OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

SEMIANNUAL REPORT TO CONGRESS

FALL 2020 • APRIL 1 — SEPTEMBER 30, 2020

A MESSAGE FROM THE INSPECTOR GENERAL

During the past six months, we have welcomed a new postmaster general and continued to face the challenge of meeting our mission during a pandemic. While we have successfully found technological alternatives that allow us to continue a good portion of our work at home, we also have dedicated auditors and agents working in the field as needed, to support our mission.

The Postal Service has faced challenges as well, keeping its employees safe while continuing to provide the American public with six-day-a-week mail delivery. In addition, in response to recent operational changes and dips in mail service, concerns have been raised about the Postal Service's ability to provide timely mail delivery to all areas of the country. This is especially important when it comes to election and political mail, as the pandemic has increased the need for voting by mail to be a safe and viable voting alternative.

Given the importance of election mail, three projects in this report cover the Postal Service's ability to handle election mail, and in particular, the 2020 general election. We found overall that the Postal Service made progress in preparing for the 2020 general election; however, concerns existed surrounding integrating stakeholder processes with Postal Service processes to help ensure the timely delivery of election and political mail. We also found that the Postal Service needed to take additional steps to ensure the safe and timely delivery of international election mail, including military and diplomatic mail.

In addition, during this period we began our look at the Postal Service's operations, including its recent operational changes. We also looked at issues the Postal Service has been facing for years, such as inefficiencies in the processing network that, over the years, have led to billions of dollars of extra overtime and transportation costs. And other reports focused on specific areas of concern or opportunities including the Postal Service's delivery vehicle acquisition strategy, the management of the mail recovery centers, and the Postal Service's use of information technology.

While the use of the mail system to ship illicit narcotics continues to demand our attention in our investigations, our agents were also focused on investigating numerous allegations involving elections and political mail. For example, in April, our agents, along with the West Virginia Attorney General's Office, successfully investigated a contract carrier who had tampered with several requests for ballots. During the past six months, our agents have also worked on a host of other issues including mail theft, financial fraud, health care provider fraud, and contract fraud.

This report, submitted pursuant to the Inspector General Act, outlines our work and activities for the six-month period ending September 30, 2020. During this period, we issued 60 audit reports, management advisories and white papers, and the Postal Service accepted 95 percent of our recommendations. We completed 1,180 investigations that led to 301 arrests and more than $1.2 billion in fines, restitutions and recoveries, more than $114 million of which was turned over to the Postal Service.

I look forward to working with stakeholders to address the challenges ahead and maintain our focus amid an ongoing pandemic. As we see how the Postal Service continues to evolve in response to its financial challenges, I am confident that the OIG will continue to play a key role in ensuring the integrity and accountability of America's Postal Service, its revenues and assets, and its employees.

SUMMARY OF PERFORMANCE

Mission Statement

Ensuring efficiency, accountability, and integrity in the U.S. Postal Service.
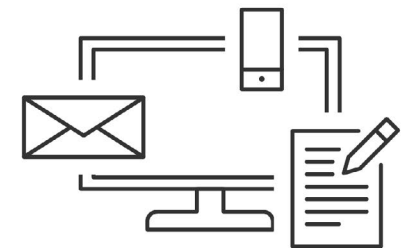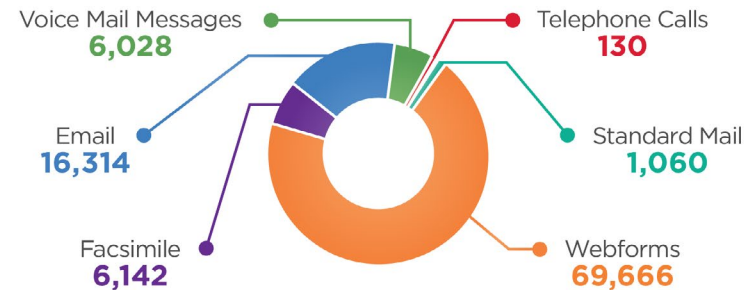
For the Period April 1 — September 30, 2020

AUDITS and WHITEPAPERS

Questioned Costs:
$1,230,700,235

Revenue Impact:
$310,301

Funds put to better use:
$157,776,489

Total:
$1,388,787,025

Reports Issued:	**60**
Recommendations Issued:	**167**
Total Reports with Financial Impact:	**17**

INVESTIGATIONS[1]

Amount to the Postal Service[2]:
$114,073,595

Cost Avoidance:
$53,584,948

Fines, Restitution, and Recovery:
$1,261,460,490

Investigations Completed:	**1,180**
Arrests:	**301**
Indictments/Informations:	**375**
Convictions/Pretrial Diversions[3]:	**270**
Administrative Actions:	**846**

HOTLINE CONTACTS

Voice Mail Messages
6,028

Telephone Calls
130

Email
16,314

Standard Mail
1,060

Facsimile
6,142

Webforms
69,666

Total Contacts:
99,340

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1 Statistics include joint investigations with other law enforcement agencies.
2 Amounts are totals to the USPS resulting from 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.

CONTENTS

AUDITS AND WHITE PAPERS

The Office of Audit (OA) and the Research and Insights Solution Center (RISC) adhere to professional standards and present their work to Postal Service 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.
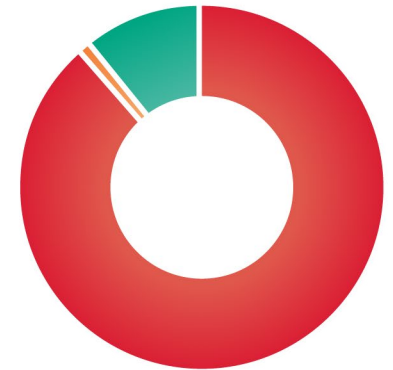
SUMMARY of PERFORMANCE
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Mission Operations

Timeliness of Ballot Mail in the Milwaukee Processing and Distribution Service Area

Processing Readiness of Election and Political Mail During the 2020 General Elections

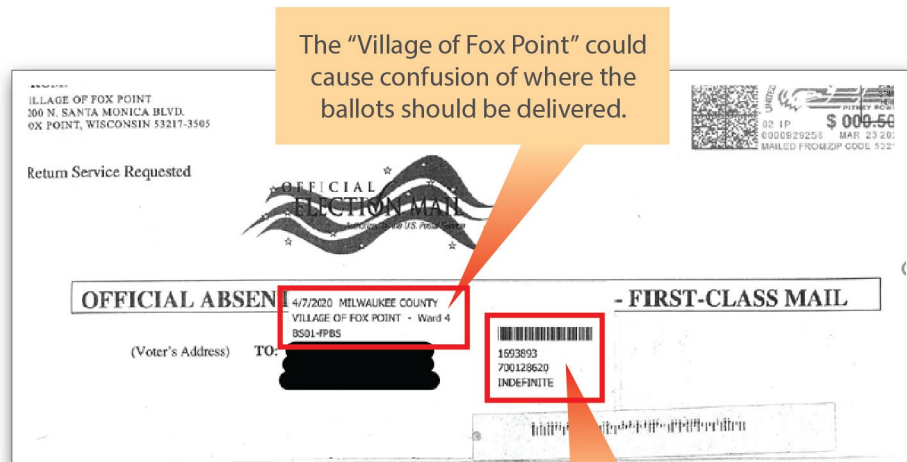## Military, Diplomatic, and Other International Election Mail Preparedness

In these three audits related to election and political mail, we determined overall that while the Postal Service has made progress in preparing for the 2020 general election, concerns exist surrounding integrating stakeholder processes with Postal Service processes to help ensure the timely delivery of election and political mail. Potential concerns include:

- Ballots mailed without barcode mail tracking technology;

- Ballot mailpiece designs that result in improper processing;

- Election and political mail likely to be mailed too close to the election, leaving insufficient time for processing and delivery;

- Postmark requirements for ballots; and

- Voter addresses that are out of date.

We also found the Postal Service's preparedness for processing international election mail, including military and diplomatic mail, was at risk based on processing delays and untested tracking and reporting capabilities. Although we found things had improved in September, operations at the Postal Service's Chicago International Service Center — where most international military and diplomatic mail is processed — were significantly impacted beginning in late March 2020 and continuing into August, primarily due to the COVID-19 outbreak. Lastly, we found the Postal Service did not have an active nationwide system for tracking and reporting on eligible military, diplomatic, and other international election ballots.

We made a total of five general election mail recommendations to management: 1) leverage established partnerships with state and local election officials to work toward creating a separate, simplified mail product exclusively for election mail that would support uniform mail processing; 2) ensure mail processing facilities perform an accurate daily certification that they are clear of election and political mail using the Operational Clean Sweep Search Checklist; 3) clearly define roles, responsibilities, and oversight to ensure the political and election mail Audit Checklist is completed; 4) ensure mail processing facilities use and maintain the standardized election and political mail log for each operation; and 5) implement best practices identified during our audit.

The "Village of Fox Point" could cause confusion of where the ballots should be delivered.

Per P&DC personnel, these extra numbers on the ballot envelopes confused sorting machines and resulted in some ballots being missent to other locations.

Mission Operations

We made three more recommendations related to international election mail: 1) immediately develop and implement a Short-Term Operating Plan to process mail inventory backlog; 2) immediately develop and implement a Staffing Contingency Plan for ensuring sufficient availability of staff for the upcoming election cycle; and 3) develop and implement rapid testing timeframes and procedures for tracking and reporting on eligible inbound election ballots at the Postal Service facilities that could accept international election mail.
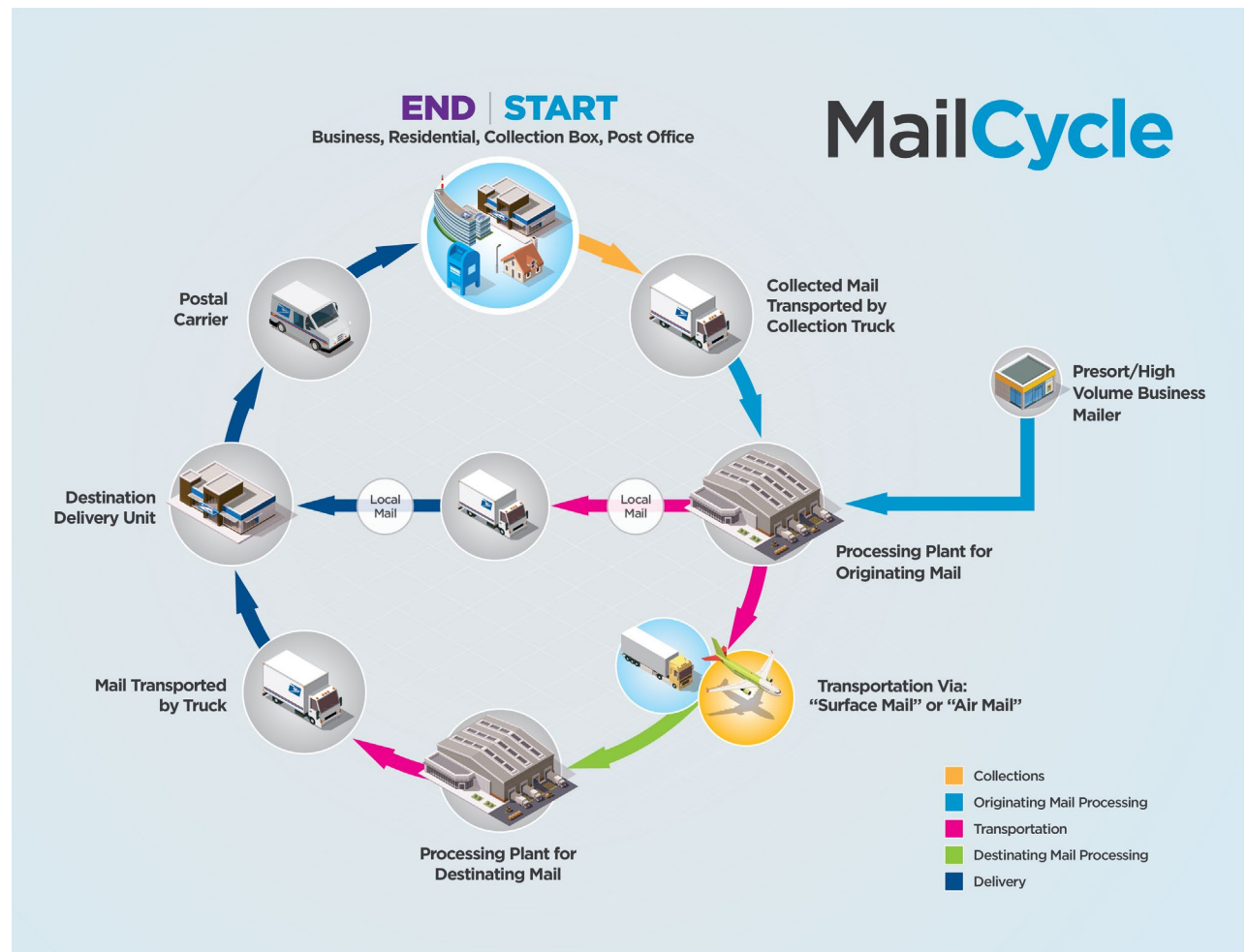
U.S. Postal Service's Processing Network Optimization and Service Impacts

The Postal Service's processing network was not operating at optimal efficiency. Additionally, the Postal Service's drive to meet service performance targets increased costs and inefficiency due to issues with integrating mail processing, transportation, and delivery operations. The Postal Service has been less efficient at processing mail each year since fiscal year (FY) 2014, as mail processing workhours have not decreased at a rate consistent with decreased mail volume.

During our site visits, we observed that mail processing operations were not completed on time, and mail missed its last scheduled transportation trip. In response, management used overtime and either delayed the scheduled transportation trip or called for an extra trip, incurring additional costs. Intermediate trips that are supposed to

transport mail from the processing facility to the delivery unit as it is processed had very little mail, resulting in additional mail (including mail that requires additional sorting at delivery units) going on the last trip. This inundated the delivery units and shortened their time to prepare mail for delivery since it came later than planned.

The Postal Service spent $1.1 billion in mail processing overtime and penalty overtime, $280 million in late and extra transportation, and $2.9 billion in delivery overtime and penalty overtime costs in FY 2019. Even with these significant additional costs, the Postal Service only met service performance targets for five (or 15 percent) of the 33 mail products in FY 2019.

MailCycle

END | START
Business, Residential, Collection Box, Post Office

Postal Carrier

Collected Mail Transported by Collection Truck

Presort/High Volume Business Mailer

Destination Delivery Unit

Local Mail

Local Mail

Processing Plant for Originating Mail

Mail Transported by Truck

Transportation Via: "Surface Mail" or "Air Mail"

Processing Plant for Destinating Mail

- Collections
- Originating Mail Processing
- Transportation
- Destinating Mail Processing
- Delivery

Mission Operations

We recommended management: 1) implement best practices identified during site visits to increase operational efficiency and management oversight nationwide; 2) create a program to develop emerging leaders into potential front-line managers and require all acting managers to participate; 3) ensure front-line managers use the Run Plan Generator to manage mail processing operations; 4) when the impacts of COVID-19 begin to subside, develop a plan, with milestones and measurable goals, to increase staff availability, including applying standard operating procedures to address employees out for significant periods of time; and 5) develop an automated system to monitor performance of the integration among processing, transportation, and delivery operations.

Inspection Service & Information Technology

Business Application Review of the HERO System

In 2017, the U.S. Postal Service contracted with a supplier to replace its existing Human Resources system with a cloud-based, commercial-off-the-shelf integrated system called HERO, which was intended to ensure efficiency, reporting analysis, mobility, and improved accessibility. In determining how the Postal Service developed the HERO system, we found USPS did not do so in accordance with policies, procedures, and federal government security standards. Additionally, the system did not function as management intended. For example, one system module did not support business needs and processes outlined in the contract, and another module was only partially delivered.

We determined the Postal Service did not realize the predicted savings. Furthermore, an interim security assessment (ISA) was not completed while the federal cloud security certification was in progress. Finally, accounts payable could not locate all related invoices.

We recommended management: 1) update the cloud computing policy to include early demonstrations of system functionality to key stakeholders to validate business needs and the technical capabilities before purchasing any cloud software solutions; 2) update that cloud policy to state the VP, Information Technology, must approve a waiver for cloud solution purchases when the policy is not followed; 3) update Supplying Principles and Practices to state the processes outlined in the cloud computing policy must be completed before awarding cloud solution contracts; 4) update the information security policy to define the ISA

Inspection Service & Information Technology

process, document the associated risks and mitigations plans, ensure proper document retentions, and complete the process prior to the purchase of a cloud solution; and 5) retrieve the missing HERO invoice and store it in the Contract Authoring and Management system.

Controls Over Purchasing and Maintaining Information Technology (IT) Equipment

Although the Postal Service has effective controls over purchasing IT equipment, controls for identifying, assessing, and mitigating cybersecurity risks associated with specific devices and cameras are not effective. The

Postal Service did not update firmware on these devices since mid-2018 and did not maintain a list of active firmware versions on specific devices to determine if updates were required to mitigate vulnerabilities. Additionally, the Postal Inspection Service did not always apply firmware updates to its cameras and did not track the cameras in an inventory management system that meets internal hardware asset inventory policy. Finally, weekly vulnerability scans by the Corporate Information Security Office to identify vulnerabilities and outdated firmware versions were intermittently blocked since October 2017 because the scans were disrupting a business application and phone services.

We recommended management: 1) establish a process to periodically evaluate current and updated firmware versions and apply timely firmware updates to the specific IT devices; 2) upgrade the video management software system and apply firmware updates to the cameras; 3) establish an inventory system for the cameras that meets the hardware asset inventory policy; and 4) develop a process to scan the network without affecting the performance of the network and business applications.

