



August 22, 2008

ALEXANDER E. LAZAROFF
CHIEF POSTAL INSPECTOR

DEBORAH M. GIANNONI-JACKSON
VICE PRESIDENT, EMPLOYEE RESOURCE MANAGEMENT

SUBJECT: Audit Report – Security Clearances for Postal Service Employees
(Report Number SA-AR-08-013)

This report presents the results of our audit of the Security Clearances for Postal Service Employees (Project Number 08YG016SA000). Our objective was to determine whether the U.S. Postal Service's process for identifying positions that require a security clearance is effective to mitigate personnel security risks. We conducted this self-initiated audit because personnel security is critical for the Postal Service. This is our third report in a series of audits reviewing personnel security. Click [here](#) to go to Appendix A for additional information about this audit.

Conclusion

We determined the Postal Service could improve its process for identifying positions that require a security clearance to more effectively mitigate personnel security risks. Click [here](#) to go to Appendix B for our detailed analysis of this topic.

Risk Assessment for Postal Service Positions

Postal Service officials have not conducted a comprehensive risk assessment to determine which Postal Service positions require a security clearance since July 1999. This occurred because management did not establish policies and procedures requiring periodic assessments to determine risks associated with the duties of all Postal Service positions.

Conducting risk assessments of all Postal Service positions helps ensure employees have appropriate security clearances and reduces the security risk to employees, customers, the mail, and critical assets.

We recommend the Chief Postal Inspector, in conjunction with the Vice President, Employee Resource Management:

1. Establish and implement a policy to periodically assess the risks associated with the duties of all Postal Service positions to determine which positions require a security clearance.
2. Revise the *Administrative Support Manual*, as appropriate, to reflect changes to the list of positions requiring a security clearance.

Management's Comments

Management agreed with our recommendations. Management stated they will establish and implement a policy to periodically assess the risk associated with the duties of Postal Service positions to determine which positions require a security clearance. The policy will be in effect by the end of fiscal year (FY) 2009. In addition, management stated they will revise the *Administrative Support Manual*, as appropriate to reflect the changes by the end of FY 2009. Management's comments, in their entirety, are included in [Appendix C](#).

Evaluation of Management's Comments

The U.S. Postal Service Office of Inspector General (OIG) considers management's comments responsive to the recommendations, and the corrective actions should resolve the issues identified in the findings. The OIG considers both recommendations significant, and therefore requires OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. These recommendations should not be closed in the follow-up tracking system until the OIG provides written confirmation that the recommendations can be closed.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions, or need additional information, please contact Andrea L. Deadwyler, Director, Inspection Service and Facilities, or me at (703) 248-2100.

E-Signed by Darrell E. Benjamin, Jr 
VERIFY authenticity with ApproveIt

Darrell E. Benjamin, Jr.
Deputy Assistant Inspector General
for Support Operations

Attachment

cc: Mangala P. Gandhi
Guy J. Cottrell
John F. Bolger
Katherine S. Banks

APPENDIX A: ADDITIONAL INFORMATION

BACKGROUND

The U.S. Postal Service, an independent establishment of the executive branch of the U.S. government, operates like a business and generated \$74.7 billion in revenue and had 785,929 employees in FY 2007. The Postal Service is responsible for maintaining public trust and security of the mail as well as assuring confidence in the reliability and integrity of its employees.

The Postal Service's personnel security process encompasses screening employees for suitability and granting security clearances. All Postal Service employees undergo a suitability screening; however, depending on the position, some employees may need security clearances, which require a more extensive background investigation.

A key element in maintaining national security; ensuring the integrity of the mail; and protecting postal employees, customers, and assets, is the issuance of proper security clearances. The Chief Postal Inspector or designee is responsible for issuing security clearances for Postal Service employees. If an employee needs a security clearance, the type of clearance granted depends on the sensitivity of the position held. The sensitive level of clearance within the Postal Service encompasses both national security¹ and public trust² positions. Employee Resource Management is responsible for the suitability process and they coordinate with the Postal Inspection Service regarding suitability and security clearance investigations.

OBJECTIVE, SCOPE, AND METHODOLOGY

Our objective was to determine whether the Postal Service's process for identifying positions that require a security clearance is effective to mitigate personnel security risks.

To accomplish our objective, we interviewed Postal Inspection Service officials, including officials located at the Security Investigation Service Center, to gain an understanding of their roles and responsibilities and the processes and procedures used for security clearances. We examined applicable Postal Service policies and procedures, assessed related internal controls, and identified Postal Service employees who were arrested and convicted. We reviewed security clearance data for current Postal Service employees from the Postal Inspection Service Security Clearance Tracking System (ISSCTS) to determine the number of employees with security clearances. To conduct a comparative analysis of the data retrieved from the ISSCTS and to identify

¹ National security clearances include Confidential, Secret, Top Secret, and Sensitive Compartmented Information.

