015

**Information Technology**

Access Controls Over Mail Imaging Systems; IT-AR-16-004; 1/14/2016

Firewall Security Review; IT-AR-16-005; 1/26/2016

Information Security Awareness Training and Phishing; IT-AR-16-001; 10/5/2015

Review of Selected Active Directory Domains; IT-AR-16-006; 2/10/2016

Unsupported Operating Systems; IT-AR-16-003; 12/24/2015

U.S. Postal Service Mass Data Compromise Response Plan; IT-AR-16-002; 12/7/2015

**Major Investments**

Capital Projects Return on Investment; MI-AR-16-002; 12/22/2015

Delivery Schemeless Sortation Risks to the U.S. Postal Service Information Technology Network; MI-MT-16-001; 12/7/2015

Delivery Schemeless Sortation Deployment and Utilization; MI-AR-16-004; 2/26/2016

U.S. Postal Service's Delivering Results, Innovation, Value, and Efficiency Initiative 25 — Improve the Customer Experience; MI-AR-16-001; 11/16/2015

U.S. Postal Service's Delivering Results, Innovation, Value, and Efficiency Initiative 51 — Leverage Technology and Data to Drive Business Value; MI-AR-16-003; 12/23/2015

**Revenue and Resources****Human Resources and Support**

Government Relations Responsiveness to Congressional Requests; HR-MA-16-002; 1/28/2016

Postal Inspection Service Revenue Investigations; HR-MA-16-001; 10/6/2015

Safety Concern at a U.S. Postal Service Facility; HR-MT-16-001; 2/22/2016

Union Steward Activity and Compensation; HR-AR-16-001; 2/4/2016

Workers' Compensation Compound Drug Costs; HR-MA-16-003; 3/14/2016

**Marketing Initiatives**

International Inbound Mail Verification; MR-MT-16-001; 1/28/2016

**Retail, Marketing and International**

Capital and Northern Virginia Districts Courier Service; MS-MT-16-002; 2/26/2016

Political Mail Strategy; MR-MA-16-001; 2/23/2016

U.S. Postal Service Mail Recovery Center; MS-AR-16-001; 12/1/2015

ZIP Code Review Process; MS-MT-16-001; 11/27/2015

**Mission Operations****Delivery**

Fleet Credit Card Controls in the Capital Metro Area; DR-AR-16-001; 10/22/2015

Package Delivery Scanning — Chicago District; DR-AR-16-003; 3/31/2016

Review of City Carrier Office Efficiency — Colorado/Wyoming District; DR-AR-16-002; 1/20/2016

**Network Processing**

Consolidation of the Kalamazoo, MI, and Lansing, MI, Processing and Distribution Centers; NO-AR-16-001; 10/2/2015

Delayed Mail Data in the Enterprise Data Warehouse; NO-MA-16-002; 3/29/2016

Des Moines, IA, Network Distribution Center Operations; NO-MA-16-001; 10/8/2015

Highway Contract Routes — Extra Trips — San Francisco District; NO-AR-16-002; 10/6/2015

Iron Mountain, MI, Processing and Distribution Facility Consolidation; NO-AR-16-003; 10/19/2015

Mail Transport Equipment Service Centers — Nationwide Assessment; NO-AR-16-004; 11/19/2015

Panama City, FL, Processing and Distribution Facility Consolidation; NO-AR-16-005; 1/4/2016

Rock Springs, WY, Customer Service Mail Processing Center Consolidation; NO-AR-16-006; 1/7/2016

Timeliness of Mail Processing at the Denver, CO, Processing and Distribution Center; NO-MT-16-001; 12/3/2015

Timeliness of Mail Processing at the North Houston, TX, Processing and Distribution Center; NO-MT-16-002; 2/29/2016

**PARIS Risk Models**

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

For the period October 1, 2015 — March 31, 2016

**Cost, Pricing and Investments**

Fiscal Year 2015 Cost and Pricing Risk Model Report Quarter 4; CP-PM-16-001; 12/10/2015

Fiscal Year 2016 Cost and Pricing Risk Model Quarter 1; CP-PM-16-002; 3/25/2016

**Delivery**

Fiscal Year 2015 City Delivery Efficiency Risk Model Quarter 4; DR-PM-16-001; 12/17/2015

Fiscal Year 2015 Vehicle Maintenance Efficiency Risk Model Quarter 4; DR-PM-16-002; 12/17/2015

Fiscal Year 2016 City Delivery Efficiency Risk Model Quarter 1; DR-PM-16-004; 3/28/2016

Fiscal Year 2016 Vehicle Maintenance Efficiency Risk Model Quarter 1; DR-PM-16-003; 3/17/2016

**Finance**

Fiscal Year 2015 Field Financial Risk Model Quarter 4; FT-PM-16-001; 12/8/2015

Fiscal Year 2016 Field Financial Risk Model Report Quarter 1; FT-PM-16-002; 3/11/2016

**Human Resources and Support**

Fiscal Year 2015 Human Resources Risk Model Quarter 4; HR-PM-16-001; 12/7/2015

Fiscal Year 2015 Security Risk Model Quarter 4; HR-PM-16-002; 12/15/2015

Fiscal Year 2016 Human Resources Risk Model, Quarter 1; HR-PM-16-003; 2/29/2016

Fiscal Year 2016 Security Risk Model Quarter 1; HR-PM-16-004; 3/25/2016

**Information Technology**

Fiscal Year 2015 Information Technology Security Risk Model Quarter 4; IT-PM-16-001; 12/16/2015

Fiscal Year 2016 Information Technology Security Risk Model Quarter 1; IT-PM-16-002; 2/26/2016

**Major Investments**

Fiscal Year 2015 Major Investments Risk Model Quarter 4; MI-PM-16-001; 11/12/2015

Fiscal Year 2016 Major Investments Risk Model Quarter 1; MI-PM-16-002; 2/23/2016

**Network Processing**

Fiscal Year 2015 Network Processing Risk Model Quarter 4; NO-PM-16-001; 12/11/2015

Fiscal Year 2015 Transportation Risk Model Quarter 4; NO-PM-16-002; 12/14/2015

Fiscal Year 2016 Network Processing Risk Model Quarter 1; NO-PM-16-004; 3/14/2016

Fiscal Year 2016 Transportation Risk Model Quarter 1; NO-PM-16-003; 3/11/2016

**Retail, Marketing and International**

Fiscal Year 2015 Retail Customer Service Risk Model Quarter 4; MS-PM-16-001; 11/16/2015

Fiscal Year 2015 Revenue Generation and Protection Risk Model Quarter 4; MS-PM-16-002; 11/30/2015

Fiscal Year 2016 Retail and Customer Service Risk Model Quarter 1; MS-PM-16-003; 2/19/2016

Fiscal Year 2016 Revenue Generation and Assurance Risk Model Quarter 1; MS-PM-16-004; 2/19/2016

**Supply Management and Facilities**

Fiscal Year 2015 Facilities Risk Model Quarter 4; SM-PM-16-001; 12/16/2015

Fiscal Year 2016 Facilities Risk Model Quarter 1; SM-PM-16-002; 3/11/2016

**Appendix B**

**Findings of Questioned Costs**

For the period October 1, 2015 — March 31, 2016

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	7	\$879,268,869	\$762,258,506
<b>Totals</b>	<b>7</b>	<b>\$879,268,869</b>	<b>\$762,258,506</b>
Reports for which a management decision was made during the reporting period (i+ii)	7	\$879,268,869	\$762,258,506
(i) Dollar value of disallowed cost <sup>1</sup>	3	\$812,198,695	\$726,267,871
(ii) Dollar value of cost not disallowed <sup>2</sup>	6	\$67,070,174	\$35,990,635
Reports for which no management decision was made by the end of the reporting period. Negotiations are ongoing.	—	—	—
Reports for which no management decision was made within 6 months of issuance	—	—	—
Reports for which no management decision was made within 1 year of issuance	—	—	—

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

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

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

<sup>1</sup> Management partially agreed with the monetary impact in two reports.  
<sup>2</sup> Management partially disagreed with the monetary impact in two reports.

**Appendix C**

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

For the period October 1, 2015 — March 31, 2016

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	8	\$1,385,570,624
<b>Totals</b>	<b>8</b>	<b>\$1,385,570,624</b>
Reports for which a management decision was made during the report period	8	\$1,385,570,624
(i) Value of recommendations agreed to by management	1	\$1,266,958,247
(ii) Value of recommendations that were not agreed to by management	7	\$118,612,377
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, 2015 — March 31, 2016

## 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
<b>IMPROVED SERVICES</b>		
Recommendations that address the Postal Service's efforts to improve the quality and accessibility of its products and services	Number of Recommendations	37
Number of customer service audits conducted	Number of Audits	8
<b>SAFEGUARDING ASSETS</b>		
<b>Assets or Accountable Items at Risks</b>		
Inadequate internal controls put the value of assets or accountable items (e.g., cash and stamps) at risk of loss	Dollar Value	\$4,618,810
<b>Physical Safety and Security</b>		
Dollar value of physical assets (plant, computer equipment, vehicles, etc.) at risk of loss due to inadequate physical protection.	Dollar Value	\$0
Recommendations that address the safety and security of Postal Service employees and/or the work environment	Number of Recommendations	6
Number of employee/facility safety and security audits conducted	Number of Audits	7
<b>Information Technology Security</b>		
Inadequate controls/protection put the value of data, IT assets (software, networks), and employee work time at risk of loss	Dollar Value	\$0
Dollar value of data at risk	Dollar Value	\$0
Number of data security/IT security audits conducted	Number of Audits	10
<b>Revenue at Risk</b>		
Dollar value of revenue that the Postal Service is at risk of losing. (Mailer seeking alternative solutions for current services)	Dollar Value	\$280,387,421
<b>Disbursements at Risk</b>		
Dollar value of disbursements made where proper Postal Service internal controls and processes were not followed.	Dollar Value	\$755,819,528
<b>Goodwill / Branding</b>		
An adverse impact on goodwill is an actual event/problem that harms the Postal Service's reputation or a potential problem that could negatively impact the Postal Service "brand name"	Number of Issues Identified	9
<b>Misallocation of Costs</b>		
A misallocation of costs can occur when Postal Service costs are misclassified as volume variable, product specific, or institutional cost	Dollar Value	\$51,672,856
<b>Capital Investment Savings Shortfall and Predicted Savings Shortfall</b>		
The difference between the savings predicted by the Decision Analysis Report for capital investment projects and the actual savings realized, and the difference between the savings predicted by the Postal Service for a project (e.g., capital investment, consolidation, etc.) and the actual savings realized or the OIG estimate of savings which will be realized	Dollar Value	\$4,676,926
<b>Potential Additional Revenue</b>		
Revenue the Postal Service potentially generates for goods delivered or services rendered based on suggested improvements	Dollar Value	\$0
<b>RELIABILITY OF DATA</b>		
<b>Records at Risks</b>		
Data at risk of corruption or loss due to inadequate internal controls and or protection.	Number of Data Records at Risk	78,667,789
Dollar value of data used to support management decisions that are not fully supported or completely accurate.	Dollar Value	\$179,313,113