Finance & Pricing

Cost Reduction Initiatives for Mail Products

Over the past ten years, several Postal Service market dominant products continuously failed to cover their attributable costs. Currently, there are various Postal Service groups that look at cost reduction strategies and communicate with mailers. However, they focus on holistic cost-reduction strategies. There is no centralized group focused on developing product specific cost reduction initiatives and communicating mail preparation issues with mailers.

We identified several mail preparation issues related to bundle strapping, the use

of sacks, shrink-wrap, and paper quality that increased mail product costs and caused increased bundle breakage, resulting in manual processing and increased costs. These issues generally occurred because mailing standards did not always align to automated mail processing capabilities. Finally, personnel did not regularly record or communicate mail preparation and quality issues to mailers and within the Postal Service to ensure they were corrected, charged back to the mailer, or addressed with updated guidelines for mail preparation.

We recommended management: 1) create a dedicated group to establish metrics, analyze

costs, and track mail irregularities to implement cost reduction initiatives; recommend updates to mail preparation guidelines; and communicate mail irregularities to mailers; 2) update mail preparation guidelines to set mail preparation standards that align with automation to reduce costs associated with bundle breakage and manual processing of machinable mail; and 3) develop processes to ensure mail irregularities are recorded, scanners are appropriately placed where mail irregularities are identified, and mail irregularity reports are distributed to Postal Service personnel and mailers.

Retail, Delivery, and Marketing

Arrow Key Management Controls

In assessing the effectiveness of the Postal Service's management controls for arrow keys, we found the number of arrow keys in circulation is unknown, and local units did not adequately report lost, stolen, or broken keys or maintain key inventories. Furthermore, the Postal Service did not restrict the number of replacement arrow keys that could be ordered. Ineffective controls over arrow keys increases the risk that these items will be lost or stolen and not detected.

New technology and innovation opportunities exist with keyless locking and key tracking to improve management controls over arrow keys. The Postal Service has tested some technologies, including key cabinets in Pacific Area facilities, which were used to automate the daily issuance and collection of arrow keys.

We recommended management: 1) create and maintain a nationwide arrow key inventory and ensure units reconcile their local inventory semiannually to ensure key accountability; 2) develop and issue guidance regarding a maximum key quantity for ordering replacement keys and the number of unassigned keys a site should maintain in inventory; and 3) evaluate technology solutions and take appropriate action to reduce risks associated with lost or stolen arrow keys and enhance the security of mail receptacles. Management partially agreed with the findings and recommendations. Management disagreed with the analysis used to identify units with excessive keys and stated that there are situations that require units to have additional keys on hand for daily use or to order additional keys.

Delivery Vehicle Acquisition Strategy

In FY 2019, the Postal Service had about 203,767 delivery and collection vehicles composed of primarily (69 percent) right-hand-drive long life vehicles (LLVs) that have

Arrow Key Issues Identified in Survey of Managers

USPS OIG Semiannual Report to Congress
April 1 — September 30, 2020
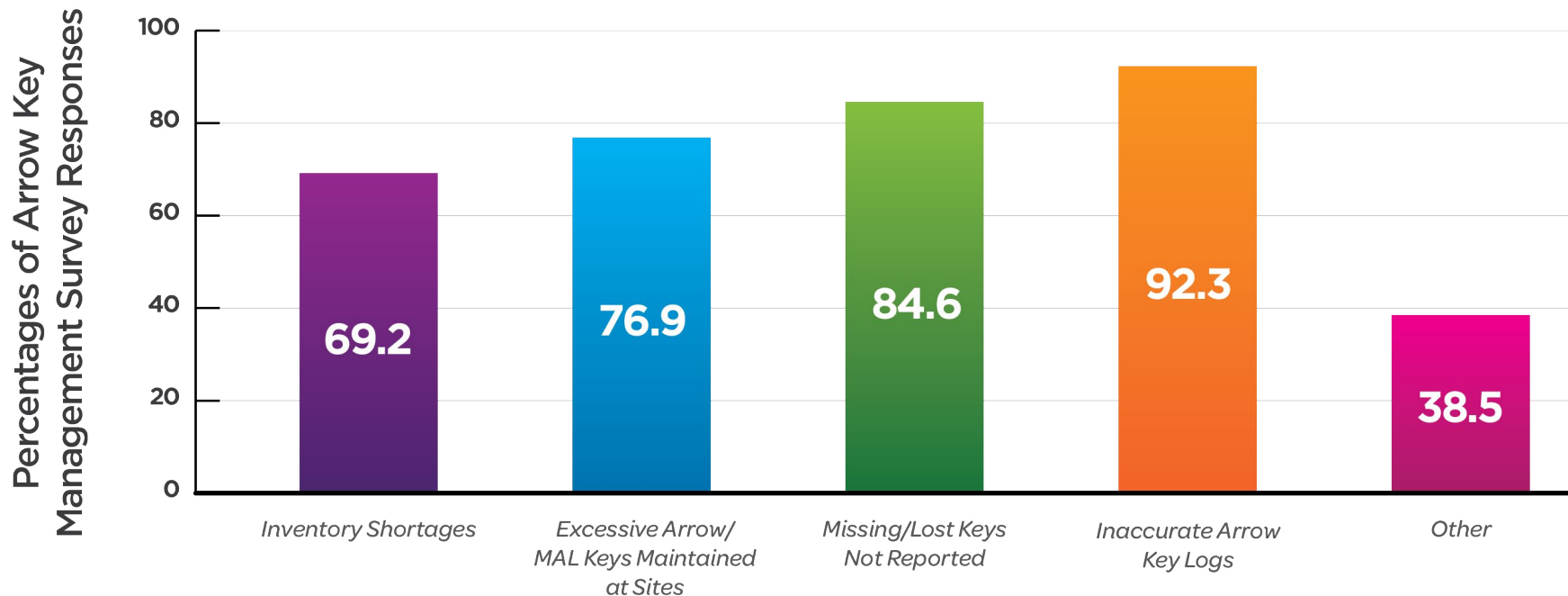
Retail, Delivery, and Marketing

exceeded their expected service life. The combined effect of aging vehicles, additional delivery points, and a changing mail mix increases the need for new delivery vehicles to meet operational demands six days a week.
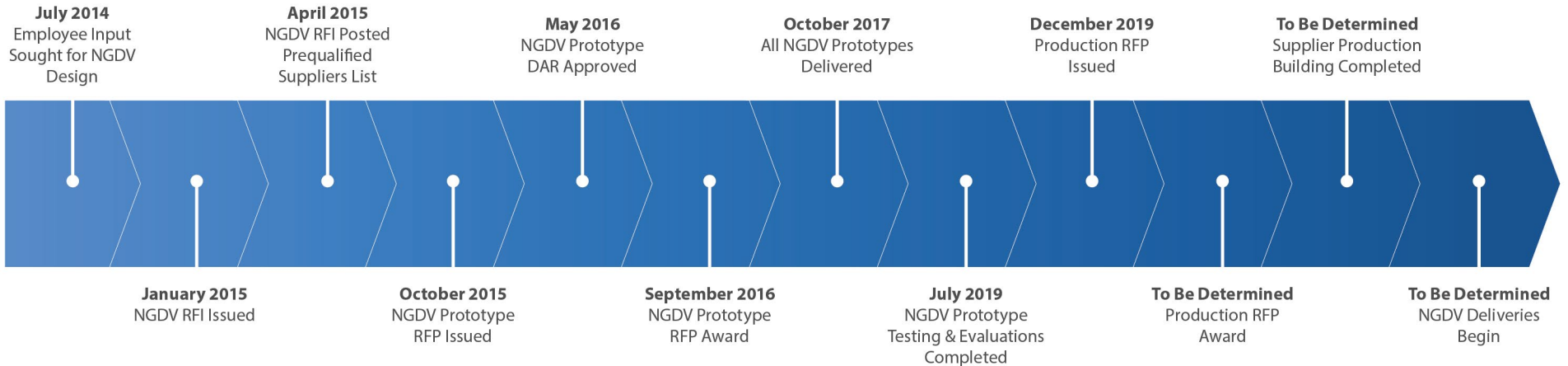
The Postal Service's vehicle acquisition strategy, which uses modeling of current and projected operational data, was generally adequate for acquisition of a mixed vehicle delivery fleet. However, that strategy encountered significant implementation delays in producing a viable purpose-built Next Generation Delivery Vehicle (NGDV) by the target deployment date of 2019. Delays occurred throughout the project because management had not adequately evaluated the NGDV prototype timeline to ensure they considered the full complexity of the process, prototype development issues, and stakeholders concerns. In addition, better Postal Service oversight was needed during the prototype vehicle building process. As a result, the original timelines were not realistic, and more time was needed to develop and test the prototypes.

We recommended the Vice President, Delivery and Retail Operations, coordinate with the Vice President, Engineering Systems to perform a risk assessment of the NGDV production timeline to evaluate the risk of further delays and determine whether modification to the mixed vehicle acquisition strategy is warranted.

NGDV Prototype Schedule – Completed Milestones and Estimates of Upcoming Milestones

July 2014 — Employee Input Sought for NGDV Design

January 2015 — NGDV RFI Issued

April 2015 — NGDV RFI Posted Prequalified Suppliers List

October 2015 — NGDV Prototype RFP Issued

May 2016 — NGDV Prototype DAR Approved

September 2016 — NGDV Prototype RFP Award

October 2017 — All NGDV Prototypes Delivered

July 2019 — NGDV Prototype Testing & Evaluations Completed

December 2019 — Production RFP Issued

To Be Determined — Production RFP Award

To Be Determined — Supplier Production Building Completed

To Be Determined — NGDV Deliveries Begin

U.S. Postal Service Mail Recovery Center

From December 2017 to September 2019, the Mail Recovery Center (MRC) did not meet its seven-day acceptance processing goal. Moreover, during our January 2020 observations, we found some mail had not been processed for more than two months.

These delays occurred because MRC staff spent additional time processing items that should not have been sent per Postal Service policy, and MRC staff were unaware of the number of trucks arriving each day because Surface Visibility data was not always accurate.

We also determined MRC staff were not opening and examining all undeliverable First-Class mail in accordance with USPS policy.

After reviewing 200 First-Class mailpieces cleared by MRC staff for recycling, we found 16 pieces (8 percent) contained cash, checks, and gift cards — items that should have been originally identified upon examination by MRC staff. MRC management stated they were unaware of this policy.

We recommended management develop and implement strategies to: 1) identify and

Retail, Delivery, and Marketing

prevent postal facilities from incorrectly sending items to the MRC; 2) ensure all trucks sent to the MRC are accurately recorded in Surface Visibility; 3) ensure MRC staff are aware of and complying with Postal Service policy for opening and examining all undeliverable First-Class mail; 4) develop and implement

a mechanism to ensure funding for prompt disposal of batteries at the MRC; 5) develop and formalize guidance on the disposal of gift cards at the MRC; 6) establish and implement an additional process to accurately record cash removed from undeliverable mail and periodically reconcile this amount against

the total cash deposited; 7) establish and implement processes to maintain an accurate physical inventory and conduct periodic reviews; and 8) develop and implement an additional process to verify whether an indemnity claim has been paid on an item prior to its return.

Supply Management and Human Resources
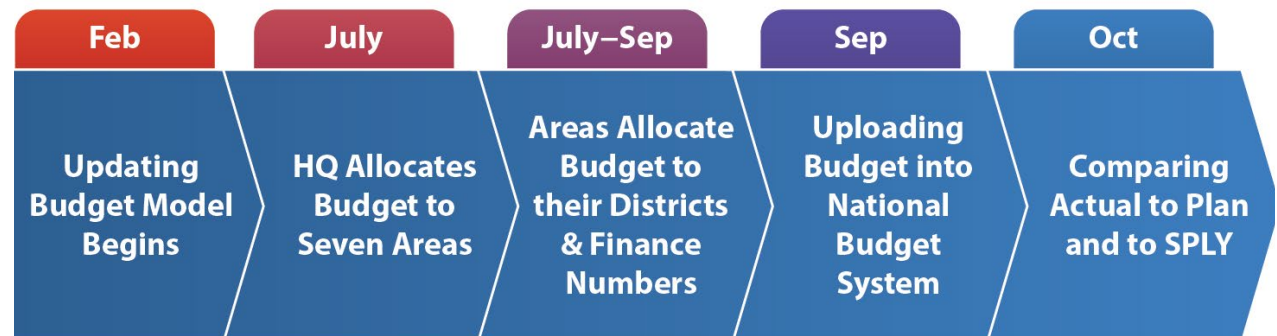
Assessment of Overtime Activity

Between fiscal years 2014 to 2019, the Postal Service's overtime costs and hours have trended upward and consistently exceeded their planned overtime budgets. Annual overtime costs increased from $3.7 to $5 billion (35 percent), while overtime hours increased from 98.9 to 129.7 million hours (31 percent). The number of employees who earned more in total overtime pay than their pay for regular straight time hours increased from 758 to 4,008 (an increase of 429 percent). Additionally, management's actual regular overtime costs and hours exceeded their planned overtime between FYs 2014 to 2019, and they exceeded planned penalty overtime costs and hours during FYs 2016, 2018, and 2019. Furthermore, in FY 2019, 263,694 of the Postal Service's 633,108 career and non-career employees (42 percent) had unauthorized overtime. Finally, management did not have complete, accurate, and reliable payroll workhours data for FY 2019.

Given the Postal Service's current financial situation, there is a heightened importance for management to control overtime costs, which ultimately affects their overall operating expenses.

We recommended management: 1) address staffing issues at facilities operating below their authorized complement or with excessive vacancies and identify opportunities for savings at locations with high overtime users by determining the optimal point at which hiring new staff becomes more cost efficient than

using overtime; 2) modify current policies and procedures to include performance measures or other oversight controls to hold appropriate management accountable for not reducing overtime use; 3) implement a process to collect and monitor data that identifies the reasons for overtime use to better manage and control overtime costs; 4) develop an action plan, with milestones, to monitor and reduce unauthorized overtime; and 5) establish and implement automated processes to update the data file parameters and validate the file for accuracy and completeness.

Timeline for Budget Process

Feb	July	July–Sep	Sep	Oct
Updating Budget Model Begins	HQ Allocates Budget to Seven Areas	Areas Allocate Budget to their Districts & Finance Numbers	Uploading Budget into National Budget System	Comparing Actual to Plan and to SPLY

Supply Management and Human Resources

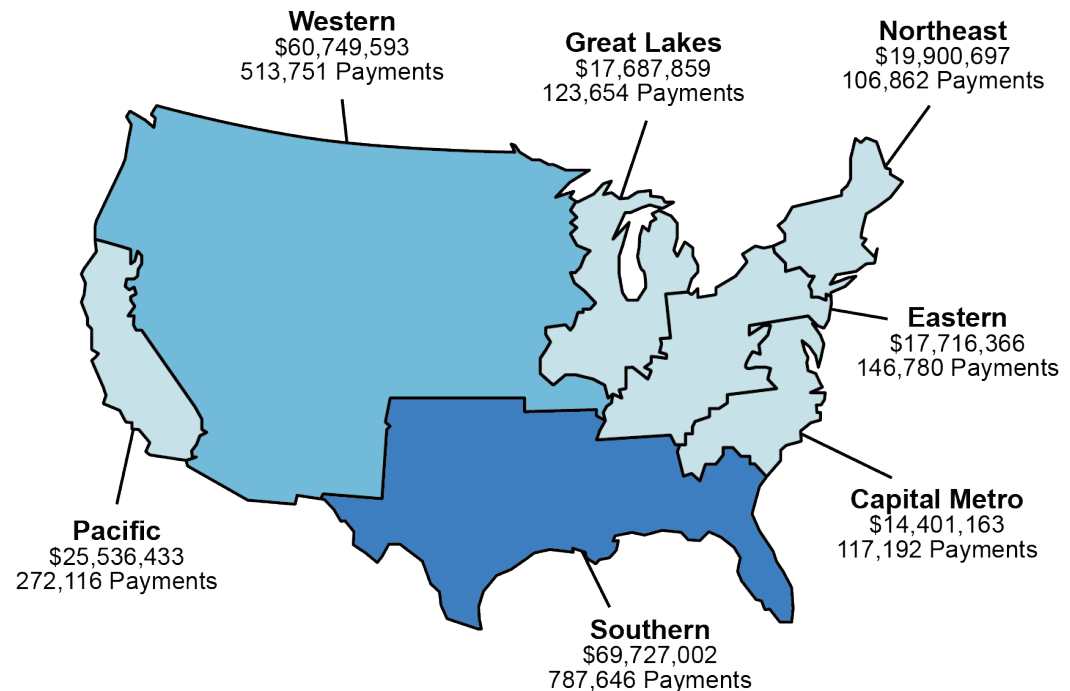## Informal Grievance Oversight

The Postal Service's informal grievance costs and the number of payments have continued to trend upward from fiscal years 2013 to 2018. Specifically, costs increased from about $30.4 million in FY 2013 to $48.8 million in FY 2018 (61 percent). The number of payments increased from 344,459 in FY 2013 to 435,912 (27 percent) in FY 2018. In addition, management at the reviewed sites did not maintain a central repository or database of contractual documentation and could not always identify total grievance payments associated with each of these contractual obligations. Finally, in many instances, Grievance and Arbitration Tracking System (GATS) issue codes were outdated, inaccurate, or non-descriptive in GATS and the GATS Entries Handbook.

Management in seven of the eight districts we visited had established monetary thresholds for higher-level management review of informal grievance payments. However, there was no consistency among the districts regarding communicating threshold requirements and documenting reviews of payments that exceeded the thresholds. We also found that supervisors were not taking training that covered informal grievances, and some supervisors indicated that the course content did not contain enough practical knowledge to handle specific grievance issues.

