



Office of Inspector General | United States Postal Service

Audit Report

U.S. Postal Inspection Service's Prosegur Contract

Report Number 21-265-R22 | August 4, 2022



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Highlights

Background

The U.S. Postal Inspection Service is responsible for ensuring the safety and security of postal employees, postal facilities, and the mail.

The Postal Inspection Service has contracted with Prosegur Services Group Inc. to provide personnel, such as dispatchers, at the National Law Enforcement Communication Centers (NLECC) and security guards at postal facilities in approximately 57 locations nationwide.

What We Did

Our objective was to assess the compliance of the Postal Inspection Service's Prosegur contract with applicable policies and procedures during fiscal year 2021. We reviewed contract documentation and policies, sampled personnel and invoices from the two NLECC facilities and six sites with security guards, and interviewed Postal Service and Prosegur officials.

What We Found

We found that 35 of the 115 security guards (30 percent) we reviewed worked on the contract without having the proper security clearances. The contract requires that each guard have a favorably adjudicated Postal Service sensitive background investigation prior to accessing postal facilities. However, we identified guards that were denied a clearance or were granted a lower security clearance than required, among other reasons. This occurred because Postal Inspection Service officials did not always follow the security clearance procedures due to a lack of awareness of roles

and responsibilities. Additionally, according to management, the Postal Inspection Service revised the security clearance requirement to a non-sensitive background investigation in March 2021 but had yet to update the contract. We also could not verify whether selected contract security guards had completed required training.

Additionally, we found that the Postal Service did not sufficiently measure the quality of Prosegur's performance for NLECC personnel and security guards. The Postal Service completed some assessments that rated Prosegur's performance, but these assessments were not consistently produced and did not identify whether the contractor met quality requirements. Lastly, we found that officials at three sites did not record security guard hours and, therefore, could not verify the accuracy of hours billed by the contractor.

Recommendations

We made six recommendations, including that management conduct a review of all active security guard clearances and develop a mechanism to measure the quality of Prosegur's performance for NLECC personnel and security guards.

Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

August 4, 2022

MEMORANDUM FOR: GARY R. BARKSDALE
CHIEF POSTAL INSPECTOR

PETER R. RENDINA
DEPUTY CHIEF INSPECTOR, HEADQUARTERS

JEANNINE GRAHAM
DIRECTOR OF BUSINESS OPERATIONS

MARK GUILFOIL
VICE PRESIDENT OF SUPPLY MANAGEMENT

Margaret B. McDavid

FROM: Margaret B. McDavid
Deputy Assistant Inspector General for Inspection Service,
Cybersecurity and Technology

SUBJECT: Audit Report – U.S. Postal Inspection Service's Prosegur
Contract (Report Number 21-265-R22)

This report presents the results of our audit of the Postal Inspection Service's Prosegur Contract.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Elizabeth Kowalewski, Director, Inspection Service, 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 Inspection Service Prosecur contract (Project Number 21-265). Our objective was to assess the compliance of the Postal Inspection Service's Prosecur contract with applicable policies and procedures during fiscal year (FY) 2021. See [Appendix A](#) for additional information about this audit.

Background

The mission of the Postal Inspection Service is to support and protect the U.S. Postal Service and its employees, infrastructure, and customers; enforce the laws that defend the nation's mail system from illegal or dangerous use; and ensure public trust in the mail. The Postal Inspection Service uses postal police officers (PPO) and contracted security to provide perimeter and building security at assigned postal facilities. PPOs are uniformed law enforcement officers authorized to carry firearms, conduct investigations, and make arrests.¹

In 2014, the Postal Service awarded a contract to Command Security Corporation in support of the Postal Inspection Service. The contract was awarded for four years with three two-year renewal option periods and an estimated total cost of approximately \$250 million. In 2019, Prosecur Services Group Inc. acquired Command Security Corporation and assumed responsibility for performance of the Postal Inspection Service contract. The contract provides two types of services:

“The Postal Inspection Service uses postal police officers (PPO) and contracted security to provide perimeter and building security at assigned postal facilities.”

