

Office of Inspector General | United States Postal Service

Audit Report

U.S. Postal Service Exit Processing

Report Number 20-167-R21 | April 12, 2021



Table of Contents

Cover	
Highlights.....	1
Objective.....	1
Finding	1
Recommendations	2
Transmittal Letter	3
Results.....	4
Introduction/Objective.....	4
Background	4
Employee Separation Process.....	4
Contractor Separation Process	6
Finding #1: Separation Actions Submitted to the Human Resources Shared Service Center ..	6
Recommendation #1:	8
Finding #2: Access Badges and Accountable Items Collection.....	8
Recommendation #2:.....	9
Recommendation #3:.....	9
Recommendation #4:	9
Finding #3: Clearance Procedures for Inactive Contractors.....	9
Recommendation #5:.....	10
Recommendation #6:.....	10
Management’s Comments	10
Evaluation of Management’s Comments.....	11
Appendices	12
Appendix A: Additional Information	13
Objective, Scope, and Methodology	13
Prior Audit Coverage	14
Appendix B: Management’s Comments	15
Contact Information	19

Highlights

Objective

Our objective was to assess the U.S. Postal Service's exit processing and determine whether managers revoked facility access for separated employees and inactive contractors in a timely manner.

Separations are personnel actions, either voluntary or involuntary, that end employment with an agency, including resignations or terminations. For all separations and retirements, the manager must collect all accountable items, revoke facility access, and suspend computer access on the employee's last day of work. The effective date of separation is the last day the employee is with the Postal Service. Generally, the applicable manager or supervisor is the one who submits separation actions, and the Human Resources Shared Service Center (HRSSC) processes them. The HRSSC is the national processing center for personnel actions including benefits, compensation, retirements, and separations. During fiscal years (FY) 2019 and 2020, the Postal Service processed over 340,000 employee separation actions.

Additionally, Contracting Officers and their representatives (those responsible for oversight of Postal Service contracts) must verify that system privileges are removed, facility access is revoked, and collect any accountable items from contractors who become inactive. There were 6,500 contractors who became inactive during FYs 2019 and 2020.

In FY 2019, the independent auditor's report on the Postal Service's internal controls over financial reporting disclosed a significant control deficiency related to the timely revocation of finance systems access when employees separated. Postal Service management conducted quarterly testing to assess the impact of that deficiency and implemented additional controls to ensure timely revocation of system access. The independent auditor concluded that the Postal Service remediated this significant deficiency as of September 30, 2020. As a result of the Postal Service's internal control testing and related remediation, we did not evaluate separated employees' and inactive contractors' system access as part of this audit.

Finding

Postal Service officials did not always submit employee separation actions to Human Resources in a timely manner or retain documentation supporting the collection of employee and contractor accountable items. Additionally, officials could not ensure that they revoked facility access for all separated employees and inactive contractors in a timely manner. In our review of FYs 2019 and 2020 exit processing activities:

“Postal Service officials did not always submit employee separation actions to Human Resources in a timely manner or retain documentation supporting the collection of employee and contractor accountable items.”

- Local officials did not submit documentation for 53 of the 198 (27 percent) randomly selected separations we reviewed to the HRSSC until after the separation effective date. The 53 late separation notifications included 16 career employee separations, and 37 non-career employee separations. Of the 53 separations, 21 were terminations or removals submitted from three and 114 days after the effective date. Local facility management did not comply with policies and procedures requiring submission of separations in a timely manner due to other priorities. As a result, there was a delay in system access terminations that automatically occur after final processing of separation actions.
- Facility management did not always complete and retain documentation of clearance activities – including collection of employee identification badges, building keys, parking permits, and other accountable items – for 207 of the 231 (90 percent) randomly selected employee separations we reviewed. Responsible managers must complete and sign the required clearance

checklist certifying that computer access has been revoked and that identification or building access cards and equipment have been collected for each separating employee. HRSSC's internal policy did not require facility management officials to submit a completed and signed clearance checklist along with other required forms and supporting documentation.

In addition, 97 of the 207 separated employees without a clearance checklist had an active badge as of their effective date of separation in the system for facility access. Local officials designated to issue and collect badges should deactivate them by updating the badge expiration date in the system when employees separate.

- For contractors, Contracting Officer's Representatives did not maintain supporting documentation to confirm that 39 of 57 randomly sampled contractors who became inactive returned Postal Service-furnished property or validate facility access for 41 of 57 contractors was revoked. In addition, 11 of the 41 (27 percent) contractors still had an active badge in the system for facility access as of the date assignment with the Postal Service ended. In these instances, Contracting Officers did not confirm its representatives or designees retained proper clearance documentation.

As a result, the Postal Service had an increased risk that separated employees and inactive contractors could access Postal Service data and facilities without

authorization. In addition, there was an increased risk that accountable items were not returned by separated employees or inactive contractors, potentially leading to loss or misuse of assets and information.

Recommendations

We recommended the Postal Service:

- Establish specific timeframes within which facility managers are required to inform the HRSSC about any separating direct reports and develop and implement a plan to increase compliance with the requirement.
- Update policy to require clearance checklists to be submitted to the HRSSC in addition to the required separation forms and supporting documentation.
- Reiterate to managers and supervisors their responsibility to use clearance checklists for separating employees and submit checklists to HRSSC in a timely manner.
- Conduct periodic checks of Contracting Officer's Representative's contract administration files to ensure they maintain contract documents associated with inactive contractors.
- Deactivate separated employees' and inactive contractors' facility access badges in the system.

Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

April 12, 2021

MEMORANDUM FOR: SIMON M. STOREY
VICE PRESIDENT, HUMAN RESOURCES

MARK A. GUILFOIL
VICE PRESIDENT, SUPPLY MANAGEMENT

GARY R. BARKSDALE
CHIEF POSTAL INSPECTOR

A handwritten signature in black ink, appearing to read "Jason M. Yovich", is positioned below the recipient list.

FROM: Jason M. Yovich
Deputy Assistant Inspector General
for Supply Management and Human Resources

SUBJECT: Audit Report – U.S. Postal Service Exit Processing
(Report Number 20-167-R21)

This report presents the results of our audit of the U.S. Postal Service's Exit Processing.

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

Attachment

cc: Postmaster General
Corporate Audit Response Management

Results

Introduction/Objective

This report presents the results of our self-initiated audit of U.S. Postal Service Exit Processing (Project Number 20-167). Our objective was to assess exit processing procedures and determine whether managers revoked facility access for separated employees and inactive contractors in a timely manner. See [Appendix A](#) for additional information about this audit.

Background

Employee Separation Process

Exit processing refers to procedures followed when a Postal Service employee ends their employment with the Postal Service. Generally, the separating employee's manager submits documentation related to separation actions and the Human Resources Shared Service Center (HRSSC)¹ processes them. Procedures vary depending on the employee type (e.g., career or non-career)² and the reason for the separation.

Separations should be handled correctly and timely. For both voluntary and involuntary separations of career employees, the applicable manager or local Human Resources (HR) official must submit to the HRSSC the required

separation form and any supporting documentation, such as the letter of resignation. In the case of non-career employees in which the separation is not due to death, the manager processes the separation through eHRSSC Forms.³ Once the separation action documentation is submitted, HRSSC processes the Postal Service (PS) Form 50, Notification of Personnel Action, to change the employee's status to separated.

For retirements, the employee initiates the process directly with the HRSSC by communicating his or her plans to retire. The HRSSC then processes the retirement and notifies the employee's manager once the processing is complete. See [Figure 1](#) for a flow chart depicting the exit process.

For all separations and retirements, the manager must collect all accountable items, revoke facility access, and suspend computer access via the eAccess system⁴ on the employee's last day of work. Employees should not have access to information technology (IT) systems after their last day of work. In cases of involuntary or adverse separations, the manager must take additional measures, such as immediately suspending and taking steps to terminate the employee's system and facility access. Postal Service officials at every level of the organization have a responsibility to ensure system and facility access are properly terminated for separating employees.

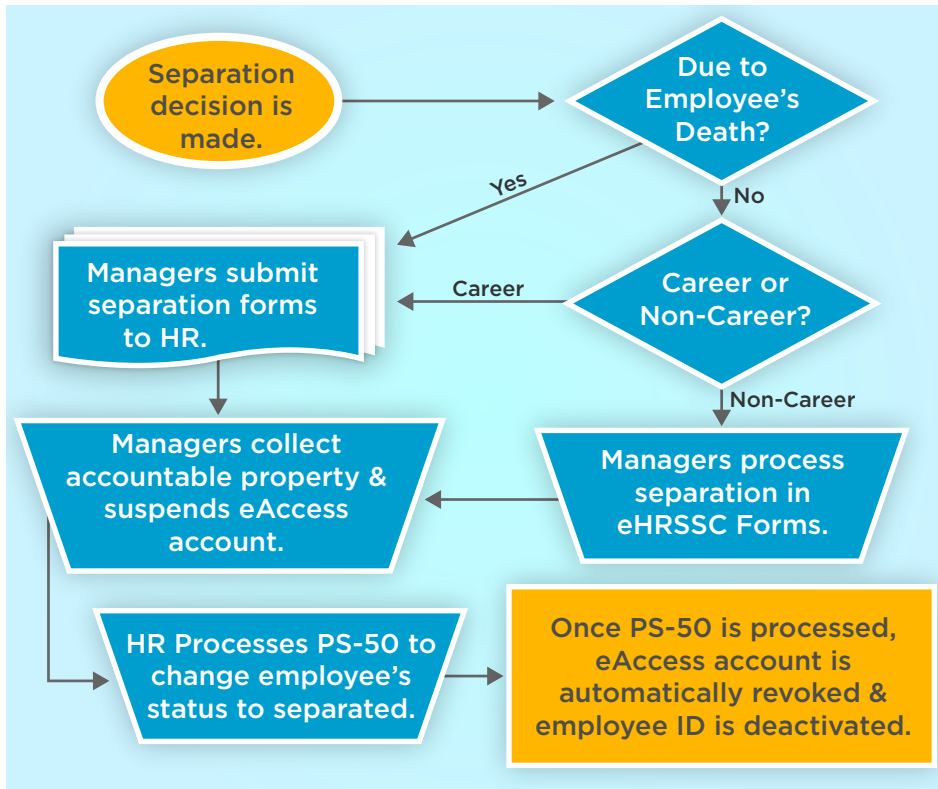
¹ The national processing center for personnel activities including benefits, compensation, retirements, and separations. The HRSSC is in Greensboro, NC.

