UNITED STATES POSTAL SERVICE

INSPECTOR GENERAL

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INSPECTOR GENERAL



2016 SEMIANNUAL REPORT TO CONGRESS APRIL 1 — SEPTEMBER 30, 2016



A Message From the Acting Inspector General



This year marks the 20th anniversary of the creation of the Office of Inspector General for the U.S. Postal Service[®]. On September 30, 1996, President Clinton signed the amended Inspector General Act of 1978 to establish a separate enforcement and oversight agency for the Postal Service[™], moving that responsibility to the newly created and fully independent OIG.

Since then, we have worked to fulfill our mission of ensuring efficiency, accountability, and integrity in the U.S. Postal Service. This report, submitted pursuant to the Inspector General Act, outlines our work and activities for the 6-month period ending September 30, 2016.

During this period, we issued 91 audit reports, management advisories, PARIS risk models, and white papers, and the Postal Service accepted 86 percent of our recommendations. We completed 2,586 investigations that led to 389 arrests and nearly \$321 million in fines, restitutions, and recoveries, \$30.4 million of which was turned over to the Postal Service.

Our efforts focused on identifying ways to improve Postal Service efficiencies, reduce strategic and financial risk, and lower operational costs. Among the reports featured in this semiannual report are audits on the effects of network consolidation on mail service, the condition of postal facilities, and postal products that did not cover their costs in the most recent fiscal year.

New to this report is a section highlighting the top management challenges facing the Postal Service, including in the areas of financial challenges and business constraints; workplace relations and culture; changing customer demands and competition; service performance; and cybersecurity. These strategic challenges will guide our work in the new fiscal year.

I look forward to working with the Board of Governors, Congress, and Postal Service management as we address the challenges ahead. With the support of these groups, the OIG will continue to play a key role in maintaining the integrity and accountability of America's postal service, its revenue and assets, and its employees.

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Tammy L. Whitcomb Acting Inspector General

Summary of Performance

For the period April 1 — September 30, 2016

Mission Statement

The mission of the U.S. Postal Service Office of Inspector General is to conduct and supervise objective and independent audits, reviews, and investigations relating to Postal Service programs and operations to:

- Prevent and detect fraud, theft, and misconduct;
- Promote economy, efficiency, and effectiveness;
- Promote program integrity; and
- Keep the Governors, Congress, and Postal Service management informed of problems, deficiencies, and corresponding corrective actions.

SUMMARY OF PERFORMANCE

For the Period April 1 — September 30, 2016

| Q | AUDIT | | | |
|----|------------------------|--------------------|------|--|
| | nds put to tter use | \$475,076 | ,421 | |
| | uestioned osts | \$2,011,865 | ,066 | |
| | venue pact | 2,301,607,966 | | |
| ТС | DTAL | \$4,788,549 | ,453 | |
| | Reports issued | | 91 | |
| | Recommendation | ons issued | 166 | |
| | Total reports with | n financial impact | 33 | |
| | | | | |

| Cost Avoidance | | \$193,06 | 58,928 | |
|--|--|-----------------|--------|--|
| Fines, Restitution, and Recoveries | | \$320,879,294 | | |
| Amount to the ² Postal Service | | \$30,4 1 | 8,380 | |
| | Investigations Completed | | 2,586 | |
| | Arrests | | 389 | |
| Indictments/Informations | | 315 | | |
| | Convictions/pretrial diversions ³ | | 484 | |
| | Convictions/pretria | aversions | 404 | |
| | Convictions/pretria | | 1,161 | |

INVESTIGATIONS

I OIG HOTLINE CONTACTS

| Telephone Calls | 775 | Voice Mail Messages | 3,884 |
|--------------------|--------|---|-------|
| E-mail | 35,471 | Facsimile - FAX | 178 |
| Standard Mail | 817 | National Law Enforcement Communications Center | 159 |

1. Statistics include joint investigations with other law enforcement agencies.

2. Amounts include case results of joint investigations with other OIG, federal, state, and local law enforcement entities.

3. Convictions reported in this period may be related to arrests in prior reporting periods.

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Office of Audit

Significant Audit Work

For the period April 1 — September 30, 2016

Management Response to Audit Work

The Office of Audit adheres to professional audit standards and presents its audit work to management for comments prior to issuing a final report. Unless otherwise noted, management has agreed or partially agreed with our recommendations and is taking or has already taken corrective action to address the issues raised.

OIG white papers explore strategic ideas for ways to enhance the viability and efficiency of the Postal Service. These white papers are presented to Postal Service management for consideration and contain no recommendations. The Office of Audit (OA) conducts and supervises objective and independent audits and reviews of Postal Service programs and operations. It also assesses compliance with laws and regulations, and evaluates internal controls. OA keeps Congress, the Postal Service Board of Governors, and management informed of problems, deficiencies, and corresponding corrective actions. Generally, audit resources are aligned with those of the Postal Service vice presidents and major functional areas, allowing OA to focus efforts where there is the greatest potential risk to Postal Service management and operations.

Finance, Pricing and Investment

Strategic Plan Needed for Products that Do Not Cover Costs

Strategies for Underwater Market Dominant Products

All market-dominant postal products must, by law, cover their direct and indirect postal costs, which are known as attributable costs. Products that do not cover these costs in a given fiscal year are considered underwater products. The Postal Regulatory Commission (PRC) found in FY 2009 that the problem of individual products failing to cover their attributable costs was so pervasive—five underwater products accounted for a \$1.5 billion shortfall—that it had become a systemic problem. The PRC found that the Postal Service should present a plan to address this problem. In FY 2015 the same five products—Outside County Periodicals, Standard Mail flats, Standard Mail parcels, Media and Library Mail, and In-County Periodicals—were still underwater.

We found that, while the Postal Service has strategies to optimize efficiency and decrease costs, there is no formal framework to address underwater products. Such a framework should, among other things, assess how effectively goals are being met and measure the impact of the strategy on cost coverage. We recommended Postal Service management develop a formal strategic framework to improve cost coverage for underwater products as a whole. Management disagreed with our recommendation to establish a formal strategy beyond what the PRC requires stating that raising the prices of underwater products is either not possible under the current price cap, or not the most fiscally responsible approach to improve net income.



Finance, Pricing, and Investment

Paper Money Order Service Should Be Revamped

International Paper Money Order Service

Sales from the Postal Service's international paper money order (IPMO) service and domestic money orders program have plunged in recent years due to competition from other providers and a trend toward use of electronic options. IPMO sales declined from \$60 million in FY 2010 to \$34 million in FY 2015. Similarly, domestic money order sales were down 60 percent from their peak in FY 2000 to FY 2015. Meanwhile, the international money transfer market is booming, with annual growth between 3 percent and 11 percent from 2010 to 2014.

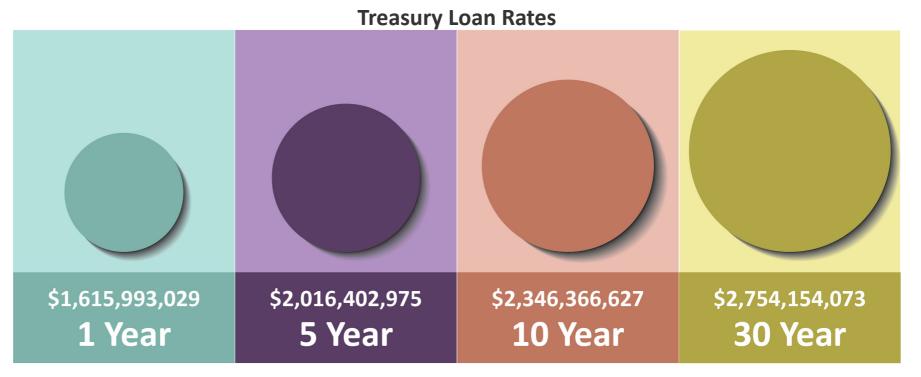
Our audit found the Postal Service's money order programs are not well-suited for today's fast-paced environment in which new technologies enable customers to send and receive money faster through electronic channels. We recommended the Postal Service remake the IPMO program into an enhanced electronic international money transfer services program and improve the domestic money order program by adding digital technologies along with strategic management and marketing. Management disagreed with the recommendations, believing that the projected revenue of enhancing this program was overstated given a requirement for increased compliance staffing, and that there were other prioritized opportunities with higher returns on investment.

Revenue Forgone Should Be Treated as Loan with Interest

Revenue Forgone

When Congress put the Postal Service on a self-sustaining basis in 1971, Congress continued to subsidize the mailing costs of such groups as the blind, non-profit organizations, local newspapers, and publishers of educational material by providing an appropriation to the Postal Service to cover the revenues that were given up, or "forgone," in charging below-cost rates for these services.

The Revenue Forgone Reform Act of 1993 eliminated appropriations to cover reduced rates for nonprofits but retained free postage for the blind and overseas absentee ballots. The act required annual appropriations of \$29 million from FY 1994 through 2035, totaling \$1.218 billion, for revenue forgone, deferring payments to the Postal Service for services it provided in FYs 1991–1993 and during the phase-in period through FY 1998. As of FY 2016, the U.S. Treasury has not paid the Postal Service \$105 million of what it is owed under the 1993 law.



SUMMARY OF PERFORMANCE

O AUDIT

| Funds put to better use | | \$475,076,421 | | |
|-------------------------|-------------------------------------|-----------------|------|--|
| Questioned Costs | | \$2,011,865,066 | | |
| | venue pact | 2,301,607,966 | | |
| TO | TAL | \$4,788,549 | ,453 | |
| | Reports issue | đ | 91 | |
| | Recommende | 166 | | |
| | Total reports with financial impact | | | |

Finance, Pricing, and Investment/Information Technology/SupplyManagement and Human Resources

Our report proposed that revenue forgone should be treated as a traditional loan with interest; doing so would mean the Postal Service is owed \$1.6 billion. We recommended the Postal Service pursue legislation changes that would allow the \$1.6 billion to be applied against the Postal Service's outstanding \$15 billion loan from the Treasury.¹ Subsequent to our report, the Postal Service sent a letter to both of its House and Senate Oversight Committees requesting Congress fully fund the Revenue Forgone appropriation.



PostalOne!-BCSS Should Reduce Outages and Improve System Notifications

PostalOne!-Business Customer Support System Availability

Nearly 584,000 business customers use the Postal Service's PostalOne!-Business Customer Support System (BCSS) for financial transactions relating to business mail. But we found management is not effectively supporting and managing PostalOne!-BCSS availability. The Postal Service did not consistently meet its daily 99.95 percent availability goal in FY 2015, falling short 22 times. Also, there is no effective communication process to notify all users when the system is not available and the HelpDesk notified less than 1 percent of users when the system was not operating in FY 2015.

We recommended management develop a plan to resolve systemic and recurring availability issues and implement a formal plan to track outages and downtime and to notify users when outages occur. Management generally agreed with our findings and is addressing the recommendations.



Single Data Source Critical to Preventing Workplace Violence

Postal Service Workplace Violence Program

Workplace violence involving postal workers can occur at or outside a postal facility and can range from threats and verbal abuse to physical assaults and homicides. On March 13, 2015, the Postal Service responded to a congressional inquiry by describing how it prevents sexual assault and harassment of employees. It also submitted the number of employee-reported sexual assaults and the outcomes for 2013 and 2014. Subsequently, and at Congress's request, we reviewed the Postal Service workplace violence program and validated postal management's response to Congress.

We found the Postal Service has a comprehensive workplace violence program to identify, review, report, and address employee assaults nationwide. The Postal Service and U.S. Postal Inspection Service appropriately addressed the workplace violence cases we reviewed. But we found postal officials did not always record incidents in the tracking system, and we noted a single source of data is needed to accurately determine where problems exist and develop preventive measures. We recommended management establish controls to ensure officials do so in the future.

¹ The \$1.6 billion impact described is not considered a loss to the Postal Service. The Postal Service participates in the annual appropriations process but does not control annual appropriated amounts and does not have the authority to change legislation. Therefore, management must work with Congress to implement this change to prevent future issues

Supply Management and Human Resources



Additionally, managers at 11 of 12 facilities in six districts we reviewed did not ensure that workplace violence posters and publications were on display. We also found there are no controls to ensure threat assessment teams complete all activities. We recommended postal management develop controls and ensure teams are adequately trained. Management partially agreed with our findings and partially disagreed with our recommendations. Management believes existing procedures are adequate, and that different systems for reporting incidents allow for data analysis and are necessary given the contractual and statutory rights of postal employees.

Well-Maintained Postal Lobbies Key to USPS Image

The Post Office[™] lobby is the principal business office of the Postal Service. The lobby's appearance directly affects the Postal Service's image because it is the only close-up view of postal operations for many customers. The Postal Service must maintain a safe environment for both employees and customers and follow safety laws set forth by the Occupational Safety and Health Administration (OSHA).

In September 2015, the OIG reported on poor working conditions at a Post Office in New Mexico. We then began a series of retail facility condition audits in postal areas throughout the country. The audits focus on conditions relating to building appearance, safety and security, customer complaints, workplace environment and violence, and handicap accessibility. In the second half of FY 2016, we completed two of these audits.

Facility Condition Reviews – Capital Metro Area

The Postal Service must improve adherence to building maintenance, safety and security standards, and employee working condition requirements at retail facilities in the Capital Metro Area. Of the 20 facilities we reviewed, 11 had lighting issues, 10 had building appearance issues, and 18 had potential OSHA violations. Additionally, most neither effectively managed customer complaints nor displayed all posters relating to injuries on the job. We recommended management develop an action plan



Number of Buildings with Potential OSHA Issues Found out of the 20 Surveyed Capital Metro Area Facilities

Supply Management and Human Resources/Retail, Delivery, and Marketing/Mission Operations

to address the maintenance, safety, security, workplace environment, and workplace violence policy issues we identified. We also recommended changes in policy to improve coordination among postal management, facility managers, and property lessors to timely resolve repair issues. Management generally agreed with the findings and is implementing the recommendations, but disagreed with the method used to determine impacts to safety and security.

Facility Condition Reviews – Great Lakes Area

The Postal Service must improve adherence to building maintenance, safety and security standards, and employee working condition requirements in the Great Lakes Area. Of the 32 facilities we reviewed, 19 had building appearance issues, 18 had safety and security concerns, and 24 had potential OSHA violations. Additionally, half of the facilities did not effectively manage customer complaints or display all posters relating to injuries on the job. We recommended management develop an action plan to address issues we identified regarding maintenance, safety, security, workplace environment, and workplace violence policy. We also recommended management enforce the requirement to perform housekeeping inspections. Management generally agreed with the findings and is implementing the recommendations, but disagreed with the method used to determine impacts to safety and security.



Using Internal Resources Could Reduce Shuttling Costs

Vehicle Shuttling – Northeast Region

Maintaining the huge vehicle fleet is a major Postal Service expense. In fact, the Postal Service spent \$32 million in FY 2014 and \$43 million in FY 2015 just to shuttle vehicles from post offices to vehicle maintenance facilities (VMFs) or commercial vendors for maintenance. We reviewed 25 VMFs in the Northeast Region and found shuttling was not cost-effective. VMF managers paid commercial vendors anywhere from \$25 to \$250 per hour, plus mileage and hookup fees; these inconsistent fees could make it easier for overpayments to go unnoticed.

Also, VMFs used mostly commercial labor to shuttle vehicles. We found they would have saved \$2.1 million in FY 2014 and \$2.7 million in FY 2015 by using internal resources instead, and we recommended VMFs use more internal resources when available. We also recommended management implement policies to manage and oversee shuttling services. The Postal Service disagreed with our analysis, findings, and recommendations, believing that implementing our recommendation would violate a current collective bargaining agreement.



Network Adjustments Cause Performance, Service Challenges

In 2011, the Postal Service announced its Network Rationalization Initiative (NRI), an effort to address declining mail volume and a change in the mail mix by consolidating facilities and equipment and making related processing and transportation operational changes. As part of this initiative, on January 5, 2015, the Postal Service changed its service standards for First-Class Mail® delivery and made a related change to the hours that machines process mail—the latter move is known as the operational window change (OWC).

In the second half of FY 2015 we looked at the impact on service from the OWC and service standard changes. We also looked at how specific facility consolidations have affected performance or service. High-quality service and performance are crucial to retain customers and maintain the Postal Service brand.

Mission Operations

Mail Processing and Transportation Operation Changes

Although service has since been improving, we found for the period January through September 2015—the period following the January 5, 2015 service standard changes and OWC—delayed mail processing increased by 51 percent compared to the same period in FY 2014. (The Postal Service considers mail delayed when it is not processed in time to meet its delivery date.) Subsequently, the Postal Service took significant steps to reduce delayed mail; as a result, delayed mail processing decreased by 54 percent between October 2015 and April 2016, compared to the same period in FY 2014. We also found the Postal Service did not achieve projected savings associated with the OWC, while surface transportation costs, which USPS projected would decline, actually increased following the OWC.

We recommended management re-evaluate the operational and transportation financial impacts of the OWC; implement a nationwide strategy to improve mail processing productivity before making any additional nationwide operational changes or consolidations; and increase the capacity to transport mail by air to meet critical entry times. Management expressed significant concerns with the report's content, analysis, and tone, but agreed with five of the seven recommendations and partially agreed with the remaining two.

Timeliness of Mail Processing at the Queens, NY, Processing and Distribution Center

Mail was delayed at the Queens, NY, Processing and Distribution Center (P&DC) because the facility did not have enough equipment to handle the volume of packages it had to process. On average, the facility received 82,000 more packages than it could process per day in quarters (Q) 1 and 2 of FY 2016. We also found machines were not operating at full capacity. After some packages were diverted to other facilities, delayed mail volume decreased by about 80 percent in Q3, FY 2016. The plant manager also plans to add two additional processing machines, and we found there is adequate space at the facility to house them.

We recommended, and management agreed, to develop a 2- to 5-year staffing and processing machine plan for the Queens P&DC to match processing capability with current and projected volume needs.



Pallets of letter trays.

Omaha, NE, Processing and Distribution Center Customer Service Performance In 2012, the Postal Service planned to consolidate the Norfolk, NE, and Grand Island, NE,

processing and distribution facilities (P&DFs) into the Omaha, NE, P&DC. The Postal Service finished consolidating outgoing mail in 2013 but had not finished incoming mail consolidation before May 2015 when postal management decided to put all consolidations on hold. We found that consolidating outgoing mail operations in 2013 did not have a negative effect on customer service. But we did find service declines corresponded with the OWC and the start of the incoming mail consolidation in 2015. This was due, in part, to the fact that operating plans were out of date, and we recommended the plans be updated to reflect the OWC and consolidations. We also recommended management ensure mail is dispatched on time and delayed mail is recorded correctly on the daily mail condition report. Management agreed with the findings and is implementing the recommendations.

Processing Efficiency Vital to Package Volume Growth

As ecommerce continues to expand, so, too, does the Postal Service's package volume. In August 2015, the Postal Service forecasted package growth of 4 to 7 percent annually through 2020. The Postal Service's strategy is to increase package volume and revenue to help offset declining letter mail revenue. Efficient, cost-effective processing and timely delivery are critical to this strategy in the competitive package delivery market. In the second half of FY 2016, we conducted several audits that looked at the efficiency of USPS processing operationss.

Mission Operations

2015 Peak Season Processing Performance

During the 2015 peak season, the number of delayed packages increased compared to the same period a year earlier. The increase occurred, in part, because the Postal Service did not use all of its processing machine capacity during the 2015 peak holiday season. We recommended the vice president, Network Operations, develop plans to increase use of existing machines for the 2016 peak season to reduce manual package processing. Management disagreed with the finding and other impact calculation methodology, but generally agreed with the recommendation.

Keeping to Overtime Budget Would Improve Processing Efficiency

Continuous Improvement of Mail Processing Operations

We identified mail processing efficiency opportunities that would save the Postal Service about \$473.8 million annually by reducing more than 11.5 million workhours. The Postal Service uses a mail processing variance (MPV) to calculate workhour performance using efficiency targets. Processing facilities with MPV efficiencies below the national average could reach the national average by reducing about 7 million workhours in the automated letters and flats, manual, and other indirect mail operations. Processing facilities that are below the national percent achievement for the MPV target for automated packages, trays, and bundles could reach that goal by reducing about 4.5 million workhours.