- **National Law Enforcement Communication Center (NLECC) Services:** The NLECC facilities located in Dulles, Virginia, and Fort Worth, Texas, provide 24-hour coverage of the Postal Inspection Service's national law enforcement radio network and intrusion-detection systems at postal facilities nationwide. They provide emergency and after-hours phone coverage for the Postal Inspection Service and give postal inspectors access to law enforcement and intelligence information. Contract personnel include dispatchers that are responsible for logging and recording events, as well as monitoring law enforcement radio communications and intrusion detection systems at postal facilities. In addition, contract alarm technicians are responsible for programming alarm panels and providing technical support for Postal Inspection Service personnel. For FY 2021, the contract costs for NLECC services totaled [REDACTED]
- **Security Guard Services:** Security guards are stationed at approximately 57 locations across the United States and its territories and are responsible for maintaining a safe work environment and protecting postal employees, U.S. Mail, postal property, and assets. Guards monitor building entrances and exits, write reports of daily activities and irregularities, and patrol Postal Service grounds and buildings. At some locations, security guards are posted to facilities staffed with PPOs. Unlike PPOs, the contract security guards used by the Postal Inspection Service do not issue citations or make arrests and are not required to physically intervene in anything that requires more than minimal physical activity.² For FY 2021, the contract costs for security guard services totaled [REDACTED]

¹ 18 United States Code § 3061(c).

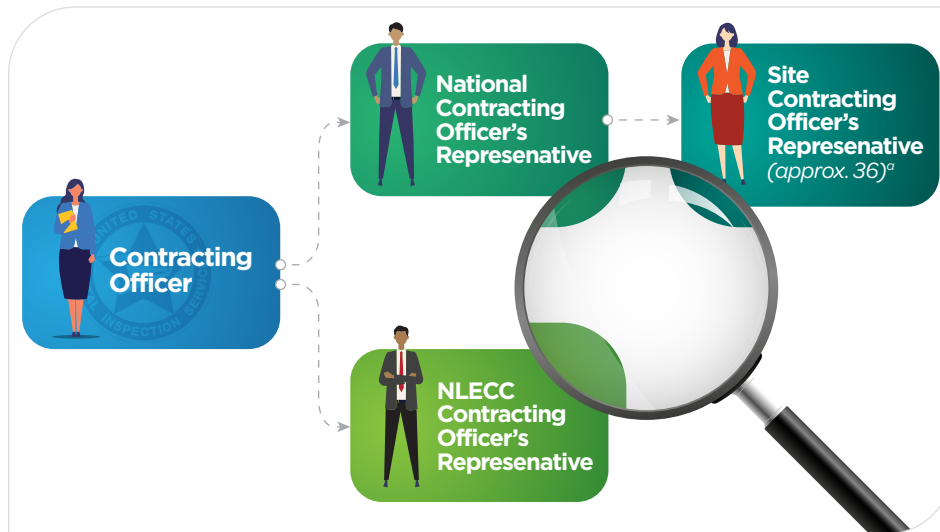
² Security Services Statement of Work and Department of Labor, Hours & Wage Divisions, Service Contract Act Directory of Occupations (Fifth Edition), page 95.

Contract Oversight Responsibilities

The Postal Service's Supply Management is responsible for the administration and oversight of Postal Service contracts. Each contract has an assigned Contracting Officer (CO) who is responsible for preparing the contract, which includes a statement of work that describes requirements and expectations for the supplier.³ The CO is also responsible for ensuring that the contractor complies with the statement of work and other contract terms and conditions and for monitoring contract performance and effectiveness, among other things.

The CO may appoint a Contracting Officer's Representative (COR) to assist in the day-to-day administration of a contract and serve as the Postal Service's point of contact with the supplier on all routine matters.⁴ As shown in Figure 1, the Prosegur contract has numerous CORs due to the nature and distribution of the services provided.

Figure 1. Prosegur Contract Oversight Hierarchy



Source: U.S. Postal Service Office of Inspection General (OIG) based on Postal Service information.
^aContracting Officer's Representative appointments may change at any time for a variety of reasons, such as personnel turnover. At the time we began our audit, there were 36 individuals appointed to serve as a primary or alternate site Contracting Officer's Representative on the Prosegur contract.

The NLECC COR and National COR are Postal Inspection Service employees responsible for the overall administration of the NLECC and security guard services portions of the contract, respectively. They coordinate with management at facilities where contract personnel are stationed and, as needed, the National COR works with Prosegur to resolve any issues that arise across facilities.