**Appendix E**

**Reports with Recommendations Pending Corrective Actions**

For the period October 1, 2015 — March 31, 2016

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
<b>Management of Mail Transport Equipment — National Analysis</b>		
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: October 2016
<b>Business Mail Acceptance Centralization Process</b>		
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: March 2016
		R-3 —Manage business mail entry workhour usage to achieve 93 percent efficiency and develop tools to monitor performance. TID: March 2016
		R-4 —Establish annual goals for business mail entry workhour efficiency to include measuring performance against goals. TID: March 2016
<b>Patch Management Processes</b>		
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.
<b>Fiscal Year 2011 Information Technology Internal Controls</b>		
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.
<b>Mail Verification Procedures at Detached Mail Units</b>		
MS-AR-12-002	01/12/2012	R-3 —Enhance automated systems to notify managers when acceptance employees override Mail Evaluation Readability Lookup Instrument results. TID: January 2016
<b>Efficiency Review of the Cleveland, OH, Processing and Distribution Center</b>		
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
<b>Efficiency Review of the Los Angeles Network Distribution Center</b>		
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
<b>Security of File Transfer Protocol Transmissions</b>		
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.
<b>First-Class Mail on Air Transportation — Assignment by Weight</b>		
NL-AR-12-010	09/28/2012	This report and its recommendations are not publicly available due to concerns with information protected under the Freedom of Information Act.
<b>Mail Transport Equipment — Shortages of Pallets, Tubs, and Trays — Fall 2011 Mailing Season</b>		
NL-AR-12-011	09/28/2012	R-2 —Finalize implementation of prior Postal Service Office of Inspector General recommendations from the Management of Mail Transport Equipment (MTE) — National Analysis audit (Report Number NL-AR-10-009, dated September 29, 2010) covering an automated inventory and tracking system, ensuring adequate resources for areas and plants, and update policies and procedures that support current MTE operational requirements. TID: June 2015
<b>Hybrid Mail Efforts</b>		
SM-MA-13-004	02/12/2013	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
<b>Residential Customer Service Experiences</b>		
MS-AR-13-005	03/18/2013	R-2 —Develop a process to collect and analyze residential customer experience information from other access channels. TID: September 2016
<b>Supervisor Workhours and Span of Control</b>		
NO-MA-13-005	04/04/2013	R-2 —Fill vacant supervisor positions up to the appropriate span of control level and reduce supervisor replacement workhours accordingly. TID: December 2016
<b>U.S. Postal Service Data Governance</b>		
DP-AR-13-004	04/23/2013	R-1 —Implement a formal, enterprise-wide data governance program. TID: March 2016

<b>Report Number</b>	<b>Issue Date</b>	<b>Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date</b>
<b>Benchmarking of Costing Methodologies</b>		
MS-MA-13-004	08/14/2013	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
<b>Revenue Generation Patents</b>		
HR-MA-13-004	09/26/2013	R-1 —Work closely with subject matter experts to review patents with revenue generation potential and draft claims as appropriate. TID: December 2014
<b>Electronic Parcel Payment Systems Internal Control Requirements</b>		
MS-AR-13-012	09/27/2013	This report and its recommendations are not publicly available due to concerns with information protected under the Freedom of Information Act.
<b>Emergency Preparedness for Hurricane Sandy</b>		
HR-AR-13-009	09/30/2013	R-1 —Provide periodic training to responsible personnel to ensure they are aware of procedures for safeguarding employees during an emergency. TID: December 2016 R-3 —Issue supplemental guidance for holding mail and moving mail and other assets from facilities located in mandatory evacuation areas. TID: December 2016 R-4 —Establish controls to ensure integrated emergency management plans are reviewed, approved, and updated at least annually. TID: December 2016 R-5 —Clarify which facilities are required to maintain complete, approved integrated emergency management plans and communicate that to appropriate personnel. TID: December 2016
<b>Management of Equipment in Capitol Heights, MD</b>		
HR-MA-14-001	11/20/2013	R-1 —Establish procedures to comply with the revised mail transportation equipment policy when implemented. TID: June 2015
<b>Controls Over the Premium Forwarding Service Point of Service Retail System</b>		
IT-AR-14-002	12/02/2013	This report and its recommendations are not publicly available due to concerns with information protected under the Freedom of Information Act.
<b>Rural Delivery Operations — Mail Count and Time-keeping Processes</b>		
DR-AR-14-001	12/13/2013	R-1 —Develop a strategy to fully automate the rural time-keeping process. TID: April 2016
<b>Internal Controls and Transportation Associated with the Springfield, MA, Mail Transport Equipment Service Center</b>		
NO-AR-14-001	12/20/2013	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
<b>Security Risks in the Capital District</b>		
HR-MA-14-003	01/27/2014	This report and its recommendations are not publicly available due to concerns with information protected under the Freedom of Information Act.
<b>Address Management System Data</b>		
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: March 2016 R-3 —Develop and incorporate an Address Management System module in the delivery supervisor’s training course. TID: March 2016 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: March 2016

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<b>Information Storage Security</b>		
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: June 2016
		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: June 2016
		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: June 2016
		R-4 —Establish minimum security requirements for storage devices in Postal Service environments based on industry best practices. TID: June 2016
<b>Readiness for Package Growth — Customer Service Operations</b>		
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: March 2016
<b>Internal Controls and Transportation Associated with Des Moines Mail Transport Equipment Service Center</b>		
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
<b>Cloud Computing Contract Clauses</b>		
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 2016
<b>Passport Personally Identifiable Information</b>		
HR-MA-14-007	05/15/2014	R-6 —Establish and implement policies and procedures identifying district management’s roles and responsibilities relating to passport acceptance procedures and remediation of deficiencies identified in Department of State reviews. TID: September 2015
<b>Highway Contract Routes — Miles per Gallon Assessment</b>		
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 MPG averages for the proposed equipment or properly justifies and documents why lower than industry average MPG amounts are used. TID: January 2016
		R-2 —Use vehicle classifications that are more in line with industry standards to establish more precise MPG for determining authorized gallons for highway contract routes, based on vehicle type and gross weight. TID: January 2016
		R-3 —Develop a comprehensive and cost-effective strategy, in coordination with highway contract route suppliers, for using advanced fuel efficient technology in vehicles and equipment and periodically review that strategy, as necessary, to account for continuous, evolving changes in technology. TID: January 2016
<b>Delivery Operations — Additional Carrier Services</b>		
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
<b>Recycling Opportunities in the San Francisco District</b>		
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
<b>Backup and Recovery of Essential Data</b>		
IT-MA-14-001	08/20/2014	R-2 —Issue a reminder that data backups are to be maintained in an appropriate location to reduce potential loss, damage, or misuse of essential data. TID: March 2016

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		<b>Missing Leased Trailers in the Northeast Area</b>
NO-MA-14-004	08/25/2014	R-1 — Implement plans to consolidate leased trailer information into a central database to clearly document receipt of the leased trailer assets and to improve tracking and tracing of leased trailer inventory. TID: May 2016 R-2 — Develop a process to identify trailers that are not being used and ensure unused trailers are promptly returned to suppliers to avoid unnecessary lease expenses. TID: May 2016 R-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: May 2016 R-5 — Ensure all leased trailers are equipped with satellite-tracking devices and issue policy and provide training on the features and functionality of the satellite-tracking system for leased trailers, including functionality of the related web-based management system to help track and manage leased trailers. TID: May 2016
		<b>Consolidation of the Toledo, OH, Processing &amp; Distribution Center</b>
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
		<b>Management of Cloud Computing Contracts and Environment</b>
IT-AR-14-009	09/04/2014	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: July 2016 R-8 — Complete the Certification and Accreditation process to either accept or mitigate the risks for the [redacted], and [redacted] applications. TID: May 2016
		<b>Overtime at the Iowa City Post Office</b>
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
		<b>National Change of Address Program</b>
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: November 2015 R-5 — Upgrade the outdated [redacted] used in the NCOALink application to a more secure and compliant [redacted] before support for the current [redacted] ends. TID: January 2016
		<b>Manual Package Counting and Conversion Factors</b>
NO-MA-14-008	09/30/2014	R-1 — Automate manual package processing counts nationwide. TID: April 2016 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: April 2016 R-3 — Train employees on proper counting of manual packages nationwide. TID: April 2016
		<b>Highway Contract Route Electronic Payment Process</b>
SM-MA-14-006	09/30/2014	R-1 — Revise and implement a plan to integrate HCR tracking and payment technology to verify HCR services were rendered prior to payment. TID: May 2016 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: May 2016
		<b>Contract Postal Units</b>
DR-AR-15-001	11/13/2014	R-1 — Conduct annual evaluations of contract postal units to ensure they are cost effective. TID: March 2017 R-2 — Convert firm-fixed-price contracts for contract postal units, where cost effective, to performance-based contracts to optimize revenue performance. TID: March 2017

