

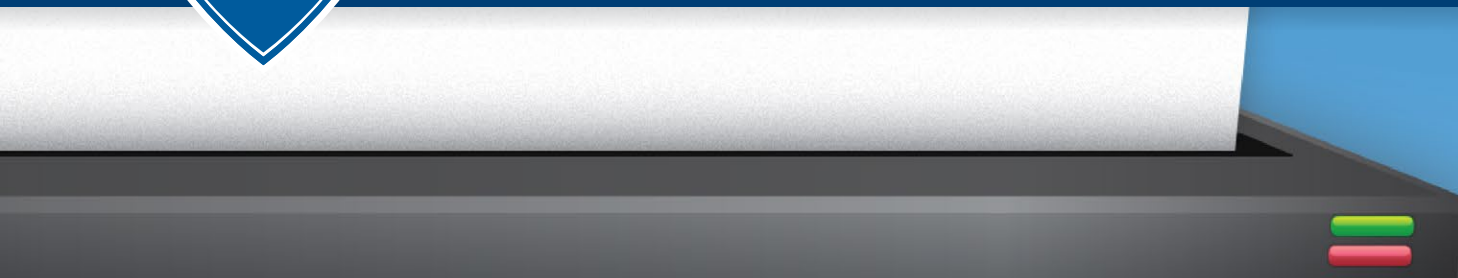


Office of Inspector General | United States Postal Service

Audit Report

The Postal Service's Secure Destruction Program

Report Number 21-025-R21 | July 23, 2021



**SECURE
DESTRUCTION**

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Highlights

Objective

Our objective was to assess the effectiveness of the U.S. Postal Service's Secure Destruction program.

The Secure Destruction program is one of the Postal Service's key environmental sustainability initiatives. The Postal Service developed the program with commercial mailers (mailers) in 2014 to facilitate more efficient, secure, and environmentally responsible handling of undeliverable as addressed (UAA) mail. This mail could not be delivered for reasons including illegible addresses, individuals or businesses which have moved, or unknown addressees.

The Postal Service reported nearly 5.3 billion pieces of UAA mail in fiscal year (FY) 2020. When UAA mail is identified, it is either forwarded, returned to sender, or treated as waste depending on the mail class and service specifications. Handling this mail cost the Postal Service over \$1.3 billion in FY 2020.

Under the Secure Destruction program, UAA First-Class letters and flats for participating mailers are securely shredded and recycled at designated Postal Service facilities. All other UAA First-Class mailings that cannot be forwarded are returned to the senders, which can be more costly and inconvenient for both the mailers and the Postal Service.

The Postal Service reported Secure Destruction volumes of over 151 million pieces from 143 mailers in FY 2020. The largest participant in FY 2020 was the U.S. Census Bureau, which accounted for over 40 percent of total program volume, followed by the Postal Service with 8 percent of total program volume. Secure Destruction FY 2020 volumes nearly doubled compared to FY 2019 volumes, mostly due to the 2020 census mailings.

The Postal Service provides electronic data to participating mailers daily, showing the mailpieces of theirs that were identified for Secure Destruction. We surveyed program participants on the Secure Destruction program and received limited responses.

Findings

The Postal Service could improve its performance evaluation, communication, and marketing of the Secure Destruction program to enhance the program's effectiveness.

Performance Evaluation

The Postal Service's performance evaluation of this program was limited due to shortcomings in the tracking and reporting across key workhour, revenue, and volume metrics, as follows:

- **Workhours:** Postal Service staff did not accurately record Secure Destruction operational workhours. No workhours were logged at over half (42 of 69) of Secure Destruction facilities in FY 2020 and workhour data that was recorded did not align with processed volumes. For example, a facility that processed 3.5 million pieces in FY 2020 showed only 1.75 workhours. These deficiencies occurred because management and staff did not comply with workhour recording requirements.
- **Revenue:** The Postal Service did not report any revenue generated from the sale of recyclable material from the 151 million pieces in FY 2020. The Postal Service originally projected the program would generate \$2.6 million in revenue over a 10-year period from the sale of the recycled paper. The lack of revenue reporting occurred because the Postal Service did not implement a process for regularly tracking or reporting revenue generated from the recycling of shredded paper resulting from Secure Destruction. During our audit, management provided a revenue estimate of over \$25,000 from Secure Destruction in FY 2020. While we recognize this one-time calculation, regularly tracking program-specific revenue should remain a part of overall performance evaluation.
- **Volume:** The Postal Service does not track the number (volume) of UAA mailpieces removed during the manual verification process at the respective Secure Destruction facilities. This occurred because the Postal Service lacked a standardized process for tracking these rejected pieces. This shortcoming limits the Postal Service's ability to understand the number of pieces removed

during manual verification and the overall effectiveness of these related operations.

