

Our Work Across the Nation



SEMIANNUAL REPORT to CONGRESS

FALL 2022 | APRIL 1 - SEPTEMBER 30, 2022

Management Alert: Workplace Environment System (WETS) User
Audit Report: State of Cybersecurity
RISC Report: Trends in New Delivery
Next Generation Delivery Vehicles - Contract Clauses
Demographic Trends in Mail Access and Service

Retail Systems Continuity of Operations
Transfer of Mail Processing Operations from Selected Facilities

Voyager Card Transactions - Baltimore, MD, Raspeburg Station

CONTINUITY OF OPERATIONS

ALTERNATE SITES
DATA TRAINING
SAFETY PROCEDURES
SAFETY TEST SUPPORT
RISK MANAGEMENT SYSTEM

TASKS: PROTECTION, POLICE, DOCUMENTS/MATERIALS, TECHNOLOGY

PREPAREDNESS TRAINING TEST

PROCEDURE SUPPLY STRA



Message From the Inspector General

As the fiscal year comes to an end, I look back with pride on our efforts to provide oversight of the Postal Service across the country. While this role was always important, it becomes increasingly so as the Postal Service makes significant changes to its processing and delivery network as part of its 10-year Delivering for America Plan.

Last winter, we stood up a new audit team – the Field Operations Review Team – to conduct quick facility reviews in specific areas of the country with service challenges. This work allows us to get a full understanding of service issues that span both delivery and processing. Over the past six months, this new team completed and published reports covering six different geographic locations.

Another way we fulfill our oversight mission across the nation is by keeping Congress informed of postal issues. This past September, we participated in our third Congressional field hearing of the year. The first two – held last winter in Chicago and Baltimore – were focused mainly on service disruptions. The latest hearing, held in Philadelphia, focused on mail theft as well. I am so proud we could provide Congress with valuable information.

Our Office of Investigations has offices across the nation. A big part of their workload is looking into suspected mail theft by postal employees. Over the last six months, they have increased their focus on the uptick in the theft of arrow keys – the keys postal employees use to open blue collection boxes and neighborhood delivery box units. To address this issue, we have initiated “Operation Secure Arrow,” a multifaceted effort to identify and investigate employees involved in the theft and mishandling of arrow keys.

This Semiannual Report to Congress, submitted pursuant to the Inspector General Act, outlines our work and activities for the six-month period ending September 30, 2022. During this period, we issued 93 audit reports, management advisories, and white papers, and the Postal Service accepted 94 percent of our recommendations. We completed 1,677 investigations that led to 403 arrests and nearly \$108 million in fines, restitutions and recoveries, more than \$22.6 million of which was returned to the Postal Service.

As we move forward into the next fiscal year, we have many audits and investigations planned across the nation. We will also remain agile, to ensure we provide oversight as needed as the Postal Service rolls out structural changes to its mail processing and delivery networks. My employees and their dedication to their work continue to impress me. I am excited about what the new year will bring.



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Summary of Performance

For the Period: April 1 — September 30, 2022

AUDITS and WHITEPAPERS

Questioned Costs:
\$359,886,522



Revenue Impact:
\$21,828,827



Funds put to better use:
\$50,650,304



Total:
\$432,365,653

Reports Issued: **93**

Recommendations Issued: **179**

Total Reports with Financial Impact: **13**

INVESTIGATIONS¹



Amount to the Postal Service²:
\$22,600,659



Cost Avoidance:
\$176,641,613



Fines, Restitution, and Recovery:
\$107,965,679

Investigations Completed: **1,677**

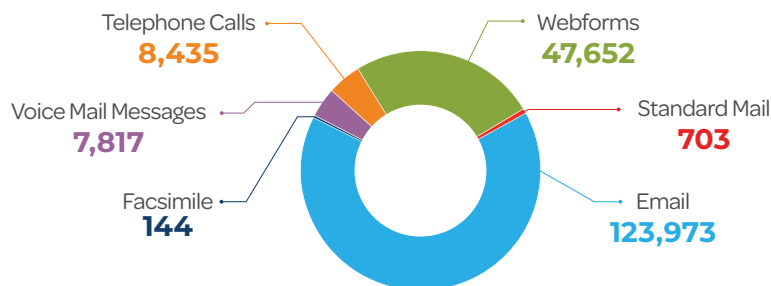
Arrests: **403**

Indictments/Informations: **411**

Convictions/Pretrial Diversions²: **495**

Administrative Actions: **924**

HOTLINE CONTACTS



Total Contacts:
188,724

Mission Statement

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

¹ Statistics include joint investigations with other law enforcement agencies.

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

³ Convictions reported in this period may be related to arrests in prior reporting periods.

Audits *and* Whitepapers

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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



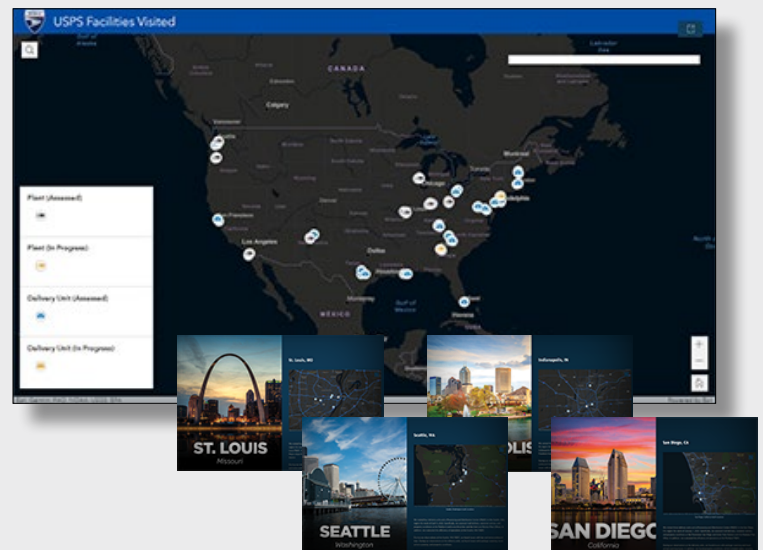
This past fiscal year, we stood up new audit teams, called Field Operations Reviews. These teams perform localized, facility-specific reviews related to mail processing, logistics, and delivery networks. As part of these reviews, we perform a cluster of audits at the same time – one audit team visits a mail processing plant and another team visits three to four delivery units that receive mail from that plant.

While we have always done facility reviews, this new focus has several advantages. First, by performing all the observations in one area of the country, we can more easily identify issues that span across processing and delivery. This is an especially important focus of our work now that these functions fall under separate Postal Service executives in the new organizational structure.

Second, because our auditors are trained to look for the same types of things at each facility, these audits can be done very quickly, allowing us to provide timely and meaningful results to Postal Service management and our stakeholders.

During the last fiscal year, we produced eight clusters of reports specific to 37 facilities in the western and central parts of the country. During our reviews at the plants, we found issues related to late, canceled, and extra trips; scanning performance; delayed mail, excess mail transport equipment, and mail clearance times. During our reviews at the delivery and retail units, we found issues with delayed mail, package scanning, truck arrival scanning, and property conditions.

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





Finance

Coronavirus Aid, Relief, and Economic Security (CARES) Act Funding

In January 2021, the Postal Service and U.S. Treasury signed an agreement regarding funding authorized by the Coronavirus Aid, Relief, and Economic Security Act, (the CARES Act), which allowed the Postal Service to request up to \$10 billion from Treasury for pandemic-related operating expenses. The Postal Service submitted five advance requests to Treasury from March through July 2021, totaling \$10 billion. We assessed the Postal Service's justification for and use of the funds and determined that it prepared advance requests for CARES Act funding according to the agreement requirements.

The Postal Service also prepared a financial and legal analysis supporting its need for additional liquidity to cover current operating expenses and the need was projected to

continue. The certification for needing CARES Act funds to cover operating expenses was reasonable at the time of request. Additionally, the Postal Service properly itemized expenses, which were accurate, reasonable, and properly supported. Furthermore, the Postal Service recorded, allocated, and reported CARES Act funds according to the agreement and generally accepted accounting principles. Finally, the Postal Service established and implemented effective controls over CARES Act funding.

Based on the audit results, we did not make any recommendations. In response, management stated they built a system of internal controls to ensure the completeness and accuracy of the advance requests and to ensure compliance.

COVID-19 Test Kit Distribution

The Biden administration purchased rapid COVID-19 test kits to give to Americans free of charge and partnered with the Postal Service to package and deliver them. Within a short period, the Postal Service established a test kit program, which facilitated test kit ordering, fulfillment, and delivery to 125 million residential addresses. In addition, in an expedited three-week period, the Postal Service designed and developed a website for customers to order test kits for delivery to their homes.

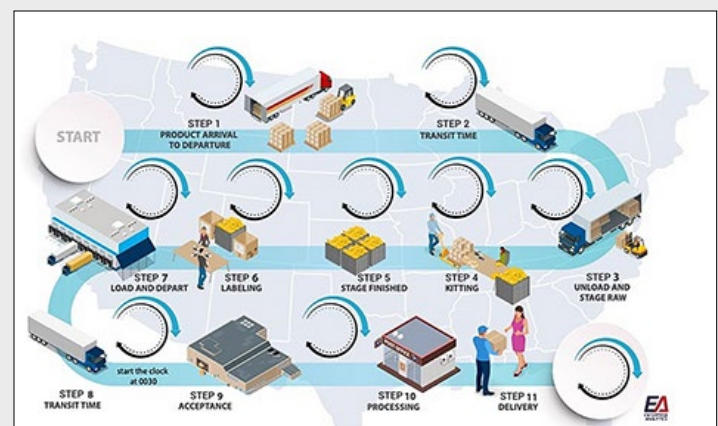
We assessed the accounting treatment and selected technology support associated with the distribution of the COVID-19 test kits and found that the Postal Service effectively responded to this significant challenge. The Postal Service properly accounted for test kit program costs and recognized all revenue in accordance with generally accepted accounting principles and the interagency agreement it signed with Health and Human Services.

We discussed some issues with management regarding estimates and costs that were not fully supported in the required monthly information statements; they stated they continued to refine the financial processes and will perform a final reconciliation at the end of the interagency agreement. Furthermore, since the ordering website was developed expeditiously to handle millions of test kit orders, management did not always follow established policies and procedures or formally document an accepted risk.

We made recommendations, including that management strengthen final reconciliation processes and develop

policies and procedures applicable to expedited software development for extraordinary circumstances. Management agreed to strengthen final reconciliation processes. However, they stated that policy exceptions in exceptional circumstances should be submitted in accordance with existing guidance. In separate correspondence, management agreed there should be a documented process to address extraordinary situations similar to the development and implementation of the COVID Test Kits website and will prepare a management instruction directing teams as to when they have to deviate from established standards.

COVID-19 Test Kit Cycle



Source: U.S. Postal Service.

Inspection Service & Cybersecurity and Information Technology



Cybersecurity and Information Technology

State of Cybersecurity

Cybersecurity, a major enterprise risk consideration, is the practice of protecting systems, networks, and programs from cyberattacks. These attacks target critical infrastructure and are increasing in frequency and sophistication, making a well-defined, proactive cybersecurity approach critical. To address these threats, the Postal Service's Corporate Information Security Office (CISO) focused on five cybersecurity strategic objectives: protect, monitor, respond, manage, and innovate.

The CISO is responsible for safeguarding the entire Postal Service network, including information technology resources owned by both the Chief Information Office and Chief Technology Office. The CISO monitors cybersecurity threats, responds to incidents, and develops and disseminates cybersecurity security policies and guidance. It also sets the overall strategic and operational direction of the Postal Service's information security program.

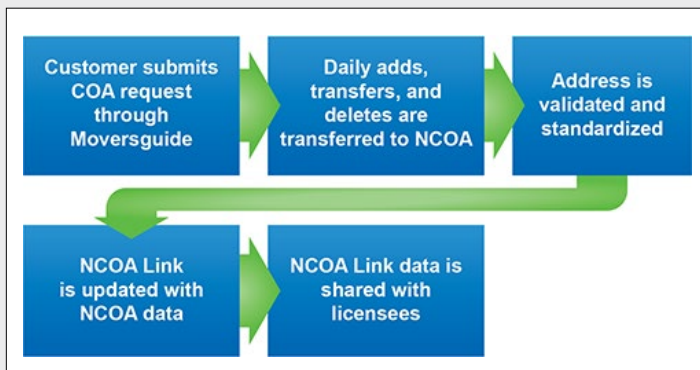
We evaluated the Postal Service's risk profile and organizational alignment with cybersecurity strategy, cybersecurity risk management and vulnerability management programs, and enterprise security architecture processes. The Postal Service has made positive strides in implementing improvements to its risk management program, cybersecurity strategy, and organizational structure. However, we identified areas to improve its state of cybersecurity.

We made recommendations, including that management: 1) establish centralized oversight and documentation of enterprise security architecture processes; 2) implement practices to provide cybersecurity assurance; 3) enforce requirements that reflect risk acceptance expectations; and 4) update policies and formal guidance accordingly.



Review of the National Change of Address and Moversguide Applications

Moversguide and NCOA Online Change of Address Process



Source: U.S. Postal Service Office of Inspector General (OIG) analysis of online change of address process based on the Postal Service COA Controls and Protections dated March 2020.

The U.S. Postal Service processes approximately 98,000 address changes per day. The National Change of Address (NCOA) is the system of record for all change of address requests and stores approximately 160 million change of address records. The Postal Service processed nearly 36 million address changes in 2021, with over 20 million submitted online through the Moversguide application.

We evaluated the effectiveness of the Postal Service's controls over the security and availability of its NCOA and Moversguide applications. We found the availability controls were generally effective; however, other security controls over both applications were not effective.

We made several recommendations to improve the security of both applications. Management agreed with all our findings and recommendations, except one, because they stated it was the responsibility of another group.

Mission Operations



Network Processing

Improving Service Performance and Mail Processing Efficiencies at Historically Low Performing Facilities

We evaluated service performance and processing efficiencies at 10 historically low-performing mail processing facilities and determined potential areas for improvement. In recent years, service performance and efficiency have trended downward. In response, the Postal Service established strategies in its 10-year Delivering for America plan to help reverse the trend, enacting several nationwide and facility-specific improvements and best practices.

While service performance at the 10 facilities significantly improved in fiscal year 2022, Quarter 1 (October 2021 – December 2021) compared to the same period last year, each facility was generally less efficient in processing mail compared to over 300 other facilities nationwide. While implementation of the Delivering for America plan is ongoing, several challenges continue to affect these facilities' ability to meet service targets and process mail efficiently. These challenges include inherent facility conditions (multi-floor facilities, inadequate operational layouts, and overcrowding),

low employee availability, inadequate management staffing, inadequate training, and turnover among newly hired employees. We estimate that addressing these issues would assist in bringing productivity at the 10 facilities up to the national average, resulting in savings of about \$41.2 million annually. We also found mail processing machines at the 10 facilities had, on average, more machine jams and fewer pieces sorted per machine hour than the national average. This was due to a lack of employee training and management oversight.

We made eight recommendations to address the overarching causes of service performance and productivity inefficiencies, as well as two recommendations to improve machine performance. Management agreed with seven of the recommendations but disagreed with the other three. Through the audit resolution process, management subsequently agreed with the three recommendations and plans to take corrective actions.

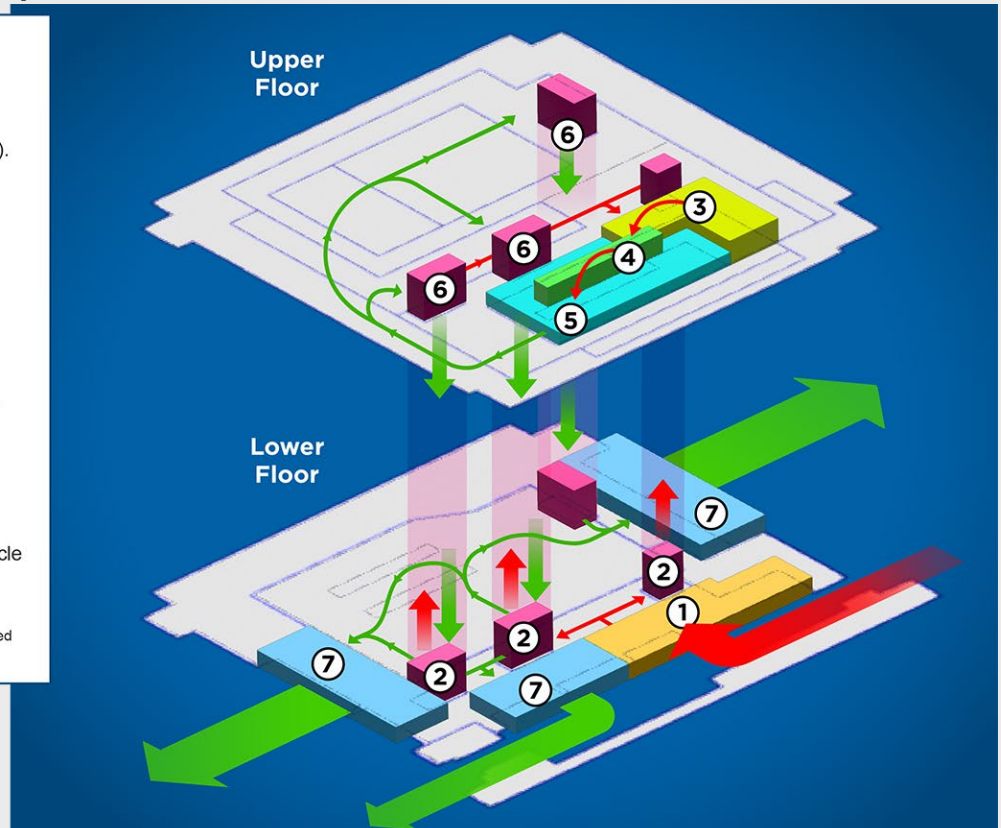
Multi-Story Facility Diagram Example

Example of Inbound/Outbound Mail Flow for a Multi-Story Facility

(Some facilities may have two or more floors)

1. Mail moved from dock to elevators (inbound).
2. Mail moved to upper floor utilizing multiple elevators.*
3. Mail moved from elevators to machine for mail processing.
4. Mail processed on parcel bundle sorter to sort packages.
5. Mail completed processing awaiting transfer to dock.
6. Mail moved from upper floor to lower floor, then to dock.
7. Mail moved from dock to transportation vehicle for dispatch (outbound).