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<b>Security Clearances for Postal Service Contract Drivers</b>		
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: July 2016
		R-2 — Establish a formal centralized system that allows for the tracking and monitoring of contract driver security clearances. TID: July 2016
		R-3 — Establish mandatory and refresher training requirements for Postal Service officials responsible for security clearances to ensure they are aware of their roles and responsibilities regarding the security clearance process. TID: July 2016
		R-4 — Establish a formal oversight process for contracting officers to validate contract drivers have security clearances when renewing contracts. TID: July 2016
<b>Capital District Vulnerability Assessment</b>		
IT-AR-15-001	12/12/2014	R-7 — Disable [redacted] on systems that are on the Postal Service intranet. TID: July 2016
<b>Internal Controls and Transportation Associated With the Atlanta, GA, Mail Transport Equipment Service Center</b>		
NO-AR-15-002	12/12/2014	R-1 — Establish and implement adequate controls over contractor performance and ensure there are adequate resources for effective oversight and monitoring of contractor operations at the Atlanta, GA, Mail Transport Equipment Service Center, including the processing, invoicing, repairing, and handling of mail transport equipment. TID: March 2015
		R-3 — Ensure management monitors compliance with established mail transport equipment policies and procedures to minimize risk of accidents and injuries to personnel handling this equipment and ensure proper dispatching and use of over-the-road containers. TID: June 2015
		R-4 — Reinforce the requirement that processing facilities thoroughly inspect mail transport equipment before it is sent to the Atlanta, GA, Mail Transport Equipment Service Center to ensure it contains no mail. TID: January 2015
		R-5 — Reassess mail transport equipment standing orders and transportation schedules for all processing facilities to ensure they are up-to-date and efficient given the operational changes and imbalance of mail transport equipment flow. TID: April 2015
<b>Product Tracking and Reporting System Controls</b>		
IT-AR-15-002	12/16/2014	R-1 — Apply the [redacted] critical patch updates we identified to the Product Tracking and Reporting system databases. In addition, configure the operating system servers and databases in accordance with Postal Service hardening standards. TID: June 2016
		R-6 — Complete the Product and Tracking Reporting system Tier 2 Disaster Recovery Plan. TID: April 2016
<b>Efficiency Review of the Chicago, IL, Network Distribution Center — Operations and Transportation</b>		
NO-AR-15-003	01/22/2015	R-1 — Increase efficiency by eliminating 119,572 workhours to produce an annual cost avoidance of over \$4.3 million by: (a) Properly adjusting staffing and scheduling within the parcel sorter machine and sack sorter machine operations. (b) Installing a singulate, scan, and induction unit on the parcel sorter machines. (c) Repairing the Power Industrial Vehicle Management System at the Chicago Network Distribution Center. (d) Assigning specific dock doors through the Yard Management System at the Chicago Network Distribution Center to reduce unnecessary movement of mail for incoming and outgoing trips. TID: December 2015
<b>Window Retail Customer Service</b>		
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
<b>Mail Left in Mail Transport Equipment Dispatched to the Dallas, TX, Mail Transport Equipment Service Center</b>		
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
<b>Sales Staffing</b>		
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

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<b>Badges for Postal Service Contractors</b>		
HR-AR-15-004	03/06/2015	R-1 —Provide formal training including periodic refresher training to responsible personnel to ensure they understand their roles and responsibilities for managing contractor badges. TID: February 2016
		R-2 —Revise national policy to ensure responsible personnel develop comprehensive and uniform standard operating procedures to manage contractor badges, including procedures for issuing, tracking, and monitoring badges. TID: February 2016
		R-3 —Establish an oversight process to strengthen controls and accountability of the contractor badge program to ensure it is effectively managed. TID: December 2015
<b>Retail Systems Software Deployment and Functionality</b>		
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: June 2016
<b>Deputy Postmaster General's Use of Data</b>		
SM-AR-15-002	03/19/2015	R-1 —Update policy to require local postmasters to record local complaints in the Enterprise Customer Care database and include that information in the customer complaint performance reports. TID: March 2016
<b>Hardware Inventory Management — Greater Boston District</b>		
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: March 2016
		R-3 —Complete plans to implement controls to prevent unauthorized network devices from gaining access to the Greater Boston District network. TID: September 2017
<b>North Dakota Postal Service Operations</b>		
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
<b>End User Data Loss Prevention</b>		
IT-AR-15-005	04/17/2015	R-2 —Implement and communicate formal data loss prevention indexing processes and procedures to require business groups that generate and maintain sensitive information in documents to use data loss prevention indexing services. TID: March 2016
		R-3 —Consult with the chief privacy officer to develop and implement a solution to enable the data loss prevention system [redacted]. TID: March 2016
		R-4 —Coordinate with the chief information security officer and Digital Solutions vice president to implement a mobile technology solution that [redacted] corporate data from being accessed by internal users through [redacted] and prevents internal users from accessing [redacted] applications and [redacted]. TID: June 2016
<b>Postal Service Management of CBRE Real Estate Transactions</b>		
SM-AR-15-003	04/22/2015	R-1 —Terminate and recompile the current CB Richard Ellis, Inc. (CBRE) real estate management services contract. (a) Ensure the new Modify the CB Richard Ellis, Inc. (CBRE) contract prohibits the contractor CBRE from collecting commissions from opposing parties when negotiating leases and from representing both the Postal Service and prospective buyers and lessors in Postal Service real estate transactions. (b) Until the current contract is recompiled, modify the current contract to prohibit CBRE from collecting commissions from opposing parties when negotiating leases and from representing both the Postal Service and prospective buyers and lessors in Postal Service real estate transactions. (c) Notify lessors they are not required to pay commissions for new leases. TID: December 2017
<b>Strategies for Reducing Undeliverable as Addressed Mail</b>		
MS-MA-15-006	05/01/2015	R-1 —Work with mailers to leverage new technologies to promote compliance with address standards and more accurately attribute actual undeliverable-as-addressed mail costs. TID: September 2017

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		<b>Internal Controls and Transportation Associated with the Dallas, TX, Mail Transport Equipment Service Center</b>
NO-AR-15-005	05/22/2015	R-1 — Establish and implement adequate controls over contractor performance and ensure there are adequate resources for effective oversight and monitoring of contractor operations at the Dallas, TX, Mail Transport Equipment Service Center, including the processing, invoicing, repair, and handling of mail transport equipment. TID: June 2015 R-3 — Ensure management monitors compliance with established mail transport equipment policies and procedures to reduce costs and minimize risk of accidents and injuries to personnel handling this equipment. TID: June 2015 R-4 — Ensure over-the-road containers are not incorrectly sent to the Dallas, TX, Mail Transport Equipment Service Center in order to reduce unnecessary handling costs. TID: June 2015 R-5 — Establish a policy and procedures for securing and handling mail mistakenly sent to mailers' facilities. TID: June 2015 R-6 — Reassess mail transport equipment standing orders and transportation schedules for all processing facilities. Ensure orders are up-to-date and transportation is efficiently scheduled by coordinating customers' orders with mail transport equipment facilities' dispatches to the Dallas Mail Transport Equipment Service Center. TID: June 2015
		<b>Oversight of the Approved Shippers Program</b>
SM-AR-15-004	05/26/2015	R-1 — Develop formal policies and procedures for overseeing the Approved Shippers Program, including roles, responsibilities, and a verification process for performing reviews. TID: October 2015
		<b>Package Processing Performance During the December 2014 Peak Holiday Season</b>
NO-AR-15-006	05/27/2015	R-1 — Enforce the segregation of Priority from First-Class Mail for commercial mailers and post offices. TID: November 2015
		<b>City Delivery Office Efficiency — Greater Boston District</b>
DR-AR-15-007	05/28/2015	R-1 — Eliminate 265,462 workhours at delivery units. TID: January 2016
		<b>Area Mail Processing Consolidations</b>
NO-AR-15-007	06/05/2015	R-1 — Include guidelines for determining a timeframe for implementing an area mail processing consolidation once a feasibility study is approved. TID: September 2017 R-2 — Define "substantive change" with respect to changes that warrant revisions to area mail processing feasibility studies and specify timeframes for evaluating a feasibility study to determine whether substantive change(s) occurred. TID: September 2017 R-3 — Require weekly updates of the Rapid Information Bulletin Board System to ensure it is accurate. TID: July 2015
		<b>Customer Care Centers</b>
MS-AR-15-006	06/11/2015	R-3 — Develop a quality of information performance goal. TID: March 2016
		<b>Software Development Processes</b>
IT-AR-15-006	07/13/2015	R-2 — Implement guidance and training to Business Owners for the customer testing process and ensure that testing teams are following requirements in Handbook AS-805, Information Security. TID: September 2016 R-4 — Update development policies including the Technology Solutions Life Cycle (TSLC) governance and compliance policy to include all software development phases in the monthly governance and compliance review process and update the system retirement process to designate responsibility for updating the application status in the TSLC Artifacts Library. TID: September 2016 R-5 — Revise policies to require program managers to upload required documentation into the Technology Solutions Life Cycle (TSLC) Artifacts Library at the completion of each phase of the TSLC process. TID: September 2016
		<b>Software Inventory Management — Greater Boston District</b>
IT-AR-15-007	07/13/2015	R-1 — Update policies to provide specific roles and responsibilities for managing the software inventory process, and provide instructions for detecting and removing unauthorized software to all districts. TID: December 2016 R-5 — Remove unauthorized software identified on the Greater Boston District network. TID: December 2016
		<b>Management of Unauthorized Software</b>
IT-MA-15-003	07/14/2015	R-1 — Assign responsibility for identifying and reviewing unauthorized software products on the network and if applicable remove these products or add them to the approved software listing. TID: December 2016 R-2 — Assign personnel to coordinate with district Information Technology staff on a quarterly basis to monitor, identify, and remove unauthorized software from the network. TID: December 2016

