



OFFICE OF INSPECTOR GENERAL UNITED STATES POSTAL SERVICE

Passport Personally Identifiable Information

Management Advisory Report

Report Number
HR-MA-14-007-DR

May 15, 2014

APPLICATION FOR A U.S. PASSPORT
Please Print Legibly Using Black Ink Only

OMB APPROVAL NO. 1405-0034
EXPIRATION DATE: 12-31-2013
ESTIMATED BURDEN: 85 MIN

Attention: Read WARNING on page 1 of instructions
Please select the document(s) for which you are applying:

U.S. Passport Book U.S. Passport Card Both
The U.S. passport card is not valid for international air travel. For more information see page 1 of instructions.

28 Page Book (Standard) 52 Page Book (Non-Standard)
Note: The 52 page option is for those who frequently travel abroad during the passport validity period and is recommended for applicants who have previously required the addition of visa pages.

1. Name Last: _____
 First: _____ Middle: _____
 2. Date of Birth (mm/dd/yyyy): _____ 3. Sex: M F
 4. Country of Birth (U.S., or City & Country as it is presently known): _____
 5. Social Security Number: _____ 7. Primary Contact Phone Number: _____
 Mailing Address: Line 1: Street/RFD# _____ (Jane Doe, Apt # 100)
 Address Line 2: Clear label (e.g., Apt #, Box #, etc.) _____
 City: _____ State: _____ Zip: _____
 8. List all other names you have used: _____
 Date of Birth: _____ Sex: Male Female U.S. Citizen? Yes No
 Name: _____ Last Name (at Parent's Birth): _____





OFFICE OF INSPECTOR GENERAL

UNITED STATES POSTAL SERVICE

Highlights

The Postal Service must strengthen its procedures for securing and protecting Personally Identifiable Information (PII) on passport applications.

Background

This report responds to a request from U.S. Congressman Duncan Hunter of California regarding a constituent's concern that the U.S. Postal Service compromised her daughter's personally identifiable information (PII) while processing her passport application. PII is information used to determine or trace an individual's identity.

The Postal Service has more than 5,300 passport acceptance facilities, which accepted about 5.3 million applications and collected passport revenue of more than \$133.2 million in fiscal year 2013. The Postal Service, in conjunction with the U.S. Department of State (DOS), established policies and procedures to ensure the security of PII to avoid theft, misuse, or loss. In addition, the DOS inspects Postal Service passport facilities every 2 years as part of its oversight program.

Our objective was to evaluate the Postal Service's procedures for protecting PII on passport applications.

What the OIG Found

The Postal Service must strengthen its procedures for securing and protecting PII on passport applications. Although we found

no indication the PII in question was compromised, Postal Service personnel did not always safeguard passport PII and provide customers with adequate privacy when processing passport applications. We also identified control weaknesses relating to transmittal forms and inconsistent passport procedures at the district level to address deficiencies the DOS identified. These issues occurred due to inadequate training and passport application procedures and conflicting criteria.

The DOS identified similar issues regarding the safeguarding of PII and passport application processing procedures in its reviews of Postal Service passport acceptance facilities. We identified about \$64 million in annual revenue at risk if the Postal Service does not comply with established procedures.

What the OIG Recommended

We recommended management implement controls to ensure that Postal Service personnel complete and document training; provide customers with adequate privacy during the passport application process; ensure transmittal forms are accurate, appropriately retained, and monitored; and ensure consistency of passport acceptance, compliance, and procedures to address deficiencies the DOS identified.

Transmittal Letter

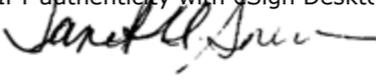


OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

May 15, 2014

MEMORANDUM FOR: KELLY M. SIGMON
VICE PRESIDENT, RETAIL CHANNEL OPERATIONS

EDWARD F. PHELAN, JR.
VICE PRESIDENT, DELIVERY AND
POST OFFICE OPERATIONS

E-Signed by Janet Sorensen
VERIFY authenticity with eSign Desktop


FROM: Janet M. Sorensen
Deputy Assistant Inspector General
for Revenue and Business

SUBJECT: Passport Personally Identifiable Information
(Report Number HR-MA-14-007)

This report presents the results of our review of Passport Personally Identifiable Information (Project Number 13YG039HR000).

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Andrea L. Deadwyler, deputy director, Human Resources and Support, or me at 703-248-2100.

