



# SEMIANNUAL REPORT *to* CONGRESS

SPRING 2023 | OCTOBER 1, 2022 - MARCH 31, 2023



Germantown Station



Lancaster Ave Station



Edgemoor Branch



North Philadelphia Station

USPS-OIG



# Message From the Inspector General



As the U.S. Postal Service undergoes major changes related to its strategic plans and postal legislation, the Office of Inspector General (OIG) is providing critical oversight over these new endeavors. During this six-month reporting period, we examined several items related to the Postal Service's initiative to become an employer of choice, including its response to sexual harassment complaints, the accuracy of supervisor timecards, and communication of relevant safety training. In response to USPS's plan to acquire a large number of electric vehicles, we conducted an audit examining whether vehicle maintenance facilities will be ready for them. And we have already begun reviewing changes the Postal Service is making to its delivery network.

Like previous years, we conducted site observations during the fall election. Our special agents and auditors went above and beyond to conduct nearly 850 observations across all 50 states to review and evaluate the timely delivery of Election Mail. We identified compliance issues at some of the facilities but found these issues did not impact the Postal Service's ability to process and deliver Election Mail in a timely manner.

To protect the safety and security of mail, we continued to diligently pursue concerns about mail theft and narcotics. We increased our focus on arrow key management during facility visits and investigated postal employees who were utilizing their positions to conspire with drug trafficking organizations. We also worked with federal partners to investigate multiple compounding pharmacies that were marketing to — and providing kickbacks to — doctors who prescribed their expensive creams. All defendants were sentenced to prison and ordered to pay a restitution of over \$447 million, resulting in more than \$25 million in cost-avoidance for the Postal Service.

We have undergone significant changes ourselves. The Postal Service Reform Act of 2022 gave us oversight jurisdiction over the Postal Regulatory Commission. We assumed that responsibility on October 3, and future Semiannual Reports to Congress will include this work. We also launched a new website at the end of January that features streamlined, dynamic content to make it both mobile-friendly and easy-to-navigate.

This Semiannual Report to Congress, submitted pursuant to the Inspector General Act, outlines our work and activities for the six-month period ending March 31, 2023. During this period, we issued 58 audit reports, management advisories, and white papers, and the Postal Service accepted 94 percent of our recommendations. We completed 1,634 investigations that led to 349 arrests and over \$38.5 million in fines, restitutions, and recoveries, more than \$12.5 million of which was returned to the Postal Service.

I am enormously proud of all we have accomplished over the past six months. Even being one of the leanest OIGs, with only one OIG employee for every 645 postal workers, we returned nearly \$6 in total financial impact for every dollar in our budget. Looking forward, I have full confidence that our work will continue to combat waste, fraud, and abuse; provide strategic insights; and exceed expectations in our efforts to make the Postal Service the best it can be. This is, after all, who we are and what we do.

A handwritten signature in black ink that reads "Tammy Whitcomb Hull". The signature is fluid and cursive.

Tammy Whitcomb Hull  
Inspector General, U.S. Postal Service

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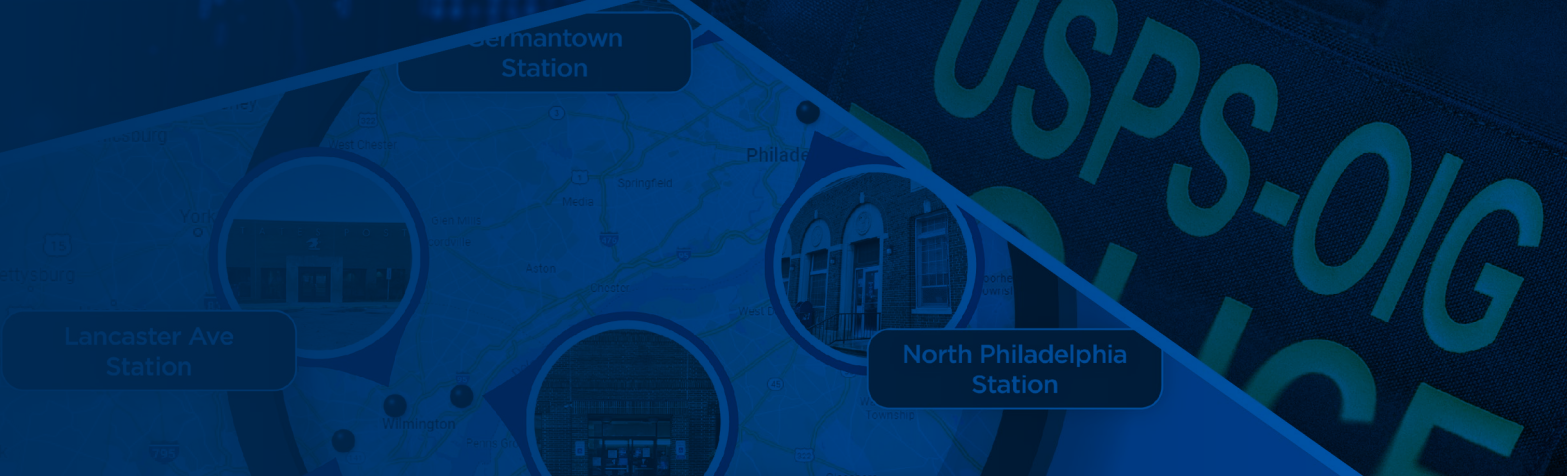
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# Who We Are *and* What We Do

In FY 2022 we issued **144 reports** to the Postal Service



Identified nearly **\$1 billion** in questioned costs



Closed more than **3,100 investigations**



...and referred **842** for prosecution to federal or state prosecutors. We secured **996** convictions, and the Postal Service took **1,786 administrative actions** against employees based on our investigations.

The U.S. Postal Service Office of Inspector General (OIG) provides essential oversight of the Postal Service and the Postal Regulatory Commission (PRC). We play a crucial role in safeguarding the public's trust in the nation's most trusted government agency, the U.S. Postal Service.

The OIG employs nearly 1,000 employees in 96 field offices, 39 states, and 91 congressional districts to oversee a postal workforce of 635,350 employees. Although the OIG has only one employee for every 645 postal employees, we returned nearly \$6 in total financial impact for every dollar invested in our budget.

Over the years, the scope of our audits and investigations have evolved to meet USPS's changing circumstances, but all OIG projects facilitate the Postal Service's efficiency, accountability, and transparency. In the past, our work focused on service to postal customers along with costs and operational efficiencies. We continue to examine mail delays and service performance challenges, but our focus areas have expanded to include emerging issues such as cybersecurity, cybercrimes, and electric vehicles. A national opioid epidemic increased our focus on narcotics, and a rise in crimes against carriers prompted a closer examination of USPS's management of arrow keys. And with the introduction of USPS's 10-year strategic plan, we are delving deeply into the operational and financial implications of its newest endeavors.

The Postal Service is consistently ranked the most trusted agency in the federal government, and we will continue to ensure it is worthy of the public's trust. OIG focus areas may shift as the Postal Service undergoes new challenges and opportunities in the future, but we will never falter in our commitment to providing rigorous oversight over the Postal Service as we've done for decades.



# Summary of Performance

For the Period: October 1, 2022 — March 31, 2023

## AUDITS and WHITEPAPERS

Questioned Costs:  
**\$63,520,847**



Revenue Impact:  
**\$195,039,890**



Funds put to better use:  
**\$0**



Total: **\$258,560,737**

Reports Issued: **58**

Recommendations Issued: **131**

Total Reports with Financial Impact: **7**

## INVESTIGATIONS



Amount to the Postal Service:  
**\$12,548,569**



Cost Avoidance:  
**\$53,941,512**



Fines, Restitution, and Recovery:  
**\$38,544,312**

Investigations Completed: **1,634**

Arrests: **349**

Indictments/Informations: **335**

Convictions/Pretrial Diversions: **398**

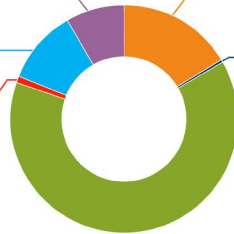
Administrative Actions: **1,033**

## HOTLINE CONTACTS

Voice Mail Messages  
**7,404**

Email  
**9,380**

Standard Mail  
**733**



Telephone Calls  
**14,474**

Facsimile  
**121**

Webforms  
**56,579**



Total Contacts:  
**88,691**

## Mission Statement

Ensuring efficiency, accountability, and integrity in the U.S. Postal Service.

<sup>1</sup> Statistics include joint investigations with other law enforcement agencies.

<sup>2</sup> Amounts are totals to the USPS resulting from joint investigations with other OIG, federal, state, and local law enforcement entities.

<sup>3</sup> Convictions reported in this period may be related to arrests in prior reporting periods.



# Oversight *of the* Postal Regulatory Commission



The Postal Rate Commission (PRC) was established more than half a century ago with the Postal Reorganization Act of 1970. The PRC is an independent federal agency composed of five presidentially appointed commissioners who are responsible for exercising regulatory oversight over the Postal Service. Subsequent legislation renamed the PRC to the Postal Regulatory Commission and expanded its responsibilities. This legislation also established a PRC OIG to provide oversight through audits, inspections, and evaluations.

The passing of the Postal Service Reform Act of 2022 expanded the USPS OIG's oversight jurisdiction to include the PRC and eliminated the PRC Office of Inspector General. We officially assumed these expanded oversight duties on October 3, 2022.

Reports on the PRC are underway and are planned for inclusion in future Semiannual Reports to Congress.

**POSTAL REGULATORY COMMISSION**

[FILE ONLINE](#)   [CONTACT US](#)

[ABOUT THE PRC](#)   [HOW TO PARTICIPATE](#)   [CASE INFORMATION](#)   [REFERENCES](#)   [REPORTS/DATA SERVICE REPORTS](#)   [NEWSROOM](#)

The Postal Regulatory Commission is an independent Federal agency that provides **transparency and accountability** of the U. S. Postal Service's operations.

[Learn More](#)



### Active Cases

View a listing of currently active cases pending before the Commission.



### Daily Listings

Daily Listings display case information and associated documents by the date they are filed with the Commission.



### Consumer Assistance

Locate information on rate and service inquiries, appealing a post office closure, filing a complaint, and finding a public representative.

### CASE DOCKETS

ENTER TITLE KEYWORD(S)

DOCUMENTS

ADVANCED

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 [@POSTALREGULATOR](#)

For First-Class Mail specifically, the Commission analyzed how actual service performance measured up to the annual... <https://t.co/TvUpOnZyDB> 4 hours 56 min ago

## Current Events

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### PRC Releases FY 2022 Annual Compliance Determination

Press Release

[FY 2022 Annual Compliance Determination](#)



### Commission Operating Status

The Commission is open with telework flexibilities available to all eligible employees.

**LINKS**

<a href="#">FOIA/PRIVACY ACT</a> <a href="#">EEO AND NO FEAR ACT</a> <a href="#">INSPECTOR GENERAL</a>	<a href="#">PRIVACY POLICY</a> <a href="#">VULNERABILITY DISCLOSURE POLICY</a> <a href="#">IPV6 SUPPLEMENTAL POLICY</a> <a href="#">ACCESSIBILITY</a> <a href="#">SITMAP</a>	<a href="#">ABOUT THE PRC</a> <a href="#">HOW TO PARTICIPATE</a> <a href="#">CASE INFORMATION</a> <a href="#">REFERENCES</a> <a href="#">REPORTS/DATA</a>	<a href="#">NEWSROOM</a> <a href="#">CAREERS</a> <a href="#">CONSUMER ASSISTANCE</a> <a href="#">FAQ</a>
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**POSTAL  
REGULATORY  
COMMISSION**

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 WASHINGTON, D.C. 20268  
 202.769.6800



# New OIG Website

On January 27, the OIG launched a newly redesigned, updated, and more mobile-friendly website.

In addition to easier navigation and a robust search function, the site features a redesigned Open Recommendations page that links directly to the corresponding audit reports showing open and closed recommendations and additional information.

The new site also lets you delve deeper into some of our investigative and research work.

Visit [www.uspsig.gov](https://www.uspsig.gov) to explore our new site and learn more about the OIG.



## About Us

### Our Mission

By conducting audits, evaluations, research, and investigations, the U.S. Postal Service Office of Inspector General (OIG) fulfills its mission of ensuring efficiency, accountability, and integrity in the U.S. Postal Service.

### STRATEGIC PLAN | FYS 2022-2026



## PUSHING THE ENVELOPE BLOG

**Delivering for the 2022 Mid-term Election**  
Date: 06/02/22 | Category: Delivery & Operations

From pre-election mail to election day, the Postal Service is committed to ensuring that every ballot is delivered on time. This blog highlights the challenges and solutions involved in delivering election mail.

[Read More >](#)

**Striking at Illegal Narcotics**  
Date: 02/22/21 | Category: OIG

There were more than 150,000 drug possession arrests in the United States in 2020. How can the Postal Service help combat this issue? This blog discusses the role of the Postal Service in identifying and reporting illegal narcotics.

[Read More >](#)

**Training for Safety and Health**  
Date: 02/22/21 | Category: OIG

As a public employee, you are responsible for the safety and health of yourself and your colleagues. This blog provides information on the training and resources available to you.

[Read More >](#)

### POPULAR POSTS

**WHEN A USPS TRUCK IS BROKEN DOWN**  
[Read More >](#)

**WHEN MAIL TAKES A LONGER ROUTE**  
[Read More >](#)

**DELIVERING THE MAIL DELIVERER ROUTE**  
[Read More >](#)

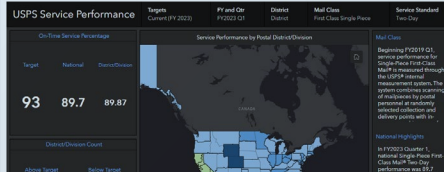
**INFORMED ON INFORMED DELIVERY**  
[Read More >](#)

## Service Performance

### About Service Performance

The Postal Service's ability to provide acceptable service is an ongoing concern across the United States. The Office of Inspector General reviews service performance and makes recommendations on where and how the USPS can improve. Our work encompasses nationwide performance, as well as specific areas of particular concern.

It is critical that service performance be properly tracked, measured and reported transparently. To that end, we will continue to update this page with our most recent service reports and data to track the Postal Service's progress in this area.



## Focus On



### Welcome to our Focus On Features

We provide a summary of our work in the most recent quarter on a particular subject or issue. You can read an overview of the topic along with highlights of our findings. You will also find links to the relevant OIG reports, which have complete details. Take a deep dive into some important areas of our work.

