



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

Semiannual Report to Congress

April 1 — September 30, 2014

OFFICE OF INSPECTOR GENERAL

UNITED STATES POSTAL SERVICE



A Message From The Inspector General



The Office of Inspector General (OIG) – together with the U.S. Postal Service Board of Governors, Congress, and Postal Service management – plays a key role in maintaining the integrity and accountability of the U.S. Postal Service, its revenue and assets, and its employees through our audit and investigative work.

OIG efforts have resulted in significant savings opportunities and improved efficiencies. The financial impact from our workers' compensation fraud cases alone more than covers the OIG's budget. When all of our investigative work and audit and research efforts are taken into account, we are providing strong value to stakeholders as we fulfill our mission of promoting integrity and accountability.

During the 6-month report period ending September 30, 2014, we issued 100 audit reports, management advisories, PARIS risk models and white papers, and the Postal Service accepted 87 percent of our significant recommendations. We completed 2,082 investigations that led to 335 arrests and nearly \$573 million in fines, restitutions, and recoveries, \$52 million of which went to the Postal Service.

A handwritten signature in black ink that reads "David Williams". The signature is fluid and cursive.

David C. Williams
Inspector General

Summary of Performance

For the period April 1 — September 30, 2014

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, 2014

Audits



Funds Put to Better Use
\$221,881,059

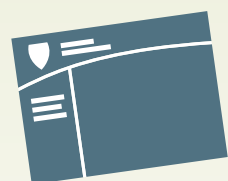


Questioned Costs
\$4,698,638,031



Revenue Impact
\$1,970,504,126

Total \$6,891,023,216



100
Reports Issued



23
Total Reports
with Financial Impact



129*
Significant
Recommendations
Issued

*This number was incorrectly reported in the original version of the SARC.

Investigations



Cost Avoidance

\$113,631,601



Fines, Restitution, and Recoveries

\$573,233,648



Amount to the Postal Service

\$52,361,910



Investigations
Completed

2,082



Arrests

335



Indictments/
Informations

234



Convictions/
Pretrial Diversions

333



Administrative
Actions

1,106

OIG Hotline Contacts

Telephone
Calls



39,670

E-Mail



18,052

U.S.
Mail



922

Voice Mail
Messages



531

Facsimile
(FAX)



342

National Law
Enforcement
Communications
Center



300

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Office of Audit

Significant Audit Work

For the period April 1 — September 30, 2014

Management Response to Audit Work

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

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 the OA to focus efforts where there is the greatest potential risk to Postal Service management and operations.

Mission Operations

Concern Over Carriers Delivering After Dark

City Letter Carriers Returning After 5 p.m. – Capital District

From fiscal year (FY) 2011 to FY 2013, the number of city letter carriers returning after 5 p.m. nationwide grew from an average of 34,933 to 50,307 per day. This raises concerns for carriers' safety after dark. At the same time, increased media attention suggests customers want their mail delivered earlier in the day. We looked at this issue in the Capital District after the shooting death of a letter carrier in November 2013. This district, which covers Washington, D.C., and southern and suburban Maryland, saw a 14 percentage point increase in carriers returning late from FY 2011 to FY 2013. We found that processing facilities were not always meeting the times established in their integrated operating plans, which led to mail arriving later for delivery. Also, management did not always properly supervise city delivery operations.

We recommended management adjust integrated operating plans to facilitate earlier mail arrival at delivery units and adhere to Postal Service policies and procedures to improve supervision of city delivery carriers. Finally, we urged management to work with union officials to improve safety through steps that could include brightly colored, reflective clothing that makes carriers easier to see in the dark.