The site CORs are responsible for day-to-day oversight of security guards at one or more facilities. Depending on the type of facility and location, the COR may be a Postal Service employee, such as the facilities manager, or a PPO. The site CORs are tasked with ensuring contract security guards have the proper security clearances, reporting any performance issues to the CO and National COR, and reviewing and approving invoices, among other duties.

Findings Summary

We found that 35 of the 115 security guards (30 percent) we reviewed worked on the Prosegur contract without having the proper security clearances. We also could not verify whether contract security guards had completed required training. Additionally, we found that the Postal Service does not sufficiently measure the quality of Prosegur's performance. Lastly, we found that three site CORs do not track or keep records of security guard hours and, therefore, cannot verify the accuracy of hours billed by the contractor.

Finding #1: Contract Personnel Security Clearances

We reviewed the clearance determinations for 115 guards across six sampled sites and found that 35 guards (30 percent) worked on the Prosegur contract without having the proper security clearances. Specifically, we found the following:

- Two guards were denied a security clearance.

“We found 35 of 115 guards (30 percent) worked on the Prosegur contract without having the proper security clearances.”

³ The statement of work is developed by the Postal Service entity requiring contracted goods or services. For the Prosegur contract, the Postal Inspection Service has developed separate statements of work for NLECC and security guard services.

⁴ U.S. Postal Service *Supplying Principles & Practices* (SP&P), Section 3-5, Appoint Contracting Officers Representatives, dated June 20, 2020. The SP&P are guidelines that the Postal Service follows when completing contracts.

- Four guards did not receive a security clearance review because their paperwork was incomplete or a request was not submitted.
- Twelve guards had expired clearances.
- Seventeen guards received a lower clearance than required by the contract.

According to Postal Service policy, individuals who provide contract services must undergo a background investigation from the Postal Service before being cleared to access Postal Service facilities.⁵ In addition, the statement of work requires that each guard have a favorably adjudicated postal sensitive background investigation, which requires reinvestigation every five years.⁶ Background investigations are conducted by the Postal Inspection Service’s Security Investigation Service Center and clearance results must be communicated to the contractor and the COR. Guards that are denied clearance may not access postal facilities and, therefore, are not permitted to work on the contract.

These issues occurred because security clearance procedures were not always followed by the Security Investigation Service Center or Prosecur, due to a lack of clarity about their roles and responsibilities. For example, for one of the guards denied a clearance, the Security Investigation Service Center notified the guard and Prosecur about the denial, but failed to notify the National COR or site COR. Additionally, the National COR stated that the site CORs were unaware of their responsibility to ensure guards did not begin work at postal facilities until they received notification that the guard’s clearance was approved because they had not received training on this duty.

The Postal Inspection Service took immediate corrective action to have the two guards that were denied clearances removed from the contract and, therefore, we are not making a recommendation related to these individuals. However, because we reviewed the security clearance information for a small sample of guards, these instances raise concerns about whether other Prosecur personnel are working at the 51 postal locations outside the scope of this review without the proper security clearance.

⁵ *Administrative Support Manual*, Issue 13, Section 272.411, dated March 31, 2022.

⁶ Guards may be granted interim clearance to access postal facilities while the background investigation is being processed.

⁷ SP&P, Section 5-8, Contract Modifications, dated June 20, 2020.

“The Postal Inspection Service took immediate corrective action to have the two guards that were denied clearances removed from the contract.”

were granted a non-sensitive clearance after March 2021, and therefore were likely in compliance with security requirements. However, Postal Inspection Service management could not explain why the four remaining guards had been approved to work on the contract with a lower clearance prior to the requirement change.

Postal Service policy allows the CO to modify contract requirements.⁷ However, the Postal Inspection Service has not provided the CO an updated statement of work that reflects the change in security clearance requirements for guards.

Without training or guidance that identifies the clear roles and responsibilities for carrying out Postal Inspection Service security clearance procedures for contract personnel and an updated statement of work, it is difficult to ensure that Prosecur is complying with contract requirements. As a result, unauthorized contract personnel have and may continue to access postal facilities—or grant access to other unauthorized individuals—posing a physical safety and security risk to Postal Service employees, property, and the mail.