### MOST RECENT TOPICS

**Highway Transportation Costs**  
Highway transportation is the main method the Postal Service uses to move mail between processing facilities and from processing facilities to delivery units. Current highway transportation accounted for \$6.1 billion in costs in fiscal year (FY) 2022. 89 percent of total purchased transportation costs. In addition, the Postal Service spent \$2.4 billion on labor supplies and other costs for it.

[Read More >](#)

## Field Operations Reviews

**Field Operations Reviews at Select Plants and Delivery Units**  
OIG auditors conduct field operations reviews at select plants and delivery units in specific areas around the country. The review consists of reports for delivery units and the processing and distribution center that serves them. We also issue another report summarizing the results of our audits at all delivery units with specific recommendations for management to address.

**Click on the image for an interactive look at our work within each geographic area we have visited over the last few months, including photos of individual facility conditions.**

### LIST OF THE FIELD OPERATIONS REVIEWS WE HAVE PERFORMED TO DATE

**Mail Delivery, Customer Service, and Property Condition Reviews - Delaware/Pennsylvania 2 District**  
We performed self-initiated audits at the Philadelphia Processing and Distribution Center (PDC) and the Delaware Post Office (DPO) in the 2022 mid-term elections.



# Audits *and* White Papers

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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.

# Field Operation Reviews



## Field Operations Response Teams

**Mail Delivery, Customer Service, and Property Conditions Review – Select Units, New Jersey District**

**Mail Delivery, Customer Service, and Property Conditions Review - Select Units - Atlanta, GA**

**Mail Delivery, Customer Service, and Property Condition Reviews - Delaware/Pennsylvania 2 District**

**Fiscal Year 2022 Capping Report - Mail Delivery, Customer Service, and Property Condition Reviews - WestPac Area**

**Fiscal Year 2022 Capping Report - Mail Delivery, Customer Service, and Property Condition Reviews - Central Area**

**Fiscal Year 2022 Capping Report - Efficiency of Operations at Processing and Distribution Centers in the Western Region**

Field Operations Review Teams (FORT) perform localized, facility-specific audits related to mail processing, logistics, and delivery networks. As part of these reviews, the OIG performs a cluster of audits at the same time — one audit team visits a mail processing plant, and other teams visit three to four delivery units that receive mail from that processing plant.

During the first half of fiscal year (FY) 2023, we produced four clusters of reports specific to 16 facilities in eastern and southern regions of the country. These included reviews in the Philadelphia, PA and Wilmington, DE areas, which were initiated in response to two congressional requests and a September 2022 House Committee hearing.

During our reviews at four plants, we found issues related to late, canceled, and extra trips; scanning performance; delayed mail; and truck trailer safety and security. During our reviews at 12 delivery units, we identified over 150,000 pieces of delayed mail and found issues with package scanning, truck arrival scanning, and property conditions.

This year, we also evaluated the proper management of arrow keys at each of the delivery units we visited. Arrow keys are used to open mail-receiving receptacles such as collection boxes and are subject to strict controls. We identified issues with tracking, safeguarding, and handling of arrow keys at 10 of the 12 delivery units.

We also followed up on earlier visits, issued three updates, and summarized FY 2022 audits on plants and delivery units in the western and central areas of the United States. Specifically, we found package and truck scanning performance improved at most of the delivery units we visited, and we recommended that plant management create a plan to improve load scanning at Processing and Distribution Centers.

You can find a list of all Field Operations Reviews on our [website](#). You can also view information about the most recent Field Operations Reviews — including an interactive map — on our [storyboard](#).



# Finance, Pricing, *and* Human Capital



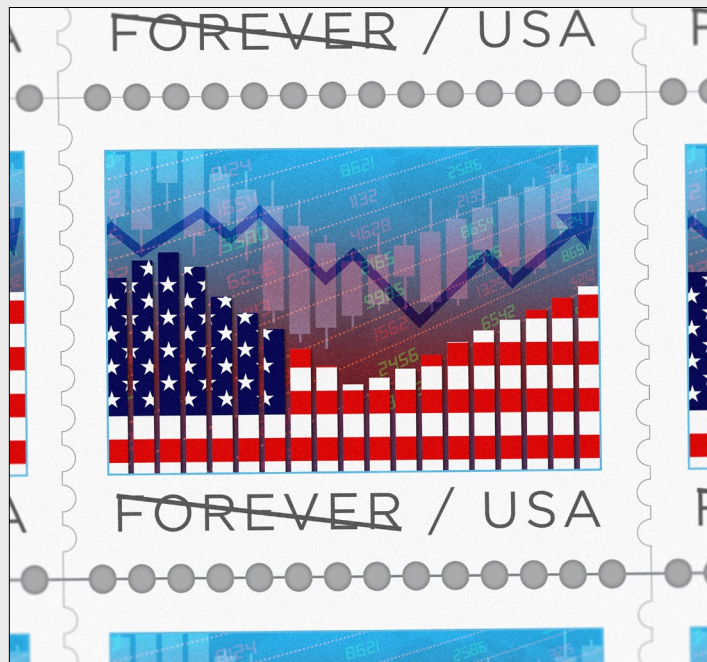
## Finance

### Postal Service Investment and Interest Rate Risk

The amount of accessible funds the Postal Service has on hand has increased dramatically since 2013. Excess cash has traditionally been invested in highly liquid, overnight Treasuries that are driven largely by interest rate policy set by the Federal Reserve. When needed, the Postal Service can also raise cash by issuing debt. A Note Purchase Agreement (NPA) with the U.S. Department of the Treasury was used in the past to govern the Postal Service's debt borrowing, but that NPA expired in 2019. A new agreement was signed in December 2022.

We assessed the Postal Service's investment of its cash balances and identified opportunities to improve investment and borrowing strategies to reduce interest rate risk. Overnight interest rates were nearly zero percent for almost two years during the COVID-19 pandemic, but interest rates began moving higher in response to inflationary pressures in 2022. Treasuries that currently yield higher rates are now a viable investment for excess cash, but they retain a significant amount of uncertainty when reinvested over an extended timeframe.

Longer-term investments mitigate this uncertainty by matching the maturity of an investment with the length of time the Postal Service is willing to hold onto it. As economic forecasts stabilize and interest rates plateau, it could be advantageous to diversify cash by investing in longer-term securities. This would reduce reinvestment risk while allowing the Postal Service to meet operational requirements and maintain funds for *Delivering for America* initiatives. Furthermore, an NPA provides certainty on borrowing conditions. If the Postal Service set terms and agreed to a new NPA, it could better manage its debt and work toward mirroring its investments to offset its interest costs.



We made five recommendations to improve investment and borrowing strategies, and management agreed with three of them. Since then, we have closed two of three recommendations: signing an NPA with Treasury on December 15, 2022, and implementing an investment policy. For the other two recommendations, management neither agreed nor disagreed, stating their current investment agreement with Treasury was finalized prior to this report's issuance.

# Finance, Pricing, *and* Human Capital



## Human Capital Management

### Safety and Health Program Training

The Safety and Health Program provides guidance and training to support USPS's work environment and avoid industrial accidents. Industrial accidents involve personal injuries as well as property damage, which can include damage to motor vehicles. In the five years between FY 2017 and FY 2021, most postal industrial accidents around the country involved mail carriers assigned to retail and delivery facilities.

We found management at the 12 facilities we evaluated did not always provide employees with consistent and relevant safety and health training, and some employees did not complete required refresher training after an industrial accident. Additionally, management did not always present safety talks properly. When they did, management did not always adequately document and maintain records of their completed safety talks. We also found that management did not always ensure employees were trained effectively

in first aid or use of service safety equipment, such as fire extinguishers and first-aid kits. Furthermore, management did not always display visual media promoting safety awareness or ensure employees wore proper footwear.

We made recommendations, including that management: 1) provide training on the Safety and Health Management Tool; 2) reiterate policies and procedures on presenting and documenting safety talks; 3) revise and communicate applicable guidance to define the purpose and intent of safety talks; 4) provide formal training on maintenance and verify the inspection of fire extinguishers and first-aid kits; 5) provide formal training on administering first aid and cardiopulmonary resuscitation; 6) provide formal training on approved footwear; and 7) dispose of obsolete items and prevent other items from obscuring safety awareness media displays. Management agreed with the recommendations.

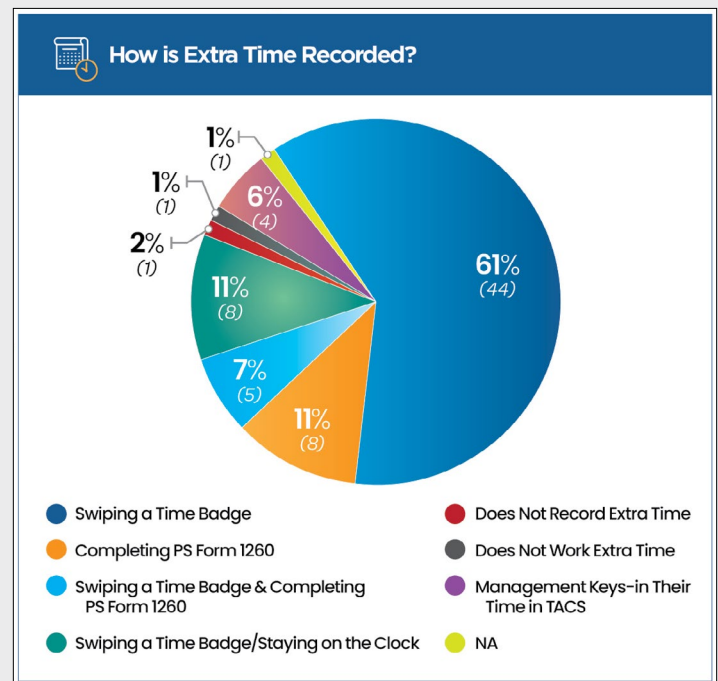
### Supervisor Timecard Administration

The Time and Attendance Collection System (TACS) is the primary application for collecting USPS employees' time and attendance data. At the end of FY 2021, the Postal Service had over 653,000 employees, including more than 17,000 supervisors. All are compensated based on time entered into TACS. According to the Fair Labor Standards Act, supervisors are generally categorized as special exempt employees and do not receive overtime. However, if they worked extra hours, they are eligible for extra straight time pay.

We found opportunities to improve the accuracy of supervisors' recorded workhours. For instance, there were issues with incomplete documentation when adjusting timecards. Supervisors sometimes worked extra hours that were not recorded in TACS because managers did not properly document adjustments made to supervisor timecards. While most supervisors stated they had recorded all their hours, 43 percent of the supervisors we interviewed stated they had worked extra time they had not recorded.

We recommended management reiterate proper timekeeping procedures and emphasize the requirement for all supervisors to adhere to their work schedules and record all hours, including extra hours worked. Management agreed with the recommendations.

### Supervisor Interview Response





# Inspection Service, Technology, *and* Services



## U.S. Postal Inspection Service

### U.S. Postal Service's Response to Sexual Harassment Complaints

Sexual harassment is a form of sex discrimination that violates Title VII of the Civil Rights Act of 1964. Postal Service offices that are responsible for accepting and responding to employee sexual harassment complaints include Human Resources, Labor Relations, and Equal Employment Opportunity (EEO) Compliance and Appeals. The EEO Compliance and Appeals Office is responsible for ensuring that the Postal Service fulfills its obligations as defined by the national Equal Employment Opportunity Commission.

We found that USPS may not have a complete picture of the extent to which sexual harassment goes unreported. We also found that data related to certain sexual harassment complaints are unreliable. The Postal Service has made significant efforts to meet federal EEOC requirements for responding to sexual harassment, but we found opportunities

for improvement in how the agency reviews complaints submitted through its EEO complaint process. Furthermore, an overwhelming majority of managers who conducted the Initial Management Inquiry Process (used to respond to harassment complaints) had not completed required training. The same was true for personnel responsible for recording harassment data into the Workplace Environment Tracking System.

We made six recommendations, including recommending that management periodically conduct an employee-wide survey to assess the extent to which sexual harassment goes unreported and to evaluate the effectiveness of USPS's anti-harassment policies and procedures. Management agreed with three of the recommendations and disagreed with three of the recommendations, which are in resolution.

*The Postal Service uses two data systems to maintain records of sexual harassment complaints under the anti-harassment program:*



# Mission Operations



## Delivery Operations

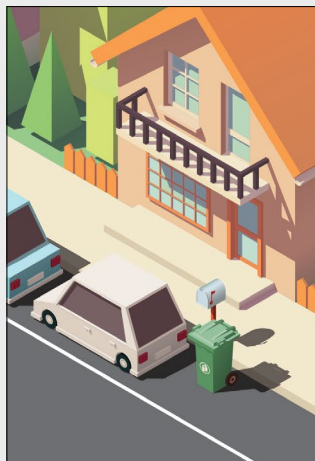
### Delivery Operations - Undelivered and Partially Delivered Routes

Routes are considered “undelivered” when all the customers on a route do not receive daily deliveries, and are “partially delivered” when only some customers receive daily deliveries. The Postal Service has several tools to identify delayed mail on delivery routes, but none of them identify the number of undelivered and partially delivered routes on a national level. Furthermore, the Postal Service’s National Delivery Intelligence tool identifies *assumed* undelivered routes but does not provide the *actual* number of undelivered routes. These tools are limited due to technological constraints and reliance on the manual recording of delayed mail by delivery unit management, which is often underreported. As a result, the actual number of undelivered and partially delivered routes is unknown.

The Postal Service has opportunities to leverage existing tools and technologies to identify the actual number of undelivered and partially delivered routes. This could include integration of delivery operations data with Informed Delivery to eliminate failures to manually report delayed mail. Data on delayed mail and undelivered and partially delivered

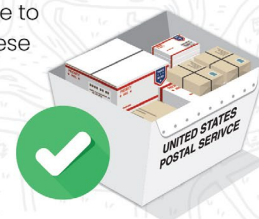
routes could be used to notify customers of delays and service outages in near real-time. Service interruption notices would keep customers informed and help the Postal Service provide world-class, universal mail service.

We recommended that management finalize system enhancements to identify undelivered and partially delivered routes. Management agreed. We also recommended that management enhance processes and tools to notify customers of delayed mail and of undelivered and partially delivered routes. The Postal Service did not agree, and this recommendation is currently in resolution.



### Delayed Mail vs. Undelivered Routes:

Delayed mail does not necessarily mean a route is undelivered or partially delivered. For example, a carrier provided delivery to their route on Tuesday. However, fifteen letters scheduled for Tuesday delivery were not delivered due to a blocked mail receptacle. These fifteen letters are considered “delayed,” but the route was considered delivered.