*Average inbound elevator trips per day ~125, based on Selected Processing and Distribution Center



Mission Operations

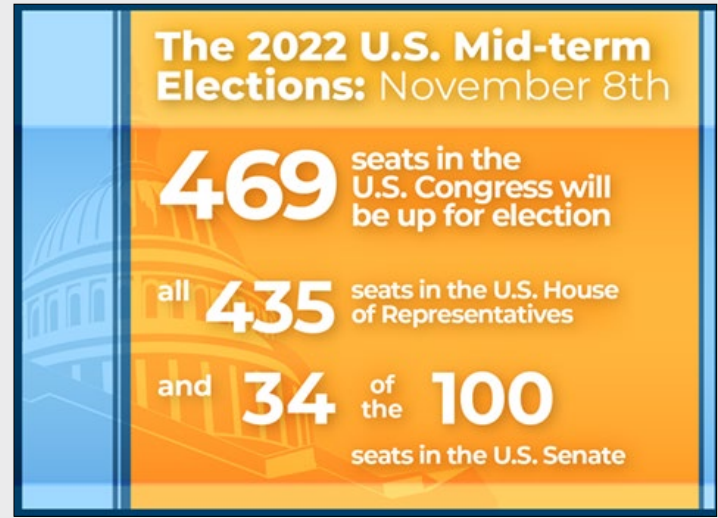


Election Mail Readiness for the 2022 Mid-Term Elections

We found that, generally, the Postal Service is ready for timely processing of Election Mail for the 2022 mid-term elections. The Postal Service established the Election and Government Mail Services Organization, prioritized the timely processing and delivery of Election Mail during the 2022 primary elections, implemented prior audit recommendations, and made progress in implementing Election Mail policies. The Postal Service processed nearly 10 million more Election Mail pieces from April 1 through June 30, 2022, than the same period for the 2020 primaries. Even with the significant increase, the Postal Service delivered 97.6 percent of identifiable Election Mail on time — an increase of 1 percent compared to the same period in 2020.

However, we did find examples of the Postal Service out of compliance with Election Mail policies. Specifically, employees at three of six Processing and Distribution Centers and one of 10 delivery units did not complete required checklists, certifications, and postmarking in accordance with policy. Additionally, we found that the Postal Service was able to measure service performance for 83.3 percent of identifiable ballots. While USPS has made progress reducing the number of ballots excluded from service measurement, it is important that it continues to identify root causes of excluded ballots.

We recommended management: 1) reinforce Election Mail policies; 2) develop an official guidebook for processing Election Mail prior to the 2024 primary elections; and 3) retain data on excluding ballots with barcode tracking from measurement and work with mailers of Election Mail to identify why they are being excluded.



Retail, Delivery & Marketing



Retail & Delivery

Free Matter for the Blind

Free Matter for the Blind or Other Physically Handicapped Persons (Free Matter) is a legally mandated program that allows eligible participants to receive and send mail for free. When Free Matter is mailed domestically, it should be treated as First-Class Mail for processing and service measurement. Postal Service regulations also require packaging to remain unsealed to facilitate inspection by Postal Service employees to ensure the mailpieces qualify for postage-free mailing. Congressional appropriations are used to reimburse the Postal Service for the cost of delivering Free Matter every year. This report responded to a request from a bipartisan group of Senators to review the performance and operations of the Postal Service's Free Matter service.

The Postal Service can improve procedures for preparing, inspecting, accepting, and handling Free Matter. We found that management last updated the policy for Free Matter preparation in 2015 but did not consistently enforce this policy. The policy's intent — keeping the mail unsealed for easy inspection and ensuring that it qualifies for postage-free mailing — has not been met because the Postal Service has not implemented procedures or practices for employees carrying out the inspections. Also, we noted that retail unit

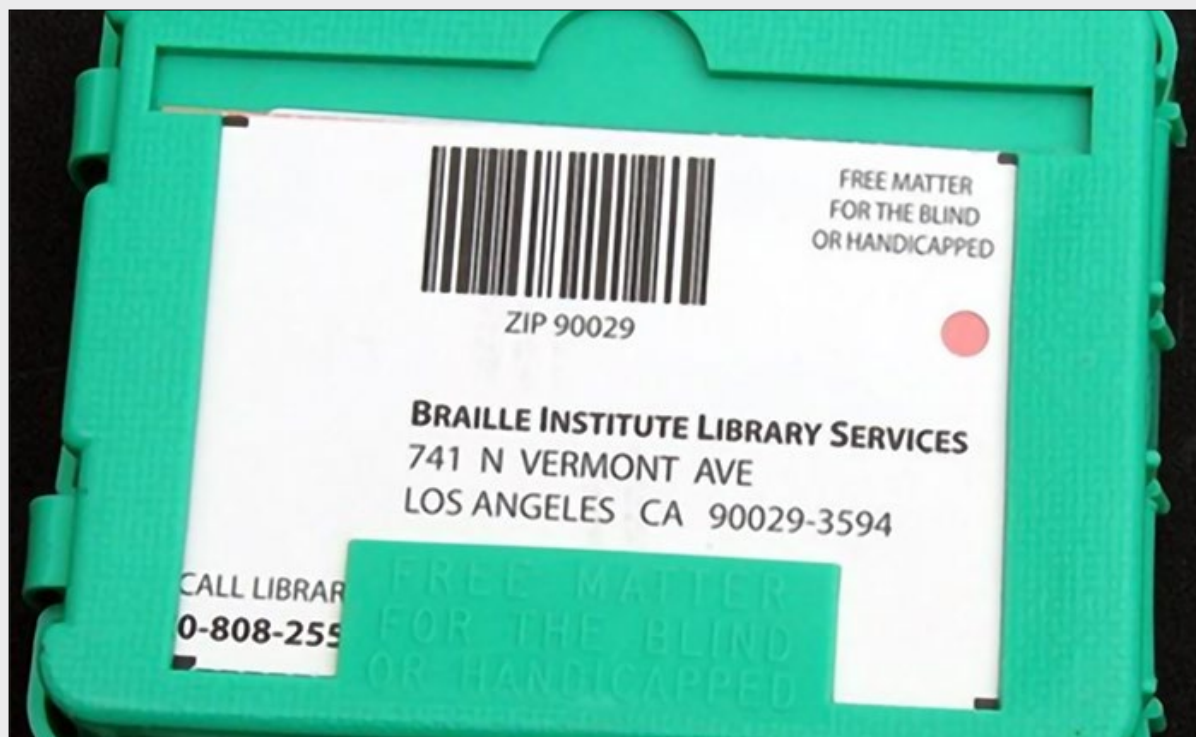
employees did not always know policies and procedures for accepting Free Matter, and we determined staff at processing plants did not always accept or process Free Matter as First-Class Mail and sometimes misidentified it as Parcel Post, which delayed delivery.

This occurred because the Postal Service did not provide adequate training or written policy about accepting or processing Free Matter to retail clerks or staff at processing plants, respectively. Furthermore, employees did not recognize some Free Matter mailpieces because they lacked easily identifiable markings.

We recommended management: 1) review the need for unsealed preparation and inspection of Free Matter and its subsequent impact on service; 2) incorporate information on proper handling of Free Matter into new employee training curriculum; and 3) evaluate options for increasing employee recognition of Free Matter across the Postal Service network. Management disagreed with recommendation 2, but during audit resolution agreed to provide service talks to increase awareness on the acceptance, processing, inspection, and delivery of Free Matter.

Example of Free Matter

Source: *Postal Times*,
February 3, 2022.



Retail, Delivery & Marketing



Sales, Marketing & International

Assumptions and Metrics Underlying the Delivering for America 10-Year Plan

The Postal Service and the Board of Governors released their 10-year strategic plan — Delivering for America: Our Vision and Ten-Year Plan to Achieve Financial Sustainability and Service Excellence (the Plan) — on March 23, 2021. The Plan outlines the steps necessary to achieve a positive net income within three years and break-even operating performance over the next 10 years.

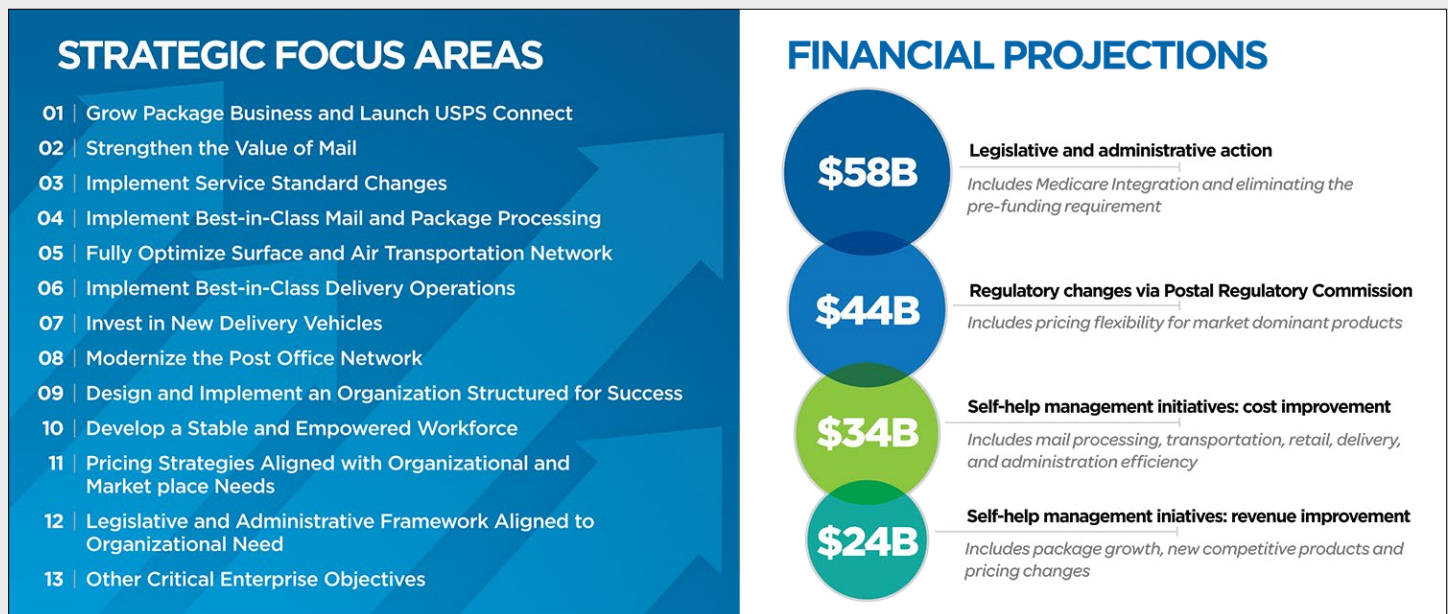
The Postal Service's assumptions and projections underlying the 58 initiatives we reviewed were supported; its systems for recording, measuring, and monitoring initiative risks, milestones, and metrics were in place. The Postal Service also implemented a process to validate projected revenue growth and cost savings resulting from the Plan. We did note, however, that when USPS developed initiatives related to service performance, it did not conduct studies to determine whether those initiatives could disproportionately affect specific demographic groups. Management noted

that such studies were not required or necessary and that the Postal Service does not have specific guidance on when or situations for which they complete a distributive impact study.

Lastly, while the Postal Service provided public-facing plan updates in its most recent Integrated Financial Plan and progress report in April 2022, it has opportunities to further enhance communication regarding its progress and savings. This would better inform its customers and stakeholders about the Plan's progress and success.

We recommended management 1) create guidance that details the requirements for when a distributive impact study should be performed, and 2) enhance the Plan's website to provide comprehensive communications regarding plan progress, the status of ongoing initiatives, future plans, and outcomes.

13 Strategic Focus Areas in the Delivering for America Plan



Source: U.S. Postal Service Office of Inspector General (OIG) created.

Supply Management & Human Resources



Supply Management

Property Condition Review Capping Report

The Postal Service must maintain a safe environment for both employees and customers, including adherence to federal safety laws enforced by the Occupational Safety and Health Administration (OSHA) and internal policies and procedures regarding the appearance of lobbies and facilities, as well as the safety and security of its facilities.

The property condition review audits collectively determined that the Postal Service did not maintain its facilities as required. We found systemic issues with management's oversight to consistently address recurring maintenance issues. Although corrective actions were taken to address the issues found in our prior reviews, these actions were not effective at ensuring employees followed policies and procedures to maintain the appearance, health and safety, and security standards at retail and delivery facilities.

We visited 46 facilities and identified a total of 728 issues — 416 regarding maintenance and appearance, 284 regarding

health and safety, and 28 regarding security. We made a total 51 recommendations to address specific issues identified, which included unclean lobbies, damaged ceilings and lighting, tripping hazards, possible mold, and blocked electrical panels and exit doors. During follow-up visits to selected districts, we found new deficiencies as well as some previously identified deficiencies that management reported as corrected but had not actually been remedied. These issues occurred because the Postal Service did not have a formal and consistent process to assess whether retail and delivery facility employees followed relevant standards.

We recommended management develop a standardized internal inspection program to identify and address property condition issues at retail and delivery facilities. Management agreed with the recommendation but disagreed in part with the finding.

Human Resources

U.S. Postal Service Recognition and Awards Program

The program is intended to recognize employees for outstanding performance, superior competence, or some other significant accomplishment. The program was broadly designed to ensure that the recognition and award needs of all organizations and functional areas are met. Except

for three high-level awards processed manually, non-cash tangible awards valued at more than \$100 and all cash awards are submitted, tracked, and approved through the Postal Service's Electronic Awards (eAwards) system.

We found the Postal Service could improve controls to effectively manage its Recognition and Awards Program. Specifically, 271 employees inappropriately submitted and approved 10,035 awards totaling \$9.1 million; six employees submitted seven awards for themselves totaling \$2,598; and 254 employees submitted 598 reciprocating awards for each other totaling \$820,128. We also found that management approved 36,959 of 53,377 awards (selected for review based on specific criteria) with inadequate or insufficient justification narratives in the eAwards system. Additionally, management did not audit its awards program.

We recommended management: 1) improve controls over the awards process; 2) develop a process to identify and follow up on improper awards; 3) develop and communicate examples of commendable justifications and reiterate and train employees on award requirements; and 4) review and update existing policies and procedures on the audit process. Management disagreed with recommendations 1 and 2.

Most awards require a justification for being given such as:



Performing exceptionally in one or more important job projects.



Enabling a unit to meet unanticipated demands by performance of unusual duties for short periods.



Demonstrating unusual courage or competence in an emergency.



Accomplishing a specific act beyond the normal duties.



Exceeding requirements in one or more important job elements for 12 months or more.



Making a contribution, including sustained performance, achievement, invention, special act, or service that exceeds usual work requirements.





Inflation and the U.S. Postal Service

To determine how inflation affects the Postal Service, the OIG conducted a qualitative assessment of the impact of inflation on USPS's costs and revenue. Overall, the magnitude and immediacy of the impact of high inflation on the Postal Service vary widely according to the category of costs and revenue.

A primary way that inflation impacts labor costs — which account for two-thirds of Postal Service's expenses — is through cost-of-living adjustments (COLAs), which are pegged to the inflation rate. However, COLAs increase wages less than the rate of inflation, and about 28 percent of USPS employees do not receive COLAs. While inflation also affects the cost of products and services USPS purchases in the market, the immediacy of the impact depends on contract terms concerning price adjustments and contract lengths. For example, fuel price increases can have an immediate impact through monthly adjustments.

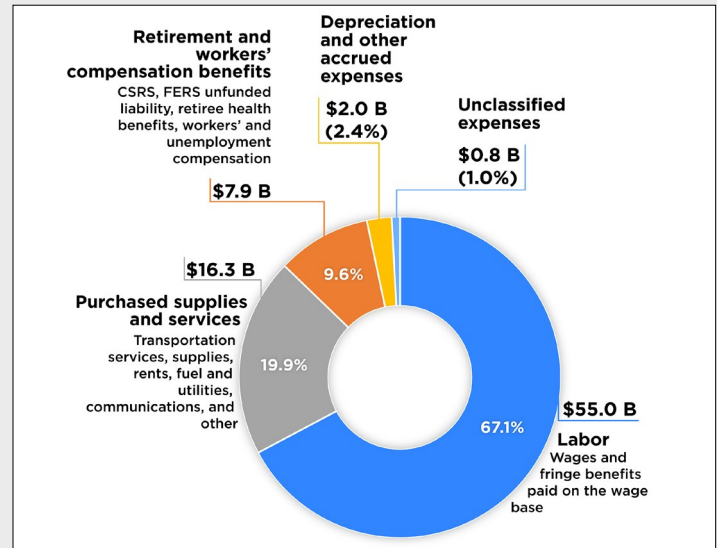
Price increases for market dominant products, such as First-Class Mail, are directly tied to inflation as measured by the Consumer Price Index for All Urban Consumers (CPI-U). In addition, the Postal Service can increase prices above CPI-U when certain conditions are met. Inflation can potentially increase costs before prices changes take effect, and some revenue is forgone due to the delay in price increases. The lag could also delay the immediate impact of inflation on customers.

Lastly, inflation erodes the purchasing power of the Postal Service's cash on hand and borrowing limit. In

particular, USPS is restricted to investing its liquidity in short-term Treasury securities, whose low interest rates do not compensate for inflation. The Postal Service should work with stakeholders to strengthen mechanisms in place to mitigate the risks of high inflation.