According to management, the Postal Inspection Service revised the clearance requirement for contract guards from a sensitive to a non-sensitive background investigation in March 2021. According to the National COR, the revision posed no security risk to the agency but was necessary to reduce administrative and recruitment challenges encountered by Prosecur after the sensitive investigation request form increased from 11 to 95 pages. Thirteen of the 17 guards we identified as having a lower clearance

Recommendation #1

We recommend the **Deputy Chief Inspector, Headquarters**, review all active Prosegur security guard personnel to ensure they have the proper security clearance required to access postal facilities.

Recommendation #2

We recommend the **Deputy Chief Inspector, Headquarters**, and **Director of Business Operations**, develop a mechanism, such as training or guidance, to ensure Security Investigation Service Center personnel and site CORs are aware of their roles and responsibilities for ensuring contract security guards have the proper security clearances required to access postal facilities.

Recommendation #3

We recommend the **Deputy Chief Inspector, Headquarters**, update the statement of work to specify current security clearance requirements for contract security guard personnel and, the **Vice President, Supply Management**, execute a modification to ensure the updated statement of work is incorporated into the Prosegur contract.

Finding #2: Contract Personnel Training and Licensing

We selected 18 of the 115 security guards in our scope from across the six sampled sites to review compliance with training and licensing requirements. We could not verify whether any of the 18 guards had completed required training, but were able to verify that 14 of 15 guards (93 percent) possess applicable state licenses.⁸ The statement of work requires guards to complete basic training in a variety of areas, such as conflict resolution, fire prevention, and traffic control, as well as obtain a state license if required in the state where they are stationed. The statement of work also requires the contractor to provide the Postal Service with documentation that shows security guards satisfactorily completed basic training.

Neither the Postal Service nor Prosegur could provide documentation to verify that the 18 selected guards completed the required basic training. The site CORs told us they do not collect documentation related to guard training and that it was the contractor's responsibility to ensure guards were properly trained. According

“Neither the Postal Service nor Prosegur could provide documentation to verify that the 18 selected guards completed the required basic training.”

to the contractor's vice president, Prosegur previously tracked required guard training electronically through a learning management system, but the company decided to transition to a new vendor in 2021. As a result, Prosegur could not produce documentation for the guards' required training. The National COR stated that prior to the learning system transition, the Postal Inspection Service could directly

access Prosegur's learning management system to confirm that guards had completed basic training, but did not retain any other training records.

We were able to verify state licenses for 14 of the 15 guards required to obtain them based on documentation provided by Prosegur or publicly available state license databases. The requirements to obtain a license vary by state but may include on-the-job or classroom training related to security guard duties. However, the Postal Service does not maintain records associated with guards' state licenses. Prosegur was unable to provide documentation for the remaining guard because they were no longer employed by Prosegur and the company does not maintain this information electronically.

Without documentation to verify that security guards have completed basic training or obtained applicable state licenses, the Postal Service risks having untrained or unlicensed security guards on site. This poses a potential security risk to postal facility employees and property.

Recommendation #4

We recommend the **Vice President, Supply Management**, in coordination with the **Deputy Chief Inspector, Headquarters**, develop a mechanism to collect and retain documentation associated with security guards' required training and applicable state licenses.

⁸ Three of the 18 security guards we selected worked in a state that does not require a license.

Finding #3: Contract Performance

We found that the Postal Service does not sufficiently measure the quality of Prosecur's performance for NLECC services and security guards. The Postal Service had completed some supplier assessments prior to exercising an option to extend contract services. The assessments rate contractor performance in three areas⁹ and result in an overall performance rating. However, these assessments are not specifically required by Postal Service policy and do not include performance indicators to identify whether the contractor is meeting quality requirements. Furthermore, we found that the Postal Service did not consistently produce these assessments to inform the FY 2021 and FY 2022 options for the Prosecur contract.

For the FY 2021 option, the NLECC COR and National COR completed detailed assessments of Prosecur's performance during FY 2020, resulting in an overall performance rating of "fair". The NLECC COR's assessment noted issues with staff turnover and recommended Prosecur focus on retaining the employees that are trained and have the experience needed to provide quality work. The National COR's assessment of guard performance found that Prosecur had failed to adequately staff certain locations, such as [REDACTED] and [REDACTED], with competent security guards despite wage increases above the standard Department of Labor rates for those areas. This assessment also included specific examples of conduct issues with guards, such as sleeping on duty and abandoning post. As a result of these assessments, the Postal Service elected to extend services for one-year, rather than the optional two-year renewal period.