Attachment

cc: Corporate Audit and Response Management

Table of Contents

Cover	
Highlights.....	1
Background.....	1
What the OIG Found.....	1
What the OIG Recommended	1
Transmittal Letter.....	2
Findings	4
Introduction	4
Conclusion	4
Safeguarding Passport Personally Identifiable Information	5
Passport Applications, Transmittals, and Supporting Documents.....	5
Customer Privacy	7
Department of State Acceptance Facility Oversight Reviews	7
Passport Application Procedures.....	8
Passport Transmittal Forms	8
Passport Acceptance Policies and Procedures.....	9
Recommendations.....	10
Management’s Comments	10
Evaluation of Management’s Comments	11
Appendices.....	13
Appendix A: Additional Information	14
Background	14
Objective, Scope, and Methodology.....	15
Prior Audit Coverage	15
Appendix B: Other Impact.....	16
Appendix C: Management’s Comments	17
Contact Information	21

Findings

Introduction

This report presents the results of our review of passport personally identifiable information (PII) (Project Number 13YG039HR000). The report responds to a request from the office of U.S. Congressman Duncan Hunter of California regarding a constituent's concern that the U.S. Postal Service compromised her daughter's PII when processing her passport application. Our objective was to evaluate the Postal Service's procedures for protecting and securing PII on passport applications. See [Appendix A](#) for additional information about this review.

In November 2012, a mother and daughter applied for passports at a Post Office in San Diego, CA. The mother received her passport in about 10 days; however, unit personnel found the daughter's application unsecured at the Post Office 23 days after it was accepted and personnel at a Tucson, AZ Post Office subsequently misfiled the application for 10 days before redelivering it to the regional passport office. The Postal Service reimbursed the family for costs associated with the delay in service. The Postal Service's Consumer and Industry Contact and the U.S. Postal Service Office of Inspector General's (OIG) Office of Investigations conducted independent investigations and found no evidence that the Postal Service compromised the PII in question.

The Postal Service has been providing passport application acceptance services for the U.S. Department of State (DOS) since 1975. Postal Service passport acceptance agents¹ must follow DOS policies for safeguarding passport applicants' PII. PII is information used to determine or trace an individual's identity, such as a Social Security Number, driver's license number, or passport number.² To avoid theft, misuse, or loss, authorized employees must secure and lock PII in a container at all times.

The DOS inspects Postal Service passport facilities every 2 years as part of its Acceptance Facility Oversight (AFO) program.³ In fiscal year (FY) 2013, the DOS reviewed 2,954 Postal Service facilities to verify their compliance with key requirements for passport application processing, such as acceptance and information security procedures,⁴ supplies, and training. When the DOS identifies deficiencies and a facility continues to be noncompliant, the DOS can recommend suspension or removal of that facility from participation in the passport program.

Conclusion

The Postal Service must strengthen its procedures for securing and protecting PII related to passport applications, but we found no indication that the Postal Service compromised the constituent's daughter's PII. We also identified control weaknesses relating to transmittal forms and inconsistent passport procedures at the district level. The DOS identified similar issues in its AFO reviews of Postal Service passport acceptance facilities. The revenue the Postal Service generates for processing passports and photographs is at risk if passport acceptance facilities continue to be noncompliant with DOS procedures. We identified about \$128 million as revenue at risk based on FYs 2012 and 2013 DOS AFO reviews. See [Appendix B](#) for more information.

1 Employees who have completed the mandatory passport training and been certified by the DOS to accept passport applications.
2 Handbook AS-805, Information Design and Control, Section 3-2.3.2.c, page 37, May 2013.
3 Monitors each acceptance facility's compliance with established DOS procedures.
4 This section of the AFO program addresses the safeguarding of PII.

Safeguarding Passport Personally Identifiable Information

Postal Service passport acceptance agents did not always safeguard passport PII and provide customers with adequate privacy during the passport application process.

Passport Applications, Transmittals, and Supporting Documents

At the three Postal Service passport acceptance facilities we visited,⁵ acceptance agents did not always secure completed passport applications⁶ when they were away from the retail window. We observed supporting documentation passport customers left behind that was not stored in locked cabinets or drawers. This documentation contained PII such as valid passports, birth certificates, and driver's licenses. We found transmittal forms⁷ with customer names, birth dates, and telephone numbers in envelopes on desktops, in storage rooms, or in cabinets and drawers on the workroom floor, where they were accessible to unauthorized personnel.

These passport control weaknesses occurred because acceptance agents were not aware of the requirements to properly safeguard documentation containing PII in a locked file cabinet or drawer⁸ or there was an oversight. Also, one acceptance agent acknowledged she was unaware of the requirements for handling documents left by passport customers. During our review, management issued supplemental guidance to retail units addressing the safeguarding of PII collected from customers; therefore, we are not making a recommendation.