Continued deficiencies in tracking and reporting program performance across key workhour, revenue, and volume metrics hinder the Postal Service's ability to accurately evaluate program performance.

Communication

The Postal Service did not always effectively communicate with current program participants. Postal Service officials stated that their communication approach included contacting individual mailers when an issue arose or posting information to the Secure Destruction website.

Our ability to assess the effectiveness of this communication approach by surveying participants was somewhat limited by problems with the accuracy of email addresses. Of the participant email addresses the Postal Service provided, we found some that were non-valid or incorrect. Postal Service officials recognized that participant contact information was outdated and stated that limited resources and competing priorities resulted in the inability to complete annual reviews of this information. Of those who responded to our specific survey question on the Postal Service's program-related communication effectiveness, over half reported a generally positive view, along with some negative results.

We also found the Postal Service did not have a defined communication strategy for periodically reaching out to all program participants to notify them of program performance, issues, challenges, and developments. The lack of a defined, periodic communication strategy for reaching out to all participants and outdated participant contact information hindered participant engagement.

Marketing

The Postal Service did not effectively market or promote the Secure Destruction program. Postal Service officials stated their marketing and promoting initiatives included the Secure Destruction website, a booth at the annual National Postal Forum, and use of operational partners to directly market the program to their clients.

We asked a specific survey question about the effectiveness of the Postal Service's program-related marketing and promotion. Of the 25 who responded to this specific question, only six replied with favorable views of the Postal Service's marketing and promotion of the program, with others providing concerning responses like:

- *"Many of our clients are not aware of this program."*
- *"I have seen no marketing on this."*
- *"USPS needs to do a little more promoting."*

We also contacted seven district Marketing managers across the country as they are officials who could play a key role in localized marketing and promotion efforts about the program. None of them reported a role in promoting the program and two were not aware of the program.

Addressing these performance evaluation, communication, and marketing issues could help capture additional efficiencies and revenue and improve program participation and effectiveness.

Recommendations

We recommended management:

- Ensure staff are complying with Secure Destruction workhour recording requirements.
- Implement a process for regularly tracking and reporting revenue generated from recycling shredded paper from Secure Destruction.
- Evaluate standardizing the process for tracking and reporting on pieces removed during manual verification, including associated benefits and costs.
- Develop a defined communication strategy to periodically contact program participants to notify them of program performance, issues, challenges, and developments; and ensure that annual reviews of participant contact information are completed.
- Develop a comprehensive strategy for marketing and promoting the Secure Destruction program to potential new participants.

Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

July 23, 2021

MEMORANDUM FOR: JENNIFER G. BEIRO-REVEILLE
SENIOR DIRECTOR, ENVIRONMENTAL AFFAIRS AND
CORPORATE SUSTAINABILITY

A handwritten signature in black ink, reading "Amanda H. Stafford", is positioned below the recipient information.

FROM: Amanda H. Stafford
Deputy Assistant Inspector General
for Retail, Delivery and Marketing

SUBJECT: Audit Report – Postal Service Secure Destruction Program
(Report Number 21-025-R21)

This report presents the results of our audit of the U.S. Postal Service's Secure Destruction Program.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Janet Sorensen, Director, Sales, Marketing, and International, 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 the U.S. Postal Service's Secure Destruction program (Project Number 21-025). Our objective was to assess the effectiveness of the Secure Destruction program. See [Appendix A](#) for additional information about this audit.

Background

The U.S. Postal Service reported nearly 5.3 billion pieces of undeliverable as addressed (UAA) mail in fiscal year (FY) 2020. This mail could not be delivered for reasons including illegible addresses, individuals or businesses moving, or unknown or deceased addressees. When UAA mail is identified, it is either forwarded, returned to sender, or treated as waste depending on the mail class and service specifications. The handling of this mail cost the Postal Service over \$1.3 billion in FY 2020.

“The Postal Service developed the Secure Destruction program in 2014 to facilitate more efficient, secure, and environmentally responsible handling of UAA mail.”