² Career employees receive full employee benefits. Non-career employees are temporary workers who do not receive full employee benefits, such as postal support employees, city carrier assistants, and rural carrier associates.

³ eHRSSC Forms is an online application for completing HR personnel actions such as position creation and non-career employee separations.

⁴ eAccess is used to request and approve access to Postal Service applications and enables approvers to manage the access authorization privileges of users.

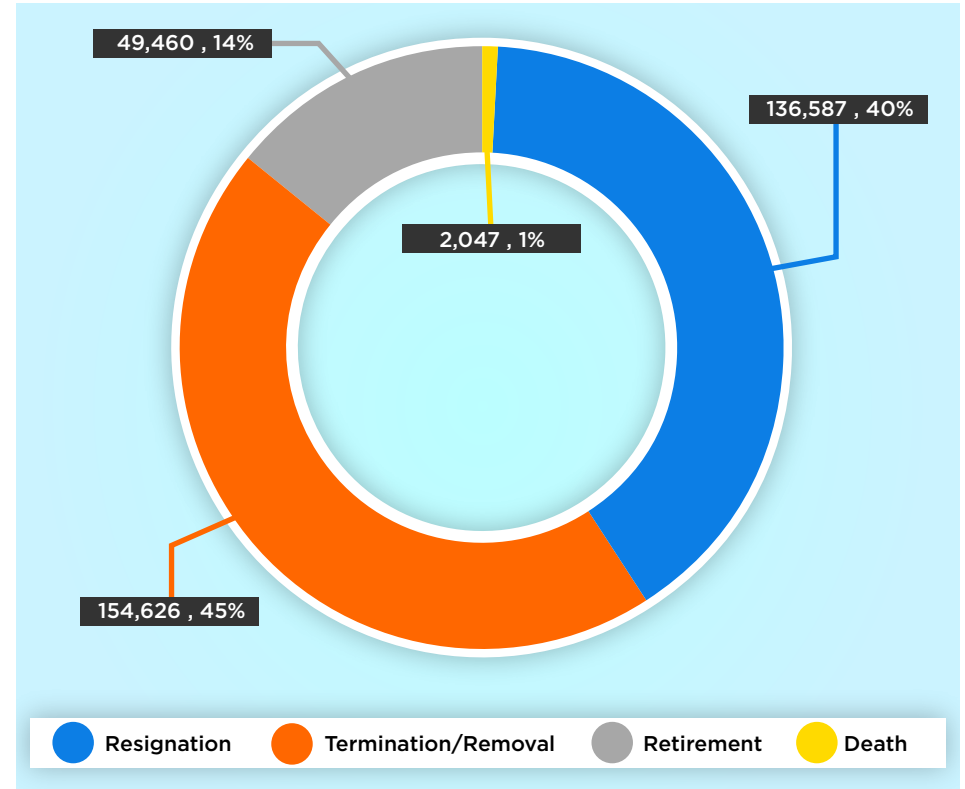
Figure 1. Postal Service Employee Exit Process



Source: Postal Service policy and U.S. Postal Service Office of Inspector General (OIG) analysis. ⁵

The Postal Service processed 342,720 employee separation actions during fiscal years (FY) 2019 and 2020, which included resignations, terminations or removals, retirements, and deaths (see Figure 2).

Figure 2. Separations by Category, FYs 2019 and 2020



Source: Postal Service Human Capital Enterprise System (HCES)⁶ and OIG analysis.

⁵ USPS Former Employee User Deficiency Summary Memorandum (October 11, 2019); Chief Human Resources Officer Memorandum (November 15, 2019); Interview with Director, National Human Resources (June 30, 2020); HRSSC website.

⁶ An HR system that supports employees' HR needs.

Contractor Separation Process

The Contracting Officer's Representative (COR) is responsible for granting and monitoring system access for contractors.⁷ As part of the closeout/exit process for a contractor who becomes inactive, COs and CORs are responsible for verifying all account privileges are removed. Additionally, the CO and COR are responsible for documenting the return of all property or equipment⁸ and ensuring that facility access is removed. The CO maintains record of all issued and returned property. There were 6,500 contractors who became inactive during FYs 2019 and 2020.

“There were 6,500 contractors who became inactive during FYs 2019 and 2020.”

In FY 2019, the independent auditor's report on the Postal Service's internal controls over financial reporting disclosed a significant control deficiency related to the timely revocation of finance systems' access when employees separated. Postal Service management conducted quarterly testing to assess the impact of that deficiency and implemented additional controls to ensure timely revocation of system access. The independent auditor concluded that the Postal Service remediated this significant deficiency as of September 30, 2020. As a result of the Postal Service's internal control testing and related remediation, we did not evaluate separated employees' and inactive contractors' system access as part of this audit.

Finding #1: Separation Actions Submitted to the Human Resources Shared Service Center

Postal Service officials did not always submit documentation for employee separation actions in a timely manner. As a result, there was a delay in computer system access terminations that automatically occur after final processing of separation actions occurs, increasing the risk that separated employees could access Postal Service facilities without authorization. In addition, a delay in processing separation actions limits the ability to hire new employees.