[Listen to a podcast on the main points of this report on our website.](#)

FY 2021 Postal Service's Costs by OIG Classification



Source: OIG and SLS Consulting analysis of FY 2021 USPS Public Cost Segments and Components. Unclassified expenses are those the OIG could not assign to the other cost categories based on the information provided in the source.

The Role of the Postal Service in Identity Verification

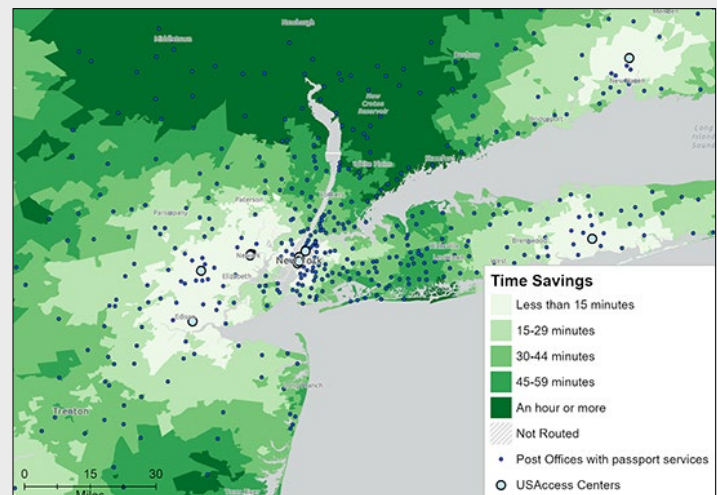
When an individual applies for a benefit or service at a government office or through an online account, the agency verifies the applicant's identity using credentials or attributes provided, such as a name, address, Social Security Number, or biometric features. The use of fake or stolen identities has allowed fraudsters to target government programs, leading to unprecedented levels of identity fraud and improper benefits payments during the COVID-19 pandemic.

The OIG conducted research to identify opportunities for the Postal Service to support federal and state agencies' efforts to increase the security of their systems. USPS could fulfill three potential roles:

Provider of in-person identity proofing at post offices.

The service would increase convenience for government customers and employees who need high levels of identity assurance. It would also provide a fallback option for

Driving Time Savings - New York City Area



Source: OIG Analysis of Postal Service, GSA, and Census Bureau data.



customers who have failed remote identity verification, who prefer in-person interaction, and who are vulnerable. USPS has already introduced several forms of in-person verification services, in partnership with the GSA and the FBI.

Validator of identity attributes. USPS would calculate the level of confidence that a person lives at the address provided. The service would help increase government agencies' confidence that a user creating an online account is who they claim to be.

Trends in New Delivery Points

In FY 2021, the Postal Service's delivery network consisted of 163.1 million possible addresses, with more addresses — or delivery points — added every day. The OIG sought to identify trends in delivery points and review the process for adding, maintaining, and removing them from the network.

Since FY 2011, the Postal Service added a total of 13.2 million active addresses to the network, averaging 1.3 million per year. However, delivery point growth did not occur evenly across the U.S. The south and west experienced more growth than other parts of the country. Centralized delivery points increased by 23 percent since FY 2011, driven by growth in cluster box units. Curbside delivery points grew eight percent, and other delivery points — which include door deliveries — remained stable. The Postal Service actively promotes centralized delivery at new addresses because

Provider of digital identities. The Postal Service would explore whether and how its Informed Delivery subscribers could use their verified postal credentials to prove their identity to securely create and access other government accounts.

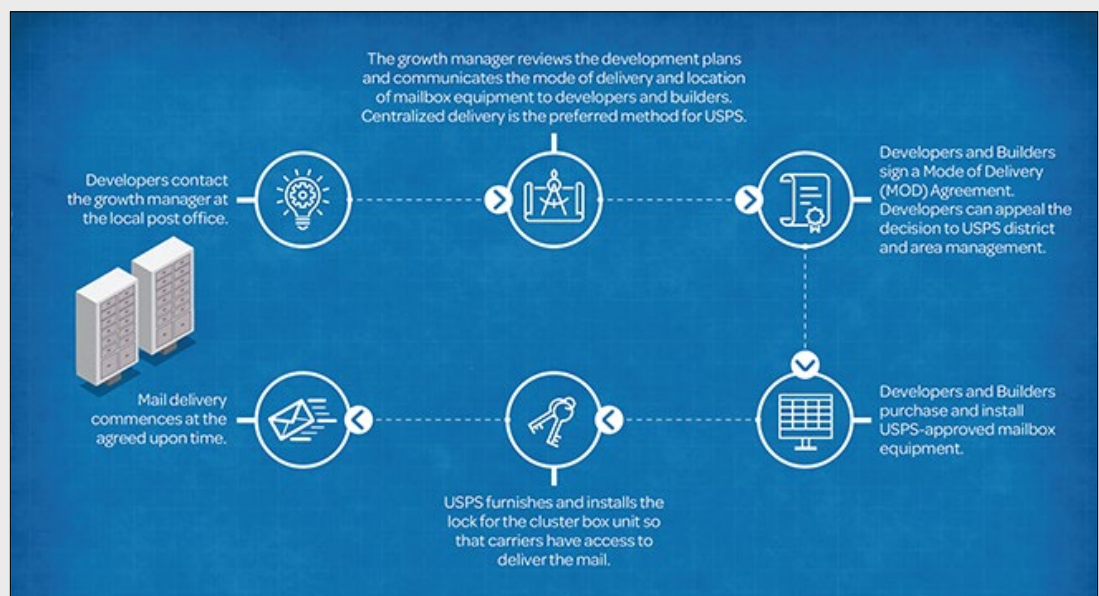
The Postal Service Reform Act of 2022 has recently expanded the Postal Service's ability to provide identity verification to all levels of government. A window of opportunity is currently open for USPS to contribute to closing gaps in government identity verification processes.

it is less costly to deliver mail to a centralized location than to a curbside or door mailbox. According to data provided by the Postal Service, about 4.2 million delivery points were permanently removed between FYs 2011 and 2021.

It is important for the Postal Service to accurately track and report on the number of delivery points in its network and ensure proper oversight of delivery point addition, maintenance, and removal. These changes have implications for internal operations, costs, and pricing, as well as for the quality of address data-based products offered to customers. For example, the number of delivery points on carrier routes impacts mail density and the Postal Service's ability to set prices. Should delivery points continue to increase, further price increases associated with mail density will likely be allowed in the future.

Process for Establishing New Delivery Points

Source: U.S. Postal Service National Delivery Planning Standards: A Guide for Builders and Developers (PO-632) and U.S. Postal Service: Growth and Delivery Point Management Program (PO-631).



Investigations

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The Postal Service is consistently ranked by the Ponemon Institute as America’s “most trusted federal agency.” Among the reasons for this trust is the integrity of its employees. However, a few postal employees and contractors betray that trust and abuse the public’s confidence in the Postal Service. When that happens, the OIG’s Office of Investigations (OI) gets involved.

To protect the mail and to ensure the integrity of postal processes, finances, and personnel, the Postal Service relies on the investigative efforts of OI special agents, who are stationed in offices nationwide. Their charge is to investigate internal crimes and fraud committed by postal employees and contractors and also employee misconduct.

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

Contract Fraud / Mail Theft



Contract Fraud

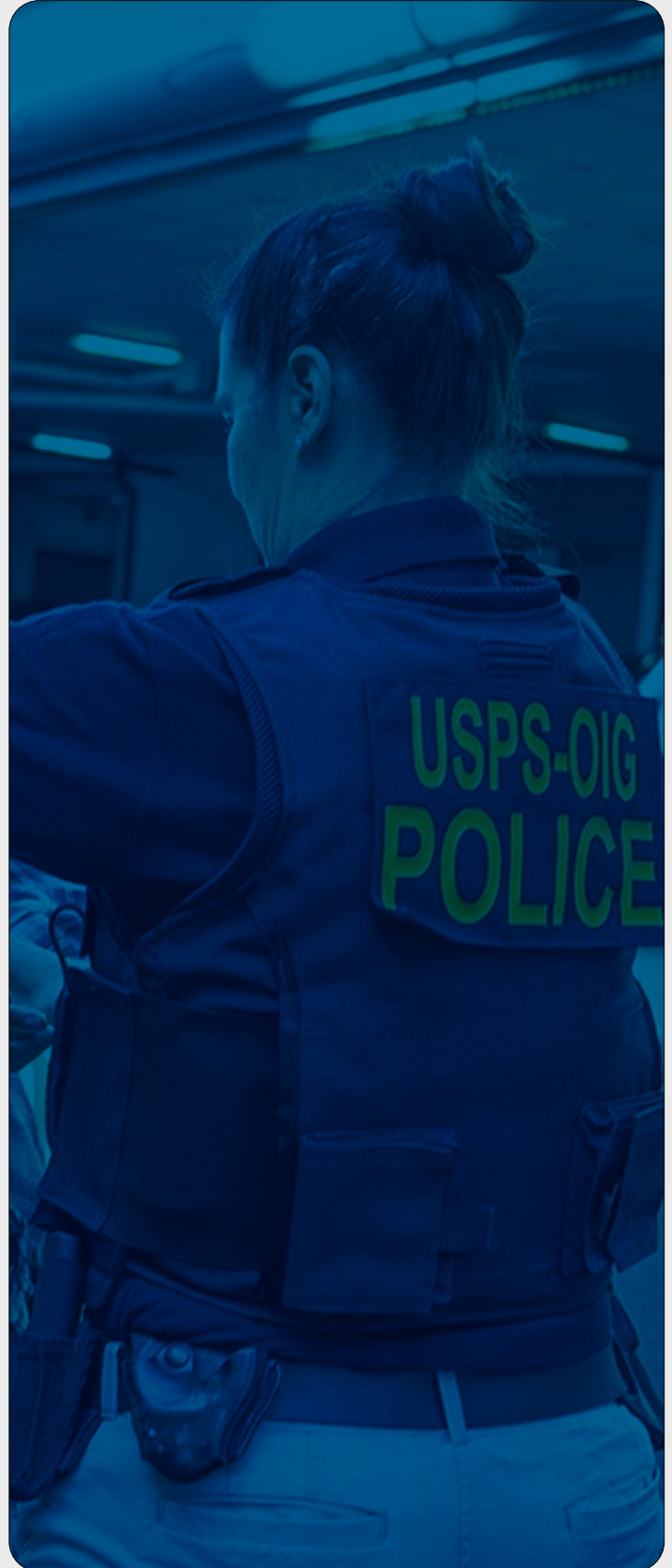
The OIG investigated several airlines that had contracts with the Postal Service to deliver mail to foreign destinations, including American military and diplomatic locations abroad. The airlines were required to submit scans indicating the mail delivery times. The contract for these airlines specified penalties for late delivery or delivery to the wrong destination. The investigation found the companies reported falsified scans to the Postal Service. As a result, three companies signed settlement agreements — in April, June, and July 2022, respectively — with the Department of Justice’s Civil Division, totaling \$19.7 million to resolve potential liabilities for their actions. Additionally, the Postal Service received approximately \$11.6 million in restitution.

Mail Theft

In September 2019, the OIG received information from the Postal Inspection Service and local police about fraudulently cashed stolen checks. The OIG and federal partners initiated a joint investigation, which revealed two Sales and Service Associates (SSAs) assigned to the Summit (NJ) Post Office were responsible for the theft of new checkbooks from the mail. The SSAs sold the checks to three outside co-conspirators who cashed the checks. In July 2020, OIG agents interviewed one of the SSAs, who admitted she was approached by the second SSA about the scheme to sell stolen checks from the mail for \$100 a box, and she agreed to participate.

In September 2020, a federal criminal complaint was filed against the second SSA and the three co-conspirators, and investigators arrested them. One SSA resigned and the other one was removed from the Postal Service.

In January 2021, one SSA pleaded guilty to conspiracy to commit mail theft and was sentenced to two years’ probation and ordered to pay almost \$13,000 in restitution. In September 2021, the second SSA pleaded guilty to charges, and in May 2022, was sentenced to three years’ imprisonment followed by three years’ supervised release. The same SSA was also ordered to pay more than \$61,000 in restitution. All three outside co-conspirators pleaded guilty and received sentences ranging from four years’ imprisonment followed by up to three years’ supervised release, respectively. Each was also ordered to pay more than \$61,000 in restitution.



Narcotics



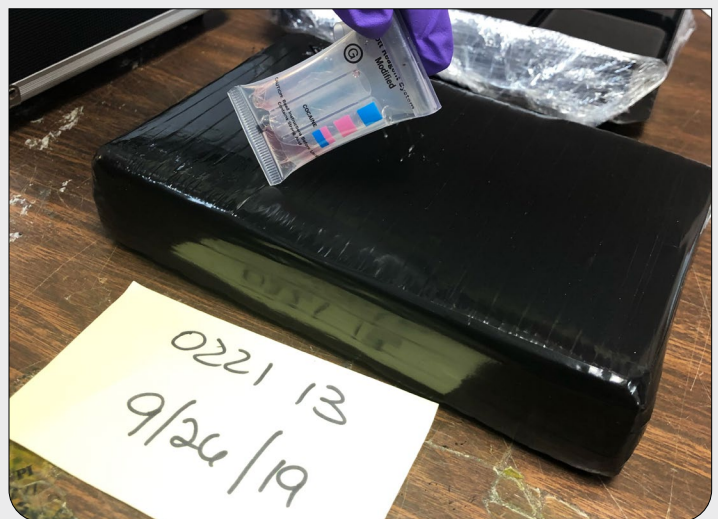
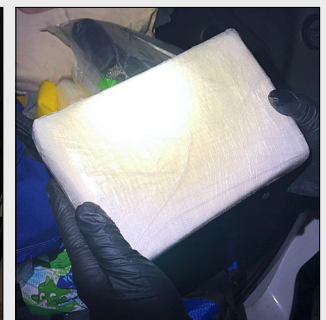
The OIG office in San Juan, Puerto Rico, learned in September 2019 of suspected narcotics parcels with tampered labels coming through the mail. A search of the parcels yielded cocaine, and five suspects were identified: a casual mail handler, a highway contract route (HCR) owner, one of his family members, and two subcontractors.

During an interview with investigators, the mail handler confessed to being involved in two separate narcotics schemes and consented to a search of his residence, leading to the recovery of 30 kilograms of cocaine. In one scheme, the mail handler intercepted cocaine parcels in the mail, relabeled the parcels, and sent them to a specific delivery route for pickup. The second scheme involved assisting multiple drug trafficking organizations (DTOs) in safeguarding their narcotics parcels during shipment. The handler colluded with the HCR owner and the subcontractors, who would provide addresses along their routes to which the DTOs' parcels would be shipped. All received payment from the DTOs.

All five co-conspirators were arrested and charged. The HCR owner's contract was terminated by the Postal Service, and he was sentenced to three years' imprisonment and six years' supervised release. In August 2022, his family member was sentenced to five years' probation. Both subcontractors were sentenced to three years' imprisonment; one was also given six years' supervised release. The casual mail handler was sentenced to 40 months' imprisonment followed by three years' supervised release.

In June 2020, a joint investigation involving the OIG and the Postal Inspection Service started based on information from the FBI indicating a mail carrier was possibly assisting drug traffickers by delivering cocaine parcels on his route. Agents located numerous suspected narcotics parcels mailed from Puerto Rico to Gainesville, FL on his route. Surveillance showed abnormal scanning for six suspected narcotics parcels delivered to someone external who was subsequently stopped by law enforcement. All six parcels were found in the back of his truck. The individual was arrested, and all six parcels contained 2 kilograms of cocaine each, totaling 12 kilograms, which investigators seized.

In July 2021, the individual pleaded guilty to trafficking and was sentenced to 11 years' imprisonment based on a total weight of 234 kilograms of cocaine moved through the mail. He cooperated and admitted he paid the carrier \$150 per parcel and documented the payments in a ledger that contained payments, tracking numbers, and dates. Postal



Top: 25.91 kilograms of Cocaine seized from investigation.

Middle left: Cocaine and suitcase seized from a truck that was abandoned outside a mall in parking lot by main targets wife

Middle right: A blue backpack containing cocaine the subject's wife asked the neighbor to hold on to who subsequently turned over.

Bottom: White powdery substance discovered in the initial parcel search warrant which later tested positive for the properties of cocaine

data revealed the carrier delivered approximately 80 of 117 parcels that contained cocaine.

The carrier admitted to his role and was removed from the Postal Service. He later pleaded guilty to bribery. In April 2022, the carrier was sentenced to three years' probation.

Financial Fraud



A proactive data analysis identified a post office in Buena, WA, as having more than \$25,000 in cash refunds during a single month. Additional analysis revealed over \$70,000 unaccounted for. The investigation produced evidence that a Sales and Service Associate had access to the funds and embezzled approximately \$70,000 through fraudulent refunds.

OIG investigators interviewed the employee, who admitted to using the Postal Service funds to “pay debts.” The employee acknowledged initially embezzling postal funds from the sale of stamp stock for the last few years. The SSA further confessed to a newer scheme of issuing fraudulent refunds. In April 2018, the SSA resigned while on emergency placement.

In November 2021, the former SSA was charged with theft of government funds and pleaded guilty in March 2022. In June 2022, the SSA was sentenced to five years’ probation and ordered to pay approximately \$70,300 restitution to the Postal Service.

The Postal Service area finance office advised the OIG of financial irregularities and shortages at the Cayuga Retail Office (CRO) in New York. The investigation revealed that between October 2017 and June 2018, the CRO supervisor stole on 53 different occasions more than \$63,000 from cash register drawers of her subordinate employees. On multiple occasions during that period, the station manager also stole stamps valued approximately \$28,300. In June 2021, the station manager resigned from the Postal Service. She was later arrested, charged, and pleaded guilty to charges of theft of government money. In April 2022, the former station manager was sentenced to six months’ home confinement and three years’ probation and ordered to pay more than \$91,500 in restitution to the Postal Service.