For the FY 2022 option, however, the NLECC COR did not complete an assessment and the National COR's assessment was significantly less detailed than what was prepared the prior year. Specifically, while the National COR rated Prosecur's overall performance for FY 2021 as "good", the assessment did not include any examples to support this rating. Instead, the National COR provided one sentence responses that did not align with other available information. For

instance, the site COR for the [REDACTED] Processing and Distribution Center stated that staffing shortages and conduct issues continued at the facility during FY 2021, such as guards not adequately screening visitors, sleeping on duty, and abandoning post. He also reported that PPOs covered approximately 55 hours for security guards during this time.¹⁰ Despite these discrepancies between reported issues and the FY 2021 assessment, the Postal Service decided to exercise the second year of the two-year renewal period, in part, due to the labor market conditions caused by the COVID-19 pandemic.

Postal Service policy states that every contract should evaluate whether the contractor meets quality requirements.¹¹ This may be accomplished by developing and implementing a Quality Assurance Plan. The complexity of the plan may be scaled to the size and potential risk of the contract but should include clear and specific criteria, such as performance indicators and timeframes for assessing contractor performance. Indicators should include targets to measure whether the contractor is meeting minimum quality requirements.¹²

“Postal Service policy states that every contract should evaluate whether the contractor meets quality requirements.”

The CO stated there is no Quality Assurance Plan for the Prosecur contract and that he reviews the fill rate to monitor performance. This rate is provided monthly by Prosecur and measures whether contract personnel are provided for all planned shifts. However, the rates for most security guards are reported by region, which makes it difficult for the CO to identify fill rate problems that might be occurring at a single facility or location. Additionally, this rate is not included in the supplier assessments nor does it provide insight into how well contract personnel perform once they report for duty.

⁹ The three areas rated are the quality of the supplier's resources in work performed, the supplier's consistency in reporting and doing work in a timely manner, and whether the supplier assists in cost control initiatives.

¹⁰ Hours reflect PPO coverage for security guard absences and does not include PPOs providing relief breaks as a part of normal operations. In total, Inspection Service records show that PPOs covered 1,470 hours for Prosecur security guards during FY 2021 across 10 postal facilities. A majority of these hours—1,015 or 69 percent—were in San Juan, Puerto Rico. According to the contractor, this was primarily due to a number of guards becoming PPOs and difficulties filling the vacancies because Puerto Rico has strict security guard licensing requirements.

¹¹ SP&P, Section 5-6, Execute Quality Assurance Plan, dated June 20, 2020.

¹² SP&P, Section 5-7, Evaluate Contract Effectiveness, dated June 20, 2020.

The absence of a mechanism for consistently assessing contractor performance, such as a plan with clear and specific criteria including performance indicators and timeframes, increases the risk that the Postal Service may pay for services that are below quality standards. It also makes it difficult for the CO and CORs to track performance issues over time to measure the contractor's progress in addressing such issues and inform future purchasing decisions, such as the re-compete of the NLECC and security guard services contract.

Recommendation #5

We recommend the **Deputy Chief Inspector, Headquarters**, in coordination with the **Vice President, Supply Management**, develop a mechanism, such as a Quality Assurance Plan, with performance indicators to measure the quality of Prosegur's performance for NLECC and security guard services.

Finding #4: Invoice Review

We reviewed the invoice review process for both NLECC facilities and the six security guard locations we selected and found that three site CORs could not verify the accuracy of the hours billed. Prosegur utilizes a phone system that its personnel call into at the beginning and end of each shift to track working hours. According to the contractor, this system is integrated with the company's invoicing system, which produces invoices based on the calls made by personnel at each shift. The system then sends an invoice detailing the days and hours each contractor worked at a given facility to the respective COR.

We found that NLECC management and three of the six site CORs keep additional records to reconcile the hours detailed on each invoice produced by the phone system. These CORs use logbooks or daily timesheet reports to track security guard hours each shift. However, the remaining three site CORs do not track or keep records of security guard hours and, therefore, could not verify the accuracy of hours billed by the contractor. For example, the site COR for the Dallas Bulk Mail Center stated she compares the total number of hours billed each month to the number of hours expected based on planned shifts but is not able to compare it to actual hours worked because no other records exist.