The Postal Service developed the Secure Destruction program in 2014 to facilitate more efficient, secure, and environmentally responsible handling of UAA mail, with a focus on reducing return to sender mail.¹ Under this program, UAA First-Class letters and flats for participating commercial mailers (mailers) are securely shredded and recycled at designated Postal Service facilities. All other UAA First-Class mailings that cannot be forwarded are returned to the senders, which can be more costly and inconvenient for both the mailers and the Postal Service.

Mailers must meet Postal Service requirements to participate in the Secure Destruction program.² The Postal Service reported Secure Destruction volumes of over 151 million from 143 mailers in FY 2020 (see Table 1).

Table 1. Secure Destruction Volumes

Fiscal Year	First-Class Letters	First-Class Flats	Totals
2018	58,534,007	24,804	58,558,811
2019	75,904,738	75,272	75,980,010
2020	151,202,194	247,601	151,449,795

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

The largest participant in FY 2020 was the U.S. Census Bureau, which accounted for over 40 percent of total program volume, followed by the Postal Service with 8 percent of total program volume. Secure Destruction FY 2020 volumes nearly doubled compared to FY 2019 volumes, mostly due to the 2020 census mailings. There were 206 mailers enrolled in the program as of April 2021.

UAA mail is typically identified during automated or manual mail processing operations, such as when sorting equipment determines that a change-of-address (COA) is on file or a carrier noticed the intended recipient moved. These pieces are then analyzed and processed using postal automated redirection software. This processing determines how the mailpiece will be handled. For example:

- *Forwarded* – e.g., pieces redirected for delivery to a new respective address.
- *Returned to Sender* – e.g., certain mailings such as tax forms, insurance policies, or other legal documents may need to be returned to the original sender.
- *Sent for Secure Destruction.*

¹ The Secure Destruction program originally included First-Class letters. In 2018 the program added First-Class flats. Postal Service staff stated these two mail classes accounted for a significant portion of return to sender mail in FY 2020 (over 975 million pieces costing over \$394 million).

² Mailers must use the Intelligent Mail barcode for letter and flat-sized automation or nonautomation First-Class Mail and Address Correction Service (ACS).

Postal Automated Redirection Software (PARS) equipment then labels each piece accordingly (Figure 1 shows an example of a Secure Destruction label). The Postal Service provides data to participating mailers showing the mailpieces of theirs that were identified for Secure Destruction from the Postal Service's PARS letters and flats (FPARS) operations.

Figure 1: Example of Secure Destruction Label



Source: U.S. Postal Service.

The Secure Destruction labeled pieces are processed at one of 67 Postal Service facilities equipped to conduct that destruction. Staff manually verify each piece to ensure they qualify for Secure Destruction (i.e., have the Secure Destruction label and meet required criteria) and pieces accepted for Secure Destruction are securely shredded on-site using Postal Service machines (see Figure 2).

Figure 2: Examples of Secure Destruction Verification Label and Shredder



Source: U.S. Postal Service.

Rejected pieces are re-entered into the mail processing stream. The shredded paper is comingled with the mixed paper recyclables at each site and removed by a contracted recycling service.³ The Postal Service provides electronic data to all participating mailers daily that shows where and when each piece was processed for Secure Destruction.

The Secure Destruction program is one of the Postal Service's key environmental sustainability initiatives. The Postal Service estimated the following lifetime program benefits resulting from the over 411 million pieces that were securely destroyed between 2014 and the end of December 2020: \$64.5 million in cost savings; 16,482 metric tons of potential avoided greenhouse gas emissions; and 10,532 metric tons of paper recycled. This program also helps maintain the safety and security of the mail, as many of the pieces that are securely shredded contain privacy protected information. The program is currently managed out of the Postal Service's Sustainability Office and relies on operational staff at processing plants throughout the country.

Finding #1: Performance Evaluation

The Postal Service's performance evaluation of this program was limited due to shortcomings in the tracking and reporting across key workhour, revenue, and volume metrics, as follows:

- **Workhours:** Postal Service staff did not accurately record Secure Destruction operational workhours.⁴ No workhours were logged at over half (42 of 69⁵) of Secure Destruction facilities in FY 2020 and those facilities accounted for over 60 percent of all program volumes. Further, workhour data for some other facilities did not align with processed volumes. For example, a facility that processed

“The Postal Service’s performance evaluation of this program was limited due to shortcomings in the tracking and reporting across key workhour, revenue, and volume metrics.”