We recommended the vice president, Network Operations, reduce 11.5 million workhours from projected FY 2016 levels where possible, evaluate operational efficiency and staffing, and ensure overtime workhours do not exceed budgeted levels when planning for FY 2017 projected workhours. Management agreed there are opportunities to improve mail processing productivity and efficiency; however, they disagreed that they could achieve savings of 11.5 million workhours in FY 2017.

Package Processing Machine Capacity

Our audit found the Postal Service has sufficient machine capacity to process all non-peak period package volume when operating at target throughput and runtime levels. To meet anticipated package growth, the Postal Service must increase machine throughput and runtimes. This would reduce annual manual processing costs annually over the next 3 years. We recommended the vice president, Network Operations, develop a plan to operate package processing machines at full operational performance levels. Management disagreed with the finding and monetary impact calculation methodology, but generally agreed with the recommendation.



Peeling the Onion: The Real Cost of Mail

When Congress passed the Postal Accountability and Enhancement Act (PAEA) in 2006, it established a new set of regulatory incentives designed to increase the Postal Service's efficiency. As the PAEA's 10th anniversary approaches, we revisited postal cost trends to evaluate how well the Postal Service has been managing its costs.

The number and cost of workhours are down, even with the increase in delivery points. Less expensive noncareer employees have increased by 3 percent each year on average since 2006. Although prefunding of future retiree health benefits can cause labor costs to appear as a disproportionally high percentage of the Postal Service's total cost, the Postal Service has actually decreased its labor expenditures by about \$10 billion since FY 2006 when adjusting for inflation and removing prefunding.

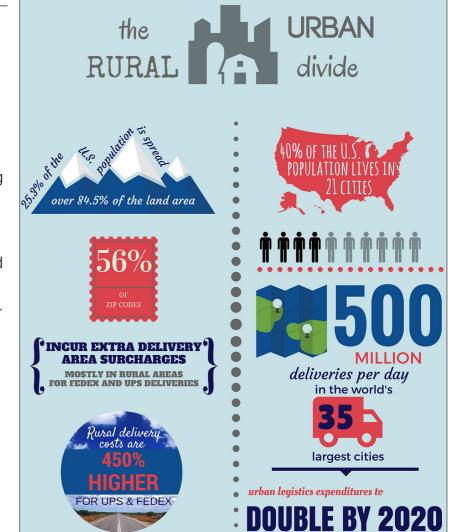
However, the paper stresses that the Postal Service cannot continue to fulfill its mission on the strength of cost savings alone. Rather, future Postal Service success hinges upon providing excellent service and making needed capital expenditures to modernize its existing network's capabilities to support 21st century postal demands. To accomplish this, USPS[®] stakeholders and management need to develop means for generating adequate revenue.

The Evolving Logistics Landscape and the U.S. Postal Service

Logistics is the glue that holds the global economy together. It functions as a binding agent in global commerce and is directly related to postal operators' core mission. In an era of declining and changing mail volumes, logistics may be one of the best options for posts and their partners to enhance their offerings and a key element of their long-term survival.

The continuing surge of ecommerce has strained major parts of the supply chain, raising questions about whether the logistics and transportation industries have the capacity to handle the increased load. Dense urban areas present unique delivery challenges that exacerbate these concerns. Although the Postal Service is currently the dominant last-mile delivery provider in the United States, competition is intensifying. Crowdsourced delivery companies, regional carriers, and major players like Amazon are moving into last-mile delivery, particularly in urban areas, often with innovative new business models.

The Postal Service is not a logistics company, but many aspects of the logistics industry are central to its core business. By taking steps to expand its logistics offerings to the extent allowed under existing law, the Postal Service could better retain and grow its current package delivery business. This paper examines several major changes in the logistics industry and the significant opportunities and risks they represent to the Postal Service.



Risk Analysis Research Center

Advertising Mail Future Prospects in Five Scenarios

The paper examines the period from 2016 to 2025 and projects five plausible scenarios for advertising mail using three different external assumptions. The projected potential outcomes for Standard Mail volumes range from 53 billion pieces to 119 billion pieces in 2025. This wide range is an indicator of both the great opportunity and the great risk to the Postal Service that is associated with advertising mail.

This analysis, based on work from RCF Economic & Financial Consulting, starts with 2015 data for the total advertising market, which is estimated at \$190 billion by Pivotal Data. Of this, Standard Mail (most advertising mail is Standard Mail) had a 9 percent share, representing 80 billion pieces.

The scenarios project Standard Mail® volumes and revenues from 2016 to 2025. In brief, they are the following:

• Growth and Complementarity — We assume that advertising spending reverses its recent trends and grows faster than the overall economy.

- Return to Pre-Great Recession Trends Advertising spending grows at the same pace as the economy.
- Recent Trends Continue Advertising spending grows more slowly than the economy has in recent years.
- Internet Boom As in the scenario above, we assume that advertising spending grows more slowly than the economy, but Internet advertising grows aggressively.
- Constant Traditional Share We assume instead that Standard Mail maintains its share of traditional advertising as Internet advertising booms.

One strategic option for the Postal Service is to increasingly position advertising mail as a complement to Internet advertising. USPS and the mailing community have started down this path with creative initiatives, but more needs to be done. If the Postal Service and its partners can maintain the value of direct mail in an increasingly challenging digital age, they could turn a dangerous competitive threat into a powerful growth opportunity.

Office of Investigations

For the period April 1 — September 30, 2016

SUMMARY OF PERFORMANCE

| INVEST | IGATIONS | | | | |
|--|-----------------|--|--|--|--|
| Cost Avoidance | \$193,068,928 | | | | |
| Fines, Restitution, and Recoveries \$320,879,294 | | | | | |
| Amount to the ² Postal Service | \$30,418,380 | | | | |
| Investigations Comp | pleted 2,586 | | | | |
| Arrests | 389 | | | | |
| Indictments/Informo | ations 315 | | | | |
| Convictions/pretrial | diversions' 484 | | | | |
| Administrative actions 1,161 | | | | | |

The Postal Service is consistently ranked by the Ponemon Institute as America's "most trusted federal agency." Among the reasons for this ranking is the integrity of its employees. However, a few postal employees and contractors betray that trust and abuse the public's confidence in the Postal Service. When that happens, the OIG's Office of Investigations (OI) gets involved.

To protect the mail and to ensure the integrity of postal processes, finances, and personnel, the Postal Service relies on the investigative efforts of OI special agents, who are stationed in offices nationwide. Their charge is to investigate internal crimes and fraud committed by postal employees and contractors against the Postal Service and employee misconduct. In this section, we highlight work conducted by the OI during this reporting period that contributed to safeguarding the Postal Service's revenue and assets and helped deter postal crimes, ultimately helping to maintain a stable and sound Postal Service.

What Does the Office of Investigations Investigate?

Postal employees or contractors involved in:



Internal Mail Theft Single envelopes to large amounts of mail, including packages.



Mail Delay and Destruction Intentionally delaying, destroying or otherwise disposing of mail.



Financial Fraud Stealing/embezzling cash, manipulating postal money orders.



Healthcare Fraud (Provider and Claimant) False claims of work-related injuries to obtain workers' compensation benefits.



Contract Fraud False billings/records, bribes, kickbacks, and similar actions.



Employee Misconduct Offenses like abuse of authority or use/sale of narcotics.



Workplace Environment Violations Sexual harassment, discrimination, or compromised workplace safety.



Computer Crimes Cyber investigations into computer-related crimes using or targeting USPS IT infrastructure



Mail Theft

• After learning that approximately 22 checks mailed by the Los Angeles County Department of Auditor-Controller (LACDAC) were stolen and cashed, the OIG installed covert camera equipment where LACDAC checks first enter the mail stream. Through video surveillance, a postal support employee (PSE) was identified suspiciously moving bundles of LACDAC checks within the Post Office. Further surveillance showed the PSE remove parcels from the Post Office and place them into her personal vehicle.

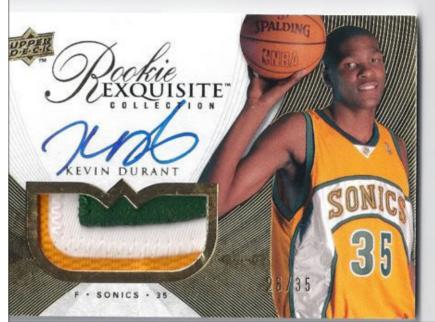
A search warrant was executed at the PSE's residence and vehicles, leading to recovery of four stolen LACDAC checks and other mail. During the interview with our agents, the PSE admitted to being part of a larger conspiracy responsible for over \$1.4 million in stolen checks. On February 8, 2016, the PSE and four other co-conspirators pled guilty to one count of Conspiracy to Commit Bank Fraud and one count of Aggravated Identity Theft. On June 13, 2016, the PSE was sentenced to 33 months in federal prison and ordered to pay over \$1.2 million in restitution.



When the SSA and her two siblings met the undercover agents for the in-person purchase, they were all arrested. The SSA admitted to stealing the Priority Mail package from the mail, which contained the collectible sports cards and to shipping some of the stolen collectible cards to her siblings so they could be sold online. The OIG recovered 17 of the 23 stolen sports cards and returned them to the rightful owner. On January 29, 2016, the SSA pled guilty to Theft of Mail by Postal Employee and on June 21, 2016 was sentenced to 36 months' probation and ordered to pay a \$3,000 fine, plus \$10,964 in restitution.



Mailroom of the Los Angeles County Department of Audit-Controller.



A stolen collectible sports card recovered by OIG investigators.

Narcotics/Financial Fraud



 A Memphis, TN, city carrier was repeatedly delivering suspected narcotics parcels to individuals other than the intended recipients and receiving cash payment in exchange. While on his day off, the city letter carrier was also observed retrieving Express Mail[®] parcels delivered by a substitute carrier moments earlier. A federal search warrant was executed upon one of the suspect parcels, which was revealed to contain approximately 6 pounds of marijuana.

When interviewed, the employee stated he knowingly facilitated delivery and distribution of approximately 450 parcels containing narcotics and estimated he received approximately \$2,000 as a result. In May 2016, following a plea agreement, the city carrier was sentenced to 60 months' imprisonment and 3 years' supervised release for Conspiracy to Distribute Controlled Substance.

In May 2015, two Chicago International Service Center employees were arrested after an OIG investigation determined they conspired to steal the contents of narcotics parcels. When interviewed, the employees admitted their involvement in theft of Express Mail parcels containing narcotics. Both were charged with one count of Theft of Mail by a Postal Service Employee. One employee was terminated from USPS and the other was issued a Notice of Removal by USPS management. Following a plea agreement in March 2016, the first former employee was sentenced to one year of probation, ordered to serve six months of community confinement, and make \$800 in restitution. In April, the second former employee was sentenced to one year of probation, six months of community confinement, and ordered to pay \$800 in restitution.



Some of the narcotics a city carrier delivered in exchange for cash.



Narcotics parcels stolen by two Chicago International Service Center employees.

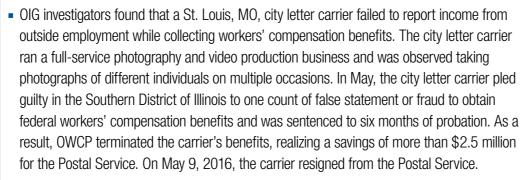


- A former lead sales & service associate (LSSA) in Florida mishandled cash transactions of stamp purchases from July 2013 to January 2015. He was issued a Letter of Demand for \$45,281 and removed from the Postal Service effective April 10, 2016. The former LSSA pled guilty in federal court to embezzling funds for personal use and was sentenced to serve five years' probation as well as ordered to pay an additional \$9,908.66 in restitution. The court also ordered he must be evaluated for mental health treatment and must refrain from gambling.
 - An OIG investigation determined a postmaster leave replacement (PMLR) in an Alaska Post Office embezzled at least \$87,959 from the Postal Service. The PMLR stole from bank deposits, cash on delivery (COD) transactions, and money order sales from December 2012 through September 2013. She was removed from the Postal Service in June 2014. On May 18, 2016, the former employee appeared in U.S. District Court, District of Alaska, Anchorage, and was sentenced to 5 years of probation and ordered to pay \$42,586 in restitution to the Postal Service.



Healthcare Claimant Fraud

• A San Juan, PR, a city letter carrier receiving federal worker's compensation benefits was observed operating a business inside a kiosk at a local mall where he sold items that he manufactured. Observation also revealed he was actively involved in the manufacture and sale of sangria. The city carrier entered a guilty plea to one count of false statement or fraud to obtain federal workers' compensation benefits and in April 2016 was terminated from the Postal Service. In June, the city letter carrier was sentenced to one year of probation and ordered to pay \$15,000 in restitution. As a result of the investigation, Department of Labor Office of Worker's Compensation (OWCP) terminated his benefits, realizing a future savings to the Postal Service in excess of \$2 million dollars.





Items sold by a city carrier receiving workers' compensation benefits.



A city carrier on workers' compensation failed to report income from a photography business.



Healthcare Provider Fraud

• A Maryland physician was sentenced on April 11, 2016, to more than 9 years imprisonment, followed by three years' probation, and ordered to pay more than \$3.1 million in restitution after being found guilty of the following: one count of health care fraud; two counts of making a false statement related to a health care program; one count of obstruction of justice; four counts of wire fraud; and one count of aggravated identity theft related to a health care fraud scheme.

The OIG's joint investigation with the Defense Criminal Investigative Service, Department of Health and Human Services OIG, Office of Personnel Management OIG, Department of Labor OIG, and FBI revealed that between January 2011 and May 2014, the physician defrauded federal health benefit programs, including Medicare, Medicaid, TRICARE, Federal Employees Health Benefits Program, and the Department of Labor OWCP.

The physician performed less expensive procedures but falsely billed for procedures that provided higher reimbursement amounts. The physician also submitted claims indicating that he had met the requirements for reimbursement when he had not. Finally, the physician submitted claims for procedures that had not been performed at all.

Healthcare Provider Fraud/Contract Fraud

• An OIG joint investigation with the Department of Labor OIG, Internal Revenue Service Criminal Investication Division, Social Security Administration OIG, U.S. Treasury OIG, and the Veterans Administration OIG ultimately resulted in 24 convictions, including: three licensed professional counselors (LPCs), one physician, one DOL employee, one consultant, an employee of the LPC, and 20 claimants, of which 17 were Postal Service employees. The main subject, an LPC who pled quilty to one count of conspiracy to commit healthcare fraud, was sentenced in May 2016 to 78 months' imprisonment and ordered to pay more than \$7.7 million in restitution.

The LPC owned numerous businesses and colluded with a Department of Labor OWCP senior claims examiner, claimants, medical providers, a claims consultant, and an office administrator to bill DOL OWCP for more than \$9.5 million and receive in excess of \$8.7 million in payments based on their fraudulent billings. The scheme involved the use of bribes, billing for services not rendered, unnecessary medical treatment, and falsification of medical documents. The cost avoidance to the Postal Service is more than \$14.8 million.



Contract Fraud



• In 2015, the OIG's Contract Fraud Investigations Division received an allegation that a supplier was providing substandard shrink-wrap for Postal Service products. The substandard shrink-wrap caused numerous issues, including damaged product, bundles sliding off the mail transportation equipment, and pallets falling over. The cost of the shrink wrap was priced into the contract specifications.

In addition, allegations surfaced that the same supplier was invoicing the Postal Service \$17,210 per month for the entire use of a warehouse where Postal Service recyclable products were being stored, even though the Postal Service products took up only 5 percent of the warehouse floor.

An OIG investigation also revealed that Postal Service recyclables were no longer being stored in the warehouse even though USPS was paying for the space. As a result, an administrative settlement for substituting the substandard shrink wrap was negotiated with the supplier for \$65,617. In addition, a modification to the contract eliminated the recycling effort performed by the supplier, which resulted in the U.S. Postal Service realizing a cost avoidance in the amount of nearly \$2.1 million.





| Allegations Received | 137 |
|---|-----|
| OIG Investigations Initiated | 10 |
| Investigations closed with no action | 8 |
| Allegations closed with no action | 137 |
| Open Investigations (As of Last Day) | 0 |
| OIG found reprisal | 0 |

Postal Service Management Challenges

For the period April 1 — September 30, 2016

he role of a federal Inspector General includes evaluating the challenges facing its specific agency. The Postal Service Office of Inspector General has therefore independently identified the following as the most critical challenges currently confronting Postal Service management:

- Financial Challenges and Business Constraints
- Workplace Relations and Culture
- Changing Customer Demands and New Competition
- Inherent Tension Between Business and Government
- Infrastructure Modernization
- Service Performance
- Cybersecurity
- IT Modernization and Capacity

Financial Challenges and Business Constraints

The Postal Service is experiencing significant financial challenges in a constrained business environment. The Postal Service is expected to operate as a business but is constrained by the price cap, limits on the products and services it can offer, as well as the mandate to prefund retiree benefits. From fiscal years (FYs) 2013–2015, the Postal Service had net losses of \$15.5B and a preliminary \$5.6B loss in FY 2016. The Postal Service has also reached its Treasury borrowing limit. Current law prevents the Postal Service from offering new products considered non-postal. This constrains the Postal Service from diversifying into new areas to help sustain its network. The Postal Service is exploring new products and services that are possible under the law, but must go through a cumbersome approval process which is often met with resistance from competitors and various stakeholders. The price cap, prefunding requirement, and the expiration of the exigent price increase have exacerbated the situation.

Workplace Relations and Culture

The Postal Service has nearly 500,000 career employees, who are part of various unions and management associations. At times, relationships between labor and management are challenging. The various union contracts limit the ability of management to make efficient day-to-day operational decisions, and the Postal Service scored in the bottom 1 percentile on the Postal Pulse Survey, which is based on Gallup's survey of employee engagement.

Changing Customer Demands and New Competition

Mail is in a long-term decline because many alternatives exist and customers' interests are continually changing. New competitors continue to emerge in many of the Postal Service's core markets such as advertising and parcels. To compete effectively, the Postal Service must become an increasingly agile and data-oriented organization, wherein data drives not only internal decision-making but also the customer experience and new business and marketing opportunities.

Inherent Tension between Business and Government

The Postal Service is an independent establishment of the executive branch of the Government of the United States that is mandated to operate as a business; there is natural tension between these two requirements. The Postal Service has several oversight bodies and very active stakeholders which often have competing priorities. These competing priorities affect the Postal Service's ability to efficiently and effectively implement changes to operate and compete in a fast-paced, competitive environment.

Infrastructure Modernization

The Postal Service has an extremely large mail processing, delivery, and vehicle network with over 35,000 facilities and 200,000 vehicles. However, due to its financial condition, the Postal Service's capital investments to modernize and maintain this infrastructure have not kept pace with depreciation over the past 10 years. Recent initiatives to modernize the delivery fleet to better align with the increased demands of the parcel delivery market will be helpful, but more is needed to further modernize and maintain the infrastructure.

Service Performance

The Postal Service has implemented several cost-cutting initiatives in reaction to declining mail volumes, such as network optimization and the use of parttime employees. However, the delivery network is continually expanding (nearly 155 million delivery points in FY 2015, an increase of 1 million delivery points from FY 2014). This has impacted the ability to meet delivery service performance standards. Meeting customers' delivery expectations is critical in this highly competitive and demanding market.

Cybersecurity

In November 2014, the Postal Service announced a significant cyber intrusion had compromised large amounts of data. Management has taken substantive positive action since the cyber intrusion based on input from business and industry experts. Enhancing the cybersecurity of the organization will be a long and challenging effort. Specifically, the Postal Service has to align its structure, operations, and resourcing of cybersecurity functions with industry best practices. Cybersecurity will become increasingly important for the Postal Service if it follows other enterprises and adopts new "Internet of things" technologies within its network.

IT Modernization and Capacity

A modern information technology network with sufficient capacity is critical to the success of the Postal Service. Customers and businesses demand timely, relevant, and accurate information and data. The network must have the ability to meet these demands as well as the flexibility to continually adjust to the everchanging business and regulatory environment.

Click on the appendix title to the right to navigate to the section content. The Inspector General (IG) Act of 1978 requires semiannual reports on the immediately preceding 6-month periods ending September 30 and March 31. These reports are sent to Congress and made available to the public.

This report summarizes OIG activities and illustrates significant problems, abuses, and deficiencies, along with recommendations and corrective actions related to the administration of U.S. Postal Service programs and operations during the reporting period.