We recommended management: 1) develop an action plan, with milestones, to manage and reduce informal grievances costs and payments; 2) formalize and communicate monetary thresholds for informal grievances and review payments that exceed the established thresholds; 3) reiterate compliance with the Postal Service's training policy that requires all supervisors to attend mandatory grievance handling courses and review existing training curriculum to ensure it adequately covers grievance handling procedures; 4) establish a centralized repository or database of local memoranda of understanding (MOUs) and other contractual agreements;

5) implement and communicate tracking methods for payments stemming from these local MOUs and other contractual agreements to allow for transparency and accountability; and 6) update issue codes in GATS and the GATS Entries Handbook to include clear definitions and instructions for use and establish timeframes for periodic updates. Management disagreed with recommendations 1, 2, and 4. Management partially agreed with recommendation 5 and 6, and management agreed with recommendation 3. However, management provided implementation plans for all recommendations.

Informal Grievance Costs and Payments by Area FYs 2013 through 2018

Western
$60,749,593
513,751 Payments

Great Lakes
$17,687,859
123,654 Payments

Northeast
$19,900,697
106,862 Payments

Eastern
$17,716,366
146,780 Payments

Capital Metro
$14,401,163
117,192 Payments

Pacific
$25,536,433
272,116 Payments

Southern
$69,727,002
787,646 Payments

Research and Insights Solution Center

Next Generation Connectivity: USPS Roles in 5G and Broadband Deployment

The Internet has dramatically changed numerous aspects of our daily lives. Throughout the COVID-19 pandemic, it has played a critical role in allowing Americans to work, learn, and even access health care from the safety of their homes. But according to the Federal Communications Commission, more than 18 million Americans currently lack basic broadband service. With a physical presence in nearly every community in the country, the Postal Service is uniquely situated to play a role in helping bring 5G and broadband service to those areas of the country currently unserved or underserved.

THE POSTAL SERVICE OWNS (NOT LEASES) MORE THAN 8,000 FACILITIES NATIONWIDE

Forty-four million people live within one mile of the more than 8,000 facilities that are directly owned (not leased) by the Postal Service. Mapped below are facilities owned by the Postal Service.
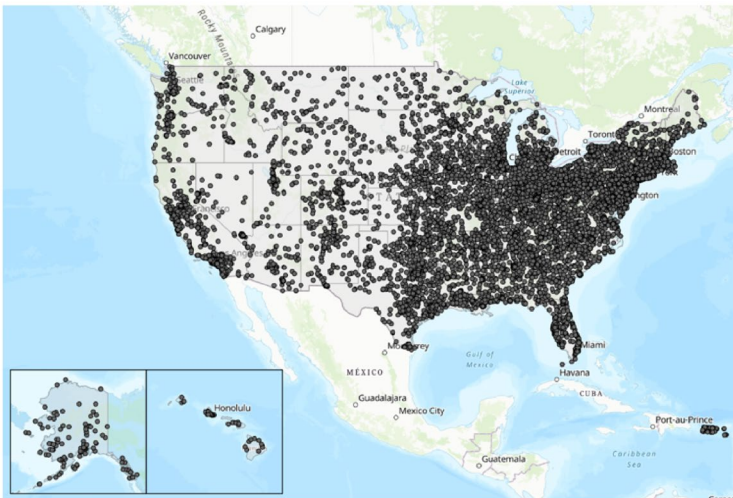
Source: OIG analysis of Postal Service and U.S. Census Bureau data.

The OIG found there are several potential partnership opportunities that would allow the Postal Service to help bring high-quality 5G and broadband to areas where it is currently lacking. These would include colocation of critical infrastructure at Postal Service facilities, positioning postal facilities as digital hubs, and leveraging USPS resources to collect valuable data about broadband coverage in remote areas. Such an undertaking could have a tremendous impact on the lives of those Americans who are currently shut out of the online world.

Reevaluating the Universal Service Obligation

As the Postal Service continues to face financial challenges, a further defined Universal Service Obligation (USO) would protect postal customers while providing guidance to the Postal Service about what changes it can implement. The OIG studied eight other posts that have made recent changes to their USO and identified some trends that provide insights into the future of the Postal Service's USO. The most common recent changes are a reduction in frequency of delivery and speed of delivery. In addition, the trends showed there is no one-size-fits-all solution to the USO, as each country must find a USO that meets the needs of its citizens. For this reason, a study of user needs is an important first step to modifying the USO. Clearly defining the USO will be a challenging task, as a revised USO will need to balance the needs of all postal customers with ensuring the financial stability of the Postal Service.

Package Delivery in Rural and Dense Urban Areas

OIG research found that package delivery in rural and very dense urban areas comes with operational challenges not seen in suburban areas. For example, in rural areas, delivery points may be far apart, or a customer's mailbox may be located far from their home. In urban areas, there are numerous apartment buildings that may require delivering packages to individual apartments. The Postal Service also faces stiff competition in urban areas from established carriers which are seeking to do more of their own last-mile deliveries in cities. Further, start-up

delivery services may be driving customer expectations for same-day and next-day delivery. These factors pose significant challenges to package delivery efficiency.

There are multiple ways the Postal Service could increase the efficiency of package delivery in both rural and urban areas. First, it could consider installing more parcel lockers to reduce the number of times a carrier must make a delivery to a customer's front door. The Postal Service could also encourage customers to install larger mailboxes, which are large enough to accommodate about 70 percent of all packages. Third, the Postal Service could consider applying extra fees to certain high-cost deliveries. Finally, it could analyze package-related data with an eye towards improving the efficiency of package delivery in certain geographic areas.

The OIG recommended the Postal Service develop a national plan, based on key data factors, to help reduce the aggregate costs of door deliveries along rural routes and in urban apartment buildings.

NEXT GENERATION MAILBOXES HOLD MORE PACKAGES
The Postal Service estimates that Next Generation Mailboxes can hold 70 percent of all parcels. Increasing the number of packages delivered to a mailbox reduces both the time and cost of delivering packages to the front door.

Photo Source: U.S. Postal Service

INVESTIGATIONS

The Postal Service is consistently ranked by the Ponemon Institute as America's "most trusted federal agency." Among the reasons for this trust 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 and also employee misconduct.

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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.

Narcotics

Postal Service management in Fayetteville, NC, notified the OIG that USPS employees were stealing packages from the mail. OIG investigators initially focused on three employees; however, during multiple surveillances, investigators determined eight additional employees were involved. All 11 employees were part of a scheme to steal parcels that contained marijuana.

After poking holes in the sides of parcels to confirm the packages contained marijuana, the conspirators would place them into garbage containers. One conspirator would then take the garbage containers outside to a dumpster, remove the contents, and place them in his personal vehicle.

OIG agents and local authorities subsequently arrested the subjects and seized 747 grams of marijuana, 130 grams of marijuana wax, and $3,720 in cash. Multiple interviews of the suspects resulted in full confessions, and all 11 employees resigned. Six were prosecuted — five for mail theft and one for conspiracy to distribute marijuana; and all received sentences that ranged from nine months in prison to three years of probation plus 150 hours of community service.
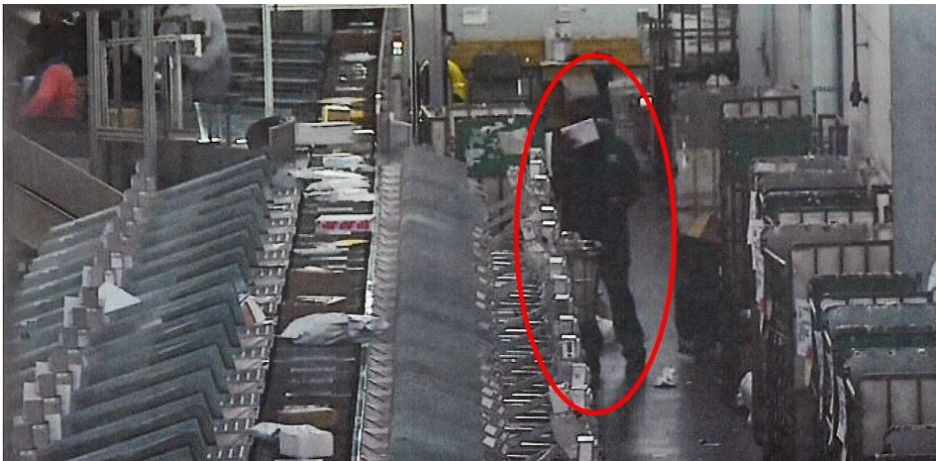
One of the subjects (former Postal Service employee) smelling a parcel in an attempt to identify possible marijuana content.

After receiving information that a parcel containing approximately 15 pounds of methamphetamine mailed from California was in transit to southern Illinois, a joint investigation by the OIG and the St. Louis Narcotics Parcel Task Force used strategic tools to locate and retrieve the parcel. Agents also retrieved two additional parcels containing drugs. With search warrants for all three parcels, agents found and seized a total of 56 pounds of methamphetamine.

More than 50 pounds of methamphetamine seized during execution of search warrant.

Further investigation led to the arrest of the parcel mailer and two individuals who were the recipients. The recipients eventually pleaded guilty to two counts of conspiracy to possess/distribute methamphetamine. One was sentenced to more than 17 years in prison, the other to nearly 20 years. In July 2020, after pleading guilty to three counts of attempted distribution of methamphetamine, the mailer was sentenced to more than 17 years in prison.

Mail Theft

In April 2020, the OIG and the West Virginia Attorney General's Office initiated a joint investigation after learning that the Pendleton County Clerk's Office received 2020 Primary election COVID-19 Mail-In Absentee Request forms that appeared to have been altered. Investigators determined a contract carrier who picked up mail in Pendleton County had altered five mail-in voting requests by changing the political affiliation requests from "Democrat" to "Republican." On three others, he did not change the party but circled the word "Republican" and also checked the "Republican" box.

In an interview with investigators, the contractor admitted to tampering with some of the requests he delivered "as a joke." The Postal Service terminated the carrier's contract in May 2020, and in July, he pleaded guilty to one count of attempted election fraud and one count of injury to the mail. Sentence is pending.

A city carrier assistant in Tulsa, OK, resigned from the Postal Service in December 2019 but continued to pose as a carrier along his normal route in order to steal cash deposits. Wearing his USPS uniform, the former carrier collected cash deposits totaling more than $9,300 from a business located in a mall. After the business reported the deposits missing, the OIG joined the Postal Inspection Service and the Tulsa Police Department to investigate.

OIG agents and Tulsa detectives identified and confronted the former carrier, who admitted he had begun stealing cash deposits while still employed by the Postal Service and continued to do so after resigning. He pleaded guilty and was sentenced in July 2020 to five years of probation and ordered to pay back the full amount he stole from the business.
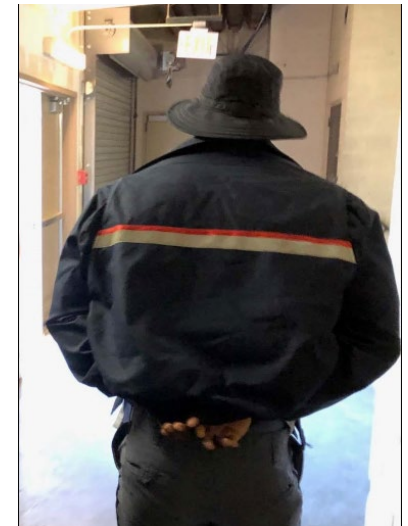
Former Postal Service employee arrested after attempting to collect cash deposits from local retail store while posing as the actual letter carrier for that route.

Health Care Claimant Fraud

Postal Service management in West Palm Beach, FL, contacted the OIG to report that a Vehicle Maintenance Facility (VMF) employee was suspected of committing workers' compensation fraud. The employee claimed that while replacing a vehicle starter, he sustained an injury that caused him to experience stomach pain. His claim was approved and he began receiving workers' compensation benefits for an alleged work-related hernia. Despite being offered light duty work and no lifting, which would be consistent with his restrictions, he refused and never returned to work.

The investigation determined that while claiming he could not work; the employee owned and operated a food trailer. He was physically active cooking brisket and lifting large amounts of meat onto the trailer.

However, he did not disclose his work activities to his treating physician, nor did he report the earnings from his business to the Department of Labor, Office of Workers' Compensation Program (DOL OWCP), as required. OIG agents showed video surveillance to the employee's physician, who said the employee misrepresented himself and could have been working his Postal Service job.

The employee later learned he was being investigated and subsequently resigned from the Postal Service. In February 2020, the former employee pleaded guilty to fraud and was subsequently sentenced to one year of probation. He was also ordered to pay restitution of almost $7,500. As a result of this investigation, a cost avoidance of more than $2 million was obtained.

Contract Fraud

The OIG investigated a company that had a contract with the Postal Service to pick up and deliver mail receptacles from six locations in the United States, as well as at American military and diplomatic locations abroad. The company was required to submit timely scans of delivered mail receptacles. The contract specified penalties for late delivery or delivery to the wrong destination.

The investigation found the company falsely reported scans to the Postal Service. The company signed a settlement agreement with the Department of Justice, Civil Division, totaling $4.7 million to resolve potential liabilities for falsely reporting information about delivery of mail to foreign post administrators or other intended recipients. In April 2020, as a result of the OIG investigation, the Postal Service received approximately $2.5 million in restitution.

In April 2013, the OIG received information from Postal Service Labor Relations regarding a uniform vendor that allegedly violated the Postal Service's Uniform Allowance Program. The vendor carried no postal uniforms or Postal Service-approved items in the store and allowed USPS employees to purchase unauthorized items using their Uniform Allowance Purchase Cards (UAPCs).

OIG agents confirmed that between December 2014 and May 2016, this vendor sold multiple unauthorized items while accepting payments by UAPCs. In May 2016, during the execution of a search warrant, OIG agents interviewed multiple employees and managers, including one store owner, all of whom related that while the store possibly carried one or two pairs of Postal Service-certified shoes, they did not sell any USPS uniforms or other authorized items. They further said the company's policy was to allow Postal Service employees to use their UAPCs to purchase any items they could wear to work, but not sandals, slippers, or gift items.

In August 2019, a civil settlement was reached requiring the vendor pay the United States approximately $27,000. In September 2019, the vendor pleaded guilty to one count of wire fraud, and in January 2020, the vendor was sentenced to probation for two years. He was further ordered to pay restitution of more than $122,000.

Unauthorized merchandise at Uniform Vendor Store available for Postal Service employees to purchase with their Uniform Allowance Purchase Cards.

Financial Fraud

In February 2018, the OIG learned that two bank deposits went missing from a post office in Walla Walla, WA. The bank reported not receiving two deposits totaling roughly $10,500 that it was expecting via the mail. OIG investigators determined a clerk at the Walla Walla Post Office prepared both deposits on the dates they were sent. However, the clerk told management he used a custodian to witness him placing the deposits inside a safe.

From November 2017 until September 2018, eight bank deposits, totaling approximately $54,500 were stolen from this post office. The investigation confirmed the same clerk worked on each occasion a bank deposit went missing. Furthermore, no deposits were reported missing while this clerk was on extended leave. A Postal Service supervisor told investigators the clerk had major financial problems yet told office co-workers he had $4,000 in his bank account and had moved to a new, expensive apartment. The clerk had also been arrested for stealing from a previous employer.

OIG agents reviewed surveillance video and observed several instances of the clerk next to the safe appearing to put bank deposits into his pants and the front of his clothing. In August

Recovered bank deposit bag and receipts, cash was removed by Postal clerk.

Clerk stealing bank deposit bag from the safe.

2019, the clerk was arrested. He later pleaded guilty to one felony count of misappropriation of postal funds, and in June 2020, he was sentenced to five years of supervised probation. He was also ordered to pay nearly $31,000 in restitution to the Postal Service.

From FYs 2015 to 2019, a Postal Service customer in Michigan used several different identities to file 887 indemnity claims for "damaged contents" on individually insured parcels. As a result, he received almost $215,000 in payments. The OIG investigation determined he had devised a scheme to file fraudulent claims for parcels he knew would not be delivered.

OIG agents arrested the customer in August 2019. Two months later he pleaded guilty to mail fraud. He was sentenced in February 2020 to one year and one day in prison, followed by two years of supervised release. He was also ordered to pay in restitution the full amount he defrauded from the Postal Service.

Health Care Provider Fraud

A health care clinic in San Antonio, TX, provided physical therapy services to federal employees, including Postal Service employees, for work-related injuries. The owner billed the physical and aqua therapy services to the Department of Labor, Office of Workers' Compensation Programs. The bills indicated services were provided by a physician or other qualified professional. However, the OIG investigation determined staff members who developed and administered the physical and aqua therapy were not licensed. The investigation further revealed that in some cases licensed doctors and physical therapists who were supposed to have provided therapy services never did. The case resulted in a cost avoidance of $8.2 million. In December 2019, the owner was sentenced to seven years in prison and ordered to pay over $6 million in restitution. In September 2020, DOL OWCP confirmed that more than $3.9 million of the restitution will be credited to the Postal Service.

Therapy room at health care clinic where non-licensed personnel provided physical therapy to federal employees, including Postal Service employees.

Senior Executive Investigations

During the reporting period, we substantiated five instances of misconduct by Postal Career Executive Service (PCES) employees. The PCES grade is substantially similar to the Senior Executive Series (SES).

Substantiated allegations:

1. A Postal Service manager allegedly misused his position, violated ethical standards, and committed other misconduct. The investigation revealed the manager, while on duty, misused his position by requiring employees to purchase, read, and favorably rate a book he authored. We also found the manager violated ethical standards while attending a stamp unveiling, which was also attended by a celebrity. The manager approached the celebrity at the VIP tent to give her a copy of his book. The investigation revealed that in order to enter the VIP tent, the manager made a false statement that he was representing the interests of the Postal Service.

   Moreover, we determined the manager also provided false and misleading information on his applications for Postal Service employment by claiming to have two graduate degrees; his highest level of education was completion of high school.

   The investigation further revealed misconduct by the manager involving misusing a government travel card; violating Postal Service information technology policy; using Postal Service equipment, time, and technology to conduct private business; and omitting or otherwise failing to report outside employment and financial liabilities on an Office of Government Ethics public financial disclosure form.