We found that some personnel were unaware of PII requirements because they may not have completed the required passport acceptance training. Specifically, 65 percent of acceptance agents at the three passport acceptance facilities we visited did not have documentation to show they completed the required passport acceptance training. Of the 17 acceptance agents' training records we requested for review,⁹ management was unable to provide training records showing completion¹⁰ of either the initial passport application acceptance training or the annual passport application acceptance refresher course for 11 agents.¹¹ The DOS requires management to verify that all acceptance agents have completed training within the past calendar year and new agents have completed training before accepting passport applications.¹² Postal Service policy requires all agency-sponsored training to be recorded in the appropriate electronic database.¹³ The manager, Learning Development and Diversity,¹⁴ must maintain support for non-agency training, including copies of certificates and grade reports. During our review, management implemented additional procedures requiring supervisors at acceptance facilities to maintain and provide annual passport training documentation to the DOS.

We found that some personnel were unaware of PII requirements because they may not have completed the required passport acceptance training. Specifically, 65 percent of acceptance agents at the three passport acceptance facilities we visited did not have documentation to show they completed the required passport acceptance training.

5 We visited the [REDACTED] Post Office in [REDACTED], the [REDACTED] Post Office in [REDACTED]; and the [REDACTED] Station in [REDACTED].

6 Form DS-11, Application for a U.S. Passport. Completed passport applications may include a customer's valid passport, birth certificate, photograph, and copy of his or her driver's license.

7 Postal Service (PS) Form 5659, Daily Passport Application (DS-11) Transmittal, is used by Post Office acceptance facilities to log individual passport application activity for the DOS and the Postal Service. For this report, PS Forms 5659 will be referred to as transmittal forms.

8 Passport Agent's Reference Guide (PARG) 2011-2012, pages 12 and 18, Item 13 requires employees to store applications and documents under lock and key when away from their workstation and keep copies of transmittals in a secure location, accessible only to designated acceptance agents and the passport program manager.

9 We requested training records for the 17 acceptance agents at the three locations we visited.

10 An acceptance agent has successfully completed training upon completion of the course and required test.

11 Of the 11 agents, all were missing supporting documentation for the initial training and one of the 11 was missing documentation for the refresher training.

12 PARG, page 8.

13 Employee and Labor Relations Manual (ELM) 36, Section 732.2, page 718.

14 ELM 36, Section 742.4, page 722.

Figures 1 through 3 show examples of improperly secured passport applications, transmittal forms, and supporting documentation.

*Hover over the numbers
for examples.*



Source: OIG photograph taken at a Post Office on November 7, 2013.

We reviewed results from Department of State reviews and found they identified similar issues with Postal Service acceptance agents safeguarding PII. For example, acceptance agents at 383 of 2,954 Postal Service passport acceptance facilities (13 percent) did not properly secure passport applications and documentation when away from their workstations.

Customer Privacy

At one Postal Service facility we visited, management did not provide customers with adequate privacy when processing their passport applications. We observed an acceptance agent processing passport applications in the middle window of the main retail area, which was highly visible and accessible to customers waiting in line. During interactions with passport customers, the acceptance agent asked them to verbally confirm portions of the passport application, which revealed PII in the presence of other customers. The acceptance agent stated that agents previously processed passport applications in a separate, private area at this facility; however, facility management changed the location and required agents to process passport applications in the retail area. Management indicated it would be inefficient to have agents process passport applications in a separate area because they would have down time between passport appointments. The PARG requires acceptance facilities to create an area where customers are afforded privacy when applying for passports.¹⁵

Department of State Acceptance Facility Oversight Reviews

Lastly, we reviewed results from DOS reviews¹⁶ and found they identified similar issues with Postal Service acceptance agents safeguarding PII.¹⁷ For example:

- Acceptance agents at 383 of 2,954 Postal Service passport acceptance facilities (13 percent) did not properly secure passport applications and documentation when away from their workstations.
- Acceptance agents at 920 of 2,954 facilities (31 percent) did not properly store transmittal forms under lock and key.
- Acceptance agents improperly retained photocopies of passport applications or supporting documentation at 91 of 2,954 facilities reviewed (3 percent).
- Management did not provide customers with sufficient space to maintain privacy when applying for passports at 64 of 2,954 facilities reviewed (2 percent).

Inadequate security and privacy in the passport application process increases the risk that customers' PII will be compromised. This could have a negative impact on the Postal Service's brand and result in revenue loss if customers elect not to use the Postal Service for passport services. We identified about \$64 million in annual revenue at risk associated with passport acceptance facilities potentially being suspended or closed for noncompliance with DOS procedures. See [Appendix B](#) for more information.

¹⁵ PARG, page 12.

¹⁶ These results represent DOS AFO reviews conducted during FY 2013.

¹⁷ We reviewed an AFO summary report and determined the DOS identified issues in FY 2012 with proper security of passport applications and documentation and proper storage of transmittal forms during two separate reviews at one Post Office we visited.