The appendices on the following pages fulfill the requirements of the Act.

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Appendix A

Summary

Appendix A

Reports Issued to Postal Service Management

For the period April 1 — September 30, 2016

OIG audit teams conduct performance and financial audits, evaluations, and other reviews to address the business of the Postal Service. Each team issues audit reports (AR), management advisory (MA) reports, or management alert (MT) reports in accordance with the identified needs of the project.

| Risk Categories | Number of Reports | Funds Put To Better Use | Questioned Costs | Unsupported Questioned Costs | Revenue Impact |
|---------------------------------------|----------------------|----------------------------|------------------|---------------------------------|-----------------|
| Finance, Pricing and Investments | 20 | _ | \$1,151,114,205 | \$20,750 | \$2,212,852,245 |
| Retail Delivery and Marketing | 16 | \$156,686,368 | \$130,145,423 | \$41,413,949 | \$75,933,192 |
| Supply Management and Human Resources | 11 | \$529,985 | \$551,317 | _ | \$10,138,046 |
| Technology | 5 | _ | \$7,783,620 | \$7,783,620 | _ |
| Mission Operations | 13 | \$317,860,068 | \$722,270,501 | \$255,439,640 | \$2,684,483 |
| SUB-TOTAL | 65 | \$475,076,421 | \$2,011,865,066 | \$304,657,959 | \$2,301,607,966 |
| PARIS Risk Model Reports | 26 | — | _ | — | _ |
| TOTAL | 91 | \$475,076,421 | \$2,011,865,066 | \$304,657,959 | \$2,301,607,966 |

Fiscal Year 2016 Summary

For the Period October 1, 2015 — September 30, 2016

| Risk Categories | Number of Reports | Funds Put To Better Use | Questioned Costs | Unsupported Costs Included in Questioned Costs | Revenue Impact |
|--------------------------|----------------------|----------------------------|------------------|--|-----------------|
| Issued Reports | 122 | \$1,860,647,045 | \$2,891,133,935 | \$1,066,916,465 | \$2,428,717,771 |
| PARIS Risk Model Reports | 52 | — | — | — | _ |
| TOTAL | 174 | \$1,860,647,045 | \$2,891,133,935 | \$1,066,916,465 | \$2,428,717,771 |

Definitions

Questioned Costs. A cost that is unnecessary, unreasonable, unsupported, or an alleged violation of law, regulation, contract, and so forth.

Unsupported Costs. A cost that is not supported by adequate documentation. Unsupported costs are included with the amounts shown as Questioned Costs.

Funds Put to Better Use. Funds that could be used more efficiently by implementing recommended actions.

Revenue Impact. Amounts from revenue-generating functions such as retail sales, rent, leases, or fees that were underpaid or not realized. In addition, this category includes increased revenue from existing functions and generating revenue from new sources.

PARIS Risk Models. Performance and Results Information System (PARIS) models with data visualization techniques. These models identify operational and financial risks, and enable OA staff to conduct reviews of Postal Service functions on a nationwide basis, while also identifying areas of emerging risk — fundamentally challenging the way the OIG examines and monitors risk. We present quarterly summary results and trend analyses of these risk models to key Postal Service executives and stakeholders.

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Reports with Quantifiable Potential
Monetary Benefits
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| _ | | | - |
|---|----|-------|---|
| Λ | nn | ondiv | Λ |
| A | | endix | A |

| | Funds Put to Better Use | Questioned Costs | Unsupported Costs Included in Questioned Costs | Revenue Impact |
|--|----------------------------|------------------|--|-----------------|
| Finance, Pricing and Investments | | | | |
| Cost, Pricing and Investments | | | | |
| Strategies for Underwater Market Dominant Products; CP-AR-16-005; 5/25/2016 | _ | \$1,151,093,455 | _ | _ |
| Finance | | | | |
| Internal Controls Over Voyager Card Transactions – Fort Collins, CO, Main Post Office; FT-FM-16-001; 7/15/2016 | _ | \$1,881 | \$1,881 | _ |
| Internal Controls Over Voyager Card Transactions – Germantown Post Office, Germantown, TN; FT-FM-16-005; 7/29/2016 | _ | \$2,498 | \$2,498 | _ |
| Internal Controls Over Voyager Card Transactions – LAX Los Feliz Station, CA; FT-FM-16-004; 7/28/2016 | _ | \$4,197 | \$4,197 | _ |
| Internal Controls Over Voyager Card Transactions – North Tryon Station, Charlotte, NC; FT-FM-16-003; 7/19/2016 | _ | \$5,401 | \$5,401 | _ |
| Internal Controls Over Voyager Card Transactions – Petaluma-Casa Grande Station; FT-FM-16-002; 7/18/2016 | _ | \$6,773 | \$6,773 | _ |
| International Paper Money Order Service; FT-AR-16-007; 7/5/2016 | _ | _ | _ | \$596,834,845 |
| Revenue Forgone; FT-AR-16-006; 5/3/2016 | _ | _ | _ | \$1,615,993,029 |
| Stamp Fulfillment Services; FT-MT-16-001; 6/15/2016 | _ | _ | _ | \$24,371 |
| Retail, Delivery and Marketing | | | | |
| Delivery | | | | |
| Automated Vehicle Utilization System (AVUS) Mileage Use – Pacific Area; DR-AR-16-010; 9/15/2016 | \$11,500,540 | \$11,500,540 | _ | _ |
| City Carriers Returning After 6 P.M. – Los Angeles District; DR-AR-16-011; 9/15/2016 | \$54,699,867 | \$61,910,374 | _ | _ |
| City Delivery Office Efficiency – Greensboro District; DR-AR-16-008; 8/22/2016 | \$22,233,958 | \$7,478,168 | \$7,478,168 | _ |
| City Delivery Office Efficiency – Houston District; DR-AR-16-005; 6/9/2016 | \$43,973,715 | \$11,114,675 | \$11,114,675 | _ |
| Collection Box Removal Process – Eastern Area; DR-AR-16-007; 8/22/2016 | \$3,572,102 | — | — | _ |
| Vehicle Shuttling – Northeast Region; DR-AR-16-004; 5/24/2016 | \$4,861,506 | \$4,861,506 | \$4,861,506 | _ |
| Voyager Fleet Card Controls-Southern Area ; DR-AR-16-009; 9/19/2016 | — | \$8,551,906 | \$1,760,686 | _ |
| Retail, Marketing and International | | | | |
| Customer Service Operations in the Capital and Northern Virginia Districts; MS-AR-16-007; 8/25/2016 | — | \$16,198,914 | \$16,198,914 | _ |
| Function 4 Customer Service – Connecticut Valley District; MS-AR-16-002; 4/13/2016 | \$15,844,680 | \$7,478,810 | _ | _ |
| Inbound International Mail Operations – [redacted] International Service Center; MS-MT-16-004; 9/28/2016 | — | \$1,050,530 | — | — |
| International Marketing; MR-AR-16-003; 4/13/2016 | — | _ | _ | \$75,933,192 |
| Supply Management and Human Resources | | | | |
| Human Resources and Support | | | | |
| Management of Electronic Technicians' Overtime at the Madison Processing and Distribution Center; HR-AR-16-005; 9/27/2016 | \$214,155 | \$215,831 | _ | _ |
| Management of Maintenance Employees' Sick Leave in the Mid-America District; HR-AR-16-006; 9/29/2016 | \$315,830 | \$335,486 | _ | |
| Supply Management and Facilities | | | | |
| Approved Shippers Pricing and Customer Service; SM-AR-16-008; 5/31/2016 | | | | \$10,090,459 |
| Oversight of Oil and Gas Mineral Rights; SM-AR-16-011; 9/20/2016 | | | _ | \$47,587 |

| | Funds Put to Better Use | Questioned Costs | Unsupported Costs Included in Questioned Costs | Revenue Impact |
|---|----------------------------|------------------|--|-----------------|
| Technology | | | | |
| Information Technology | | | | |
| PostalOne!-Business Customer Support System Availability; IT-AR-16-010; 8/10/2016 | _ | \$7,783,620 | \$7,783,620 | _ |
| Mission Operations | | | | |
| Network Processing | | | | |
| Continuous Improvement of Mail Processing Operations; NO-AR-16-012; 9/29/2016 | — | \$465,165,928 | — | _ |
| New York Morgan Processing and Distribution Center Efficiency; NO-AR-16-008; 5/4/2016 | \$76,038,141 | \$17,063,473 | \$17,063,473 | _ |
| Timeliness of Mail Processing at the Queens, NY, Processing and Distribution Center; NO-AR-16-010; 9/20/2016 | \$1,098,563 | \$1,098,563 | \$1,098,563 | _ |
| Transportation | | | | |
| Highway Contract Route Survey Compliance – Eastern Transportation Category Management Team; NL-AR-16-005; 9/28/2016 | _ | \$237,277,604 | \$237,277,604 | _ |
| [Redacted]; 9/30/2016 | \$1,300,000 | \$1,664,933 | _ | _ |
| Package Processing Machine Capacity; NL-AR-16-003; 7/1/2016 | \$230,362,977 | _ | _ | _ |
| Postal Service Process for Handling Customs Duties and Fees; NL-AR-16-002; 5/25/2016 | \$7,469,136 | — | — | \$2,684,483 |
| Trailer Lease Reduction Projects; NL-AR-16-007; 9/30/2016 | \$1,591,251 | _ | _ | _ |
| Total | \$475,076,421 | \$2,011,865,066 | \$304,657,959 | \$2,301,607,966 |

Report Listing

Complete listing of all OIG reports issued to Postal Service management.

For the Period: April 1 — September 30, 2016

Appendix A

Finance, Pricing and Investments

Cost, Pricing and Investments

Delivering Results, Innovation, Value, and Efficiency Initiative 3 – Optimize Retail Platform; CP-AR-16-008; 7/13/2016 Market Dominant Billing Determinants: Package

Services; CP-AR-16-009; 8/5/2016 Market Dominant Billing Determinants:

Standard Mail; CP-AR-16-007; 7/11/2016

Postmaster Cost Segment; CP-AR-16-010; 9/8/2016

Retail System Software Help Desk; CP-AR-16-006; 6/27/2016

Strategies for Underwater Market Dominant Products; CP-AR-16-005; 5/25/2016

Finance

Executive Officer Compensation for Calendar Year 2015; FT-AR-16-008; 8/1/2016

Fiscal Year 2016 Review of 10-Q Quarter 2; FT-FQ-16-004; 5/5/2016

Fiscal year 2016 Review of 10-Q Quarter 3; FT-FQ-16-005; 8/5/2016

Independent Report on Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Reporting Submitted to the Office of Personnel Management; FT-AR-16-009; 9/21/2016

Internal Controls Over Segmented Inventory – Bayport Post Office, Bayport, MN; FT-FM-16-007; 9/26/2016

Internal Controls Over Segmented Inventory – Orting Main Office, Orting, WA; FT-FM-16-006; 9/26/2016

Internal Controls Over Voyager Card Transactions – Fort Collins, CO, Main Post Office; FT-FM-16-001; 7/15/2016

Internal Controls Over Voyager Card Transactions – LAX Los Feliz Station, CA; FT-FM-16-004; 7/28/2016

Internal Controls Over Voyager Card Transactions – North Tryon Station, Charlotte, NC; FT-FM-16-003; 7/19/2016 Internal Controls Over Voyager Card Transactions – Petaluma-Casa Grande Station; FT-FM-16-002; 7/18/2016

Internal Controls Over Voyager Card Transactions – Germantown Post Office, Germantown, TN; FT-FM-16-005; 7/29/2016

International Paper Money Order Service; FT-AR-16-007; 7/5/2016

Revenue Forgone; FT-AR-16-006; 5/3/2016

Stamp Fulfillment Services; FT-MT-16-001; 6/15/2016

Retail, Delivery and Marketing

Delivery

Automated Vehicle Utilization System Mileage Use – Pacific Area; DR-AR-16-010; 9/15/2016

City Carriers Returning After 6 P.M. – Los Angeles District; DR-AR-16-011; 9/15/2016

City Delivery Office Efficiency – Greensboro District; DR-AR-16-008; 8/22/2016

City Delivery Office Efficiency – Houston District; DR-AR-16-005; 6/9/2016

Collection Box Removal Process – Eastern Area; DR-AR-16-007; 8/22/2016

Delivery and Customer Service Operations- Austin McNeil Station; DR-AR-16-006; 7/14/2016

Incorrect Package Delivery Scans – James A. Farley Post Office; DR-MT-16-001; 6/9/2016

Vehicle Shuttling – Northeast Region; DR-AR-16-004; 5/24/2016

Voyager Fleet Card Controls-Southern Area; DR-AR-16-009; 9/19/2016

Retail, Marketing and International

Customer Service Operations in the Capital and Northern Virginia Districts; MS-AR-16-007; 8/25/2016

Function 4 Customer Service – Connecticut Valley District; MS-AR-16-002; 4/13/2016

Inbound International Mail Operations – [redacted] International Service Center; MS-MT-16-004; 9/28/2016

Inbound International Mail Operations – [Redacted] International Service Center; MS-MT-16-003; 9/21/2016 International Marketing; MR-AR-16-003; 4/13/2016

Mailed Samples Market; MS-AR-16-004; 6/1/2016

U.S. Postal Pilot Programs; MS-AR-16-005; 8/16/2016

Supply Management and Human Resources

Human Resources and Support

Management of Electronic Technicians' Overtime at the Madison Processing and Distribution Center; HR-AR-16-005; 9/27/2016

Management of Maintenance Employees' Sick Leave in the Mid-America District; HR-AR-16-006; 9/29/2016

Postal Service Reporting of Occupational Safety and Health Administration Injury and Illness Rates; HR-AR-16-003; 4/29/2016

Postal Service Workplace Violence Program; HR-AR-16-004; 9/28/2016

Postmasters and Supervisors Performing Bargaining Unit Work; HR-MA-16-004; 5/10/2016

The Postal Service's Handling of Office of Workers' Compensation Claim Forms; HR-AR-16-002; 4/7/2016

Supply Management and Facilities

Approved Shippers Pricing and Customer Service; SM-AR-16-008; 5/31/2016

Disposal of the Postal Service's Pembroke Pines Processing and Distribution Center; SM-MT-16-001; 7/18/2016

Facility Condition Reviews – Capital Metro Area; SM-AR-16-009; 7/18/2016

Facility Condition Reviews – Great Lakes Area; SM-AR-16-010; 9/2/2016

Oversight of Oil and Gas Mineral Rights; SM-AR-16-011; 9/20/2016

Technology

Information Technology

Electronic Media Disposal; IT-AR-16-008; 6/24/2016 Nationwide Information Technology Hardware Inventory; IT-AR-16-009; 7/19/2016

PostalOne!-Business Customer Support System Availability; IT-AR-16-010; 8/10/2016

Security Information Management System; IT-MA-16-001; 5/10/2016

Software Change Management for Engineering Systems; IT-AR-16-007; 6/13/2016

Mission Operations

Network Processing

Chicago District Processing Facilities' Process for Mail Count and Color Coding of Standard Mail; NO-AR-16-007; 4/22/2016

Continuous Improvement of Mail Processing Operations; NO-AR-16-012; 9/29/2016

Mail Processing and Transportation Operational Changes; NO-AR-16-009; 9/2/2016

New York Morgan Processing and Distribution Center Efficiency; NO-AR-16-008; 5/4/2016

Omaha, NE, Processing and Distribution Center Customer Service Performance; NO-AR-16-011; 9/23/2016

Timeliness of Mail Processing at the Queens, NY, Processing and Distribution Center; NO-AR-16-010; 9/20/2016

Transportation

2015 Peak Season Package Processing Performance; NL-AR-16-004; 8/30/2016

Highway Contract Route Survey Compliance – Eastern Transportation Category Management Team; NL-AR-16-005; 9/28/2016

Management and Oversight of Highway Contract Routes; NL-AR-16-006; 9/30/2016

Package Processing Machine Capacity; NL-AR-16-003; 7/1/2016

Postal Service Process for Handling Customs Duties and Fees; NL-AR-16-002; 5/25/2016

Trailer Lease Reduction Projects; NL-AR-16-007; 9/30/2016

Transportation Strategic Planning; NL-AR-16-001; 5/20/2016

PARIS Risk Models

Complete listing of all OIG PARIS Risk Models issued to Postal Service management.

For the period April 1 — September 30, 2016

Appendix A

Cost, Pricing and Investments

Fiscal Year 2016 Cost and Pricing Risk Model Quarter 2; CP-PM-16-004; 6/6/2016

Fiscal Year 2016 Cost and Pricing Risk Model Quarter 3: CP-PM-16-006: 8/3/2016

Fiscal Year 2016 Major Investments Risk Model Quarter 2: CP-PM-16-003: 5/23/2016

Fiscal Year 2016 Major Investments Risk Model Quarter 3; CP-PM-16-005; 7/22/2016

Delivery

Fiscal Year 2016 City Delivery Efficiency Risk Model Quarter 2; DR-PM-16-005; 6/7/2016

Fiscal Year 2016 City Delivery Efficiency Risk Model Quarter 3; DR-PM-16-008; 8/29/2016

Fiscal Year 2016 Vehicle Maintenance Efficiency Risk Model Quarter 2; DR-PM-16-006; 6/7/2016 Fiscal Year 2016 Vehicle Maintenance Efficiency Risk Model Quarter 3; DR-PM-16-007; 8/26/2016

Finance

Fiscal Year 2016 Field Financial Risk Model Quarter 2; FT-PM-16-003; 6/8/2016

Fiscal Year 2016 Field Financial Risk Model Quarter 3; FT-PM-16-004; 9/15/2016

Human Resources and Support

Fiscal Year 2016 Human Resources Risk Model Quarter 2; HR-PM-16-005; 6/2/2016

Fiscal Year 2016 Human Resources Risk Model Quarter 3; HR-PM-16-007; 8/22/2016

Fiscal Year 2016 Security Risk Model Quarter 2; HR-PM-16-006; 6/28/2016

Fiscal Year 2016 Security Risk Model, Quarter 3; HR-PM-16-008; 9/7/2016

Information Technology

Fiscal Year 2016 Information Technology Security Risk Model Quarter 2; IT-PM-16-003; 5/31/2016

Fiscal Year 2016 Information Technology Security Risk Model Quarter 3; IT-PM-16-004; 8/31/2016

Network Processing

Fiscal Year 2016 Network Processing Risk Model Quarter 2; NO-PM-16-005; 5/31/2016

Fiscal Year 2016 Network Processing Risk Model Quarter 3; NO-PM-16-006; 8/24/2016

Retail, Marketing and International

Fiscal Year 2016 Retail Customer Service Risk Model Quarter 2; MS-PM-16-006; 6/2/2016

Fiscal Year 2016 Revenue Generation and Assurance Risk Model Quarter 2; MS-PM-16-005; 6/2/2016 Fiscal Year 2016 Retail Customer Service Risk Model Quarter 3; MS-PM-16-007; 8/26/2016

Fiscal Year 2016 Revenue Generation and Assurance Risk Model Quarter 3; MS-PM-16-008; 8/26/2016

Supply Management and Facilities

Fiscal Year 2016 Facilities Risk Model Quarter 2; SM-PM-16-003; 6/30/2016

Fiscal Year 2016 Facilities Risk Model Quarter 3; SM-PM-16-004; 9/26/2016

Transportation

Fiscal Year 2016 Transportation Risk Model Quarter 2; NL-PM-16-001; 6/3/2016

Fiscal Year 2016 Transportation Risk Model Quarter 3; NL-PM-16-002; 8/29/2016

Appendix B

Findings of Questioned Costs

For the period April 1 — September 30, 2016

As required by the IG Act, the following pages show the total number of audit reports and the total dollar value of questioned costs in audit reports.