   We referred our findings to federal and state prosecutors, who declined prosecution. The OIG provided a Report of Investigation (ROI) to the Postal Service for appropriate action, and the manager was subsequently removed from the Postal Service.

2. A Postal Service manager allegedly directed a subordinate to alter USPS reports to conceal delayed mail, in violation of Postal Service policies. The investigation revealed that the manager directed the subordinate employee to alter a mail Condition Report to conceal 69 vanloads of delayed Marketing mail. This investigation was not referred for prosecution. The OIG provided an ROI to the Postal Service for appropriate action, and the manager subsequently accepted a reassignment to a downgraded position.

3. We investigated and substantiated an allegation that a Postal Service manager misused a government vehicle. Specifically, the manager directed a subordinate to drive her to the airport for personal travel, a 260-mile round-trip, in the government vehicle. This investigation was not referred for prosecution. The OIG provided an ROI to the Postal Service for appropriate action and the manager subsequently retired.

4. A Postal Service manager allegedly committed time and attendance fraud. The investigation revealed the manager was regularly working less than eight hours a day, and both his managers and subordinate employees often did not know his whereabouts. We did not refer this investigation for prosecution. The OIG provided its ROI to the Postal Service for appropriate action, and the manager was subsequently issued a Letter of Warning.

5. We investigated an allegation that a Postal Service manager misused his position and gave preferential treatment on three occasions to a subordinate employee regarding promotional opportunities. We found that the manager and the subordinate employee maintained a 20-year personal friendship. The investigation also revealed the manager violated Postal Service information technology policy by using his government mobile phone to exchange inappropriate text messages and images with his spouse.

This investigation was not referred for prosecution. The OIG provided an ROI to the Postal Service for appropriate action, and the manager was subsequently issued a Letter of Warning in lieu of a 14-day suspension.

Unsubstantiated Allegations:

1. We investigated a whistleblower retaliation complaint alleging a Postal Service manager made operational and equipment changes in retaliation for complaints filed by another Postal Service manager. Our investigation did not substantiate the allegation.

Internal Affairs

There are no investigations to report in this category for this reporting period.

Council of the Inspectors General on Integrity and Efficiency (CIGIE)

The OIG conducted an investigation relating to another OIG in support of CIGIE's Integrity Committee.

Whistleblower Reprisal Investigations

During the reporting period, there were no substantiated Whistleblower Reprisal (WbR) allegations.

WHISTLEBLOWER REPRISAL ACTIVITY
For the period April 1 — September 30, 2020

Allegations Received: **287**

OIG Investigations Initiated: **5**

Investigations Closed with No Action: **3**

Allegations Closed with No Action: **285**

OIG Found Reprisal: **0**

POSTAL SERVICE MANAGEMENT CHALLENGES

COVID-19

Although the Postal Service has been a leader throughout the pandemic, providing essential services to the entire country, it has dealt with many profound challenges, including infrastructure impacts, volume declines (due to the hit on the economy), and a workforce that largely cannot work from home.

Two significant national infrastructure challenges that have arisen as a result of the pandemic include distribution of economic impact payments and increased voting by mail. The Postal Service focused significant attention on ensuring timely and accurate delivery of payments, including minimizing the increased risk of theft (targeting postal carriers). Additionally, the Postal Service continues to focus its efforts on ensuring timely processing and delivery of increased ballot volume as well as increased volume of political mail, including collaboration with election officials who have limited familiarity with postal processes and might not know how to effectively mail and receive ballots.

The economic decline associated with the pandemic has exacerbated the decline of mail volume while at the same time leading to a surge in package growth, at least temporarily.

Finally, efforts to keep employees and customers safe have included distributing personal protective equipment, taking steps to ensure social distancing, educating carriers about social distancing, and changing work practices while delivering mail.

Financial Challenges and Business Constraints

The Postal Service recorded a net loss of $8.8 billion in FY 2019, with cumulative net losses of $31.6 billion from FYs 2014 through 2019, much of which is related the Postal Service's failure to fully fund pension and retiree health benefits. With the impact of COVID-19, the Postal Service is on track to continue with net losses in FY 2020.

However, the Postal Service continues to deliver mail and parcels across the country nearly every day. So far, it has survived the erosion in demand for its most profitable product, First-Class mail, a serious recession with a slow recovery, and now the impact of the pandemic (although this may not be felt in full for several quarters or years). Although First-Class and Marketing mail combine to provide the majority of operating revenue, revenue and volume in these two areas declined $667 million and 3.4 billion pieces, respectively, in FY 2019. The decline, though, was more than offset by an increase in shipping and packages, which also offset significant revenue declines for other mail products due to the pandemic. Massive liabilities remain though, including nearly $34 billion in payments to prefund its retiree health care from FY 2012 through FY 2016, plus an additional $21 billion to fund its pension and health care costs in FYs 2017 through 2019.

The Postal Service continues to be threatened by changes in consumer and business behavior, increasing competition from electronic alternatives and new market entrants, growing costs, and mailing and shipping market uncertainty. Legislation has been proposed to provide relief regarding pricing, retirement payments, and product diversification, but it has not yet been passed.

Workplace Relations and Culture

The Postal Service has almost 500,000 career employees, who are represented by various unions and management associations. At times, relationships between labor and management can be tense. The various union contracts and local agreements can limit the ability of management to make efficient day-to-day operational decisions. The Postal Service ratified some labor deals with unions in FY 2020 and is currently in negotiations with others for national agreements. From an employee engagement perspective, again in its FY 2019 Postal Pulse survey, Postal Service scores continue to rank in the bottom 1 percent of scores for all organizations Gallup surveyed.

Postal Service Management Challenges

Changing Customer Demands and New Competition

The Postal Service competes for customers every day, in every product line, in a dynamic and changing environment. Ecommerce is driving alternative package delivery methods, increased delivery speed, and lower prices. Digital advertising, electronic bill pay, and email correspondence have negatively impacted letter mail, resulting in a 40 and 24 percent decline of First-Class and Marketing mail volume, respectively, since 2006. To compete effectively, the Postal Service must respond with more timely innovations that address customer demands, with increasing reliance on data to drive internal decision-making and identify opportunities for growth.

Inherent Tension Between Business and Government

The Postal Service is an independent establishment of the executive branch of the federal government but is mandated to operate as a business; there is natural tension between these two requirements. The Postal Service has several oversight bodies and very active stakeholders, all of which often have competing priorities, affecting the Postal Service's ability to efficiently and effectively implement changes

to operate and compete in a fast paced, competitive environment.

Congress has asked the Postal Service to develop a 10-year business plan to provide the organization with a long-term financially sustainable business model; however, the Postal Service has not yet made that available. A key to the Postal Service's success as a business is its strong partnerships with other entities. The Postal Service must balance providing efficient and effective alliances that can help grow the business with safeguarding government assets and ensuring fairness among all partners.

Infrastructure Modernization

The Postal Service has a nationwide mail processing, retail, and delivery network, with nearly 35,000 facilities and 229,000 vehicles. However, due to its financial condition, the Postal Service's capital investments have not kept pace to maintain and fully modernize its infrastructure and, likely, capital investment spending will be reduced in FY 2020 due to COVID-19. Recent and upcoming investments in newer delivery vehicles to modernize the delivery fleet will allow the Postal Service to better meet the increasing demands of the delivery market. These new vehicles will need to be flexible enough to accommodate

advances in delivery technologies and changing market demands.

Service Performance

The Postal Service has not met the majority of service performance targets over the past five years. In reaction to declining mail volumes, the Postal Service has implemented several cost-cutting initiatives, such as operational window changes at processing plants and dynamic route optimization designed to reduce transportation costs. However, critical operational challenges such as accurate data, staffing, and transportation continue to impact its ability to meet its commitments to an ever-expanding network of nearly 160 million delivery points, increasing by about 1 million delivery points a year.

IT Modernization and Capacity

A modern information technology network with sufficient capacity is critical to the success of the Postal Service. Customers and businesses demand timely, relevant, and accurate information and data as part of their digital experience. The network must have the ability to meet these demands as well as the flexibility to continually adjust to the ever-changing business and regulatory environment. As information technology and the cyber threat landscape evolves, security continues to be an ongoing challenge.

Confronting Narcotics in the Mail

The Postal Service processes billions of packages each year for both domestic customers and international posts. This vast postal distribution infrastructure can be abused by drug traffickers to facilitate illegal distribution of narcotics. Some of these narcotics are very dangerous, and handling packages that contain them can pose a potential safety hazard for employees. Additionally, facilitating the distribution of drugs can ultimately contribute to the growing crisis in our country and undermine trust in the Postal Service. The Inspection Service serves a role in addressing narcotics as well as other criminal activity. Criminal investigations and data analytics are beginning to shine a light on the growing problem of narcotics in the mail.

APPENDICES

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

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

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

APPENDIX A: Products Issued to Postal Service Management

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, or white papers in accordance with the identified needs of the project.

Summary

For the period April 1 – September 30, 2020

Risk Categories	Number of Reports	Funds Put To Better Use	Questioned Costs	Unsupported Questioned Costs	Revenue Impact
Finance and Pricing	15	$7,848,070	$9,599,896	$695,752	—
Inspection Service, Information Technology & Operations	5	—	$26,823,859	—	—
Mission Operations	10	$142,232,106	$504,235,648	$1,186,167	—
Retail Delivery and Marketing	12	$435,984	$341,265	—	$310,301
Supply Management and Human Resources	11	$7,260,329	$689,699,567	$16,446,581	—
SUB-TOTAL	**53**	**$157,776,489**	**$1,230,700,235**	**$18,328,500**	**$310,301**
RISC White Papers	**7**	**—**	**—**	**—**	**—**
TOTAL	**60**	**$157,776,489**	**$1,230,700,235**	**$18,328,500**	**$310,301**

For the Period: October 1, 2019 — September 30, 2020

Risk Categories	Number of Reports	Funds Put To Better Use	Questioned Costs	Unsupported Questioned Costs	Revenue Impact
Finance and Pricing	37	$4,400,539,519	$24,078,555	$802,086	$506,874
Inspection Service, Information Technology & Operations	11	$1,194,166	$40,805,743	$253,613	—
Mission Operations	21	$143,673,058	$536,466,752	$31,976,319	—
Retail Delivery and Marketing	26	$435,984	$963,555,037	$963,213,772	$91,813,226
Supply Management and Human Resources	21	$71,690,073	$862,143,349	$172,000,215	—
SUB-TOTAL	**116**	**$4,617,532,800**	**$2,427,049,436**	**$1,168,246,005**	**$92,320,100**
RISC White Papers	**10**	**—**	**—**	**—**	**—**
TOTAL	**126**	**$4,617,532,800**	**$2,427,049,436**	**$1,168,246,005**	**$92,320,100**

APPENDIX A: Products Issued to Postal Service Management

Reports with Quantifiable Potential Monetary Benefits

For the period April 1 – September 30, 2020

	Funds Put to Better Use	Questioned Costs	Unsupported Questioned Costs	Revenue Impact
Finance and Pricing				
Finance				
Payments to Injured Employees , 20-156-R20, 9/30/2020	$7,848,070	$7,885,283	—	—
Relocation Benefits Program, 20-126-R20, 9/30/2020	—	$1,018,861	—	—
Financial Controls				
District's Stamp Stock Shipments Claims for Losses, 20-249-R20, 9/3/2020	—	$ 695,752	$ 695,752	—
Inspection Service, Information Technology & Operations				
Information Technology				
Business Application Review of the HERO System, 19-016-R20, 8/24/2020	—	$26,823,859	—	—
Mission Operations				
Network Processing				
Small Package Sorting System Performance , 20-052-R20, 7/29/2020	$ 41,266,599	$17,666,858	—	—
U.S. Postal Service's Processing Network Optimization and Service Impacts, 19XG013NO000-R20, 6/16/2020	—	$385,597,500	—	—
Transportation				
Efficiency and Safety of Lift Gates, 20-203-R20, 9/16/2020	—	$5,783	—	—
Global Positioning System for Highway Contract Routes, 20-198-R20, 9/29/2020	$1,186,167	$1,186,167	$1,186,167	—
Transportation Network Optimization and Service Performance, 20-144-R20, 6/5/2020	$99,779,340	$99,779,340	—	—

APPENDIX A: Products Issued to Postal Service Management

	Funds Put to Better Use	Questioned Costs	Unsupported Questioned Costs	Revenue Impact
Retail, Delivery, and Marketing				
Delivery and Retail Operations				
Recovery for Private Party Damage to Postal Service Vehicles, 20-177-R20, 9/10/2020	—	—	—	$210,150
Sales, Marketing and International				
U.S. Postal Service Mail Recovery Center, 19-040-R20, 8/17/2020	—	$6,619	—	—
Negotiated Service Agreement – Contract #50593050, 20-206-R20, 9/10/2020	—	—	—	$100,151
Plant Load Agreements – Santa Ana District, 19-041-R20, 8/13/2020	$435,984	$334,646	—	—
Supply Management and Human Resources				
Human Resources and Support				
Assessment of Overtime Activity, 20-209-R20, 8/25/2020	—	$667,098,942	—	—
First-Line Supervisor – Recruitment and Retention, 19SMG008HR000-R20, 4/13/2020		$16,446,581	$16,446,581	—
Supply Management and Facilities				
Leased Facility Maintenance, 19SMG012SM000-R20, 5/28/2020	—	$2,251,220	—	—
Professional Services Contract Rates, 20-143-R20, 8/20/2020	$7,260,329	$3,902,824	—	—
Total	**$157,776,489**	**$1,230,700,235**	**$18,328,500**	**$310,301**

APPENDIX A: Products Issued to Postal Service Management

Report Listing

Complete listing of all OIG reports issued to Postal Service management. For the period: April 1 – September 30. 2020

Finance and Pricing

Cost and Pricing

Cost Reduction Initiatives for Mail Products, 20-088-R20, 8/3/2020

In-Office Cost System Sampling Processes, 19-032-R20, 5/22/2020

Finance

Air Cargo Contract Compliance, 20-127-R20, 9/30/2020

FY 2020 Review of Form 10-Q (Quarter 2), 20-213-R20, 5/5/2020

FY 2020 Review of Form 10-Q (Quarter 3), 20-253-R20, 8/5/2020

Independent Report on Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Reporting Submitted to the U.S. Office of Personnel Management, 20-224-R20, 9/11/2020

Payments to Injured Employees, 20-156-R20, 9/30/2020

Relocation Benefits Program, 20-126-R20, 9/30/2020

Financial Controls

Accountable Paper, Postal Funds, and Voided Postage Validation Imprinter Label Refunds – Orlando, FL, Orlo Vista Branch, 20-202-R20, 5/4/2020

District's Stamp Stock Shipments Claims for Losses, 20-249-R20, 9/3/2020

Financial Controls Policy for Retail Units, 20-264-R20, 8/13/2020

Follow-up: Using No-fee Money Orders for Invoices Greater Than $1,000, 20-117-R20, 8/7/2020

Local Purchases and Payments - Hicksville, NY, Post Office, 20-201-R20, 5/11/2020

Stamp and Cash Inventories – Chicago, IL, Offices, 20-256-R20, 7/29/2020

Stamp Count Analysis, 20-124-R20, 6/10/2020

Inspection Service, Information Technology and Operations

Information Technology

Business Application Review of the HERO System, 19-016-R20, 8/24/2020

Controls Over Purchasing and Maintaining Information Technology Equipment, 19-017-R20, 8/17/2020

Cybersecurity Incident Detection and Response Capability, 19-012-R20, 7/29/2020

Risks Associated with Information Technology Applications , 20-251-R20, 7/27/2020

Security Assessment of a U.S. Postal Service Information Technology Application, 19-018-R20, 8/11/2020

Network Processing

Processing Readiness of Election and Political Mail During the 2020 General Elections, 20-225-R20, 8/31/2020

Small Package Sorting System Performance, 20-052-R20, 7/29/2020

Timeliness of Ballot Mail in the Milwaukee Processing & Distribution Center Service Area, 20-235-R20, 7/7/2020

U.S. Postal Service's Processing Network Optimization and Service Impacts, 19XG013NO000-R20, 6/16/2020

Mission Operations

Plant Evaluation Team

Late and Extra Trips at the Philadelphia, PA, Processing and Distribution Center, 20-164-R20, 5/13/2020

Management of Highway Contract Route Contractor Failures at the Columbus, OH, Processing and Distribution Center, 20-219-R20, 7/13/2020

Management of Highway Contract Route Contractor Failures at the Greensboro, NC, Processing and Distribution Center, 20-223-R20, 6/23/2020

Transportation

Efficiency and Safety of Lift Gates, 20-203-R20, 9/16/2020

Global Positioning System for Highway Contract Routes, 20-198-R20, 9/29/2020

Transportation Network Optimization and Service Performance, 20-144-R20, 6/5/2020

APPENDIX A: Products Issued to Postal Service Management

Retail, Delivery and Marketing

Delivery and Retail Operations

Arrow Key Management Controls, 19-033-R20, 8/31/2020

Delivery Vehicle Acquisition Strategy, 19-002-R20, 8/12/2020

Recovery for Private Party Damage to Postal Service Vehicles, 20-177-R20, 9/10/2020

Delivery and Retail Response Team

FY 2019 Delivery and Retail Response Team Follow-up Analysis, 20-112-R20, 7/20/2020

Mail Delivery and Customer Service Operations – Foothill Station, San Jose, CA, 20-188-R20, 4/23/2020

Mail Delivery and Customer Service Operations – New Orleans Central Carrier Annex, New Orleans, LA, 20-189-R20, 5/19/2020

Sales, Marketing & International

Informed Delivery Sign-Up Communication and Implementation, 20-237-R20, 7/24/2020

U.S. Postal Service Mail Recovery Center, 19-040-R20, 8/17/2020

Mercury Mailability Communication and Implementation, 20-103-R20, 7/17/2020

Military, Diplomatic, and Other International Election Mail, 20-271-R20, 9/30/2020

Negotiated Service Agreement – Contract #50593050, 20-206-R20, 9/10/2020

Plant Load Agreements - Santa Ana District, 19-041-R20, 8/13/2020

Supply Management & Human Resources

Facility Condition Review Team

Facility Condition Reviews – Miami Springs, Promenade, and Doral Post Offices, 20-212-R20, 5/26/2020

Facility Condition Reviews – Short Hills, Roseville, and Wood Ridge Post Offices, 20-159-R20, 4/2/2020

Human Resources and Support

Assessment of Overtime Activity, 20-209-R20, 8/25/2020

First-Line Supervisor – Recruitment and Retention, 19SMG008HR000-R20, 4/13/2020

Informal Grievance Oversight, 19SMG007HR000-R20, 7/14/2020

Workers' Compensation Program Cost Containment Activities, 19-031-R20, 8/6/2020

Supply Management & Facilities

Costs Incurred by 21st Century Software, Inc, 20-075-R20, 7/17/2020

Contract Closeout Process, 19-026-R20, 4/22/2020

Costs Incurred by General Dynamics Information Technology, 20-073-R20, 7/17/2020

Leased Facility Maintenance, 19SMG012SM000-R20, 5/28/2020

Professional Services Contract Rates, 20-143-R20, 8/20/2020

APPENDIX A: Products Issued to Postal Service Management

RISC White Papers

Research

Emergency Response: Past and Present, RISC-WP-20-006, 9/10/2020

Generation Z and the Mail, RISC-WP-20-009, 9/21/2020

Next Generation Connectivity: Postal Service Roles in 5G and Broadband Deployment, RISC-WP-20-007, 9/14/2020

Implementing Advanced Electronic Data: Challenges and Opportunities, RISC-WP-20-010, 9/30/2020

Package Delivery in Rural and Dense Urban Areas, RISC-WP-20-008, 9/16/2020

Reevaluating the Universal Service Obligation, RISC-WP-20-004, 5/6/2020

Sustainability and the Postal Service: Creating a Greener Future Through Product Innovation, RISC-WP-20-005, 8/5/2020

Reports/Memoranda Issued During the Period but Were Not Disclosed to the Public

The Inspector General Empowerment Act of 2016 requires that the OIG report on each inspection, evaluation, and audit conducted by the office that is closed during the reporting period and was not disclosed to the public. During the current reporting period, OIG had four reports that were closed but not disclosed to the public..