Health Care Claimant Fraud

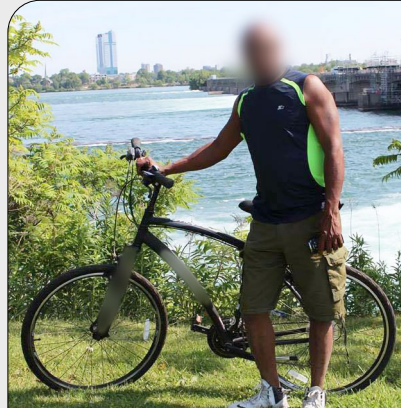


In October 2018, the OIG initiated an investigation into a former mail handler receiving Department of Labor Office of Workers' Compensation Program (DOL OWCP) disability payments for a claimed injury. The investigation revealed the former mail handler used a pre-existing injury from a previous non-work-related vehicle accident to claim disability benefits. But after the claim was approved, the former handler did not receive any further medical treatment or pain medication. Additionally, the former handler operated a debris-removal business, a construction business, and was a certified landlord for Section 8 housing in Philadelphia, PA — none of which was reported as income to DOL, as required. Video surveillance showed him doing yard work, lifting and carrying heavy items, and working on a race car as well as hitching a flatbed car carrier, box trailer, and fifth-wheel RV to a truck. The claimant vacationed in Key West, FL, and the Grand Canyon and engaged in extensive physical activity such as weightlifting and bicycling.

In February 2022, the former mail handler pleaded guilty to fraud, and in May 2022, he was sentenced to 30 months' incarceration followed by two years' probation. He was further ordered to pay approximately \$732,000 in restitution to the Postal Service. DOL OWCP terminated his benefits resulting in a cost avoidance of more than \$1.3 million.

In May 2019, the OIG hotline received a complaint alleging workers' compensation fraud by a former city carrier, who had reported an on-the-job injury in June 2002. OIG investigators determined the former city carrier had served as president of a local mobile home cooperative for several years and had actively operated the community water system since at least 2001. Also, the former city carrier had conducted handyman/contractor work at various times over the span of many years while collecting federal workers' compensation disability benefits. Additionally, the former city carrier routinely hauled trash for some mobile home cooperative residents to the town transfer station. The former city carrier did not report any employment, self-employment, involvement in a business enterprise, and/or volunteer work, as required, to the DOL OWCP.

In July 2021, the former city letter carrier pleaded guilty to one count of false statements or fraud to obtain federal workers' compensation and was later sentenced to two years' probation and ordered to pay approximately \$11,800 in restitution. DOL OWCP terminated the former city carrier's benefits, resulting in a cost avoidance of more than \$537,000 for the Postal Service. In May 2022, DOL OWCP issued a final overpayment decision requiring the carrier to repay the benefits he was not entitled to, totaling almost \$609,000.



Left: Subject posing in front of his bicycle.
Right: Subject holding a large fish.



Top: Subject lifting an object.
Middle left: Subject lifting large appliance
Middle right: Subject lifting large recliner chair.
Bottom: Subject hauling trash

Health Care Provider Fraud



In April 2018, the OIG and other federal partners investigated a large conspiracy involving health care fraud and violations of anti-kickback statutes by a telemedicine company, numerous pharmacies, and a drug manufacturer. The pharmacies sought prescriptions for medications with inflated reimbursement rates. The prescriptions were typically for pain creams, scar creams, and vitamins. The telemarketing company used misleading marketing techniques to obtain patients' insurance information and to convince the patients to accept the medications. The telemarketing company then paid doctors to authorize the prescriptions through its telemedicine platform, even though the doctors never communicated directly with the patients and relied solely on the telemarketers. The pharmacies paid the telemarketing company \$500 per prescription.

Following failed audits, pharmacy benefits managers (PBMs) terminated contracts with the pharmacies. The co-conspirators then straw-purchased other pharmacies and concealed their ownership. Additionally, the pharmacies waived co-pays and engaged in a money-laundering scheme to self-fund co-pay coupon programs. Between 2015 and 2018, the pharmacies submitted over \$931 million in fraudulent claims to various insurance programs.

In late 2021, one pharmacy owner was convicted for conspiracy to commit health care fraud, 22 counts of mail fraud, and introducing a misbranded drug into interstate commerce. The owner was sentenced to 14 years' imprisonment and ordered to pay over \$24.6 million in restitution along with \$2.5 million in forfeiture. The remaining 14 defendants pleaded guilty to charges related to conspiracy; in May 2022, they were sentenced to various jail terms and ordered to pay over \$54 million in restitution.

In December 2014, the OIG entered a joint investigation with other federal agencies and local law enforcement into a compound drug pharmacy. Advanced data analytics had revealed the pharmacy was excessively billing for expensive compound topical creams, resulting in payment by DOL OWCP for more than \$8 million over a two-year period.

The investigation determined the pharmacy dispensed the same formula compound cream to all patients regardless of injury or ailment. A marketer, acting on behalf of the pharmacy, used their marketing company to funnel millions of dollars to Chicago-based physicians in exchange for their prescription referrals to the Indiana-based pharmacies. The marketer and the marketing company received a percentage of the money paid. Additionally, investigators



Left: Example of the compound creams sent to USPS claimants. Right: Storefront location of one of the manufacturers who mis-labeled over the counter vitamins as prescription drugs.



Left: USPS-OIG agent stands ready during enforcement operation. Right: Agents seize evidence during search warrant at pharmacy.

determined the pharmacies and their owners made false statements when enrolling and operating the pharmacies.

In February 2018, one of the prescribing doctors was sentenced to two years' probation and issued a \$25,000 fine related to money laundering and kickbacks. In April 2021, the pharmacy owners entered deferred prosecution agreements and were ordered to pay restitution in excess of \$4.3 million collectively. The same month, they were subsequently excluded from participation in OWCP, resulting in a cost avoidance to the Postal Service of over \$93 million.

In March 2022, the marketer was sentenced to three years' probation and ordered to pay over \$3.3 million in restitution. One of the prescribing doctors pleaded guilty to money laundering and kickback violations, resulting in a sentence of two years' probation and a \$25,000 fine. The investigation was the largest of its kind in the Southern District of Indiana, resulting in a direct financial impact of more than \$100 million. In July 2022, HHS-OIG excluded the provider from billing any Federal Health Care Program for a period of 20 years. This exclusion was a result of the conviction for kickbacks and money laundering.

Senior Executive Investigations



Senior Executive Investigations

During the reporting period, two instances of misconduct by Postal Career Executive Service (PCES) employees were 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 improperly influenced the hiring process in favor of his spouse. Our investigation substantiated that the manager violated policy when he selected the review panel for a position his wife applied for and failed to notify human resources of his need to recuse himself from the hiring process.

This investigation was not referred for prosecution. The OIG provided its Report of Investigation (ROI) to the Postal Service for appropriate action, and the manager was issued a Letter of Warning.

2. The OIG received a complaint that a Postal Service manager steered a sole-source contract to a supplier. This allegation was unsubstantiated. However, the investigation found the manager accepted a \$10 gift donated from the supplier to a charity selected by the manager. The investigation also determined that the manager failed to disclose a personally owned limited liability corporation on her Office of Government Ethics Form 278e, Public Financial Disclosure Report.

This investigation was referred to DOJ, but not accepted for prosecution. The OIG provided its ROI to the Postal Service for appropriate action, and the manager was instructed to re-take eight hours of ethics training.

Unsubstantiated allegations:

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

1. In response to a news article and subsequent OIG Hotline complaints, we examined whether the Postmaster General (PMG) met all applicable ethics requirements related to his investment in Abbott Laboratories stock (Abbott). Abbott was awarded federal contracts to produce COVID-19 test kits for national distribution through the Postal Service. Our review revealed the PMG consulted with USPS ethics staff and others to properly disclose his financial holdings as required per federal ethics regulations. We found the PMG's holding of Abbott while working on the Postal Service's logistics role in delivering free COVID-19 test kits violated no ethics statutes or regulations.
2. We investigated an allegation that three Postal Service managers were modifying and withholding their teams' responses during an OIG audit. Our investigation disclosed no information to substantiate the allegation.
3. We investigated an allegation that a Postal Service manager approved and arranged for a large group of managers to travel to Hawaii under the guise of route inspections. Our investigation disclosed no information to substantiate the allegation.
4. We investigated an allegation that a retired Postal Service manager violated the Standards of Ethical Conduct and post-employment statutes relating to employment with a postal supplier. Our investigation disclosed no information to substantiate the allegation.
5. We investigated an allegation that a Postal Service manager manipulated postal carrier operation moves in the Time and Attendance Collection System. Our investigation disclosed no information to substantiate the allegation. Following the investigation, we referred possible process improvements to Postal Service management and the OIG's Office of Audit for review.

Whistleblower Reprisal Investigations



During the reporting period, there was one substantiated whistleblower reprisal allegation.

Substantiated allegation:

The OIG received a whistleblower reprisal complaint that a Postal Service supervisor and two managers retaliated against an employee after the employee reported mismanagement and management's failure to address safety concerns. Against the advice of Postal Service Labor Relations, management placed the employee in an emergency placement status and under consideration for removal from employment.

The OIG's investigation substantiated that the employee's protected disclosures were, at a minimum, a contributing factor in the supervisor's decisions to take personnel actions against the employee.

In August 2021, the OIG's investigative report was sent to Postal Service management. We learned that one of the managers retired from the Postal Service shortly after being interviewed by the OIG. In December 2021, Postal Service management notified the OIG that no disciplinary action would be taken against the other manager due to his January 2022 retirement.

On August 16, 2022, after several months of OIG inquiries, we were notified that the postal supervisor was issued a Letter of Warning on February 6, 2022.

WHISTLEBLOWER REPRISAL ACTIVITY

For the Period:
April 1 – September 30, 2022



Postal Service Management *Challenges*

Service Performance

The Postal Service's processing network operating efficiency could be enhanced. Although the Postal Service has improved service performance for many of its mail products over the past year, performance is still below the goal of 95 percent on-time delivery for most mail products.

The Postal Service has established strategies with the goal of achieving financial sustainability, cutting costs, and meeting service performance requirements. The Postal Service has begun transforming its network, recalibrating its operating plans, adjusting its First-Class Mail service standard, investing in package sorting equipment, and redesigning its mail processing and delivery facilities by introducing Sorting and Delivery Centers and Regional Processing and Distribution Centers. However, critical operational challenges such as collecting and validating accurate data, staffing, and aligning transportation with volume continue to impact the Postal Service's ability to meet its commitments to an ever-expanding network of over 163 million delivery points.

The Postal Service plays a vital role in the American democratic process as vote by mail continues to increase. The Postal Service prioritized processing of Election Mail during the 2020 general election, significantly improving timeliness over the 2018 midterm election even with significantly increased volumes of Election Mail in the mailstream. According to the U.S. Elections Project, the Postal Service processed and delivered at least 135 million identifiable ballots from September 1 through November 3, 2020. Maintaining a high level of service during the 2022 midterm election will be critical to voters' continued trust in the Postal Service network.

Financial Challenges and Business Constraints

The Postal Service recorded a net loss of \$4.9 billion in FY 2021, compared to a net loss of approximately \$9.2 billion for 2020. It had cumulative net losses of about \$45 billion from FYs 2014 through 2021, much of which was related to the prefunding of retiree health benefits requirement mandated by the Postal Accountability Act of 2006 (PAEA).

First-Class and Marketing Mail combine to provide most of the operating revenue. As the economy continues to recover, the impact of COVID-19 on volume for these two mail products has continued to subside but remains lower than pre-pandemic levels. Shipping and package volume increases due to the pandemic-related surge in ecommerce continue to abate as the economy recovers and market competition intensifies, although such volumes are still higher than pre-pandemic levels.

The Postal Service continues to be threatened by changes in consumer and business behavior, increasing competition from electronic alternatives and new market entrants, growing costs, and mailing and shipping market uncertainty. Also, in 2022, the U.S. experienced the highest inflation rates since the 1980's. Inflation significantly impacts the Postal Service's labor costs, the estimation of future liabilities, and fuel costs. Further, it erodes purchasing power of the Postal Service's cash on hand, which was about \$24 billion as of September 30, 2021.

The Postal Regulatory Commission provided the Postal Service more flexibility in pricing its products and granted price increases reflective of the inflationary environment. Further, the Postal Service received \$10 billion in funding from the Coronavirus Aid, Relief, and Economic Security (CARES) Act. On April 6, 2022, the President signed the Postal Service Reform Act of 2022 (PSRA) which eliminated the unique obligation to prefund the retiree health benefit program and canceled all past-due prefunding obligations totaling approximately \$57 billion. Also, the Inflation Reduction Act, enacted August 16, 2022, will provide \$3 billion for the Postal Service to buy zero-emissions delivery vehicles and install associated charging infrastructure.

In March 2021, the Postal Service developed a 10-year business plan entitled *Delivering for America: Our Vision and Ten-Year Plan to Achieve Financial Sustainability and Service Excellence (DFA)*. The Postal Service noted that by implementing the totality of the strategies identified in the DFA, they expect to operate with a positive net income beginning in FY 2023 or FY 2024 and reverse a projected \$160 billion in losses over the next 10 years. Shortfalls or delays in implementation of the plan will place additional pressure on the Postal Service's liquidity and financial results. As a result, the Postal Service may not have sufficient liquidity to meet its existing legal obligations when due while also repaying its maturing debt and making the critical infrastructure investments that have been deferred in recent years.

Infrastructure Modernization

The Postal Service has a nationwide mail processing, retail, and delivery network, with over 34,000 facilities and 231,000 vehicles. Mail processing facilities vary in the type and amount of mail processed, facility square footage, and the number of processing machines used. Additionally, there are different processing end times and last transportation times for each delivery unit that the processing facility serves, depending on how far away the delivery units are. These factors make it challenging to analyze performance of the Postal Service network.

Postal Service Management Challenges



While Postal Service management works to make the best use of floor space, many facilities have inherent conditions — such as multiple levels, inadequate operational layouts, and overcrowding — that limit efficiency and constrain mail flow. On average, the facilities have been in use over 35 years, and the Postal Service has seen the type of mail and methods used to process mail change drastically in that time. In FY 2021, the Postal Service spent \$2.4 billion in capital investments. In its DFA, the Postal Service proposes over \$40 billion in capital investments over the next 10 years, including \$20 billion towards its mail and package processing network, \$19 billion towards its retail and delivery network, and \$2 billion in technology upgrades.

The Postal Service will start creating Regional Processing and Distribution Centers through which all mail within a metro-area will flow. These regional centers will be constructed to improve efficiencies by creating an effective mail flow throughout the facility. Further, the Postal Service is combining delivery units into larger Sorting and Delivery Centers. Currently, the Postal Service has almost 20,000 delivery units nationwide, with single metro-areas having as many as 80 delivery units. This shift will allow the Postal Service to deploy mail processing machines at the Sorting and Delivery Centers and standardize management of delivery operations. These initiatives are intended to help improve service and reduce costs by decreasing the amount of mail handlings and reducing transportation.

Recent investments to modernize the delivery fleet will allow the Postal Service to better meet the increasing demands of the delivery market. These new vehicles will need to be flexible enough to accommodate advances in delivery technologies and changing market demands. Funding received as part of the Inflation Reduction Act of 2022 will enable the Postal Service to invest in a more electric fleet, which will decrease demands for gas and increase reliance on the electrical grid.

Workplace Relations and Culture

The Postal Service had over 500,000 career employees, and over 130,000 non-career employees ranging from truck drivers to retail clerks in FY 2022. Hiring and maintaining a capable workforce, creating sustainable partnerships with suppliers, and cultivating positive relationships with unions are critical to the Postal Service's success.

Managing a workforce of this size and scope relies on right-time, right-place hiring; managing trends in employee availability; and focusing on employee retention. Employee availability has been volatile since the COVID-19 pandemic began in FY 2020. The Postal Service hit a low of 75 percent

employee availability in December 2021 and has remained in the 70th and low 80th percentiles throughout FY 2022. Insufficient staffing can increase the use of overtime and contribute to delayed mail.

Also noteworthy are the supplier and partner challenges impacting the Postal Service. For example, since the early 2000s, the trucking industry has warned of a shortage of truck drivers. In 2021 the estimated shortage of 80,000 drivers nationwide impacted the Postal Service, which relies on a large surface-transportation network that includes over 9,000 USPS employees driving local Postal Vehicle Service (PVS) routes and about 1,750 highway contract routes (HCRs) driven by contractors. The driver shortage has contributed to more overtime hours for existing PVS drivers and higher costs for HCRs, including costs per mile, which increased 18 percent from October 2017 to September 2021.

Additionally, employees are represented by various unions and management associations. Relationships between labor and management are complex. The various union contracts and local agreements can limit the ability of management to make efficient, day-to-day operational decisions. The Postal Service ratified some labor deals with unions in FY 2021 and FY 2022, but negotiations and relationship management are continuous.

IT Modernization and Capacity

A modern, resilient, and secure information and operational technology infrastructure with sufficient capacity is critical to the success of the Postal Service. Customers and businesses demand timely, relevant, and accurate information and data as part of their digital experience. Additionally, the availability and modernization of mail processing and delivery systems is critical to ensure the Postal Service remains competitive. The technology infrastructure must have the ability to meet these demands as well as the flexibility to continually adjust to the ever-changing business and regulatory environment. As information technology, operational technology, and the cyber threat landscape evolves, security continues to be an ongoing challenge.

Changing Customer Demands and New Competition

The Postal Service competes for customers every day, in every product line, in a dynamic and changing environment. Ecommerce is driving alternative package delivery methods, increased delivery speed, and lower prices. Digital advertising, electronic bill pay, and email correspondence have negatively affected letter mail volume, resulting in a 48 and 35 percent decline of First-Class and Marketing Mail

Postal Service Management Challenges



volume, respectively, since 2006. To compete effectively, the Postal Service must respond with more timely innovations that address customer demands, with increasing reliance on data to drive internal decision-making and identify opportunities for growth.

Supply Chain

The Postal Service plays a vital role in America's supply chains. Businesses and citizens rely on the Postal Service to transport and deliver goods across the country.