“We found that local officials did not submit documentation for 53 of the 198 (27 percent) randomly selected separations we reviewed in a timely manner.”

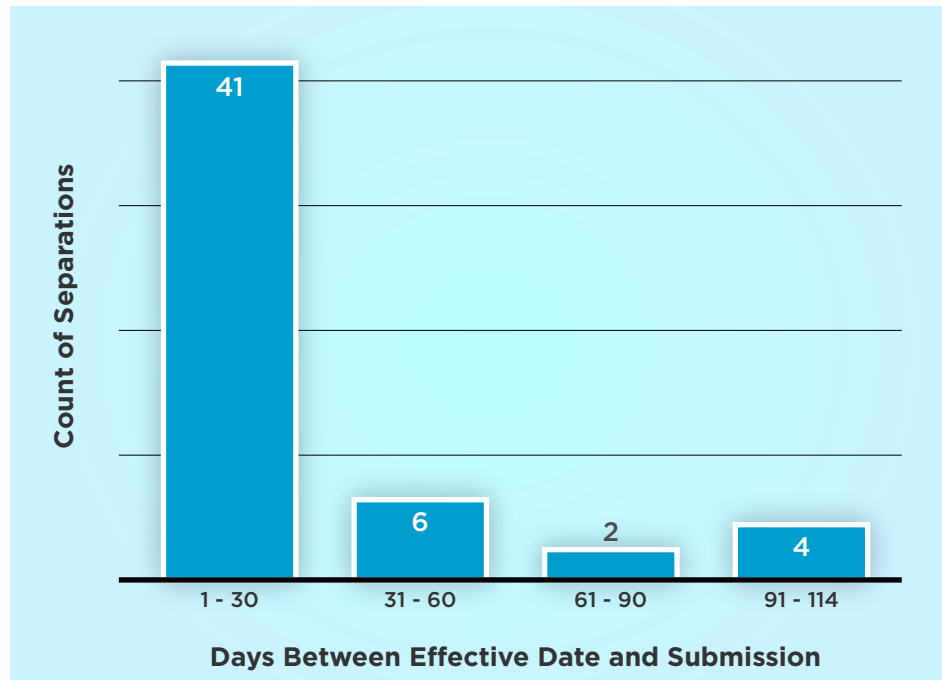
We found that local officials did not submit documentation for 53 of the 198 (27 percent) randomly selected separations we reviewed in a timely manner.⁹ Of those 53 separations, 41 (77 percent) received by the HRSSC or submitted in eHRSSC Forms occurred between one and 30 days after the effective separation date. The HRSSC received documentation for one of the career employee removals 114 days after the effective separation date (see Figure 3). The revocation of system access for those employees was delayed, as system access is automatically revoked when separation actions are processed.

⁷ CORs represent the contracting officer (CO) in dealings with a supplier. A COR is delegated responsibilities and duties and is authorized to take action regarding the administration of the actual awarded contract.

⁸ Includes employee identification, computers, laptops, cell phones, and other valuable portable equipment.

⁹ We reviewed a total of 231 separations for FYs 2019 and 2020. However, we excluded from this analysis the 33 separations that were retirements, because employees submit their retirement packages directly to the HRSSC.

Figure 3. Delayed Separation Action Submissions



Source: HRSSC records and OIG analysis.

The 53 delayed notifications of separations (see Table 1) included 16 (30 percent) career employee separations submitted to the HRSSC anywhere from 10 to 114 days after the effective date of separation. In addition, 37 (70 percent) non-career employee separations submitted in eHRSSC Forms ranged from one to 92 days after the effective date of the separation.¹⁰ Of the 53 separations, 21 included terminations or removals that were submitted between three and 114 days after the effective date. The terminations or removals included such actions as career removals, involuntary separations for disability, and non-career terminations.

¹⁰ Although the HRSSC processes the action to change the employee’s status to separated, the source of information provided to the HRSSC is different for career and non-career employees. For career employees, the separating employee’s manager submits documentation related to separation actions to the HRSSC; for non-career employees, the employee’s manager enters the separation information through eHRSSC Forms.

¹¹ Chief Human Resources Officer Memorandum titled *UPDATE – Processing Employees Who Separate or On Extended Leave Without Pay*, dated June 30, 2020.

Table 1. Delayed Separation Submissions by Employee Type

Employee Type	Resignations	Terminations/Removals	Total
Career	5	11	16
Non-Career	27	10	37
Total	32	21	53

Source: OIG analysis.

Managers must inform the HRSSC about any direct reports who are separating, either voluntarily or involuntarily. Headquarters management recently reiterated the criticality of handling this process correctly and timely.¹¹

Local facility management were not in compliance with policies and procedures that require submission of separations in a timely manner due to other priorities. In addition, applicable policies do not include a specific timeframe within which documentation for separation actions must be submitted, which we believe likely contributed to the submission delays.

When a separation action is processed in the HCES, the system triggers a process that automatically revokes the employee’s access to the network and systems. As a result, a delay in the submission of separation action documents leads to a delay in the automatic revocation of computer and

“As a result, a delay in the submission of separation action documents leads to a delay in the automatic revocation of computer and system access, which increases the risk of unauthorized access to Postal Service data and facilities.”

system access, which increases the risk of unauthorized access to Postal Service data and facilities.

