KARLA W. CORCORAN
INSPECTOR GENERAL

March 31, 1998

Michael S. Coughlin
Deputy Postmaster General

Henry A. Pankey
Vice President, Mid-Atlantic Area Operations

A.Keith Strange
Vice President, Purchasing & Materials

Subject: Retaliation and Contract Irregularities at the Greensboro, NC Bulk Mail Center (CA-MA-98-002)

On September 17, 1997, the U.S. Postal Service (USPS), Office of Inspector General (OIG) Hotline received a letter and related correspondence from a postal worker at the Greensboro, North Carolina Bulk Mail Center (BMC). The complainant alleged he was unfairly issued a letter of removal in retaliation for filing a complaint with the OIG[1] and his Congressman. While the OIG was reviewing the allegation, the complainant was reinstated. The OIG review found merit to the initial allegation. This management advisory report discusses the supervisor's actions and the related actions by the contracting officer.

The information was obtained through interviews of individuals knowledgeable about the complaint and review of public records. We conducted this inquiry from October 1997 through February 1998, using the President's Council on Integrity and Efficiency Quality Standards for Inspections.

Results in Brief

We found that:

- The supervisor's son owned a landscaping company on the supervisor's property;
- The supervisor engaged in sales activities for his son's landscaping company while on duty at the Postal Service and possibly violated the USPS Code of Ethical Conduct;

[1] Section 7(c) of the Inspector General Act prohibits postal management from retaliating against any employee for complaining or disclosing information to an OIG representative.

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- The contracting officer was not forthcoming when asked by the OIG about the supervisor–son relationship; and
- The Postal Service, through the supervisor, took retaliatory action.

Background

On March 26, 1997, the Greensboro BMC awarded a landscaping contract to a company to plant trees and shrubbery outside the BMC. The supervisor works at the Greensboro BMC which awarded the contract to his son.

Observations

Supervisor Owned Property

The supervisor owns the property where his son's company resides and the supervisor pays the property taxes for the business. Although the company is currently licensed to his son, documents reviewed indicate the supervisor may have previously owned the company.

Supervisor Negotiated Sales

When interviewed by the OIG, the supervisor stated he negotiated prices and made sales for his son's landscaping company from employees at the BMC, some of whom he supervised. The employees ordered landscaping materials from the supervisor and he personally delivered the purchases to the employees on the BMC parking lot. In addition, the supervisor admitted to telling employees that we have a landscaping business, when negotiating prices.

We believe that the supervisor may have violated the USPS Code of Ethical Conduct, by engaging in sales activity, and the receipt of orders for his son's landscaping company, while on duty in the office where he is stationed, for private financial gain. Specifically, the supervisor may have violated the Code of Ethical Conduct (5 CFR 2635.702, 704, & 705) and USPS Employee Labor Manual 661.3, 661.42, & 661.52).

OIG Questioned Contracting Officer's Statements

We discovered discrepancies between the contracting officer's statements and information obtained during the review. According to the contracting officer:

- The bidders were referred to him and he obtained their telephone numbers from the Yellow Pages;
- He called each of the companies to obtain a bid and the contract was awarded to the company with the lowest bid; and
- Prior to awarding the contract, he had no knowledge that the owner of the landscaping company awarded the contract was related to a postal supervisor at the BMC. He only became aware of the relationship after the contract was awarded.

Observations (Cont'd)

We obtained the following information through interviews and public records, which tend to contradict the contracting officer's claims:

- A check of the yellow pages and directory assistance revealed no listing for the landscaping company awarded the contract;
- The other two competing companies stated that they were not contacted by the contracting officer nor did they submit a bid; and
- Prior to contract award, the contracting officer was requested by a manger at the BMC to check with the supervisor in question because the supervisor's son owned a landscaping business. According to the supervisor, prior to contract award, the contracting officer purchased plants for his personal use from the landscaping company. The supervisor recalled delivering the plants purchased by the contracting officer to him at the BMC. The contracting officer paid for the purchase by personal check, payable to the supervisor's son. Based on the above events, the contracting officer knew about the father and son relationship prior to award of the contract.