³ The recycling contracts include rebates for mixed paper that align with regional recycled paper market rates, less any vendor fees.

⁴ Postal Service employees workhour data is collected and stored in the Time and Attendance Collection System (TACS).

⁵ Postal Service FY 2020 data showed 69 facilities with Secure Destruction volumes and/or workhours. Postal Service officials stated that Secure Destruction operations were occurring at 67 facilities in May 2021.

3.5 million pieces showed only 1.75 workhours. These deficiencies occurred because management and staff were not complying with workhour recording requirements. Employees were either not manually entering applicable workhours (i.e., not swiping their timecard and entering the corresponding Secure Destruction operation number) or, in the case of the facility that recorded only 1.75 hours in FY 2020, employees could not log their applicable hours because Secure Destruction workhour operation numbers were not activated in TACS.

- **Revenue:** The Postal Service did not report any revenue generated from rebates received for Secure Destruction-generated recyclable paper in FY 2020. This occurred because the Postal Service did not implement a process for regularly tracking this revenue. Program managers stated that while they have a process for calculating the Secure Destruction-related revenues, they instead use a separate process for calculating a composite revenue number for all recycled paper nationwide.⁶ Management also stated they do not track specific Secure Destruction-related revenues because they are more focused on the cost-saving aspects of the program rather than revenue generation.

While we acknowledge the importance of cost savings, the lack of revenue recognition runs counter to the original business case for the Secure Destruction program. The projections in the original project funding request⁷ factored in revenue of \$2.6 million over a 10-year period from the sale of the recycled paper.

In mid-May 2021, management provided a revenue contribution estimate of over \$25,000 from Secure Destruction in FY 2020. While we recognize this one-time calculation, regularly tracking program-specific revenues should remain a part of overall performance evaluation.

- **Volume:** The Postal Service does not track the number (volume) of UAA mailpieces removed during the manual verification process at the respective Secure Destruction facilities. This occurred because the Postal Service lacked a standardized process for tracking these rejected pieces.

Postal Service staff acknowledged there was no process for recording or logging these pieces, but that data on these particular pieces could be tracked as part of its Address Correction Service (ACS), which includes a separate ACS data file on all UAA pieces sent daily to participating Secure Destruction mailers. While we acknowledge this option, the Postal Service currently does not conduct this detailed analysis. This shortcoming limits the Postal Service's ability to understand the number of pieces removed during manual verification and the overall effectiveness of these related operations. Going forward, it would be useful to evaluate standardizing the process for tracking and reporting on the pieces removed during manual verification, including associated benefits and costs.

Continued deficiencies in tracking and reporting Secure Destruction program performance across key workhour, revenue, and volume metrics hinder the Postal Service's ability to accurately evaluate program performance.

Recommendation #1

We recommend the **Senior Director, Environmental Affairs and Corporate Sustainability** ensure staff are complying with Secure Destruction workhour recording requirements.

Recommendation #2

We recommend the **Senior Director, Environmental Affairs and Corporate Sustainability** implement a process for regularly tracking and reporting revenue generated from recycling shredded paper from Secure Destruction.

Recommendation #3

We recommend the **Senior Director, Environmental Affairs and Corporate Sustainability** evaluate standardizing the process for tracking and reporting on pieces removed during manual verification, including associated benefits and costs.

⁶ This composite revenue data is tracked under the Postal Service's National Recycling Operation and not included in Secure Destruction performance reports.

⁷ U.S. Postal Service *Secure Destruction – Business Case Update*, May 2014. Recent drops in recycled paper market prices have significantly hindered the Postal Service's ability to meet its original revenue target.

Finding #2: Participant Communication

The Postal Service did not always effectively communicate with current program participants. Postal Service officials stated their communication approach included contacting individual mailers when an issue arose or posting information to the Secure Destruction website.

“The Postal Service did not always effectively communicate with current program participants.”

We attempted to capture information on the effectiveness of this communication approach through the use of a survey.⁸ However, this effort was somewhat limited as Postal Service-provided contact information for participants was problematic. Of the 309 unique member email addresses we contacted, 21 came back as not valid (seven of which were the only email address contact for a particular mailer account) and six were incorrect. Postal Service officials recognize that some of its participant contact information was outdated as they did not perform their normal annual reviews due to limited resources and other competing priorities. Going forward, it will be important to perform periodic reviews of the accuracy of participant contact information as contact points sometimes change jobs, roles, or email addresses.