Passport Application Procedures

Postal Service officials did not always follow consistent procedures relating to transmittal forms and district management's roles and responsibilities relating to passport acceptance, compliance, and remediation.

Passport Transmittal Forms

Acceptance agents at the three facilities we visited did not always use the transmittal form to monitor and record successful delivery of envelopes containing passport applications to banking facility lockboxes¹⁸ within 7 days, as required. In addition, acceptance agents did not always obtain independent reviews of transmittal forms to ensure accuracy and completeness or retain and dispose of the transmittals within 2 years, as required.¹⁹

These issues occurred for the following reasons:

- Passport acceptance agents stated they were unaware of the requirement to monitor and record successful delivery of envelopes containing passport applications within 7 days. One agent believed the requirement was to monitor delivery every 14 days²⁰ but policy requires acceptance agents to monitor each envelope containing passport applications sent from the facilities within 7 business days until Passport Services²¹ confirms receipt.
- Management did not have procedures in place to ensure the independent review of completed transmittal forms for accuracy and acceptance agents were unaware of this requirement. The Administrative Support Manual (ASM) requires a supervisor or another employee to review the accuracy of the completed transmittal form and related applications. The reviewer must initial the "Reviewer Initials" line to indicate concurrence.²²
- A supervisor at one site we reviewed was unaware of the importance of safeguarding PII on transmittal forms.
- The Postal Service did not have procedures in place to ensure employees retain transmittal forms for 2 years, as required, and the Postal Service has conflicting guidance regarding retention requirements. According to the ASM, employees must store transmittal forms in a secure place to protect the sensitivity of the information and destroy them after 2 years.²³ However, Exhibit 892 - Retention Periods for Post Office Forms, which is unique to the online version of the ASM, indicates the retention period for the transmittal forms is 3 months. Postal Service officials confirmed the correct retention period is 2 years.

18 The DOS uses banking facilities to complete the initial processing of passport applications, including data entry, image scanning, and payment processing and then they forward applications to Passport Services for further processing.

19 Acceptance agents at one of the facilities had transmittal forms on file from January 2007, while one facility retained transmittal forms for only 3 months.

20 The back of the transmittal form provides thorough instructions on how to complete every section of the form except for the section relating to monitoring and documenting successful delivery of the envelope.

21 PARG, page 42; and Postal Blue website, [Tracking of PPT Mailings](#).

22 ASM; page 181; Section 422.281(b); Item 8, July 1999; updated through November 28, 2013.

23 ASM, page 182, Section 422.282(c).

We also examined the DOS reviews and found they identified similar issues with transmittal forms. Specifically, acceptance agents did not:

- Monitor the successful delivery confirmation of each envelope sent to the lockbox at 889 of 2,954 facilities reviewed (30 percent).
- Destroy transmittals after 2 years at 821 of 2,954 facilities reviewed (28 percent).
- Keep transmittals for at least 2 years at 1,010 of 2,954 facilities reviewed (34 percent).

When transmittal forms are not properly completed, reviewed, retained, and destroyed, the Postal Service increases the risk of inaccuracies, processing delays, and PII being compromised. Also, the Postal Service may lose passport revenue resulting from potential site closures for noncompliance with procedures.

Passport Acceptance Policies and Procedures

Postal Service management did not have policies and procedures in place that identified district management's roles and responsibilities for the passport acceptance program or addressed deficiencies the DOS AFO reviews identified. Specifically, at one site we visited, district managers were proactively reviewing passports at select Premiere Post Office™ locations²⁴ independent of DOS reviews, while the other two districts relied on DOS reviews to identify deficiencies and enforce corrective actions.

Management acknowledged the need for policies and procedures to ensure consistency nationwide. District retail managers for all three sites visited stated that no guidelines or procedures existed for districts to address deficiencies identified in DOS AFO reviews. Implementing policies and procedures would strengthen internal controls over passport acceptance at all Postal Service acceptance facilities, increase district accountability, and ensure consistent processes for addressing deficiencies identified in DOS AFO reviews.

²⁴ The Postal Service has selected 3,100 post offices to participate in its Premier Post Office program, which created a core of retail offices with the highest customer service skills and best customer experience.

Recommendations

We recommend management ensure all acceptance agents have completed the required passport acceptance training; require responsible personnel adhere to policies and procedures for appropriately safeguarding customers' privacy; and revise the Postal Service Form 5659, Daily Passport Application Transmittal, to include instructions for monitoring and recording the delivery date of completed passport application on form.