The discrepancies between the Contracting Officer's statements and OIG-developed information, led us to question the integrity of the contract award practices by the Greensboro BMC.

Supervisor Was Not Independent

On October 17, 1997, the complainant was terminated from employment with the USPS because of the allegations he made about his supervisor to the OIG. According to the removal letter, the complainant was removed because he possessed no evidence to support his allegations to the OIG. The complainant's supervisor charged him with a malicious and reckless disregard for the truth, which undermined the supervisor's confidence in the complainant's ability to be a productive postal employee. However, as discussed above, the charging supervisor's son owned the landscaping company that was awarded the contract and thus there was merit to the allegation.

We learned that the charging supervisor conducted a review of the complainant's allegations to the OIG. We understand that it is Postal's normal policy for supervisors to review subordinates' complaints. However, we question the independence of the supervisor's review because of the reporting relationship of the parties involved. This complainant's contract allegation specifically involved his supervisor. Since the supervisor was named in the allegation, he should not have conducted the initial review.

In addition, the supervisor proposed the disciplinary action (removal) to be taken against the complainant. Postal Service allowed him to proceed with the removal. The above actions appear to be in retaliation for making allegations to the OIG. The Inspector General Act prohibits retaliation against any employee for complaining or disclosing information to an OIG representative.

Suggestions

We suggest that:

1. The Vice President, Mid-Atlantic Area Operations determine if an ethical code of conduct violation occurred in this case and if so, determine what actions should be taken against the violator.

2. The Vice President, Purchasing and Materials assures independence is maintained in awarding contracts, regardless of contract value.

3. The Deputy Postmaster General assures employees will not be retaliated against for reporting allegations to the OIG.

4. The Deputy Postmaster General assures employees receive independent reviews by not allowing a direct reporting relationship between the investigating, proposing, and deciding officials.

In response to our report, the Deputy Postmaster General issued the attached notice advising postal officers of our review and reaffirming two statements of principle: no retaliatory action is to be taken against any postal employee for alleging to the OIG wrongdoing of any sort within the organization; and the integrity of the internal review process must not be compromised in any way through the direct involvement in it by a postal official with a self- interest in the outcome of the investigation. The OIG appreciates the action taken by the Deputy Postmaster General in responding to our report.

If you have questions, please contact Sylvia L. Owens, Assistant Inspector General, Revenue and Cost Containment, or me at [redacted]

Karla W. Corcoran

Attachment

cc: John Gunnels
Alan B. Kiel

MICHAEL S. COUGHLIN
DEPUTY POSTMASTER GENERAL

UNITED STATES
POSTAL SERVICE

March 19, 1998

OFFICERS

SUBJECT: Respecting Employee Rights

A recent incident has been brought to my attention wherein a supervisor at a postal operating facility took action to remove an employee for alleging to the Office of the Inspector General (OIG) actions on the part of local management in violation of the Code of Ethical Conduct. The employee's allegations were furthermore reviewed by the supervisor whose behavior was called into question in the complaint and who concluded, not surprisingly, the allegations were without merit. A subsequent review of the facts by the OIG substantiated the employee's allegations and corrective actions are now underway to ensure a fair resolution of this troublesome situation.

I am advising you of this incident since it illustrates why it is important to reaffirm two statements of principle that are so obviously right and to which every postal manager and supervisor are honor bound to respect, namely:

1. No retaliatory action is to be taken against any postal employee for alleging to the Office of the Inspector General wrongdoing of any sort within the organization. While this is specifically written into Section 7(c) of the Inspector General Act, I would expand its application to include as well similar disclosures to responsible members of USPS management and the Inspection Service.

2. The integrity of the internal review process must not be compromised in any way through the direct involvement in it by a postal official with a self-interest in the outcome of the investigation. This means, among other things, that there will not be a direct reporting relationship between the investigating, proposing and deciding officials responsible for acting upon the allegations.

While these statements are surely self-evident to the large majority of postal managers and supervisors, they need to be continually reaffirmed so long as abuses such as the one cited above continue to happen. I am therefore counting on each of you to convey the message embodied in this letter to your managers and supervisors.

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Major Contributors to This Report Were:

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