Questioned Cost: A cost that is unnecessary, unreasonable, unsupported, or an alleged violation of law, regulation, or contract.

| Description | Number of Reports | Questioned Costs | Unsupported Costs Included in Questioned Costs |
|---|-------------------|------------------|--|
| Reports for which no management decision was made at the beginning of the reporting period | _ | _ | _ |
| Reports requiring management decision that were issued during the reporting period | 23 | \$2,011,865,066 | \$304,657,959 |
| Totals | 23 | \$2,011,865,066 | \$304,657,959 |
| Reports for which a management decision was made during the reporting period (i+ii) | 23 | \$2,011,865,066 | \$304,657,959 |
| (i) Dollar Value of disallowed cost ¹ | 10 | \$247,824,960 | \$237,630,687 |
| (ii) Dollar value of cost not disallowed | 15 | \$1,764,040,106 | \$67,027,272 |
| Reports for which no management decision was made by the end of the reporting period. Negotiations are ongoing. | _ | _ | _ |
| Reports for which no management decision was made within six months of issuance | _ | _ | _ |
| Reports for which no management decision was made within one year of issuance | _ | _ | _ |

Note 1 — Reports for which no management decision was made within 6 months of issuance: *None* this report period.

Note 2 — Reports for which no management decision was made within 1 year of issuance: *None* this report period.

Note 3 — Contract Reports with Significant Audit Finding: *None* this report period.

Appendix B

¹ Management partially agreed with the monetary impact of two audit reports.

Appendix C

Recommendations That Funds Be Put to Better Use

For the period April 1 — September 30, 2016

As required by the IG Act, the following page shows the total number of audit reports and the total dollar value of recommendations for funds that can be put to better use by management.

Funds Put to Better Use: Funds that could be used more efficiently by implementing recommended actions.

Appendix C

| Description | Number of Reports | Dollar Value | |
|---|-------------------|---------------|--|
| Reports for which no management decision was made at the beginning of the reporting period | _ | — | |
| Reports issued during the reporting period | 15 | \$475,076,421 | |
| Totals | 15 | \$475,076,421 | |
| Reports for which a management decision was made during the report period | 15 | \$475,076,421 | |
| (i) Value of recommendations agreed to by management ¹ | 3 | \$61,391,297 | |
| (ii)Value of recommendations that were not agreed to by management | 13 | \$413,685,124 | |
| Reports for which no management decision was made by the end of the reporting period. | — | _ | |
| Reports for which no management decision was made within six months of issuance (See Note 1 for a list of individual reports) | _ | _ | |
| Reports for which no management decision was made within one year of issuance (See Note 2 for a list of individual reports) | _ | _ | |

Note 1 — Reports for which no management decision was made within 6 months of issuance: *None* for this report period.

Note 2 — Reports for which no management decision was made within 1 year of issuance: *None* for this report period.

¹ Management partially agreed with the monetary impact of one audit report.

Appendix D

Other Impacts

For the period April 1 — September 30, 2016

Overview

Many of our audit reports identify areas for improvement that result in non-monetary benefits to the Postal Service. These benefits include improvements to service, protection of assets, and improvements in the reliability of data.

Appendix D

| | Type of Measure | Value or Amount |
|--|--------------------------------|-----------------|
| IMPROVED SERVICES | | |
| Recommendations that address the Postal Service's efforts to improve the quality and accessibility of its products and services | Number of Recommendations | 59 |
| Number of customer service audits conducted | Number of Audits | 17 |
| SAFEGUARDING ASSETS | | |
| Assets or Accountable Items at Risks | | |
| nadequate internal controls put the value of assets or accountable items (e.g., cash and stamps) at risk of loss | Dollar Value | \$12,853,904 |
| Physical Safety and Security | | |
| Dollar value of physical assets (plant, computer equipment, vehicles, etc.) at risk of loss due to inadequate physical protection | Dollar Value | \$63,256,490 |
| Recommendations that address the safety and security of Postal Service employees and/or the work environment | Number of Recommendations | 20 |
| Number of employee/facility safety and security audits conducted | Number of Audits | 7 |
| Information Technology Security | | |
| Inadequate controls/protection put the value of data, IT assets (software, networks), and employee work time at risk of loss | Dollar Value | \$0 |
| Dollar value of data at risk | Dollar Value | \$0 |
| Number of data security/IT security audits conducted | Number of Audits | 6 |
| Revenue at Risk | | |
| Dollar value of revenue that the Postal Service is at risk of losing. (Mailer seeking alternative solutions for current services) | Dollar Value | \$307,507,313 |
| Disbursements at Risk | | |
| Dollar value of disbursements made where proper Postal Service internal controls and processes were not followed | Dollar Value | \$11,179,848 |
| Goodwill / Branding | | |
| An adverse impact on goodwill is an actual event/problem that harms the Postal Service's reputation or a potential problem that could negatively impact the Postal Service "brand name" | Number of Issues Identified | 18 |
| Misallocation of Costs | | |
| A misallocation of costs can occur when Postal Service costs are misclassified as volume variable, product specific, or institutional cost | Dollar Value | \$0 |
| Capital Investment Savings Shortfall and Predicted Savings Shortfall | | |
| The difference between the savings predicted by the Decision Analysis Report for capital investment projects and the actual savings realized, and the difference between the savings predicted by the Postal Service for a project (e.g., capital investment, consolidation, etc.) and the actual savings realized or the OIG estimate of savings which will be realized | , Dollar Value | \$972,868,060 |
| Potential Additional Revenue | | |
| Revenue the Postal Service potentially generate for goods delivered or services rendered based on suggested improvements | Dollar Value | \$52,459,505 |
| RELIABILITY OF DATA | | |
| Records at Risks | | |
| Data at risk of corruption or loss due to inadequate internal controls and or protection | Number of Data Records at Risk | |
| | | |

Appendix E

Reports with Recommendations Pending Corrective Actions Appendix E

For the period April 1 — September 30, 2016

As required by the IG Act, the following pages include a list of each audit report for which no management decision has been made by the end of the reporting period.

| Report Number | Issue Date | Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date |
|---------------|-------------|---|
| | | Management of Mail Transport Equipment – National Analysis |
| IL-AR-10-009 | 09/29/2010 | R-1 —Further develop, update and reinforce national mail transport equipment policies and procedures contained in the Postal Operations Manual and the Postal Handbook P0-502, Container Methods, which address mail transport equipment inventory and accountability controls, including validating customer mail transport equipment needs as well as tracking and reconciling mail transport equipment loaned to mailers and other external customers. TID: December 2016 |
| T-AR-12-002 | 01/09/2012 | Patch Management Processes |
| | | This report and its recommendations are not publicly available due to concerns with information protected under the Freedom of Information Act. Fiscal Year 2011 Information Technology Internal Controls |
| T-AR-12-003 | 01/09/2012 | This report and its recommendations are not publicly available due to concerns with information protected under the Freedom of Information Act. Mail Verification Procedures at Detached Mail Units |
| MS-AR-12-002 | 01/12/2012 | R-3 — Enhance automated systems to notify managers when acceptance employees override Mail Evaluation Readability Lookup INstrument results. TID: November 2016 |
| | | Efficiency Review of the Los Angeles Network Distribution Center |
| NO-AR-12-007 | 08/03/2012 | R-1 — Reduce workhours by 200,019 by fiscal year 2017 to produce an annual cost avoidance of about \$6.5 million, or increase volume by 39 million pieces, or combine workhour reductions and mail volume increases that will achieve the above average median productivity level of 117 pieces per hour. TID: February 2017 |
| T-AR-12-009 | 09/12/2012 | Security of File Transfer Protocol Transmissions |
| 1-AK-12-009 | 09/12/2012 | This report and its recommendations are not publicly available due to concerns with information protected under the Freedom of Information Act. |
| NL-AR-12-010 | 09/28/2012 | First-Class Mail on Air Transportation – Assignment by Weight |
| | | R-1 — This recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act. |
| MS-AR-13-005 | 03/18/2013 | Residential Customer Service Experiences |
| | | R-2 — Develop a process to collect and analyze residential customer experience information from other access channels. TID: September 2016 Supervisor Workhours and Span of Control |
| NO-MA-13-005 | 04/04/2013 | R-2 — Fill vacant supervisor positions up to the appropriate span of control level and reduce supervisor replacement workhours accordingly. TID: December 2016 |
| | 0.4/00/0010 | U.S. Postal Service Data Governance |
| DP-AR-13-004 | 04/23/2013 | R-1 —Implement a formal, enterprise-wide data governance program. TID: July 2018 |
| | | Benchmarking of Costing Methodologies |
| | | R-1 — Develop a formal process, in coordination with the chief information officer and chief operating officer, to strengthen the communication process between Finance, Operations, and users of the product costing system data regarding data needs and production. TID: July 2016 |
| MS-MA-13-004 | 08/14/2013 | R-2 — Establish a long-term implementation plan, in coordination with the chief information officer and chief operating officer, to expand usage of system- generated data that includes a data transition roadmap. TID: July 2016 |
| | | R-3 — Expand usage of currently available system-generated data from operations or data that can be available in the near term to enable the product costing system to rely more on operations data and less on special studies. TID: July 2016 |
| HR-MA-13-004 | 09/26/2013 | Revenue Generation Patents |
| | | R-1 —Work closely with subject matter experts to review patents with revenue generation potential and draft claims as appropriate. TID: December 2014 |
| | | Emergency Preparedness for Hurricane Sandy R-1 — Provide periodic training to responsible personnel to ensure they are aware of procedures for safeguarding employees during an emergency. TID: December 2016 |
| HR-AR-13-009 | 09/30/2013 | R-3 — Issue supplemental guidance for holding mail and moving mail and other assets from facilities located in mandatory evacuation areas. TID: December 2016 |
| | | R-4 — Establish controls to ensure integrated emergency management plans are reviewed, approved, and updated at least annually. TID: December 2016 |
| | | R-5 — Clarify which facilities are required to maintain complete, approved integrated emergency management plans and communicate that to appropriate |
| | | personnel. TID: December 2016 Management of Equipment in Capitol Heights, MD |
| IR-MA-14-001 | 11/20/2013 | R-1 —Establish procedures to comply with the revised mail transportation equipment policy when implemented. TID: December 2016 |
| | | Internal Controls and Transportation Associated With the Springfield, MA Mail Transport Equipment Service Center |
| NO-AR-14-001 | 12/20/2013 | R-1 —Establish adequate controls over contractor performance and ensure adequate resources for the quality assurance function for effective oversight and monitoring of contractor operations at the Springfield Mail Transport Equipment Service Center, including processing, invoicing, repairing, and handling of mail transport equipment. TID: December 2016 |

| Report Number | Issue Date | Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date |
|-------------------------|--|--|
| • | | Address Management System Data |
| DR-AR-14-003 | 02/28/2014 | R-1 — Revise and implement delivery policy to include specific time requirements for carrier edit book updates, submissions to delivery supervisors, and error corrections in address systems. TID: March 2016 |
| | | R-4 — Establish and sustain a follow-up process to correct address errors using the Address Quality Improvement Process reports and complete necessary street reviews. TID: March 2016 |
| | | Information Storage Security |
| | | R-1 — Ensure Data Management Services management provides security operating procedures, periodic reviews, and oversight for the storage teams as required by Handbook AS-805, Information Security. TID: December 2016 |
| IT-AR-14-004 | 03/27/2014 | R-2 — Ensure the vendor for the storage contract provides periodic training to personnel to maintain storage group knowledge and skills with vendor produc and management tools. TID: December 2016 |
| | | R-3 — Evaluate the storage environment managed by Data Management Services against Handbook AS-805, Information Security, security requirements and develop a schedule to bring the environment into compliance. TID: December 2016 |
| | | Internal Controls and Transportation Associated with Des Moines Mail Transport Equipment Service Center |
| NO-AR-14-003 | 04/29/2014 | R-1 — Establish and implement adequate controls over contractor performance and ensure there are adequate resources for effective oversight and monitoring of contractor operations at the Des Moines Mail Transport Equipment Service Center, including the processing, invoicing, repairing, and handling of mail transport equipment. TID: October 2016 |
| | | Cloud Computing Contract Clauses |
| SM-MA-14-005 | 04/30/2014 | R-2 —Assess the cost and benefits of negotiating post-award agreements with cloud service providers to incorporate requirements from Handbook AS-805 Information Security, and Handbook AS-805H, Cloud Security, in existing cloud computing contracts. TID: September 2016 |
| HR-MA-14-007 05/15/2014 | Passport Personally Identifiable Information | |
| | R-6 — Establish and implement policies and procedures identifying district management's roles and responsibilities relating to passport acceptance procedures and remediation of deficiencies identified in Department of State reviews. TID: December 2016 | |
| | | Missing Leased Trailers in the Northeast Area |
| | | R-1 —Implement its plans to consolidate leased trailer information into a central database to clearly document receipt of the leased trailer assets and to improve tracking and tracing of leased trailer inventory. TID: October 2017 |
| NO-MA-14-004 | 08/25/2014 | R-2 — Develop a process to identify trailers that are not being used and ensure unused trailers are promptly returned to suppliers to avoid unnecessary lease expenses. TID: October 2017 |
| | | R-4 — Require local facilities to have suppliers place numbers that meet the U.S. Postal Service's specifications for numbering on leased trailers for ease of identification and tracking through consistent and accurate data. TID: October 2017 |
| | | R-5 — Ensure all leased trailers are equipped with satellite-tracking devices and issue policy and provide training on the features and functionality of the satellite-tracking system for leased trailers, including functionality of the related web-based management system to help track and manage leased trailers. TID: October 2017 |
| | | Consolidation of the Toledo, OH Processing & Distribution Center |
| NO-AR-14-009 | 08/28/2014 | R-1 — Re-evaluate cost savings to include additional transportation costs and update data as necessary and adjust the Area Mail Processing proposal base on the post-implementation review. TID: February 2018 |
| | | Management of Cloud Computing Contracts and Environment |
| IT-AR-14-009 | 09/04/2014 | R-7 — Require cloud service providers of current and future cloud computing contracts to become Federal Risk and Authorization Management Program-certified in accordance with Postal Service policy. TID: September 2016 |
| | | R-8 — Complete the Certification and Accreditation process to either accept or mitigate the risks for the [redacted]. TID: April 2017 Manual Package Counting and Conversion Factors |
| | | R-1 —Automate manual package processing counts nationwide. TID: October 2016 |
| NO-MA-14-008 | 09/30/2014 | R-2 — Revise the count sheet to ensure consistency among various mail processing facilities and adjust container-to-piece conversion rates to ensure more accurate mail volume reporting until the manual package processing counts can be automated. TID: October 2016 |
| | | R-3 — Train employees on proper counting of manual packages nationwide. TID: October 2016 |
| | | Contract Postal Units |
| DR-AR-15-001 | 11/13/2014 | R-1 — Conduct annual evaluations of contract postal units to ensure they are cost effective. TID: March 2017 |
| | | R-2 — Convert firm-fixed-price contracts for contract postal units, where cost effective, to performance-based contracts to optimize revenue performance. TID: March 2017 |

| Report Number | Issue Date | Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date |
|---------------|-------------------------|--|
| - | | Security Clearances for Postal Service Contract Drivers |
| | | R-1 —Establish formal procedures to track and monitor contract driver security clearances to ensure drivers have the appropriate clearance and are re-screened, as required. This should include a process to notify appropriate management officials when security clearances have not been renewed. TID: August 2017 |
| HR-AR-15-001 | 11/20/2014 | R-2 — Establish a formal centralized system that allows for the tracking and monitoring of contract driver security clearances. TID: August 2017 |
| | | R-3 —Establish mandatory and refresher training requirements for Postal Service officials responsible for security clearances to ensure they are aware of their roles and responsibilities regarding the security clearance process. TID: August 2017 |
| | | R-4 —Establish a formal oversight process for contracting officers to validate contract drivers have security clearances when renewing contracts. TID: August 2017 |
| T 10 15 001 | | Capital District Vulnerability Assessment |
| IT-AR-15-001 | 12/12/2014 | R-7 — Disable [redacted] on systems that are on the Postal Service intranet. TID: September 2016 |
| | | Internal Controls and Transportation Associated With the Atlanta, GA, Mail Transport Equipment Service Center |
| NO 45 45 000 | 10/10/0014 | R-1 —Establish and implement adequate controls over contractor performance and ensure there are adequate resources for effective oversight and monitoring of contractor operations at the Atlanta, GA Mail Transport Equipment Service Center, including the processing, invoicing, repairing, and handling of mail transport equipment. TID: December 2016 |
| NU-AK-15-002 | NO-AR-15-002 12/12/2014 | R-3 — Ensure management monitors compliance with established mail transport equipment policies and procedures to minimize risk of accidents and inju to personnel handling this equipment and ensure proper dispatching and use of over-the-road containers. TID: December 2016 |
| | | R-5 — Reassess mail transport equipment standing orders and transportation schedules for all processing facilities to ensure they are up-to-date and efficient given the operational changes and imbalance of mail transport equipment flow. TID: February 2017 Badges for Postal Service Contractors |
| | -004 03/06/2015 | R-1 — Provide formal training including periodic refresher training to responsible personnel to ensure they understand their roles and responsibilities for managing contractor badges. TID: August 2017 |
| HR-AR-15-004 | | R-2 — Revise national policy to ensure responsible personnel develop comprehensive and uniform standard operating procedures to manage contractor badges, including procedures for issuing, tracking, and monitoring badges. TID: August 2017 |
| | | R-3 —Establish an oversight process to strengthen controls and accountability of the contractor badge program to ensure it is effectively managed. TID: August 2017 |
| | | Retail Systems Software Deployment and Functionality |
| MI-AR-15-002 | 03/13/2015 | R-1 — Deploy the Retail Systems Software at the remaining 304 pilot sites, demonstrate self-service kiosk functionality, and correct any user-related functionality issues before initiating a nationwide deployment. TID: June 2016 |
| | | Hardware Inventory Management – Greater Boston District |
| IT-AR-15-004 | 03/25/2015 | R-3 — Complete plans to implement controls to prevent unauthorized network devices from gaining access to the Greater Boston District network. TID: September 2017 |
| | | End User Data Loss Prevention |
| IT-AR-15-005 | 04/17/2015 | R-4 — Coordinate with the chief information security officer and Digital Solutions vice president to implement a mobile technology solution that separates and protects corporate data from being accessed by internal users through personal emails and prevents internal users from accessing file sharin applications and saving documents on U.S. Postal Service mobile devices. TID: September 2016 |
| | | Strategies for Reducing Undeliverable as Addressed Mail |
| MS-MA-15-006 | 05/01/2015 | R-1 — Work with mailers to leverage new technologies to promote compliance with address standards and more accurately attribute actual undeliverable a addressed mail costs. TID: September 2017 |
| | | Internal Controls and Transportation Associated with the Dallas, TX, Mail Transport Equipment Service Center |
| | | R-3 —Ensure management monitors compliance with established mail transport equipment policies and procedures to reduce costs and minimize risk of accidents and injuries to personnel handling this equipment. TID: October 2016 |
| NO-AR-15-005 | 05/22/2015 | R-4 —Ensure over-the-road containers are not incorrectly sent to the Dallas, TX, Mail Transport Equipment Service Center in order to reduce unnecessar handling costs. TID: December 2016 |
| | | R-5 — Establish a policy and procedures for securing and handling mail mistakenly sent to mailers' facilities. TID: December 2016 |
| | | R-6 — Reassess mail transport equipment standing orders and transportation schedules for all processing facilities. Ensure orders are up-to-date and transportation is efficiently scheduled by coordinating customers' orders with mail transport equipment facilities' dispatches to the Dallas Mail Transport Equipment Service Center. TID: February 2017 |