## Network Processing

### Fiscal Year 2023 Peak Season Preparedness

The Postal Service developed a plan to handle the large increase in package and mail volume expected to occur during the FY 2023 peak mailing season. The plan builds upon prior peak season successes by acquiring facility space, hiring additional employees, and deploying additional mail processing machines. Specific initiatives include:

- Converting 10,000 pre-career employees to career status and backfilling them;
- Hiring over 28,000 temporary employees starting in October 2022;
- Deploying and installing 50 package sorting machines;

- Leasing 17 temporary mail processing facilities and 71 delivery annexes; and
- Achieving a goal of 93 percent precision for completing operational tasks according to planned times.

One of the Postal Service’s initiatives was at risk of not being fully implemented before the upcoming peak season. Specifically, management secured leases for only nine of 17 (or 53 percent) temporary processing annexes and only eight of 71 (or 11 percent) temporary delivery annexes as of November 1, 2022. Management stated it would implement contingency plans if it could not acquire the desired facility space. Since the Postal Service developed a plan to handle increased volume of the peak mailing season, we did not make a recommendation.



# Mission Operations



## Service Performance of Election Mail For the November 2022 Midterm Election

The Postal Service successfully prioritized the timely processing and delivery of Election Mail during the 2022 election cycle and was able to deliver 97.3 percent of identifiable and measurable ballots sent to voters on time. This was an increase from the 2018 and 2020 elections and nearly six percentage points higher than the target. To ensure the highest level of service performance, the Postal Service enacted several key practices and extraordinary measures. However, these practices and measures impacted revenue and costs for the Postal Service. For example, Election Mail sent as Marketing Mail was authorized to be processed expeditiously — as First-Class Mail — despite the difference in service standards and in revenue received. Potentially, the Postal Service could have earned an additional \$23 million in revenue for these pieces.

In addition, we found the Postal Service was not always in compliance with their policies and procedures for processing and delivering Election Mail. Specifically, we identified

compliance issues during 43 of 104 (41.3 percent) mail processing facility observations and 233 of 793 (29.4 percent) delivery unit observations. These compliance issues, however, did not appear to impact the Postal Service's ability to process and deliver Election Mail on time. Additionally, some controls are redundant with other Election Mail policies and procedures and may not have an impact on the Postal Service's ability to process and deliver Election Mail on time.

We recommended management 1) develop a plan to analyze costs associated with the processing and delivery of Election Mail and explore opportunities to be compensated for the implementation of Election Mail key practices and extraordinary measures; and 2) evaluate whether all current Election Mail policies are necessary and eliminate redundancies. Management agreed with both recommendations.



# Retail, Marketing, *and* Supply Management



## Retail

### Vehicle Maintenance Facility Preparedness for Next Generation Delivery Vehicles

The Postal Service plans to replace and expand its current delivery fleet with a mix of purpose-built Next Generation Delivery Vehicles (NGDVs) and commercial off-the-shelf vehicles. NGDVs are slated to begin initial deployment in late 2023 and will comprise a mixture of internal combustion engine and battery electric powertrain vehicles. Vehicle Maintenance Facilities (VMFs) are responsible for servicing and repairing the current fleet, and the Postal Service has initiated efforts to prepare VMFs to maintain the forthcoming NGDV fleet.

Generally, we found the Postal Service’s initial plans to prepare VMFs were consistent with best practices of other delivery fleets that were transitioning from older vehicles to newer vehicles. We also noted opportunities for the Postal Service to further enhance its plans prior to NGDV deployment. Specifically, we found that several industry best practices were not fully outlined in the initial plans, such as

defining essential technician skills and certifications, making necessary upgrades to building systems, and developing a battery electric vehicle waste management strategy. The Postal Service considered incorporating these best practices, but stated it was too early to commit to additional efforts because acquisition and distribution plans had not yet been finalized. Management indicated they intend to implement remaining and applicable best practices in the future.

We recommended management further evaluate industry fleet transition best practices and outline additional efforts to enhance existing VMF preparedness plans as they finalize NGDV acquisition and deployment. Management agreed with our first finding but disagreed with the second finding and recommendation. We subsequently closed this recommendation based on management’s commitment to monitor and apply industry best practices as it finalizes its VMF preparedness plans.

### NGDV Feature Highlights



Source: *Delivering for America: Our Vision and Ten-Year Plan to Achieve Financial Sustainability and Service Excellence*, March 23, 2021.



# Retail, Marketing, *and* Supply Management



## Sales, Marketing and International

### Key Issues With Channel Partners

Weaknesses in the design and oversight of Channel Partner programs resulted in significant revenue risk for the Postal Service during FY 2020 and FY 2021. Specifically, we noted at least one PC Postage provider systematically routed merchants to Channel Partner postage meters, even if the merchant did not have a relationship with the Channel Partner. This significantly reduced the Postal Service's revenue from those merchants and inhibited the merchants' ability to have a direct relationship with the Postal Service. In addition, the Postal Service did not adequately enforce requirements in their reseller contracts, leading to a lack of visibility. Lastly, the Postal Service's methodology for identifying and collecting incorrectly discounted postage from resellers was incomplete and inaccurate.

Between FY 2016 and FY 2021, the share of the Postal Service's volume flowing to each price tier continued to shift significantly toward lower-priced tiers controlled by Channel Partners. While we recognize a portion of the volume shift was the result of the COVID-19 pandemic and other economic factors, we believe

that the systematic movement of customers from their own commercial meters to Channel Partner meters was a significant contributor as well. Given the rapid growth in the ecommerce shipping marketplace, it is imperative that USPS has strong internal controls and reliable end-shipper visibility. Management agreed with three of five recommendations in its written response and agreed to the remaining two in audit resolution.





## The Value of the Postal Service's Retail Network to Small Businesses

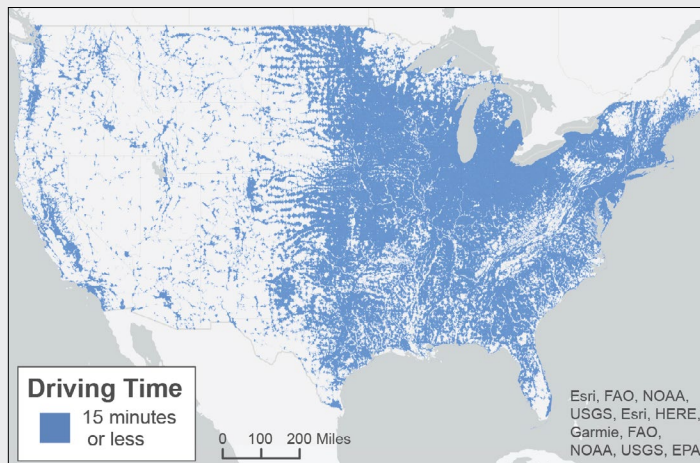
The small business segment has considerable potential to generate more revenue for the Postal Service. The OIG sought to identify products, services, and outreach offered to small businesses through post offices and to assess how these offerings are perceived by the small business community. This paper also offers ideas for initiatives that could meet the emerging needs of small businesses.

The Postal Service's *Delivering for America* plan acknowledges the need to improve its retail network to better serve small businesses. As a result, USPS has introduced new initiatives such as USPS Connect Local, which offers affordable same-day or next-day shipping to local addresses and helps businesses meet expectations for speedy delivery.

The Postal Service has an opportunity to further grow in the small business space. It can help small businesses address evolving consumer expectations for fast delivery and provide convenient return options. For instance, solutions such as e-commerce fulfillment enable prompt delivery to local customers. The agency could also standardize its small business marketing across the retail network and collect stronger data on small businesses by segmenting more

data sources by customer type and business size. Finally, additional services at post offices, such as small business consultants and enhanced self-service options, could increase the value of the retail network for this segment.

## Areas Within a 15-Minute Drive to the Nearest Post Office



Source: USPS OIG

## Primer on Postal Reform

Signed into law on April 6, 2022, the Postal Service Reform Act of 2022 (PSRA) is the culmination of 11 years of efforts to pass postal reform legislation. The PSRA contains provisions that will impact the Postal Service's finances and operations both immediately and in the long term.

The PSRA's financial provisions eliminated large unpaid obligations and reduced the size of the Postal Service's annual budget deficit. The elimination of prepayment requirements for retiree healthcare resulted in a one-time, non-cash benefit of more than \$59 billion in the third quarter of FY 2022. Medicare integration, set to begin in 2025, will reduce spending on health insurance premiums for Postal Service workers, retirees, and their dependents by an estimated \$5.5 billion between 2025 and 2031. The PSRA also allows the Postal Service to earn revenues by offering certain non-Postal Services in collaboration with state/local/tribal governments.

The PSRA includes operational provisions that are intended to increase USPS efficiency, accountability, and transparency while improving service quality to customers. For example,

the Postal Service will be subject to additional procedural requirements regarding the establishment of performance targets; it is also required to make service performance information more accessible through the creation of a public-facing dashboard. Another PSRA provision includes commissioning a study by the PRC, in consultation with the OIG, to examine possible inefficiencies in the collection, sorting, transportation, and delivery of Flats. The study would quantify the effects of volume trends, investment decisions, excess capacity, and operational inefficiencies on costs to the Postal Service that are attributable to Flats. Furthermore, another PSRA provision required the PRC to review the Postal Service's cost attribution guidelines and make modifications, if deemed appropriate. The PRC commenced this docket on March 31, 2023.

Although the financial and operational implications of PSRA are significant, other previous reform proposals were not covered in PSRA. These proposals, which could be revisited in the future, include investing Postal Service retiree assets in index funds or clearly defining the Postal Service's universal service obligation.



# Research *and* Insights Solution Center



## The Postal Service in the 21st Century: A Recent History

The Postal Service has weathered enormous changes since the turn of the 21st century. Despite financial challenges and declining mail volume, USPS remains a foundational institution that continues to deliver for the nation. The OIG sought to provide a high-level overview of the Postal Service's operational environment since the year 2000, identifying major postal trends and contextualizing those trends against the broader social, economic, and legislative environment within which they existed.

The 2000s saw mail volume peak and then fall precipitously following the collapse of the housing market and its spillover into the broader economy. The decade also saw GAO place the agency on its High-Risk list, President George W. Bush establish the bipartisan President's Commission on the U.S. Postal Service, USPS release a transformation plan, and Congress pass the Postal Accountability and Enhancement Act.

The 2010s was a time of significant financial pressure for the Postal Service, as total expenses outstripped total revenue every year of the decade. To minimize expenses, the Postal Service undertook several initiatives to optimize and consolidate its retail, processing, and delivery networks. During this decade, the USPS Board of Governors also shrank in size, ultimately reaching zero presidentially appointed governors at the end of 2016.

The 2020s, while less than four years old, have given the Postal Service an opportunity to showcase its value to the nation. As the country faced the COVID-19 pandemic, the Postal Service delivered election ballots, COVID-19 test kits, and an increasing number of packages to Americans to help them through the crisis.





# Investigations

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The Postal Service is consistently ranked America’s “most trusted federal agency” by the Ponemon Institute. 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 mail and to ensure the integrity of postal processes, finances, and personnel, USPS relies on the investigative efforts of OI special agents. Their charge is to investigate employee misconduct, internal crimes, and fraud committed by postal employees and contractors.

In this section, we highlight work conducted by OI during this reporting period. Its investigations contributed to deterring postal crimes and safeguarding the Postal Service’s revenue and assets — and ultimately helped to maintain a stable and sound Postal Service.





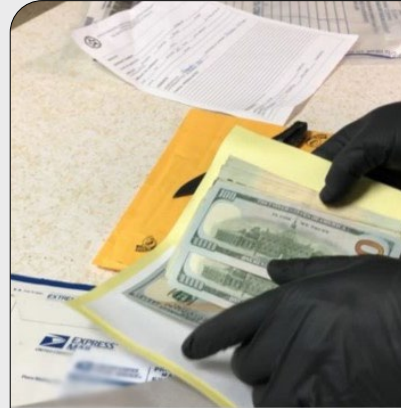
# Narcotics



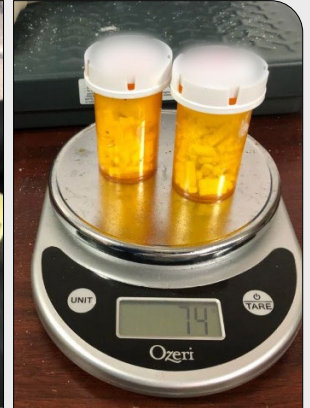
In 2020, the OIG investigated a Postal Service employee who was conspiring with an external drug trafficking organization (DTO) to facilitate, transport, and deliver drugs through the mail. The OIG used advanced data analytics to locate and intercept four parcels containing cocaine, methamphetamine, and ecstasy. OI also found that the postal employee was utilizing her Postal Service login to track narcotics parcels in the mail stream.

The investigation identified a total of six external co-conspirators. The employee confessed she had provided one of them with keys to two unassigned PO Boxes so they could use them to access narcotics parcels. In August 2020, the employee resigned from the Postal Service.

Four months later, the employee and six external co-conspirators were indicted in the Southern District of Indiana. The employee pleaded guilty to a conspiracy charge and was sentenced to 46 months' imprisonment and three years' supervised release. All six external co-conspirators were convicted and received a combined sentence of 865 months' imprisonment.



Left: Money seized by the OIG with a parcel search warrant during an investigation into a drug trafficking organization (DTO).



Right: Narcotics seized during a search warrant investigating a DTO.

The OIG joined a narcotics task force investigation in December 2020 to investigate a drug trafficking organization operating in and around Cleveland and Akron, OH. The task force believed the DTO was distributing heroin, methamphetamine, and cocaine.

During a surveillance operation in August 2021, a postal employee at an air mail facility was observed picking up suspected narcotics from a DTO member. A subsequent traffic stop of the employee led to the discovery and seizure of over seven kilograms of methamphetamine and more than two kilograms of fentanyl found in her vehicle. The employee was arrested and charged with possession. In September 2021, she was terminated from the Postal Service.

That same month, the joint task force issued multiple search and arrest warrants in the Cleveland, OH area. It seized more than \$152,000, two drug presses, six firearms, and a variety of drugs including cocaine, methamphetamine, marijuana, heroin, and fentanyl. The employee was indicted and pleaded guilty to conspiracy and possession charges; she was sentenced to 57 months' imprisonment followed by three years' probation. Twelve other external co-conspirators were criminally prosecuted and sentenced to a total of 681 months' imprisonment.



Top: Money seized from a search warrant during a joint narcotics task force investigation into a DTO operating in Ohio.

Bottom: Drugs seized from a traffic stop of a postal employee who was observed picking up narcotics during a surveillance operation by the joint narcotics task force investigation.