Delays in submitting separation actions could also affect complement. Specifically, collective bargaining rules limit non-career employee positions to 15 or 20 percent of career craft positions. When a district or site reaches its maximum complement and does not remove separated employees from the payroll, the system does not update to reflect a vacancy and managers cannot hire replacements.

Recommendation #1:

We recommend the **Vice President, Human Resources**, establish specific timeframes within which facility managers are required to inform the Human Resources Shared Service Center about any direct reports separating and develop and implement a plan to increase compliance with the requirement.

Finding #2: Access Badges and Accountable Items Collection

Facility management did not always maintain documentation of clearance activities – including collection of employee identification badges, building keys, parking permits, and other accountable items – when employees separated.

During FYs 2019 and 2020, facility management officials handling 207 of the 231 (90 percent) randomly selected employee separations we reviewed did not complete and retain required standard clearance checklists¹² or any alternate documentation of clearance activities. Ninety-seven of 207 separated employees without a clearance checklist had an active badge as of their effective date of separation, based on the badge expiration dates shown in electronic Physical Access Control System (ePACS) records.¹³ Local officials designated to issue and collect badges should deactivate them by updating the badge expiration date when employees separate. Those 97 employees had been assigned

ePACS badges where the expiration date was beyond the effective date of their separation.

“Ninety-seven of 207 separated employees without a clearance checklist had an active badge as of their effective date of separation, based on the badge expiration dates shown in electronic Physical Access Control System (ePACS) records.”

We also found that nine of the 24 completed standard clearance checklists appeared to have been completed after the separation was processed. For example, facility management officials completed six standard checklists for separations that occurred during FY 2019 on an updated checklist version dated March 2020. Further, only one of the 24 clearance checklists completed was scanned into the applicable electronic Official Personnel Folder (eOPF).¹⁴

Responsible managers must complete and sign the required clearance checklist certifying that computer access has been revoked and that identification or building access cards and IT equipment have been collected for each separating employee.¹⁵ These items include employee identification badges, building keys, parking permits, and other accountable items. According to checklist instructions, the completed clearance checklists should be scanned into the applicable eOPF. Local HR officials must send applicable hard copy documents to the HRSSC for scanning into the eOPF.¹⁶

This occurred because HRSSC policy did not require officials who submitted documentation for separations to submit a completed and signed clearance checklist along with other required forms and supporting documentation. In addition, the HRSSC's internal Postal Service website identifies the clearance

¹² Clearance checklists include PS Form 337, Clearance Record for Separated Employee, and PS Form 292, Headquarters Clearance Checklist.

¹³ ePACS provides centralized management and oversight of building access, including card readers and door strikes.

¹⁴ The electronic version of the paper OPF which combines document management with workflow capabilities. The system allows each employee to have an electronic personnel folder instead of a paper folder.

¹⁵ Chief Human Resources Officer Memorandum titled *UPDATE – Processing Employees Who Separate or On Extended Leave Without Pay*, dated June 30, 2020.

¹⁶ Completion instructions on the PS Form 337 indicate that the completed form should be filed in the eOPF.

checklists as forms related to the separation process but does not indicate that they must be submitted with other required forms and documents. Some facility officials did not complete the clearance checklist because they were not aware of the requirement or they believed the checklist was not necessary for employees who only had identification badges and no other accountable items. Clarity in describing that clearance checklists should be submitted to HRSSC would help ensure that facility officials include the checklists in an employee's eOPF.

Although responsible officials must ensure separating employees return all accountable items and other computer-related equipment,¹⁷ we were unable to verify whether badges and other accountable items were retrieved or whether there were any accountable items at all. In addition, Postal Service management stated there is not a comprehensive accountable property system that tracks all of the individual items on the clearance checklist. It is imperative that managers certify on the completed clearance checklist that either there were no accountable items (other than the access badge) or there were accountable items that were collected. When responsible facility management officials do not document the collection of accountable items upon employee separation, there is an increased risk that these items will not be collected and/or destroyed, increasing the risk of unauthorized facility access or loss or misuse of assets and information.

Recommendation #2:

We recommend the **Vice President, Human Resources**, update policy to require clearance checklists to be submitted to the Human Resources Shared Service Center in addition to the other required separation forms and supporting documentation.

Recommendation #3:

We recommend the **Vice President, Human Resources**, reiterate to all managers and supervisors their responsibility to use the clearance checklists for separating employees and to submit the checklists to the Human Resources Shared Service Center in a timely manner.

Recommendation #4:

We recommend the **Chief Postal Inspector**, in coordination with **applicable vice presidents**, deactivate the badges in the electronic Physical Access Control System where the expiration date was beyond the effective date for separated employees.