| Report Number | Issue Date | R = Recommendation number TID = Target Implementation Date |
|---------------|------------|---|
| | | Oversight of the Approved Shippers Program |
| SM-AR-15-004 | 05/26/2015 | R-1 — Develop formal policies and procedures for overseeing the Approved Shippers Program, including roles, responsibilities, and a verification process for performing reviews. TID: October 2015 |
| | | City Delivery Office Efficiency – Greater Boston District |
| DR-AR-15-007 | 05/28/2015 | R-1 — Eliminate 265,462 workhours at delivery units. TID: October 2016 |
| | | Area Mail Processing Consolidations |
| NO-AR-15-007 | 06/05/2015 | R-1 —Include guidelines for determining a timeframe for implementing an area mail processing consolidation once a feasibility study is approved. TID: September 2017 |
| | | R-2 — Define "substantive change" with respect to changes that warrant revisions to area mail processing feasibility studies and specify timeframes for evaluating a feasibility study to determine whether substantive change(s) occurred. TID: September 2017 |
| MS-AR-15-006 | 06/11/2015 | Customer Care Centers |
| WI3-AN-13-000 | 00/11/2013 | R-3 — Develop a quality of information performance goal. TID: September 2016 |
| | | Software Development Processes |
| | | R-2 —Implement guidance and training to Business Owners for the customer testing process and ensure that testing teams are following requirements in Handbook AS-805, Information Security. TID: December 2016 |
| IT-AR-15-006 | 07/13/2015 | R-4 — Update development policies including the Technology Solutions Life Cycle (TSLC) governance and compliance policy to include all software development phases in the monthly governance and compliance review process and update the system retirement process to designate responsibility for updating the application status in the TSLC Artifacts Library. TID: December 2016 |
| | | R-5 — Revise policies to require program managers to upload required documentation into the Technology Solutions Life Cycle (TSLC) Artifacts Library at th completion of each phase of the TSLC process. TID: December 2016 |
| | | Software Inventory Management – Greater Boston District |
| IT-AR-15-007 | 07/13/2015 | R-1 — Update policies to provide specific roles and responsibilities for managing the software inventory process, and provide instructions for detecting and removing unauthorized software to all districts. TID: December 2016 |
| | | R-5 — Remove unauthorized software identified on the Greater Boston District network. TID: December 2016 |
| | | Management of Unauthorized Software |
| IT-MA-15-003 | 07/14/2015 | R-1 — Assign responsibility for identifying and reviewing unauthorized software products on the network and if applicable remove these products or add the to the approved software listing. TID: December 2016 |
| | | R-2 — Assign personnel to coordinate with district Information Technology staff on a quarterly basis to monitor, identify, and remove unauthorized software from the network. TID: December 2016 |
| | | U. S. Postal Service Cybersecurity Functions |
| | | R-3 — Separate the joint duties of the chief information security officer and vice president of Digital Solutions and designate a senior-level chief information security officer with information security as the primary duty. TID: September 2017 |
| | | R-4 — Provide adequate resources for cybersecurity operations, including: a. Funding commitments to enable proactive prevention, detection, response, ar mitigation of sophisticated cyber threats. b. Providing visibility into fragmented cybersecurity funding to facilitate a coordinated approach to reducin business risk. TID: September 2017 |
| IT-AR-15-008 | 07/17/2015 | R-5 —Adequately staff cybersecurity operations functions based on the organization's risk tolerance. Specifically, staffing levels should support business requirements to: a. Ensure the Security Operations Center provides skilled cyber threat and intrusion analysis and experienced threat remediation and response management staff; b. Expand Computer Incident Response Team functions to include comprehensive incident management and response, including anomalous activity detection; c. Create centralized network operations center capabilities and require participation as part of a cybersecurity incident response with the security operations center and Computer Incident Response Team; d. Expand the existing vulnerability management program to encompass the federal objectives for continuous monitoring, including penetration testing. TID: September 2017 |
| | | R-6 — Develop and implement a plan for the organization to exercise the appropriate governance and incident response. TID: December 2016 |
| | | Retail Systems Software – Business Process Controls |
| FT-AR-15-008 | 07/21/2015 | R-1 — Implement controls to prevent multiple scans on prepaid barcodes or to alert retail associates when multiple scans occur. TID: March 2017 |
| | | R-7 — Reiterate to retail associates that they must use Retail Systems Software to accept prepaid mail at the retail counter. TID: March 2017 |

| Report Number | Issue Date | Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date |
|---------------|------------------------|---|
| | | Oversight of Expense Purchase Cards |
| SM-AR-15-006 | 08/07/2015 | R-2 — Update Handbook AS-709, Local Buying and Purchase Card Policies and Procedures, to: a. Require refresher training for all cardholders and credit card approving officials. b. Require credit card approving officials to verify and certify their review of approved eBuy2 requests prior to approving cardholder expense purchase card monthly statements. c. Incorporate the new eAccess purchase card account setup process. d. Implement a process to verify that all cardholders and credit card approving officials have completed required training and all cardholders have a delegation of authority. TID: December 2016 |
| | | Substantial Increase in Delayed Mail |
| NO-MA-15-004 | 08/13/2015 | R-4 —Establish criteria for determining if the network has stabilized and ensure the criteria are met prior to resuming the Phase II consolidations or conducting any other optimization efforts. TID: December 2016 |
| | | Utilization of Data by the Chief Operating Officer and Executive Vice President |
| | | R-1 — Connect metrics to the strategic plan which will enable Operations to provide insight into ongoing progress in executing strategy. TID: February 2017 |
| DR-AR-15-009 | 08/25/2015 | R-2 — Evaluate and update metrics annually to evolve alongside the organization's priorities and strategic goals. TID: February 2017 |
| | | R-3 — Include predictive metrics in data tools, which enable proactive or forward-focused decision-making. TID: February 2017 |
| | | R-4 — Identify, develop, and implement systems, data, and reporting tools which cover additional internal and external data sources and have the capability to collect and report real-time actionable data. TID: February 2017 |
| | | Passive Adaptive Scanning System (PASS) Functionality and Savings |
| MI-AR-15-007 | 09/01/2015 | R-1 — Ensure that the Delivering Results, Innovation, Value, and Efficiency Initiative 46 – Package Revenue Assurance revenue-protection function is used t start recovering the projected shortpaid revenue in [redacted] because the Passive Adaptive Scanning System [redacted]. TID: September 2017 |
| NO-MA-15-005 | 09/01/2015 | Leased Trailer Damage Payments |
| | 00/01/2010 | R-1 — Review and update damage claims policy and procedures. TID: April 2017 |
| | | Postal Service Handling of Inbound International Mail at the [redacted] International Service Center in [redacted] |
| | | R-1 — Enhance the system application for automation to identify mail requested by U.S. Customs and Border Protection. TID: June 2017 |
| NO-MA-15-006 | 0-MA-15-006 09/03/2015 | R-2 — Coordinate with U.S. Customs and Border Protection to clarify their inspection requirements and establish a process to ensure compliance. TID: June 2017 |
| | | R-4 — Ensure scanned data is accurate, complete, and reliable. TID: September 2017 |
| | | Postal Inspection Service Mail Covers Program Phase II |
| HR-AR-15-007 | 09/15/2015 | R-2 —Establish formal procedures to monitor and track accountable mail cover documents for postal inspectors to ensure they are properly completed, submitted, and maintained at the Postal Inspection Service's Criminal Investigations Service Center (CISC). These procedures should include requiring inspectors to return all mail cover documents to the CISC within 60 days of the mail cover end date. TID: September 2016 |
| | | R-3 — Conduct a study to determine how using electronic media, including spreadsheets will impact the confidentiality and security of mail cover information Based on study results, clarify policies and procedures regarding completing Postal Service Form 2009, Information Regarding Mail Matter, for each service solution and electronic media and procedures regarding completing Postal Service Form 2009, Information Regarding Mail Matter, for each service solution and electronic media and procedures regarding completing Postal Service Form 2009, Information Regarding Mail Matter, for each service solution and electronic media and procedures regarding completing Postal Service Form 2009, Information Regarding Mail Matter, for each service solution and electronic media and procedures regarding completing Postal Service Form 2009, Information Regarding Mail Matter, for each service solution and electronic media and procedures regarding completing Postal Service Form 2009, Information Regarding Mail Matter, for each service solution and electronic media and procedures regarding completing Postal Service Form 2009, Information Regarding Mail Matter, for each service solution and electronic media and procedures regarding completing Postal Service Form 2009, Information Regarding Mail Matter, for each service solution and electronic media and procedures regarding completing Postal Service Form 2009, Information Regarding Mail Matter, for each service solution and electronic media and procedures regarding completing Postal Service Form 2009, Information Regarding Mail Matter, for each service solution and electronic media and procedures regarding completing Postal Service Service Form 2009, Information Regarding Mail Matter, for each service solution and electronic media and procedures regarding completing Postal Service Service Form 2009, Information Regarding Mail Matter, for each service solution and electronic media and procedures regarding completing Postal Service Service Service Service Service Service Service Servi |
| | | mailpiece related to interdiction mail covers and for mail covers that are automatically generated, approved, and closed. TID: September 2016 [Redacted] Software Contract and Compliance Review |
| IT-AR-15-009 | 09/18/2015 | R-2 — Complete the Certification and Accreditation process for the [redacted] software – [redacted] and [redacted] and obtain the physical location of Postal Service information associated with these applications. TID: December 2016 |
| | | R-6 — Require Postal Service employees and contractors with access to sensitive information in the [redacted] software to obtain proper security clearance and deactivate their access to the software until they obtain the proper security clearance. TID: December 2016 |
| | | Information Security Awareness Training and Phishing |
| IT-AR-16-001 | 10/05/2015 | R-1 — Modify Handbook AS-805, Information Security, Section 6-5.3, Training Requirements, to require all employees with Postal Service network access take annual information security awareness training. TID: January 2017 |
| | 11/16/0015 | DRIVE 25 – Improve the Customer Experience |
| WI-AR-16-001 | 11/16/2015 | R-3 — Establish an independent review process to validate the accuracy of Technology Management Office System inputs. TID: March 2016 |
| | | Mail Transport Equipment Service Centers – Nationwide Assessment |
| NO-AR-16-004 | 11/19/2015 | R-3 — Establish and implement adequate controls over contractor performance for effective oversight and monitoring of contractor operations at all Mail Transport Equipment Service Centers, including the processing, invoicing, repair, and handling of mail transport equipment. TID: December 2016 |
| | | U.S. Postal Service Mail Recovery Center |
| MS-AR-16-001 | 12/01/2015 | R-3 —Instruct sales and service associates to provide customers with proper procedures for filing a search inquiry. TID: January 2016 |

| CP-AR-16-002 VII-AR-16-002 T-AR-16-003 | 12/08/2015 12/22/2015 | U.S. Postal Service Building Occupancy Data R-1 — Conduct and document a new facility space usage study that reflects current network and facility operations. TID: October 2018 R-2 — Establish documented procedures for updating facility space usage data on an annual basis and establish criteria for determining when to conduct new facility space usage studies. TID: October 2018 Capital Projects Return on Investment |
|--|---|--|
| ИI-AR-16-002 | | R-2 —Establish documented procedures for updating facility space usage data on an annual basis and establish criteria for determining when to conduct new facility space usage studies. TID: October 2018 |
| | 12/22/2015 | new facility space usage studies. TID: October 2018 |
| | 12/22/2015 | Capital Projects Return on Investment |
| | 12/22/2015 | |
| T-AR-16-003 | | R-1 — Update Postal Service Handbook F-66, General Investment Policies and Procedures, to require: Program managers to update cash flows and report on any significant operating changes that will impact the capital investment's return on investment; and Perform interim cost studies on all capital investments approved by the Investment Review Committee. TID: September 2016 |
| T-AR-16-003 | | Unsupported Operating Systems |
| | 12/24/2015 | R-1 — Revise Handbook AS-805, Information Security, to provide detailed guidance for managing operating systems, such as assigning a single group responsibility for managing unsupported operating systems, tracking vendor end-of-support dates, identifying risks associated with running unsupported operating systems, and developing strategies for moving to another operating system when vendor support ends. TID: January 2017 |
| | | R-2 — Develop a current inventory of unsupported operating systems and either document acceptance of the risk of continued usage or migrate to a supported operating system. TID: September 2017 |
| | 10/00/00/15 | Address Management Licensing Agreements |
| SM-AR-16-004 | 12/29/2015 | R-2 — Periodically evaluate licensing agreement templates to determine whether provisions are consistent, up-to-date, and adequately protect the Postal Service's best interests. TID: January 2018 |
| | | Assessing Controls Over the Utility Payment Process |
| SM-AR-16-003 | 12/30/2015 | R-1 — Develop comprehensive formal policies and procedures to help ensure utility payments are properly made through the Utility Management System and eBuy2. TID: February 2017 |
| | | Rock Springs, WY, Customer Service Mail Processing Center Consolidation |
| NO-AR-16-006 01/07/2016 | R-1 — Re-evaluate management workhour, maintenance, and transportation savings contained in the Rock Springs Area Mail Processing feasibility study during the first post-implementation review. TID: January 2018 | |
| | 01/07/2016 | R-2 — Determine and document the impact of excluding the automated flat volume from the Rock Springs Area Mail Processing feasibility study during the first post-implementation review. TID: January 2018 |
| | | R-4 — Adjust transportation and other operational requirements to ensure service commitments are met in Rock Springs, WY. TID: April 2016 |
| | | Access Controls over Mail Imaging Systems |
| | | R-1 — Remove administrative privileges for shared accounts on all mail imaging systems. TID: September 2016 |
| | | R-2 — Require passwords for all mail imaging systems accounts in accordance with Handbook AS-805. TID: September 2016 |
| IT-AR-16-004 | 01/14/2016 | R-3 — Delete all accounts that have not been used in more than 365 days and all guest accounts on the mail imaging systems. TID: September 2016 |
| | | R-4 — Require users to change passwords for all administrative accounts at least every 30 days and for all non-administrative accounts at least every 90 days for the mail imaging systems. TID: September 2016 |
| | | R-5 — Establish a plan to update past-due business impact assessments for the mail imaging systems to ensure compliance with Handbook AS-805 no late than September 30, 2016. TID: September 2016 |
| | | Review of City Carrier Office Efficiency – Colorado/Wyoming District |
| DR-AR-16-002 | 01/20/2016 | R-1 —Eliminate 179,619 workhours at delivery units. TID: December 2016 |
| | | Firewall Security Review |
| | | R-1 — Perform a risk assessment for all mail processing facilities [redacted] to ensure that they are protected as appropriate or document acceptance of the risk. TID: December 2017 |
| IT-AR-16-005 | 01/26/2016 | R-2 — Configure firewalls to enforce [redacted], proper encryption, network time protocol, session timeouts, and password complexity; and update the firewall operating system. TID: September 2017 |
| | | R-3 — Update the telecommunication infrastructure to support firewall [redacted] capabilities at all mail processing facilities. TID: September 2016 |
| | | R-4 — Review current firewall rules and remove those that are permissive or duplicative and; review firewall rules every 6 months according to Handbook AS-805, Information Security, and document the results of the review. TID: September 2017 |

| Report Number | Issue Date | Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date |
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| • | | Review of Selected Active Directory Domains |
| IT-AR-16-006 | 02/10/2016 | R-1 — Provide domain administrators access to current security standards. TID: July 2016 |
| | | R-2 — Direct domain administrators to configure servers running Active Directory to meet requirements outlined in applicable Postal Service security standards. TID: July 2016 |
| | | R-3 — Direct domain administrators to comply with Handbook AS-805, Information Security, to manage Active Directory administrative accounts, including [redacted] and are not approved by management, and changing administrative account passwords. TID: July 2016 |
| | | R-4 — Update current [redacted] server security standards and align them with best practices where appropriate to enhance the overall security of Active Directory. TID: July 2016 |
| | | Contracting Officers' Workloads |
| SM-AR-16-006 | 02/18/2016 | R-1 —Assess the capabilities of internal and external contract management systems to determine whether more efficient processes or reports can be developed to monitor workload distribution across Supply Management. The system should save historical data and incorporate standardized reporting of items such as incoming purchase request, purchase method, purchase assignment, and cycle time. TID: September 2016 |
| FT-AR-16-004 | 02/23/2016 | Management of Post Office Box Services |
| | | R-1 — Develop and implement controls to ensure personnel complete the daily Post Office box receipt reconciliation between Postal Service Form 1412, Dai Financial Report, and the Web Box Activity Tracking System Receipts by Date Report. TID: December 2016 |
| | | R-2 — Develop and implement controls to ensure manual Post Office box billing procedures are completed. TID: December 2016 |
| | | R-3 — Develop and implement controls to ensure the Post Office Box Annual Audit Review is completed properly and reviewed by higher level management. TID: December 2016 |
| SM-AR-16-007 | 03/28/2016 | Controls over Multiple Award Indefinite Delivery, Indefinite Quantity Contracts |
| | | R-1 — Update contract policy to clarify ordering procedures for contracting officers issuing orders against indefinite delivery, indefinite quantity contracts. TID: February 2017 |
| NO NA 40 000 | 00/00/0010 | Delayed Mail Data in the Enterprise Data Warehouse |
| NO-MA-16-002 | 03/29/2016 | R-1 — Coordinate with Information Technology to include the two Web Mail Condition Reporting System delayed Standard Mail data elements in the Enterprise Data Warehouse Network Operations Data Mart by June 30, 2016. TID: November 2016 |
| HR-AR-16-002 | 04/07/2016 | Postal Service's Handling of Office of Workers Compensation Claim Forms |
| | | R-1 — Develop a more comprehensive electronic claims process to ensure claims forms are completed accurately and timely. TID: March 2017 |
| | | R-2 —Establish mandatory training to ensure HRM specialists are aware of policies and procedures for handling claims processing forms. TID: December 2016 |
| | | R-3 — Establish policies and procedures for revising dates on the CA-1, revising CA-2 and CA-7 claim forms, and date stamping outgoing claim documents TID: September 2016 |
| | | R-4 — Evaluate the EHS module to enhance usability and efficiency to ensure accidents and incidents are recorded accurately and timely. TID: March 2017 |
| MR-AR-16-003 | 04/13/2016 | International Marketing |
| | | R-1 — Develop a comprehensive marketing strategy for its international products and services, which includes specific actions for promoting customer awareness. TID: September 2016 |
| | | New York Morgan Processing and Distribution Center Efficiency |
| NO-AR-16-008 | 05/04/2016 | R-1 — Reduce 385,365 workhours over the next five years by evaluating operational efficiency and adjusting workhours to workload. TID: May 2021 |
| | | R-6 — Complete annual management operating data system reviews as required by Handbook M-32, Management Operating Data System. TID: May 2016 |
| IT-MA-16-001 | 05/10/2016 | Security Information Management System |
| | | R-1 —Establish procedures to regularly identify and manage false positives found in malware event reporting tools and incorporate these practices into the redesign of incident management and monitoring processes. TID: December 2016 |
| | 05/01/0010 | Approved Shippers Pricing and Customer Service |
| SM-AR-16-008 | 05/31/2016 | R-3 — Expand the Retail Customer Experience questionnaire to include questions about postage payment and mail security. TID: December 2016 |
| DR-AR-16-005 | 06/09/2016 | City Delivery Office Efficiency – Houston District |
| | | R-1 — Eliminate 174,912 workhours at delivery units. TID: January 2017 |
| IT-AR-16-007 | 06/13/2016 | Software Change Management for Engineering Systems R-5 — Terminate Serena Business Manager Team Track user accounts that have not been used in over 365 days, as required by Postal Service Handbook |