# Mail Theft



In July 2022, Postal Service management notified the OIG of a witness who claimed to have seen an employee discarding mail into a construction dumpster in Richmond, VA. The witness observed the mail being dumped and provided a photo of the USPS vehicle to local police. Postal Service management and OIG special agents responded and recovered 254 pieces of First-Class Mail and 4,385 pieces of Standard Mail. This included 40 pieces of political mail, including 34 voter registration cards for the 2022 midterm election. During an interview with special agents, the employee admitted to discarding mail into the construction site dumpster from multiple routes on several occasions between June and July 2022.

The employee was charged with one count of obstruction of mail in July 2022. Three months later, the employee pleaded guilty and was fined \$250, sentenced to two days of incarceration, and placed on probation for 12 months. In November 2022, the employee resigned from the Postal Service.



Top: Voter registration cards recovered by the OIG after a postal employee discarded mail into a construction dumpster in Virginia.



# Health Care Provider Fraud



In July 2015, the OIG and other federal partners initiated an investigation into multiple compounding pharmacies in Mississippi. These pharmacies were marketing to doctors and encouraging them to prescribe expensive compound creams to injured Postal Service employees in receipt of workers' compensation benefits, as well as other federal and private healthcare plans. The compound creams yielded a significant reimbursement for the pharmacies, which in turn paid kickbacks to marketers and prescribing doctors as an inducement to continue prescribing.

The originator of the scheme created marketing companies that provided these kickbacks to marketers and prescribing physicians. The originator also recruited pharmacy owners and obtained ownership interest in each pharmacy. The originator and his partners moved the proceeds of their criminal activity into corporate entities that had been created to launder funds. The criminal network set up at least 14 entities for this purpose.

In January 2016, search warrants were executed at 10 locations. Subsequently, all defendants were charged and pleaded guilty to charges ranging from conspiracy to commit health care fraud to money laundering. The originator of this scheme was sentenced to 18 years' imprisonment and was ordered to pay restitution of \$287 million. Collectively, all defendants in this investigation



*Examples of medication sent to patients by compounding pharmacies in Mississippi.*

were sentenced to over 68 years' imprisonment and ordered to pay restitution of more than \$447 million. The pharmacies and their owners were excluded from all federal programs for periods ranging from 29 to 80 years, resulting in a cost avoidance of more than \$25 million for the Postal Service.

In 2018, the FBI notified the OIG of an acupuncture facility that was allegedly billing for services that had not actually been rendered. Patients of the facility included USPS employees with workers' compensation claims. Data analysis revealed over \$190,000 had been paid to the clinic for the services allegedly rendered to USPS employees. The OIG worked jointly with the FBI and DOL OIG and found the clinic's billing manager had conspired with the clinic's owner to fabricate treatment notes to make it appear as if services had been provided. Additionally, a separate doctor purportedly supervised chiropractors at the clinic even though the supervision never occurred.

The billing manager and clinic owner were indicted and charged with health care fraud. The billing manager pleaded guilty and was sentenced to three years' probation and ordered to pay \$1.2 million in restitution. The supervising doctor was placed into a pre-trial diversion program. The acupuncture clinic and all defendants in this scheme were permanently excluded from participation in the Office of Workers' Compensation Program, resulting in more than \$1.2 million in cost avoidance for the Postal Service.

# Health Care Claimant Fraud



When the OIG conducted a proactive review of the periodic rolls, it found a former city carrier who had been on disability for 20 years and was receiving a high number of Schedule II medications. Further investigation determined the former carrier was making false representations about his physical abilities to his treating physician. As a result, the physician stated in the medical documentation that the former carrier was permanently disabled due to his work-related injury. Medical notes also stated the former carrier used a walker attached to a wheelchair for mobility and could not drive a vehicle. The former carrier reported he was totally disabled, and stated he spent half his time unable to get out of bed.

However, surveillance determined the former carrier was able to stand, walk, drive, and do yardwork without any assisted devices. He was also observed driving a vehicle, wearing a backpack leaf blower, riding and operating a lawn mower, lifting heavy items, and conducting maintenance tasks.

In September 2022, the former carrier pleaded guilty to theft of government funds. He was sentenced to 12 months' probation and six months of home confinement, and was ordered to pay \$150,000 in restitution and a special assessment of \$100. This investigation resulted in a cost avoidance of over \$400,000 for the Postal Service.



*Clockwise from top: Evidence of a claimant raking leaves, using a leaf blower backpack, lifting a bicycle, and riding a lawnmower despite claims he was totally disabled due to a work-related injury for 20 years.*



# Financial Fraud



The OIG initiated an investigation based on a proactive review of multiple USPS indemnity claims. It found that a customer filed 1,100 fraudulent claims against the Postal Service in the amount of \$332,000 by insuring and mailing empty packages throughout the country to fictitious addresses. She then created fictitious sales invoices using her children's names and addresses. She set up numerous PO Box accounts to receive fraudulent insurance payments and forged their endorsements to deposit the checks into her bank accounts. An analysis of her claims data showed she had used the same sales receipts in hundreds of claims as supporting documentation.

During the investigation, the OIG discovered funds involving state government assistance, which subsequently prompted

a joint investigation into housing and benefits fraud with U.S. Housing and Urban Development (HUD) and the Southern Nevada Regional Housing Authority (SNRHA). HUD and SNRHA determined the customer committed housing and benefits fraud when she failed to disclose revenue earned from fraud against the Postal Service, which would have made her ineligible for benefits.

In June 2022, the customer was charged with theft, money laundering, and mail fraud. In August 2022, she pleaded guilty to all three criminal charges and was released on a personal recognizance bond. She was sentenced to 15 months of imprisonment and 36 months of supervised release. She was also ordered to pay \$332,000 to USPS; \$78,332 to the State of Nevada; and a special assessment of \$300.



The Postal Service Finance Department alerted the OIG to possible money order fraud by a USPS associate in Bellflower, CA. The associate flaunted a new car and extravagant spending to her coworkers. The associate utilized multiple embezzlement schemes to remain undetected by local Postal Service management. An OIG investigation found the employee processed 138 fraudulent money order transactions between March 2016 and March 2017, embezzling more than \$111,000 from the Postal Service.

When interviewed, the associate denied all accusations, but evidence against her included \$69,000 in cash deposits to her bank account, the associate's name on money orders, a paper trail of Postal Service documents outlining her schemes, and variations of family members' names and addresses on refund documentation. The employee resigned while under investigation in December 2018.

In January 2022, the now-former associate was indicted, arrested, and charged with wire fraud and theft of government property. Four months later, the associate was convicted and found guilty of all charges. In January of the following year, the associate was sentenced to six months' imprisonment, followed by six months of home confinement and 24 months' probation. The associate was also ordered to pay more than \$111,000 in restitution to the Postal Service.

# Contract Fraud



The OIG led a complex, multi-year criminal investigation into a USPS facilities supplier that contracts with the Postal Service to assign facilities maintenance jobs. Since 2012, the company was assigned roughly 7,000 job tickets, and was paid approximately \$11.9 million for those jobs. While the company was required to disclose the use of subcontractors and was allowed only a 10% mark-up on subcontractor invoices, the OIG found that the company used subcontractors for most of the work and inflated costs between 15 to 300 percent.

The owner of the company pleaded guilty to a conspiracy charge and was sentenced to 18 months' incarceration, 12 months' home detention, and three years of supervised release. The supplier was also ordered to pay more than \$941,000 in restitution to the Postal Service.





# Senior Executive Investigations



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

## Substantiated allegations:

1. The OIG received a complaint that a Postal Service manager abused his authority and engaged in favoritism involving his girlfriend. Our investigation substantiated that the manager violated policy when he selected his girlfriend for a promotion, and inappropriately aided her in the promotion process by sending her information from another applicant's presentation. Following her promotion, the manager misused his position to advocate on his girlfriend's behalf for development opportunities and approved actions to benefit her related to awards, domicile changes, office improvements, performance reviews, and the Managerial Leadership Program.

This investigation was not referred for prosecution. The OIG provided its Report of Investigation (ROI) to the Postal Service for appropriate action. The manager was removed from Postal Service employment and the girlfriend was issued a downgrade in position.

## Unsubstantiated allegations:

During the reporting period, six instances of alleged misconduct by PCES employees were unsubstantiated.

1. We investigated an allegation that a Postal Service manager engaged in suspicious behaviors indicating possible mail theft. Our investigation disclosed no information to substantiate the allegation.

2. We investigated an allegation that a Postal Service manager retaliated against an employee for making a protected disclosure. Our investigation disclosed no information to substantiate the allegation.
3. We investigated an allegation that a Postal Service manager allowed his wife, also a postal employee, to misuse a government vehicle for personal errands. Our investigation disclosed no information to substantiate the allegation. However, we made a management referral concerning the appearance that the manager allowed his wife to work in his office instead of assigned office space.
4. We investigated an allegation that a Postal Service manager created a hostile work environment and played golf during work hours. Our investigation disclosed no information to substantiate the allegation.
5. We investigated an allegation that a Postal Service manager promoted female employees based on who he had dated, instead of on merit principles. Our investigation disclosed no information to substantiate the allegation.
6. We investigated an allegation that a Postal Service manager violated policy when she instructed employees to work outside of their normal workhours in a non-pay status. Our investigation disclosed no information to substantiate the allegation.

# Whistleblower Reprisal Investigations



During this reporting period, there were no substantiated allegations of whistleblower retaliation.





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# Appendix A: Reports Issued to Postal Service Management



## Summary

OIG audit teams conduct performance and financial audits, evaluations, and other reviews to address the business of the Postal Service.

**For the period: October 1, 2022 — March 31, 2023**

Risk Categories	Number of Reports	Funds Put To Better Use	Questioned Costs	Unsupported Questioned Costs	Revenue
Field Operations	34	—	\$46,075	\$46,075	\$6,120
Finance, Pricing & Human Capital	9	—	\$5,066,930	—	\$172,000,000
Inspection Service, Technology & Services	3	—	—	—	—
Mission Operations	4	—	\$52,543,493	\$52,543,493	\$23,033,770
Retail, Marketing & Supply Management	5	—	\$5,864,349	\$176,642	—
<b>Subtotal</b>	<b>55</b>	<b>—</b>	<b>\$63,520,847</b>	<b>\$52,766,210</b>	<b>\$195,039,890</b>
RISC	3	—	—	—	—
<b>Total</b>	<b>58</b>	<b>—</b>	<b>\$63,520,847</b>	<b>\$52,766,210</b>	<b>\$195,039,890</b>



# Appendix A: Reports Issued to Postal Service Management



## Reports with Quantifiable Potential Monetary Benefits

For the period: October 1, 2022 — March 31, 2023

	Number of Reports	Funds Put to Better Use	Questioned Costs	Unsupported Questioned Costs	Revenue Impact
<b>Field Operations</b>					
<b>Financial Controls</b>					
Capping Report - Efficiency of Selected Processes at Select Retail Units, Massachusetts-Rhode Island District, 22-188-R23, 2/15/2023	1	—	\$12,210	\$12,210	—
Capping Report - Efficiency of Selected Processes - Select Units, Virginia District, 22-141-R23, 10/28/2022	1	—	\$33,865	\$33,865	\$6,120
Management Alert - Voyager Card Program - Internal Control Issues, 22-006-1-R23, 10/7/2022	1	—	\$5,066,930	—	—
<b>Finance, Pricing &amp; Human Capital</b>					
<b>Finance</b>					
Postal Service Investment and Interest Rate Risk, 22-035-R23, 1/18/2023	1	—	—	—	\$172,000,000
<b>Mission Operations</b>					
<b>Network Processing</b>					
Service Performance of Election Mail for the 2022 Mid-Term Elections, 22-187-R23, 3/27/2023	1	—	—	—	\$23,033,770
<b>Transportation</b>					
Highway Contract Route Trips Not Performed, 22-193-R23, 3/21/2023	1	—	\$52,543,493	\$52,543,493	—
<b>Retail, Marketing &amp; Supply Management</b>					
<b>Infrastructure and Supply Management</b>					
Contractor - Labor Qualifications, 22-160-R23, 3/24/2023	1	—	\$5,864,349	\$176,642	—
<b>Total</b>	<b>7</b>	<b>—</b>	<b>\$63,520,847</b>	<b>\$52,766,210</b>	<b>\$195,039,890</b>

# Appendix A: Reports Issued to Postal Service Management



## Report Listing

All OIG audit reports issued to Postal Service management.

**For the period: October 1, 2022 — March 31, 2023**

### Field Operations

#### Field Operations Directorate 1

Efficiency of Operations at the Atlanta, GA Processing and Distribution Center, 22-179-R23, 11/1/2022

Efficiency of Operations at the Delaware Processing and Distribution Center, Wilmington, DE, 22-206-R23, 1/10/2023

Fiscal Year 2022 Capping Report - Mail Delivery, Customer Service, and Property Condition Reviews - Central Area, 23-029-R23, 3/20/2023

Fiscal Year 2022 Capping Report - Mail Delivery, Customer Service, and Property Condition Reviews - WestPac Area, 23-030-R23, 3/20/2023

Mail Delivery, Customer Service, and Property Condition Reviews - Edgemoor Branch, Wilmington, DE, 22-208-5-R23, 1/10/2023

Mail Delivery, Customer Service, and Property Conditions Review - Lancaster Avenue Station, Wilmington, DE, 22-208-6-R23, 1/10/2023

Mail Delivery, Customer Service, and Property Conditions Review - Marshallton Branch, Wilmington, DE, 22-208-4-R23, 1/10/2023

Mail Delivery, Customer Service, and Property Conditions Review - McDonough Main Post Office, McDonough, GA, 22-181-1-R23, 11/1/2022

Mail Delivery, Customer Service, and Property Conditions Review - Old National Station, Atlanta, GA, 22-181-2-R23, 11/1/2022

Mail Delivery, Customer Service, and Property Conditions Review - Select Units - Atlanta, GA Region, 22-181-R23, 1/9/2023

Mail Delivery, Customer Service, and Property Condition Reviews - Select Units, Milwaukee, WI Region, 22-147-R23, 10/17/2022

#### Field Operations Directorate 2

Capping Report - Efficiency of Selected Processes - Select Units, Virginia District, 22-141-R23, 10/28/2022

Efficiency of Operations at the Dominick V. Daniels Processing and Distribution Center, Kearny, NJ, 22-169-R23, 10/19/2022

Efficiency of Operations at the Philadelphia Processing and Distribution Center, Philadelphia, PA, 22-207-R23, 1/10/2023

Fiscal Year 2022 Capping Report - Efficiency of Operations at Processing and Distribution Centers in the Western Region, 23-034-R23, 3/27/2023

Mail Delivery, Customer Service, and Property Conditions Review - Belleville Annex, Belleville, NJ, 22-170-1-R23, 10/19/2022

Mail Delivery, Customer Service, and Property Conditions Review - Germantown Station, Philadelphia, PA, 22-208-1-R23, 1/10/2023