Office of Audit

Review of Form 10-Q

The following letters are not publicly available as they are provided to the Board of Governors to assist them in determining whether to release the financial statements and disclosures, with the accompanying opinion, to the public.

FY 2020 Review of Form 10-Q (Quarter 3), 20-253-R20, 8/5/2020

FY 2020 Review of Form 10-Q (Quarter 2), 20-213-R20, 5/5/2020

Audits of Costs Incurred

The following reports are not publicly available due to USPS concerns with proprietary and commercially sensitive information that may be protected from disclosure under 39 USC 410(c)(2).

Costs Incurred by 21st century Software, Inc. 20-075-R20 dated 7/17/22020

Costs Incurred by General Dynamics Information Technology, 20-073-R20, 7/17/2020

Technology

The following reports are not publicly available due to USPS concerns with proprietary and commercially sensitive information that may be protected from disclosure under 39 USC 410(c)(2).

Security Assessment of a U.S. Postal Service Information Technology Application, 19-018-R20, 8/11/2020

Referrals to USPS Management

Referrals made during the reporting period to USPS management for action that did not warrant the OIG to investigate or conduct an audit: 1,142

APPENDIX B: Findings of Questioned Costs

For the period April 1 – September 30, 2020

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

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 in the beginning of the reporting period.	—	—	—
Reports issued during the reporting period.	15	$1,230,700,235	$18,328,500
Reports for which a management decision was made during the reporting period (i+ii)	—	—	—
(i) Dollar Value of disallowed cost	7	$807,011,061	$1,186,167
(ii) Dollar value of cost not disallowed	8	$423,689,174	$17,142,333
Reports for which no management decision was made by the end of the reporting period.	15	$1,230,700,235	$18,328,500

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.

APPENDIX C: Recommendations That Funds Be Put to Better Use

For the period April 1 – September 30, 2020

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

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

Description	Number of Reports	Dollar Value
Reports for which no management decision was made in the beginning of the reporting period.	—	—
Reports issued during the reporting period.	6	$157,776,489
Total	**6**	**$157,776,489**
Reports for which a management decision was made during the report period	6	$157,776,489
(i) Recommendations agreed to by management	1	$41,266,599
(ii) Recommendations that were not agreed to by management	5	$116,509,890
Reports for which no management decision was made at the end of the reporting period	—	—

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.

APPENDIX D: Other Impacts

For the period April 1 – September 30, 2020

Overview

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

Description and Reports	Number of Recommendations
Assets or Accountable Items at Risk	**2**
Accountable Paper, Postal Funds and Voided Postage Validation Imprinter Label Refunds – Orlando, FL, Orlo Vista Branch, 20-202-R20, 5/4/2020	1
Global Positioning System for Highway Contract Routes, 20-198-R20, 9/29/2020	1
Data Integrity	**15**
Assessment of Overtime Activity, 20-209-R20, 8/25/2020	1
Controls Over Purchasing and Maintaining IT Equipment, 19-017-R20, 8/17/2020	1
Cost Reduction Initiatives for Mail Products, 20-088-R20, 8/3/2020	2
Cybersecurity Incident Detection and Response Capability, 19-012-R20, 7/29/2020	2
In-Office Cost System Sampling Processes, 19-032-R20, 5/22/2020	5
Management of Highway Contract Route Contractor Failures at the Columbus, OH, Processing and Distribution Center, 20-219-R20, 7/13/2020	1
Management of Highway Contract Route Contractor Failures at the Greensboro, NC, Processing and Distribution Center, 20-223-R20, 6/23/2020	1
Military, Diplomatic, and Other International Election Mail, 20-271-R20, 9/30/2020	1
Relocation Benefits Program, 20-126-R20, 9/30/2020	1
Disbursements at Risk	**1**
Relocation Benefits Program, 20-126-R20, 9/30/2020	1
Goodwill Branding	**21**
Controls Over Purchasing and Maintaining IT Equipment, 19-017-R20, 8/17/2020	1
Facility Condition Reviews – Short Hills, Roseville, and Wood Ridge Post Offices, 20-159-R20, 4/2/2020	4
Mail Delivery and Customer Service Issues – Foothill Station, San Jose, CA, 20-188-R20, 4/23/2020	2
Mail Delivery and Customer Service Operations – New Orleans Central Carrier Station, New Orleans, LA, 20-189-R20, 5/19/2020	2
Mercury Mailability Communication and Implementation, 20-103-R20, 7/17/2020	2
Military, Diplomatic, and Other International Election Mail, 20-271-R20, 9/30/2020	3
Processing Readiness of Election and Political Mail During the 2020 General Elections, 20-225-R20, 8/31/2020	2
Risks Associated with Information Technology Applications, 20-251-R20, 7/27/2020	2
Security Assessment of a U.S. Postal Service Information Technology Application, 19-018-R20, 8/11/2020	1
U.S. Postal Service Mail Recovery Center, 19-040-R20, 8/17/2020	2

APPENDIX D: Other Impacts

Description and Reports	Number of Recommendations
Improved Services	**26**
Contract Closeout Process, 19-026-R20, 4/22/2020	3
Cost Reduction Initiatives for Mail Products, 20-088-R20, 8/3/2020	2
Facility Condition Reviews – Short Hills, Roseville, and Wood Ridge Post Offices, 20-159-R20, 4/2/2020	2
In-Office Cost System Sampling Processes, 19-032-R20, 5/22/2020	1
Mail Delivery and Customer Service Issues – Foothill Station, San Jose, CA, 20-188-R20, 4/23/2020	5
Mail Delivery and Customer Service Operations – New Orleans Central Carrier Station, New Orleans, LA, 20-189-R20, 5/19/2020	2
Mercury Mailability Communication and Implementation, 20-103-R20, 7/17/2020	2
Military, Diplomatic, and Other International Election Mail, 20-271-R20, 9/30/2020	3
Stamp and Cash Inventories – Chicago, IL, Offices, 20-256-R20, 7/29/2020	2
Timeliness of Ballot Mail in the Milwaukee Processing and Distribution Service Area, 20-235-R20, 7/7/2020	4
IT Security	**16**
Business Application Review of the HERO System, 19-016-R20, 8/24/2020	4
Controls Over Purchasing and Maintaining IT Equipment, 19-017-R20, 8/17/2020	4
Cybersecurity Incident Detection and Response Capability, 19-012-R20, 7/29/2020	3
Risks Associated with Information Technology Applications, 20-251-R20, 7/27/2020	2
Security Assessment of a U.S. Postal Service Information Technology Application, 19-018-R20, 8/11/2020	3
Safety and Security	**8**
Efficiency and Safety of Lift Gates, 20-203-R20, 9/16/2020	1
Facility Condition Review – Miami Springs, Promenade, and Doral Post Offices, 20-212-R20, 5/26/2020	2
Facility Condition Reviews – Short Hills, Roseville, and Wood Ridge Post Offices, 20-159-R20, 4/2/2020	3
Mercury Mailability Communication and Implementation, 20-103-R20, 7/17/2020	2
Total	**89**

Management did not agree with the impact recommendations in the following reports:

Arrow Key Management Controls, 19-033-R20, 8/31/2020

Cybersecurity Incident Detection and Response Capability, 19-012-R20, 7/29/2020

Global Positioning System for Highway Contract Routes, 20-198-R20, 9/29/2020

Informal Grievance Oversight, 19SMG007HR000-R20, 7/14/2020

Mail Delivery and Customer Service Operations – New Orleans Central Carrier Station, New Orleans, LA, 20-189-R20, 5/19/2020

Negotiated Service Agreement – Contract #50593050, 20-206-R20, 9/10/2020

Professional Services Contract Rates, 20-143-R20, 8/20/2020

APPENDIX E: Reports with Recommendations
Pending Corrective Actions

For the period April 1 – September 30, 2020

As required by the IG Act, as amended, the following pages include a list of outstanding unimplemented recommendations and the monetary impact of those recommendations.

Report Number	Issue Date	Monetary Impact	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
NO-MA-13-005	04/04/2013	$11,955,046.	**Supervisor Workhours and Span of Control** R-2 — Fill vacant supervisor positions up to the appropriate span of control level and reduce supervisor replacement workhours accordingly. TID: November 2020
HR-AR-15-001	11/20/2014	—	**Security Clearances for Postal Service Contract Drivers** R-1 — Establish formal procedures to track and monitor contract driver security clearances to ensure drivers have the appropriate clearance and are re-screened, as required. This should include a process to notify appropriate management officials when security clearances have not been renewed. TID: September 2020
		—	R-2 — Establish a formal centralized system that allows for the tracking and monitoring of contract driver security clearances. TID: September 2020
		—	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: September 2020
		—	R-4 — Establish a formal oversight process for contracting officers to validate contract drivers have security clearances when renewing contracts. TID: October 2020
HR-AR-15-004	03/06/2015	—	**Badges for Postal Service Contractors** R-1 — Revise national policy to ensure responsible personnel develop comprehensive and uniform standard operating procedures to manage contractor badges, including procedures for issuing, tracking, and monitoring badges. TID: December 2020
		—	R-2 — Provide formal training including periodic refresher training to responsible personnel to ensure they understand their roles and responsibilities for managing contractor badges. TID: December 2020
NO-MA-15-004	08/13/2015	—	**Management Alert – Substantial Increase in Delayed Mail** 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: June 2021
IT-AR-16-004	01/14/2016	—	**Access Controls Over Mail Imaging Systems** R-2 — Require passwords for all mail imaging systems accounts in accordance with Handbook AS-805. TID: November 2020
		—	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: November 2020
		—	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: November 2020
NO-AR-16-009	09/02/2016	—	**Mail Processing and Transportation Operational Changes** R-2 — Develop and implement a strategy to improve mail processing productivity in the new operational window before any additional nationwide operational changes or consolidations are implemented. TID: December 2020

APPENDIX E: Reports with Recommendations Pending Corrective Actions

Report Number	Issue Date	Monetary Impact	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
IT-AR-17-003	04/05/2017	— —	**Privileged Account Management** R-2 — Develop and continuously maintain a complete and accurate listing of privileged accounts for Postal Service systems. TID: September 2020 R-3 — Define business practices and responsibilities for monitoring privileged accounts and implement privileged access management tools. TID: September 2020
IT-AR-17-007	09/18/2017	— —	**Insider Threat Program** R-1 — Continue to develop and fully implement an insider threat program for national security information in accordance with National Insider Threat Policy minimum standards. TID: March 2024 R-2 — Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: March 2024
HR-AR-17-013	09/21/2017	—	**Assessing Postal Service Employee Engagement Activities** R-1 — Require managers and supervisors to create action plans to address Postal Pulse Survey results and implement a process to monitor and assess progress on the activities identified in action plans.
DR-AR-18-001	10/27/2017	—	**Package Delivery Scanning – Nationwide** R-4 — Develop a Mobile Delivery Device warning message/alert to deter carriers from applying street delivery scan events at delivery units. TID: 2020
HR-AR-18-003	03/01/2018	— —	**Postal Service's Limited Duty and Rehabilitation Programs Return to Work Processes in the Southern and Pacific Areas** R-2 — Assess if the staffing to caseload ratio aligns with requirements established by management. R-4 — Assess the feasibility of implementing an automated or other solution to promote process efficiency and satisfy the special job bank requirement.
IT-AR-18-002	03/19/2018	— —	**Western Area Physical Security and Environmental Controls** R-3 — Direct the senior plant manager to implement compensating controls for doors without a functioning card reader. TID: December 2020. R-6 — Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: December 2020.
NO-AR-18-004	03/30/2018	—	**Mail Processing Facilities Staffing** R-3 — Implement and document the Verification, Validation, and Accreditation process for the Function 1 Scheduler. TID: December 2020
NO-AR-18-008	07/26/2018	—	**Flats Sequencing System Performance in the Capital Metro Area** R-2 — Determine the operational cost and savings Flats Sequencing System (FSS) currently provides to the Postal Service to fully understand the financial and operational impact of FSS on the Postal Service and customers. TID: December 2020
MS-AR-18-005	08/24/2018	—	**Change of Address Identity Verification Internal Controls** R-2 — Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: December 2021

APPENDIX E: Reports with Recommendations Pending Corrective Actions

Report Number	Issue Date	Monetary Impact	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
IT-MT-18-001	09/05/2018		**Access Issues Identified in the Mail Processing Environment**
		—	R-1 — Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: December 2020
		—	R-3 — Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: December 2020
		—	R-4 — Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: December 2020
		—	R-5 — Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: December 2020
HR-AR-18-009	09/11/2018		**Accuracy of Grievances in the Grievance Arbitration Tracking System – Houston District**
		—	R-1 — Modify the Time and Attendance Collection System to leverage automation when processing After 5 payments, or revise the policy regarding the use of Grievance and Arbitration Tracking System to include processing and separately reporting non-grievance payments.
		—	R-2 — Limit user access in GATS to levels appropriate for user oversight responsibilities via automated controls, or compensating manual controls.
MS-AR-18-006	09/25/2018		**Electronic Verification System Internal Controls**
		—	R-4 — Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: December 2020
FT-AR-18-009	09/28/2018		**Export Controls for Outbound Mail at International Service Centers**
		—	R-4 — Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act.
SAT-AR-18-002	09/28/2018		**Use of Postal Service Network to Facilitate Illicit Drug Distribution**
		—	R-1 — Work with Congress to develop legislative changes that would result in the Postal Inspection Service being authorized to open and inspect domestic packages suspected of containing illicit drugs.
		—	R-3 — Designate an officer to consolidate existing efforts and lead the implementation of a unified, comprehensive organizational strategy to combat the role of the postal network in facilitating illicit drug distribution.
FT-AR-19-003	11/26/2018		**Treasury Inflation-Protected Securities**
		—	R-1 — Determine a strategy regarding the allocation of the U.S. Postal Service Civil Service Retirement System, Federal Employees Retirement System and Retiree Health Benefits Fund investments in Treasury Inflation-Protected Securities. TID: May 2021
		$2,781,473,463	R-2 — Request approval from the Secretary of Treasury and the U.S. Office of Personnel Management (OPM) to redeem fixed-rate Treasury securities in the U.S. Postal Service retirement funds and invest proceeds and other fund inflows in Treasury Inflation-Protected Securities. TID: May 2021