| Report Number | Issue Date | R = Recommendation number TID = Target Implementation Date |
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| | | Stamp Fulfillment Services |
| T-MT-16-001 | 06/15/2016 | R-1 — Strengthen headquarters oversight of management actions at Stamp Fulfillment Services to include accounting for and disposing of off-sale retail merchandise and accountable paper. TID: September 2016 |
| | | R-2 — Develop and implement a process to dispose of existing off-sale retail merchandise and accountable paper stored within Stamp Fulfillment Services. TID: September 2016 |
| | | Electronic Media Disposal |
| T AD 16 000 | 06/04/0016 | R-1 — Review and update policy and implement procedures to ensure proper accountability of media once it is identified for disposal and a reconciliation process to ensure it is disposed of properly. TID: January 2017 |
| T-AR-16-008 | 06/24/2016 | R-2 — Complete the contracting process to obtain a badge access system and security cameras for the two leased buildings. TID: October 2016 |
| | | R-3 —Enact a policy and implement procedures that require management to conduct periodic reviews of the disposal contractor's sanitization process. TID: January 2017 |
| | | Retail System Software Help Desk |
| CP-AR-16-006 | 06/27/2016 | R-1 — Re-evaluate help desk metrics for the upcoming contract or extension to establish an average handle time performance target and adjust the abandoned call rate and average speed to answer performance target. TID: October 2017 Package Processing Machine Capacity |
| NL-AR-16-003 | 07/01/2016 | |
| | | R-1 — Develop a plan to operate package processing machines at full operational performance levels in order to reduce the amount of manual processing and to support continued package growth. TID: July 2017 |
| | | Market Dominant Billing Determinants: Standard Mail |
| CP-AR-16-007 | 07/11/2016 | R-2 — Explore the cost-benefit of fully automating the process or further leveraging Microsoft Excel tools to prepare billing determinant spreadsheets. TID: March 2017 |
| | | R-3 — Complete ongoing efforts to validate that all Standard Mail billing determinant spreadsheets are produced using documented and repeatable processes to minimize errors and include a higher level internal review. TID: March 2017 |
| | | Facility Condition Reviews – Capital Metro Area |
| | | R-1 — Develop an action plan to address all building maintenance, safety, security, workplace environment and workplace violence policy issues identified during our review. This plan should include a timeline for when items will be completed. TID: July 2016 |
| SM-AR-16-009 | 07/18/2016 | R-2 — Coordinate training to reinforce Postal Service policies and procedures relating to: maintenance and cleaning standards to improve the customer retail experience; safety standards to prevent injuries to employees and customers and to reduce the Postal Service's exposure to Occupational Safety and Health Administration fines; security standards for facilities, yards, and vehicles to protect employees, Postal Service property, and mai maintenance of customer complaint logs so customer complaints are recorded, tracked, and resolved timely; consistent display of required posters so they are available to employees; and maintenance, display, and communication of an Emergency Action Plan (EAP) and Fire Protection Plan (FP so employees know what to do in the event of an emergency. TID: August 2016 |
| | | R-3 — Revise current policies to improve coordination among Facilities personnel, facility managers, and lessors to resolve issues and make timely repairs before they escalate, resulting in unsafe conditions for both employees and customers. TID: December 2016 |
| | | Market Dominant Billing Determinants: Package Services |
| CP-AR-16-009 | 08/05/2016 | R-2 — Explore the cost-benefit of fully automating the process or further leveraging Microsoft Excel tools to prepare billing determinant spreadsheets. TID: March 2017 |
| | | R-3 — Complete ongoing efforts to validate that all Package Services billing determinant spreadsheets are produced using documented and repeatable procedures to minimize errors and include a higher level internal review. TID: March 2017 |
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| Report Number | Issue Date | R = Recommendation number TID = Target Implementation Date |
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| | | PostalOne!-Business Customer Support System Availability |
| | | R-1 — Develop a plan with milestones for resolving systemic and recurring PostalOne!-Business Customer Support System availability issues. TID: September 2016 |
| | | R-2 — Implement a formal, centralized process in ServiceNow for tracking PostalOne! - Business Customer Support System outages and downtime. TID: December 2016 |
| | | R-3 — Establish policies and procedures that define enterprise-wide system availability statuses for downtime, uptime, and outages. TID: December 2016 |
| IT-AR-16-010 | 08/10/2016 | R-4 — Develop detailed PostalOne!-Business Customer Support System notification policies to provide specific roles and responsibilities for relevant busines areas and identify the timeframe and frequency for customer notifications when an outage or availability issues occur. TID: September 2016 |
| | | R-5 — Establish and execute protocols for notifying all users when the PostalOne!-Business Customer Support System (BCSS) is unavailable, including posting notifications on the PostalOne!-BCSS Business Customer Gateway and the Rapid Information Bulletin Board System; and provide near real time availability information to customers on a continuous basis. TID: September 2016 |
| | | R-6 — Develop a plan to calculate PostalOne!-Business Customer Support System availability in accordance with best practices and include blackout maintenance hours on the daily chief information officer scorecards reported to the Postal Service Executive Leadership Team. TID: March 2017 |
| | | R-7 — Include all required information technology clauses in the three PostalOne!- Business Customer Support System contracts. TID: October 2016 |
| MS-AR-16-005 | 08/16/2016 | U.S. Postal Pilot Programs |
| | | R-1 — Develop a streamlined pilot process to rapidly fund, create a prototype of, and test new ideas on a smaller scale. TID: December 2016 |
| | | City Delivery Office Efficiency – Greensboro District |
| | 08/22/2016 | R-1 —Eliminate 85,304 workhours at delivery units. TID: March 2017 |
| DR-AR-16-008 | | R-2 — Eliminate inefficient office practices such as sorting through delivery point sequence mail on office time. TID: March 2017 |
| | | R-3 — Increase mail arrival efficiency by preparing up-to-date integrated operating plans with facility processing managers. TID: March 2017 |
| | | R-4 —Ensure city delivery supervisors follow policies and procedures. TID: November 2016 |
| MS-AR-16-007 | 08/25/2016 | Customer Service Operations in the Capital and Northern Virginia Districts |
| | | R-2 —Coordinating units' integrated operating plans and mail arrival profiles. TID: October 2016 2015 Peak Season Package Processing Performance |
| NL-AR-16-004 | 08/30/2016 | |
| | 00/00/2010 | R-1 — Evaluate and develop plans to increase use of existing machines for the 2016 peak season to reduce manual package processing. TID: December 2016 |
| | | Mail Processing and Transportation Operational Changes |
| | | R-1 — Re-evaluate and update the projected operational and transportation financial impacts associated with the operational window change. TID: December 2016 |
| NO-AR-16-009 | 09/02/2016 | R-2 — Develop and implement a strategy to improve mail processing productivity in the new operational window before any additional nationwide operational changes or consolidations are implemented. TID: September 2017 |
| NO AN 10 003 | 03/02/2010 | R-3 — Develop a plan to ensure adequate air transportation capacity is available for mail to meet its critical entry times. TID: March 2017 |
| | | R-4 — Create and use a nationwide system to track and report the amount, cause, and origin of late arriving mail. TID: March 2017 |
| | | R-5 — Establish a nationwide database to capture and share the Lean Six Sigma team's lessons learned. TID: October 2017 |
| | | R-6 —Ensure all operating plans are updated in accordance with Postal Service policy to reflect the new operating window. TID: October 2016 |
| | | Facility Condition Reviews – Great Lakes Area |
| | | R-1 — Develop an action plan to address all building maintenance, safety, security, workplace environment, and workplace violence policy issues identified during our review. This plan should include a timeline for when items will be completed. TID: October 2016 |
| SM-AR-16-010 | 09/02/2016 | R-2 — Enforce the requirement of Handbook MS-47, Housekeeping Postal Facilities, to have all facility personnel perform housekeeping inspections, as required, and designate officials to ensure inspections are performed. TID: October 2016 |
| | | R-3 — Coordinate training to reinforce Postal Service policies and procedures relating to: Maintenance and housekeeping standards to improve the customer retail experience. Safety standards to prevent injuries to employees and customers and to reduce the Postal Service's exposure to Occupational Safety and Health Administration fines. Security standards of facilities, yards, and vehicles to protect employees, Postal Service property, and mail. Maintenance of customer complaint logs so customer complaints are recorded, tracked, and resolved timely. TID: October 2016 |

| Report Number | Issue Date | R = Recommendation number TID = Target Implementation Date | | | | | |
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| | | Postmaster Cost Segment | | | | | |
| CP-AR-16-010 | 09/08/2016 | R-1 — Conduct an annual review and reconciliation of expense account assignment and descriptions that includes revising applicable guidance for communicating roles and responsibilities. TID: October 2016 | | | | | |
| | | R-3 — Communicate to the Postal Regulatory Commission the status of the Post Office Structure Plan and develop a timeline and approach for updating th postmaster variability study. TID: July 2018 | | | | | |
| | | Automated Vehicle Utilization System (AVUS) Mileage Use – Pacific Area | | | | | |
| DR-AR-16-010 | 09/15/2016 | R-1 — Review and conduct route base mileage and variance analyses and make the necessary corrections in AVUS and DOIS. TID: October 2016 | | | | | |
| | 00,10,2010 | R-2 — Provide training to existing, newly promoted, and temporary supervisors on maintaining route base mileage, and monitoring and documenti mileage use and deviations. TID: September 2016 | | | | | |
| | | City Carriers Returning After 6 P.M. – Los Angeles District | | | | | |
| | | R-1 — Evaluate actual package volume data for city delivery units and modify route base package volume estimates on routes through route adjustments or minor route adjustments. TID: March 2017 | | | | | |
| | | R-2 — Fill vacancies for supervisors within 6 months. TID: September 2017 | | | | | |
| DR-AR-16-011 | 09/15/2016 | R-3 — Provide city delivery supervisory training to all promoted and temporary supervisors, where appropriate. TID: September 2017 | | | | | |
| | | R-4 —Instruct delivery unit management to properly report and record all instances of late mail arrival and improper mail mix in the Customer Service Daily Reporting System and Delivery Operations Information System. TID: September 2016 | | | | | |
| | | R-5 — Direct the Mail Arrival Quality/Plant Arrival Quality committee to conduct a study to evaluate the impact and cost of late mail arrival and improper ma mix dispatched to delivery units and take appropriate action. TID: December 2016 | | | | | |
| | | Voyager Fleet Card Controls-Southern Area | | | | | |
| | | R-1 —Assign site managers to reconcile high-risk exception transactions to include that all vehicles are assigned the correct finance number and provide training on the reconciliation process. TID: October 2016 | | | | | |
| DR-AR-16-009 | 09/19/2016 | R-2 — Distribute updated user guides for Voyager Fleet Card Standard Operation Procedures and the Fuel Asset Management System to delivery site managers. TID: October 2016 | | | | | |
| | | R-3 — Issue an area management directive instructing delivery units to secure Voyager fleet cards and personal identification numbers, and provide training as appropriate. TID: October 2016 | | | | | |
| | | Timeliness of Mail Processing at the Queens, NY, Processing and Distribution Center | | | | | |
| | 09/20/2016 | R-1 — Develop a 2-5 year staffing and mail processing machine plan for the Queens, NY, Processing and Distribution Center in order to match processing capability with current and projected mail volume, reduce overtime to budgeted levels, and, in the interim, redirect volume to facilities with excess capacity where possible. TID: November 2016 | | | | | |
| NO-AR-16-010 | | R-2 — Ensure a plan is established at the Queens, NY, Processing and Distribution Center within the next 6 months for all package processing machine performance to meet targets. TID: October 2016 | | | | | |
| | | R-3 —Instruct the area in-plant support manager to ensure the Queens, NY, Processing and Distribution Center consistently uses an updated and complete mail processing operating plan. TID: September 2016 | | | | | |
| | | Oversight of Oil and Gas Mineral Rights | | | | | |
| | | R-1 — Develop a process to identify and track owned properties with mineral rights and determine if the Postal Service is entitled to royalty payments. TID: September 2017 | | | | | |
| SM-AR-16-011 | 09/20/2016 | R-2 — Develop a policy that outlines the responsibilities for overseeing mineral rights, including managing oil and gas leases; collecting, tracking and validating royalty payments; and evaluating whether to acquire or dispose of mineral rights before buying or selling a property. TID: September 201 | | | | | |
| | | R-3 — Review and update all oil and gas leases, including signatures and current tenant information. TID: March 2017 | | | | | |
| | | R-4 — Collaborate with the Department of the Interior to identify opportunities and best practices for collecting, tracking, and validating royalty payments. TID: September 2017 | | | | | |
| | | Inbound International Mail Operations – [Redacted] International Service Center | | | | | |
| MS-MT-16-003 | 09/21/2016 | R-1 — Coordinate with U.S. Customs and Border Protection (CBP) to establish a memorandum of understanding stating CBP's mail presentation requirements. TID: February 2017 | | | | | |
| | | Omaha, NE, Processing and Distribution Center Customer Service Performance | | | | | |
| NO-AR-16-011 | 09/23/2016 | R-1 —Ensure the Norfolk, NE, and Grand Island, NE, Processing and Distribution Facilities update their operating plans in accordance with Postal Service policy to reflect the operational window change and completed portions of the consolidations. TID: September 2016 | | | | | |
| | | R-2 — Ensure mail is dispatched on time and delayed mail is recorded correctly on the daily mail condition report. TID: September 2016 | | | | | |
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| | | Management of Electronic Technicians' Overtime at the Madison Processing and Distribution Center R-1 — Evaluate the practice of staffing three electronic technicians for each tour and establish an oversight process to review the work schedules of and |
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| | | assign work to electronic technicians to better align maintenance coverage with workload and control overtime use. TID: August 2016 |
| | | R-2 — Develop work schedules for maintenance supervisors to ensure adequate oversight of maintenance personnel 7 days a week. TID: September 201 |
| HR-AR-16-005 | 09/27/2016 | R-3 — Develop and implement a process to monitor maintenance personnel's personal use of Postal Service computers during workhours to ensure compliance with the established policy for Internet usage. TID: September 2016 |
| | | R-4 —Implement a process to evaluate the assignment of maintenance personnel to move machinery that ensures the economical and optimal use of resources. TID: September 2016 |
| | | R-5 — Develop and implement a process to have supervisors periodically evaluate maintenance employees' performance, complete the Maintenance Employee Evaluation Record, and maintain a record of the review on file for 2 years. TID: September 2016 |
| | | Postal Service Workplace Violence Program |
| | | R-1 —Establish additional controls, such as periodic reviews of the Workplace Environment Tracking System database, to ensure responsible officials ent assaults into the tracking system. TID: September 2016 |
| HR-AR-16-004 | 09/28/2016 | R-2 — Develop mandatory training to ensure responsible personnel are adequately trained on use of the Workplace Environment Tracking System and car identify incidents that should be entered into the tracking system. TID: September 2016 |
| | | R-3 — Establish oversight controls to ensure that threat assessment teams comply with established guidelines and perform their roles and responsibilities as required. TID: September 2016 |
| | | R-4 — Develop controls to ensure that threat assessment team members and responsible facility management, postmasters, and supervisors complete required threat assessment team training. TID: September 2016 |
| MS-MT-16-004 | 09/28/2016 | Inbound International Mail Operations – [redacted] International Service Center |
| | | This report and its recommendations are not publicly available due to concerns with information protected under the Freedom of Information Act. Highway Contract Route Survey Compliance – Eastern Transportation Category Management Team |
| NL-AR-16-005 | 09/28/2016 | R-1 — Establish formalized annual training for administrative officials on conducting and completing Highway Contract Route surveys. TID: June 2017 |
| | | R-2 — Develop a centralized management tool for administrative officials to report and contract officers to manage Highway Contract Route survey compliance. TID: October 2017 |
| | | Management of Maintenance Employees' Sick Leave in the Mid-America District |
| HR-AR-16-006 | 09/29/2016 | R-1 — Implement a consistent process for supervisors to effectively reduce excessive sick leave use to include restricted sick leave. TID: November 2016 |
| | | R-2 — Develop a standard operating procedure providing guidance for when and how to use the deems desirable documentation option in the Enterprise Resource Management System and notifying employees regarding the selection of the option. TID: November 2016 |
| | | Continuous Improvement of Mail Processing Operations |
| | | R-1 — Reduce 11.5 million workhours from projected fiscal year 2016 levels where possible and when planning for 2017 projected workhours by evaluati operational efficiency, adjusting staffing levels/workhours to workload, and ensuring overtime workhours do not exceed budgeted levels. TID: September 2019 |
| | | R-2 — Direct district managers to ensure that plant managers make certain operating plans are updated. TID: October 2016 |
| NO-AR-16-012 | 09/29/2016 | R-3 — Direct district managers to ensure that plant managers make certain daily machine schedules (run plans) for mail processing are followed. TID: November 2016 |
| | | R-4 — Direct district managers to ensure that plant managers make certain automated processing begins promptly after employees start work. TID: November 2017 |
| | | R-5 — Direct district managers to ensure that plant managers make certain employees clock into the operation number where work is being performed. TID: November 2017 |
| | | R-6 — Direct district managers to ensure that plant managers make certain employees understand and use the proper procedures for preparing, feeding, jogging, and culling mail prior to processing. TID: November 2016 |

| Report Number | Issue Date | Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date |
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| | 10040 2410 | Management and Oversight of Highway Contract Routes |
| | | R-1 — Review and determine the adequacy of the contracting officer's span of control. TID: None |
| | | R-2 — Review and determine the adequacy of the administrative official's oversight of highway contract routes. TID: April 2017 |
| | | R-3 — Develop a centralized process, such as an online spreadsheet, for administrative officials to report and contracting officers to manage highway contract route irregularities. TID: October 2017 |
| NL-AR-16-006 | 09/30/2016 | R-4 — Implement annual formal training for administrative officials who report highway contract route irregularities. TID: June 2017 |
| | | R-5 — Update Postal Service Handbook PO-501, Highway Contract Route (HCR) Administration, to include required annual highway contract route training for administrative officials, enforce the national process for administrative officials to report and contracting officers to manage HCR contractor irregularities, implement an annual policy review process, and ensure the policy is available on the Postal Service's PolicyNet. TID: June 2017 |
| | | R-6 —Ensure global positioning system (GPS) equipment is compatible with the Logistics Condition Reporting System Program so that collected highway contract route performance information is accurate and can be used to manage these contracts and examine opportunities to expand the use of G and other electronic data to manage HCR contracts. TID: October 2017 |
| | | Trailer Lease Reduction Projects |
| NL-AR-16-007 | 09/30/2016 | R-1 — Finish the 11 remaining trailer lease reduction projects as planned by addressing staff changes, inadequate global positioning system information, a ongoing trailer lease contracts revisions. TID: June 2017 |
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Appendix F and Appendix G

Appendix F

Management Decisions in Audit Resolution

For the period April 1 — September 30, 2016

As required by the IG Act, the following discusses information concerning any significant management decision with which the Inspector General disagrees and is currently in audit resolution.

Appendix G

Status of Peer Review Recommendations

Federal audit organizations undergo an external quality control assessment by their peers every 3 years. The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 requires an appendix reporting on 1) any Office of Inspector General peer reviews conducted on us during the semiannual period; and 2) any recommendations from previous or current peer reviews that remain outstanding or have not been fully implemented.

No recommendations found.

Office of Audit

Internal Peer Reviews

The latest review conducted on us was completed on September 22, 2015 by the U.S. Department of Housing and Urban Development Office of Inspector General (HUD OIG). We received a rating of pass.

External Peer Reviews

The latest review we conducted was completed on January 4, 2016 on the Department of Defense Office Inspector General (DOD OIG). They received a rating of pass.

Office of Investigations

Internal Peer Reviews None conducted during this period.

External Peer Reviews None conducted during this period.