As the COVID-19 pandemic caused labor shortages and affected consumer buying patterns, the ripple effects felt across global supply chains also impacted the Postal Service. Specifically, the Postal Service and its partners across the postal ecosystem have experienced service and raw material scarcity issues.

The increased demand for home delivery and labor shortages impacted service internationally. For the international postal network, staffing issues, COVID-19 lockdowns, and geopolitical conflict continue to impact the Postal Service's and foreign posts' service performance. Logistical bottlenecks severely affected the reliability of postal operations, with average domestic delivery times increasing by 13 percent in 2020 compared to 2019 across the globe. Additionally, embargoed mail continues to accumulate in some Postal Service processing centers because of temporary suspensions of international mail acceptance for certain destinations.

Raw material shortages may continue to cause instability, delays, and cost fluctuations in key areas related to the Postal Service. For example, USPS is overhauling their delivery vehicle fleet over the next 10 to 15 years. As of July 20, 2022, at least 40 percent of the vehicles acquired would be electric. The Postal Service is embarking upon a multi-step process to replace its fleet through the procurement of smaller quantities of vehicles over shorter time periods. However, the Postal Service will still be subject to market conditions related to internal combustion engine production, gasoline, microchips, and — especially — battery electric vehicle components. Another key shortage area is paper, where rising costs and availability issues such as increasing demand for timber and paper mill production shortfalls, can affect paper availability, mailers' margins, and foster further digital diversion of mail.

Inherent Tension Between Business and Government

The Postal Service is an independent establishment of the executive branch of the federal government but is mandated

to operate as a business; there is natural tension between these two requirements. The Postal Service has several oversight bodies and very active stakeholders, all of which often have competing priorities, affecting the Postal Service's ability to efficiently and effectively implement changes to operate and compete in a fast paced, competitive environment.

The Postal Service developed the DFA to provide the organization with a long-term, financially sustainable business model. The DFA establishes clear strategies to quickly achieve financial stability and service excellence. According to the Postal Service, the DFA will generate enough revenue to cover operating costs; enable investments in its people, infrastructure, and technology; and simultaneously provide customers and the American people with the excellent service they expect and deserve. A key to the Postal Service's success as a business is its strong partnerships with other entities. The Postal Service must balance providing efficient and effective alliances that can help grow the business with safeguarding government assets and ensuring fairness among all partners.

Confronting Narcotics in the Mail

The Postal Service processes billions of packages each year for both domestic and international customers. This vast postal distribution infrastructure can be abused by drug traffickers to facilitate illegal distribution of narcotics. Some of these narcotics are very dangerous, and handling packages that contain them can pose a potential safety hazard for employees. Additionally, facilitating the distribution of drugs can ultimately contribute to the growing crisis in our country and undermine trust in the Postal Service.

To help stem the flow of opioids shipped to the U.S. through the mail, Congress passed the Synthetics Trafficking and Overdose Prevention (STOP) Act of 2018. The law requires all postal packages entering the U.S. from international posts to have Advance Electronic Data (AED). AED refers to electronic messages with information about cross-border packages and the larger shipment with which the package was sent. The Postal Service receives these data from sending posts and forwards it to U.S. Customs and Border Protection (CBP) before packages reach the U.S. CBP uses AED to identify packages that might contain illicit items, such as drugs and counterfeit merchandise. The Inspection Service also serves a role in addressing narcotics as well as other criminal activity. Criminal investigations and data analytics are continuing to address the problem of narcotics in the mail.

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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: April 1 – September 30, 2022

Risk Categories	Number of Reports	Funds Put To Better Use	Questioned Costs	Unsupported Questioned Costs	Revenue
Field Operations	34	—	—	—	—
Finance and Pricing	21	—	\$33,252	\$33,252	—
Inspection Service, Information Technology & Operations	9	\$11,025,471	\$35,492,537	\$35,492,537	\$21,828,827
Mission Operations	10	\$6,243,998	\$294,040,204	\$204,761,761	—
Retail, Delivery & Marketing	5	—	—	—	—
Supply Management & Human Resources	8	\$33,380,835	\$30,320,529	\$30,320,529	—
Sub-Total	87	\$50,650,304	\$359,886,522	\$270,608,079	\$21,828,827
RISC	6	—	—	—	—
Total	93	\$50,650,304	\$359,886,522	\$270,608,079	\$21,828,827

For the period: October 1, 2021 – September 30, 2022

Risk Categories	Number of Reports	Funds Put To Better Use	Questioned Costs	Unsupported Questioned Costs	Revenue
Field Operations	51	—	—	—	—
Finance and Pricing	35	—	\$139,430	\$139,430	\$63,661
Inspection Service, Information Technology & Operations	11	\$11,025,471	\$35,528,822	\$35,528,822	\$21,828,827
Mission Operations	15	\$34,515,693	\$322,041,661	\$204,761,761	—
Retail, Delivery & Marketing	8	—	\$541,175,238	\$541,175,238	—
Supply Management & Human Resources	15	\$42,770,847	\$50,311,677	\$41,760,442	—
Sub-Total	135	\$88,312,011	\$949,196,828	\$823,365,693	\$21,892,488
RISC	9	—	—	—	—
Total	144	\$88,312,011	\$949,196,828	\$823,365,693	\$21,892,488

Appendix A: Reports Issued to Postal Service Management



Reports with Quantifiable Potential Monetary Benefits For the period: April 1 — September 30, 2022

	Number of Reports	Funds Put to Better Use	Questioned Costs	Unsupported Questioned Costs	Revenue Impact
Finance and Pricing					
Financial Controls					
Efficiency of Selected Processes at Select Retail Units, Texas 1 District, 22-092-R22, 7/22/2022	1	—	\$33,252.	\$33,252.	—
Inspection Service, Information Technology & Operations					
Information Technology					
Management Alert – Issues Identified with Internet Change of Address, 22-058-R22, 4/12/2022	1	—	—	—	\$21,828,827.
Procurement and Management of Cybersecurity Tools, 21-129-R22, 8/25/2022	1	\$11,025,471.	\$35,492,537.	\$35,492,537.	—
Mission Operations					
Network Processing					
Improving Service Performance and Mail Processing Efficiencies at Historically Low Performing Facilities, 21-243-R22, 8/8/2022	1	—	\$82,429,376.	—	—
Transportation					
Air Transportation Distribution and Routing Relabeling Process, 22-082-R22, 9/12/2022	1	—	\$4,796,729.	\$4,796,729.	—
Alaska Mail Services, 22-090-R22, 9/28/2022	1	—	\$346,649.	—	—
Changes in the Usage of the Modes of Transportation, 21-260-R22, 6/21/2022	1	—	\$258,420.	—	—
Mail Transport Equipment, 21-229-R22, 4/15/2022	1	\$6,243,998.	\$205,307,146.	\$199,063,148.	—
Moving Mail by Rail, 22-036-R22, 9/13/2022	1	—	\$901,884.	\$901,884.	—
Supply Management & Human Resources					
Human Resources and Support					
Overtime Administration System, 21-251-R22, 4/29/2022	1	\$14,096,661.	—	—	—
Timecard Administration Follow-Up, 22-079-R22, 9/27/2022	1	—	\$1,612,467.	\$1,612,467.	—
U.S. Postal Service's Recognition and Awards Program, 21-263-R22, 5/20/2022	1	\$19,284,174.	\$16,416,948.	\$16,416,948.	—
Supply Management & Facilities					
Supplier Qualification, 21-264-R22, 5/27/2022	1	—	\$12,291,114.	\$12,291,114.	—
Total	13	\$50,650,304.	\$359,886,522.	\$270,608,079.	\$21,828,827.

Appendix A: Reports Issued to Postal Service Management



Report Listing

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

For the period: April 1 — September 30, 2022

Field Operations

Field Operations Directorate 1

Efficiency of Operations at the Indianapolis, IN, Processing and Distribution Center, 22-080-R22, 5/11/2022

Efficiency of Operations at the Milwaukee Processing and Distribution Center, 22-154-R22, 8/31/2022

Efficiency of Operations at the St. Louis, MO, Processing and Distribution Center, 22-112-R22, 7/13/2022

Mail Delivery, Customer Service, and Property Conditions Review – Chouteau Station, 22-115-3-R22, 7/13/2022

Mail Delivery, Customer Service and Property Conditions Review – Linwood Station, Indianapolis, IN, 22-087-R22, 5/26/2022

Mail Delivery, Customer Service and Property Conditions Review – Marian Oldham Station, St. Louis, MO, 22-115-4-R22, 7/13/2022

Mail Delivery, Customer Service and Property Conditions Review – Carmel Main Post Office, Carmel, IN, 22-086-R22, 5/26/2022

Mail Delivery, Customer Service, and Property Conditions Review – Maryville Gardens Station, St. Louis, MO, 22-115-2-R22, 7/13/2022

Mail Delivery, Customer Service, and Property Conditions Review – Saint Peters Main Post Office, Saint Peters, MO, 22-115-1-R22, 7/13/2022

Mail Delivery, Customer Service, and Property Conditions Reviews – Bradley Carrier Annex, Milwaukee, WI, 22-147-4-R22, 8/31/2022

Mail Delivery, Customer Service, and Property Conditions Reviews – North Milwaukee, Milwaukee, WI, 22-147-1-R22, 8/31/2022

Mail Delivery, Customer Service, and Property Conditions Reviews – Select Units, Columbus, OH, Region, 22-052-R22, 4/13/2022

Mail Delivery, Customer Service, and Property Conditions Reviews – Select Units, Indianapolis, IN, 22-091-R22, 6/22/2022

Mail Delivery, Customer Service, and Property Conditions Review – Dr. Martin Luther King Jr. Station, Milwaukee, WI, 22-147-3-R22, 8/31/2022

Mail Delivery, Customer Service, and Property Conditions Review – Plainfield Main Post Office, Plainfield, IN, 22-085-R22, 5/26/2022

Mail Delivery, Customer Service, and Property Conditions Review – Select Units, St. Louis, MO, Region, 22-115-R22, 8/31/2022

Mail Delivery, Customer Service, and Property Conditions Review – Waukesha Main Post Office, Waukesha, WI, 22-147-2-R22, 8/31/2022

Efficiency of Operations at the Albuquerque, NM, Processing and Distribution Center, 22-134-R22, 8/5/2022

Field Operations Directorate 2

Efficiency of Operations at the San Diego, CA, Processing and Distribution Center, 22-061-R22, 4/8/2022

Efficiency of Operations at the Seattle, WA, Processing and Distribution Center, 22-094-R22, 5/19/2022

Mail Delivery, Customer Service, and Property Conditions Reviews – Coronado Station, Santa Fe, NM, 22-132-4-R22, 8/5/2022

Mail Delivery, Customer Service, and Property Conditions Reviews – Santa Fe Main Post Office, Santa Fe, NM, 22-132-3-R22, 8/5/2022

Mail Delivery, Customer Service, and Property Conditions Reviews – Select Units, Seattle, WA Region, 22-101-R22, 7/28/2022

Mail Delivery, Customer Service, and Property Conditions Review – Downtown San Diego Station, San Diego, CA, 22-060-R22, 4/5/2022

Mail Delivery, Customer Service, and Property Conditions Review – Kent Main Post Office, 22-096-R22, 6/7/2022

Mail Delivery, Customer Service, and Property Conditions Review – Lacey Branch, Lacey WA, 22-098-R22, 6/7/2022

Mail Delivery, Customer Service, and Property Conditions Review – Linda Vista Station, San Diego, CA, 22-059-R22, 4/5/2022

Mail Delivery, Customer Service, and Property Conditions Review – Parkland Branch, Tacoma, WA, 22-095-R22, 6/7/2022

Mail Delivery, Customer Service, and Property Conditions Review – Ramona Main Post Office, Ramona, CA, 22-062-R22, 4/5/2022

Mail Delivery, Customer Service, and Property Conditions Review – Renton MPO, Renton, WA, 22-097-R22, 6/7/2022

Mail Delivery, Customer Service, and Property Conditions Review – Richard J. Pino Station, Albuquerque, NM, 22-132-2-R22, 8/5/2022

Mail Delivery, Customer Service, and Property Conditions Review – Rio Rancho Branch, Rio Rancho, NM, 22-132-1-R22, 8/5/2022

Mail Delivery, Customer Service, and Property Conditions Review – Select Units, Albuquerque and Santa Fe, NM Region, 22-132-R22, 9/20/2022

Mail Delivery, Customer Service, and Property Conditions Reviews – Select Units, San Diego, CA, Region, 22-077-R22, 5/16/2022

Finance and Pricing

Cost & Pricing

Competitive Outbound International Negotiated Service Agreement Pricing and Revenue Commitments, 21-232-R22, 6/8/2022

Transportation Cost System – Surface Highway, 22-021-R22, 6/30/2022

Finance

Compensation, Benefit, and Bonus Authority in Calendar Year 2021, 22-126-R22, 9/29/2022

Appendix A: Reports Issued to Postal Service Management



Coronavirus Aid, Relief, and Economic Security (CARES) Act Funding, 21-234-R22, 7/2/2022

COVID-19 Test Kit Distribution, 22-076-R22, 9/28/2022

Fiscal Year 2022 Review of Form 10Q – Quarter 2, 22-100-R22, 5/2/2022

Fiscal Year 2022 Review of Form 10Q – Quarter 3, 22-161-R22, 8/3/2022

Independent Report on Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Reporting Submitted to the U.S. Office of Personnel Management, 22-130-R22, 9/8/2022

Retail Systems Continuity of Operations, 21-063-R22, 5/5/2022

U.S. Postal Service's Implementation of Enterprise Risk Management, 21-235-R22, 5/19/2022

Financial Controls

Capping Report – Efficiency of Selected Processes at Select Retail Units, Georgia District, 22-125-R22, 9/23/2022

Capping Report – Efficiency of Selected Processes at Select Retail Units, Texas 1 District, 22-092-R22, 7/22/2022

Efficiency of Selected Processes – Dallas Main Post Office, Dallas, TX, 22-065-R22, 5/31/2022

Efficiency of Selected Processes – Atlanta Main Post Office, Atlanta, GA, 22-122-R22, 7/19/2022

Efficiency of Selected Processes – Bon Air Branch, Richmond, VA, 22-141-1-R22, 9/23/2022

Efficiency of Selected Processes – Marietta Main Post Office, Marietta, GA, 22-123-R22, 7/19/2022

Efficiency of Selected Processes – Mesquite Main Post Office, Mesquite, TX, 22-067-R22, 5/31/2022

Efficiency of Selected Processes – Montrose Heights Station, Henrico, VA, 22-141-3-R22, 9/23/2022

Efficiency of Selected Processes – Southside Station, Richmond, VA, 22-141-2-R22, 9/23/2022

Efficiency of Selected Processes – Stone Mountain Post Office, Stone Mountain, GA, 22-124-R22, 7/19/2022

Efficiency of Selected Processes – Wylie Main Post Office, Wylie, TX, 22-066-R22, 5/31/2022

Inspection Service, Information Technology & Operations

Information Technology

Management Alert – Issues Identified with Internet Change of Address, 22-058-R22, 4/12/2022

Mitigation of Findings Identified During Assessment and Authorization Process, 22-063-R22, 5/5/2022

Procurement and Management of Cybersecurity Tools, 21-129-R22, 8/25/2022

Review of National Change of Address and Moversguide Applications, 21-146-R22, 9/22/2022

State of Cybersecurity, 21-205-R22, 8/15/2022

Wireless Assessment, 21-221-R22, 8/18/2022

U.S. Postal Inspection Service's Oversight of Facility Security and Access Control, 22-037-R22, 9/19/2022

U.S. Postal Inspection Service's Prosegur Contract, 21-265-R22, 8/4/2022

U.S. Postal Inspection Service

Workplace Environment Tracking System (WETS) User Access, 22-099-R22, 5/10/2022

Mission Operations

Network Processing

Efficiency of Processing Operations and Service Performance in Western Maryland, 22-111-R22, 8/29/2022

Election Mail Readiness for the 2022 Mid-Term Elections, 22-093-R22, 9/26/2022

Improving Service Performance and Mail Processing Efficiencies at Historically Low Performing Facilities, 21-243-R22, 8/8/2022

Service Performance During the Fiscal Year 2022 Peak Mailing Season, 22-039-R22, 6/23/2022

Transfer of Mail Processing Operations from Selected Facilities, 21-240-R22, 5/4/2022

Transportation

Air Transportation Distribution and Routing Relabeling Process, 22-082-R22, 9/12/2022

Alaska Mail Services, 22-090-R22, 9/28/2022

Changes in the Usage of the Modes of Transportation, 21-260-R22, 6/21/2022

Mail Transport Equipment, 21-229-R22, 4/15/2022

Moving Mail by Rail, 22-036-R22, 9/13/2022

Retail, Delivery & Marketing

Sales, Marketing & International

Free Matter for the Blind, 22-068-R22, 7/22/2022

Assumptions and Metrics Underlying the Delivering for America 10-Year Plan, 21-224-R22, 7/6/2022

Negotiated Service Agreement and Customer Compliance Capping Report, 22-053-R22, 6/3/2022

San Francisco International Service Center Closure, 21-267-R22, 5/13/2022

U.S. Postal Service International Mail Operations and Performance Data, 21-197-R22, 6/2/2022

Appendix A: Reports Issued to Postal Service Management



RISC White Papers

Research Team 1

Inflation and the U.S. Postal Service, RISC-WP-22-008, 8/16/2022

The Postal Service's Collection Point Management System, RISC-WP-22-007, 5/20/2022

The Role of the Postal Service in Identity Verification, RISC-WP-22-006, 5/13/2022

Trends in New Delivery Points, RISC-WP-22-004, 4/21/2022

Research Team 2

Changes in Mail Mix: Implications for Carriers' Physical Health, RISC-WP-22-009, 9/27/2022

Demographic Trends in Mail Access Changes and Service, 2016 - 2020, RISC-WP-22-005, 4/28/2022

Supply Management & Human Resources

Human Resources and Support

Aboveground Storage Tanks, 22-078-R22, 9/15/2022

Overtime Administration System, 21-251-R22, 4/29/2022

Postal Service Knowledge Continuity, 21-255-R22, 5/27/2022

Timecard Administration Follow-Up, 22-079-R22, 9/27/2022

U.S. Postal Service's Recognition and Awards Program, 21-263-R22, 5/20/2002

Supply Management & Facilities

Management of Suppliers' Contractual Performance, 21-261-R22, 8/17/2022

Property Condition Review - Capping Report, 22-019-R22, 6/2/2022

Supplier Qualification, 21-264-R22, 5/27/2022

Appendix A: Reports Issued to Postal Service Management



White Paper Listing

Complete listing of all OIG White Papers issued to Postal Service management.