The 13 percent survey response rate across all unique mailers may also indicate that some of the contact information was outdated or inaccurate. The responses on the specific question related to the effectiveness of the Postal Service’s program-related communication⁹ reported a generally positive view, with 58

percent (15 of 26) of respondents replying that this communication was extremely or somewhat effective. There were, however, some concerning responses like:

- *“I get industry alerts and I don’t think I have seen anything specific to secure destruction lately.”*
- *“I have not received any notifications from the Post office since we enrolled.”*

We also found the Postal Service did not have a defined communication strategy for periodically reaching out to all program participants to notify them of program performance, issues, challenges, and developments. The lack of a defined, periodic communication strategy for all participants and outdated participant contact information hindered effective participant engagement and communication. Inaccurate participant information can also limit the ability of current participants to promote the program to non-participating mailers.

Recommendation #4

We recommend the **Senior Director, Environmental Affairs and Corporate Sustainability** develop a defined communication strategy to periodically contact program participants to notify them of program performance, issues, challenges, and developments; and ensure that annual reviews of participant contact information are completed.

Finding #3: Marketing and Promotion

The Postal Service did not effectively market or promote the Secure Destruction program. Postal Service officials stated their marketing and promoting initiatives included the Secure Destruction website (see [Figure 3](#)), a booth at the annual National Postal Forum, and the use of operational partners (such as Mail Service Providers¹⁰) to directly market the Secure Destruction program to their clients.

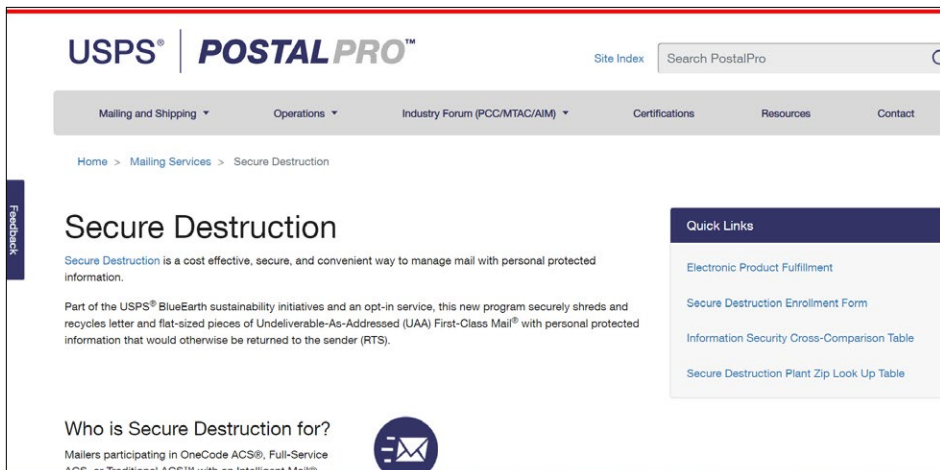
⁸ We asked the Postal Service to provide contact information for all Secure Destruction mailer participants. The list contained 309 email addresses across 216 unique mailers. We subsequently collected an additional six email addresses from our outreach. In total, we sent surveys to 315 email addresses across 216 mailers. We received 28 total responses (25 full and 3 partial), resulting in an overall response rate of 9 percent across all emails (28/315) and 13 percent across all unique mailers (28/216). We found these results sufficient for the purposes of this review as described in [Appendix A](#).

⁹ The specific communication-related question we asked was, “What are your views of the effectiveness of the Postal Service’s Secure Destruction program-related communications and outreach efforts (e.g., PostalPro Secure Destruction resource documents, Mailer Alerts, Industry and MTAC [Mailers’ Technical Advisory Committee] presentations, etc.) to keep you informed of program developments?”

¹⁰ Companies that perform mailing-related services for other companies or organizations that want to use the mail to reach their customers.



Figure 3: Screenshot of Postal Service's Secure Destruction Website



Source: <https://postalpro.usps.com/mailing/secure-destruction>.