“Three site CORs do not track or keep records of security guard hours and, therefore, could not verify the accuracy of hours billed by the contractor.”

Postal Service policy states that invoice billing amounts should accurately reflect the contract or order amount.¹³ It also states that the CO is responsible for devising a process for invoices to be reviewed, approved, and retained by designated individuals. These individuals are to verify the accuracy of the invoice before certifying it for payment. The site CORs stated they do not track or keep records of security guard hours because the CO had not established a requirement that they do so.

Each site has a certain number of guard hours to be filled each month, which serves as a control to assess the total hours billed. Additionally, the Postal Service does not pay overtime if individual guards work more hours than their scheduled shifts. However, without records related to the number of hours security guards worked, site CORs lack information needed to ensure the accuracy of the invoices. This increases the risk that the Postal Service may pay for the incorrect number of hours worked.

Recommendation #6

We recommend the **Vice President, Supply Management**, in coordination with the **Deputy Chief Inspector, Headquarters**, require site CORs to obtain records for the purpose of reconciling the hours billed by Prosegur for security guard services to ensure accuracy prior to certifying the invoices.

Management's Comments

Management generally agreed with findings 1, 2, 3, and 4. Management agreed with all six recommendations.

Regarding recommendation 1, management stated that the Deputy Chief Inspector, Headquarters, will review records of all active Prosegur security guards

¹³ SP&P, Section 5-11, Invoices and Other Billing Information, dated June 20, 2020.

to ensure that they have the proper security clearance required to access postal facilities. The target implementation date is October 1, 2022.

Regarding recommendation 2, management stated that they will develop a mechanism to ensure that Security Investigation Service Center personnel and site CORs are aware of their roles and responsibilities for ensuring contract security guards have the proper security clearance required to access postal facilities. The target implementation date is December 31, 2022.

Regarding recommendation 3, management stated that the Deputy Chief Inspector, Headquarters, will update the statement of work to specify current security clearance requirements for contract security guards and that the CO will execute a modification to incorporate the updated statement of work into the Prosegur contract. The target implementation date is December 31, 2022.

Regarding recommendation 4, management stated that they will attempt to negotiate a modification into the contract that requires the supplier to provide quarterly reports to confirm that security guards' training and applicable state licenses are up to date. In addition, they will modify the COR letter of appointment to add the responsibility to collect and retain documentation associated with security guards' required training and applicable state licenses. The target implementation date is December 31, 2022.

Regarding recommendation 5, management stated that they will develop a mechanism with performance indicators to measure the quality of Prosegur's performance for NLECC and security guard services. The target implementation date is December 31, 2022.

Regarding finding 4, management stated that the COR letter of appointment establishes the CORs' responsibilities to review invoices, reconcile hours billed, and collect and retain associated documentation. Since half of the CORs were able to reconcile workhours and had been instructed as to the invoice processing procedures, Supply Management took exception to the finding that the CO did not establish an invoice review process.

Regarding recommendation 6, management stated that they will revise the COR letter of appointment to instruct CORs to obtain records for the purpose of reconciling the hours billed by the supplier for security guard services. The target implementation date is January 31, 2023.

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. Action plans to address these recommendations should resolve the issues identified in this report.

Regarding finding 4, while management accurately notes that half of the CORs did maintain records allowing them to reconcile hours billed by the supplier, half did not. We noted that management agreed with the related recommendation 6 and their action plan to address the recommendation should help minimize the risk related to inaccurate invoices.

All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. 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

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Appendix A: Additional Information

Scope and Methodology

The scope of our audit covered a review of the Postal Inspection Service's Prosecur contract and its compliance with applicable policies and procedures during the period October 1, 2020, through September 30, 2021.