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<b>Philatelic Initiatives</b>		
FT-MA-15-007	07/15/2015	R-1 —Develop a formal process for philatelic promotions that includes: (a) A strategic plan that describes how promotions will be marketed, the legal authority behind promotions, and transparency to the public to ensure fair access to promotions. (b) Formal approval of the promotions and strategic plan from the key executive leadership team, including the general counsel. (c) Controls to prevent employees from designing and implementing unapproved ideas related to philatelic promotions. TID: May 2016
<b>U. S. Postal Service Cybersecurity Functions</b>		
		R-2 —Communicate the cybersecurity strategy and initiate cultural changes through initiatives focused on security education, training, and awareness activities to all U.S. Postal Service employees, contractors, and senior leadership. TID: March 2016
		R-3 —Separate the joint duties of the chief information security officer and vice president of Digital Solutions and designate a senior-level chief information security officer with information security as the primary duty. TID: June 2016
		R-4 —Provide adequate resources for cybersecurity operations, including: (a) Funding commitments to enable proactive prevention, detection, response, and mitigation of sophisticated cyber threats. (b) Providing visibility into fragmented cybersecurity funding to facilitate a coordinated approach to reducing business risk. TID: September 2017
IT-AR-15-008	07/17/2015	R-5 —Adequately staff cybersecurity operations functions based on the organization's risk tolerance. Specifically, staffing levels should support business requirements to: (a) Ensure the Security Operations Center provides skilled cyber threat and intrusion analysis and experienced threat remediation and response management staff. (b) Expand Computer Incident Response Team functions to include comprehensive incident management and response, including anomalous activity detection. (c) Create centralized network operations center capabilities and require participation as part of a cybersecurity incident response with the security operations center and Computer Incident Response Team. (d) Expand the existing vulnerability management program to encompass the federal objectives for continuous monitoring, including penetration testing. TID: September 2017
		R-6 —Develop and implement a plan for the organization to exercise the appropriate governance and incident response. TID: December 2016
<b>Retail Systems Software — Business Process Controls</b>		
		R-1 —Implement controls to prevent multiple scans on prepaid barcodes or to alert retail associates when multiple scans occur. TID: March 2017
FT-AR-15-008	07/21/2015	R-2 —Remediate the Retail Systems Software messaging center issue so it is fully functional. TID: June 2016
		R-7 —Reiterate to retail associates that they must use Retail Systems Software to accept prepaid mail at the retail counter. TID: March 2017
		R-10 —Develop additional methods to communicate Retail Systems Software updates and enhancements directly to retail associates as a workaround until the Retail Systems Software messaging center is fully functional. TID: June 2016
<b>Use of Leased Fleet Trailers — Northeast Area</b>		
NO-AR-15-009	08/05/2015	R-2 —Assess leased trailer needs and routinely identify and return any unneeded leased trailers to suppliers. TID: October 2015
		R-3 —Finish implementing the Solutions for Enterprise Asset Management application for managing and tracking leased trailers nationwide. TID: May 2016
<b>Oversight of Expense Purchase Cards</b>		
SM-AR-15-006	08/07/2015	R-2 —Update Handbook AS-709, Local Buying and Purchase Card Policies and Procedures, to: (a) Require refresher training for all cardholders and credit card approving officials. (b) Require credit card approving officials to verify and certify their review of approved eBuy2 requests prior to approving cardholder expense purchase card monthly statements. (c) Incorporate the new eAccess purchase card account setup process. (d) Implement a process to verify that all cardholders and credit card approving officials have completed required training and all cardholders have a delegation of authority. TID: December 2016



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		<b>Substantial Increase in Delayed Mail</b>
NO-MA-15-004	08/13/2015	R-1 —Continue to monitor and mitigate delayed mail processing as appropriate. TID: September 2015 R-2 —Assign appropriate staffing and conduct training to ensure timely processing of the mail. TID: September 2015 R-3 —Ensure appropriate transportation is in place to help meet the new service standards. TID: September 2015 R-4 —Establish criteria for determining if the network has stabilized and ensure the criteria are met prior to resuming the Phase II consolidations or conducting any other optimization efforts. TID: January 2016
		<b>Managing Package Growth — Southern Area</b>
DR-MA-15-003	08/21/2015	R-1 —Evaluate actual package volume data for city delivery units and modify route base package volume estimates on routes through route adjustments or minor route adjustments. TID: January 2016 R-2 —Evaluate package volumes and possible deliveries and implement dedicated package routes during peak seasons. TID: November 2015 R-3 —Evaluate package volumes and possible deliveries and implement dedicated package routes on high-volume days during non-peak seasons. TID: September 2015
		<b>Utilization of Data by the Chief Operating Officer and Executive Vice President</b>
DR-AR-15-009	08/25/2015	R-1 —Connect metrics to the strategic plan which will enable Operations to provide insight into ongoing progress in executing strategy. TID: March 2016 R-2 —Evaluate and update metrics annually to evolve alongside the organization’s priorities and strategic goals. TID: August 2016 R-3 —Include predictive metrics in data tools, which enable proactive or forward-focused decision-making. TID: August 2016 R-4 —Identify, develop, and implement systems, data, and reporting tools which cover additional internal and external data sources and have the capability to collect and report real-time actionable data. TID: March 2016
		<b>Passive Adaptive Scanning System (PASS) Functionality and Savings</b>
MI-AR-15-007	09/01/2015	R-1 —Ensure that the Delivering Results, Innovation, Value, and Efficiency Initiative 46 — Package Revenue Assurance revenue-protection function is used to start recovering the projected shortpaid revenue in [redacted] because the PASS [redacted]. TID: September 2017 R-2 —Establish a program, in coordination with Supply Management, to secure, repurpose or dispose of the printers, handheld scanners, weight scales, and weight sets for calibration currently not being used with the PASS units to safeguard the investment of more than \$2.8 million. TID: March 2016
		<b>Leased Trailer Damage Payments</b>
NO-MA-15-005	09/01/2015	R-1 —Review and update damage claims policy and procedures. TID: July 2016 R-2 —Ensure all policies and procedures for damage claims are being enforced before payments are issued. TID: July 2016 R-3 —Ensure suppliers provide all supporting documentation for damage claims as required in the contract terms and conditions on leased trailers and that represent a single damage incident caused by Postal Service negligence. TID: July 2016 R-4 —Identify any improper damage claim payments already made and initiate recovery of those payments where practical. TID: July 2016 R-5 —Ensure all responsible local Postal Service personnel follow terms and conditions to timely request substitute trailers or pay adjustments if repairs go beyond 10 days, and ensure they submit payment adjustments to recoup the daily trailer lease rate beyond the allotted 10 day period. TID: July 2016
		<b>Postal Service Handling of Inbound International Mail at the [redacted] International Service Center in [redacted]</b>
NO-MA-15-006	09/03/2015	R-1 —Enhance the system application for automation to identify mail requested by U.S. Customs and Border Protection. TID: September 2016 R-2 —Coordinate with U.S. Customs and Border Protection to clarify their inspection requirements and establish a process to ensure compliance. TID: March 2016 R-4 —Ensure scanned data is accurate, complete, and reliable. TID: July 2016
		<b>Disabled Veterans Affirmative Action Program in the [redacted] District</b>
HR-MA-15-005	09/09/2015	R-2 —Establish oversight procedures to ensure the district’s Disabled Veterans Affirmative Action Program is implemented in accordance with the national program plan. TID: October 2015 R-3 —Provide training to the district human resources manager and district veterans coordinator on Disabled Veterans Affirmative Action Program policies and procedures and their roles and responsibilities. TID: April 2016
		<b>Review of City Carrier Office Efficiency — San Francisco District</b>
DR-AR-15-011	09/15/2015	R-1 —Eliminate 158,847 workhours at delivery units. TID: March 2016

Report Number	Issue Date	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
		<b>Postal Inspection Service Mail Covers Program Phase II</b>
HR-AR-15-007	09/15/2015	R-1 — Proceed with completing the debarment process to hold external law enforcement agencies accountable for returning mail cover documents. TID: March 2016 R-2 — Establish formal procedures to monitor and track accountable mail cover documents for postal inspectors to ensure they are properly completed, submitted, and maintained at the Postal Inspection Service’s Criminal Investigations Service Center (CISC). These procedures should include requiring inspectors to return all mail cover documents to the CISC within 60 days of the mail cover end date. TID: March 2016 R-3 — Conduct a study to determine how using electronic media, including spreadsheets, will impact the confidentiality and security of mail cover information. Based on study results, clarify policies and procedures regarding completing Postal Service Form 2009, Information Regarding Mail Matter, for each mailpiece related to interdiction mail covers and for mail covers that are automatically generated, approved, and closed. TID: March 2016 R-5 — Establish training requirements for Postal Service personnel responsible for handling and safeguarding mail covers to ensure they are aware of their roles and responsibilities regarding the mail cover process. TID: March 2016
DR-MA-15-004	09/18/2015	<b>Solution for Enterprise Asset Management System — Vehicle Maintenance Facility Data</b> R-2 — Provide continuous opportunities for Solution for Enterprise Asset Management system training to improve knowledge of system features and capabilities for vehicle maintenance staff. TID: April 2016
IT-AR-15-009	09/18/2015	<b>[Redacted] Software Contract and Compliance Review</b> R-2 — Complete the Certification and Accreditation process for the [redacted] software — [redacted] and [redacted] and obtain the physical location of Postal Service information associated with these applications. TID: June 2016 R-6 — Require Postal Service employees and contractors with access to sensitive information in the [redacted] software to obtain proper security clearances and deactivate their access to the software until they obtain the proper security clearance. TID: April 2016
NO-AR-15-010	09/28/2015	<b>Use of Leased Trailers — Western Area</b> R-1 — Ensure compliance with the newly established trailer policy. TID: May 2016
NO-AR-16-001	10/02/2015	<b>Consolidation of the Kalamazoo, MI, and Lansing, MI, Processing and Distribution Centers</b> R-1 — Re-evaluate transportation and management workhour savings contained in the Kalamazoo and Lansing Area Mail Processing feasibility studies and make adjustments during the first post-implementation review. TID: April 2016 R-2 — Adjust transportation and other operational requirements to ensure the Grand Rapids Processing and Distribution Center and Processing and Distribution Facility meet service commitments. TID: April 2016
IT-AR-16-001	10/05/2015	<b>Information Security Awareness Training and Phishing</b> R-1 — Modify Handbook AS-805, Information Security, Section 6-5.3, Training Requirements, to require all employees with Postal Service network access to take annual information security awareness training. TID: October 2016
NO-AR-16-002	10/06/2015	<b>Highway Contract Routes — Extra Trips — San Francisco District</b> R-2 — Train employees to properly complete extra trip authorization forms and monitor compliance. TID: January 2016
SM-AR-16-001	10/20/2015	<b>Optimization of Passport Facilities</b> R-4 — Re-evaluate and update, as appropriate, passport photo fees to ensure prices are competitive with other passport photo service providers to maximize passport photo revenue. TID: March 2016
SM-AR-16-002	11/06/2015	<b>Management of Vacant Properties</b> R-1 — Modify the Administrative Support Manual to include policy and procedures that direct area and district managers, product line managers, and the customer relationship managers to notify the Facilities organization when all Postal Service property becomes vacant. TID: June 2016
MI-AR-16-001	11/16/2015	<b>DRIVE 25 — Improve the Customer Experience</b> R-3 — Establish an independent review process to validate the accuracy of Technology Management Office System inputs. TID: March 2016