For the period: April 1 — September 30, 2022

Research and Insights Solution Center

Changes in Mail Mix: Implications for Carriers' Physical Health, RISC-WP-22-009, 9/26/2022

Demographic Trends in Mail Access Changes and Service 2016 – 2020, RISC-WP-22-005, 4/28/2022

Inflation and the U.S. Postal Service, RISC-WP-22-008, 08/16/2022

The Postal Service's Collection Point Management System, RISC-WP-22-007, 5/18/2022

The Role of the Postal Service in Identity Verification, RISC-WP-22-006, 5/11/2022

Trends in New Delivery Points, RISC-WP-22-004, 4/19/2022

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

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

Office of Audit

Fiscal Year 2022 Review of Form 10Q – Quarter 2, 22-100-R22, 5/2/2022

Fiscal Year 2022 Review of Form 10Q – Quarter 3, 22-161-R22, 8/3/2022

Fiscal Year 2022 Confidential Funds, 22-131-R22, 8/2/2022

Referrals to Postal Management

Referrals made during the reporting period to USPS management for action that did not warrant the OIG to investigate or conduct an audit: 1,058

Appendix B: Findings of Questioned Costs



For the Period: April 1 — September 30, 2022

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.		11	\$359,886,522	\$270,608,079
Reports for which a management decision was made during the reporting period (i+ii)		11	\$359,886,522	\$270,608,079
Reports for which a management decision was made during the reporting period.	(i) Disallowed	4	\$12,792,912	\$12,187,843
Reports for which a management decision was made during the reporting period.	(ii) Not Disallowed	8	\$347,093,610	\$258,420,236
Reports for which no management decision was made by the end of the reporting period.		—	—	—
Total		11	\$359,886,522	\$270,608,079

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



For the Period: April 1 – September 30, 2022

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

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

Description	Management Decision	Sum of Count	Sum of Dollar Value of FPTBU
Reports for which no management decision was made in the beginning of the reporting period.	–	–	–
Reports issued during the reporting period	–	4	\$50,650,304
Reports for which a management decision was made during the reporting period (i+ii)	–	4	\$50,650,304
(i) Recommendations that were agreed to by management	–	1	\$14,096,661
(ii) Recommendations that were not agreed to by management	–	3	\$36,553,643
Reports for which no management decision was made by the end of the reporting period.	–	–	–
Total	–	4	\$50,650,304

Appendix D: Other Impacts



For the Period: April 1 – September 30, 2022

Overview

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

Description and Reports	Number of Recommendations
Assets or Accountable Items at Risk	
Capping Report - Efficiency of Selected Processes at Select Retail Units, Georgia District, 22-125-R22, 9/23/2022	1
Mail Transport Equipment, 21-229-R22, 4/15/2022	1
Assets or Accountable Items at Risk Total	2
Data Integrity	
Efficiency of Operations at the Indianapolis, IN, Processing and Distribution Center, 22-080-R22, 5/11/2022	1
Efficiency of Operations at the Milwaukee Processing and Distribution Center, 22-154-R22, 8/31/2022	2
Efficiency of Operations at the San Diego, CA, Processing and Distribution Center, 22-061-R22, 4/8/2022	1
Efficiency of Operations at the St. Louis, MO, Processing and Distribution Center, 22-112-R22, 7/13/2022	1
Management of Suppliers' Contractual Performance, 21-261-R22, 8/17/2022	2
Moving Mail by Rail, 22-036-R22, 9/13/2022	1
Overtime Administration System, 21-251-R22, 4/29/2022	1
San Francisco International Service Center Closure, 21-267-R22, 5/13/2022	1
State of Cybersecurity, 21-205-R22, 8/15/2022	1
Timecard Administration Follow-up, 22-079-R22, 9/27/2022	1
U.S. Postal Service International Mail Operations and Performance Data, 21-197-R22, 6/2/2022	2
Workplace Environment Tracking System (WETS) User Access, 22-099-R22, 5/10/2022	1
Data Integrity Total	15
Goodwill Branding	
Assumptions and Metrics Underlying the Delivering for America 10-Year Plan, 21-224-R22, 7/6/2022	1
Efficiency of Operations at the Indianapolis, IN, Processing and Distribution Center, 22-080-R22, 5/11/2022	1
Efficiency of Operations at the Milwaukee Processing and Distribution Center, 22-154-R22, 8/31/2022	1
Efficiency of Operations at the San Diego, CA, Processing and Distribution Center, 22-061-R22, 4/8/2022	1
Efficiency of Operations at the Seattle, WA, Processing and Distribution Center, 22-094-R22, 5/19/2022	1
Efficiency of Operations at the St. Louis, MO, Processing and Distribution Center, 22-112-R22, 7/13/2022	1
Efficiency of Processing Operations and Service Performance in Western Maryland, 22-111-R22, 8/29/2022	1
Issues Identified with Internet Change of Address, 22-058-R22, 4/12/2022	1
Mail Delivery, Customer Service, and Property Condition Reviews - Select Units, Columbus, OH Region, 22-052-R22, 4/13/2022	3
Mail Delivery, Customer Service, and Property Condition Reviews - Select Units, Indianapolis, IN, 22-091-R22, 6/22/2022	3
Mail Delivery, Customer Service, and Property Condition Reviews - Select Units, Seattle, WA, 22-101-R22, 7/28/2022	2
Mail Delivery, Customer Service, and Property Conditions Review - Select Units, Albuquerque and Santa Fe, NM, Region, 22-132-R22, 9/20/2022	1
Mail Delivery, Customer Service, and Property Conditions Review - Select Units, San Diego, CA, Region, 22-077-R22, 5/16/2022	2
Mail Delivery, Customer Service, and Property Conditions Review - Select Units, St. Louis, MO, Region, 22-115-R22, 8/31/2022	1

Appendix D: Other Impacts



Description and Reports	Number of Recommendations
Procurement and Management of Cybersecurity Tools, 21-129-R22, 8/25/2022	1
Property Condition Review - Capping Report, 22-019-R22, 6/2/2022	1
San Francisco International Service Center Closure, 21-267-R22, 5/13/2022	1
U.S. Postal Service International Mail Operations and Performance Data, 21-197-R22, 6/2/2022	3
U.S. Postal Service's Implementation of Enterprise Risk Management, 21-235-R22, 5/19/2022	2
Goodwill Branding Total	28
Improved Services	
Mail Delivery, Customer Service, and Property Condition Reviews – Select Units, Columbus, OH, Region, 22-052-R22, 4/13/2022	3
Mail Delivery, Customer Service, and Property Condition Reviews – Select Units, Indianapolis, IN, 22-091-R22, 6/22/2022	3
Mail Delivery, Customer Service, and Property Condition Reviews – Select Units, Seattle, WA, 22-101-R22, 7/28/2022	3
Mail Delivery, Customer Service, and Property Conditions Review – Select Units, San Diego, CA, Region, 22-077-R22, 5/16/2022	3
San Francisco International Service Center Closure, 21-267-R22, 5/13/2022	2
U.S. Postal Service International Mail Operations and Performance Data, 21-197-R22, 6/2/2022	1
Improved Services Total	15
IT Security	
Management Alert – Issues Identified with Internet Change of Address, 22-058-R22, 4/12/2022	2
Mitigation of Findings Identified During Assessment and Authorization Process, 22-063-R22, 5/5/2022	1
Review of National Change of Address and Moversguide Applications, 21-146-R22, 9/22/2022	5
State of Cybersecurity, 21-205-R22, 8/15/2022	1
Wireless Assessment, 21-221-R22, 8/18/2022	2
IT Security Total	11
Safety and Security	
Efficiency of Operations at the Albuquerque, NM, Processing and Distribution Center, 22-134-R22, 8/5/2022	1
Mail Delivery, Customer Service, and Property Conditions Review – Select Units, Albuquerque and Santa Fe, NM, Region, 22-132-R22, 9/20/2022	1
Mail Delivery, Customer Service, and Property Conditions Review – Select Units, St. Louis, MO, Region, 22-115-R22, 8/31/2022	1
Property Condition Review – Capping Report, 22-019-R22, 6/2/2022	1
U.S. Postal Inspection Service's Prosegur Contract, 21-265-R22, 8/4/2022	1
Safety and Security Total	5
Total	76

Management did not agree with the impact recommendations in the following reports: **None**

Appendix E: Reports with Recommendations Pending Corrective Actions



For the period: April 1 – September 30, 2022

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	R-2 Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: March 2023	—
			R-3 Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: March 2023	—
19-033-R20	08/31/2020	Arrow Key Management Controls	R-3 Evaluate technology solutions and take appropriate action to reduce risks associated with lost or stolen arrow keys and enhance the security of mail receptacles. TID: November 2022	—
19SMG010HR000-R20	03/18/2020	U.S. Postal Service: First-Line Supervisors Resources	R-5 Update current first-line supervisor job responsibilities and qualifications and develop a review process to include frequencies for conducting periodic reviews and updates. TID: December 2022	—
20-076-R21	12/29/2020	Accenture Information Technology Contracts	R-2 Update the Supplying Principles & 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: December 2022	—
20-156-R20	09/30/2020	Payments to Injured Employees	R-2 Enhance the Enterprise Management Resource System and the Time and Attendance Collection System, respectively, to automatically calculate days of continuation of pay per employee and limit supervisor's ability to enter continuation of pay hours when the 45-day limit is reached. TID: June 2022	\$37,213
20-157-R21	02/19/2021	Payments to Contract Postal Unit and Village Post Office Suppliers	R-2 Streamline contract termination procedures by implementing system enhancements, such as automating approval signatures and generating system or email notifications to next approvers. TID: October 2022	—
20-180-R21	12/09/2020	Timecard Administration	R-3 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	R-1 Leverage established partnerships with state and local election officials to work toward creating a separate, simplified mail product exclusively for Election Mail that would support uniform mail processing, including mandatory mailpiece tracking and proper mailpiece design. Until this new product is developed, continue to prioritize the processing of election mail consistent with past practices. TID: September 2021	—
20-255-R22	01/18/2022	Replacement of Privately Owned Delivery Vehicles	R-2 Analyze and include the potential financial impact associated with rural route conversions that would not result in cost savings for consideration in future Decision Analysis Reports for vehicle acquisition. TID: February 2023	—
20-277-R21	08/31/2021	U.S. Postal Service's Protection Against External Cyberattacks	R-3 Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: February 2023	—
			R-4 Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: March 2023	—
20-278-R21	05/12/2021	Integrity of the U.S. Postal Service's Social Media Presence	R-3 Establish an effective social media account approval process and document social media account management procedures. TID: July 2022	—
20-281-R21	07/29/2021	Contract Invoice Payment Process	R-3 Establish and implement refresher contracting officer's representative training requirements. TID: December 2022	—
			R-4 Update the Commodity-Specific Practices for Design and Construction Purchasing in the Supplying Principles & Practices to reflect current procedures and references. TID: December 2022	—
20-315-R22	10/19/2021	Shipping Services Contract Compliance	R-2 Monitor the customer's packaging of mail to ensure required mailing standards are followed. TID: September 2022	—
			R-3 Develop a mechanism for facilities personnel to report issues and concerns regarding mail packaging from the customer. TID: September 2022	—

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
21-015-R21	08/27/2021	Accident Reporting	R-5 Implement an automated reconciliation process between data from Department of Labor's Employee Compensation Operations and Management Portal and the Postal Service's Employee Health and Safety (EHS) system, to ensure all personal injury industrial accidents are properly recorded in EHS. TID: October 2022	—
21-019-R21	09/09/2021	Noncompetitive Contracts	R-5 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 2022	—
21-032-R21	06/16/2021	COVID-19 Leave Administration	R-2 Modify the system to allow for all employees to digitally complete Postal Service Form 3971, Request for Notification of Absence. TID: September 2023	—
			R-3 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	R-3 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	—
21-063-R22	05/05/2022	Retail Systems Continuity of Operations	R-1 Develop procedures to ensure the Retail Systems Continuity of Operations Plan is reviewed, updated, and distributed annually. TID: February 2023	—
			R-2 Develop and require annual Retail Systems Continuity of Operations training for all applicable headquarters, district, and unit personnel; including when changes to personnel occur. TID: February 2023	—
21-064-R21	09/22/2021	Fiscal Year 2020 Board of Governors' Expenditures	R-1 Develop and provide training and formal communication to all purchasing teams on policies and procedures, including required file documentation, for sensitive requests. TID: April 2023	—
			R-2 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: January 2023	\$2,826
21-067-R21	08/26/2021	U.S. Postal Inspection Service Oversight of its Use of Cryptocurrency	R-1 Ensure that the Cryptocurrency Fund Program has the information needed to provide oversight of the investigative use of cryptocurrency. TID: August 2022	—
21-118-R22	02/04/2022	Ventilation and Filtration in Postal Service Facilities	R-1 Review and revise the communication structure to send updated ventilation and filtration related guidance, recommendations, and responsibilities directly to postmasters. TID: November 2022	—
			R-2 Implement an oversight process to manage and monitor the maintenance of ventilation and filtration equipment. TID: November 2022	—
			R-3 Update and maintain a current inventory of ventilation and filtration equipment. TID: November 2022	—
21-127-R22	02/17/2022	City Delivery Operations - Nationwide Route Management	R-1 Develop a detailed action plan, including measurable targets, to resume conducting annual street observations to determine whether a minor route adjustment or a mail count and route inspection review is needed. TID: November 2022	—
			R-2 Evaluate using alternative methodologies, rather than the five or six consecutive days of a routes' mail volume, to maintain the 8-hour workday and how to account for letter and flat mail base volume. TID: November 2022	\$541,175,238
			R-4 Evaluate the feasibility of replacing manual route evaluation activities with existing delivery systems, data, tools, and technology. TID: November 2022	—

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21-129-R22	08/25/2022	Procurement and Management of Cybersecurity Tools	R-1 Determine whether additional oversight is needed to facilitate key stakeholder concurrence on future high-value or high-visibility cybersecurity tool procurements, and if necessary, develop policy to implement additional oversight or controls. TID: February 2023	—
			R-2 Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: February 2023	\$11,025,471
			R-4 Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: December 2022	\$35,492,537
			R-5 Establish a management review process to verify that required clauses and provisions are included in high-visibility and high-value contracts, and establish a contract value threshold to trigger this process. TID: December 2022	—
			R-6 Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: December 2022	—
21-131-R21	09/21/2021	Manual Mail Processing Efficiency	R-3 Communicate to employees the importance of changing operations on the time clock and the importance of scanning all packages, via stand-up talks and/or communication boards. <ul style="list-style-type: none"> Place time clocks in areas that are easily accessible when employees change operations and monitor changes daily. Monitor manual package processing operations routinely throughout the day to visually confirm scans occur in each manual process that requires workhours to handle a package. Update manual letter and flat volume estimates yearly to ensure accurate volumes are being recorded. TID: October 2022	\$395,585,002
21-140-R22	01/07/2022	Unscheduled Leave - Absence Without Leave (AWOL) Status	R-2 Review disciplinary guidance and templates related to absence without leave employees on each district's website to ensure consistency and, as appropriate, update and communicate guidance. TID: December 2022	—
			R-3 Provide regularly updated Enterprise Resource Management System and discipline training for managers and supervisors to facilitate management of absence without leave employees. TID: October 2022	—
21-146-R22	09/22/2022	Review of National Change of Address and Moversguide Applications	R-1 Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: January 2023	—
			R-2 Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: March 2023	—
			R-3 Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: October 2022	—
			R-4 Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: January 2023	—
			R-8 Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act.	—

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21-191-R22	03/25/2022	U.S. Postal Inspection Service's Online Analytical Support Activities	R-1 Conduct a full review of the Analytics Team's responsibilities, activities, procedures, and any other associated guidance; develop a process to ensure that all online analytical support activities conducted by the Postal Inspection Service are authorized. TID: October 2022	—
			R-3 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: September 2022	—
			R-4 Modify the Analytics Team's Standard Operating Procedures to require the Office of Counsel to document its approval of proactive work assignments at the time they are initiated. TID: September 2022	—
			R-5 Modify the Analytics Team's Standard Operating Procedures to require that all reports identify the postal nexus. TID: September 2022	—
			R-6 Develop procedures for retaining documentation associated with work completed by the Analytics Team and storing sensitive information to ensure compliance with Postal Service policy. TID: September 2022	—
21-197-R22	06/02/2022	U.S. Postal Service International Mail Operations and Performance Data	R-3 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	R-1 Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: December 2022	—
			R-2 Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: June 2023	—
			R-3 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	—
			R-5 Update policies and other guidance to reflect procedures implemented to enforce cybersecurity compliance, including consequences for noncompliance. TID: December 2022	—
			R-6 Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: March 2023	—
21-212-R22	03/16/2022	Efficiency of Surface Transfer Center in the Southern Region	R-5 Reiterate through formal communication to Surface Transfer Center personnel the requirement for accurately recording driver information in Surface Visibility and using the irregularity reporting process to notify Administrative Officials when Highway Contract Route drivers do not have Postal Service issued identification or badges. TID: November 2022	—
21-215-R22	01/12/2022	Next Generation Delivery Vehicles - Contract Clauses	R-1 Include self-reporting of fraud protection in the Next Generation Delivery Vehicle contract through a mutual agreement contract modification. TID: October 2022	—
			R-2 Provide and validate that posters advertising the U.S. Postal Service Office of Inspector General Hotline are displayed at the Next Generation Delivery Vehicle supplier facilities through a mutual agreement contract modification. TID: October 2022	—
			R-3 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: December 2022	—