We recommend the vice president, Retail Channel Operations, in coordination with the vice president, Delivery and Post Office Operations:

1. Ensure all acceptance agents have completed the required passport acceptance training.
2. Require responsible personnel adhere to policies and procedures for appropriately safeguarding customers' privacy and personally identifiable information associated with the passport acceptance process.
3. Revise the Postal Service Form 5659, Daily Passport Application (DS-11) Transmittal, to include instructions for monitoring and recording the delivery date of the completed passport application on the form.
4. Implement controls to ensure completed transmittal forms are independently reviewed for accuracy and retained as required by Postal Service policy.
5. Revise the online version of the *Administrative Support Manual* to reflect the correct transmittal form retention period of 2 years.
6. Establish and implement policies and procedures identifying district management's roles and responsibilities relating to passport acceptance procedures and remediation of deficiencies identified in Department of State reviews.

Management's Comments

Management did not state whether they agreed or disagreed with the findings. Management agreed with recommendations 3, 5, and 6; and disagreed with recommendations 1, 2, and 4. In addition, management disagreed with the revenue at risk calculation.

Management disagreed with recommendation 1 and stated that their current policies require annual training. Employees who do not take the annual training are decertified and therefore not allowed to accept passports. The DOS provides this information to the Headquarters' Passport program manager as well as the local Post Office notifying them of employees not in compliance. Employees that complete the training are recertified.

Management disagreed with recommendation 2 and stated that policies and procedures are already in place requiring employees to safeguard PII. Management continually communicate to employees the need for information security and has recently issued additional guidance reminding employees of the importance of safeguarding PII.

Management agreed with recommendation 3 and will revise PS Form 5659 to include instructions for monitoring and recording the delivery date of the completed passport application on the form by May 30, 2014.

Furthermore, management disagreed with recommendation 4 and stated the ASM already requires a supervisor or another employee to review the accuracy of the completed transmittal form and related applications. The reviewer must initial the "Reviewer Initials" line to indicate concurrence. PS Form 5659 also has instructions to complete the form.

Management agreed with recommendation 5 and stated they took corrective actions on May 5, 2014, to ensure the correct transmittal form retention period.

Management implement controls to ensure completed transmittal forms are independently reviewed for accuracy; revise the online version of the Administration Support Manual to reflect the correct transmittal form retention period of 2 years; and establish and implement policies and procedures identifying district management's roles and responsibilities relating to passport acceptance procedures and remediation of deficiencies identified in Department of State reviews.

Management agreed with recommendation 6 and stated they will work with the DOS to develop a standard operating procedure that outlines the roles and responsibilities of the DOS and the Postal Service in regard to handling passports. The target implementation date is May 30, 2014.

Regarding the \$128 million in revenue at risk, management disagreed with the methodology used and stated the calculation was based on 2 year old data. Additionally, management stated the OIG is using DOS audit results out of context because the requirements are answered/corrected after each audit. See [Appendix C](#) for management's comments, in their entirety.

Evaluation of Management's Comments

The OIG considers management's comments to recommendations 3, 5, and 6 responsive and corrective actions should resolve the issues identified in the report.

However, we consider management's comments to recommendations 1, 2, and 4 nonresponsive because they did not address the actions needed to resolve the issues identified. Management disagreed with the recommendations and stated that current Postal Service policy exists to address each recommendation. While we agree that current Postal Service policy exists and we identify those policies in our findings, our recommendations are for management to take corrective actions to ensure responsible personnel comply with policies and procedures. As such, we view the recommendations as unresolved, but do not plan to pursue them through the audit resolution process. We will work with management to develop a mutually agreeable resolution.

Regarding recommendation 1, management did not provide documentation to show that 11 of 17 acceptance agents at the three locations visited completed the required passport acceptance training, either the initial *Passport Application Acceptance* training or the annual *Passport Application Acceptance Refresher course*. Although management strongly agree that training is required, they did not address how they will ensure compliance with the training requirement.

Regarding recommendation 2, the OIG agrees that management has disseminated additional guidance to the field regarding safeguarding PII; however, our recommendation addresses the need to ensure acceptance facilities have an area where passport customers are afforded privacy when applying for passports, which management did not address in their comments.

Regarding recommendation 4, we agree that current Postal Service policy exists requiring the independent review and retention of transmittal forms. Management did not address our recommendation to implement controls to ensure employees are following the policy.

Regarding our revenue at risk calculation, the OIG used the latest DOS data available, which was for FYs 2012 and 2013. We used 2 years' worth of data because the DOS visits each acceptance facility at least once every 2 years. If an acceptance facility does not comply with policies for safeguarding PII, the DOS may suspend or close it. In addition, management does not have established procedures in place to address deficiencies identified in the DOS reviews. Because internal controls were not sufficient to ensure the safeguarding of PII and address deficiencies, revenue was at risk.