To accomplish our objective, we:

- Reviewed the Postal Service's Supplying Principles and Practices to identify applicable criteria, such as the duties and responsibilities of the CO and guidance related to performance measurement. We also reviewed the contract statement of works to identify personnel security clearance and training requirements.
- Identified samples from the NLECC facilities and security guard locations to assess contract personnel security clearances and training, and invoice reviews. For security guards, we identified a total of 65 sites and selected 6 sites to achieve a mix based on total payment amount¹⁴, geographical location, and whether the sites were run by Postal Inspection Service or Postal Service district management.
 - For assessing personnel security clearances, we reviewed all 65 NLECC dispatchers from the two facilities. We reviewed 115 security guards from across the six sampled sites based on the names that appeared on the sampled invoices. We assessed personnel records to determine compliance with security clearance requirements.
 - For assessing personnel training, we selected 7 of the 65 NLECC dispatchers from the two facilities and 18 of the 115 guards from across the six sampled sites (three guards for each site). We assessed certification and training records to determine compliance with contract requirements.

- For assessing invoices, we selected 16 of the 56 NLECC invoices for FY 2021. For the security guard invoices, we selected four invoices (one from each quarter during FY 2021) from each of the six sampled sites. We assessed the invoices to determine compliance with certification and payment requirements.
- Interviewed Supply Management and Postal Inspection Service officials, including the CO and National COR, to discuss roles and responsibilities and the contract performance measurement process. We also interviewed the NLECC, National, and site CORs to understand processes and any controls related to contract personnel security clearances and training, contractor performance, and invoice approval.

We conducted this performance audit from October 2021 through August 2022 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 30, 2022, and included their comments where appropriate.

We assessed the reliability of the Enterprise Data Warehouse by verifying that the data for select fields matched the NLECC services and security guard invoices we sampled. Specifically, we compared the data fields for invoice number and amount to the invoices and verified that the amount paid matched the amount shown on the invoice. We determined that the data were sufficiently reliable for the purposes of this report.

¹⁴ Total payment amount was obtained from the Enterprise Data Warehouse, a repository for managing all of Postal Service's data that is used for reporting and analysis.

Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date	Monetary Impact (in millions)
<i>Contractor Security Clearances at Surface Transfer Centers</i>	Determine whether the Postal Service properly issued security clearances to contractor personnel at Surface Transfer Centers.	21-111-R21	9/29/2021	None
<i>Contract Invoice Payment Process</i>	Determine whether the Postal Service's Supply Management review and approval controls over the contract invoice payment process are effective.	20-281-R21	7/29/2021	\$34.5
<i>Controls over Time and Materials and Labor Hour Contracts</i>	Determine if Postal Service contracting officers are administering Time and Materials and Labor Hour contract in accordance with Supplying Principles and Practices.	SM-AR-18-002	3/26/2018	\$105

Appendix B: Management's Comments



July 28, 2022

JOHN CIHOTA
DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response to Draft Audit Report - U.S. Postal Inspection Service's
Prosecur Contract
(Project Number 21-265-DRAFT)

Thank you for the opportunity to provide comments to the Office of Inspector General's (OIG's) draft audit report entitled, "U.S. Postal Inspection Service's Prosecur Contract (Project Number 21-265-DRAFT)." Management has reviewed the report along with its findings and recommendations. With respect to the findings and recommendations, management generally agrees with the findings except where noted, and agrees with the recommendations as discussed below. Management is appreciative of the OIG's consideration and implementation of requested changes to the report raised during discussions and meetings with the OIG on this project.

Management Response to Finding #4: Invoice Review

The OIG found that National Law Enforcement Communication Center (NLECC) management, and three of the six site Contracting Officer's Representatives (CORs), keep additional records to reconcile the hours detailed on each invoice produced by the automated system. These CORs use logbooks or daily timesheet reports to track security guard hours for each shift. However, the OIG found the remaining three site CORs did not track or keep records of security guard hours and, therefore, could not verify the accuracy of hours billed by the contractor. The COR Letter of Appointment established the CORs' responsibilities to review invoices, reconcile hours billed, and to collect and retain associated documentation. Since half of the CORs were able to reconcile workhours and had been instructed as to invoice processing procedures, Supply Management takes exception to the finding that the contracting officer did not establish an invoice review process.

OIG Recommendations

Recommendation #1: We recommend the Deputy Chief Inspector, Headquarters, review all active Prosecur security guard personnel to ensure they have the proper security clearance required to access postal facilities.

Management Response #1: Management agrees with this recommendation. A review of all active Prosecur security guard personnel will be conducted to ensure they have the proper security clearance required to access postal facilities.