Report Number	Issue Date	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
<b>Mail Transport Equipment Service Centers — Nationwide Assessment</b>		
NO-AR-16-004	11/19/2015	R-1 — Reinforce and monitor the standard operating procedure requirements for facilities to properly prepare and thoroughly inspect mail transport equipment for any mail before dispatching it to the Mail Transport Equipment Service Centers or mailer. TID: December 2015
		R-2 — Provide adequate resources and evaluate and implement best practices for proper preparation of mail transportation equipment sent from plants to the Mail Transport Equipment Service Centers. TID: January 2016
		R-3 — Establish and implement adequate controls over contractor performance for effective oversight and monitoring of contractor operations at all Mail Transport Equipment Service Centers, including the processing, invoicing, repair, and handling of mail transport equipment. TID: November 2015
		R-4 — Ensure all Mail Transport Equipment Service Center contractors provide adequate security and access control to ground and trailer parking areas, including controlling access of inbound and outbound trailers. TID: May 2016
<b>ZIP Code Review Process</b>		
MS-MT-16-001	11/27/2015	R-1 — Review the Crestwood, IL, customer surveys for consistency with other surveys and applicable policy and take appropriate action as deemed necessary. TID: January 2016
<b>U.S. Postal Service Mail Recovery Center</b>		
MS-AR-16-001	12/01/2015	R-1 — Enhance policies and procedures for Mail Recover Center employees handling lost and undeliverable mail related to customer inquiry data and the handling of military items, and wallets, and purses. TID: April 2016
		R-2 — Review the contract for auctioning unclaimed items for potential additional revenue and document all required contractor performance reviews. TID: March 2016
		R-3 — Instruct sales and service associates to provide customers with proper procedures for filing a search inquiry. TID: January 2016
		R-4 — Instruct sales and service associates not to send recyclable materials to the Mail Recovery Center. TID: January 2016
<b>Timeliness of Mail Processing at the Denver, CO, Processing and Distribution Center</b>		
NO-MT-16-001	12/03/2015	R-4 — Ensure Periodicals and Standard Mail meet the critical entry times. TID: January 2016
<b>U.S. Postal Service Mass Data Compromise Response Plan</b>		
IT-AR-16-002	12/07/2015	R-1 — Update the Mass Data Compromise Response Plan to include an external cyber intrusion focus, a security clearance requirement, critical assets, comprehensive workflow processes, incident checklists, external communication protocols, and Postal Service Handbook AS-805, Information Security, policy requirements that are not part of the plan. TID: September 2016
		R-2 — Annually test the Mass Data Compromise Response Plan in accordance with industry best practices. TID: None
<b>U.S. Postal Service Building Occupancy Data</b>		
CP-AR-16-002	12/08/2015	R-1 — Conduct and document a new facility space usage study that reflects current network and facility operations. TID: October 2018
		R-2 — Establish documented procedures for updating facility space usage data on an annual basis and establish criteria for determining when to conduct new facility space usage studies. TID: October 2018
<b>Capital Projects Return on Investment</b>		
MI-AR-16-002	12/22/2015	R-1 — Update Postal Service Handbook F-66, General Investment Policies and Procedures, to require: Program managers to update cash flows and report on any significant operating changes that will impact the capital investment's return on investment, and perform interim cost studies on all capital investments approved by the Investment Review Committee. TID: September 2016
<b>DRIVE 51 — Leverage Technology and Data to Drive Business Value</b>		
MI-AR-16-003	12/23/2015	R-1 — Establish milestones and goals in Delivering Results, Innovation, Value, and Efficiency Initiative 51 to measure business performance and progress towards an enterprise-wide data governance program. TID: May 2016
		R-2 — Include all charter and roadmap metrics in the Technology Management Office System and establish independent review processes to validate the accuracy of data input. TID: May 2016
<b>Unsupported Operating Systems</b>		
IT-AR-16-003	12/24/2015	R-1 — Revise Handbook AS-805, Information Security, to provide detailed guidance for managing operating systems, such as assigning a single group responsibility for managing unsupported operating systems, tracking vendor end-of-support dates, identifying risks associated with running unsupported operating systems, and developing strategies for moving to another operating system when vendor support ends. TID: September 2016
		R-2 — Develop a current inventory of unsupported operating systems and either document acceptance of the risk of continued usage or migrate to a supported operating system. TID: September 2017

<b>Report Number</b>	<b>Issue Date</b>	<b>Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date</b>
<b>Address Management Licensing Agreements</b>		
SM-AR-16-004	12/29/2015	R-1 — Implement a process and plan of action to conduct required site security reviews of address management licensees to verify adherence with license agreements. TID: January 2017 R-2 — Periodically evaluate licensing agreement templates to determine whether provisions are consistent, up-to-date, and adequately protect the Postal Service's best interests. TID: January 2018
<b>Assessing Controls Over the Utility Payment Process</b>		
SM-AR-16-003	12/30/2015	R-1 — Develop comprehensive formal policies and procedures to help ensure utility payments are properly made through the Utility Management System and eBuy2. TID: September 2016
<b>Panama City, FL, Processing and Distribution Facility Consolidation</b>		
NO-AR-16-005	01/04/2016	R-1 — Adjust staffing and workhours at the Pensacola Processing and Distribution Center to ensure productivity targets are achieved. TID: May 2016 R-2 — Adjust transportation and/or other operational requirements to ensure the Pensacola Processing and Distribution Center meets service commitments. TID: May 2016
<b>Rock Springs, WY, Customer Service Mail Processing Center Consolidation</b>		
NO-AR-16-006	01/07/2016	R-1 — Re-evaluate management workhour, maintenance, and transportation savings contained in the Rock Springs Area Mail Processing feasibility study during the first post-implementation review. TID: May 2017 R-2 — Determine and document the impact of excluding the automated flat volume from the Rock Springs Area Mail Processing feasibility study during the first post-implementation review. TID: May 2017 R-4 — Adjust transportation and other operational requirements to ensure service commitments are met in Rock Springs, WY. TID: April 2016
<b>Market Dominant Price Adjustment Filings</b>		
CP-AR-16-003	01/13/2016	R-1 — Establish a documented and repeatable process to guide the preparation of price adjustment proposals and to ensure comprehensive internal reviews of price adjustment proposals were performed prior to filing with the Postal Regulatory Commission. TID: December 2016
<b>Access Controls over Mail Imaging Systems</b>		
IT-AR-16-004	01/14/2016	R-1 — Remove administrative privileges for shared accounts on all mail imaging systems. TID: September 2016 R-2 — Require passwords for all mail imaging systems accounts in accordance with Handbook AS-805. TID: September 2016 R-3 — Delete all accounts that have not been used in more than 365 days and all guest accounts on the mail imaging systems. TID: September 2016 R-4 — Require users to change passwords for all administrative accounts at least every 30 days and for all non-administrative accounts at least every 90 days for the mail imaging systems. TID: September 2016 R-5 — Establish a plan to update past-due business impact assessments for the mail imaging systems to ensure compliance with Handbook AS-805 no later than September 30, 2016. TID: September 2016
<b>Review of City Carrier Office Efficiency — Colorado/Wyoming District</b>		
DR-AR-16-002	01/20/2016	R-1 — Eliminate 179,619 workhours at delivery units. TID: March 2016 R-2 — Eliminate inefficient office practices such as loading vehicles on office time. TID: February 2016 R-3 — Increase mail arrival efficiency by preparing up-to-date mail arrival profiles with facility processing managers. TID: March 2016 R-4 — Ensure adherence to Postal Service policies and procedures for supervising city delivery operations at delivery units. TID: March 2016
<b>Firewall Security Review</b>		
IT-AR-16-005	01/26/2016	R-1 — Perform a risk assessment for all mail processing facilities [redacted] to ensure that they are protected as appropriate or document acceptance of the risk. TID: December 2017 R-2 — Configure firewalls to enforce [redacted], proper encryption, network time protocol, session timeouts, and password complexity; update the firewall operating system. TID: September 2017 R-3 — Update the telecommunication infrastructure to support firewall [redacted] capabilities at all mail processing facilities. TID: September 2016 R-4 — Review current firewall rules and remove those that are permissive or duplicative and; review firewall rules every 6 months according to Handbook AS-805, Information Security, and document the results of the review. TID: September 2017