Mail Delivery, Customer Service, and Property Conditions Review - Kearny Main Post Office, Kearny, NJ, 22-170-2-R23, 10/19/2022

Mail Delivery, Customer Service, and Property Conditions Review - Logan Station, Philadelphia, PA, 22-208-2-R23, 1/10/2023

Mail Delivery, Customer Service, and Property Conditions Review - North Philadelphia Station, Philadelphia, PA, 22-208-3-R23, 1/10/2023

Mail Delivery, Customer Service, and Property Conditions Review - Select Units, Delaware - Pennsylvania 2 District, 22-208-R23, 2/15/2023

Mail Delivery, Customer Service, and Property Condition Reviews - Select Units, New Jersey Region, 22-170-R23, 12/2/2022

Mail Delivery, Customer Service, and Property Conditions Review - Stockbridge Main Post Office, Stockbridge, GA, 22-181-3-R23, 11/1/2022

Mail Delivery, Customer Service, and Property Conditions Review - Union Post Office, Union, NJ, 22-170-3-R23, 10/19/2022

### Financial Controls

Capping Report - Efficiency of Selected Processes at Select Retail Units, Arizona-New Mexico District, 23-020-R23, 3/21/2023

Capping Report - Efficiency of Selected Processes at Select Retail Units, Massachusetts-Rhode Island District, 22-188-R23, 2/15/2023

Efficiency of Selected Processes - Fort Point Station, Boston, MA, 22-188-1-R23, 11/22/2022

Efficiency of Selected Processes - Lake Havasu City Post Office, Lake Havasu City, AZ, 23-020-2-R23, 2/2/2023

Efficiency of Selected Processes - Norwood Post Office, Norwood, MA, 22-188-2-R23, 11/22/2022

Efficiency of Selected Processes - Phoenix Sierra Adobe Station, Phoenix, AZ, 23-020-3-R23, 2/2/2023

Efficiency of Selected Processes - Woburn Main Post Office, Woburn, MA, 22-188-3-R23, 11/22/2022

Efficiency of Selected Processes - Yuma Main Office, Yuma, AZ, 23-020-1-R23, 2/2/2023

Management Alert - Voyager Card Program - Internal Controls Issues, 22-006-1-R23, 10/7/2022

Voyager Fleet Card Program, 22-006-R23, 2/23/2023

### Finance, Pricing & Human Capital

#### Cost & Pricing

U.S. Postal Service Money Order Trends and Cost Coverage, 22-057-R23, 10/20/2022

#### Finance

Fiscal Year 2022 Officers' Travel and Representation Expenses, 22-055-R23, 12/28/2022



# Appendix A: Reports Issued to Postal Service Management



Fiscal Year 2022 Review of Form 10K - Year End, 23-007-R23, 11/4/2022

Fiscal Year 2023 Review of Form 10Q - Quarter 1, 23-047-R23, 2/3/2023

Fiscal Year 2022 Selected Financial Activities and Accounting Records, 22-075-R23, 12/14/2022

Opinion on the U.S. Postal Service's Fiscal Year 2022 Reclassified Financial Statements, 22-157-R23, 11/15/2022

Postal Service Investment and Interest Rate Risk, 22-035-R23, 1/18/2023

## Human Capital Management

Safety and Health Program Training, 22-120-R23, 2/9/2023

Supervisor Timecard Administration, 22-128-R23, 2/16/2023

## Inspection Service, Technology, and Services

### Inspection Service

U.S. Postal Inspection Service's San Francisco Division, 22-129-R23, 12/15/2022

U.S. Postal Service's Response to Sexual Harassment Complaints, 21-173-R23, 1/9/2023

## Mission Operations

### Network Processing

Fiscal Year 2023 Peak Season Preparedness, 22-163-R23, 11/14/2022

Service Performance of Election Mail for the 2022 Mid-Term Elections, 22-187-R23, 3/27/2023

## Transportation

Assessment of U.S. Postal Service Trailer Utilization, 22-186-R23, 3/30/2023

Highway Contract Route Trips Not Performed, 22-193-R23, 3/21/2023

## Retail, Marketing & Supply Management

### Infrastructure & Supply Management

Contractor - Labor Qualifications, 22-160-R23, 3/24/2023

### Retail

Delivery Operations - Undelivered and Partially Delivered Routes, 21-262-R23, 12/16/2022

Vehicle Maintenance Facility Preparedness for Next Generation Delivery Vehicles, 22-045-R23, 10/17/2022

## Sales, Marketing & International

International Mail Service Suspension Operations, 22-158-R23, 3/22/2023

Management Alert - Key Issues With Channel Partners, 22-069-1-R23, 10/13/2022

# Appendix A: Reports Issued to Postal Service Management



## White Paper Listing

All OIG white papers issued to Postal Service management.

**For the period: October 1, 2022 — March 31, 2023**

### Research and Insights Solution Center

*Primer on Postal Reform, RISC-WP-23-002, 12/20/2022*

*The Postal Service in the 21st Century. A Recent History, RISC-WP-23-003, 1/11/2023*

*The Value of the Postal Service's Retail Network for Small Businesses, RISC-WP-23-001, 10/11/2022*

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

The Inspector General Empowerment Act of 2016 requires the OIG to report every inspection, evaluation, and audit that was closed during the reporting period but not disclosed to the public. During the current reporting period, the OIG did not disclose the reports listed below.

### Office of Audit

#### Review of Form 10-Q

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

*Fiscal Year 2022 Review of Form 10K - Year End, 23-007-R23, 11/4/2022*

*Fiscal Year 2023 Review of Form 10Q - Quarter 1, 23-047-R23, 2/3/2023*

#### Review of Decision Analysis

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).

*Fiscal Year 2022 Decision Analysis Report Summary, 23-086-R23, 3/22/2023*



# Appendix B: Findings of Questioned Costs



**For the Period: October 1, 2022 — March 31, 2023**

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	Disallowed/ Not Disallowed	Number of Reports	Questioned Costs	Unsupported Costs Included in Questioned Costs
Reports for which no management decision was made at the beginning of the reporting period		—	—	—
Reports issued during the reporting period		5	\$63,520,847	\$52,766,210
Reports for which a management decision was made during the reporting period (i+ii)		5	\$63,520,847	\$52,766,210
Reports for which a management decision was made during the reporting period*	(i) Disallowed	5	\$63,520,847	\$52,589,568
Reports for which a management decision was made during the reporting period*	(ii) Not Disallowed	1	—	\$176,642
Reports for which no management decision was made by the end of the reporting period		—	—	—
<b>Total</b>		<b>5</b>	<b>\$63,520,847</b>	<b>\$52,766,210</b>

\*Note: Management agreed and disagreed with portions of the monetary impact

# Appendix C: Recommendations That Funds Be Put to Better Use



**For the Period: October 1, 2022 — March 31, 2023**

As required by the IG Act, the following pages show the total number of audit reports and the total value of recommendations regarding funds that could have been put to better use.

**Funds put to better use (FPTBU):** Funds that could be used more efficiently by implementing recommended actions.

Description	Management Decision	Sum of Count	Sum of Dollar Value of FPTBU
Reports for which no management decision was made at the beginning of the reporting period	—	—	—
Reports issued during the reporting period	—	—	—
Reports for which a management decision was made during the reporting period (i+ii)	—	—	—
(i) Recommendations that management agreed to implement	—	—	—
(ii) Recommendations that management did not agree to implement	—	—	—
Reports for which no management decision was made by the end of the reporting period	—	—	—
<b>Total</b>	—	—	—

# Appendix D: Other Impacts



**For the Period: October 1, 2022 — March 31, 2023**

## Overview

Many of our audit reports identify areas for improvement that could 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
<b>Assets or Accountable Items at Risk</b>	
Capping Report - Efficiency of Selected Processes at Select Retail Units, Arizona-New Mexico District, 23-020-R23, 3/21/2023	2
Capping Report - Efficiency of Selected Processes at Select Retail Units, Massachusetts-Rhode Island District, 22-188-R23, 2/15/2023	1
Capping Report - Efficiency of Selected Processes - Select Units, Virginia District, 22-141-R23, 10/28/2022	1
<b>Assets or Accountable Items at Risk Total</b>	<b>4</b>
<b>Data Integrity</b>	
Efficiency of Operations at the Atlanta, GA Processing and Distribution Center, 22-179-R23, 11/1/2022	1
Efficiency of Operations at the Delaware Processing and Distribution Center, Wilmington, DE, 22-206-R23, 1/10/2023	1
Efficiency of Operations at the Philadelphia Processing and Distribution Center, Philadelphia, PA, 22-207-R23, 1/10/2023	1
Fiscal Year 2022 Capping Report - Efficiency of Operations at Processing and Distribution Centers in the Western Region, 23-034-R23, 3/27/2023	1
International Mail Service Suspension Operations, 22-158-R23, 3/22/2023	1
U.S. Postal Inspection Service's San Francisco Division, 22-129-R23, 12/15/2022	1
U.S. Postal Service's Response to Sexual Harassment Complaints, 21-173-R23, 1/9/2023	1
<b>Data Integrity Total</b>	<b>7</b>
<b>Disbursement At Risk</b>	
Management Alert - Voyager Fleet Card Program - Internal Controls Issues, 22-006-1-R23, 10/7/2022	2
<b>Disbursement At Risk Total</b>	<b>2</b>
<b>Goodwill/Branding</b>	
Efficiency of Operations at the Atlanta, GA Processing and Distribution Center, 22-179-R23, 11/1/2022	3
Efficiency of Operations at the Dominick V. Daniels Processing and Distribution Center, Kearny, NJ, 22-169-R23, 10/19/2022	1
Efficiency of Operations at the Philadelphia Processing and Distribution Center, Philadelphia, PA, 22-207-R23, 1/10/2023	1
International Mail Service Suspension Operations, 22-158-R23, 3/22/2023	2
Management Alert - Key Issues With Channel Partners, 22-069-1-R23, 10/13/2022	2
Mail Delivery, Customer Service, and Property Conditions Review - Select Units - Atlanta, GA Region, 22-181-R23, 1/9/2023	3
Mail Delivery, Customer Service, and Property Conditions Review - Select Units, Delaware - Pennsylvania 2 District, 22-208-R23, 2/15/2023	7
Mail Delivery, Customer Service, and Property Condition Reviews - Select Units, Milwaukee, WI Region, 22-147-R23, 10/17/2022	1
Mail Delivery, Customer Service, and Property Condition Reviews - Select Units, New Jersey Region, 22-170-R23, 12/2/2022	3
U.S. Postal Inspection Service's San Francisco Division, 22-129-R23, 12/15/2022	1
<b>Goodwill/Branding Total</b>	<b>24</b>



# Appendix D: Other Impacts



Description and Reports	Number of Recommendations
<b>Improved Services</b>	
Mail Delivery, Customer Service, and Property Conditions Review – Select Units – Atlanta, GA Region, 22-181-R23, 1/9/2023	4
Mail Delivery, Customer Service, and Property Conditions Review – Select Units, Delaware – Pennsylvania 2 District, 22-208-R23, 2/15/2023	8
Mail Delivery, Customer Service, and Property Condition Reviews – Select Units, New Jersey Region, 22-170-R23, 12/2/2022	4
International Mail Service Suspension Operations, 22-158-R23, 3/22/2023	1
<b>Improved Services Total</b>	<b>17</b>
<b>Safety and Security</b>	
Mail Delivery, Customer Service, and Property Conditions Review – Select Units – Atlanta, GA Region, 22-181-R23, 1/9/2023	1
Mail Delivery, Customer Service, and Property Condition Reviews – Select Units, Milwaukee, WI Region, 22-147-R23, 10/17/2022	1
<b>Safety and Security Total</b>	<b>2</b>
<b>Total</b>	<b>56</b>

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

U.S. Postal Service’s Response to Sexual Harassment Complaints, 21-173-R23, 1/9/2023

# Appendix E: Reports with Recommendations Pending Corrective Actions



**For the period: October 1, 2022 — March 31, 2023**

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	Report Title	Recommendation Summary <i>R = Recommendation Number</i> <i>TID = Target Implementation Date</i>	Monetary Impact
19-017-R20	08/17/2020	Controls Over Purchasing and Maintaining Information Technology Equipment	<b>R-2</b> Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: August 2023	—
			<b>R-3</b> Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: March 2023	—
19SMG010HR000-R20	03/18/2020	U.S. Postal Service: First-Line Supervisors Resources	<b>R-5</b> Update current first-line supervisor job responsibilities and qualifications and develop a review process to include frequencies for conducting periodic reviews and updates. TID: April 2023	—
20-076-R21	12/29/2020	Accenture Information Technology Contracts	<b>R-2</b> Update the Supplying Principles and Practices to require an evaluation of the cost management plan as part of the noncompetitive purchase request process before approving contract ceiling price increases and to require contracting officers complete training on the policy requirements for the cost management plan. TID: April 2023	—
20-156-R20	09/30/2020	Payments to Injured Employees	<b>R-2</b> 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: July 2023	\$37,213
20-180-R21	12/09/2020	Timecard Administration	<b>R-3</b> Procure and test new, automated time collection devices for the Postal Service to implement throughout its facilities. TID: May 2023	—
20-225-R20	08/31/2020	Processing Readiness of Election and Political Mail During the 2020 General Elections	<b>R-1</b> 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	—
20-277-R21	08/31/2021	U.S. Postal Service's Protection Against External Cyberattacks	<b>R-4</b> Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: March 2023	—
20-281-R21	07/29/2021	Contract Invoice Payment Process	<b>R-3</b> Establish and implement refresher contracting officer's representative training requirements. TID: April 2023	—
			<b>R-4</b> Update the Commodity-Specific Practices for Design and Construction Purchasing in the Supplying Principles and Practices to reflect current procedures and references. TID: November 2023	—
21-019-R21	09/09/2021	Noncompetitive Contracts	<b>R-5</b> Update Management Instruction SPS2-2015, 1, <i>Noncompetitive Purchases</i> , to provide more specific guidance to assist internal business partners in completing and fully supporting documentation submitted to the contracting officer. TID: November 2023	—
21-032-R21	06/16/2021	COVID-19 Leave Administration	<b>R-2</b> Modify the system to allow for all employees to digitally complete Postal Service Form 3971, <i>Request for Notification of Absence</i> . TID: September 2023	—
			<b>R-3</b> Modify the payroll systems or develop another methodology for accurate recording of administrative leave for rural carriers. TID: September 2023	—
21-059-R21	08/10/2021	Capital Equipment at the Eagan Information Technology Center	<b>R-3</b> Instruct the Executive Manager, Compute Engineering to implement a process to ensure that records for capital assets at the Eagan Information Technology Center are accurately entered and maintained in the Solution for Enterprise Asset Management system and the Asset Inventory Management System, including clear designations of the status of equipment items. TID: March 2023	—