Finding #3: Clearance Procedures for Inactive Contractors

Postal Service CORs could not ensure that contractors' access to facilities or systems was timely and adequately revoked after no longer performing under the contract, or that Postal Service-furnished property was returned after removal. We randomly sampled the records of 37 contractors who became inactive from FY 2019 and 20 from FY 2020. When we requested information from the CORs assigned in the Contracting Authoring and Management System (CAMS)¹⁸ as being responsible for the inactive contractors' removal actions to substantiate whether they completed the following actions, the CORs did not always provide documentation to support the following:

“Postal Service CORs could not ensure that contractors' access to facilities or systems was timely and adequately revoked after no longer performing under the contract, or that Postal Service-furnished property was returned after removal.”

- Return of Postal Service-furnished property for 39 of 57 contractors (68 percent).
- Revocation of facility access for 41 of 57 contractors (72 percent). Eleven of the 41 (27 percent) had active badges as of the date assignment with the Postal Service ended, based on the badge expiration dates in ePACS.

¹⁷ Handbook AS-805, *Information Security*, Sections 6-6.1 – 6-6.3.

¹⁸ Used by Supply Management personnel to facilitate the solicitation, award, and administration of supplies, services, and transportation contracts.

The CO delegates the COR the authority and duty to:

- Maintain a contract administration file including, but not limited to, a copy of the COR Letter of Appointment and administrative closeout procedures, including transition of COR delegation. The COR uses the file to maintain documentation and records associated with the contract, contractor, CO, and COR.
- Request, manage, and revoke any access to Postal Service systems through eAccess or other processes given to supplier personnel.
- Coordinate with the CO to ensure that any necessary Postal Service-furnished property is given to appropriate supplier personnel during contract performance, and is properly returned or, as authorized, disposed of upon completion or termination of the contract.
- Promptly notify the CO of any changes that would affect the COR appointment, such as reassignment, resignation, or retirement and turn over all records pertaining to the contract to the successor COR if the predecessor COR designation is terminated for any reason.¹⁹

Per Postal Service policy,²⁰ when personnel leave, the individual's manager, supervisor, or company official (for contractors/suppliers) must ensure that personnel return all accountable items (including keys, access cards, mobile computing devices, and other computer-related equipment). Additionally, these officials must ensure that building and systems access authorizations for these individuals are terminated. The Postal Service is required to retrieve and deactivate facility badges once an employee separates or is terminated.

These conditions occurred because Postal Service officials did not always maintain adequate oversight of its CORs or designees to ensure proper procedures were carried out when contractors' services ended. Specifically, there were no assurances as to whether the current COR of record possessed or maintained appropriate documentation in the contract administration COR file to substantiate the revocation of access to Postal Service systems and facilities, or

the return of Postal Service-furnished property of inactive contractors. Additionally, in some instances, there was no indication as to whether the predecessor COR, if applicable, transferred the file to the successor (current) COR.

We were unable to verify whether all badges and accountable items were retrieved or whether there were any accountable items at all, because, based on Postal Service management, there is not a comprehensive accountable property system that tracks all of the individual items assigned to a contractor. Without periodic oversight of COR responsibilities to ensure that documentation and retention of administrative closeout procedures for contractors are followed, there is an increased risk of unauthorized access to facility and systems, loss or misuse of assets, and to the safety and security of Postal Service personnel.

Recommendation #5:

We recommend the **Vice President, Supply Management**, conduct periodic reviews of the Contracting Officer's Representative's contract administration files to ensure they maintain contract documents associated with inactive contractors.

Recommendation #6:

We recommend the **Chief Postal Inspector**, in coordination with **applicable vice presidents**, deactivate the badges for inactive contractors.

Management's Comments

Management agreed with all the findings and recommendations in this report.

Regarding recommendation 1, management stated they will update and reissue a previous memorandum²¹ that will include a specific requirement to inform HRSSC about separations by the next business day after notification of the separation. HR will also continue to work with Postal Service operations personnel to address this recommendation. The target implementation date is April 30, 2021.

Regarding recommendation 2, management stated that they published updated clearance checklists during FY 2020. Additionally, the Postal Service developed

¹⁹ COR Letter of Appointment; Items 8, 9, 13, and 14.

²⁰ Handbook AS-805, Section 6-6.1 – Routine Separations.

²¹ *Processing Employees Who Separate or On Extended Leave*, dated June 30, 2020.

a new application called the Employee Management Tool (EMT). The EMT application allows for electronic completion and submission of the clearance checklists and automatically includes them in the separating employee's eOPF. The EMT application is currently available and in use. Management will update and reissue the previous memorandum²¹ to inform appropriate personnel of the updated process. The target implementation date is April 30, 2021.

Regarding recommendation 3, management will issue an addendum to the previous memorandum²¹ that reiterates management's responsibility to use the clearance checklists and timely submit them using the EMT application. The target implementation date is April 30, 2021.

Regarding recommendations 4 and 6, the Chief Postal Inspector will issue a memorandum to ensure coordination and consistency in the ePACS badge deactivation process. The U.S. Postal Inspection Service will obtain reports of separated employees and/or contractors to conduct a quarterly review to identify badges with an expiration date beyond the effective date of separation. The target implementation date is June 30, 2021.

Regarding recommendation 5, management will periodically review a sample of contracts to ensure they contain documentation concerning inactive contractors' system access revocation and collection of property, including facility access

badges, furnished by the Postal Service. The target implementation date is December 31, 2021.

Management added that information in the report misstates the COs' role regarding verification that account privileges and facility access are removed and Postal Service property is returned. Management stated that COs have no direct control over these actions, which are performed outside the Supply Management organization.