APPENDIX E: Reports with Recommendations Pending Corrective Actions

Report Number	Issue Date	Monetary Impact	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
			Management Operating Data System (MODS) Errors and Adjustments
		—	R-2 — Establish controls in electronic badge reader (EBR) software to require entry of an operation number for each employee badge swipe and direct area Management Operating Data System coordinators to verify that all facilities have deactivated the base operation preset button on EBRs. TID: December 2020
CP-AR-19-001	04/03/2019	—	R-4 — Develop a mechanism for improved communications among headquarters, area, and local personnel on Management Operating Data System (MODS) requirements and updates, to include 1) a more centralized approach for information dissemination, 2) the development of a mandatory orientation program for new MODS coordinators, and 3) annual MODS training for all area and local coordinators as well as facility employees and supervisors. TID: September 2020
		—	R-5 — Establish an official closing period for the Management Operating Data System (MODS) and develop controls in MODS to prevent workhour adjustments after the closeout period without required approvals. TID: September 2020
			Review of Postal Inspection Service Criminal and Administrative Processes – Fort Worth Division
		—	R-1 — Provide refresher training to team leaders regarding investigative documentation requirements and proper case closure procedures. TID: September 2020
HR-AR-19-002	04/19/2019	—	R-2 — Enhance the Closed Case File checklist and the Compliance Self-Assessment and Domicile Review Program to reconcile with case management documentation requirements. TID: September 2020
		—	R-5 — Reiterate to team leaders, in a formal communication, Case Management Reporting Requirements, related to documenting claimed arrests made by other law enforcement personnel. TID: September 2020
			Facility Condition Reviews – Mail Processing Facilities
SM-AR-19-003	05/06/2019	—	R-2 — Develop and implement an action plan to address structural recommendations at the Indianapolis Processing and Distribution Center, including a timeline for completing items. November 2021
			Impact of Prescribed Opioids on Postal Service Employees Under the Federal Workers' Compensation Program
			R-1 — Develop a quarterly data analysis process to monitor opioid prescription data trends in the workers compensation program. TID: September 2020
SAT-AR-19-002	06/06/2019		R-3 — Update the appropriate supervisory policy to provide clear guidelines for supervisors who are informed that an employee is taking prescription drugs that could impair their mental or physical abilities and develop related annual training for supervisors. TID: September 2020
			Mail Processing Overtime
		$358,305,479	R-1 — Evaluate and test the updated Function 1 Scheduler results on a periodic basis to ensure proper implementation of position bid assignments and accurate complement levels, and make adjustments as necessary. December 2020
NO-AR-19-005	06/13/2019	—	R-2 — Issue supplemental guidance on management oversight to reduce unauthorized overtime, ensure compliance with overtime policy to reduce grievances, and increase employee availability. TID: November 2020
		—	R-3 — Establish appropriate performance incentives for managers to effectively manage overtime. TID: November 2020

APPENDIX E: Reports with Recommendations Pending Corrective Actions

Report Number	Issue Date	Monetary Impact	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
DR-AR-19-006	06/24/2019	—	**Nationwide Review of Voyager Fleet Card Personal Identification Numbers** R-1 — Coordinate with U.S. Bank Voyager to implement automated controls in the Voyager Fleet Commander Online application to: 1) prevent assignment of PINs to vendors; 2) prevent assignment of multiple PINs to employees; 3) prevent assignment of PINs without valid employee names; and 4) ensure only authorized employees are allowed to request PIN limit changes. TID: August 2021
		—	R-2 — Implement corrective action to: 1) deactivate PINs issued to vendors, 2) deactivate multiple PINs issued to employees or define policy for exception, 3) deactivate PINs without a valid employee name; 4) ensure authorized approval of requests for increasing PIN purchasing limits; and 5) track and monitor completion of semi-annual reviews. TID: March 2021
		$46,316,039	R-3 — Develop and implement interim controls to prevent and detect the issues noted in this report until the Voyager Fleet Commander Online application is updated. TID: March 2021
		—	R-4 — Reinforce to site managers, VMF managers and their designees, follow the requirements in the Voyager Fleet Card Standard Operating Procedures for issuing PINs, requesting PIN limit increases, and conducting semi-annual reviews. TID: March 2021
MS-AR-19-003	07/31/2019	—	**Military and Diplomatic Mail Service** R-4 — Work with military stakeholders to update *Publication 38, Postal Agreement with the Department of Defense,* and with military and diplomatic stakeholders to update the operating plan related to military and diplomatic mail at the Chicago International Military Service Center. TID: November 2020
HR-AR-19-003	08/22/2019	—	**Nationwide Employee Background Screening** R-4 — Implement a review process to ensure that district Human Resources officials are validating that Certificates of Completion are in employees' electronic Official Personnel Folders. TID: March 2021
IT-MT-19-002	08/26/2019	—	**Management Alert – [Redacted]** R-1 — Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: June 2020
OV-AR-19-003	09/03/2019	$14,437,650	**U.S. Postal Inspection Service Area Case Management** R-1 — Ensure investigative documentation requirements are consistent throughout the policies and include periodic reviews of investigative documentation. TID: September 2020
		—	R-2 — Develop controls to ensure periodic reviews of investigative documentation are conducted. TID: September 2020
		—	R-3 — Provide refresher case management training to all team leaders and inspectors regarding investigative documentation requirements and proper case closure procedures, according to policies. TID: September 2020
NO-AR-19-006	09/09/2019	—	**U.S. Postal Service Processing Network Optimization** R-3 — Revise and update AMP feasibility studies to determine whether cost savings could be realized, and consolidations should continue. TID: December 2020
CP-AR-19-003	09/11/2019	—	**Competitive Products Pricing Best Practices** R-1 — Evaluate available options to modernize the pricing management system. TID: December 2020

APPENDIX E: Reports with Recommendations Pending Corrective Actions

Report Number	Issue Date	Monetary Impact	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
NO-AR-19-008	09/17/2019	—	**Assessment of U.S. Postal Service's Service Performance and Costs** R-1 — Conduct a cost-benefit analysis, including a sensitivity analysis, of current service performance targets. This analysis should include an evaluation of additional costs incurred for extra operational services performed to meet service performance targets, and opportunities that exist to limit extra services when they are not financially feasible. TID: March 2021
MS-AR-19-004	09/18/2019	— — —	**Automated Package Verification (APV) Evaluation** R-1 — Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: May 2020 R-2 — Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: October 2020 R-3 — Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: October 2021
OV-AR-19-004	09/19/2019	— —	**U.S. Postal Inspection Service New York Division** R-4 — Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: September 2020 R-5 — Update policy to require undercover operation approvals be stored in the Case Management System. TID: September 2020
FT-AR-19-009	09/20/2019	$33,974,772. —	**Salary and Wage Rate Retention** R-1 — Develop policies and procedures, including assignment of responsibilities, for documenting and retaining salary and wage rate retention information and monitoring continued eligibility. TID: Septemeber 2020 R-2 — Develop and implement a plan to periodically identify and address employees no longer eligible for salary and wage rate retention status. TID: September 2020
NL-AR-19-004	09/27/2019	—	**Postal Service Dynamic Route Optimization and Cost Savings Initiative** R-5 — Develop an automated payment process to ensure suppliers are paid consistently, accurately, and timely. TID: April 2021
19RG005DR000-R20	10/24/2019	—	**Workload/Workforce Key Performance Indicators in Customer Service, Delivery, and Vehicle Operations** R-1 — Develop a detailed action plan, including measurable targets, to better manage overtime and penalty overtime workhours in Customer Service, City Delivery, and Vehicle Operations. TID: October 2020
19SMG006HR000-R20	10/24/2019	$81,319,892	**Custodial Workhours** R-1 — Develop and implement a strategy to address hiring and staffing challenges for custodial positions at facilities subject to the Memorandum of Understanding Between the United States Postal Service and the American Postal Workers Union, Maintenance Series-47 Transmittal Letter-5 Implementation and Maintenance Craft Postal Support Employee Conversions, signed July 9, 2014.

APPENDIX E: Reports with Recommendations Pending Corrective Actions

Report Number	Issue Date	Monetary Impact	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
18SMG023SM000-R20	11/06/2019	—	**Supply Management's Control Environment Over Contracting Officers** R-1 — Implement a formal portfolio review process to ensure that contracting officers obtain the required annual 21 hours of current purchasing-related training, including validation of training content and supporting documentation of attendance/completion. TID: November 2020
		—	R-2 — Designate a central system for Supply Management to record, track, and manage contracting officers' training activities. TID: November 2020
		—	R-5 — Assess the feasibility of establishing commodity-specific metrics or tools to provide for a consistent workload management process, to include a cost-benefit analysis. TID: December 2020
19XG002NL000-R20	11/07/2019	$28,772,621	**U.S. Postal Service Transportation Network Operations and Cost Optimization Practices** R-1 — Ensure extra trips are reconciled against Surface Visibility data when submitting payments in the Service Change Request system. TID: October 2020
		—	R-2 — Ensure authorized account numbers are used for exceptional service in the Service Change Request system. TID: October 2020
		$2,017,531	R-3 — Evaluate Highway Contract Route contracts to include consistent language to omit payment when trips are canceled by the Postal Service and ensure they are omitted from supplier's payment per contract terms. TID: October 2020
		—	R-4 — Perform data validation for the information in the Surface Visibility system to ensure the extra and canceled trips key performance indicators are accurate and complete. TID: October 2020
		—	R-5 — Explore opportunities to increase the use of commercial air carriers to transport packages currently restricted by federal regulations. TID: October 2020
19TG013OV000-R20	11/15/2019	—	**U.S. Postal Inspection Service Charlotte Division** R-3 — The Inspector-in-Charge, Charlotte Division, develop a formal review process to ensure training records are entered accurately in Threat Management Tracking System. TID: October 2020
19BG009FT000-R20	12/11/2019	—	**Compensation, Benefit, and Bonus Authority in Calendar Year 2018** R-2 — Develop and submit for certification by the U.S. Postal Service Board of Governors an updated description of the bonus or reward program allowed under 39 U.S.C. § 3686(a). The description should specifically define all types of cash and non-cash awards, including spot awards, for which executives and officers are eligible. TID: December 2020
19RG002DR000-R20	12/12/2019	—	**National Operational Assessment – Customer Service and Delivery Operations** R-1 — Modernize the various mail condition reporting methods into one system to capture all mail delays from mail processing facilities. TID: October 2020
		—	R-2 — Enable management to track and receive alerts for late arriving mail in delivery units by expanding Informed Facility and Informed Mobility or identifying another solution. TID: October 2020
		—	R-4 — Implement a policy to conduct a physical inventory of Mobile Delivery Devices and maintain inventory results. TID: October 2020

APPENDIX E: Reports with Recommendations Pending Corrective Actions

Report Number	Issue Date	Monetary Impact	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
20-078-R20	12/18/2019	—	**Mail Delivery Issues – Montbello Station, Denver, CO**
		—	R-1 — Develop an action plan to ensure all mail is being delivered in a timely manner. TID: October 2020
		—	R-2 — Develop an action plan to fill carrier and clerk vacancies for the Montbello station and review the City Carrier Associate and Rural Carrier Associate compliment and assign additional carriers if necessary to the station until vacancies can be filled. TID: October 2020
		—	R-3 — Review and adjust mail arrival times and mail mix for the Montbello Station and the Denver Processing and Distribution Center to ensure distribution up time is being met. TID: October 2020
19BG004FT000-R20	12/27/2019		**Partnership Agreement Compliance**
		—	R-2 — Include in future Marketing and Service Offering Agreements, measures that enforce compliance with agreement provisions. TID: July 2021
		—	R-3 — Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: March 2021
18TG005IT000-R20	01/17/2020		**Review of IT Network Performance**
		—	R-1 — Establish a network strategy to include a process to continuously monitor the information technology network, and develop enterprise-wide performance metrics and improvement targets. TID: December 2020
		—	R-3 — Develop an automated process to regularly review vendor bandwidth utilization reports and upgrade bandwidth when it exceeds determined thresholds. TID: December 2020
		—	R-4 — Develop and maintain detailed Postal Service information technology network diagrams. TID: June 2021
19POG001SAT000-R20	02/12/2020		**Effectiveness of the Postal Service's Efforts to Reduce Non-Career Employee Turnover**
		—	R-1 — Measure the cost savings associated with the National Performance Assessment non-career employee turnover performance. TID: September 2020
		$13,728,271	R-2 — Develop a comprehensive non-career employee national turnover strategic plan and procedures to provide more effective management oversight. The plan and procedures should focus on achieving measurable results to reduce non-career employee turnover at the local level by developing action plans to address exit survey results and implement district best practices nationwide.
20-102-R20	02/19/2020		**Management Alert – Nationwide Delivery Scanning Issues**
		—	R-1 — Enhance ongoing strategies to improve scanning accuracy and enforce compliance. TID: October 2020
19-008-R20	03/02/2020		**Management Alert – Automatic Indemnity Claim Payments**
		—	R-1 — Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: December 2020
		—	R-2 — Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: December 2020
		—	R-3 — Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: December 2020
		—	R-4 — Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: December 2020

APPENDIX E: Reports with Recommendations Pending Corrective Actions

Report Number	Issue Date	Monetary Impact	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
19-024-R20	03/05/2020	—	**Accuracy of Surface Visibility Scans and Reporting** R-4 — Implement controls to ensure only appropriate manual edits are made in Surface Visibility Web 2.0. TID: September 2020
20-163-R20	03/09/2020	—	**Manual Flats Processing Operations at the Tucson, AZ, Processing & Distribution Center** R-2 — Instruct Tucson Processing and Distribution Center management to ensure the P&DC's operating plan is updated to reflect current mail processing operations. TID: October 2020
19-014-R20	03/13/2020	— $253,613	**U.S. Postal Inspection Service Handling of Suspected Marijuana Packages** R-1 — Coordinate with relevant executive agencies, such as the Department of Justice, to determine whether the contents of abandoned packages other than marijuana can be used as evidence in criminal investigations, and update the Administrative Non-Mailability Protocol program policy as need. TID: September 2020 R-5 — Align Administrative Non-Mailability Protocol program policy with the *Inspection Service Manual* that requires daily activity documentation to support workhours. TID: September 2020
19SMG010HR000-R20	03/18/2020	$4,265,507 — —	**U.S. Postal Service: First-Line Supervisors – Resources** R-2 — Update the *Employee and Labor Relations Manual 47*, Section 417 to require acting first-line supervisors receive higher-level pay for all work days documented on the Postal Service Form 1723. R-4 — Require supervisory training for all acting first-line supervisors who act over 30 consecutive days. R-5 — Update the current first-line supervisor job responsibilities and qualifications and develop a review process to include frequencies for conducting periodic reviews and updates. TID: December 2020
19SMG011HR000-R20	03/18/2020	— — — —	**Management Structure at Postal Service Facilities** R-1 — Implement an updated district ranking methodology and reassess district rankings based on the approved methodology. TID: September 2020 R-2 — Formalize policy guidance to address a reassessment schedule and process for district rankings, including frequency, methodology, and roles and responsibilities. TID: September 2020 R-3 — Implement an oversight process to ensure district offices regularly monitor and maintain authorized first-line supervisor positions. TID: October 2020 R-4 — Formalize a regular review process of workload models and criteria, for each operational manager and supervisor position. TID: September 2020
19SMG009SM000-R20	03/23/2020	— —	**Controls Over Expense Purchase Card Activity** R-2 — Enhance the purchase card policy to require cardholders electronically retain purchase card documentation when possible. TID: December 2020 R-3 — Explore the benefits of providing electronic documentation to credit card approving officials and update purchase card policy to require credit card approving officials review all purchases over established minimum thresholds and when merchant category codes are questionable. TID: December 2020

APPENDIX E: Reports with Recommendations Pending Corrective Actions

Report Number	Issue Date	Monetary Impact	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
19RG009MS000-R20	03/25/2020	—	**Management of Postal Zones** R-3 — In coordination with the Vice President, Pricing & Costing, evaluate alternative methodologies for determining the zone, which could include calculating distance between the originating 5-digit ZIP Code to the designating 5-digit ZIP Code, to more accurately reflect the distance the mailpieces travel. TID: October 2020
20-159-R20	04/02/2020	—	**Facility Condition Reviews – Short Hills, Roseville, and Wood Ridge Post Offices** R-1 — Address all building maintenance, safety, and security issues identified at the Short Hills, Roseville, and Wood Ridge post offices. TID: December 2020
19-026-R20	04/22/2020	— — —	**Contract Closeout Process** R-1 — Reinforce contract closeout policy to the Category Management Centers, contracting officers, and system administrators through formal communications and refresher training on the closeout process. TID: December 2020 R-2 — Include closed contracts in Supply Management's compliance review process that would consist of ensuring completion of all required closeout steps. TID: December 2020 R-3 — Reinforce the use of the Contract Authoring Management System alerts through formal communications and refresher training to support the closeout process. TID: January 2021
20-188-R20	04/23/2020	—	**Mail Delivery and Customer Service Issues – Foothill Station, San Jose, CA** R-2 — Conduct annual route inspections and update evaluations as needed at the Foothill Station. In addition, develop an action plan with additional strategies to reduce staffing variances. TID: December 2020
19-032-R20	05/22/2020	— — — — — —	**In-Office Cost System Sampling Processes** R-1 — Evaluate and enhance, as appropriate, the In-Office Cost System sampling methodology to replace or reschedule readings of (unavailable) employees. TID: January 2021 R-2 — Reiterate the verification policy and enhance the IOCS data entry system to indicate the verification of sampled employees work status in advance. TID: October 2020 R-3 — Investigate cause(s) for increases in rescheduled readings that were canceled and implement solutions to reduce canceled readings, as appropriate. TID: April 2021 R-4 — Document the methodology and analysis used to ensure sufficient samples are capturing mail characteristics for cost attribution. TID: November 2020 R-5 — Enhance the cluster sampling methodology to reduce inefficiencies in the amount of time required to conduct readings. April 2021 R-6 — Analyze the expansion of the IOCS cluster sampling methodology to include other crafts, and implement a pilot as appropriate. TID: May 2021