# Appendix E: Reports with Recommendations Pending Corrective Actions



Report Number	Issue Date	Report Title	Recommendation Summary <i>R = Recommendation Number</i> <i>TID = Target Implementation Date</i>	Monetary Impact
21-064-R21	09/22/2021	Fiscal Year 2020 Board of Governors' Expenditures	<b>R-1</b> Develop and provide training and formal communication to all purchasing teams on policies and procedures, including required file documentation, for sensitive requests. TID: November 2023	—
			<b>R-2</b> Implement a process to ensure the Office of the Board's contracting officer's representatives administer all contract-related arrangements and certify invoices in accordance with established supply management policies and contract terms. TID: June 2023	\$2,826
21-127-R22	02/17/2022	City Delivery Operations - Nationwide Route Management	<b>R-2</b> Evaluate using alternative methodologies, rather than the five or six consecutive days of a routes' mail volume, to maintain the eight-hour workday and how to account for letter and flat mail base volume. TID: November 2022	\$541,175,238
21-146-R22	09/22/2022	Review of National Change of Address and Moversguide Applications	<b>R-2</b> Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: March 2023	—
21-173-R23	01/09/2023	USPS Response to Sexual Harassment Complaints	<b>R-1</b> Periodically conduct an employee-wide survey to assess the extent to which sexual harassment is not reported to the Postal Service and evaluate the effectiveness of the Postal Service's anti-harassment policies and procedures.	—
			<b>R-2</b> Develop a verifiable process for all sexual harassment complaints from multiple systems to be accurately collected, monitored, and analyzed in accordance with Equal Employment Opportunity Commission requirements.	—
			<b>R-3</b> Implement system controls to require an issue code and issue description for cases processed in the Grievance and Arbitration Tracking System and issue guidance to staff to reiterate grievance case file retention requirements. TID: December 2023	—
			<b>R-4</b> Establish a process to refer sexual harassment complaints that are dismissed from the Equal Employment Opportunity complaint process for procedural reasons to Human Resources for management investigation.	—
			<b>R-5</b> Update Publication 552 to require validation that managers and supervisors have completed required training before they initiate an Initial Management Inquiry Process. TID: September 2023	—
			<b>R-6</b> Require all users who have access to the Workplace Environment Tracking System to provide documentation they completed the required training and implement a process to validate the training has been completed before granting access to new users. TID: July 2023	—
21-191-R22	03/25/2022	U.S. Postal Inspection Service's Online Analytical Support Activities	<b>R-3</b> Modify the Analytics Team's Standard Operating Procedures to clarify documentation requirements for Requests for Assistance, to include requiring postal inspectors to document the postal nexus in their requests. TID: April 2023	—
			<b>R-6</b> Develop procedures for retaining documentation associated with work completed by the Analytics Team and storing sensitive information to ensure compliance with Postal Service policy.	—
21-197-R22	06/02/2022	U.S. Postal Service International Mail Operations and Performance Data	<b>R-3</b> Review the business rules governing USPS.com tracking for international packages to promote clear and accurate messages. TID: March 2023	—
21-205-R22	08/15/2022	State of Cybersecurity	<b>R-2</b> Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: June 2023	—
			<b>R-3</b> Enhance the agency's current enterprise security architecture approach by implementing a centralized oversight function to identify gaps within the architecture, consolidating and formally documenting security architecture information, and documenting details on deployed security components. TID: March 2023	—
			<b>R-6</b> Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: March 2023	—



# Appendix E: Reports with Recommendations Pending Corrective Actions



Report Number	Issue Date	Report Title	Recommendation Summary <i>R = Recommendation Number</i> <i>TID = Target Implementation Date</i>	Monetary Impact
21-215-R22	01/12/2022	Next Generation Delivery Vehicles - Contract Clauses	<b>R-3</b> Develop a contract clause to include in applicable future contracts that requires suppliers' self-reporting of fraud, and advertising of the U.S. Postal Service Office of Inspector General Hotline on suppliers' premises. TID: November 2023	—
21-221-R22	08/18/2022	Wireless Assessment	<b>R-1</b> Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: July 2023	—
			<b>R-5</b> Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: April 2023	—
21-224-R22	07/06/2022	Assumptions and Metrics Underlying the <i>Delivering for America</i> 10-Year Plan	<b>R-1</b> Create guidance that details the requirements for when a distributive impact study should be performed. TID: June 2023	—
			<b>R-2</b> Enhance the <i>Delivering for America Plan's</i> website to provide comprehensive communications regarding plan progress, status of ongoing initiatives, future plans, and outcomes. TID: June 2023	—
21-229-R22	04/14/2022	Mail Transport Equipment	<b>R-5</b> Update Handbook PO-502, <i>Mail Transport Equipment</i> , to establish a comprehensive audit policy addressing the audit frequency and threshold for Postal Service facilities and mailers subject to audits and documenting audit results. TID: September 2023	—
21-237-R22	12/16/2021	Efficiency of Operations at the Baltimore, MD, Processing and Distribution Center	<b>R-3</b> Prioritize and track the replacement of the tray management system at the Baltimore Processing and Distribution Center to ensure it is replaced according to the current schedule. TID: January 2023	—
21-240-R22	05/04/2022	Transfer of Mail Processing Operations from Selected Facilities	<b>R-1</b> Develop a policy that defines and provides guidance for executing operational mail moves, which includes the requirement to perform formal analysis of potential impact and identifying risks and opportunities. TID: June 2023	—
			<b>R-2</b> Implement Handbook PO-408, <i>Area Mail Processing Guidelines</i> , Section 2-1, when removing remaining mail processing equipment and operations from facilities. TID: June 2023	—
			<b>R-3</b> Revise Postal Service Handbook PO-408, <i>Area Mail Processing Guidelines</i> , to include a timeframe for implementing a consolidation after a feasibility study has been approved and to reflect the organizational restructure. TID: April 2023	—
21-243-R22	08/08/2022	Improving Service Performance and Mail Processing Efficiencies at Historically Low Performing Facilities	<b>R-1</b> Evaluate efficiency at the 10 facilities to identify inefficiencies in the mail flow (e.g., facility layout/location, space constraints, customer and service impacts, and equipment relocation costs) and, based on the results, consider properly aligning the impacted facilities to efficiently meet the challenges they face based on changes in market demand. TID: September 2026	\$82,429,376
			<b>R-5</b> Create a formalized program to track and provide standardized training for any employee at the 10 facilities who assumes a role as an acting manager or supervisor and consider implementing the program nationwide. TID: September 2023	—
21-255-R22	05/27/2022	Postal Service Knowledge Continuity	<b>R-4</b> Update Management Instruction, EL-384-2014-1, <i>Corporate Succession Planning</i> , to reflect current agency systems and standards, and establish a schedule to review on a regular basis. TID: June 2022	—
21-261-R22	08/17/2022	Management of Suppliers' Contractual Performance	<b>R-1</b> Revise the Supplying Principles and Practices to require contracting professionals to confirm the supplier's eligibility for award by including specific written confirmation of award eligibility, or screenshot evidence of a webpage search from the System for Award Management and the USPS Decline to Accept or Consider Proposals list in the contract files for all purchases. TID: July 2023	—
			<b>R-4</b> Update its Supplying Principles and Practices to require contracting officers to obtain either Digital Signature or original signature on fully executed contract awards, purchase plans, award recommendations, and orders placed under ordering agreements, and require these documents to be filed in the Contract Authoring Management System. TID: July 2023	—

# Appendix E: Reports with Recommendations Pending Corrective Actions



Report Number	Issue Date	Report Title	Recommendation Summary <i>R = Recommendation Number</i> <i>TID = Target Implementation Date</i>	Monetary Impact
21-262-R23	12/16/2022	Delivery Operations - Undelivered and Partially Delivered Routes	<b>R-1</b> Finalize system enhancements to identify undelivered and partially delivered routes. TID: May 2023	—
			<b>R-2</b> Enhance processes and tools to notify customers of delayed mail and undelivered and partially delivered routes.	—
21-264-R22	05/27/2022	Supplier Qualifications	<b>R-2</b> Update Supplying Principles and Practices to require contracting officers to identify key personnel by name and labor category and document qualification approval in the contract file at contract award and when issuing modifications of key personnel substitutions. TID: October 2023	—
21-265-R22	08/04/2022	U.S. Postal Inspection Service's Prosegur Contract	<b>R-3</b> Update the statement of work to specify current security clearance requirements for contract security guard personnel, and the Vice President of Supply Management execute a modification to ensure the updated statement of work is incorporated into the Prosegur contract. TID: April 2023	—
22-006-1-R23	10/07/2022	Management Alert - Voyager Fleet Card Program - Internal Controls Issues	<b>R-1</b> Implement updates to the Fuel Asset Management System to flag premium fuel transactions as high-risk on the Reconciliation Exception report. TID: June 2023	\$5,066,930
			<b>R-2</b> Deactivate remaining personal identification numbers with improper names. TID: June 2023	—
			<b>R-3</b> Deactivate or update personal identification numbers with missing employee identification numbers. TID: June 2023	—
			<b>R-4</b> Enhance controls in Fleet Commander Online to prohibit zeros from being entered as employee identification numbers and disallow site managers from certifying semiannual reviews of personal identification numbers with employee identification numbers that are blanks or all zeros. TID: June 2023	—
22-006-R23	02/23/2023	Voyager Fleet Card Program	<b>R-1</b> Establish a prerequisite for site managers to take required training before they are granted access to Fleet Commander Online and the Fuel Asset Management System. TID: September 2023	—
			<b>R-2</b> Create periodic refresher training for all site managers and require remediation training for site management oversight failures. TID: September 2023	—
22-019-R22	06/02/2022	Property Condition Review - Capping Report	<b>R-1</b> Develop and implement a standardized internal inspection program to identify and address property condition issues at retail and delivery facilities. TID April 2023	—
22-028-R22	02/22/2022	Efficiency of Operations at the Portland, OR Processing and Distribution Center	<b>R-1</b> Identify and implement additional strategies to increase the number of postal vehicle service drivers at the Portland, OR Processing and Distribution Center. TID: March 2023	—
22-034-R22	03/30/2022	Deposit by Mail Controls at the U.S. Postal Service	<b>R-1</b> Properly address all remaining security deficiencies identified by the Postal Inspection Service within 30 working days of identification, as required by Postal Service policy. TID: July 2023	—
22-035-R23	01/18/2023	Postal Service Investment and Interest Rate Risk	<b>R-1</b> Consider the investment information presented in the report to design a cash investment strategy that incorporates longer-term securities. TID: March 2023	—
22-037-R22	09/19/2022	U.S. Postal Inspection Service's Oversight of Facility Security and Access Control	<b>R-1</b> Establish a facility security level determination process based on the factors and criteria in the Risk Management Process Standard. TID: September 2023	—
			<b>R-2</b> Redesign the baseline level of protection process to align with the Risk Management Process Standard to include establishing a baseline level of protection for each facility security level and regularly reassessing the baseline level of protection. TID: September 2023	—
			<b>R-3</b> Update the <i>Vulnerability Risk Assessment Tool User Guide</i> to provide specific guidance on responding to identified security deficiencies. TID: September 2023	—

# Appendix E: Reports with Recommendations Pending Corrective Actions



Report Number	Issue Date	Report Title	Recommendation Summary <i>R = Recommendation Number</i> <i>TID = Target Implementation Date</i>	Monetary Impact
22-057-R23	10/20/2022	U.S. Postal Service Money Order Trends and Cost Coverage	<b>R-1</b> Explore initiatives to reduce window service costs. TID: April 2023	—
			<b>R-2</b> Document procedures for monitoring performance and conducting periodic product reviews for money orders. TID: March 2023	—
22-061-R22	04/08/2022	Efficiency of Operations at the Margaret L. Sellers San Diego, CA, Processing and Distribution Center	<b>R-2</b> Implement a plan to process the First-Class Small Parcels and Rolls to meet clearance times and eliminate delayed mail at San Diego, CA's Margaret L. Sellers Processing and Distribution Center. TID: March 2024	—
22-069-1-R23	10/13/2022	Key Issues With Channel Partners	<b>R-1</b> Modify Postal Service policy on PC Postage to include parameters surrounding the transfer of merchants to Channel Partner meters. TID: June 2023	—
			<b>R-2</b> Enhance and implement internal controls that provide the Postal Service with visibility into merchant activity on Channel Partner meters. TID: September 2023	—
			<b>R-3</b> Develop mechanisms to directly identify the end shipper for each package and enforce non-compliance. TID: September 2023	—
			<b>R-4</b> (1) Develop and formalize a technical process, which includes the detailed calculation of all chargeback opportunities for Channel Partners and a quality assurance process, and (2) consider retroactively calculating and invoicing Resellers for the correct chargeback amounts for previous periods. TID: September 2023	—
22-076-R22	09/28/2022	COVID-19 Test Kit Distribution	<b>R-1</b> Strengthen final reconciliation processes for all costs and revenue associated with COVID-19 test kit distribution to ensure accuracy of accounting and reimbursement or payment to the Department of Health and Human Services. TID: June 2023	—
22-078-R22	09/15/2022	Aboveground Storage Tanks	<b>R-1</b> Develop and implement aboveground storage tank oversight procedures to include roles and responsibilities to ensure monthly inspections are performed as required. TID: July 2023	—
22-079-R22	09/27/2022	Timecard Administration Follow-up	<b>R-1</b> To provide refresher Time and Attendance Collection System (TACS) disallowance of time policy training to all postal service employees responsible for disallowing time and determine the frequency of training and retention time for TACS training documents. TID: April 2023	—
			<b>R-2</b> Develop a formal process to ensure supervisors and managers perform periodic reviews of disallowed timecard documentation for completeness in TACS. TID: June 2023	—
			<b>R-3</b> Resolve system deficiencies that allow supervisors to bypass completing the time disallowance record by implementing system controls to ensure all required fields are completed once the affected employee is notified. TID: September 2023	\$1,612,467
22-082-R22	09/12/2022	Air Transportation Distribution and Routing Relabeling Process	<b>R-2</b> Identify facilities that are not consistently completing preventative maintenance and issue supplemental guidance to reinforce daily functionality checks and routine maintenance for Scan Where You Band printers to minimize legibility issues with Distribution and Routing tags. TID: April 2023	—
22-090-R22	09/28/2022	Alaska Mail Services	<b>R-1</b> Develop a plan to complete the evaluation and implementation of a solution that will provide visibility over mail movement in Alaska. TID: July 2023	—
			<b>R-2</b> Require shippers to schedule appointments to tender bypass mail to air carriers and have Postal Service officials perform mail and postage verification. TID: March 2023	—
			<b>R-7</b> Coordinate with the Postal Service Headquarters Finance group to establish separate general ledger accounts for bypass mail program costs.	—
22-091-R22	06/22/2022	Mail Delivery, Customer Service, and Property Condition Reviews - Select Units, Indianapolis, IN	<b>R-2</b> Develop and execute a plan to ensure that all employees at the Plainfield Main Post Office, the Carmel Main Post Office, and Linwood Station are trained on standard operating procedures for package scanning and handling and that unit management systematically reviews scan data and enforces compliance. TID: February 2023	—
			<b>R-4</b> Address all building safety, security, and maintenance issues identified at the Plainfield Main Post Office, the Carmel Main Post Office, and Linwood Station. TID: June 2023	—