We attempted to capture some information on the effectiveness of this ad hoc marketing and promotion approach using our survey data. In our survey of program participants, only six of 25 respondents replied with favorable views of the Postal Service's marketing and promotion of the program,¹¹ with others providing concerning responses like:

- *"Many of our clients are not aware of this program."*
- *"I have seen no marketing on this."*
- *"...USPS needs to do a little more promoting on Secure Destruction. This could benefit a lot of state and local governments."*
- *"...more should be done to promote [Secure Destruction]...I have spoken to a lot of new users who are very interested in using/learning more about the product."*
- *"I really don't hear any postal advertising or 'push' to get more companies involved."*
- *"If the [P]ostal [S]ervice believes in the program and they are having success saving money than they should first do a large marketing campaign."*

We also contacted seven district Marketing managers across the country, as they are officials who could play a key role in localized marketing and promotion of the program.¹² None of them reported a role in promoting the program and two were not aware the program. Furthermore, while Postal Service Secure Destruction program managers stated the program could benefit from a more comprehensive marketing and promotions strategy, they stated marketing campaign funding is most often directed towards revenue generating mail programs, not cost savings programs such as Secure Destruction.

The opportunities identified through our survey and Postal Service outreach reveal issues about the effectiveness of the Postal Service's ad hoc approach for attracting new program participants. These issues occurred because of a lack of a comprehensive strategy for marketing and promoting the program. We estimate

¹¹ The specific marketing-related question we asked was, "What are your overall views of the effectiveness of Postal Service's marketing and promotion of its Secure Destruction program to attract new participants?"

¹² We judgmentally selected seven district Marketing managers for outreach on their awareness and views of the Secure Destruction marketing and promotions efforts. While the reporting structure for those positions was modified during the recent November 2020 Postal Service reorganization, the responsibilities have generally remained the same.

a potential \$134.5 million financial impact between FY 2021-2025 from unrealized cost avoidance and revenue generation based on the lack of a comprehensive marketing and promotion strategy.

In conclusion, the Secure Destruction program is a positive initiative for more efficient, secure, and environmentally responsible handling of UAA mail for mailers and the Postal Service. Addressing these performance evaluation, marketing, and communication issues could help capture additional efficiencies and revenue and expand program participation.

The Postal Service has recently taken positive steps in promoting the program through issuing a May 26, 2021 industry alert titled *USPS Secure Destruction Mail Service Update*; highlighting it at recent regional mailer events; and meeting with prospective mailers.

Recommendation #5

We recommend the **Senior Director, Environmental Affairs and Corporate Sustainability** develop a comprehensive strategy for marketing and promoting the Secure Destruction program to potential new participants.

Management's Comments

Management agreed with the findings, recommendations, and monetary impact presented in the report.

Management emphasized the Secure Destruction program being targeted at the return to sender component of First-Class presort mail generated by bulk business mailers. Also, management noted that the Postal Service incurs over \$394 million in costs each year for processing, transportation, and delivery of this returned mail.

Regarding recommendation 1, management stated they sent two reminders and plan to send quarterly reminders to all Secure Destruction mail processing sites regarding compliance with workhour recording requirements. Management also stated information has been incorporated in the Secure Destruction Mail Verification Standard Operating Procedure and the Shredder Operator training courses.

Regarding recommendation 2, management stated they have integrated revenue tracking into the monthly Secure Destruction performance metrics tracking tool, which includes monthly, year-to-date, and prior year net revenue calculations.

Regarding recommendation 3, management stated they will evaluate the feasibility of standardizing the process for tracking and reporting on pieces removed during the manual verification process, including associated benefits and costs. The target implementation date is January 31, 2022.

Regarding recommendation 4, management stated the National Customer Service Center is issuing annual reminders and is completing follow-up reviews of Secure Destruction mailer contact information. Management's documentation showed they completed outreach to customers as of July 14, 2021.

Regarding recommendation 5, management stated they will coordinate with the Vice President, Marketing, to develop a comprehensive strategy for marketing and promoting Secure Destruction. Management also described a variety of outreach initiatives with mailers over the past few months. The target implementation date is July 29, 2022.

Management also noted that in our calculation of monetary impact, the market rates for mixed paper are gross revenue values which may differ from net revenue, and rebates in future years are unknown.

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. Management provided supporting documentation regarding corrective actions taken on recommendations 1, 2, and 4. We consider these recommendations closed with the issuance of this report.

Recommendations 3 and 5 require OIG concurrence before closure. 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.