Report Number	Issue Date	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
<b>Government Relations Responsiveness to Congressional Requests</b>		
HR-MA-16-002	01/28/2016	R-1 —Develop and publish internal and external policies and procedures for congressional requests and update the Correspondence Tracking System to include, but not be limited to, starting response periods when requests are received, establishing response due dates, date stamping incoming correspondence, documenting the date of request for all incoming email requests, and sending notifications when requests are received or responses will be delayed. TID: January 2017 R-2 —Develop and publish internal and external formal policies and procedures and a centralized process for receiving, handling, and responding to questions for the record after congressional hearings. TID: April 2016 R-3 —Revise policies to designate requests from individual members of Congress as having appropriate priority to promote transparency and positive relations. TID: July 2016
<b>International Inbound Mail Verification</b>		
MR-MT-16-001	01/28/2016	R-1 —Develop a remediation plan to ensure compliance with and raise employee awareness of Postal Service inbound mail verification processes. TID: April 2016
<b>Deceased Lessors</b>		
SM-AR-16-005	01/29/2016	R-1 —Obtain and revise property ownership information for the 222 leases with deceased lessors identified in this report. TID: February 2016
<b>Union Steward Activity and Compensation</b>		
HR-AR-16-001	02/04/2016	R-2 —Provide supervisors with training regarding steward duty time-keeping procedures and issue guidance to supervisors on the requirement for completing Postal Service Form 7020, to approve steward duty time. TID: February 2016
<b>Fiscal Year 2015 Postal Service's Officers' Travel and Representation Expenses</b>		
FT-AR-16-003	02/10/2016	R-2 —Reiterate to accounting and Travel and Relocation personnel to ensure per diem amounts adhere to Postal Service policies when they are reviewing officers' travel reimbursement requests. TID: March 2016
<b>Review of Selected Active Directory Domains</b>		
IT-AR-16-006	02/10/2016	R-1 —Provide domain administrators access to current security standards. TID: July 2016
		R-2 —Direct domain administrators to configure servers running Active Directory to meet requirements outlined in applicable Postal Service security standards. TID: July 2016
		R-3 —Direct domain administrators to comply with Handbook AS-805, Information Security, to manage Active Directory administrative accounts, including [redacted] and are not approved by management, and changing administrative account passwords. TID: July 2016
		R-4 —Update current [redacted] server security standards and align them with best practices where appropriate to enhance the overall security of Active Directory. TID: July 2016
<b>Contracting Officers' Workloads</b>		
SM-AR-16-006	02/18/2016	R-1 —Assess the capabilities of internal and external contract management systems to determine whether more efficient processes or reports can be developed to monitor workload distribution across Supply Management. The system should save historical data and incorporate standardized reporting of items such as incoming purchase request, purchase method, purchase assignment, and cycle time. TID: September 2016
<b>Safety Concern at a U.S. Postal Service Facility</b>		
HR-MT-16-001	02/22/2016	R-1 —Complete a review of the methane detection system to resolve any issues. TID: May 2016
		R-2 —Establish an ongoing process to independently validate the results of the methane detection system on a periodic basis. TID: October 2016
<b>Management of Post Office Box Services</b>		
FT-AR-16-004	02/23/2016	R-1 —Develop and implement controls to ensure personnel complete the daily Post Office box receipt reconciliation between Postal Service Form 1412, Daily Financial Report, and the Web Box Activity Tracking System Receipts by Date Report. TID: June 2016
		R-2 —Develop and implement controls to ensure manual Post Office box billing procedures are completed. TID: December 2016
		R-3 —Develop and implement controls to ensure the Post Office Box Annual Audit Review is completed properly and reviewed by higher level management. TID: December 2016
<b>Political Mail Strategy</b>		
MR-MA-16-001	02/23/2016	R-1 —Develop process enhancements to quickly identify operational concerns, coordinate internal corrective actions, and communicate resolution to customers. TID: August 2016
<b>Delivery Schemeless Sortation Deployment and Utilization</b>		
MI-AR-16-004	02/26/2016	R-1 —Establish national and site-specific utilization plans and goals for all deployed Delivery Schemeless Sortation units that maximize use of the units. TID: July 2016

Report Number	Issue Date	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
<b>Capital and Northern Virginia Districts Courier Service</b>		
MS-MT-16-002	02/26/2016	R-1 —Develop a remediation plan to include safeguard caller service mail and supervise courier pick up of mail on loading docks. TID: March 2016
		R-2 —Develop a remediation plan to establish and maintain courier logs. TID: February 2016
		R-3 —Develop a remediation plan to develop standard operating procedures based on best practices for caller service mail and courier service. TID: March 2016
		R-4 —Establish activity control logs to record misdirected mail returned by couriers and evaluate possible causes. TID: March 2016
		R-5 —Implement a formal communication process between customer service and plant management concerning Caller Service changes to ensure timely notification and confirmation of receipt. TID: February 2016
<b>Workers' Compensation Compounding Medical Costs</b>		
HR-MA-16-003	03/14/2016	R-1 —Continue to coordinate with the U.S. Department of Labor to identify and implement best practices for controlling compound drug costs and to authorize payment for only Food and Drug Administration approved drugs TID: March 2016
		R-2 —In coordination with Government Relations continue to inform and educate Congress on the impact of the Department of Labor's failure to address escalating compound drug costs on the Postal Service. TID: March 2016
<b>Controls over Multiple Award Indefinite Delivery, Indefinite Quantity Contracts</b>		
SM-AR-16-007	03/28/2016	R-1 —Update contract policy to clarify ordering procedures for contracting officers issuing orders against indefinite delivery, indefinite quantity contracts. TID: October 2016
<b>Delayed Mail Data in the Enterprise Data Warehouse</b>		
NO-MA-16-002	03/29/2016	R-1 —Coordinate with Information Technology to include the two Web Mail Condition Reporting System delayed Standard Mail data elements in the Enterprise Data Warehouse Network Operations Data Mart by June 30, 2016. TID: September 2016
<b>Package Delivery Scanning — Chicago District</b>		
DR-AR-16-003	03/31/2016	R-3 —Reinforce to delivery unit managers the importance of adhering to guidelines for properly securing relay mail relay, scanning packages, and supervising delivery operations. TID: May 2016
		R-4 —Fill vacant supervisor positions at delivery units within 6 months. TID: June 2016
		R-5 —Provide guidance to delivery unit management on the proper use of the End of Day report and communicating issues to district management for resolution. TID: June 2016

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

For the period October 1, 2015 — March 31, 2016

As required by the IG Act, the following discusses information concerning any 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 found.**

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

The latest review conducted on the U.S Postal Service Office of Inspector General (USPS OIG) was performed by the U.S. Department of Housing and Urban Development Office of Inspector General (HUD OIG) on September 22, 2015, which gave the USPS OIG a passing rating.

**External Peer Reviews**

The U.S. Postal Service Office of Inspector General (USPS OIG) issued a Peer Review Report to the Department of Defense Office of Inspector General (DOD OIG) on January 4, 2016, and gave DOD OIG a passing rating.

***Office of Investigations*****Internal/External Peer Reviews**

*None* conducted during this period.

Appendix H

Investigative Statistics

For the period October 1, 2015 — March 31, 2016

For the period October 1, 2015 — March 31, 2016

	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	156	—	1	8	33	1,917,546	1,122,900	1,095,543	25	27
Financial Fraud	197	71	60	86	175	525,000	1,095,002	1,021,470	157	174
General Crimes	421	32	30	27	325	—	354,872	38,225	267	296
Healthcare Claimant Fraud	408	29	31	36	130	130,900,672	2,066,961	1,996,318	188	214
Healthcare Provider Fraud	50	18	26	10	—	2,190,462	1,128,522	704,778	—	—
Internal Mail Theft	837	241	178	260	695	—	15,354,454	423,596	589	662
<b>Total</b>	<b>2,069</b>	<b>391</b>	<b>326</b>	<b>427</b>	<b>1,358</b>	<b>135,533,680</b>	<b>21,122,711</b>	<b>5,279,930</b>	<b>1,226</b>	<b>1,373</b>



**Appendix I**

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

For the period October 1, 2015 — March 31, 2016

<b>Type of Scheme</b>	<b>Complaints Filed</b>	<b>Consent Agreements</b>	<b>FROs</b>	<b>C&amp;D Orders</b>
Advance Fee	1	—	—	—
Counterfeit Check	7	7	—	7
Foreign Lottery	15	15	—	15
Lottery	16	16	—	16
Rebate and Refund	2	2	—	2
Reshipping Scheme	4	4	—	4
USPS Revenue Fraud	4	4	—	4
<b>TOTAL</b>	<b>49</b>	<b>48</b>	<b>—</b>	<b>48</b>

**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	2
Voluntary Discontinuances	This area is not tracked by Office of Counsel

**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

<b>Type</b>	<b>Total</b>
Total Personnel Comp	\$178,344,547
Total Nonpersonnel Expense	\$36,356,457
<b>Total Operating Expense</b>	<b>\$214,701,004</b>
Total Capital Commitments	\$1,092,389

Appendix J

All Closed Congressional/PMG/BOG Inquiries

For the period October 1, 2015 — March 31, 2016

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, California	A parcel was delivered without its contents	Our agents opened a new investigation into the missing items. Additional searches and analyses were performed; however, the investigation yielded no further leads.	11/6/15
Representative, New York	Mis-delivery of mail and vandalism to mailbox	The investigation disclosed a Postal Service employee was responsible for breaking the lid of a constituent's mailbox. A dispute between the constituent and the Postal Service employee caused Postal Service management to place a temporary hold on the constituent's mail. Postal Service management took corrective action against the Postal Service employee.	10/13/15
Representative, California	Non-delivery of international registered letters from Germany	Our agents performed mail processing observations and searched Postal Service databases. We found no evidence of theft or misconduct by Postal Service employees and had no further leads.	11/20/15
Representative, California	Unpaid overtime compensation	We found no evidence to substantiate the Postal Service employee's allegations.	12/17/15
Senator, Missouri	Consistent mail tampering and deletion of Change of Address requests by a Postal Service employee	Our agents found no evidence to support allegations of mail tampering or that Change of Address requests were deleted by a Postal Service employee.	10/26/15
Postal Service Executive	Non-delivery of mail to residence	A Postal Service employee admitted to intentionally delaying mail. We reported our findings to Postal Service management for actions deemed appropriate.	10/9/15
Senator, Iowa	Non-delivery of and tampering with mail	Our agents discovered the constituent's mail may have been mistaken for undeliverable bulk business mail and thrown away. We found no evidence of misconduct by Postal Service employees.	12/31/15
Representative, Kentucky	Hostile work environment at a Kentucky postal facility	We learned Postal Service management took action to remedy the issues.	10/1/15
Representative, Idaho	Non-delivery of a Priority Mail Signature Confirmation flat rate envelope	We conducted interviews and searched several databases, but found no pattern of mail theft and no evidence of theft or misconduct by a Postal Service employee.	10/20/15
Representative, Kentucky	Hostile work environment at a Kentucky postal facility	We learned Postal Service management took action to remedy the issue.	10/29/15
Representative, California	Hostile work environment at a California Post Office	We found the constituent had an open complaint with the Equal Employment Opportunity Commission that covered the same allegations.	11/13/15
Chairman, Senate Committee	Postal Service employee payroll issues and conflicts with management	We found the constituent was overpaid due to a payroll adjustment error.	10/22/15
State Representative, West Virginia	Allegation of mail tampering by a Postal Service employee	The investigation disclosed that the Postal Service employee felt threatened by the constituent. As a result, the Postal Service required the constituent to move his mailbox to the curb to minimize contact with letter carriers. We were unable to contact the constituent after several attempts by phone and mail.	12/22/15
Representative, Delaware	Postal Service employee misconduct and mail delivery issues	We discovered there was a misunderstanding regarding the constituent's stopped delivery service, which may have contributed to sporadic delivery. Our investigation also revealed that the letter carrier was returning customers' mail to sender even though customers lived at their respective addresses. We reported our findings to Postal Service management for actions deemed appropriate.	12/2/15
Postal Service Executive	Non-delivery of Certified Mail	We learned that a Postal Service employee signed the constituent's name to the delivery notice associated with the Certified Mail without permission. The employee was assigned to a different route and we reported our findings to Postal Service management for actions deemed appropriate.	10/22/15
The White House	Wrongful termination and use of an illegal substance while on duty	Our investigation revealed that a former Postal Service employee signed for numerous pieces of mail, including a parcel of medication that never reached its destination. The employee admitted to stealing coupons from the mail for personal use. The employee voluntarily resigned from the Postal Service. Our investigation did not uncover any evidence to support the allegation of illegal substance use by Postal Service employees while on duty.	3/22/16
Senator, New York	Constituent not receiving return receipts for certified letters	Our investigation revealed that a Postal Service employee did not properly handle domestic return receipts.	3/1/16
Representative, Missouri	Hostile work environment at a Missouri Post Office	We found Postal Service management conducted its own investigation and took actions to remedy the issues.	11/23/15
Representative, Pennsylvania	Non-receipt of three international registered letters and tampering with two international registered parcels	The constituent received all the contents for the two international registered parcels. We were unable to locate the three international registered letters. We found no evidence of misconduct by a Postal Service employee.	2/25/16
Councilmember, California	Improper disposal of mail	Our investigation revealed that a Postal Service employee improperly placed mail in a disposal bin. We recovered approximately 156 mailpieces and returned them to the Post Office. We provided the Postal Service with our findings for actions deemed appropriate. The Postal Service employee resigned and was later indicted.	11/9/15
Representative, California	Hostile work environment at a California Post Office	We found the constituent had an open complaint with the Equal Employment Opportunity Commission and the Merit Systems Protection Board that covered the same allegations.	12/3/15
Senator, Pennsylvania	Non-receipt of three international registered letters and tampering with two international registered parcels	The constituent received all the contents for the two international registered parcels. We were unable to locate the three international registered letters. We found no evidence of misconduct by a Postal Service employee.	2/25/16