APPENDIX E: Reports with Recommendations Pending Corrective Actions

Report Number	Issue Date	Monetary Impact	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
			Leased Facility Maintenance
19SMG012SM000-R20	05/28/2020	—	R-1 — Ensure the timeframes to complete urgent/routine repairs are consistent between the Landlord Maintenance Standard Operating Procedures and the landlord notification letter. TID: October 2020
		—	R-2 — Enforce requirements with the contractor to ensure landlords complete repairs within the established timeframes, and require Landlord Maintenance Program personnel to perform reviews of closed repairs in the electronic Facility Management System. TID: October 2020
		—	R-4 — Document procedures for the Postal Service Repair & Alterations group to communicate the completion of work for enforced repairs at leased facilities to the Landlord Maintenance Program. TID: October 2020
		$2,251,220	R-5 — Establish and implement a plan with timeframes for the Landlord Maintenance Program to timely initiate the fee recovery process and collect expensed funds. TID: October 2020
			Transportation Network Optimization and Service Performance
20-144-R20	06/05/2020	—	R-1 — Create reason codes in the Surface Visibility Web 2.0 system for why extra trips are being ordered. TID: January 2021
		—	R-3 — Issue supplemental guidance to evaluate recurring late, canceled, and extra trips, and trips with consistently low trailer utilization; and update, remove, or consolidate trips; and adjust the transportation schedules accordingly. TID: August 2020
		—	R-4 — In coordination with the Vice President, Processing and Maintenance Operations, align volume arrival profiles with terminal handling services operations to allow time to build the planned amount of bypass containers. TID: August 2020
		—	R-5 — Increase management oversight for highway contract route operations for evening and early morning tours. TID: August 2020
		—	R-6 — Equip terminal handling services sites with Surface Visibility mobile scanners, develop a daily condition report template for Postal Service terminal handling services liaisons, and standardize the Postal Service's corrective action procedures in response to liaisons' reporting. TID: July 2020
		—	R-7 — Develop target goals for the surface transportation key performance indicators to reduce mitigation expenditures. TID: September 2020
		$199,558,680	R-9 — Fix inaccuracies in the Air Allocation Model and institute a system of quality controls for the model to include periodic reviews for accuracy; a manual for how to use the model; and a log documenting changes made to the model. TID: October 2020
		—	R-10 — Increase use of the lowest cost carrier by updating density assumptions, requesting additional lift from commercial airlines in target markets, and coordinating with the Transportation Security Administration to expand screening. TID: August 2020
			U.S. Postal Service's Processing Network Optimization and Service Impacts
19XG013NO000-R20	06/16/2020	$96,399,375.	R-1 — Implement best practices identified during site visits to increase operational efficiency and management oversight nationwide. TID: October 2020
		$96,399,375.	R-4 — When the impacts of COVID-19 begin to subside, develop a plan, with milestones and measurable goals, to increase staff availability, including applying standard operating procedures to address employees out for significant periods of time. TID: December 2020

APPENDIX E: Reports with Recommendations Pending Corrective Actions

Report Number	Issue Date	Monetary Impact	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
19SMG007HR000-R20	07/14/2020		**Informal Grievance Oversight**
		—	R-1 — Develop an action plan with milestones to manage and reduce informal grievance costs and payments. TID: February 2021
		—	R-2 — Formalize and communicate monetary thresholds for informal grievances, and review payments that exceed the established thresholds.
		—	R-3 — Reiterate compliance with the Postal Service's training policy that requires all supervisors to attend the mandatory Labor Relations Grievance Handling course and review existing training curriculum to ensure it adequately covers Postal Service grievance handling procedures. TID: March 2021
		—	R-4 — Establish a centralized repository or database of local memorandums of understanding and other contractual agreements. TID: April 2021
		—	R-5 — Implement and communicate tracking methods for payments stemming from local memorandums of understanding or other contractual agreements to allow for transparency and accountability. TID: April 2021
		—	R-6 — Update and reconcile issue codes in the Grievance and Arbitration Tracking System (GATS) and the GATS Entries Handbook to include clear definitions and instructions for use; and establish guidance to address frequency of the updates.
20-103-R20	07/17/2020		**Mercury Mailability Communication and Implementation**
		—	R-1 — To develop a communication strategy to remind field staff of the mercury mailability policy changes. TID: October 2020
		—	R-2 — To develop a reference tool or mechanism summarizing the mercury mailability standards that retail window employees can quickly and efficiently access when approached by a customer attempting to mail mercury. TID: October 2020
19-012-R20	07/29/2020		**Cybersecurity Incident Detection and Response Capability**
		—	R-1 — Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: September 2021
		—	R-2 — Determine which incident detection and response metrics are meaningful to the organization and establish a process to measure the effectiveness of the incident detection and response capability.
		—	R-3 — Track one-to-one alignment of actual investments with Cybersecurity Decision Analysis Report III Enhancement and Maturity requests for each project.
20-052-R20	07/29/2020		**Small Package Sorting System Performance**
		—	R-6 — Provide standard work instructions requiring supervisors conduct periodic meetings to provide ongoing feedback to employees operating the Small Package Sorting System machine and discuss opportunities for improvement. TID: September 2020
20-256-R20	07/29/2020		**Stamp and Cash Inventories – Chicago, IL, Offices**
		—	R-1 — Reiterate policy and procedures over the handling and security of stamp and cash inventories to all respective unit personnel and destroy spoiled money orders, per procedures. TID: October 2020
		—	R-2 — Provide Retail Systems Software administrative training to all respective unit supervisors. TID: September 2020

APPENDIX E: Reports with Recommendations Pending Corrective Actions

Report Number	Issue Date	Monetary Impact	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
20-088-R20	08/03/2020	—	**Cost Reduction Initiatives for Mail Products** R-2 — Update the Domestic Mail Manual to set appropriate mail preparation standards that align with automation for strapping, containerization, wrapping, and paper quality, to reduce costs associated with bundle breakage and manual processing of machinable mail. TID: January 2021
		—	R-3 — As a part of the national expansion of the Surface Visibility reporting system, develop processes to ensure all mail irregularities are recorded in the facilities, scanners are placed at key locations where mail irregularities are identified, and mail irregularity reports are distributed to the Postal Service personnel and mailers, as appropriate. TID: October 2020
19-031-R20	08/06/2020	—	**Workers' Compensation Program Cost Containment Activities** R-1 — Evaluate workers' compensation cost containment options based on private sector practices and determine a strategy forward. TID: September 2020
19-018-R20	08/11/2020	—	**Security Assessment of a U.S. Postal Service Information Technology Application** R-1 — Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: March 2021
		—	R-2 — Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: March 2021
		—	R-3 — Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act TID: June 2021
		—	R-4 — Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: June 2021
		—	R-5 — Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: March 2021
		—	R-6 — Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: March 2021
19-002-R20	08/12/2020	—	**Delivery Vehicle Acquisition Strategy** R-1 — Perform a schedule risk assessment of the NGDV production timeline to evaluate the risk of further delays and determine whether modification to the mixed vehicle acquisition strategy is warranted. TID: March 2021
20-264-R20	08/13/2020	—	**Financial Controls Policy for Retail Units** R-1 — Update and publish the final Handbook F-101, Field Accounting Procedures, Draft, and the Postal Operations Manual, as appropriate, to ensure consistency in conducting field office accounting and among policies and procedures associated with refunds. TID: April 2021
		—	R-2 — Update Handbook AS 709, Purchase Card Local Buying Policies and Procedures, to ensure consistency in procedures associated with local purchases. TID: December 2020

APPENDIX E: Reports with Recommendations Pending Corrective Actions

Report Number	Issue Date	Monetary Impact	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
			Controls Over Purchasing and Maintaining IT Equipment
		—	R-1 — Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: April 2021
		—	R-2 — Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: August 2021
19-017-R20	08/17/2020	—	R-3 — Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: August 2021
		—	R-4 — Coordinate with the Vice President, Chief Information Security Officer, to develop a process to scan the Postal Service network for vulnerabilities without negatively affecting network and application performance. TID: June 2021
			U.S. Postal Service Mail Recovery Center
		—	R-1 — Develop and implement a strategy to identify and prevent postal facilities from incorrectly sending items to the Mail Recovery Center. TID: January 2021
		—	R-3 — Develop and implement a strategy to ensure Mail Recovery Center staff are aware of, and complying with, the Postal Service policy for opening and examining all undeliverable First-Class Mail. TID: June 2021
19-040-R20	08/17/2020	—	R-4 — Develop and implement a mechanism to ensure funding for the prompt disposal of batteries at the Mail Recovery Center. TID: January 2021
		—	R-5 — Develop and formalize guidance on the disposal of gift cards at the Mail Recovery Center. TID: October 2020
		—	R-6 — Establish and implement an additional process to accurately record cash removed from undeliverable mail and periodically reconcile this amount against the total cash deposited. TID: June 2021
		—	R-7 — Establish and implement processes to maintain an accurate physical inventory and conduct periodic reviews. TID: April 2021
		$6,619	R-8 — Develop and implement an additional process to verify if an indemnity claim has been paid on an item, prior to its return. TID: April 2021
			Professional Services Contract Rates
		$11,163,153	R-1 — Compete the contract at the end of the current performance period and negotiate labor rates considering the General Services Administration Schedule.
20-143-R20	08/20/2020	—	R-2 — Explore the benefits of awarding a firm-fixed priced professional services contract and implement, as warranted. TID: February 2021
		—	R-3 — Obtain semi-annual review reports, annual improvement plans, and supporting documentation from the supplier, as required in the contract, and review the improvement plan to validate specific actions are taken to increase efficiencies and reduce costs. TID: January 2021

APPENDIX E: Reports with Recommendations Pending Corrective Actions

Report Number	Issue Date	Monetary Impact	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
			Business Application Review of the HERO System
		$26,823,859	R-1 — Update Management Instruction AS-800-2014-4, Cloud Computing Policy, to include early demonstrations of system functionality with key stakeholders to validate and verify the alignment of business needs and the technical capabilities before purchasing any cloud software solutions. TID: June 2021
		—	R-2 — Update Management Instruction AS-800-2014-4, Cloud Computing Policy, to state the Vice President, Information Technology, must approve a waiver for cloud solution purchases when the policy is not followed. TID: June 2021
19-016-R20	08/24/2020	—	R-3 — Update Supplying Principles and Practices to state the processes outlined in Management Instruction AS-800-2014-4, Cloud Computing Policy, must be completed before awarding cloud solution contracts. TID: July 2021
		—	R-4 — Update the Postal Service Handbook AS-805, Information Security, to define the interim security assessment process, document the associated risks and mitigation plans, ensure proper document retention, and complete the process prior to the purchase of a cloud solution. TID: March 2021
		—	R-5 — Retrieve the missing HERO hard copy invoice and store it in the Contract Authoring and Management System. TID: December 2020
			Assessment of Overtime Activity
		—	R-1 — Address staffing issues at facilities operating below their authorized complement or with excessive vacancies and identify opportunities for savings at locations with high overtime users by determining the optimal point that hiring new staff becomes more cost-efficient than overtime. TID: March 2021
		$667,098,942	R-2 — Modify current policies and procedures, to include performance measures or other oversight controls, to hold appropriate management accountable for not reducing overtime. TID: March 2021
20-209-R20	08/25/2020	—	R-3 —Implement a process to collect and monitor data that identifies the reasons for overtime use to better manage and control overtime costs. TID: March 2021
		—	R-4 — Develop an action plan with milestones to monitor and reduce unauthorized overtime. TID: March 2021
		—	R-5 — Eliminate access to the obsolete payroll hours data file or establish and implement automated processes to update the data file parameters and validate the file for accuracy and completeness. TID: March 2021
			Arrow Key Management Controls
19-033-R20	08/31/2020	—	R-2 — Develop and issue guidance regarding a maximum key quantity for ordering replacement keys and the number of unassigned keys a site should maintain in inventory.
		—	R-3 — Evaluate technology solutions and take appropriate action to reduce risks associated with lost or stolen arrow keys and enhance the security of mail receptacles. TID: August 2021
			Processing Readiness of Election and Political Mail During the 2020 General Elections
20-225-R20	08/31/2020	—	R-1 — Leverage established partnerships with state and local election officials to work toward creating a separate, simplified mail product exclusively for Election Mail that would support uniform mail processing, including mandatory mailpiece tracking and proper mailpiece design. Until this new product is developed, continue to prioritize the processing of election mail consistent with past practices. TID: September 2021

APPENDIX E: Reports with Recommendations Pending Corrective Actions

Report Number	Issue Date	Monetary Impact	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
			District's Stamp Stock Shipments' Claims for Losses
		—	R-1 — Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: October 2020
20-249-R20	09/03/2020	—	R-2 — In coordination with Stamp Fulfillment Services, require notification be sent to the U.S. Postal Service Office of Inspector General for any lost stamp shipments for commercial customers. TID: December 2020
		—	R-3 — Evaluate whether the claim for loss notification to the U.S. Postal Service Office of Inspector General can be automated and implement, as appropriate. TID: January 2021
			Recovery for Private Party Damage to Postal Service Vehicles
		—	R-1 — Coordinate with the National Tort Center to provide district Tort Claim Coordinators training on accident recovery settlements and related processes. TID: March 2021
		$210,150	R-2 — Coordinate with the National Tort Center to update Postal Service policy to require periodic management review of recoveries for private party damages to Postal Service vehicles. TID: March 2021
20-177-R20	09/10/2020	—	R-3 — Coordinate with the National Tort Center to evaluate the Tort Claim Coordinator reporting structure and identify changes to enhance the effectiveness of the structure, which could include transferring supervisory oversight of the district Tort Claim Coordinator function, duties, and responsibilities to the National Tort Center. TID: December 2020
		—	R-4 — Reinforce requirements to complete and submit required accident investigation forms and documentation to Tort Claim Coordinators within established timeframes. TID: March 2021
		—	R-5 — Reinforce the importance of recording accurate and updated information in the Tort Claims System. TID: March 2021
		—	R-6 — Coordinate with the National Tort Center to evaluate the implementation of automated controls in the Tort Claim System to 1) require data in essential fields such as the "Employee Action" and "Employee Health and Safety Number," and 2) require alerts when cases have exceeded reasonable time thresholds without a file or demand status change. TID: March 2021
			Efficiency and Safety of Lift Gates
20-203-R20	09/16/2020	—	R-1 — Reevaluate the effectiveness of the new tuck-under lift gates and the process of loading/unloading mail transport equipment to determine if changes are needed to increase efficiency. TID: November 2020
		$5,783	R-2 — Perform a safety assessment to evaluate the new lift gates and develop a national training program and create a standard operating procedure on the operation and safety of the new lift gates. TID: November 2020

APPENDIX E: Reports with Recommendations Pending Corrective Actions

Report Number	Issue Date	Monetary Impact	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
			Global Positioning System for Highway Contract Routes
		—	R-1 — Update Management Instruction, Highway Contract Routes Global Positioning System with the current program requirements, roles, and responsibilities; define allowable costs; and communicate the updated Management Instruction to employees. TID: January 2021
		—	R-2 — Develop and execute a plan to ensure accuracy of the Global Positioning Systems data and update and maintain accurate system records of vehicle quantity and type used for Highway Contract Routes. TID: January 2021
20-198-R20	09/29/2020	—	R-3 — Monitor and enforce timely activation of Global Positioning System devices purchased by Highway Contract Route suppliers. TID: November 2020
		$2,372,334	R-4 — Develop guidelines and provide training to contracting personnel for updating the Global Positioning System indicator and for recording, itemizing, and monitoring program costs, including validating the payment of prior program costs.
		—	R-5 — Develop alerts and exception reports to monitor compliance with the Global Positioning System program. TID: January 2021
			Relocation Benefits Program
		—	R-1 — Coordinate with the relocation management firm to establish full, unlimited access for appropriate Postal Service personnel to all relocation documentation in the relocation management firm's database. TID: October 2020
20-126-R20	09/30/2020	—	R-2 — Implement processes and procedures to monitor the relocation management firm's execution of contractual and policy requirements. TID: December 2020
		—	R-3 — Develop written guidelines to clarify verbal relocation policy discussions with the relocation management firm. TID: October 2020
		$1,018,861	R-4 — Evaluate and align, as appropriate, Postal Service relocation benefits policy for miscellaneous expense allowance and temporary quarters benefits with those benefits offered to other federal employees. TID: June 2021
			Payments to Injured Employees
		—	R-1 — Reiterate to field supervisors the requirement to input continuation of pay hours into the Employee Resource Management System.
		$37,213	R-2 — Enhance the Enterprise Management Resource System and the Time and Attendance Collection System, respectively, to automatically calculate days of continuation of pay per employee, and limit supervisor's ability to enter continuation of pay hours when the 45-day limit is reached. TID: September 2021
20-156-R20	09/30/2020	$15,696,140	R-3 — Reiterate to supervisors the requirement to timely communicate to Injury Compensation Specialists when injured employees return to work or experience a change in Loss Wage Earning Capacity status; and record workers' compensation leave without pay hours. TID: November 2020
		—	R-4 — Enhance relevant systems to provide automated tools and edit checks to reduce reliance on manual procedures during the payroll and claims approval process. TID: June 2021

Report Number	Issue Date	Monetary Impact	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
			Military, Diplomatic, and Other International Election Mail
20-271-R20	09/30/2020	—	R-1 — Immediately develop and implement a Short-Term Operating Plan, including strategies, milestones, and responsibilities, to process the mail inventory backlog and ensure the timely processing and handling of international outbound and inbound election mail. TID: October 2020
		—	R-2 — Immediately develop and implement a Staffing Contingency Plan with strategies and responsibilities for ensuring the sufficient availability of staff for the upcoming election cycle, including options in case supplemental staff levels would be limited after the expiration of the current agreements in September 2020. TID: October 2020
		—	R-3 — Develop and implement rapid testing timeframes and procedures for tracking and reporting on eligible inbound election ballots at each of the International Service Centers and other facilities that could accept international election mail. TID: December 2020
RISC-WP-19-009	09/16/2019	—	**Rural Needs and Wants** R-4 — Vice President, Delivery and Retail Operations, to develop actionable metrics to identify underutilized large PO boxes in rural areas and create a plan to convert some of those boxes into parcel lockers as appropriate. TID: September 2020
RISC-20-008	9/16/2020	—	**Package Delivery in Rural and Dense Urban Areas** R-1 — Vice President, Delivery Operations, develop a national plan, based on key data factors, to help reduce the aggregate costs of door deliveries along rural routes and in urban apartment buildings. TID: March 2021

Total Number of Reports: **91**

Total Number of Recommendations: **221**

Total Monetary Impact: **$4,495,861,588**

APPENDIX F: Management Decisions in Audit Resolution

For the period April 1 – September 30, 2020

Revised Management Decisions

Section 5(a)(11) of the Inspector General Act, as amended, requires the to OIG report a description and explanation of the reason(s) for any significant revised management decisions made during the reporting period. We have no significant revised management decisions for this reporting period.

Recommendations in Disagreement

Section 5(a)(12) requires the OIG to report information concerning any significant management decision with which the OIG is in disagreement. The following list of the 9 reports in which the OIG disagreed with management decisions.