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Appendix H

Investigative Statistics

For the period April 1 — September 30, 2016

Appendix H

For the period April 1 — September 30, 2016

| | Investigations Closed | Arrests | Indictments / Information / Complaints | Convictions | Admin Action Taken | Cost Avoidance | Fines / Restitution, and Recoveries | Amount to USPS | To Mgmt. for Admin Action | To Mgmt. for Admin Action (FY) |
|------------------------------|--------------------------|---------|--|-------------|-----------------------|----------------|---|----------------|------------------------------|--------------------------------------|
| Contract Fraud | 50 | 1 | 2 | 1 | 19 | 2,946,230 | 3,213,293 | 3,212,493 | 6 | 31 |
| Financial Fraud | 244 | 72 | 62 | 93 | 141 | 1,125,000 | 775,854 | 748,863 | 134 | 299 |
| General Crimes | 455 | 22 | 7 | 42 | 278 | 35,328 | 284,241 | 113,242 | 228 | 516 |
| Healthcare Claimant Fraud | 730 | 34 | 30 | 31 | 110 | 184,508,316 | 1,262,869 | 1,158,735 | 105 | 306 |
| Healthcare Provider Fraud | 44 | 19 | 20 | 10 | 3 | 4,340,680 | 310,389,666 | 25,103,481 | _ | _ |
| Internal Mail Theft | 1,029 | 210 | 165 | 287 | 575 | — | 4,945,248 | 79,066 | 479 | 1,087 |
| Narcotics | 34 | 31 | 29 | 20 | 35 | 113,374 | 8,123 | 2,500 | 42 | 56 |
| Total | 2,586 | 389 | 315 | 484 | 1,161 | 193,068,928 | 320,879,294 | 30,418,381 | 994 | 2,295 |

For the period October 1, 2015 — September 30, 2016

| | Investigations Closed | Arrests | Indictments / Information / Complaints | Convictions | Admin Action Taken | Cost Avoidance | Fines / Restitution, and Recoveries | Amount to USPS | To Mgmt. for Admin Action | To Mgmt. for Admin Action (FY) |
|------------------------------|--------------------------|---------|--|-------------|-----------------------|----------------|---|----------------|------------------------------|--------------------------------------|
| Contract Fraud | 206 | 1 | 6 | 8 | 52 | 4,863,776 | 4,336,193 | 4,308,036 | 31 | 31 |
| Financial Fraud | 442 | 148 | 143 | 181 | 315 | 1,650,000 | 1,870,856 | 1,770,333 | 301 | 301 |
| General Crimes | 875 | 46 | 36 | 70 | 601 | 35,328 | 623.464 | 135,867 | 542 | 542 |
| Healthcare Claimant Fraud | 1,138 | 65 | 72 | 68 | 240 | 317,112,748 | 3,334,430 | 3,159,653 | 307 | 307 |
| Healthcare Provider Fraud | 92 | 38 | 44 | 19 | 3 | 6,531,142 | 311,513,588 | 25,803,659 | _ | _ |
| Internal Mail Theft | 1,866 | 455 | 462 | 550 | 1,260 | — | 20,299,703 | 502,662 | 1,105 | 1,105 |
| Narcotics | 34 | 45 | 47 | 27 | 48 | 113,374 | 23,773 | 18,100 | 58 | 58 |
| Total | 4,653 | 798 | 810 | 923 | 2,519 | 330,306,368 | 342,002,007 | 35,698,310 | 2,344 | 2,344 |

Appendix I

Summary of U.S. Postal Inspection Service Actions Under 39 USC § 3005 and 3007

For the period April 1 — September 30, 2016

| Type of Scheme | Complaints Filed | Consent Agreements | FROs | C&D Orders |
|----------------------|---------------------|-----------------------|------|------------|
| Advance Fee | 1 | 1 | _ | 1 |
| Counterfeit Check | 9 | 7 | — | 7 |
| Failure to Pay | 1 | 1 | _ | 1 |
| Foreign Lottery | 17 | 16 | — | 16 |
| Identity Theft-Other | 1 | — | — | _ |
| Invoice Schemes | 1 | 1 | 1 | 1 |
| Lottery | 8 | 7 | — | 7 |
| Reshipping Scheme | 6 | 5 | — | 5 |
| USPS Revenue Fraud | 1 | 1 | — | 1 |
| Work at Home-Other | 1 | 1 | — | 1 |
| TOTAL | 46 | 40 | 1 | 40 |

Financial Reporting on Investigative Activities for the Postal Inspection Service

| Туре | Total |
|----------------------------|---------------|
| Total Personnel Comp | \$186,505,896 |
| Total Nonpersonnel Expense | \$41,665,763 |
| Total Operating Expense | \$228,171,659 |
| Total Capital Commitments | \$6,304,166 |

Other Administrative Actions

Appendix I

Т

| Temp. Restraining Orders Requested | |
|--|---|
| Temp. Restraining Orders Imposed | — |
| Cases Using Direct Purchase Authority | _ |
| Civil Penalties (Section 3012) Imposed | _ |
| Test Purchases | - |
| Withholding Mail Orders Issued | — |
| Voluntary Discontinuances | This area is not tracked by Office of Counsel |

Administrative Subpoenas Requested by the Postal Inspection Service.

There was no request during this reporting period.

Appendix J

All Closed Congressional/PMG/BOG Inquiries

Appendix J

For the period April 1 — September 30, 2016

This appendix lists the congressional, Postmaster General, and Board of Governors inquiries the OIG closed during this reporting period. OIG units reviewed or investigated these inquiries to resolve allegations and disputes and to help identify systemic issues. Inquiries are listed in chronological order of receipt.

| Requestor | Allegation/ Concern | Major Findings | Closure Date |
|--|---|--|--------------|
| Representative, Virginia | Constituent was interrogated and followed by the OIG | The OIG initiated investigative activity on the constituent after receiving an anonymous complaint alleging the constituent was exceeding medical restrictions. The constituent agreed to be interviewed by OIG Special Agents and was informed that the OIG conducted surveillance and took photos. | 5/5/16 |
| Representative, Florida | Constituents' concerns regarding investigation into allegations of fraud at [redacted] | In a March 31, 2016, press release, the U.S. Attorney's Office of the Middle District of Florida announced that Tampa, FL, residents [redacted] and [redacted] pleaded guilty to conspiracy and kickbacks. [redacted] and [redacted] conspired to pay kickbacks to [redacted] for referring federal workers receiving care through the federal workers compensation program to [redacted], a company substantially run by [redacted]. The amount of the kickbacks paid to [redacted] during the course of the conspiracy exceeded \$1 million. | 6/7/16 |
| Chairman, Senate Committee | Misreporting of Occupational Safety and Health Administration injury and illness rates | Our investigation determined that Postal Service employees altered dates and other information on DOL OWCP CA-1 forms. We also found that a Postal Service employee falsified OSHA I&I forms to avoid fines that the Postal Service would be obligated to pay due to untimely reporting. | 4/29/16 |
| Senator, Maryland | Postal Service management's failure to report shooting incident and refusal to submit employee's DOL OWCP claim form | We learned that Postal Service management did not report the shooting incident to the Inspection Service due to insufficient evidence. We also found that Postal Service management did not submit the employee's claim form in a timely manner. | 5/3/16 |
| Representative, Maryland | Non-delivery of checks and possible identity theft | During our investigation we discovered that the constituent's personal banking information was taken and used to create five fraudulent checks that were cashed at various locations. We could not confirm any Postal Service employees were involved in the theft of the constituent's mailed checks or the theft of banking information to create the fraudulent checks that were cashed electronically. | 7/7/16 |
| Senator, Kansas | nator, Kansas Mis-delivery of mail We forwarded the information to the Postal Service for actions deemed appropriate. | | 5/17/16 |
| Representative, California | Theft of permanent resident cards | Our agents conducted interviews and performed mail integrity testing. We found no evidence of misconduct by a Postal Service employee, and we were unable to determine the whereabouts of the missing permanent resident cards. | 4/4/16 |
| Representative, Ohio | Non-delivery of four pieces of mail | We identified a Postal Service employee who was riffling and stealing mail from a postal facility. The employee was removed from the Postal Service. No further losses have been reported in the delivery area since the removal of the employee. | 5/5/10 |
| Representative, Illinois | Damaged mail, non-delivery of mail, and a Postal Service employee attacked a pet dog | We determined that the damaged mail piece could have been damaged in a mail processing machine. Regarding the non-delivery of mail, we learned that the Postal Service informed the constituent that mail was not delivered due to inclement weather. Regarding the allegation that the letter carrier attacked the constituent's dog, we learned that the letter carrier sprayed the dog with pepper spray after being bitten by the dog. | 5/6/16 |
| Delegate, District of Columbia | Theft of mail and Social Security Administration checks | We learned that the constituent attempted to receive mail using General Delivery Mail, a temporary service for customers not permanently located. The mail was returned to sender because the constituent's General Delivery service was no longer authorized. We determined Postal Service employees properly processed the mail and adhered to Postal Service policies and procedures. | 4/18/16 |
| Senator, New Jersey | Mishandling, diversion, and theft of mail | During our investigation we learned that the constituent's residence has two separate entrances. The residential mail slots in each entrance were not properly marked, making it impossible for a Postal Service employee to know where to deliver mail. We found no reoccurring theft or mis-deliveries in the constituent's delivery area. We were unable to substantiate any mishandling, theft, or diversion of mail by Postal Service employees. | 6/16/16 |
| Chairman, Senate Committee | Mail tampering by a Postal Service employee | During our investigation we learned that the Postal Service employee removed a smart label from the constituent's mail, thinking it no longer served a purpose to the customer. Smart labels are placed on envelopes and used for internal tracking purposes. We found no intentional tampering of the constituent's mail by a Postal Service employee. | 4/21/16 |
| Representative, California | Harassment and obstruction of mail by a Postal Service employee | Our investigation did not reveal evidence to support the allegation. The constituent requested the letter carrier be assigned to a different route. We reported our findings to Postal Service management for actions deemed appropriate. | 4/21/16 |
| Senator, Michigan | Delivery issues and possible identity theft due to mailbox left open | During our investigation we observed the letter carrier place mail inside the constituent's mailbox and properly close the mailbox. We determined that the constituent has not been a victim of identity theft. | 4/26/1 |
| Representative, California | Damaged package with contents missing | We learned that a Postal Service employee may have attempted to insert the constituent's parcel into a parcel locker that was too small, resulting in damage to the parcel. The parcel may have also been mis-delivered, resulting in a neighbor opening the parcel, then delivering the parcel to the constituent's residence. We found no evidence that a Postal Service employee tampered with the parcel. | 5/2/1 |
| Representative, Ohio | Ongoing mail delivery issues and non- delivery of two separate checks | We conducted interviews and mail integrity testing. The test mail pieces were delivered to the intended destination and were completely intact. Based on our investigation, there are no current ongoing issues with the processing and delivery of mail. | 6/7/10 |
| Chairman, Senate Committee; Representative, Wisconsin | Postal Service employees engaged in inappropriate activities while at work and submitted false timesheets | We did not observe any Postal Service employees engaged in inappropriate behavior during our investigation. We also found no evidence of criminal activity or personal misconduct. Based on the results of the investigation, the allegation of criminal time-and-attendance fraud was determined to be unsubstantiated. | 5/13/1 |

| Requestor | Allegation/ Concern | Major Findings | Closure Date |
|--|---|---|--------------|
| Representative, New Jersey | Mail theft by Postal Service employees | Our investigation did not find evidence of mail theft by Postal Service employees. During our investigation we learned that the constituent also accused relatives of stealing mail and was possibly suffering from Alzheimer's disease. | 5/9/16 |
| Representative, California | Mail tampering and theft by Postal Service employees | We determined that the torn mail piece could have been damaged in a mail processing machine. Several investigative efforts were initiated in an attempt to locate the missing item. Our investigation did not identify any Postal Service employees involved in the theft of mail. | 6/29/16 |
| hairman, Senate Committee; hairman, Senate Committee hairman, Senate C | | We provided the requested material. | 4/20/16 |
| Chairman, House Committee; Ranking Member, House Committee | Biannual set of questions on all closed cases, all open recommendations, prioritization of recommendations, and monetization of open recommendations | We provided the requested material. | 4/20/16 |
| Representative, Oregon | Mail theft and tampering by a Postal Service employee | Our office conducted interviews and mail integrity testing. We did not discover any evidence of mail tampering or misconduct by a Postal Service employee. | 5/4/16 |
| Senator, Wisconsin | Priority Mail package received damaged with contents missing | We determined that based on the reported condition of the package when received, the damage could have occurred during mail processing, separating the items from the original packaging. Additional searches and analyses were performed; however, the investigation yielded no further leads. | 4/29/16 |
| Representative, Pennsylvania | Harassment by Postal Service employees | During our investigation we learned that the constituent's complaint against the employees was referred to Postal Service management and investigated; however, the allegations were unsubstantiated and the complaint was closed. According to an Inspection Service assessment, the constituent's allegations were based on personal belief and not from first-hand knowledge. | 8/3/16 |
| Representative, Ohio | Mail theft by a Postal Service employee | We conducted interviews and surveillance. Based on our investigation we found no suspicious activities regarding the processing or handling of mail by Postal Service employees. | 7/26/16 |
| Senator, New York | Non-delivery of International Registered Mail | We found no evidence to substantiate a Postal Service employee was responsible for the missing International Registered Mail. Through analysis and interviews, we found no evidence to support the allegation of mail theft, mail tampering, or delay or destruction of mail by any Postal Service employee. | 5/16/16 |
| Senator, California | Non-delivery of passport | Our agents conducted interviews and a search of Postal Service databases. We were unable to locate the passport using the tracking number provided. Based on our investigation, we found no evidence of misconduct by a Postal Service employee. | 6/1/16 |
| Senator, New York | Mail tampering by a Postal Service employee | We learned that the building the constituent moved to in June 2015 was a newly constructed property and it was not approved by the Postal Service to receive mail delivery until August 27, 2015. As a result, the constituent's mail was held at the Post Office. We found no evidence to support the allegation of mail tampering by any Postal Service employee. | 6/24/16 |
| Representative, Virginia | Non-delivery of package that was scanned as delivered | Several investigative efforts were initiated in an attempt to locate the missing package. During our investigation we learned that the Postal Service employee who scanned the package as delivered was removed from the Postal Service. We found no evidence to substantiate a Postal Service employee was responsible for the missing package. | 8/5/16 |
| Senator, Pennsylvania | Unauthorized delivery of mail to another residence resulting in possible identity theft | During our investigation the individuals living adjacent to the constituent's deceased relative admitted they received mail for the relative and considered her a lifetime friend. They also admitted to taking the relative to the bank and obtaining a cashier's check in the amount of \$50,000. The individuals explained that the money was a gift. Postal Service management took administrative action against the Postal Service employee for not following proper delivery procedures. | 6/7/16 |
| Representative, Virginia | Envelope received torn with contents missing | Based on the condition of the mail when received, we determined that the damage likely occurred during mail processing. A search for similar complaints identified minimal mail theft or mail tampering. With no additional leads, we concluded our investigation. | 5/3/16 |
| Senator, Washington | Retaliatory harassment after reporting a hostile work environment | During our investigation we learned that the U.S. Postal Inspection Service conducted an investigation into the constituent's allegation of a co-worker threatening him with bodily harm. The results of the investigation did not substantiate the allegation. We also learned that the constituent filed a complaint with the Equal Employment Opportunity Commission based on the same set of allegations. | 6/28/16 |
| Senator, Illinois | Harassment by a Postal Service employee and removal from the Postal Service due to manager's misconduct | We learned that the constituent was issued an Emergency Placement letter and a Notice of Removal letter. A grievance report stated the constituent's grievance was denied and the Postal Service did not have just cause to remove her. The constituent's removal was reduced to suspension without pay and she was ordered to return to work after undergoing a fitness for duty examination. However, the constituent did not comply with the requirement to undergo the examination. We discovered the manager accused of harassment has been retired since the mid-1990s. | 6/28/16 |
| Representative, Missouri | Non-delivery of two Registered Mail packages to New York | Our agents conducted interviews, mail integrity testing, and searched pawn shop transactions related to the missing mail. We found that no Postal Service employee pawned the missing items and the test mail piece was delivered properly. We determined that Postal Service employees properly handled the missing Registered Mail shipments. Additional searches yielded no further leads. | 5/4/16 |

| Requestor | Allegation/ Concern | Major Findings | Closure Date |
|---|--|---|---------------------|
| Representative, New York | Damaged mail, delivery issues, and missing mail pieces | We determined that the damaged mail piece could have been damaged in a mail processing machine. Regarding the delivery issues and missing mail pieces, lack of tracking information for the mail pieces and the amount of time elapsed hindered our ability to conduct further analysis. | 5/16/16 |
| Senator, Virginia | Postal Service management created a hostile work environment and retaliated against employees | During our investigation we learned that an initial management inquiry process (IMIP) was already initiated by the Postal Service to address the workplace harassment complaints. As a result of the IMIP, new management was put in place. | 5/18/16 |
| Representative, New Jersey | Postal Service employee discarded personal construction and yard debris into a Post Office dumpster | We discovered that the construction debris was from a nearby Post Office located within a leased space in a building that was damaged by Hurricane Sandy. The Post Office did not have a dumpster, so the Postal Service employee transported the trash to avoid the Postal Service from incurring fines. | 5/26/16 |
| Representative, Georgia | Non-receipt and delay of mail | We learned that a temporary Change of Address request filed incorrectly or handled improperly by a letter carrier may have contributed to the delayed mail. We conducted mail integrity testing and all mail pieces were returned, indicating proper handling by the letter carrier. We found no evidence of criminal wrongdoing by any Postal Service employee. | 6/16/16 |
| Representative, Virginia | Delivery issues and damaged mail | We did not find the constituent's mail to be delivered damaged, as the mail appeared to be folded. Postal Service management advised mail does get folded when cased and delivered. We advised management to speak to employees regarding mail delivery condition. | 9/8/16 |
| Representative, Florida | Request for information related to fleet management and fleet fuel card management and abuse | Our office provided information on past audit reports related to the Postal Service's Voyager Card program and summaries of Voyager Card cases that were investigated and prosecuted. | 5/3/16 |
| Representative, New Jersey | Discrimination of race, religion, and sex, while working at the Postal Service Office of Inspector General | We discovered the constituent filed a formal EEO complaint based on the same set of allegations. Due to the ongoing EEO investigation, we concluded our investigation. | 4/18/16 |
| Representative, California | Non-delivery of permanent resident card scanned as delivered | We found no evidence of mail theft by a Postal Service employee, and we were unable to determine the whereabouts of the permanent resident card. | 8/15/16 |
| The White House | Request for compensation for unpaid overtime | A former Postal Service employee alleged the Postal Service owed him compensation for unpaid overtime and was forced to retire. Our investigation did not uncover any evidence to support the allegation. We also discovered that Postal Service management issued the former employee a 14-day suspension due to failure to perform job duties. The employee retired after the Postal Service offered an early-out retirement option. | 5/2/16 |
| Representative, Georgia | Mail tampering by a Postal Service employee | Our investigation did not disclose evidence of criminal wrongdoing by any Postal Service employee. | 7/26/16 |
| Representative, Virginia | Non-delivery of a rifle scope | Our agents conducted a review and searched several databases using the serial number the constituent provided. The searches involved a thorough review of pawn shop transactions and an online marketplace. We were unable to recover the missing item. | 4/21/16 |
| Representative, Georgia | Retaliation after reporting mismanagement by Postal Service employees | During our investigation we discovered that the constituent was found in violation of the Postal Service's Behavior and Personal Habits rule. The constituent filed a grievance in response to an Emergency Placement in an Off-Duty Status letter. The constituent received a 7-day suspension for improper conduct and was reassigned to a different Post Office. The constituent's retaliation complaint did not meet the requirements for a Whistleblower Reprisal matter. | 6/17/16 |
| Chairman, House Committee; Ranking Member, House Committee | Biannual set of questions on all closed cases, all open recommendations, prioritization of recommendations, monetization of open recommendations, and criminal referrals | We provided the requested material. | 4/20/16 |
| Representative, Tennessee | Harassment by Postal Service management | The constituent was placed on paid emergency placement due to improper conduct and for creating a hostile work environment by threatening Postal Service management. After an IMIP investigation, it was determined that the constituent was declared unfit to return to work. We learned that a class action grievance as it related to Postal Service employees forced to work overtime was settled in January 2016. As a result, all employees who were affected were compensated. According to Postal Service management, the constituent was ineligible for the monetary remedy because the violation occurred after he retired. | 7/7/16 |
| Senator, Washington | Retaliation after reporting discrimination by Postal Service employees | We discovered the constituent submitted an EEO complaint alleging discrimination and harassment based on race, reprisal, and color. We informed the constituent that the allegation of retaliation should be added to the ongoing EEO complaint for review. | 6/30/16 |
| Senator, California | Non-delivery of mail and unauthorized change of address by a Postal Service employee | We learned that a letter carrier issued an Employee Generated Change of Address as a "Moved, Left No Address" because the constituent did not retrieve mail for a period greater than 10 days after proper notification to pick up mail. Our investigation did not reveal any delay or dumping of mail by any Postal Service employees, and the letter carrier properly handled the mail according to Postal Service policy. | |
| The White House | Non-delivery of package that showed as signed for and delivered | Our investigation determined that a Postal Service employee delivered the package to the wrong home and signed the delivery signature confirmation without proper authorization. We determined the employee failed to follow Postal Service delivery procedures and we reported our findings to Postal Service management for actions deemed appropriate. | 7/25/16 |