# Appendix E: Reports with Recommendations Pending Corrective Actions



Report Number	Issue Date	Report Title	Recommendation Summary <i>R = Recommendation Number</i> <i>TID = Target Implementation Date</i>	Monetary Impact
22-093-R22	09/26/2022	Election Mail Readiness for the 2022 Mid-Term Elections	<b>R-2</b> Develop and implement an official guidebook for processing of Election Mail prior to 2024 primary elections. TID: January 2024	—
22-094-R22	05/19/2022	Efficiency of Operations at the Seattle, WA Processing and Distribution Center	<b>R-1</b> Coordinate with Headquarters Logistics and Human Resources to identify and implement strategies to increase the number of Postal Vehicle Service drivers at the Seattle, WA Processing and Distribution Center. TID: May 2023	—
22-111-R22	08/29/2022	Efficiency of Processing Operations and Service Performance in Western Maryland	<b>R-1</b> Conduct a study to determine if moving mail processing operations for 3-digit ZIP Codes beginning with 215 and 267 from the Baltimore Processing & Distribution Center to other processing facilities would be more efficient and effective, and provide better service performance. TID: March 2023	—
22-115-R22	08/31/2022	Mail Delivery, Customer Service, and Property Conditions Review - Select Units, St. Louis, MO Region	<b>R-5</b> Address all building safety, security, and maintenance issues identified at the Saint Peters Main Post Office and at the Maryville Gardens, Chouteau, and Marian Oldham Stations. TID: June 2023	—
22-120-R23	02/09/2023	Safety and Health Program Training	<b>R-4</b> Provide formal training to responsible personnel on proper maintenance of fire extinguishers and first-aid kits, and implement a process to verify the inspection of fire extinguishers and first-aid supplies so they are readily available at the 12 sites visited. TID: May 2023	—
			<b>R-5</b> Provide formal training to responsible personnel on administering first-aid and cardiopulmonary resuscitation at the 12 sites visited. TID: May 2023	—
			<b>R-6</b> Provide formal training to employees on policies regarding approved footwear with the goal of correcting noncompliance with the policy at the 12 sites visited. TID: May 2023	—
			<b>R-7</b> Reiterate the requirement to keep safety posters current, dispose of obsolete items, and prevent other items from obscuring safety awareness media displays to improve visibility at the 12 facilities visited. TID: May 2023	—
22-128-R23	02/16/2023	Supervisor Timecard Administration	<b>R-1</b> Reiterate proper timekeeping procedures to management and emphasize the requirement for all supervisors to adhere to their work schedules and record all hours including extra hours worked. TID: July 2023	—
22-141-R23	10/28/2022	Capping Report - Efficiency of Selected Processes - Select Units, Virginia District	<b>R-2</b> Instruct Bon Air Branch, Southside Station, and Montrose Heights Station unit management to train all retail employees on receipt, documentation, and retention of stamp stock and money order transfers. TID: April 2023	—
			<b>R-3</b> Improve the current bank deposit storing process followed at the Bon Air Branch. TID: March 2023	—
			<b>R-4</b> Reiterate to Montrose Heights Station management and personnel the policy prohibiting the sharing of Retail Systems Software passwords and direct unit management to require unit personnel to change compromised passwords. TID: March 2023	—
			<b>R-5</b> Direct unit management at Bon Air Branch to perform duplicate key examinations and update PS Forms 3977, <i>Duplicate Key, Combination and Password Envelopes</i> , as appropriate. TID: March 2023	—
			<b>R-12</b> Direct Bon Air Branch, Southside Station, and Montrose Height Station unit management to provide timekeeping training to their lead clerks and assign timekeeping duties to this employee. TID: April 2023	—
22-158-R23	03/22/2023	International Mail Service Suspension Operations	<b>R-1</b> Develop strategies to enhance management oversight related to the handling of internationally suspended mail, particularly related to containerization, labeling/placarding, and returning to sender. TID: April 2023	—
			<b>R-2</b> Develop a scan event code for internationally suspended mailings and corresponding processes and messaging. TID: June 2024	—

# Appendix E: Reports with Recommendations Pending Corrective Actions



Report Number	Issue Date	Report Title	Recommendation Summary <i>R = Recommendation Number</i> <i>TID = Target Implementation Date</i>	Monetary Impact
22-160-R23	03/24/2023	Contractor - Labor Qualifications	<b>R-1</b> Update policies to require Contracting Officers' Representatives to periodically review contractor personnel qualifications to verify that qualified resources are assigned to time and materials contracts. TID: November 2023	—
			<b>R-2</b> Seek reimbursement for services received on task orders that were rendered by unqualified resources. TID: November 2023	\$5,687,707
			<b>R-3</b> Update the Contracting Officers' Representative training to include the proper way to approve additional hours, including not using blanket approvals. TID: November 2023	\$176,642
22-169-R23	10/19/2022	Efficiency of Operations at the Dominick V. Daniels Processing and Distribution Center, Kearny, NJ	<b>R-1</b> Identify and implement additional local strategies to increase the number of Postal Vehicle Service drivers at the Dominick V. Daniels Processing and Distribution Center. TID: August 2023	—
			<b>R-3</b> Identify and implement additional local strategies to increase the number of preventative maintenance employees at the Dominick V. Daniels Processing and Distribution Center. TID: March 2023	—
22-186-R23	03/30/2023	Assessment of U.S. Postal Service Trailer Utilization	<b>R-1</b> Coordinate with transportation management at sites with trailer utilization below 40 percent to identify underutilized trips for the Trip Reduction of Underutilized Transportation team to review and approve for elimination.	—
			<b>R-2</b> Develop a plan to increase load scan scores to meet or exceed the National Performance Assessment scanning goal at each facility nationwide. TID: April 2023	—
22-187-R23	03/27/2023	Service Performance of Election Mail for the 2022 Midterm Elections	<b>R-1</b> Develop a plan to analyze costs associated with the processing and delivery of Election Mail and explore opportunities to be compensated for the implementation of Election Mail key practices and extraordinary measures. TID: December 2023	\$23,033,770
			<b>R-2</b> Evaluate whether all current Election Mail policies are necessary and eliminate redundancies. TID: November 2023	—
22-188-R23	02/15/2023	Capping Report - Efficiency of Selected Processes at Select Retail Units, Massachusetts-Rhode Island District	<b>R-6</b> Reiterate to Fort Point Station, Woburn, and Norwood Post Office unit management the requirement to address employee tardiness and retain documentation supporting actions taken. TID: April 2023	—
			<b>R-7</b> Direct Fort Point Station, Woburn, and Norwood Post Office unit management to provide timekeeping training to their lead clerks and assign timekeeping duties to this employee. TID: May 2023	—
			<b>R-8</b> Provide Fort Point Station unit management employee separation training. TID: April 2023	—
22-193-R23	03/21/2023	Highway Contract Route Trips Not Performed	<b>R-1</b> Coordinate with the Enterprise Analytics group to update the Surface Visibility application to prevent canceling and issuing an omitted trip irregularity for the same trip. TID: May 2023	—
			<b>R-2</b> Issue supplemental guidance to clarify and reiterate when a trip should be omitted or canceled. TID: April 2023	—
			<b>R-3</b> Develop a standardized activity description for omitted service in the Transportation Contract Support System. TID: April 2023	—
			<b>R-4</b> Develop a standard work instruction for omitted service reimbursements. TID: May 2023	—
			<b>R-5</b> Develop a plan to verify that Administrative Officials are following the Surface Transportation Automated Forms' standard work instructions and completing required fields for omitted service. TID: June 2023	\$52,543,493
22-207-R23	01/10/2023	Efficiency of Operations at the Philadelphia Processing and Distribution Center	<b>R-1</b> Identify and implement strategies to increase the number of maintenance employees who can perform preventative maintenance at the Philadelphia Processing and Distribution Center. TID: June 2023	—
			<b>R-2</b> Train maintenance employees who perform preventative maintenance at the Philadelphia Processing and Distribution Center. TID: June 2023	—
			<b>R-4</b> Identify and implement strategies to increase the number of active Postal Vehicle Service drivers at the Philadelphia Processing and Distribution Center. TID: June 2023	—

# Appendix E: Reports with Recommendations Pending Corrective Actions



Report Number	Issue Date	Report Title	Recommendation Summary <i>R = Recommendation Number</i> <i>TID = Target Implementation Date</i>	Monetary Impact
23-020-R23	03/21/2023	Capping Report - Efficiency of Selected Processes at Select Retail Units, Arizona-New Mexico District	<b>R-1</b> Reiterate to Yuma Main Office, Lake Havasu City Post Office, and Phoenix-Sierra Adobe Station unit management and personnel the requirements to secure accountable items, properly manage cash and inventory, and conduct financial reviews. TID: May 2023	—
			<b>R-2</b> Reiterate the requirement for field unit managers at the Phoenix-Sierra Adobe Station to verify PS Form 17 transactions are accurate, properly witnessed, and supported. TID: May 2023	—
			<b>R-3</b> Confirm that field unit managers at the Yuma Main Office and Phoenix-Sierra Adobe Station review daily financial reports to verify transactions are accurate, properly witnessed, and supported. TID: May 2023	—
			<b>R-4</b> Reiterate the requirement for field unit managers at the Phoenix-Sierra Adobe Station to review and maintain a file for all financial differences expensed to the unit. TID: May 2023	—
			<b>R-5</b> Reiterate to Yuma Main Office, Lake Havasu City Post Office, and Phoenix-Sierra Adobe Station unit management the requirement to address employee tardiness and retain documentation supporting actions taken in locked drawers or cabinets. TID: May 2023	—
			<b>R-6</b> Provide additional timekeeping training to their Lead Sales Service Associate and assign timekeeping duties to this employee. TID: May 2023	—
23-029-R23	03/20/2023	Fiscal Year 2022 Capping Report - Mail Delivery, Customer Service, and Property Condition Reviews - Central Area	<b>R-1</b> Assign personnel at the district level to verify that fire extinguishers are properly inspected and develop a program to monitor the completion of monthly and annual fire extinguisher inspections. TID: February 2024	—
23-030-R23	03/20/2023	Fiscal Year 2022 Capping Report - Mail Delivery, Customer Service, and Property Condition Reviews - WestPac Area	<b>R-1</b> Assign personnel at the district level to verify that fire extinguishers are properly inspected and develop a program to monitor the completion of monthly and annual fire extinguisher inspections. TID: February 2024	—
23-034-R23	03/27/2023	Fiscal Year 2022 Capping Report - Efficiency of Operations at Processing and Distribution Centers in the Western Region	<b>R-1</b> Develop a plan to increase load scans to meet the scanning goal at Processing and Distribution Centers. TID: August 2023	—
IT-AR-17-003	04/05/2017	Privileged Account Management	<b>R-2</b> Develop and continuously maintain a complete and accurate listing of privileged accounts for Postal Service systems. TID: September 2024	—
			<b>R-3</b> Define business practices and responsibilities for monitoring privileged accounts and implement privileged access management tools. TID: September 2024	—
IT-AR-17-007	09/18/2017	Insider Threat Program	<b>R-1</b> 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	—
			<b>R-2</b> 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	—



# Appendix E: Reports with Recommendations Pending Corrective Actions



Report Number	Issue Date	Report Title	Recommendation Summary <i>R = Recommendation Number</i> <i>TID = Target Implementation Date</i>	Monetary Impact
RISC-WP-22-005	04/28/2022	Demographic Trends in Mail Access Changes and Service, 2016-2020	<b>R-1</b> Conduct a mail access study: 1. To identify opportunities to enhance relevant data availability and quality used in decision-making related to access changes, and 2. To determine whether demographic factors should be included in decision-making related to access changes. TID: March 2023	—
SAT-AR-18-002	09/28/2018	Use of Postal Service Network to Facilitate Illicit Drug Distribution	<b>R-1</b> 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.	—

Total Number of Reports: **69**

Total Number of Recommendations: **131**

Total Monetary Impact: **\$711,765,662**

# Appendix E: Reports with Recommendations Pending Corrective Actions — Postal Regulatory Commission (PRC)



**For the period: October 1, 2022 — March 31, 2023**

As required by the IG Act, as amended, the following page includes a list of outstanding unimplemented recommendations to the Postal Regulatory Commission (PRC) and the monetary impact of those recommendations.

Report Number	Issue Date	Report Title	Recommendation Summary <i>R = Recommendation Number</i> <i>TID = Target Implementation Date</i>	Monetary Impact
20-02-A01	06/30/2022	PRC Purchase Card Expenses	<b>R-3</b> Modify the purchasing policy to define split transactions and disciplinary actions related thereto. TID: September 2023	—
			<b>R-4</b> Update PRC purchase card policies and procedures to align with purchase card. TID: September 2023	—
			<b>R-7</b> Ensure there is proper segregation of duties between all employees involved in the purchase card process. TID: September 2023	—
			<b>R-9</b> Revise the policy to maintain consistency related to required purchase card reconciliation timeframe. TID: September 2023	—
			<b>R-14</b> Develop written policy and procedures for departing employees. TID: September 2023	—

Total Number of Reports: **1**

Total Number of Recommendations: **5**

Total Monetary Impact: **\$0**

# Appendix F: Management Decisions in Audit Resolution



**For the period: October 1, 2022 — March 31, 2023**

As required by the IG Act, the following discusses information concerning any significant management decisions with which the Inspector General disagrees and is currently in audit resolution.