Requestor	Allegation/ Concern	Major Findings	Closure Date
Representative, New York	Non-delivery of an international parcel	Our investigators were unable to locate the missing parcel. We learned that the seller refunded the constituent the full amount paid for the parcel's contents.	1/15/16
Senator, Florida	Whistleblower retaliation following assistance with an OIG audit	The constituent did not meet the four-pronged criteria for a <i>prima facie</i> case of whistleblower retaliation. Specifically, we found no evidence that the constituent's communication contributed to an unfavorable personnel action. The constituent's work responsibilities changed as a result of the audit we conducted.	11/9/15
Senator, Washington	Theft of Internal Revenue Service documents	We searched several databases, but found no pattern of mail theft allegations and no evidence of theft or misconduct by a Postal Service employee.	11/5/15
Senator, New York	Theft of a sports card sent through the mail	Our agents searched several databases, but did not find evidence of significant mail theft activity. Agents also conducted an online search to see if the card had been sold online, but found no leads.	11/23/15
Representative, Texas	First-Class Mail co-mingled with undeliverable bulk business mail	We learned that Postal Service management did not allow enough time for undeliverable bulk business mail to be properly reviewed for the presence of First-Class Mail. We reported our findings to Postal Service management. We did not find evidence that Postal Service employees willfully delayed or destroyed mail.	12/3/15
Representative, California	Timecard fraud and inaccurate worktime recordkeeping	Our investigation revealed that Postal Service management unintentionally failed to properly input employee timecard data, resulting in a lapse in pay. We also learned that employees were not receiving payment for training hours. Management has resolved this issue. We found no evidence of any widespread or intentional abuse of timecard discrepancies by Postal Service management.	1/5/16
Senator, Florida	Hostile work environment at a Florida postal facility	We learned that the constituent filed a threat assessment/incident report. Postal Service management evaluated the allegations and held discussions with employees about treating others with respect. Based on actions taken by management, we determined no further investigative work was warranted.	1/21/16
Senator, Texas	Theft or misplacement of a U.S. Citizenship Certificate	Our investigation revealed that a Postal Service employee failed to properly record, secure, and submit the constituent's passport documents, including a U.S. Citizenship Certificate. After a physical search and a review of Postal Service databases, we were unable to locate the missing documents. We found no evidence of theft or intentional loss by a Postal Service employee.	12/2/15
Chairman, House Committee	Using Postal Service property for personal use	We learned that a Postal Service employee parked a personal vehicle at the Post Office in order to travel with a government-owned vehicle. The employee did not park in an area reserved for Postal Service long life vehicles (LLVs) and did not block the LLVs.	1/6/16
Representative, North Carolina	Tampering with mail containing personally identifiable information	Our investigation revealed that the mail was mis-delivered and opened. After the mail was identified as wrongly delivered, the mail was resealed and returned to the mail stream for delivery. We found no evidence of intentional tampering or misconduct by a Postal Service employee.	2/12/16
Representative, Florida	Retaliation by Postal Service management and falsification of employees' training time	We learned that Postal Service management moved employee hours from office and street time to training in order to preserve the proper amount of street time and not skew future route adjustments. We did not substantiate allegations of falsification of mail volumes by management. We also discovered another time-keeping issue regarding overtime and forwarded our findings to the Postal Service to take action as they deem appropriate. Disciplinary action against the constituent was based on social media postings.	2/12/16
Chairman, Senate Committee	Whistleblower retaliation following assistance with an OIG investigation	The constituent did not meet the four-pronged criteria for a <i>prima facie</i> case of whistleblower retaliation. Specifically, we found no evidence of targeted adverse personnel action. The constituent alleged he was given a letter of warning in reprisal for his alleged disclosures that led to an OIG audit, but employees interviewed were not aware the constituent was associated with the allegations.	1/21/16
Postmaster General	Delayed delivery of mail	We found that mail was delayed due to assigned contract carriers not reporting to work or not completing deliveries as scheduled. We found no evidence of theft, destruction, or unauthorized disposition of mail. The constituent stated that delivery service improved, and we provided a copy of our investigation to Postal Service management for actions deemed appropriate.	12/28/15
Representative, Virginia	Non-delivery of a rifle scope	Our agents searched several databases for similar complaints in the area, but found no significant mail theft activity. Agents also contacted the Mail Recovery Center, but were unable to recover the missing items.	1/6/16
Representative, Florida	Tampering with mail and holding mail without attempted delivery	We learned that Postal Service management ordered all carriers not to attempt delivery to the constituent if the mail did not fit in the mailbox or required a signature for delivery. Management issued the instruction due to safety concerns, which originated from a previous altercation. We forwarded our report to Postal Service management to take action as they deem appropriate.	12/17/15
Senator, Missouri	Non-delivery of a parcel mailed to the United Kingdom	Our investigation determined the parcel arrived at its intended destination in the United Kingdom 13 business days after the parcel was mailed. We did not identify any instances of misconduct by a Postal Service employee.	3/4/16
Representative, Pennsylvania	Postal Service management provided false information to the OIG that led to an investigation and termination of the constituent's DOL OWCP claim	We conducted an investigation, including interviews and surveillance, based on information that the constituent was exacerbating an injury. As a result of our investigation, the DOL requested a second opinion from a physician. The DOL terminated the constituent's OWCP claim as a result of the second opinion.	12/24/15
Representative, Arizona	Non-delivery of and tampering with mail	Postal Service management confirmed that the constituent did not submit a mail forwarding request. As a result, the constituent's mail was being returned to sender. The Postal Service took appropriate steps to address the matter. We found no evidence of intentional tampering or delay by a Postal Service employee.	1/7/16

Requestor	Allegation/ Concern	Major Findings	Closure Date
Representative, Massachusetts	Consistent mail tampering	Our agents conducted interviews and performed mail integrity testing. We found no signs of mail tampering and were unable to substantiate the constituent's allegation.	2/1/16
Senator, West Virginia	Theft of multiple packages	We learned that the U.S. Postal Inspection Service was conducting an inquiry into the constituent's allegations. External theft allegations are under the jurisdiction of the Inspection Service.	11/17/15
Representative, Michigan	Discrimination and favoritism with Postal Service employees	We learned that Postal Service management decided to discontinue the Vehicle Maintenance Repair Agreement with the constituent because the constituent's company was taking too long to complete work, not completing work properly, and invoicing for additional work that was not authorized. We did not uncover any misconduct by Postal Service employees.	2/4/16
Senator, New York	Non-delivery of packages scanned as delivered	Based on the history of late deliveries in the area and the amount of time that had passed since the constituent filed the complaint, our agents followed up with the constituent to confirm whether the package was received. The constituent confirmed that the package was received.	1/7/16
Representative, New York	Possible identity theft after a Postal Service employee performed a swiping action with a credit card and a driver's license	Our agents observed Postal Service employees' behavior while handling credit card transactions. We did not observe employees hide, conceal, or swipe credit cards. We found no evidence to support the allegation of identity theft and skimming by a Postal Service employee.	2/4/16
Senator, Ohio	OIG agents provided false documents and withheld evidence related to an investigation involving theft of Postal Service funds	We reviewed the case and determined that the OIG agents conducted a thorough investigation. No acts of misconduct on the part of the agents were discovered. Our investigation revealed a Postal Service employee failed to properly document and account for postal funds totaling \$10,933.21. The employee pled guilty to theft in federal court.	1/29/16
Representative, California	Consistent mail tampering	Our investigation revealed the constituent's mail displayed signs of wear commonly seen in normal mail processing. We did not observe any Postal Service employees tampering with the mail.	3/23/16
Representative, Oregon	Computer hacked while filing an online complaint on the OIG Hotline website	An alleged software company representative contacted the constituent via email to tell the constituent the computer was compromised and offered to clean it up. The constituent provided remote access to the computer and provided a username and password after clicking a hyperlink in an email. Our investigation revealed individuals posing as software company representatives sent fraudulent emails to the constituent and gained access to the computer and email account.	2/12/16
Representative, Georgia	Partially opened Standard Mail and Political Mail marked with numbers	Our agents conducted interviews and performed mail integrity testing. We discovered that the numbers were written on Political Mail to assist the letter carrier with delivering the mail. We found no evidence of mail tampering by a Postal Service employee. Mail is sometimes damaged during mail processing operations, which may account for the partially opened mail.	3/25/16
Senator, Missouri	Mail not being forwarded after submitting a Change of Address request	We determined that the issues with the Change of Address request resulted from an incorrect forwarding address submitted by FORWARDMYMAIL.ORG. The Inspection Service could not identify any fraudulent activity. The constituent confirmed mail is being received at the correct address.	3/24/16
Representative, Florida	Discrimination, harassment, and retaliation against people of color and women within the OIG	We discovered the constituent filed a formal EEO complaint alleging discrimination based on race, reprisal, and gender. The constituent also filed a DOL OWCP claim. Due to the ongoing EEO investigation and the OWCP claim, we concluded our investigation.	3/18/16
Senator, Florida	Postal Service management falsified clock rings and owes money for wages earned	The constituent contacted our office to withdraw the complaint because the Postal Service paid the wages.	3/25/16
Representative, Texas	Non-delivery of a rifle	We learned the Inspection Service was investigating the allegation.	3/10/16
Chairman, House Committee	Number of criminal referrals from the OIG in FY 2015	We provided the requested information.	3/10/16