Because management has taken corrective actions to resolve recommendation 5, we are closing the recommendation with issuance of this report. For recommendations 1, 2, and 4, we request additional information from management to address corrective actions planned or taken to resolve the issues identified in the report. The OIG considers all the recommendations significant, and therefore requires OIG concurrence before closure of recommendations 1 through 4 and 6. Consequently, the OIG requests written confirmation when corrective actions are completed. These recommendations should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendations can be closed.

Appendices

*Click on the appendix title
to the right to navigate to
the section content.*

Appendix A: Additional Information	14
Background	14
Objective, Scope, and Methodology.....	15
Prior Audit Coverage	15
Appendix B: Other Impact.....	16
Appendix C: Management’s Comments	17

Appendix A: Additional Information

Background

The OIG received a request on April 9, 2013, from the office of Duncan Hunter, U.S. Congressman from California, regarding a constituent's concern with Postal Service procedures for handling PII. In November 2012, the constituent and her daughter applied for passports at a Post Office in San Diego, CA. The mother received her passport in about 10 days; however, unit personnel found the daughter's application unsecured at the Post Office 23 days after it was accepted and personnel at a Tucson, AZ, Post Office subsequently misfiled it for 10 days before redelivering it to the regional passport office. The Postal Service reimbursed the family for costs associated with the delay in service. The Postal Service's Consumer and Industry Contact and OIG Office of Investigations conducted independent investigations, but neither found evidence the Postal Service compromised the PII in question.

The Postal Service, in coordination with the DOS, establishes procedures for passport application acceptance at the 5,372²⁵ Postal Service passport acceptance facilities nationwide. Each passport application is accepted by authorized Postal Service employees who have successfully completed the initial and yearly refresher passport training courses. Employees can take the courses either online in the Postal Service's Learning Management System or in a classroom the DOS provides. The initial Passport Application Acceptance course is an 8-hour mandatory course intended for employees newly assigned to passport acceptance duties. The yearly passport application acceptance refresher course is a 2-hour mandatory course for employees currently accepting passport applications.²⁶

Acceptance agents process passport applications at designated Postal Service passport acceptance facilities. At the end of each business day, agents mail passport applications with transmittals to the DOS and retain copies of the transmittals in a secure location at the facility. The Postal Service accepted 5.7 million passport applications and earned \$142.1 million in passport fees in FY 2012 and accepted 5.3 million applications yielding \$133.2 million in fees in FY 2013. The Postal Service also generates revenue from its passport photograph services.

The DOS conducts scheduled official onsite reviews at Postal Service passport acceptance locations as part of its AFO program. The program monitors acceptance facilities' compliance with the PARG and other consular affairs/passport services procedures. The reviews address key areas such as acceptance and information security procedures, supplies, and training. The DOS sends the results of its reviews to unit, district, and area management. Well publicized disclosures of U.S. citizens' PII by the federal government and its employees have resulted in heightened scrutiny of agency information security and privacy programs. Although the federal government is making strides to protect against privacy breaches, Federal Information Security Management Act²⁷ reports indicate the prevalence of federal privacy breaches. The potential adverse impacts of a privacy breach is a key motivator for the federal government to enhance efforts to comply with privacy regulations and protect the privacy of citizens and noncitizens.

²⁵ As of March 25, 2014.

²⁶ Postal Blue website, Customer Service Operations and Retail.

²⁷ Federal Information Security Management Act of 2002, Public Law 107-347.

Objective, Scope, and Methodology

Our objective was to evaluate the Postal Service's procedures to protect and secure PII on passport applications. To accomplish our objective, we:

- Reviewed passport application data for FYs 2012 and 2013.
- Conducted site visits at three passport acceptance units.²⁸
- Interviewed management at headquarters and in the field.
- Interviewed DOS personnel.
- Obtained and reviewed DOS passport acceptance site review results.

We conducted this review from October 2013 through May 2014, in accordance with the Council of the Inspectors General on Integrity and Efficiency, *Quality Standards for Inspection and Evaluation*. We discussed our observations and conclusions with management on March 25, 2014, and included their comments where appropriate.

We assessed the reliability of the passport application data from the Enterprise Data Warehouse (EDW) by confirming our analysis and results with management and other data sources. In addition, the OIG tests the financial information in the EDW as part of its annual financial statements audits. We assessed the reliability of the DOS' site review data by interviewing DOS officials and analyzing source documentation to confirm the validity of the data. We determined that the data were sufficiently reliable for the purposes of this report.

Prior Audit Coverage

The OIG issued *Financial Controls Over Passport Applications* (Report Number [FF-AR-11-011](#), dated July 27, 2011), which details three areas where the Postal Service has opportunities to enhance its financial controls over passport applications and revenue associated with fees collected.