Report Number	Issue Date	Monetary Impact	Report Title, Recommendation Summary R = Recommendation Number
HR-AR-17-013	09/21/2017	—	**Assessing Postal Service Employee Engagement Activities** R-1 — Require managers and supervisors to create action plans to address Postal Pulse Survey results and implement a process to monitor and assess progress on the activities identified in action plans.
HR-AR-18-003	03/01/2018	— —	**Postal Service's Limited Duty and Rehabilitation Programs Return to Work Processes in the Southern and Pacific Areas** R-2 — Assess if the staffing to caseload ratio aligns with requirements established by management R-4 — Assess the feasibility of implementing an automated or other solution to promote process efficiency and satisfy the special job bank requirement.
HR-AR-18-009	09/11/2018	— —	**Accuracy of Grievances in the Grievance Arbitration Tracking System – Houston District** R-1 — Modify the Time and Attendance Collection System to leverage automation when processing After 5 payments, or revise the policy regarding the use of Grievance and Arbitration Tracking System to include processing and separately reporting non-grievance payments. R-2 — Limit user access in GATS to levels appropriate for user oversight responsibilities via automated controls, or compensating manual controls.
FT-AR-18-009	09/28/2018	—	**Export Controls for Outbound Mail at International Service Centers** R-4 — Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act.
SAT-AR-18-002	09/28/2018	— —	**Use of Postal Service Network to Facilitate Illicit Drug Distribution** R-1 — Work with Congress to develop legislative changes that would result in the Postal Inspection Service being authorized to open and inspect domestic packages suspected of containing illicit drugs. R-3 — Designate an officer to consolidate existing efforts and lead the implementation of a unified, comprehensive organizational strategy to combat the role of the postal network in facilitating illicit drug distribution.
19SMG006HR000-R20	10/24/2019	$81,319,892	**Custodial Workhours** R-1 — Develop and implement a strategy to address hiring and staffing challenges for custodial positions at facilities subject to the Memorandum of Understanding Between the United States Postal Service and the American Postal Workers Union, re: Maintenance Series-47 Transmittal Letter-5 Implementation and Maintenance Craft Postal Support Employee Conversions, signed July 9, 2014.

Report Number	Issue Date	Monetary Impact	Report Title, Recommendation Summary R = Recommendation Number
19SMG010HR000-R20	03/18/2020	$4,265,507	**U.S. Postal Service: First-Line Supervisors – Resources** R-2 — Update the Employee and *Labor Relations Manual 47*, Section 417 to require acting first-line supervisors receive higher-level pay for all work days documented on the Postal Service Form 1723.
19SMG007HR000-R20	07/14/2020	—	**Informal Grievance Oversight** R-2 — Formalize and communicate monetary thresholds for informal grievances and review payments that exceed the established thresholds.
		—	R-6 — Update and reconcile issue codes in the Grievance and Arbitration Tracking System (GATS) and the GATS Entries Handbook to include clear definitions and instructions for use; and establish guidance to address frequency of the updates.
NO-AR-19-005	06/13/2019	—	**Mail Processing Overtime** R-3 — Establish appropriate performance incentives for managers to effectively manage overtime. TID November 2020

Total Number of Reports: **9**

Total Number of Recommendations: **13**

Total Monetary Impact: $**85,585,399**

APPENDIX G: Status of Peer Review Recommendations

For the period April 1 – September 30, 2020

Federal audit organizations undergo an external quality control assessment by their peers every three 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 on us during the semiannual period; 2) any peer reviews conducted by the Inspector General of another Office of the Inspector General during the reporting period; and 3) any recommendations from previous or current peer reviews that remain outstanding or have not been fully implemented.

Office of Audit

Peer Reviews Conducted on USPS OIG

None during the reporting period.

Peer Reviews Conducted by USPS OIG

None during the reporting period.

Office of Investigations

Peer Reviews Conducted on USPS OIG

None during the reporting period.

Peer Reviews Conducted by USPS OIG

None during the reporting period.

APPENDIX H: Investigative Statistics

The U.S. Postal Service Office of Inspector General currently uses a "Case Reporting Information Management and Evidence System," also known as CRIMES.

Appendix H was pre-configured to present the following data:

A) The total number of investigative reports issued during the reporting period;

B) The total number of persons referred to the Department of Justice for criminal prosecution during the reporting period;

C) The total number of persons referred to state and local prosecuting authorities for criminal prosecution during the reporting period and;

D) The total number of indictments and criminal informations during the reporting period that resulted from any prior referral to prosecuting authorities.

For the period April 1 – September 30, 2020

	Investigations Closed	Arrests	Indictments / Information / Complaints	Convictions - Criminal	Admin Action Taken	Cost Avoidance	Fines / Restitution, and Recoveries	Amount to USPS	To Mgmt. for Admin Action	Number of referrals to DOJ for prosecution	Persons referred to State and Local authorities for prosecution	Criminal Indictments / Information	Investigative reports issued	Convictions - Civil Settlements/Judgments	Referrals to USPS that were not Investigated
Computer Crimes	3	—	—	—	1	—	—	—	1	—	—	—	4	—	—
Contract Fraud	28	1	10	10	10	$712,529	$443,526,146	$98,865,984	—	6	—	10	7	1	16
Financial Fraud	138	28	23	20	87	$200,000	$619,240	$540,806	54	42	10	18	170	—	16
General Crimes	169	10	14	9	150	$13,079	$12,698	$10,220	104	8	14	8	209	—	629
Health Care Claimant Fraud	97	8	11	7	20	$27,028,763	$516,761	$415,032	9	13	4	9	73	—	1
Health Care Provider Fraud	13	17	21	16	18	$25,630,577	$806,151,995	$14,131,569	1	11	—	21	8	5	—
Internal Mail Theft	602	132	179	151	473	—	$618,396	$59,949	348	209	44	110	743	—	464
Narcotics	130	105	117	57	87	—	$10,015,254	$50,035	64	56	45	89	123	—	16
Total	**1,180**	**301**	**375**	**270**	**846**	**$53,584,948**	**$1,261,460,490**	**$114,073,595**	**581**	**345**	**117**	**265**	**1,337**	**6**	**1,142**

For the period October 1, 2019 – September 30, 2020

	Investigations Closed	Arrests	Indictments / Information / Complaints	Convictions - Criminal	Admin Action Taken	Cost Avoidance	Fines / Restitution, and Recoveries	Amount to USPS	To Mgmt. for Admin Action	Number of referrals to DOJ for prosecution	Persons referred to State and Local authorities for prosecution	Criminal Indictments / Information	Investigative reports issued	Convictions - Civil Settlements/Judgments	Referrals to USPS that were not Investigated
Computer Crimes	4	2	2	—	3	—	—	—	3	1	—	2	6	—	5
Contract Fraud	55	4	19	12	16	$712,529	$491,954,301	$124,408,701	4	12	2	19	17	1	34
Financial Fraud	285	79	68	78	195	$713,732	$1,597,803	$1,429,213	146	85	30	52	332	—	20
General Crimes	366	25	24	18	305	$126,453	$41,853	$33,219	250	26	28	12	417	—	1,344
Health Care Claimant Fraud	167	13	20	23	42	$66,419,238	$1,406,771	$1,282,161	21	32	12	17	123	—	3
Health Care Provider Fraud	31	37	46	34	19	$56,149,592	$1,165,345,888	$63,978,992	1	23	—	43	14	6	—
Internal Mail Theft	1,221	333	399	418	1,000	—	$33,950,139	$588,096	817	494	96	245	1,489	—	808
Narcotics	223	209	212	123	180	—	$13,042,582	$119,873	159	149	93	142	231	—	26
Total	**2,352**	**702**	**790**	**706**	**1,760**	**$124,121,544**	**$1,707,339,337**	**$191,840,255**	**1,401**	**822**	**261**	**532**	**2,629**	**7**	**2,240**

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

For the period April 1 – September 30, 2020

Type of Scheme	Complaints Filed	Consent Agreements	FROs	C&D Orders
Advance Fee	—	—	—	—
Counterfeit Check	2	2	—	2
Facsimile Checks	—	—	—	—
Failure to Pay	3	3	—	3
Foreign Lottery	10	10	—	10
Invoice Schemes	—	—	—	—
Lottery	—	—	—	—
Other	9	10	—	10
Rebate and Refund	—	—	—	—
Reshipping Scheme	—	—	—	—
USPS Revenue Fraud	—	—	—	—
Identity Theft - Other	—	—	—	—
TOTAL	**24**	**25**	**0**	**25**

Other Administrative Actions

Temp. Restraining Orders Requested	—
Temp. Restraining Orders Imposed	—
Cases Using Direct Purchase Authority	—
Civil Penalties (Section 3012) Imposed	1
Test Purchases	—
Withholding Mail Orders Issued	—
Voluntary Discontinuances	This area is not tracked by Office of Counsel

Administrative Subpoenas Requested by the Postal Inspection Service

There were none requested during this reporting period.

Financial Reporting on Investigative Activities for the Postal Inspection Service.

Type	Total
Total Personnel Comp.	$206,624,860
Total Nonpersonnel Expense	$51,588,539
Total Operating Expense	$258,213,399
Total Capital Commitments	$6,359,916

APPENDIX J: Congressional/PMG/Board of Governors Inquiries

For the period April 1 – September 30, 2020

The Office of Chief of Staff supports the OIG by responding to inquiries from Congress, the Postmaster General, and the Board of Governors. The OIG responds to some of these inquiries by conducting audits or investigations. However, the OIG does not generally perform audits or investigations when an inquiry involves a non-systemic issue that may be resolved through existing administrative or judicial processes, such as the equal employment opportunity complaint process, contractual grievance-arbitration procedures, or appeals to the Merit Systems Protection Board. When systemic or criminal issues have been identified, the OIG may conduct independent audits or investigations to help ensure the economy, efficiency, and integrity of Postal Service programs and operations.

From April 1, 2020, through September 30, 2020, the OIG received 76 new inquiries. Out of the 76 inquiries, we referred 12 to the Postal Service Office of Government Relations

and five to the Postal Inspection Service for review. We closed 63 inquiries during this reporting period. Of the 63 inquiries, 40 were referred to our Office of Investigations and 10 to our Office of Audit for further review.

Congressional Testimony

Since its inception, the OIG has testified before Congress on various matters. While the OIG did not provide written statements to Congress during this reporting period, the OIG has in the past provided testimony and statements highlighting significant work and identifying opportunities for the Postal Service to improve accountability and public trust. These testimonies and statements can be found in their entirety on the OIG's website at https://www.uspsoig.gov.

APPENDIX K: Attempts to Interfere with OIG Independence

Section 5(a)(21) of the Inspector General Empowerment Act, as amended, requires that OIG report attempts by an agency to interfere with inspector general independence, including through budget constraints, resistance to oversight, or delayed information access.

None to report.

Supplemental Information

Freedom of Information Act

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

Activities

For the period April 1 – September 30, 2020

Requests	Number of Requests
Carryover from prior period	8
Received during period	378
Total on hand during period	**386**

Actions	Number of Requests
Processed during the period	377
Requests Denied in Full	20
Requests Granted in Full	12
Requests Denied in Part	64
No Records	42
Requests Referred	192
Requests Withdrawn	12
Fee-Related Reasons	2
Records not reasonably described	—
Not an agency record	32
Not a proper FOIA request for some other reason	—
Duplicate Request	1

Balance	Number of Requests
Balance at the end of the period (pending)	9

Processing Days	Number of Days
Median processing days to respond to a FOIA request	0

Workplace Environment

The OI Workplace Environment unit reviews workplace environment and operational issues that may affect workplace climate in Postal Service facilities throughout the country. The OIG Hotline is the usual source for 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.

For the period April 1 – September 30. 2020

Total complaints reviewed and closed: **1,283**

For the Period October 1, 2019 — September 30, 2020

Total complaints reviewed and closed: **2,026**

Whistleblower Reprisal Activity

For the period April 1 – September 30, 2020

Allegations Received	287
OIG Investigations Initiated	5
Investigations closed with no action	3
Allegations closed with no action	285
OIG found reprisal	—

For the period October 1, 2019 — September 30, 2020

Allegations Received	324
OIG Investigations Initiated	7
Investigations closed with no action	5
Allegations closed with no action	321
OIG found reprisal	—

Summary of Performance

Audits

Reports issued	53
Recommendations issued	167
Total reports with financial impact	17
Funds put to better use	$157,776,489
Questioned costs	$1,230,700,235
Revenue Impact	$310,301
Total	**$1,388,787,025**

RISC White Papers

White Papers Issued	7
Recommendations Issued	1

Investigations[1]

Investigations Completed	1,180
Arrests	301
Indictments/Informations	375
Convictions/pretrial diversions[2]	270
Administrative actions	846
Cost Avoidance	$53,584,948
Fines, Restitution, and Recoveries	$1,261,460,490
Amount to the Postal Service[3]	114.073,595

OIG Hotline Contacts

Telephone calls	130
E-Mail	16,314
Webforms	69,666
Standard Mail	1,060
Voice Mail Messages	6,028
Facsimile - FAX	6,142
Total Contacts	**99,340**

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1   Statistics include joint investigations with other law enforcement agencies.
2   Convictions reported in this period may be related to arrests in prior reporting periods.
3   Amounts include case results of joint investigations with other OIG, federal, state, and local law enforcement entities.

Reporting Requirements

Act Section	Requirement	Page
5(a)(1)	Significant problems, abuses, and deficiencies	throughout
5(a)(2)	Recommendations with respect to significant problems, abuses, and deficiencies	throughout
5(a)(3)	Recommendations described in previous semiannual reports on which corrective action has not been completed	listed on pages 38-54
5(a)(4)	Matters referred to prosecutive authorities and the prosecutions and convictions that have resulted	58, 63
5(a)(5)	Summary reports made to the head of the establishment under section 6(b)(2) of instances where information was refused	n/a
5(a)(6)	Listing of audit, inspection, and evaluation reports and, if applicable, the total dollar value of questioned costs and recommendations that funds be put to better use	3, 5, 16, 63
5(a)(7)	Summary of particularly significant reports	throughout
5(a)(8)	Statistical tables showing total number of audit, inspection, and evaluation reports containing questioned costs	28-33
5(a)(9)	Status of management decisions for audit and evaluation reports containing recommendations that funds be put to better use	35
5(a)(10)	Summary of audit and evaluation reports issued prior to the beginning of the reporting period for which (a) no management decision had been made; (b) no management comment was received within 60 days of issuing the draft report; and (c) there were any unimplemented recommendations, including the aggregate potential cost savings of those recommendations, at the end of the reporting period	34, 35
5(a)(11)	Description and explanation of the reasons for any significant revised management decisions	55, 56
5(a)(12)	Information concerning any significant management decisions with which the Inspector General disagreed	55
5(a)(13)	Information under 804(b) Federal Financial Management Improvement Act of 1996	n/a
5(a)(14)	Results of any peer review conducted by another Office of the Inspector General during the reporting period, and if none, a statement of the date of the last peer review	57
5(a)(15)	List of outstanding recommendations from any peer review conducted by another Office of the Inspector General, including a statement describing the status of the implementation and why implementation is not complete	n/a
5(a)(16)	List of any outstanding recommendations made from any previous peer review that remain outstanding or have not been fully implemented	n/a
5(a)(17)	Statistical table showing the total number during the reporting period of (a) investigative reports issued, (b) persons referred to the Department of Justice for criminal prosecution, (c) persons referred to state and local prosecuting authorities for criminal prosecution, and (d) indictments and criminal information resulting from any prior referral to prosecuting authorities	16, 58, 63
5(a)(18)	Description of the metrics used to develop the data in the statistical tables under Section 5(a)(17)	58
5(a)(19)	Report on investigations in which allegations of misconduct involving a senior government employee were substantiated including a detailed description of the facts and circumstances of the investigation, and the status and dispositions of the matter, including if the matter was referred to the DOJ, the date of the referral, and if the DOJ declined the referral, the date of the declination	19
5(a)(20)	Detailed description of any instances of whistleblower retaliation, including information about the official found to have engaged in retaliation, and what, if any, consequences the establishment imposed to hold the official accountable	23, 62
5(a)(21)	Detailed description of any attempts to interfere with the independence of the Office of the Inspector General including with budget constraints designed to limit the capabilities of the OIG, and incidents where the establishment has resisted or objected to oversight activities of the OIG or restricted or significantly delayed access to information, including the justification for such action	61
5(a)(22)	Detailed descriptions of the circumstances of each audit, inspection, or evaluation that was closed and not disclosed to the public and investigation conducted involving a senior government employee that was closed and not disclosed to the public	33

Acronym Guide

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

RISC: Research and Insights Solution Center

SBOC: Stations and Branches Optimization Consolidation

SSA: sales and services associate

TACS: Time and Attendance Collection System

VMF: Vehicle Maintenance Facility

WHO DO I CONTACT — REPORT FRAUD WASTE ABUSE
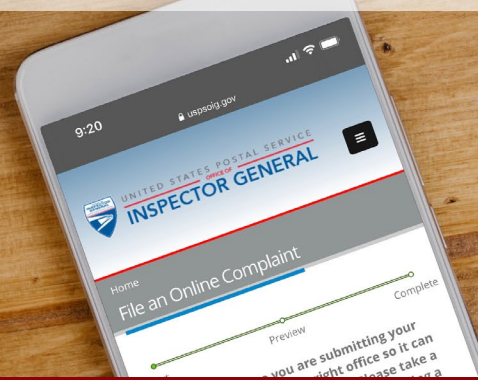
The U.S. Postal Service has two law enforcement agencies with distinct areas of investigative responsibility to serve the needs of stakeholders, postal employees, and the American public.

Office of Inspector General

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

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

Contact: 888-877-7644

Postal Inspection Service

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

https://www.uspis.gov/report/

Contact: 877-876-2455

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INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

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