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21-221-R22	08/18/2022	Wireless Assessment	R-1 Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: July 2022	—
			R-2 Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: August 2022	—
			R-3 Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: February 2022	—
			R-4 Develop a process for verifying that physical access points are labeled in accordance with policy. TID: December 2022	—
			R-5 Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: April 2022	—
21-224-R22	07/06/2022	Assumptions and Metrics Underlying the Delivering for America 10-Year Plan	R-1 Create guidance that details the requirements for when a distributive impact study should be performed. TID: June 2023	—
			R-2 Enhance the Delivering for America Plan's 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	R-4 Establish a threshold for those local mailers subject to inventory reporting and finalize and implement requirements to account for Mail Transport Equipment inventory. TID November 2022	—
			R-5 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: March 2022	—
			R-7 Correct security and access control deficiencies at the 10 Postal Service facilities and two Mail Transport Equipment Service Centers. TID: July 2022	—
21-235-R22	05/19/2022	U.S. Postal Service's Implementation of Enterprise Risk Management	R-1 Review and update the ERM Operating Charter to reflect the current needs of the organization and implement the revised charter. TID: February 2023	—
			R-2 Consider the opportunities for improvement discussed in the report and identify actions to further develop the Enterprise Risk Management program. TID: February 2023	—
21-237-R22	12/16/2021	Efficiency of Operations at the Baltimore, MD, Processing and Distribution Center	R-3 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: December 2022	—
21-240-R22	05/04/2022	Transfer of Mail Processing Operations from Selected Facilities	R-1 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	—
			R-2 Implement Postal Service 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	—
			R-3 Revise Postal Service Handbook PO-408, <i>Area Mail Processing Guidelines</i> , to include a time frame for implementing a consolidation after a feasibility study has been approved and to reflect the organizational restructure. TID: April 2023	—

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Report Number	Issue Date	Report Title	Recommendation Summary <i>R = Recommendation Number</i> <i>TID = Target Implementation Date</i>	Monetary Impact			
21-243-R22	08/08/2022	Improving Service Performance and Mail Processing Efficiencies at Historically Low Performing Facilities	R-1 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: March 2023	—			
			R-4 Continue to evaluate and implement management staffing and retention strategies and reduce the percentage of acting supervisors/managers at the 10 facilities. TID: October 2022	—			
			R-5 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.	—			
			R-6 Ensure that all non-career employees receive orientation training at the 10 facilities and explore ways to standardize on-the-job training nationwide to reduce the learning gap that may impact employee training, skills, and knowledge. TID: October 2022	—			
			R-7 Reinforce procedures to verify that required training for newly promoted supervisors and managers at the 10 facilities is completed in the period required to gain the needed knowledge, skills, and abilities to optimally perform their role; and consider implementing the procedures nationwide. TID: October 2022	—			
			R-8 Evaluate all employee exit/stay survey responses quarterly and communicate the results directly with management at the 10 facilities to ensure transparency and accountability and consider implementing the evaluations and communications of employee surveys nationwide. TID: September 2022	—			
			R-9 Provide refresher training to employees and supervisors at the 10 facilities on proper procedures for preparing, feeding, jogging, and culling mail prior to processing mail to prevent or reduce machine jams. TID: October 2022	—			
			R-10 Issue supplemental guidance on management oversight to remind supervisors to check mail inventories and daily projections to ensure each machine is adequately staffed. TID: September 2022	—			
			21-251-R22	04/29/2022	Overtime Administration System	R-1 Assess who should be required to use the Overtime Administration System, develop and issue guidance to required users, and provide initial training or refresher training to all required users and track completion of the training. TID: February 2023	\$14,096,661
						R-2 Develop a process to ensure the Overtime Administration System contains accurate overtime data, to include timely updates of the Overtime Desired Lists and overtime requirements from local memorandums of understanding. TID: February 2023	—
R-3 Assess the feasibility of conducting system enhancements to capture Overtime Administration System historical utilization records and percentages by facility and ensure records are maintained to assess the overall effectiveness of the system. TID: July 2022	—						
21-255-R22	05/27/2022	Postal Service Knowledge Continuity	R-1 Assess whether a standard knowledge continuity plan would enhance institutional knowledge for non-executive employees and implement it as appropriate.	—			
			R-2 Establish and issue guidance to management within each functional area for consistency when developing and identifying top performing non-executive employees.	—			
			R-3 Enhance the process to measure the success of leadership development courses after completion. TID: November 2022	—			
			R-4 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	—			

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Report Number	Issue Date	Report Title	Recommendation Summary <i>R = Recommendation Number</i> <i>TID = Target Implementation Date</i>	Monetary Impact
21-261-R22	08/17/2022	Management of Suppliers' Contractual Performance	R-1 Revise the Supplying Principles & 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	—
			R-2 Reinforce the Supplying Principles & Practices for contracting officers to conduct supplier performance reviews at the end of the contract life. TID: January 2023	—
			R-3 Clarify and update specific lessons learned criteria in the Supplying Principles & Practices as to when to conduct and formally document lessons learned workshops that may be in the best interest of the Postal Service. TID: January 2023	—
			R-4 Update its Supplying Principles & 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	—
			R-5 Reinforce to contracting officers the requirement to provide administrative oversight of contracting files to ensure they include all pertinent documentation, such as contract modifications — including supporting documents with justifications and higher-level reviews and approvals — and correct labeling of documents in the Contract Authoring Management System. TID: January 2023	—
21-263-R22	05/20/2022	U.S. Postal Service's Recognition and Awards Program	R-1 Improve controls over the awards process to ensure that employees do not have the ability to both submit and approve the same award or submit awards for each other. TID: November 2022	—
			R-2 Develop a process to identify and follow up on improper awards to ensure that controls are working as designed and employees cannot circumvent controls. TID: November 2022	—
			R-3 Develop and communicate examples of what is considered a commendable justification for recognition and awards to all applicable staff responsible for recognition and awards activity; reiterate and train all applicable staff on the requirement "to use appropriate review and control procedures to identify the superior work of individuals, programs, and operational areas." TID: November 2022	—
			R-4 Review and update existing policies and procedures on the Recognition and Awards Program audit process to ensure the appropriate audit is conducted for the expected program outcomes. TID: December 2022	—
21-264-R22	05/27/2022	Supplier Qualification	R-2 Update Supplying Principles & 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: December 2022	—

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21-265-R22	08/04/2022	U.S. Postal Inspection Service's Prosegur Contract	R-1 Review all active Prosegur security guard personnel to ensure they have the proper security clearance required to access postal facilities. TID: November 2022	—
			R-2 Develop a mechanism, such as training or guidance, to ensure Security Investigation Service Center personnel and site CORs are aware of their roles and responsibilities for ensuring contract security guards have the proper security clearances required to access postal facilities. TID: December 2022	—
			R-3 Update the statement of work to specify current security clearance requirements for contract security guard personnel, and the Vice President, Supply Management, execute a modification to ensure the updated statement of work is incorporated into the Prosegur contract. TID: December 2022	—
			R-4 Coordinate with the Deputy Chief Inspector, Headquarters, to develop a mechanism to collect and retain documentation associated with security guards' required training and applicable state licenses. TID: December 2022	—
			R-5 Coordinate with the Vice President, Supply Management, to develop a mechanism, such as a Quality Assurance Plan, with performance indicators to measure the quality of Prosegur's performance for NLECC and security guard services. TID: December 2022	—
			R-6 Coordinate with the Deputy Chief Inspector, Headquarters, to require site CORs to obtain records for the purpose of reconciling the hours billed by Prosegur for security guard services to ensure accuracy prior to certifying the invoices. TID: January 2023	—
21-267-R22	05/13/2022	San Francisco International Service Center Closure	R-2 Timely communicate their final retail decision to customers and adhere to applicable customer comment requirements. TID: December 2022	—
22-001-R22	03/22/2022	Capping Report – Mail Delivery, Customer Service, and Property Conditions Review – Select Units Portland, OR, Region	R-1 Develop and execute a plan to ensure that employees at the Beaverton Main Post Office and the Parkrose and Piedmont Stations follow standard operating procedures for package scanning and handling, and that unit management systematically reviews scan data and enforces compliance. TID: October 2022	—
			R-5 Address all remaining building maintenance and safety issues identified at the Beaverton Main Post Office and the Parkrose and Piedmont Stations. TID: December 2022	—
			R-6 Address all remaining building maintenance and safety issues identified at the Vancouver Main Post Office. TID: October 2022	—
22-019-R22	06/02/2022	Property Condition Review Capping Report	R-1 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	R-1 Coordinate with Headquarters Logistics and Human Resources to 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	R-1 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: September 2022	—
			R-2 Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: September 2022	—

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22-036-R22	09/13/2022	Moving Mail by Rail	R-1 Develop a standard operating procedure and training for the intermodal transportation program that addresses oversight responsibilities and how to monitor and address any performance issues. TID: November 2022	—
			R-2 Develop an Intermodal (Rail) Performance Dashboard to monitor performance for Contractor #2. TID: February 2023	—
			R-3 Review the Intermodal (Rail) Performance Dashboard for accuracy and consider developing additional metrics for the intermodal transportation dashboards and aligning with Surface Visibility transportation metrics. TID: September 2022	—
			R-4 Issue supplemental guidance to the sites that use the intermodal transportation program and ensure the Contract Irregularity Reporting process is being followed. TID: October 2022	—
22-037-R22	09/19/2022	U.S. Postal Inspection Service's Oversight of Facility Security and Access Control	R-1 Establish a facility security level determination process based on the factors and criteria in the Risk Management Process Standard.	—
			R-2 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.	—
			R-3 Update the <i>Vulnerability Risk Assessment Tool User Guide</i> to provide specific guidance on responding to identified security deficiencies. TID: September 2023	—
22-058-R22	04/12/2022	Issues Identified with Internet Change of Address	R-1 Develop controls to verify that online change of address requests are authorized by the resident of the address. TID: November 2022	—
22-068-R22	07/22/2022	Free Matter for the Blind	R-1 Review the need for unsealed preparation and inspection of Free Matter and subsequent impact on service. TID: January 2023	—
			R-3 Evaluate options for increasing employee recognition of Free Matter across the Postal Service network. TID: October 2022	—
22-076-R22	09/28/2022	COVID-19 Test Kit Distribution	R-1 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: January 2023	—
			R-2 Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: February 2023	—
			R-3 Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: December 2022	—

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22-078-R22	09/15/2022	Aboveground Storage Tanks	R-1 Develop and implement aboveground storage tank oversight procedures to include roles and responsibilities to ensure monthly inspections are performed as required. TID: October 2022	—
			R-2 Conduct inspections within 30 days of report issuance for the 39 aboveground storage tanks and remediate issues identified by the audit team and any additional items identified in subsequent inspections. TID: October 2022	—
			R-3 Establish a process to ensure Spill Prevention Control and Countermeasures plans are prepared as required and reiterate guidance to facility management to sign and upload plans into the Environmental Tool Kit.	—
			R-4 Establish a process to review and track Spill Prevention Control and Countermeasures plans in the Environmental Tool Kit to ensure they are signed, uploaded, and up-to-date. TID: December 2022	—
			R-5 Develop and implement oversight procedures to ensure facilities responsible for maintaining aboveground storage tanks complete the annual Spill Prevention Control and Countermeasures training as required. TID: October 2022	—
			R-6 Develop and implement a training requirement for facilities that have aboveground storage tanks with capacities below 1,320 gallons. At minimum, the training should identify roles and responsibilities, inspection requirements, and provide guidance for updating the Environmental Tool Kit.	—
			R-7 Implement a process to verify all required supporting documentation is within the Environmental Tool Kit for Environmental Compliance Review findings to confirm the facility took the appropriate corrective action. TID: December 2022	—
22-079-R22	09/27/2022	Timecard Administration Follow-up	R-1 To provide refresher 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: March 2023	—
			R-2 Develop a formal process to ensure supervisors and managers perform periodic reviews of disallowed timecard documentation for completeness in TACS. TID: June 2023	—
			R-3 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	R-1 Develop a plan to increase service talks or formal training that reinforces policy requiring employees to detach old Distribution and Routing tags from handling units, remove sacks without a white landing strip from circulation, and identify faulty printed Distribution and Routing tags. TID: November 2022	—
			R-2 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: January 2023	—

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22-090-R22	09/28/2022	Alaska Mail Services	R-1 Develop a plan to complete the evaluation and implementation of a solution that will provide visibility over mail movement in Alaska.	—
			R-2 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	—
			R-3 Establish a standard weight threshold for the verification of shipments by air carriers. TID: October 2022	—
			R-4 Backfill the network specialist position so that air carrier performance is monitored and reviewed timely and corrective action is initiated when necessary. TID: November 2022	—
			R-5 Establish a review and approval process for air carrier payments and provide oversight to ensure air carrier payments are timely and accurate. Additionally, initiate recovery of the overpayments paid to air carriers. TID: January 2023	\$346,649
			R-6 Issue supplemental guidance to the air carriers to remind them to submit claims within 30 days and provide written documentation to the air carrier when a claim is not submitted timely. TID: October 2022	—
			R-7 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	R-1 Develop a plan to ensure that all committed mail at the Linwood Station is delivered daily, all delayed mail volume is entered into the proper system, and management systematically reviews data and enforces reporting compliance at the Linwood Station. TID: July 2022	—
			R-2 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: July 2022	—
			R-3 Develop and execute a plan to ensure management at the Plainfield Main Post Office, the Carmel Main Post Office, and Linwood Station reviews truck/trailer arrival scanning performance daily and enforces compliance. TID: July 2022	—
			R-4 Address all building safety, security, and maintenance issues identified at the Plainfield Main Post Office, the Carmel Main Post Office, and Linwood Station. TID: December 2022	—
22-093-R22	09/26/2022	Election Mail Readiness for the 2022 Mid-Term Elections	R-1 Reinforce policies for completing daily all clears, utilizing the Operational Clean Sweep Checklist, and requiring Election Mail to be postmarked at P&DCs. TID: November 2022	—
			R-2 Develop and implement an official guidebook for processing of Election Mail prior to 2024 primary elections. TID: January 2024	—
			R-3 Establish a policy to retain data on ballots with barcode tracking that are excluded from measurement and continue working with mailers of Election Mail to identify why ballots are excluded. TID: December 2022	—
22-094-R22	05/19/2022	Efficiency of Operations at the Seattle, WA, Processing and Distribution Center	R-1 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	—
22-099-R22	05/10/2022	Workplace Environment Tracking System (WETS) User Access	R-1 Create an after-action report of the Workplace Environment Tracking System access issue documenting how the access issue occurred, corrective actions taken to resolve the problem, impact of the issue on user access and data quality, and any controls and policies implemented to prevent the issue in future. TID: September 2022	—
			R-2 Ensure all cases of workplace harassment that occurred during the system failure are recorded in the Workplace Environment Tracking System. TID: August 2022	—
22-111-R22	08/29/2022	Efficiency of Processing Operations and Service Performance in Western Maryland	R-1 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	—

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22-112-R22	07/13/2022	Efficiency of Operations at the St. Louis, MO, Processing and Distribution Center	R-1 Develop and implement a plan at the St. Louis Processing & Distribution Center to ensure management monitors mail that is sent to the manual sorting area to ensure the mail is non-machinable. TID: August 2022	—
			R-2 Initiate a plan to ensure preventative maintenance is consistently performed on automated machines at the St. Louis Processing & Distribution Center. TID: October 2022	—
			R-3 Coordinate with Headquarters Logistics and Human Resources to identify and implement additional strategies to increase the number of Postal Service drivers at the St. Louis Processing and Distribution Center. TID: November 2022	—
22-115-R22	08/31/2022	Mail Delivery, Customer Service, and Property Conditions Review - Select Units, St. Louis, MO, Region	R-1 Develop a plan to ensure that all committed mail at the Maryville Gardens Station is delivered daily, all delayed mail volume is entered into the proper system, and management systematically reviews the data and enforces reporting compliance. TID: September 2022	—
			R-2 Develop and execute a plan to ensure that management at the Maryville Gardens Station systematically follows up on proposed administrative actions. TID: September 2022	—
			R-3 Develop and implement a plan to ensure that all employees at the Saint Peters Main Post Office and the Chouteau and Marian Oldham Stations are trained on standard operating procedures for package scanning and handling and that unit management systematically reviews scan data and enforces compliance. TID: September 2022	—
			R-4 Develop and implement a plan to ensure management at the Saint Peters MPO, Maryville Gardens Station, and Chouteau Station reviews truck/trailer arrival scanning performance daily and enforces compliance. TID: September 2022	—
			R-5 Address all building safety, security, and maintenance issues identified at the Saint Peters Main Post Office and the Maryville Gardens, Chouteau, and Marian Oldham Stations. TID: October 2022	—
22-125-R22	09/23/2022	Capping Report - Efficiency of Selected Processes at Select Retail Units, Georgia District	R-1 Direct Atlanta and Stone Mountain Main Post Office (MPO) unit management to properly destroy old blank money orders and provide disposition information for the remaining 119 of the 396 unsecured money orders identified at the Stone MPO. TID: September 2022	—
			R-2 Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: September 2022	—
			R-3 Direct Atlanta Main Post Office unit management to properly close inactive cash drawers and report missing cash drawers to the appropriate authorities. TID: September 2022	—
			R-4 Reiterate policy to Marietta Main Post Office management and personnel not to share Retail Systems Software passwords. TID: September 2022	—
			R-5 Direct Stone Mountain Post Office management to update PS Form 3977, Duplicate Key, Combination and Password Envelopes, for employees. TID: September 2022	—
			R-6 Direct the Marietta Main Post Office unit manager to instruct close-out personnel to follow procedures for witnessing bank deposits. TID: September 2022	—
22-126-R22	09/29/2022	Compensation, Benefit, and Bonus Authority in Calendar Year 2021	R-1 Instruct the Executive Director, Compensation and Benefits, to develop and implement a procedure to obtain payroll adjustment data. TID: October 2022	—
			R-2 Instruct the Executive Director, Compensation and Benefits, to examine the <i>Comprehensive Statement</i> executive compensation disclosure review process, and implement improvements to ensure completeness and accuracy. TID: October 2022	—