Action Needed Now on Vehicle Replacement Plan

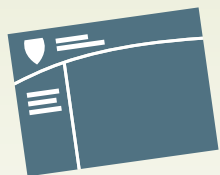
Delivery Vehicle Fleet Replacement

The Postal Service has one of the largest civilian vehicle fleets in the world, with over 190,000 vehicles, including about 142,000 long-life vehicles used to collect and deliver mail. But the fleet is aging and the long-life vehicles are near or past their expected service lives. The Postal Service has taken a fix-as-fails approach to servicing its delivery fleet, even though it would sometimes be more efficient to replace vehicles when they break down. The agency has an acquisition strategy, but it lacks detail and has not been implemented or fully funded due to financial constraints. In January 2014, the Postal Service received approval to buy 3,509 vehicles to meet a contractual rural carrier vehicle commitment as a stop-gap measure. We estimate the current fleet can sustain national delivery operations through FY 2017. But if the number of usable vehicles declines more than expected or motorized delivery routes increase, it could lead to a vehicle shortfall before that time.

We recommended the Postal Service continue to pursue short-term annual vehicle purchases. It should also formalize a long-term plan to replace the fleet that includes emerging safety and environmental technologies, which could help the Postal Service meet operational needs, reduce fuel and maintenance costs, and achieve its sustainability goals.

Audit**Summary of
Performance**

For the period April 1 — September 30, 2014

**100
Reports Issued****23
Total Reports with
Financial Impact****129*
Significant
Recommendations
Issued****This number was incorrectly reported in the original version of the SARC.***Historic Property Disposal Process Needs Improvement*****Preservation and Disposal of Historic Properties***

As the Postal Service works to right-size its network to reflect current and projected mail volume, it is also consolidating retail facilities, including some with historical significance. Since October 2010, the Postal Service has sold at least 22 historic properties, while 25 historic properties were up for sale and another 28 were expected to be listed for sale at the time of the audit. The Postal Service may dispose of its historic properties but it must follow regulations to preserve their historic features. It also has to follow federal regulations specific to relocating retail service from any property, regardless of whether the property is historic. We found the Postal Service did not know how many historic properties it owns or what would cost to preserve them. It also failed to report the status of historic artwork contained inside to the National Museum of American Art when it sold 10 historic properties. We also noted the Postal Service must better communicate with the Advisory Council on Historic Preservation, which could help the Postal Service establish covenants to protect historic features of its properties. We noted the vice president who approves funding for relocations also hears appeals of those relocations, creating an appearance of bias.

We recommended the Postal Service set up a system to track its historic properties, analyze the benefits of using the U.S. General Services Administration's services when historic property is considered for sale, and collaborate with appropriate organizations to improve the transparency of preservation efforts.

Alternate Fuel Management Options to the Voyager Program***Voyager Card Program – Capping Report***

We found the Voyager Card Program used to purchase fuel for Highway Contract Routes is not effective and other options should be considered. The Postal Service did not establish adequate controls over the program and safeguard the cards against fraud, waste, and abuse. It also did not establish an infrastructure to manage the program including systems and resources or utilize technological best practices to increase miles per gallon achieved. The program lacks incentives for contractors to purchase the cheapest fuel, maximize fuel efficiency, and ensure fuel purchases are solely for postal purposes. We estimate the Postal Service has incurred and will continue to incur about \$10.7 million annually in additional costs because of control weaknesses associated with this program.

We recommended management consider alternatives to the Voyager Card Program and fuel management best practices to obtain the best value for the Postal Service.

Revenue and Resources

Retaining and Growing Business Mail

Commercial customers are vital to the Postal Service's long-term viability, comprising 71 percent (\$46 billion) of Postal Service revenue in FY 2013. Revenue losses from reduced commercial customer spending have exceeded new revenue in 2 of the past 3 years.

The Postal Service has tried to retain customers, including changing its sales force, operating customer retention call centers, and enhancing its ability to predict which customers it risks losing. At the same time, the Postal Service provides a single point of contact for some commercial mailers through its Business Service Network (BSN). The 300-employee BSN supports nearly 23,000 large customers — who generated \$37.6 billion in revenue in FY 2013 — for service issues, information, and other requests. We discovered that enhancements to customer retention strategies and the BSN could mitigate revenue loss and, potentially, grow revenue from the important commercial customer segment.