Target Implementation Date: October 1, 2022

Responsible Official: Deputy Chief Inspector, Headquarters

475 L'ENFANT PLAZA SW
WASHINGTON, DC 20260-6201
WWW.USPS.COM

Recommendation #2: We recommend the Deputy Chief Inspector, Headquarters and Director of Business Operations, develop a mechanism, such as training or guidance, to ensure Security Investigation Service Center personnel and site CORs are aware of their roles and responsibilities for ensuring contract security guards have the proper security clearances required to access postal facilities.

Management Response #2: Management agrees with this recommendation. A mechanism will be developed to ensure Security Investigation Service Center personnel and site CORs are aware of their roles and the responsibilities for ensuring contract security guards have the proper security clearances required to access postal facilities.

Target Implementation Date: December 31, 2022

Responsible Official: Deputy Chief Inspector, Headquarters, and Director of Business Operations

Recommendation #3: We recommend the Deputy Chief Inspector, Headquarters, update the statement of work to specify current security clearance requirements for contract security guard personnel and, the Vice President, Supply Management, execute a modification to ensure the updated statement of work is incorporated into the Prosegur contract.

Management Response #3: Management agrees with this recommendation. The Deputy Chief Inspector, Headquarters, will update the SOW to specify current security clearance requirements for contract security guard personnel. The contracting officer will execute a modification to ensure the updated contract SOW is incorporated into the Prosegur contract.

Target Implementation Date: December 31, 2022

Responsible Official: Deputy Chief Inspector, Headquarters, and Senior Director, Commercial Products and Services Portfolio, Supply Management

Recommendation #4: We recommend the Vice President, Supply Management, in coordination with the Deputy Chief Inspector, Headquarters, develop a mechanism to collect and retain documentation associated with security guards' required training and applicable state licenses.

Management Response #4: Management agrees with this recommendation. Management agrees to facilitate a stronger process to collect this information and will attempt to negotiate a modification into the contract that requires the supplier to provide a quarterly report to the national COR, with a copy to the contracting officer, to confirm security guards' training and applicable state licenses are up to date. In addition, the COR Letter of Appointment will be modified to add the responsibility to collect and retain documentation associated with security guards' required training and applicable state licenses.

Target Implementation Date: December 31, 2022

Responsible Official: Senior Director, Commercial Products and Services Portfolio, Supply Management, and Deputy Chief Inspector, Headquarters

Recommendation #5: We recommend the Deputy Chief Inspector, Headquarters, in coordination with the Vice President, Supply Management, develop a mechanism, such as a Quality Assurance Plan, with performance indicators to measure the quality of Prosegur's performance for NLECC and security guard services.

Management Response #5: Management agrees with this recommendation. The Deputy Chief Inspector, Headquarters, in coordination with the Vice President, Supply Management, will develop a mechanism with performance indicators to measure the quality of Prosegur's performance for NLECC and security guard services.

Target Implementation Date: December 31, 2022

Responsible Official: Deputy Chief Inspector, Headquarters, and Senior Director, Commercial Products and Services Portfolio, Supply Management

Recommendation #6: We recommend the Vice President, Supply Management, in coordination with the Deputy Chief Inspector, Headquarters, require site CORs to obtain records for the purpose of reconciling the hours billed by Prosegur for security guard services to ensure accuracy prior to certifying the invoices.

Management Response #6: Management agrees with this recommendation. The contracting officer will revise the Prosegur contract's COR Letters of Appointment to instruct them to obtain records for the purpose of reconciling the hours billed by the supplier for security guard services to ensure accuracy prior to certifying invoices.

Target Implementation Date: January 31, 2023

Responsible Official: Senior Director, Commercial Products and Services Portfolio, Supply Management, and Deputy Chief Inspector, Headquarters

E-SIGNED by Gary R Barksdale
on 2022-07-28 11:39:38 CDT

Gary R. Barksdale
Chief Postal Inspector

E-SIGNED by PETER R RENDINA
on 2022-07-28 13:27:18 CDT

Peter R. Rendina
Deputy Chief Inspector, Headquarters

E-SIGNED by Jeannine Graham
on 2022-07-28 11:40:30 CDT

Jeannine Graham
Director of Business Operations

E-SIGNED by MARK GUILFOIL
on 2022-07-28 12:05:16 CDT

Mark A. Guilfoil
Vice President, Supply Management

cc: Manager, Corporate Audit Response Management

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