Specifically, the Postal Service needs:

- A reconciliation process for collecting and reporting application fees collected at acceptance facilities.
- Improved controls over fees collected for passport photographs.
- A re-evaluation of the fee charged for passport photographs.

Management did not agree to develop a reconciliation process with the DOS; however, they did implement a Point-of-Sale system update they believe will increase the accountability of passport fees. Management stated they would evaluate options to improve accountability, reduce the risk of having uncollected revenue associated with photograph fees, and re-evaluate the fee charged for passport photographs.

²⁸ The [redacted] Post Office in [redacted] is where the incident occurred. We judgmentally selected the [redacted] Post Office in [redacted] and the [redacted] Station in [redacted], based on the high volume of passport applications processed at these locations during FY 2013.

Appendix B: Other Impact

Recommendation	Other Impact Category	Amount
1-6	Revenue at Risk ²⁹	\$128,351,511

The DOS conducts reviews at Postal Service passport acceptance locations every 2 years as part of its AFO program. The reviews address key areas such as acceptance and information security procedures, supplies, and training. DOS management discusses review results with unit management and sends corresponding reports to acceptance facilities' district and area managers. The DOS revisits the facilities with identified deficiencies within 6 to 12 months to determine whether management corrected the issues. Continuous noncompliance can lead to the DOS recommending a site be suspended from participating in the passport program.³⁰ The DOS determines removal of a facility from the program on a case-by-case basis, based on the level of egregiousness.³¹

During FYs 2012 and 2013, DOS reviews identified 3,278 Postal Service passport application acceptance locations with deficiencies relating to safeguarding PII. We relied on DOS AFO review results, in conjunction with the Postal Service's passport application and photograph volume data, to calculate revenue at risk (other impact).

The DOS can recommend the suspension or removal of a Post Office from the passport program if management does not correct the deficiencies regarding safeguarding PII identified in DOS reviews. Consequently, the Postal Service risks losing \$103,603,203 in revenue annually and \$207,206,405 over a 2-year period if these acceptance locations are suspended or closed.

For this report, we took a conservative approach and used net revenue³² to calculate other impact. As a result, the Postal Service risks losing \$64,175,756 in net revenue annually and \$128,351,511 over a 2-year period.

To determine revenue at risk, we used the following methodology:

- We estimated the Postal Service generates a net profit of about \$14.82 for each passport application it processes and about \$10.76 for each passport photograph it sells.
- We analyzed the Postal Service's passport application data and DOS AFO review data for FYs 2012 and 2013 and determined that 6,517,655 passport applications (60 percent) and 2,951,002 passport photographs (58 percent) were processed at 3,278 facilities that were noncompliant with at least one PII procedure.³³
- We calculated net revenue at risk of \$64,175,756³⁴ annually if these Postal Service passport acceptance facilities are suspended or closed for continuous noncompliance.
- We calculated net revenue at risk of \$128,351,511 for a 2-year period.

²⁹ Revenue the Postal Service risks losing.

³⁰ Passport Services, a directorate within the DOS, may suspend the facility until further notice or until the facility is deemed to be in compliance with all regulations.

³¹ DOS officials can recommend the closure of a facility based on the level of egregiousness. However, the DOS Customer Service manager, in coordination with Postal Service officials, ultimately makes the final decision.

³² Money earned after all expenses have been deducted from the total revenue.

³³ Noncompliance with any procedure relating to safeguarding PII may result in DOS closing the noncompliant Postal Service passport acceptance facility.

³⁴ Consists of \$48,295,824 (3,258,828 applications x \$14.82 passport application profit) and \$15,879,932 (1,475,501 photographs x a \$10.76 profit per photograph).

Appendix C: Management's Comments



May 5, 2014

Judith Leonhardt, Director
Director, Audit Operations
Office of Inspector General
1735 North Lynn Street
Arlington, VA 22209

SUBJECT: OIG Report Number HR-MA-14-DRAFT – Draft Management Advisory Report –
Passport Personally Identifiable Information

This letter is in response to Draft Audit Report – Passport Personally Identifiable Information
(Report Number HR-MA-14-DRAFT) dated April 9, 2014.

The findings and recommendations outlined in the above subject audit report have been reviewed. The Postal Service takes the security of our customer's privacy very seriously. It is important to note that the OIG did not find any evidence that any Personally Identifiable Information (PII) had been compromised. The Postal Service continues to work closely with the Department of State (DOS) to strengthen our existing policies and procedures as they relate to PII. Our response includes some additional procedures to continue to emphasize to our employees the importance of protecting PII. However, we are concerned that some of the findings within this report are subjective in reference and we believe relaying unsubstantiated allegations can be harmful to USPS credibility.