See [Appendix B](#) for management's comments in their entirety.

Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendations in the report. Regarding management's assertion that COs are not directly responsible for verifying that account privileges and facility access are removed and ensuring that Postal Service property is returned, COs are responsible for carrying out management of the contract and delegating the day-to-day management of contracts to other individuals, specifically CORs.

All recommendations require OIG concurrence before closure. The OIG requests written confirmation when corrective actions are completed. Recommendations 1 through 6 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 below to navigate to the section content.

Appendix A: Additional Information.....	13
Objective, Scope, and Methodology	13
Prior Audit Coverage.....	14
Appendix B: Management’s Comments.....	15

Appendix A: Additional Information

Objective, Scope, and Methodology

The scope of our audit included separated employees and inactive contractors during FYs 2019 and 2020. Specifically, we focused on the timely and accurate submission of employee separation actions to HR, documentation of clearance (for example, collection of property, keys, and badges), and facility access revocation. Because of the independent auditor and Postal Service management testing results and remediation efforts related to employees and contractor IT system access, we did not conduct testing regarding system access revocation as our audit work would have yielded similar results.

To accomplish our objective, we:

- Evaluated the process flow of the Postal Service employee exit process to identify potential control weaknesses.
- Obtained and analyzed Postal Service data on FY 2019 and FY 2020 employee separations and inactive contractors.
- Obtained and analyzed Postal Service facility access data.
- Reviewed Postal Service manuals, handbooks, and other relevant documentation regarding the clearance and processing of employee separations and inactive contractors.
- Interviewed applicable headquarters, including Inspection Service officials regarding their role in the separation process and IT personnel regarding system controls.
- Designed stratified random samples consisting of 198 FY 2019 employee separation actions and 33 FY 2020 actions to test compliance with employee exit process policies and procedures.²²

- Designed simple random samples consisting of 37 FY 2019 contractor terminations and 20 FY 2020 terminations, to test compliance with contractor exit processing policies and procedures.²³
- Obtained and analyzed relevant exit processing documentation and training records.
- Reviewed ePACS active badge records.

We conducted this performance audit from June 2020 through April 2021 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 on March 16, 2021, and included their comments where appropriate.

We assessed the reliability of employee separation data extracted by Postal Service officials from HCES by reviewing relevant documentation regarding system controls. In addition, we reviewed key fields to determine whether the data contained blank fields or duplicate records, and we traced these fields to the corresponding PS Form 50 key fields from a random sample of records. Further, we compared a judgmental sample of separation actions from the Web Complement Information System²⁴ to HCES records to determine whether all applicable separations were included in the HCES. We also assessed the reliability of contractor termination data extracted by Postal Service officials from eAccess by reviewing the details of the data query used to extract the data. Finally, we reviewed key fields to determine whether the data contained blank

²² We designed a comparatively smaller “spot check” sample for FY 2020, assuming the results of our testing would be similar to FY 2019.

²³ We selected a smaller number of FY 2020 contractor termination records, assuming the results of our testing would be similar to FY 2019.

²⁴ A web-based tool for managing and tracking complement that provides easy access to information about employees and their work assignments.

fields or duplicate records. We determined that the employee separation data and the contractor termination data were sufficiently reliable for the purposes of this report.

Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date	Monetary Impact
<i>Effectiveness of the Postal Service's Efforts to Reduce Non-Career Employee Turnover</i>	Assess the Postal Service's effectiveness in reducing non-career employee turnover and evaluate underlying reasons for non-career employee turnover.	19POG001SAT000-R20	2/12/2020	\$13,728,271
<i>Physical and Environmental Controls Site Security Review - Summary Report</i>	Identify and summarize findings and recommendations in four issued area physical and environmental controls site security reports.	IT-AR-19-004	8/15/2019	None
<i>National Security Clearance Program</i>	Determine whether controls are in place to effectively manage the Inspection Service's national security clearance processes and safeguard personally identifiable information.	OV-AR-19-001	6/18/2019	\$473,761

Appendix B: Management's Comments



April 5, 2021

JOSEPH WOLSKI
DIRECTOR, AUDIT OPERATIONS

SUBJECT: U.S. Postal Service Exit Processing Project Number 20-167-DRAFT

Thank you for the opportunity to review and respond to the subject OIG audit report. The Postal Service agrees with the findings in the report and agrees to reiterate existing policy surrounding proper separation processes and develop control measures to ensure responsible managers complete and sign the required clearance checklists.

In the background section of the report under "Contractor Separation Process" (p. 3), the OIG has stated that both the contracting officer (CO) and contracting officer's representative (COR) are responsible for activities associated with verifying that account privileges are removed, Postal Service property is returned, and facility access is removed. This information misstates the CO's role because responsibility is solely with the COR to perform these activities. The CO's role is to assign these necessary procedures, but the assignment does not make them responsible for actions over which they have no direct control and that are performed outside the Supply Management organization.

The Postal Service generally agrees with the recommendations and has addressed each separately below.

Recommendation #1: We recommend the **Vice President, Human Resources**, establish specific timeframes within which facility managers are required to inform the Human Resources Shared Service Center about any direct reports separating and develop and implement a plan to increase compliance with the requirement.