We appreciate management's emphasis regarding program eligibility, targets, and monetary impact assumptions. Regarding those assumptions, the supplementary information we previously provided management to support those calculations is not part of the final published report and therefore does not require further clarification.

Appendices

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Appendix A: Additional Information

Objective, Scope, and Methodology

Our objective was to assess the effectiveness of the Postal Service's Secure Destruction program. To accomplish our objective, we:

- Reviewed the Postal Service's Secure Destruction-related policies, procedures, roles, and responsibilities across various functional areas including eligibility, promotion/marketing, operations, communications, performance measurement and evaluation, data collection and transmission, and customer service.
- Analyzed program data on participation and other performance indicators such as volume, workhours, costs, and goals.
- Observed Secure Destruction operations at the Milwaukee (WI), Carol Stream (IL), and Louisville (KY) Processing and Distribution Centers.
- Interviewed Postal Service managers and staff at headquarters and the field about various aspects of the Secure Destruction program.
- Judgmentally selected seven district Marketing managers from across the country for outreach on their awareness of and views on Secure Destruction program marketing and promotions efforts.
- We surveyed 315 program participants for their views on program effectiveness and performance. We received 28 responses — a response rate of 9 percent among all 315 email addresses and 13 percent among the 216 unique mailers. We then reviewed literature from survey research companies to assess the reasonableness of our survey results and found the results to be sufficient for the purposes of this report. The literature included:
 - Delighted, [What is a Good Survey Response Rate for Customer Surveys?](#)
 - Customer Thermometer, [Customer Testimonials for Customer Thermometer](#)
 - GetFeedback, [Everything You Need to Know About Survey Response Rates](#)

- Genroe, [The Complete Guide to Acceptable Survey Response Rates](#)
- Created an Audit Asks blog page to capture insights on program awareness and performance. We received nine postings to the blog.
- Reviewed literature from the paper recycling industry information from sources including:
 - The U.S. Environmental Protection Agency's Office of Resource Conservation and Recovery, [Historical Recycled Commodity Values](#), July 2020
 - Recycling Today, [Working Through the Worst of Times](#), October 22, 2019
 - Resource Recycling, [Paper Prices Spike Across the Country](#), May 20, 2020
 - West Virginia Solid Waste Management Board, [Recycling Commodity Pricing and Markets](#) (data from RecyclingMarkets.net)
- Reviewed past USPS OIG audit work.

We conducted this performance audit from November 2020 through July 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 June 2, 2021 and included their comments where appropriate.

We collected volume data from Postal Service program managers, workhour data from TACS, and participating facility information from the Postal Service's Postal Pro website. We assessed the reliability of workhour and volume data by

reviewing the completeness and reasonableness of the data and interviewing Postal Service officials knowledgeable about the data. We determined the data were sufficiently reliable for the purposes of this report.

Prior Audit Coverage

The OIG did not identify any prior audits or reviews related to the objective of this audit within the last five years.

Appendix B: Management's Comments

JENNIFER G. BEIRO-RÉVELLE
SENIOR DIRECTOR, ENVIRONMENTAL AFFAIRS AND CORPORATE SUSTAINABILITY



July 12, 2021

JOSEPH WOLSKI
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Postal Service Secure Destruction Program
Project Number 21-025-DRAFT
June 25, 2021

Below is our official written response to the OIG Draft Report of the Postal Service's BlueEarth Secure Destruction Mail Service Program.

Executive Summary and Full Report – Objective (page 1)

Comment: The first paragraph in the Background Section of the report is referring to all UAA mail (i.e. 5.3 billion pieces). The SD Mail Service is targeted at reducing the return to sender (RTS) mail component of UAA first class presort mail generated by our bulk business mailers. The actual RTS mail portion of first class presort UAA mail in FY20 was 932,117,000 letters and 43,005,000 flats. To be more on point, a second paragraph should be included to align the scope of the SD Mail Service with volumes of UAA RTS mail it could potentially impact (i.e. first class presort letter and flat mail UAA Mail that is returned to sender rather than all UAA mail in general).

We suggest the following text for a new paragraph:

Within the spectrum of UAA mail, the USPS Secure Destruction mail service is focused in reducing the amount of UAA return to sender (RTS) mail. Return to sender mail is generated primarily from first class letters and flats; a protected class of mail that is returned to the sender for no additional fee when it is undeliverable as addressed. The Postal Service incurs over \$394 million in costs each year for mail processing, transportation, and delivery for RTS First-Class Automation Letter and Flat Mail that cannot be delivered to its original address or forwarded (i.e. 932.1 million letters and 43 million flats in FY20).