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
22-132-R22	09/20/2022	Mail Delivery, Customer Service, and Property Conditions Review - Select Units, Albuquerque and Santa Fe, NM, Region	R-1 Develop a plan to ensure that all committed mail at the Rio Rancho Branch, the Richard J. Pino and Coronado Stations, and the Santa Fe Main Post Office are delivered daily; all delayed mail volume is measured and recorded as needed; and that management systematically reviews the data and enforces reporting compliance. TID: October 2022	—
			R-2 Develop a plan to ensure that unit management at the Santa Fe Main Post Office and Coronado Station are trained on standard operating procedures for properly counting mail volume when the need arises to report delayed mail. TID: October 2022	—
			R-3 Develop and execute a plan to ensure that all employees at the Rio Rancho Branch, the Richard J. Pino and Coronado Stations, and the Santa Fe Main Post Office are trained on standard operating procedures for package scanning and handling and that unit management systematically reviews scan data and enforces compliance. TID: October 2022	—
			R-4 Develop and execute a plan to ensure management at the Rio Rancho Branch and Richard J. Pino Station review truck/trailer arrival scanning performance daily and enforce compliance. TID: October 2022	—
			R-5 Address all building safety, security, and maintenance issues identified at the Rio Rancho Branch, the Richard J. Pino and Coronado Stations, and the Santa Fe Main Post Office. TID: October 2022	—
22-134-R22	08/05/2022	Efficiency of Operations at the Albuquerque, NM, Processing and Distribution Center	R-1 Develop and execute a plan to ensure all employees are trained on the standard operating procedures for securing trailer cargo. TID: September 2022	—
22-154-R22	08/31/2022	Efficiency of Operations at the Milwaukee Processing and Distribution Center	R-1 Develop and implement a plan to ensure that Logistics Operations oversees dock operations at the Milwaukee Processing and Distribution Center TID: September 2022	—
			R-2 Review daily load scan reports and document discussions about proper scanning procedures with personnel not performing load scans. TID: September 2022	—
HR-AR-19-003	08/22/2019	Nationwide Employee Background Screening	R-4 Implement a review process to ensure that district Human Resources officials are validating that Certificates of Completion are in employees' electronic Official Personnel Folders. TID: September 2022	—
IT-AR-17-003	04/05/2017	Privileged Account Management	R-2 Develop and continuously maintain a complete and accurate listing of privileged accounts for Postal Service systems. TID: September 2024	—
			R-3 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	R-1 Continue to develop and fully implement an insider threat program for national security information in accordance with National Insider Threat Policy minimum standards. TID: March 2024	—
			R-2 Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. TID: March 2024	—
MS-AR-19-003	07/31/2019	Military and Diplomatic Mail Service	R-4 Work with military stakeholders to update Publication 38, <i>Postal Agreement with the Department of Defense</i> , and with military and diplomatic stakeholders to update the operating plan related to military and diplomatic mail at the Chicago International Military Service Center. TID: October 2022	—
NL-AR-19-004	09/27/2019	Postal Service Dynamic Route Optimization and Cost Savings Initiative	R-5 Develop an automated payment process to ensure suppliers are paid consistently, accurately, and timely. TID: September 2022	—
RISC-WP-21-010	09/21/2021	1-800-ASK-USPS: The Postal Service's Interactive Voice Response System	R-1 Enhance current Interactive Voice Response system performance metrics by including metrics for the rate of complete, contained calls and the rate of incomplete, abandoned calls. TID: December 2022	—

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	R-1 Conduct a mail access study to 1) identify opportunities to enhance relevant data availability and quality used in decision-making related to access changes, and 2) determine whether demographic factors should be included in decision-making related to access changes. TID: March 2023	—
RISC-WP-22-009	09/26/2022	Changes in Mail Mix: Implications, for Carriers' Physical Health	R-1 Develop and implement standard operating procedures outlining how a carrier should deliver a heavy package (weighing 35 pounds or more). TID: October 2022	—
SAT-AR-18-002	09/28/2018	Use of Postal Service Network to Facilitate Illicit Drug Distribution	R-1 Work with Congress to develop legislative changes that would result in the Postal Inspection Service being authorized to open and inspect domestic packages suspected of containing illicit drugs.	—

Total Number of Recommendations: **196**

Total Monetary Impact: **\$1,140,235,273**

Appendix F: Management Decisions in Audit Resolution



For the period: April 1 – September 30, 2022

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

Report Number	Issue Date	Report Title	Recommendation Summary <i>R = Recommendation Number</i>	Monetary Impact
SAT-AR-18-002	09/28/2018	Use of Postal Service Network to Facilitate Illicit Drug Distribution	R-1 Work with Congress to develop legislative changes that would result in the Postal Inspection Service being authorized to open and inspect domestic packages suspected of containing illicit drugs.	—
21-255-R22	05/27/2022	Postal Service Knowledge Continuity	R-1 Assess whether a standard knowledge continuity plan would enhance institutional knowledge for non-executive employees and implement it as appropriate.	—
			R-2 Establish and issue guidance to management within each functional area for consistency when developing and identifying top performing non-executive employees.	—
21-243-R22	08/08/2022	Improving Service Performance and Mail Processing Efficiencies at Historically Low Performing Facilities	R-5 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.	—
22-078-R22	09/15/2022	Aboveground Storage Tanks	R-3 Establish a process to ensure Spill Prevention Control and Countermeasures plans are prepared as required and reiterate guidance to facility management to sign and upload plans into the Environmental Tool Kit.	—
			R-6 Develop and implement a training requirement for facilities that have aboveground storage tanks with capacities below 1,320 gallons. At minimum, the training should identify roles and responsibilities, inspection requirements, and provide guidance for updating the Environmental Tool Kit.	—
21-146-R22	09/22/2022	Review of National Change of Address and Moversguide Applications	R-8 Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act.	—
22-090-R22	09/28/2022	Alaska Mail Services	R-1 Develop a plan to complete the evaluation and implementation of a solution that will provide visibility over mail movement in Alaska.	—
			R-7 Coordinate with the Postal Service Headquarters Finance group to establish separate general ledger accounts for bypass mail program costs.	—
22-037-R22	09/19/2022	U.S. Postal Inspection Service's Oversight of Facility Security and Access Control	R-1 Establish a facility security level determination process based on the factors and criteria in the Risk Management Process Standard.	—
			R-2 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.	—

Total Number of Reports: **7**

Total Number of Recommendations: **11**

Total Monetary Impact: **0**

Appendix G: Status of Peer Review Recommendations



For the period: April 1 – September 30, 2022

Federal audit organizations undergo an external quality control assessment by their peers every three years. The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 requires an appendix reporting on 1) any Office of Inspector General peer reviews conducted on us during the semiannual period; 2) any peer reviews conducted by the Inspector General of another Office of the Inspector General during the reporting period; and 3) any recommendations from previous or current peer reviews that remain outstanding or have not been fully implemented.

Office of Audit

Peer Reviews Conducted on USPS OIG

None during the reporting period. 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

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.

Appendix H: Investigative Statistics



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

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

- A) The total number of investigative reports issued during the reporting period;
- B) The total number of persons referred to the Department of Justice for criminal prosecution during the reporting period;
- C) The total number of persons referred to state and local prosecuting authorities for criminal prosecution during the reporting period and;
- D) The total number of indictments and criminal informations during the reporting period that resulted from any prior referral to prosecuting authorities.

For the period: April 1 — September 30, 2022

	Investigations Closed	Arrests	Indictments / Information / Complaints	Convictions — Criminal	Admin Actions Taken	Cost Avoidances	Fines / Restitution and Recoveries	Amount to Postal Service	To Mgmt. for Admin Action	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	5	—	—	1	3	—	22,100	0	3	1	—	—	2	—	1
Contract Fraud	27	3	2	4	3	66,907,142	20,736,556	16,519,504	2	8	—	2	6	7	3
Financial Fraud	128	22	31	33	83	4,528,800	4,008,141	1,845,132	64	18	6	24	163	—	7
General Crimes	259	16	24	14	177	—	363,576	85,965	146	21	12	11	309	—	688
Health Care Claimant Fraud	114	6	8	8	30	35,177,778	1,828,668	1,755,668	13	11	5	5	80	—	7
Health Care Provider Fraud	15	11	13	5	21	67,041,110	70,344,351	2,149,558	—	7	—	10	6	3	—
Mail Theft	797	223	217	259	511	—	3,857,653	120,306	387	178	38	131	865	—	295
Narcotics	280	122	116	171	82	—	6,804,634	124,526	73	56	16	100	178	—	13
Special Inquiries Division	52	—	—	—	14	2,986,783	—	—	16	3	—	—	—	—	44
Total	1,677	403	411	495	924	176,641,613	107,965,679	22,600,659	704	303	77	283	1,609	10	1,058

Appendix H: Investigative Statistics



For the period: October 1, 2021 – September 30, 2022

	Investigations Closed	Arrests	Indictments / Information / Complaints	Convictions — Criminal	Admin Actions Taken	Cost Avoidances	Fines / Restitution and Recoveries	Amount to Postal Service	To Mgmt. for Admin Action	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	9	—	—	3	3	—	22,100	0	4	3	—	—	5	—	2
Contract Fraud	46	7	10	8	6	67,138,477	26,872,657	22,655,605	5	14	—	10	19	7	9
Financial Fraud	214	47	48	69	139	5,737,868	4,849,634	2,621,096	127	44	18	36	256	2	19
General Crimes	537	42	43	38	372	—	765,027	141,770	323	40	32	22	553	—	1,266
Health Care Claimant Fraud	238	16	18	20	43	79,910,341	3,843,323	2,457,297	26	27	7	14	164	—	14
Health Care Provider Fraud	35	18	24	36	33	97,625,964	170,053,824	8,108,372	—	12	—	21	10	7	1
Mail Theft	1,491	427	434	522	1,010	—	6,392,683	412,289	872	419	82	260	1,525	—	581
Narcotics	524	294	261	300	166	—	8,602,073	206,375	151	140	66	211	304	—	26
Special Inquiries Division	84	—	—	—	32	2,986,783	—	—	27	10	1	—	—	—	136
Total	3,178	851	838	996	1,804	253,399,433	221,401,321	36,602,804	1,535	709	206	574	2,836	16	2,054

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



For the period: April 1 – September 30, 2022

Type of Scheme	Complaints Filed	Consent Agreements	FROs	C&D Orders
Advance Fee	—	—	—	—
Counterfeit Check	2	2	—	2
Facsimile Checks	—	—	—	—
Failure to Pay	—	—	—	—
Failure to Render	—	—	—	—
Foreign Lottery	2	2	—	2
Invoice Schemes	—	—	—	—
Lottery	1	1	—	1
Other	6	7	—	7
Rebate and Refund	—	—	—	—
Reshipping Scheme	1	1	—	1
USPS Revenue Fraud	—	—	—	—
Work at Home - Other	—	—	—	—
Identity Theft - Other	—	—	—	—
USPS Revenue Fraud	12	13	—	13
Identity Theft - Other	—	—	—	—
TOTAL	12	13	—	13

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

For the period: April 1 – September 30, 2022

Other Administrative Actions	
Temp. Restraining Orders Requested	—
Temp. Restraining Orders Imposed	—
Cases Using Direct Purchase Authority	—
Civil Penalties (Section 3012) Imposed	—
Test Purchases	—
Withholding Mail Orders Issued	0
Voluntary Discontinuances	This area is not tracked by Office of Counsel

Administrative Subpoenas Requested by the Postal Inspection Service

There were none requested during this reporting period.

Financial Reporting on Investigative Activities for the Postal Inspection Service

For the period: April 1 – September 30, 2022

Area	Type	Total
VP Chief Inspector	Total Personnel Comp	\$209,278,621
VP Chief Inspector	Total Nonpersonnel Expense	\$46,089,297
VP Chief Inspector	Total Operating Expense	\$255,367,918
VP Chief Inspector	Total Capital Commitments	\$13,229,039

Appendix J: Congressional/PMG/Board of Governors Inquiries



For the period: April 1 — September 30, 2022

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 April 1 through September 30, 2022, the OIG received 58 new inquiries. Out of the 58 inquiries, we referred 12 to the U.S. Postal Service Office of Government Relations and 3 to the Postal Inspection Service for review. We closed 40 inquiries during this reporting period. Out of those, 33 were reviewed by our Office of Investigations and 5 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 two hearings. On April 5, 2022, Inspector General Tammy Whitcomb Hull testified before the U.S. House of Representatives Committee on Oversight and Reform. The hearing, entitled *It's Electric: Developing the Postal Service Fleet of the Future*, focused on the Postal Service's acquisition of electric vehicles. Also testifying were Victoria K. Stephen, USPS Executive Director, Next Generation Delivery Vehicles; Kenny Stein, Policy Director, Institute for Energy Research; Jill Naamane, Acting Director, Physical Infrastructure Team, Government Accountability Office; and Joe Britton, Executive Director, Zero Emission Transportation Association. IG Hull's written statement can be found in its entirety [here](#) and the hearing can be viewed [here](#).

Assistant Inspector General for Audit (AIGA) Melinda Perez testified before the Subcommittee on Government Operations of the U.S. House of Representatives Committee on Oversight and Reform. The field hearing, on September 7, 2022, focused on mail delivery and service performance in Philadelphia, PA. The hearing, entitled *Delivering for Pennsylvania: Examining Postal Service Delivery and Operations from the Cradle of Liberty*, also included testimony from Gary Vaccarella, DE-PA2 District Manager, USPS; Ivan Butts, President, National Association of Postal Supervisors; and Frank Albergo, National President, Postal Police Officers' Association. AIGA Perez' 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: April 1 – March 31, 2022

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

None to report.

Supplemental Information



Freedom of Information Act

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

Activities

For the period: April 1 – September 30, 2022

Requests	Number of Requests
Carryover from prior period	7
Received during period	382
Total on hand during period	389
Actions	Number of Requests
Processed during the period	385
Requests Denied in Full	17
Requests Granted in Full	8
Requests Denied in Part	63
Duplicate Request	2
Fee-Related Reasons	0
No Records	65
Not an agency record	40
Not a proper FOIA request for some other reason	1
Requests Referred	162
Requests Withdrawn	27
Records not reasonably described	0
Balance	Number of Requests
Balance at the end of the period (pending)	4
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: April 1 – September 30, 2022

Total complaints reviewed and closed: **821**

For the period: October 1, 2021 – September 30, 2022

Total complaints reviewed and closed: **1,772**

Whistleblower Reprisal Investigations

For the period: April 1 – September 30, 2022

Whistleblower Reprisal Activity	
Allegations Received	79
OIG Investigations Initiated	3
Investigations Closed with No Findings	4
Allegations Closed with No Findings	76
OIG Found Reprisal	1

For the period: October 1, 2021 – September 30, 2022

Whistleblower Reprisal Activity	
Allegations Received	136
OIG Investigations Initiated	11
Investigations Closed with No Findings	7
Allegations Closed with No Findings	133
OIG Found Reprisal	3

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 37-50
5(a)(4)	Matters referred to prosecutive authorities and the prosecutions and convictions that have resulted	53
5(a)(5)	Summary reports made to the head of the establishment under section 6(b)(2) of instances where information was refused	n/a
5(a)(6)	Listing of audit, inspection, and evaluation reports and, if applicable, the total dollar value of questioned costs and recommendations that funds be put to better use	3
5(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	27-32
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	51
5(a)(12)	Information concerning any significant management decisions with which the Inspector General disagreed	51
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	52
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	53-54
5(a)(18)	Description of the metrics used to develop the data in the statistical tables under Section 5(a)(17)	53
5(a)(19)	Report on investigations in which allegations of misconduct involving a senior government employee were substantiated including a detailed description of the facts and circumstances of the investigation, and the status and dispositions of the matter, including if the matter was referred to the DOJ, the date of the referral, and if the DOJ declined the referral, the date of the declination	21
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	22
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	57
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



APPS: Automated Package Processing System	FEHB: Federal Employees Health Benefits	P&DF: processing and distribution facility
APWU: American Postal Workers Union	FSS: Flats Sequencing System	PAEA: Postal Accountability and Enhancement Act of 2006 (also known as the Postal Act of 2006)
C&A: certification and accreditation	GMU: George Mason University	PKI: Public Key Infrastructure
CSRS: Civil Service Retirement System	HCR: highway contract route	PRC: Postal Regulatory Commission
CSS: customer service supervisor	LLV: long-life vehicles	PVS: Postal Vehicle Services
DBCS: Delivery Barcode Sorter	MTE: mail transport equipment	RARC: Risk Analysis Research Center
DOL: U.S. Department of Labor	NALC: National Association of Letter Carriers	RISC: Research and Insights Solution Center
DEA: Drug Enforcement Administration	NCSC: National Customer Support Center	SBOC: Stations and Branches Optimization Consolidation
DWC: distribution window clerk	NDC: network distribution center	SSA: sales and services associate
eCBM: Electronic Conditional Based Maintenance	NPV: net present value	TACS: Time and Attendance Collection System
EDDI: Electronic Data Distribution Infrastructure	OA: Office of Audit	VMF: Vehicle Maintenance Facility
EDI: Electronic Data Interchange	OI: Office of Investigations	
EIR: Enterprise Information Repository	OWCP: Office of Workers' Compensation Programs	
FEGLI: Federal Employees' Group Life Insurance	P&DC: processing and distribution center	

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Who Do I Contact — Report Fraud, Waste, Abuse

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

Office of Inspector General

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

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

Contact: 888-877-7644

Postal Inspection Service

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

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

Contact: 877-876-2455

OFFICE OF INSPECTOR GENERAL

UNITED STATES POSTAL SERVICE



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