**Inspector General Audit and Risk Analysis Research Center Requests (11)**

Requestor	Allegation/ Concern	Major Findings	Closure Date
Senator, Michigan	Request to examine issues related to the consolidation and closure of three mail processing plants	Our Office of Audit created two reports for this request: <i>Consolidation of the Kalamazoo, MI, and Lansing, MI, Processing and Distribution Centers</i> report and the <i>Iron Mountain, MI, Processing and Distribution Facility Consolidation</i> report. We found a business case exists to support the consolidation of the Kalamazoo and Lansing P&DCs. We also found a business case exists to support consolidating mail processing operations from the Iron Mountain Processing and Distribution Facility into the Green Bay P&DC. The Postal Service generally complied with established Area Mail Processing guidelines for each consolidation.	10/19/15
Representative, Illinois	Request to examine the Postal Service's policies and procedures for establishing ZIP codes	Our Office of Audit created the management alert, <i>ZIP Code Review Process</i> , which presented concerns regarding the Postal Service's ZIP Code review process. We found the Postal Service consistently documented, evaluated, and managed the ZIP Code requests we evaluated; however, the survey evaluation methodology used was different for one out of eight customer surveys issued July 2012 through July 2015.	11/27/15

Requestor	Allegation/ Concern	Major Findings	Closure Date
Chairman, Senate Committee	Complaints concerning mail processing and transportation issues at the Des Moines, IA, Network Distribution Center	Our Office of Audit created the report, <i>Des Moines, IA, Network Distribution Center Operations</i> . Out of 13 complaints, four were substantiated, three were partially substantiated, and six were not substantiated. Regarding the four substantiated complaints, we found employees were not always properly handling damaged mail, timely notifying customers about damaged mail, nor properly restraining trailer loads of mail, and the postal facility's physical timecard controls did not exist.	10/8/15
Senator, Wyoming	Request to examine the recommended closure of the Rock Springs, WY, Customer Service Mail Processing Center (CSMPC)	Our Office of Audit created the report, <i>Rock Springs, WY, Customer Service Mail Processing Center Consolidation</i> . We determined that a business case exists to support consolidating the Rock Springs CSMPC mail processing operations into the Salt Lake City, UT, Processing and Distribution Center. We estimated the partial consolidation should save the Postal Service about \$1.6 million annually. The Postal Service announced plans to delay consolidations to ensure it would continue to provide reliable service consistent with published service standards. The Postal Service plans to resume consolidations in 2016.	1/7/16
Chairman, Senate Committee	Request for the Postal Service's response to recommendations in the <i>Vehicle Maintenance Facility Efficiency Nationwide — Capping Report</i>	We provided the Postal Service's responses to the recommendations.	3/22/16
Representative, Florida	Request to examine the consolidation of the Panama City, FL, Processing and Distribution Facility (P&DF) into the Pensacola, FL, Processing and Distribution Center (P&DC) and assess compliance with established Area Mail Processing (AMP) guidelines	Our Office of Audit created the report <i>Panama City, FL, Processing and Distribution Facility Consolidation</i> . We determined that a business case exists to support consolidating the Panama City, FL, P&DF. We estimated the consolidation should save the Postal Service about \$3.4 million annually, which is \$55,782 more than the Postal Service estimated. We found the Pensacola, FL, P&DC has adequate machine capacity to process the additional mail from the Panama City P&DF and the Postal Service did not lay off any career employees as a result of the consolidation. We also found the Postal Service generally complied with established AMP guidelines.	1/4/16
Chairman, House Committee	Request for information on past and current work involving the office supply store, Staples	We provided information on past and current work involving Staples, including audit reports related to Postal Service customer service.	10/16/15
Ranking Member, House Subcommittee	Request for a copy of the audit, <i>U.S. Postal Service Government Relations Responsiveness to Congressional Requests</i>	We provided a copy of the audit.	1/28/16
Chairman, Senate Committee Senator, Senate Committee	Post-hearing question for the record after the hearing, "Laying Out the Reality of the United States Postal Service"	We provided responses to the questions.	3/4/16
Chairman, Senate Committee	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

**General Council and Support Functions (9)**

Requestor	Allegation/ Concern	Major Findings	Closure Date
State Representative, Alaska	Request for information related to an Alaska Post Office	Our FOIA analysts processed the request. We provided all releasable information related to the request.	11/4/15
Chairman, Senate Committee; Chairman, Senate Committee	Request for records related to an investigation	We provided the requested material.	11/4/15
Representative, Illinois	Harassment based on disabilities	We attempted to work with the OIG employee to address the request, but without the necessary medical documentation, we cannot determine what, if any, accommodation may mitigate the conditions and enable the employee to be successful.	11/23/15
Representative, Illinois	Request for information related to an investigation	We provided the requested information.	12/2/15
Chairman, Senate Committee	Request for information related to the management alert <i>U.S. Postal Service Handling of Inbound International Mail at the [Redacted] International Service Center in [Redacted]</i>	We provided the requested information.	12/1/16
Representative, Illinois	Request for records related to an investigation	Our FOIA analysts processed the request. We provided redacted copies of the documents releasable under FOIA.	12/3/15
Senator, New Jersey	Request for information related to an OIG employee's proposed removal	We provided the requested information.	12/21/15

Requestor	Allegation/ Concern	Major Findings	Closure Date
The White House	Not allowed to return to work and forced to repay money to the Postal Service for approved leave	We were unable to hold the former OIG employee's position due to the amount of leave taken and insufficient medical documentation that would support the employee's safe return to duty. Because the employee left the agency, the advanced sick leave that was granted had to be repaid. We were unable to grant a waiver of debt forgiveness.	2/1/16
Senator, New Jersey	Request for information related to an investigation	We provided the requested information.	3/15/16

**Referrals (6)**

Requestor	Allegation/ Concern	Major Findings	Closure Date
Representative, Wisconsin	Timecard falsification by Postal Service management	We forwarded the request to the Postal Service Office of Government Relations.	12/21/15
Senator, Michigan	Theft of mail after a delivery	We forwarded the request to the Postal Inspection Service.	12/21/15
Representative, California	Delivery issues and non-responsiveness from a local Post Office	We forwarded the request to the Postal Service Office of Government Relations.	1/13/16
Senator, Michigan	Non-delivery of packages and insurance claim issues	We forwarded the request to the Postal Service Office of Government Relations.	1/28/16
Representative, California	Non-delivery of package	We forwarded the request to the Postal Service Office of Government Relations.	2/10/16
Representative, California	Non-delivery of Priority Mail	We forwarded the request to the Postal Service Office of Government Relations.	3/17/16

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, 2015 — March 31, 2016

<b>Requests</b>	<b>Number of Requests</b>
Carryover from prior period	31
Received during period	262
<b>Total on hand during period</b>	<b>293</b>

<b>Actions</b>	<b>Number of Requests</b>
Processed during the period	262
Requests Denied in Full	16
Requests Granted in Full	3
Requests Denied in Part	67
No Records	118
Requests Referred	14
Requests Withdrawn	32
Fee-Related Reasons	1
Records not reasonably described	1
Not a proper FOIA request for some other reason	1
Not an agency record	9
Duplicate Request	—

<b>Balance</b>	<b>Number of Requests</b>
Balance at the end of the period (pending)	31

<b>Processing Days</b>	<b>Number of Days</b>
Median processing days to respond to a FOIA request	8

**Workplace Environment**

The OI Workplace Environment unit reviews workplace environment and operational issues that may affect workplace climate in postal facilities throughout 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, 2015 — March 31, 2016

<b>Complaints received</b>	<b>Total</b>
Carried over from previous quarter(s)	59
Complaints received from OIG Hotline, Congress, Governors, management, internal, and other	757
<b>Total on hand during this period</b>	<b>816</b>

<b>Workplace Environment Actions</b>	<b>Number of Complaints</b>
Total Complaints reviewed and closed during the period	755
Carried over from previous quarters is not included in total reviewed & closed count	—
Carried over from previous quarter(s)	59
Closed Determination as No Action	—
Office of Audit	—
Summary of findings to Congress/BOG/Postal Service Management	142
FOIA	—
Hotline	21
AIG for Investigations	—
Postal Inspection Service	4
Database for statistical analysis and possible symentic review	454
Office of Investigations	1
WorkPlace Environment	133

# 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 contact?



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

<https://www.uspsoig.gov/form/file-online-complaint>

Contact: 888-877-7644



## Postal Inspection Service

<https://postalinspectors.uspis.gov/contactUs/filecomplaint.aspx>

Contact: 877-876-2455

- 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

- Security of employees, facilities, and equipment
- Revenue and postage fraud
- International mail security
- Violent crimes:
  - Threats and assaults of employees
  - Burglaries and robberies

- Mail theft by nonemployees
- Dangerous mail and bombs
- Mail fraud
- Identity theft
- Narcotics in the mail
- Child pornography and obscenity



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