| Requestor | Allegation/ Concern | Major Findings | Closure Date |
|----------------------------|--|---|---------------------|
| Representative, Michigan | Former Postal Service employee alleges he was removed from the Postal Service based on reprisal and mental disability | We discovered the constituent filed a formal EEO complaint addressing the same issues. Due to the ongoing EEO investigation, we concluded our investigation. | 5/27/16 |
| The White House | Harassment by a Postal Service employee and removal from the Postal Service due to manager's misconduct | We learned that the constituent was issued an Emergency Placement letter and a Notice of Removal letter. A grievance report stated the constituent's grievance was denied and the Postal Service did not have just cause to remove her. The constituent's removal was reduced to suspension without pay and she was ordered to return to work after undergoing a fitness for duty examination. However, the constituent did not comply with the requirement to undergo the examination. We discovered the manager accused of harassment has been retired since the mid-1990s. | 6/28/16 |
| Senator, California | Non-delivery of International Registered Mail from Germany | We discovered that the International Registered Mail from Germany was eventually delivered to the constituent. | 8/15/16 |
| Representative, Colorado | Mail delivery issues and letter carrier talked in a loud voice about killing and genocide | During our investigation we observed the letter carrier inside his vehicle and gesturing as if he was talking to someone. The carrier was also observed dancing to music and appearing to talk to himself, acting oddly while delivering mail, standing for several minutes in customers' front yards, and appearing to look at an imaginary watch and gesturing to the sky. We reported our findings to Postal Service management for actions deemed appropriate. | 9/28/16 |
| Representative, New York | Delivery issues and possible identity theft | Our investigation did not find a pattern of suspected Postal Service employee theft or fraud. Due to the mail being delayed and being processed at multiple Postal Service facilities, it is possible the mail became opened and/or torn during extended processing. | 9/19/16 |
| The White House | Mail theft, identity theft, and unprofessional behavior by Postal Service employees | The constituent was unable to provide any information indicating a Postal Service employee was involved in the theft, delay, or tampering of mail. We found no evidence of mail tampering or unprofessional behavior by any Postal Service employees. | 9/26/16 |
| Senator, New York | Theft of permanent resident card | Our agents conducted interviews and performed mail integrity testing. We found no evidence of mail theft, mail tampering, or misconduct by a Postal Service employee, and we were unable to determine the whereabouts of the missing permanent resident card. | 9/19/16 |
| Senator, Georgia | Unauthorized monitoring of constituent's actions by the Postal Service or an investigative agency, including electronic hacking and wiretaps of personal computer, telephone landline, and cellular phone | Based on our investigation, we found no record that the Postal Service or the OIG investigated the constituent, tapped phones, or attempted entry into any electronic devices. The investigation did not disclose evidence of wrongdoing by a Postal Service employee. | 6/9/16 |
| Representative, New Jersey | Missing contents from parcel shipped overseas | Based on the parcel's origin and its likely route, we determined the parcel was likely riffled and the contents removed before scanning. Following the investigation, three Terminal Handling Service employees were terminated. We did not identify any instances involving Postal Service employees improperly handling, opening, delaying, or stealing the parcel. | 9/21/16 |
| Senator, New York | Non-receipt of permanent resident card | We learned that a Postal Service employee scanned the permanent resident card "No Secure Location Available" at the postal facility, not at the delivery address, in order to "stop the clock." Postal Service management held a discussion with the letter carrier for misconduct. Based on the delivery scan data, the permanent resident card was delivered to the constituent's residence. We could not substantiate if someone employed or contracted by the Postal Service stole the permanent resident card. | 9/30/16 |
| Senator, New York | Non-receipt of immigration visa | During our investigation the constituent reapplied for an immigration visa and received it. The immigration visa from the first application was eventually delivered. | 6/16/16 |
| Chairman, House Committee | Request for information related to compound pharmaceuticals | We provided the requested information. | 5/2/16 |
| Senator, New York | Mail tampering and theft by Postal Service employees | We discovered that the constituent's parcel was mistakenly forwarded from a postal facility to a local Post Office. The parcel was returned for processing and delivered to the constituent. Based on our investigation, the allegation of mail theft was unsubstantiated. | 6/27/16 |
| Representative, New York | Non-delivery of pension checks | Our office was informed that the constituent received the pension checks. | 5/10/16 |
| The White House | Hostile work environment and employee misconduct at a Postal Service facility | During our investigation we found that a similar complaint was referred to Postal Service management for actions deemed appropriate. After another review, it was determined that the allegations were unsubstantiated and Postal Service management appropriately handled the matter. | |
| Representative, New York | Constituent alleged entrapment while collecting DOL OWCP benefits | Our investigation disclosed that the constituent's allegation of entrapment during a previous OIG investigation was unfounded. | 9/16/16 |
| Senator, Minnesota | Mail tampering and theft of Registered Mail package contents | Our investigation developed no evidence of any criminal activity to support the allegation of mail theft by a Postal Service employee. | 8/9/16 |
| Representative, Colorado | Mail delivery issues and letter carrier talked in a loud voice about killing and genocide | During our investigation we observed the letter carrier inside his vehicle and gesturing as if he was talking to someone. The carrier was also observed dancing to music and appearing to talk to himself, acting oddly while delivering mail, standing for several minutes in customers' front yards, and appearing to look at an imaginary watch and gesturing to the sky. We reported our findings to Postal Service management for actions deemed appropriate. | 9/28/16 |

| Requestor | Allegation/ Concern | Major Findings | Closure Date |
|--|---|--|--------------|
| Representative, Texas | Identity theft, bribery, the misuse/ mishandling of medical records related to an on-the-job inquiry, and abuse of authority by Postal Service managers | We found no evidence or substantial leads supporting identity theft, bribery, the misuse/mishandling of medical records, or the abuse of authority by Postal Service managers. We also found no violations of law or Postal Service policy. | 9/21/16 |
| Senator, Maine | Postal Service management altered clock rings | We learned that the constituent's union was in the process of filing grievances for the time and attendance issues. Based on the ongoing grievance process, we concluded our investigation. | 6/16/16 |
| Representative, New York | Certified letter not signed for by intended recipient | We discovered that the individual who signed for the certified letter was an employee of a legitimate business operating as a Commercial Mail Receiving Agent with the Postal Service. Based on our investigation, there is no suspicion of mail theft or mail tampering. | 8/23/16 |
| Representative, Texas | Damaged mail piece and full mail collection box | No subject was identified as a result of our investigation as the complaints related mostly to service matters. | 7/25/16 |
| Representative, Maryland | Assault by a U.S. Postal Inspection Service employee | We discovered that the constituent reported the assault to the Inspection Service in 2009. Our office initiated an investigation and we issued a report of investigation to the Inspection Service for actions deemed appropriate. In 2010, the Inspection Service advised no administrative action was taken and the Inspection Service employee retired. | 8/3/16 |
| Senator, New York | Non-receipt of permanent resident card | We learned that a Postal Service employee scanned the permanent resident card "No Secure Location Available" at the postal facility, not at the delivery address, in order to "stop the clock." Postal Service management held a discussion with the letter carrier for misconduct. Based on the delivery scan data, the permanent resident card was delivered to the constituent's residence. We could not substantiate if someone employed or contracted by the Postal Service stole the permanent resident card. | 9/30/16 |
| The White House | Theft of four mail pieces | We found no pattern of similar allegations in the delivery area. No monetary loss was incurred with regard to any of the alleged missing mail pieces. Due to the nature of the mail pieces, it is reasonable to assume that some of the mail pieces may have been properly delivered, but not processed by their businesses. | 9/8/16 |
| Representative, Kentucky | Forgery of constituent's name during parcel delivery | A discussion was held with the letter carrier to review Postal Service policy concerning the delivery of parcels. We informed the constituent that forgery charges could not be filed against the letter carrier for signing her signature for the parcels because there was no criminal intent to defraud or steal the parcels. | 9/19/16 |
| Representative, Ohio | Constituent's request for information related to an investigation. | We provided the related case number and instructions for filing a request with the OIG's FOIA Office. | 8/15/16 |
| Representative, California | Request for information concerning allegations that Postal Service employees were hoarding parcels and stealing medication | Our Office of Investigations and Office of Audit provided the requested information. | 9/8/16 |
| • | • | arch Center Requests (13) | |
| Requestor | Allegation/ Concern | Major Findings | Closure Date |
| Chairman, Senate Committee | Request to review the Postal Service's reporting of OSHA I&I rates and whether it had an impact on employees' performance bonuses for FYs 2010 and 2012 | Our Office of Audit created the report, <i>Postal Service Reporting of Occupational Safety and Health</i> <i>Administration Injury and Illness Rates.</i> We found that the Postal Service published incorrect OSHA I&I target and actual rates in its annual report to Congress. Specifically, the reports for FYs 2010 through 2014 included incorrect target rates, and the reports for FYs 2013 and 2014 included incorrect actual rates. The Postal Service did not award salary increases and lump sum payments for FYs 2011, 2012, and 2013 due to financial difficulties. The Postal Service did award salary increases and lump sum payments in FY 2010 and 2014, based on numerous NPA goals, which included actual OSHA I&I rates and not the statistics published in the reports to Congress. | 4/29/16 |
| Ranking Member, Senate Committee | Request for information on Postal Service liquidity and information on the audit report, <i>Access Controls</i> <i>Over Mail Imaging Systems</i> | We provided the requested information. | 4/15/16 |
| Chairman, House Committee; Ranking Member, House Committee; Ranking Member, Subcommittee; Representative, Texas | Request to review the Postal Service's workplace violence program and validate the Postal Service's March 2015 response describing the measures it takes to prevent sexual assault and harassment of its employees | Our Office of Audit created the report, <i>Postal Service Workplace Violence Program</i> . We found the Postal Service has a comprehensive workplace violence program to identify, report, and address employee assaults nationwide. However, opportunities exist to enhance the workplace violence program. Postal Service officials did not always record all incidents of workplace violence in the tracking system, effectively use threat teams to review assault outcomes and develop preventive measures, and display all workplace violence posters and publications. | 9/28/16 |
| Senator, New York | Delivery issues at the U.S. Postal Service's James A. Farley Post Office, resulting in a constituent's denied insurance claim | | |

| Requestor | Allegation/ Concern | Major Findings | Closure Date | |
|---|--|---|---------------------|--|
| The White House | Request from constituent to review complaints with mail delivery and customer service operations in the Austin, TX, area | Our Office of Audit created the report, <i>Delivery and Customer Service Operations - Austin-McNeil Station</i> . We identified significant deficiencies in the unit's mail delivery and customer service operations. Specifically, we confirmed allegations of inaccurate and untimely mail delivery. Additionally, we identified 2,359 stop-the-clock scans performed after 7 p.m., 97 of which were falsely scanned at the station and an additional 2,262 of which were questionable. We referred these scans to our Office of Investigations for further review. Also, we observed four packages scanned as delivered although they remained at the station. Finally, 17 of the 1,338 customer complaints about mail delivery were not closed within 72 hours. | 7/14/16 | |
| Representative, Florida | Request to review the bid negotiation process related to the sale of the Postal Service's Pembroke Pines Processing and Distribution Center (P&DC) | Our Office of Audit created the report, <i>Disposal of the Postal Service's Pembroke Pines Processing and Distribution Center.</i> We found that the Postal Service could have improved its competitive bid negotiation process during the sale of the Pembroke Pines P&DC. CBRE did not consistently communicate with or provide equal opportunities to the City and Broward County regarding their best and final offers for purchasing the Pembroke Pines P&DC. Based on our review of communications between the Postal Service, CBRE, and the City, we did not identify a conflict of interest between the parties. | 7/18/16 | |
| Representative, Minnesota | Request to examine issues related to the Postal Service's use of contract annex operations during the 2015 holiday peak season | We learned that the issues were the subject of multiple union grievances. Therefore, we closed the review to allow the grievance process to proceed unhindered. The issues raised will likely be addressed in the grievance process and we may consider further review once the grievance process is complete. | 4/1/16 | |
| Representative, Nebraska | Request to review the cause of ongoing mail service problems reported in the 1st Congressional District of Nebraska | Our Office of Audit created the report, <i>Omaha, NE, Processing and Distribution Center Customer Service</i> <i>Performance.</i> We found that the June 2013 consolidation of the Norfolk and Grand Island Processing and Distribution Facilities' originating mail operations did not have a negative customer service impact. However, we did find that the service-performance declines corresponded to the operational window change and the start of the destinating mail consolidation. | 9/23/16 | |
| Senator, New Jersey | Request for information on financial products the Postal Service could implement most easily | We provided the requested information, including links to our white papers, <i>The Road Ahead for Postal Financial Services</i> and <i>Modernizing the Postal Money Order</i> . | 4/20/16 | |
| Chairman, House Committee | Request for data related to the report, Modes of Delivery and Customer Engagement with Advertising Mail | We provided the requested information. | 6/21/16 | |
| Representative, Virginia | Unable to submit comments by mail for the audit of the proposed consolidation of the Roanoke, VA, and Greensboro, NC, Processing and Distribution Centers | The constituent's concerns related to a newspaper article that included a link to the OIG's online discussion forum, "What is Your Experience with the Roanoke, VA, Processing Facility?" We provided a link to the USPS OIG Hotline and the OIG mailing address. | 8/19/16 | |
| Chairman, Senate Committee | Request for unredacted versions of the audit report, Management Alert – Inbound International Mail Operations – [Redacted] International Service Center (MS-MT-16-004) and the audit report, Management Alert – Inbound International Mail Operations – [Redacted] International Service Center (MS-MT-16-003) | We provided the requested information. | 9/27/16 | |
| Chairman, House Committee | Request for unredacted version of the audit report, <i>Management Alert</i> – <i>Inbound International Mail Operations</i> – <i>[Redacted] International Service</i> <i>Center</i> (MS-MT-16-003) | We provided the requested information. | 9/30/16 | |
| General Council and Support Functions (3) | | | | |
| Requestor | Allegation/ Concern | Major Findings | Closure Date | |
| Representative, Virginia | Request for information regarding complaint data and the number of routes and types of carriers for a congressional district | We provided the requested information. | 4/21/16 | |
| Representative, Illinois | Performance evaluation resulted in non-receipt of a bonus | Despite receiving reasonable accommodations based on supportive medical documentation, the OIG employee's work performance did not improve. The employee was issued a notice of proposed removal for failure to perform work. The notice was amended to include a charge of misuse of a government travel card. | 8/1/16 | |
| Representative, Michigan | Retaliation and failure to provide information related to a whistleblower complaint | We found no evidence of retaliation. After receiving a FOIA request from the constituent, we provided the information that was appropriate for release without excisions. | 9/21/16 | |

Referrals (6)

| Requestor | Allegation/ Concern | Major Findings | Closure Date |
|--------------------------------|--|--|--------------|
| Representative, California | Constituent's concern over Post Office entrance off highway and potential for vehicular accidents | We forwarded the request to the Postal Service Office of Government Relations. | 4/5/16 |
| Representative, New York | Constituent's concern regarding possible fraud related to a union election | We forwarded the request to the Postal Service Office of Government Relations. | 5/24/16 |
| Representative, California | Constituent's cluster box unit vandalized and was not repaired | We forwarded the request to the Postal Service Office of Government Relations. | 5/24/16 |
| Senator, Arizona | Non-delivery of mail that was put on a temporary hold | We forwarded the request to the Postal Service Office of Government Relations. | 7/7/16 |
| Representative, North Carolina | Postal Service management not complying with grievance settlements, misuse of Long Life Vehicles, and management affecting employee morale and job performance | We forwarded the request to the Postal Service Office of Government Relations. | 7/8/16 |
| Representative, Texas | Constituent requested that the processing of a package be expedited due to a deadline in the documentation enclosed | We forwarded the request to the Postal Service Office of Government Relations. | 9/13/16 |

Supplemental Information

Supplemental Information

Freedom of Information Act

The OIG Freedom of Information Act (FOIA) Office operates independently of, but frequently coordinates with, its counterparts at the Postal Service and the Postal Inspection Service. The FOIA Office receives requests for records from the public, the media, and postal employees. The FOIA, according to the Department of Justice, "generally provides that any person has a right, enforceable in court, to obtain access to federal agency records, except to the extent that such records (or portions of them) are protected from public disclosure by one of nine exemptions."

Activities

For the period April 1 — September 30, 2016

| Requests | Number of Requests | |
|--|--------------------|--|
| Carryover from prior period | 31 | |
| Received during period | 312 | |
| Total on hand during period | 343 | |
| Actions | Number of Requests | |
| Processed during the period | 320 | |
| Requests Denied in Full | 22 | |
| Requests Granted in Full | 23 | |
| Requests Denied in Part | 74 | |
| No Records | 92 | |
| Requests Referred | 22 | |
| Requests Withdrawn | 42 | |
| Fee-Related Reasons | _ | |
| Records not reasonably described | 1 | |
| Not a proper FOIA request for some other reason | _ | |
| Not an agency record | 43 | |
| Duplicate Request | 1 | |
| Balance | Number of Requests | |
| Balance at the end of the period (pending) | 23 | |
| Processing Days | Number of Days | |
| Median processing days to respond to a FOIA request | 3 | |

Workplace Environment

The OI Workplace Environment unit reviews workplace environment and operational issues that may affect workplace climate in postal facilities throughout the country. The OIG Hotline is the usual source for the complaints, but occasionally members of Congress, the Governors, and postal management will raise concerns or forward complaints appropriate for review by the unit. Complaint topics range from sexual harassment and discrimination to workplace safety. Workplace Environment reviews are designed to identify systemic, rather than individual, issues and foster postal management efforts toward providing employees a stress- and adversity-free work environment.

The unit accepts complaints from any postal employee, including OIG and Postal Inspection Service staff. Reviews may result in fact-finding reports to management or referral for specific suggested action, such as climate assessments.

Activities

For the period April 1 — September 30, 2016

| Complaints received | Total |
|--|-------------------------|
| Carried over from previous quarter(s) | 41 |
| Complaints received from OIG Hotline, Congress, Governors, management, internal, and other | 901 |
| Total on hand during this period | 942 |
| Workplace Environment Actions | Number of Complaints |
| Total Complaints reviewed and closed during the period | 001 |
| Carried over from previous quarters is not included in total reviewed & closed count | 901 |
| Carried over from previous quarter(s) | 41 |
| Closed Determination as No Action | 1 |
| Office of Audit | 1 |
| Summary of findings to Congress/BOG/Postal Service Management | 85 |
| FOIA | _ |
| Hotline | 7 |
| AIG for Investigations | _ |
| Postal Inspection Service | 5 |
| Database for statistical analysis and possible symentic review | 606 |
| Office of Investigations | 3 |
| WorkPlace Environment | 194 |

Acronym Guide

Here is a quick guide to acronyms used in this reporting period.

| APPS: Automated Package Processing System | FEGLI: Federal Employees' Group Life Insurance |
|--|---|
| APWU: American Postal Workers Union | FEHB: Federal Employees Health Benefits |
| C&A: certification and accreditation | FSS: Flats Sequencing System |
| CSRS: Civil Service Retirement System | GMU: George Mason University |
| CSS: customer service supervisor | HCR: highway contract route |
| DBCS: Delivery Barcode Sorter | LLV: long-life vehicles |
| DOL: U.S. Department of Labor | MTE: mail transport equipment |
| DEA: Drug Enforcement Administration | NALC: National Association of Letter Carriers |
| DWC: distribution window clerk | NCSC: National Customer Support Center |
| eCBM: Electronic Conditional Based Maintenance | NDC: network distribution center |
| EDDI: Electronic Data Distribution Infrastructure | NPV: net present value |
| EDI: Electronic Data Interchange | OA: Office of Audit |
| - | OI: Office of Investigations |
| EIR: Enterprise Information Repository | |
| | |

OWCP: Office of Workers' Compensation Programs

P&DC: processing and distribution center

P&DF: processing and distribution facility

PAEA: Postal Accountability and Enhancement Act of 2006 (also known as the Postal Act of 2006)

PKI: Public Key Infrastructure

PRC: Postal Regulatory Commission

PVS: Postal Vehicle Services

RARC: Risk Analysis Research Center

SBOC: Stations and Branches Optimization Consolidation

SSA: sales and services associate

TACS: Time and Attendance Collection System

VMF: Vehicle Maintenance Facility

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Semiannual Report to Congress April 1 — September 30, 2016

who co i contacte

The U.S. Postal Service has two law enforcement agencies with distinct areas of investigative responsibility to serve the needs of stakeholders, postal employees, and the American public.



Office of Inspector General

https://www.uspsoig.gov/form/file-online-complaint Contact: 888-877-7644



Postal Inspection Service

https://postalinspectors.uspis.gov/contactUs/filecomplaint.aspx Contact: 877-876-2455

- Theft, delay, or destruction of mail by employees and contractors
- Workers' compensation fraud
- Embezzlements and financial crimes
- Contract fraud
- Kickbacks

- Computer crimes
- Narcotics
- Employee misconduct
- Internal affairs and
- executive investigations
- Whistleblower reprisals
- Security of employees, facilities, and equipment
- Revenue and postage fraud
- International mail security
- Violent crimes:
 - Threats and assaults of employees
 - Burglaries and robberies

- Mail theft by nonemployees
- Dangerous mail and bombs
- Mail fraud
- Identity theft
- Narcotics in the mail
- Child pornography and obscenity



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