² Public trust positions are responsible for managing programs or operations that require a high degree of public trust because of their ability to affect the accomplishment of the activity's mission.

additional postmaster and letter carrier positions, we reviewed employment data for postmasters and letter carriers from the Postal Service Enterprise Data Warehouse and Payroll System. Further, we reviewed Postal Service employee arrest and conviction data provided by the OIG Office of Investigations for FYs 2005 through 2007.

Although we did not conduct extensive tests of the accuracy of computer-generated data from the ISSCTS, we examined the data by using computer-assisted analysis techniques and noted data quality weaknesses that constrained our work. For example, the data did not always contain the applicable job title for each Postal Service employee. However, we conducted a comparative analysis of the data to data retrieved from the Postal Service Enterprise Data Warehouse and Payroll System. We also discussed it with responsible officials. As a result, we consider the data sufficiently reliable to support the opinions and conclusions in this report.

We conducted this performance audit from January through August 2008 in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We discussed our observations and conclusions with management officials on July 22, 2008, and included their comments where appropriate.

PRIOR AUDIT COVERAGE

In the past 3 years, the OIG issued four reports and the U. S. Government Accountability Office (GAO) issued one report regarding Personnel Security.

Report Title	Report Number	Final Report Date	Report Results
<i>Postal Service's Suitability Screening Process for Postal Service Employees in the Capital Metro Area</i>	SA-AR-08-012	08/21/08	The Postal Service properly evaluated prospective employees in the Capital Metro Area for suitability in accordance with policies and procedures. However, management could improve internal controls to ensure timely receipt of background security reports for employee suitability screening.
<i>Postal Service's Personnel Security Process</i>	SA-MA-08-001	02/12/08	Personnel security processes and procedures for conducting background checks and granting security clearances were comparable to those used by other federal agencies and private sector entities. Management concurred with the issues identified in the report.
<i>Separation of Duties at the Eagan, Minnesota; San Mateo, California; and St. Louis, Missouri Information Technology and Accounting Service Centers</i>	IS-AR-07-017	08/29/07	Policies, procedures, and internal controls were adequate to separate duties for personnel accessing critical information system resources at the data centers. However, controls to determine which career employees required sensitive security clearances needed strengthening. Management concurred with the issues identified in the report.
<i>Inspection Service Security</i>	SA-AR-06-002	04/20/06	Security Investigative Service Center personnel

<p><i>Investigations Service Center</i></p>			<p>generally followed policies and procedures to manage and safeguard closed cases and process Freedom of Information Act requests. However, opportunities exist to improve the overall management of the Background Security Clearance Program, personnel security training, and the 1510 Mail Loss/Rifling Program to more effectively and efficiently support the Postal Inspection Service's mission. Generally, management concurred with the issues identified in the report.</p>
<p><i>Personnel Clearances: Key Factors to Consider in Efforts to Reform the Security Clearance Processes</i></p>	<p>GAO-08-352T</p>	<p>02/27/08</p>	<p>Current and future efforts to reform personnel security clearance processes should consider, among other things, the following four key factors: determining whether clearances are required for positions, incorporating quality control steps throughout the clearance processes, establishing metrics for assessing all aspects of clearance processes, and providing Congress with the long-term funding requirements of security clearance reform.</p>

APPENDIX B: DETAILED ANALYSIS

Risk Assessment for Postal Service Positions

Postal Service officials did not periodically conduct a comprehensive risk assessment of positions to determine if they required a security clearance. Specifically, the latest comprehensive risk assessment was conducted in July 1999.

This occurred because management did not establish policies and procedures requiring periodic assessments to determine risks associated with the duties of all Postal Service positions.

Nearly 6,100 Postal Service employees have security clearances; however, a majority of employees in positions such as postmasters and letter carriers do not have security clearances. Some employees in these positions have access to large amounts of Postal Service assets and have been convicted of crimes against the Postal Service. Specifically, during FYs 2005 through 2007, postmasters and letter carriers were arrested and convicted of committing crimes, such as embezzling cash; stealing money order receipts, stamp stock and postal revenue; selling drugs; failing to deliver and destroying mail; and sexual assault. See the chart below for the number of postmasters and letter carriers arrested and convicted during FYs 2005 through 2007.