Management Response/Action Plan: Management agrees with the recommendation. The Chief Human Resources Officer reiterated management's obligations regarding timely processing of employee separation actions in the memorandum, *Processing Employees Who Separate or On Extended Leave*, dated November 15, 2019, and updated and reissued on June 30, 2020. That memorandum will be updated and reissued no later than April 30, 2021 to include the requirement that managers and supervisors must inform the Human Resources Shared Service Center about any direct reports separating no later than the next business day after notification of the employee's separation effective date. Human Resources will continue to work with our operations partners to address this recommendation.

Target Implementation Date: April 30, 2021

Responsible Official: Vice President, Human Resources

Recommendation #2: We recommend the **Vice President, Human Resources**, update policy to require clearance checklists to be submitted to the Human Resources Shared Service Center in addition to the other required separation forms and supporting documentation.

Management Response/Action Plan: Management agrees with the recommendation. As noted above and restated here, the Chief Human Resources Officer reiterated management's obligations regarding timely processing of employee separation actions in the memorandum, *Processing Employees Who Separate or On Extended Leave*, dated November 15, 2019, and updated and reissued on June 30, 2020. That memorandum will be updated and reissued no later than April 30, 2021. Human Resources has updated the clearance checklists, PS Form 337, *Clearance Record for Separated Employee*, and PS Form 292, *Headquarters Clearance Checklist*, which were published in February 2020 and March 2020, respectively. Additionally, the Postal Service developed a new application – Employee Management Tool (EMT) – currently available and in use, which allows for electronic completion and submission of the required clearance checklists. The EMT ensures completed forms are auto included in the employee's electronic Official Personal Folder (eOPF) once all accountable items have been cleared.

Target Implementation Date: April 30, 2021

Responsible Official: Vice President, Human Resources

Recommendation #3: We recommend the **Vice President, Human Resources**, reiterate to all managers and supervisors their responsibility to use the clearance checklists for separating employees and to submit the checklists to the Human Resources Shared Service Center in a timely manner.

Management Response/Action Plan: Management agrees with the recommendation. As noted above and restated here, the Chief Human Resources Officer reiterated management's obligations regarding timely processing of employee separation actions in the memorandum, *Processing Employees Who Separate or On Extended Leave*, dated November 15, 2019, and updated and reissued on June 30, 2020. That memorandum will be updated and reissued no later than April 30, 2021. Additionally, the Vice President, Human Resources, will issue an addendum to the Chief Human Resources Officer memorandum reiterating management's responsibilities to use the clearance checklists for separating employees and to submit the checklists in a timely manner through use of the EMT application or manual submission. This addendum will be issued no later than April 30, 2021.

Target Implementation Date: April 30, 2021

Responsible Official: Vice President, Human Resources

Recommendation #4: We recommend the **Chief Postal Inspector**, in coordination with applicable vice presidents, deactivate the badges in the electronic Physical Access Control System where the expiration date was beyond the effective date for separated employees.

Management Response/Action Plan: Management agrees with the recommendation. A memorandum will be issued by the Chief Postal Inspector to the applicable vice presidents to ensure coordination and consistency in the deactivation process. We will obtain reports of separated employees and/or contractors to conduct a quarterly sampling review of the electronic Physical Access Control System to identify badges with an expiration date that is beyond the effective date for separated employees.

Target Implementation Date: June 30, 2021

Responsible Official: Chief Postal Inspector

Recommendation #5: We recommend the **Vice President, Supply Management**, conduct periodic reviews of the Contracting Officer's Representative's contract administration files to ensure they maintain contract documents associated with inactive contractors.

Management Response/Action Plan: Management agrees with the recommendation. Postal Service procedures currently require CORs to maintain documents in the COR file which pertain to the revocation of system access and management and return of Postal Service property as required under the COR Letter of Appointment. Management will conduct a periodic compliance review of a sample of contracts to ensure they contain documentation concerning system access revocation for inactive supplier employees and the management of Postal Service furnished property inclusive of facility access badges or security devices required for supplier performance.

Target Implementation Date: December 31, 2021

Responsible Official: Manager, Supply Management Infrastructure, Supply Management

Recommendation #6: We recommend the **Chief Postal Inspector**, in coordination with applicable vice presidents, deactivate the badges for inactive contractors.

Management Response/Action Plan: Management agrees with the recommendation. A memorandum will be issued by the Chief Postal Inspector to the applicable vice presidents to ensure coordination and consistency in the deactivation process for badges of inactive contractors.

Target Implementation Date: June 30, 2021

Responsible Official: Chief Postal Inspector

- 4 -




04/05/2021

Simon M. Storey, Vice President, Human Resources

E-SIGNED by Martin Petrey
on 2021-04-02 15:17:48 CDT

Martin R. Petrey, (A) Vice President, Supply Management



04/05/21

Gary R. Barksdale, Chief Postal Inspector

OFFICE OF
**INSPECTOR
GENERAL**
UNITED STATES POSTAL SERVICE

Contact us via our [Hotline](#) and [FOIA](#) forms.
Follow us on social networks.
Stay informed.

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

For media inquiries, please email
press@uspsoig.gov or call 703-248-2100