Recommendation #1: We recommend the Chief Sustainability Officer ensure staff are complying with Secure Destruction workhour recording requirements.

475 L'ENFANT PLAZA SW ROOM 2717
WASHINGTON, DC 20260-4233

Visit Us @ USPS.COM

Management Response/Action Plan:

We do not dispute this finding and recommendation and have already sent two reminders to all SD Mail Processing sites (in February and June). We will continue to send reminders on a quarterly basis. In addition, this information has been incorporated into the SD Mail Verification SOP and the SD Shredder Operator training courses available in HERO.

Target Implementation Date:

Completed and ongoing

Responsible Official:

Senior Director, Environmental Affairs and Corporate Sustainability

Recommendation #2: We recommend the **Chief Sustainability Officer** implement a process for regularly tracking and reporting revenue generated from recycling shredded paper from Secure Destruction.

Management Response/Action Plan:

We do not dispute this recommendation and have already integrated revenue tracking into our monthly SD performance metrics tracking tool which includes the monthly, YTD and previous year net revenue calculations.

Target Implementation Date:

Completed and ongoing

Responsible Official:

Senior Director, Environmental Affairs and Corporate Sustainability

Recommendation #3: We recommend the **Chief Sustainability Officer** evaluate standardizing the process for tracking and reporting on pieces removed during manual verification, including associated benefits and costs.

Management Response/Action Plan:

We will evaluate the feasibility of standardizing the process for tracking and reporting on pieces removed during manual verification, including associated benefits and costs.

Target Implementation Date:

January 31, 2022

Responsible Official:

Senior Director, Environmental Affairs and Corporate Sustainability

Recommendation #4: We recommend the **Chief Sustainability Officer** develop a defined communication strategy to periodically contact program participants to notify them of program performance, issues, challenges, and developments; and ensure that annual reviews of participant contact information are completed.

Management Response/Action Plan:

We do not dispute this finding and recommendation. The NCSC will issue annual reminders and complete follow-up reviews of SD Mailer contact information. USPS is also currently exploring ways to integrate mailer SD volume data into the Mailer Scorecard.

Target Implementation Date:

Completed and ongoing

Responsible Official:

Senior Director, Environmental Affairs and Corporate Sustainability

Recommendation #5: We recommend the **Chief Sustainability Officer** develop a comprehensive strategy for marketing and promoting the Secure Destruction program to potential new participants.

Management Response/Action Plan:

We do not dispute this finding and recommendation. We will coordinate with the VP Marketing, HQ, regarding the development of a comprehensive strategy for marketing and promoting the SD Mail Service. As information, the following outreach initiatives have taken place over the past few months.

Ongoing Collaboration with SD Mailers via the SD External Stakeholders Team

- April 19th – SD External Stakeholder’s Semi-Annual Meeting/Program Update
- PCC Events (SD Program Overview Presentations)
- 1/7/2021 – National PCC
- 4/28/2021 – Vermont PCC
- 5/13/2021 – San Antonio PCC
- 5/27/2021 – San Diego PCC & Inland Empire

Target Implementation Date:

July 29, 2022

Responsible Official:

Senior Director, Environmental Affairs and Corporate Sustainability

475 L'ENFANT PLAZA, SW ROOM 2717
WASHINGTON, DC 20280-4233

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Monetary Impact Analysis (Addendum)

Table 10: Expected Additional Revenues from the Sale of Recycled Paper, FYs 2015-2025

Comment: PPI market rates for mixed paper are gross values and do not represent net values. USPS contracts in place include haul fees per load, processing fees etc. that have a notable impact on MP net revenue per ton. The average MP net revenue nationwide in FY20 was about [REDACTED] and it varies significantly by state and contract. Our suggestion is to note that this is gross revenue (best case) whereas net revenue may be notably less. Also the rebate rates for the projected years are unknowns and that should be noted.

Please contact me if you require additional information or have questions.



Jennifer Beiro-Réveillé, AIA
Senior Director
Environmental Affairs and Corporate Sustainability

cc:

[REDACTED]
Sally K. Haring, Manager, Corporate Audit Response Management, USPS

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