Arrests and Convictions FYs 2005 through 2007		
Position	Arrests	Convictions from Arrests^{3 4}
postmasters	114	95
letter carriers	170	135

The Postal Service requires postmasters to prepare budgets and maintain financial records. However, our analysis of the Postal Inspection Service's security clearance data found that only 60 of 38,187⁵ (.2 percent) postmasters had security clearances. Forty-three of the 60⁶ postmasters obtained their security clearances because of their work in previous postal positions; their collateral duties, such as security control officers; or special projects they worked on that required security clearances.

³ Eight postmasters were convicted in FY 2008, as were 16 letter carriers.

⁴ Convictions for violation of a criminal statute may be grounds for disciplinary action against an employee, including removal from their Postal Service position, in addition to any other penalty imposed pursuant to statute.

⁵ The total number of postmasters includes current postmasters and postmaster reliefs (temporary postmasters).

⁶ Officials could not determine why 17 of the postmasters obtained their security clearance.

Further, we found that 86 of 358,623⁷ (.02 percent) letter carriers had security clearances. Postal Service officials informed us that most of the letter carriers obtained their security clearances as contractors, prior to their tenure as Postal Service letter carriers. The Postal Service granted some of the letter carriers security clearances because they were either student interns, postal police officer candidates, or detailed to Postal Inspection Service or Postal Service positions that required a security clearance.

The purpose of a risk assessment is to identify positions that require security clearances and to ensure individuals working in positions with certain associated risks have appropriate security clearances. Since risks and threats change over time, it is important that the Postal Service periodically reassess risks and reconsider the appropriateness and effectiveness of applicable policies and controls.

Postal Service Action

In response to a 2007 OIG report,⁸ the Postal Service has taken steps to assess the risk of duties of all information technology and accounting service center (IT/ASC) positions for the purpose of designating these positions as sensitive. The Postal Service Security Group established a working group to assess positions and they determined that 185 of 1,339 IT/ASC positions needed security clearances. This is a positive step and we encourage the Postal Service to apply the same approach for all Postal Service positions.

⁷ The total number of letter carriers includes rural and city carriers that were full-time, part-time, casual, and transition.

⁸ Audit Report – *Separation of Duties at the Eagan, Minnesota; San Mateo, California; and St. Louis, Missouri Information Technology and Accounting Service Centers* (Report Number IS-AR-07-017, dated August 29, 2007).

APPENDIX C: MANAGEMENT'S COMMENTS

ALEXANDER LAZAROFF
CHIEF POSTAL INSPECTOR



August 15, 2008

LUCINE WILLIS
DIRECTOR, AUDIT OPERATIONS
USPS OFFICE OF INSPECTOR GENERAL

SUBJECT: Management Response to the Audit Report – Security Clearances for Postal Service Employees (Report Number SA-AR-08-DRAFT, Project Number 08YG016SA000)

We appreciate the opportunity to provide comment to the audit report of the Security Clearances for Postal Service Employees. The attached represents management's response to the USPS Office of Inspector General recommendations.

If you have any questions, please contact Guy Cottrell, Inspector in Charge, Security and Crime Prevention, at 202-268-4547.

Handwritten signature of Alexander Lazaroff in cursive.

Alexander Lazaroff
Chief Postal Inspector

Handwritten signature of Deborah M. Giannoni-Jackson in cursive.

Deborah M. Giannoni-Jackson
Vice President
Employee Resource Management

Attachment

cc: Zane Hill
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**Response to USPS-OIG Audit of – Security Clearances for
Postal Service Employees**

Summary of Management Response

We have reviewed the draft report of the Security Clearances for Postal Service Employees. The report contains no confidential business sensitive or law enforcement sensitive information that would preclude disclosure under the Freedom of Information Act. We are in agreement with the conclusion reached in the report and concur completely with both recommendations.

OIG Recommendation 1

The Chief Postal Inspector, in conjunction with the Vice President, Employee Resource Management, establish and implement a policy to periodically assess the risks associated with the duties of all Postal Service positions to determine which positions require a security clearance.

Management Response

Management agrees with the recommendation and in conjunction with the Vice President, Employee Resource Management, will establish and implement a policy to periodically assess the risks associated with the duties of Postal Service positions to determine which positions require a security clearance. The policy will be in effect by the end of Fiscal Year 2009.

OIG Recommendation 2

The Chief Postal Inspector, in conjunction with the Vice President, Employee Resource Management, revise the *Administrative Support Manual*, as appropriate, to reflect changes to the list of positions requiring a security clearance

Management Response

Management agrees with the recommendation and in conjunction with the Vice President, Employee Resource Management, will revise the *Administrative Support Manual*, as appropriate, to reflect the changes by the end of Fiscal Year 2009.