Report Number	Issue Date	Report Title	Recommendation Summary <i>R = Recommendation Number</i>	Monetary Impact
SAT-AR-18-002	9/28/2018	Use of Postal Service Network to Facilitate Illicit Drug Distribution	<b>R-1</b> 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.	—
21-191-R22	3/25/2022	U.S. Postal Inspection Service's Online Analytical Support Activities	<b>R-6</b> Develop procedures for retaining documentation associated with work completed by the Analytics Team and storing sensitive information to ensure compliance with Postal Service policy.	—
22-090-R22	09/28/2022	Alaska Mail Services	<b>R-7</b> Coordinate with the Postal Service Headquarters Finance group to establish separate general ledger accounts for bypass mail program costs.	—
21-262-R23	12/16/2022	Delivery Operations - Undelivered and Partially Delivered Routes	<b>R-2</b> Enhance processes and tools to notify customers of delayed mail and undelivered and partially delivered routes.	—
21-173-R23	01/09/2023	USPS Response to Sexual Harassment Complaints	<b>R-1</b> Conduct an employee-wide survey to assess the extent to which sexual harassment is not reported to the Postal Service and evaluate the effectiveness of the Postal Service's anti-harassment policies and procedures.	—
			<b>R-2</b> Develop a verifiable process for all sexual harassment complaints from multiple systems to be accurately collected, monitored, and analyzed in accordance with Equal Employment Opportunity Commission requirements.	—
			<b>R-4</b> Establish a process to refer sexual harassment complaints that are dismissed from the Equal Employment Opportunity complaint process for procedural reasons to Human Resources for management investigation.	—
22-186-R23	03/30/2023	Assessment of U.S. Postal Service Trailer Utilization	<b>R-1</b> Identify underutilized trips for the Trip Reduction of Underutilized Transportation team to review and approve for elimination.	—

Total Number of Reports: **6**

Total Number of Recommendations: **8**

Total Monetary Impact: **0**



# Appendix G: Status of Peer Review Recommendations



## For the period: October 1, 2022 — March 31, 2023

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 USPS OIG during the semiannual period; 2) any peer reviews conducted by the Inspector General on 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. There are no outstanding recommendations.

#### Peer Reviews Conducted by USPS OIG

None during the reporting period. There are no outstanding recommendations.

### Office of Investigations

#### Peer Reviews Conducted on USPS OIG

During the reporting period, a Peer Review of OI was conducted by the Department of Justice, Office of Inspector General (DOJ OIG). The final report will be submitted on May 5, 2023.

#### 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 information during the reporting period that resulted from any prior referral to prosecuting authorities.

**For the period: October 1, 2022 — March 31, 2023**

	Investigations Closed	Arrests	Indictments / Information / Complaints	Convictions — Criminal	Administrative Actions Taken	Cost Avoidances	Fines / Restitution and Recoveries	Amount to Postal Service	To Management for Administrative Action	To Management for Administrative Action (FY)	Number of persons referred to DOJ for criminal prosecution	Number of persons referred to state or local authorities for prosecution presentations	Criminal Indictments/Information	Number of investigative reports issued	Convictions - Civil Settlements/Judgments	Referrals to USPS that were not Investigated
Computer Crimes	3	1	—	—	1	—	—	—	3	3	1	1	—	5	—	2
Contract Fraud	23	2	2	6	7	\$6,100,502	\$7,410,406	\$3,453,719	10	10	11	—	2	9	3	4
Financial Fraud	131	14	20	25	116	\$700,000	\$2,022,892	\$1,204,746	104	104	33	10	16	174	—	15
General Crimes	260	28	29	26	190	—	\$367,644	\$18,440	148	148	22	12	21	321	4	644
Health Care Claimant Fraud	94	6	5	4	34	\$29,721,649	\$592,878	\$592,878	22	22	14	2	3	75	—	5
Health Care Provider Fraud	18	10	14	5	20	\$17,419,361	\$21,283,881	\$7,067,712	—	—	18	—	14	7	—	1
Mail Theft	842	210	191	184	567	—	\$6,229,514	\$128,084	509	509	227	43	136	916	—	376
Narcotics	239	78	74	148	88	—	\$637,097	\$82,990	63	63	55	25	59	141	—	14
Special Inquiries Division	24	—	—	—	10	—	—	—	5	5	2	—	—	22	—	100
<b>Total</b>	<b>1,634</b>	<b>349</b>	<b>335</b>	<b>398</b>	<b>1,033</b>	<b>\$53,941,512</b>	<b>\$38,544,312</b>	<b>\$12,548,569</b>	<b>864</b>	<b>864</b>	<b>383</b>	<b>93</b>	<b>251</b>	<b>1,670</b>	<b>7</b>	<b>1,161</b>

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



For the period: October 1, 2022 — March 31, 2023

Type of Scheme	Complaints Filed	Consent Agreements	FROs	C&D Orders
Advance Fee	—	—	—	—
Counterfeit Check	1	1	—	1
Facsimile Checks	—	—	—	—
Failure to Pay	—	—	—	—
Failure to Render	1	—	—	1
Foreign Lottery	11	10	—	10
Identity Theft - Other	—	—	—	—
Investment Fraud	—	—	—	—
Invoice Schemes	—	—	—	—
Lottery	—	—	—	—
Medical Fraud - Other	—	—	—	—
Rebate and Refund	—	—	—	—
Reshipping Scheme	—	—	—	—
Sweepstakes	—	—	—	—
USPS Revenue Fraud	1	1	—	1
Other	5	5	—	5
<b>TOTAL</b>	<b>19</b>	<b>17</b>	<b>—</b>	<b>18</b>

## Summary of U.S. Postal Inspection Service Actions Under 39 USC 3005/3007

For the period: October 1, 2022 — March 31, 2023

Other Administrative Actions	
Temporary Restraining Orders Requested	—
Temporary Restraining Orders Imposed	—
Cases Using Direct Purchase Authority	—
Civil Penalties (Section 3012) Imposed	—
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.

## United States Postal Inspection Service Financial Reporting

For the period: October 1, 2022 — March 31, 2023

Area	FPR Line/Subtotal	Total
VP Chief Inspector	Total Personnel Comp	\$216,649,913
VP Chief Inspector	Total Nonpersonnel Expense	\$50,674,264
VP Chief Inspector	Total Operating Expense	\$267,324,177
VP Chief Inspector	Total Capital Commitments	\$10,280,779

# Appendix J: Congressional/PMG/Board of Governors Inquiries



## For the period: October 1, 2022 — March 31, 2023

The Office of Government Relations responds 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 October 1, 2022, through March 31, 2023, the OIG received 71 new inquiries. Out of the 71 inquiries, we referred 16 to the U.S. Postal Service Office of Government Relations and four to the Postal Inspection Service for review. We closed 63 inquiries during this reporting period. Out of those, 29 were reviewed by our Office of Investigations and seven were reviewed by our Office of Audit.

## Congressional Testimony

Since its inception, the OIG has testified before Congress on various matters. During this reporting period, we testified in one hearing. On November 16, 2022, Inspector General Tammy Whitcomb Hull testified before the U.S. House of Representatives Committee on Oversight and Reform. The hearing, entitled *The Holiday Rush: Is the Postal Service Ready*, focused on the Postal Service's readiness for the upcoming holiday peak season. Also testifying were Gregory White, USPS Executive Manager of Strategic Initiatives;

Edmund Carley, National President, United Postmasters and Managers of America; Paul Hogrogian, National President, National Postal Mail Handlers Union; and Mike Plunkett, President and CEO, Association for Postal Commerce. IG Hull's written statement can be found in its entirety [here](#) and the hearing can be viewed [here](#).

Prior testimonies and statements can be found in their entirety on the OIG's website at <https://www.uspsoig.gov>.

# Appendix K: Attempt to Interfere with OIG Independence



## For the period: October 1, 2022 — March 31, 2023

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

Attempts to interfere with OIG independence: None to report





## Freedom of Information Act

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

### Activities

**For the period: October 1, 2022 — March 31, 2023**

Requests	Number of Requests
Carryover from prior period	4
Received during period	474
Total on hand during period	478
Actions	Number of Requests
Requests denied in full	29
Requests granted in full	8
Requests denied in part	73
Duplicate request	0
Fee-related reasons	0
No records	60
Not an agency record	108
Not a proper FOIA request for some other reason	0
Requests referred	171
Requests withdrawn	22
Records not reasonably described	0
Balance	Number of Requests
Balance at the end of the period (pending)	7
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 facilities throughout the country. The OIG Hotline is the primary source for the complaints, but occasionally members of Congress, the Governors, and postal management will raise concerns or forward complaints appropriate for review by the unit. Complaint topics range from 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: October 1, 2022 — March 31, 2023**

Total complaints reviewed and closed: **893**

## Whistleblower Reprisal Investigations

**For the period: October 1, 2022 — March 31, 2023**

Whistleblower Reprisal Activity	
Allegations received	87
OIG investigations initiated	4
Investigations closed with no findings	2
Allegations closed with no findings	85
OIG found reprisal	0



## Summary of Performance

For the period: October 1, 2022 — March 31, 2023

Audits	
Reports issued	55
Recommendations issued	131
Total reports with financial impact	7
Funds put to better use	\$0
Questioned costs	\$63,520,847
Revenue Impact	\$195,039,890
<b>TOTAL</b>	<b>\$258,560,737</b>

RISC White Papers	
White Papers issued	3
Recommendations issued	0

OIG Hotline Contacts	
Telephone calls	14,474
E-Mail	9,380
Webforms	56,579
Standard Mail	733
Voice Mail Messages	7,404
Facsimile - FAX	121
<b>TOTAL CONTACTS</b>	<b>88,691</b>

Investigations on the U.S. Postal Service <sup>1</sup>	
Investigations Completed	1,610
Arrests	349
Indictments/Informations	335
Convictions/pretrial diversions <sup>2</sup>	398
Administrative actions	1,023
Cost Avoidance	\$53,941,512
Fines, Restitution, and Recoveries	\$38,544,312
Amount to the Postal Service <sup>3</sup>	\$12,548,569

Special Inquiries Division	
Investigations Completed	24
Arrests	0
Indictments/Informations	0
Convictions/pretrial diversions	0
Administrative actions	10
Cost Avoidance	\$0
Fines, Restitution, and Recoveries	\$0
Amount to the Postal Service	\$0

**Postal Regulatory Commission**

We did not complete any investigations or audits of the PRC during the reporting period.

<sup>1</sup> Statistics include joint investigations with other law enforcement agencies.

<sup>2</sup> Convictions reported in this period may be related to arrests in prior reporting periods.

<sup>3</sup> 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 37-46
5(a)(4)	Matters referred to prosecutive authorities and the prosecutions and convictions that have resulted	49
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	4
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	28-32
5(a)(9)	Status of management decisions for audit and evaluation reports containing recommendations that funds be put to better use	34
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	33-34
5(a)(11)	Description and explanation of the reasons for any significant revised management decisions	47
5(a)(12)	Information concerning any significant management decisions with which the Inspector General disagreed	47
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	48
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	49
5(a)(18)	Description of the metrics used to develop the data in the statistical tables under Section 5(a)(17)	49
5(a)(19)	Report on investigations in which allegations of misconduct involving a senior government employee were substantiated. This should include 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	25
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	26
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	51
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	32

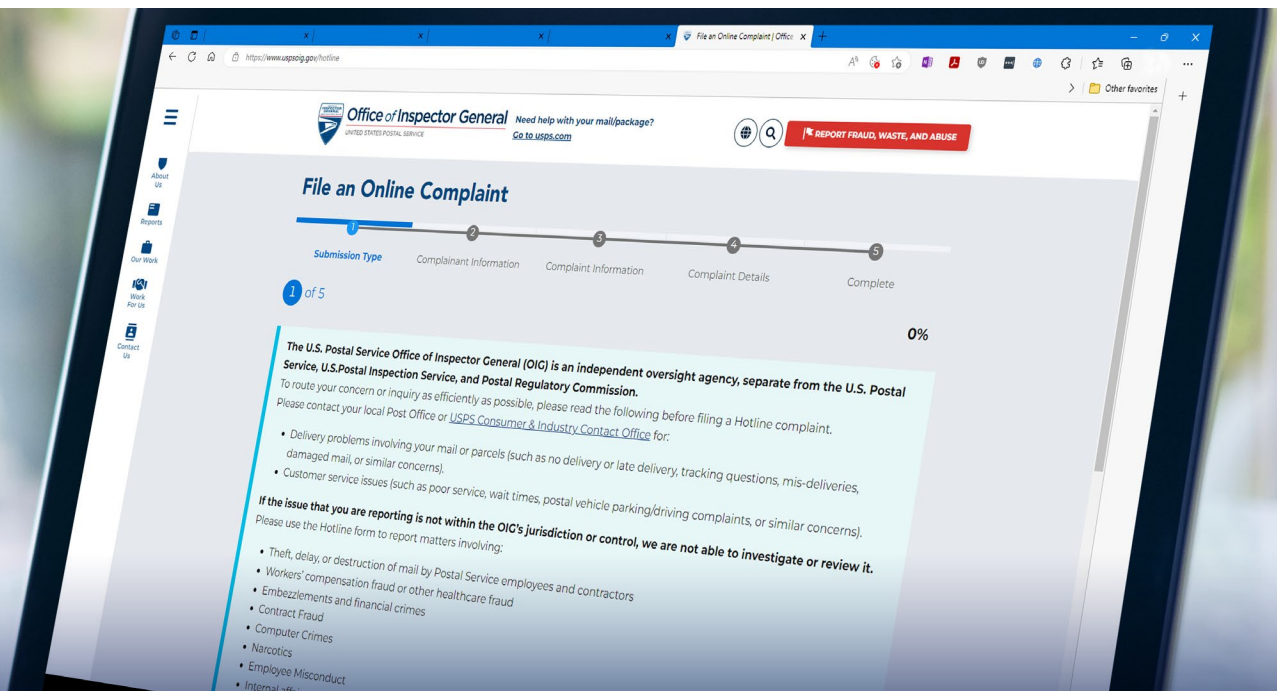
# Acronym Guide



DOJ: Department of Justice	HUD: Housing and Urban Development	PSRA: Postal Service Reform Act of 2022
DTO: Drug trafficking organization	LLV: Long-life vehicles	RISC: Research and Insights Solution Center
EEO: Equal Employment Opportunity	NGDV: Next Generation Delivery Vehicles	ROI: Report of Investigation
FBI: Federal Bureau of Investigations	NPA: Note Purchase Agreement	SES: Senior Executive Series
FOIA: Freedom of Information Act	OA: Office of Audit	SNRHA: Southern Nevada Regional Housing Authority
FORT: Field Operations Review Teams	OI: Office of Investigations	TACS: Time and Attendance Collection System
FPTBU: Funds put to better use	OIG: Office of Inspector General	VMF: Vehicle Maintenance Facility
FSS: Flats Sequencing System	PCES: Postal Career Executive Service	
FY: Fiscal Year	PRC: Postal Regulatory Commission, formerly Postal Rate Commission	

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# Who Do I Contact — Report Fraud, Waste, Abuse

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## 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/hotline>

**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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UNITED STATES POSTAL SERVICE



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