For example, on page three, the report states: "We found that some personnel were unaware of requirements because they may not have completed the required passport acceptance training." As we have shared and highlighted in our response, the USPS management and DOS monitor compliance in this area. Employees that do not take the annual training are decertified and therefore not allowed to accept passports.

This audit is a limited sample of three Post Offices with passport acceptance services and may not be representative of all facilities. The OIG should refrain from including subjective findings that could mislead the public into thinking Personally Identifiable Information (PII) has been compromised.

The Postal Service disagrees with the methodology used to calculate the revenue at risk for two reasons; (1) the OIG used two year old data, and (2) the DOS audit results are being used out of context because the requirements are answered/corrected after each audit. This refutes the supposition that the figures are \$64M / \$128M.

Recommendations

The following paragraphs respond to the recommendations set forth on page 8 of the audit report. Each recommendation is restated and is followed by response from management.

1. Ensure all acceptance agents have completed the required passport acceptance training.

Management Response:

Management disagrees as the recommendation is addressed by current postal policy. Management will continue with current policy of monitoring to ensure compliance in this area. Employees that do not take the annual training are decertified and therefore not allowed to accept passports. The DOS provides this information to the HQ Passport Program Manager as well as the local post office notifying them of employees not in compliance. Employees that complete the training are recertified.

2. Require responsible personnel adhere to policies and procedures for appropriately safeguarding customers' privacy and personally identifiable information associated with the passport acceptance process.

Management Response:

Management disagrees as the recommendation is addressed by current postal policy. Policies and procedures are already in place requiring employees to safeguard PII. The Postal Service continually communicates to employees the need for information security. These communications remind employees of the importance of safeguarding Personally Identifiable Information (PII) not only for passports, but for all services. Recent communications include the following:

- USPS News Link Article: Keep it confidential, Employees must safeguard customer information, posted November 26, 2013 to a widespread audience
- Postal Bulletin entry: Information Security Keep It Confidential: Employees Must Safeguard Customer Information, January 9, 2014
- Service Talk for Postal Service Retail Personnel: Safeguard Customer Information – Customer Information Confidentiality, Friday, January 31, 2014 provided to Postmasters/Managers, Supervisors, Sales and Service Associates

3. Revise the Postal Service Form 5659, Daily Passport Application (DS-11) Transmittal, to include instructions for monitoring and recording the delivery date of the completed passport application on the form.

Management Response:

Management agrees with the recommendation. Retail Services will add a location for date entry to the PS Form 5659 as recommended. We note that, the instructions in Department of State Passport Agent's Reference Guide (PARG) Page 42 state, "If delivery has been completed, record delivery information on the PS Form 5659 Daily Transmittal."

Implementation by May 30, 2014

4. Implement controls to ensure completed transmittal forms are independently reviewed for accuracy and retained as required by Postal Service policy.

Management Response:

Management disagrees as the recommendation is addressed by current postal policy. The Administrative Support Manual (ASM) requires a supervisor or another employee to review the accuracy of the completed transmittal form and related applications. The reviewer must initial the "Reviewer Initials" line to indicate concurrence. The PS Form 5659 Daily Passport Application (DS-11) Transmittal provides instructions to complete the form.

Revise the online version of the Administrative Support Manual to reflect the correct transmittal form retention period of 2 years.

Management Response:

Management agrees with the recommendation. We note that, the two-year retention period for transmittals is reflected in the current version of the ASM, as well as in the official System of Records for Post Office and Retail Services. USPS 880.000, available at Section E of Handbook AS-353, Guide to Privacy, the Freedom of Information Act, and Records Management. It appears that the OIG accessed an old html version of the ASM which contained a reference to a three-year retention period. This discrepancy was corrected as of May 5, 2014.

Completed

5. Establish and implement policies and procedures identifying district management's roles and responsibilities relating to passport acceptance procedures and remediation of deficiencies identified in Department of State reviews.

Management Response:

Management agrees with the recommendation. While policies and procedures exist, management will work with the Department of State to assist in developing a standard operating procedure that outlines roles and responsibilities of the DOS and USPS related to the handling of passports.

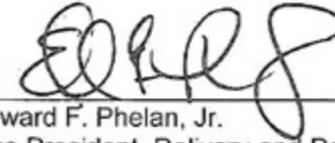
Implementation by May 30, 2014

This report and management's response do not contain information that may be exempt from disclosure under the FOIA.



Kelly M. Sigmon
Vice President, Retail Channel Operations
Operations

5/5/2014
Date



Edward F. Phelan, Jr.
Vice President, Delivery and Post Office

5/5/14
Date



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1735 North Lynn Street
Arlington, VA 22209-2020
(703) 248-2100