Business Service Network

We found the average resolution time for BSN service requests was 5 days — which is 2 days longer than BSN guidance requires — because BSN staff depends on input from operational staff to resolve issues. Also, 53 percent of accounts that require outreach were not contacted proactively. We found that increasing customer outreach to all BSN customers could generate \$382 million in additional revenue in FY 2014. We also found the BSN customer experience survey excludes a large percentage of BSN customers and staff evaluations do not include metrics relating to individual performance.

We recommended management improve BSN effectiveness by reducing the time to resolve issues, conducting customer outreach, enhancing the customer experience survey, and improving the methodology for evaluating BSN staff. Management agreed with our findings and two of our recommendations and partially agreed with the other two, but disagreed with the revenue figure, stating the BSN's main mission is to retain revenue and identify opportunities, not to generate revenue.

Customer Retention

Of the customers surveyed, many cited service and operational issues as key factors in their decision to reduce or end their business with the Postal Service. We noted organization-wide collaboration shortcomings and that limited information sharing among Postal Service employees hurts efforts to retain customers. To address these issues, the Postal Service must promote collaboration among the Sales and Operations groups, an approach used by best-in-class organizations to handle customer problems. The Postal Service should also share information on at-risk customers and reach out to former customers to re-establish business relationships. Management agreed with the general direction of our recommendations, but disagreed with certain elements of the report, including equating decreased demand for mailing and shipping services with stopping mailing altogether and with our assertion that limited information sharing may be impeding the Postal Service's efforts to retain customers. Finally, management disagreed with our assessment that organization-wide collaboration issues may cause service and operational problems that affect customer retention.

Audit**Summary of
Performance**

For the period April 1 — September 30, 2014



Funds Put to Better Use
\$221,881,059



Questioned Costs
\$4,698,638,031



Revenue Impact
\$1,970,504,126

Total **\$6,891,023,216**

Protecting Mail Covers During Investigations***Postal Inspection Service Mail Covers Program***

The outside of an envelope can be an effective tool in law enforcement investigations. In FY 2013 alone, the U.S. Postal Inspection Service processed about 49,000 mail covers; the information on the outside of an envelope is collected and used by law enforcement to investigate crimes and threats to our national security. But significant privacy issues govern handling of mailpieces and the information on them. The Postal Service and the Inspection Service must follow detailed procedures before allowing mail covers. We reviewed 196 external mail covers and found controls lacking. For example, 31 percent of the covers we examined were approved without the required written authorization and 13 percent were not adequately justified.

Inadequate controls could impede investigations, raise public concern about the privacy of the mail, and harm the Postal Service's brand.

We recommended management improve controls to ensure responsible personnel process mail covers in a timely manner and conduct periodic reviews of the mail covers program. We also recommended new system controls be implemented to ensure the data integrity of the program.

Finance**Stepped Up Monitoring Needed for Travel Cards*****Monitoring of Government Travel Card Transactions***

Citibank issues VISA-branded SmartPay 2 cards to Postal Service employees for use on official travel. Effective monitoring of travel card transactions reduces the risk of travel card misuse and the negative publicity that comes with it. We reviewed 1,832 official travel-related cash advances and found Postal Service travel card coordinators failed to identify 1,260 for review even though the transactions potentially did not comply with travel policy. These questionable transactions totaled \$215,466. We also reviewed 486 purchases at Postal Service Headquarters and the Postal Inspection Service that potentially did not comply with travel policy and found coordinators did not identify 282 of them, totaling \$55,516, for management follow-up. We also found personnel changes were not processed promptly to enable coordinators to monitor travel card transactions.

We recommended the Postal Service ensure timely processing of personnel changes for cardholders who had been transferred to new locations and implement written criteria for coordinators to monitor travel cards. Postal Service management recently eliminated cash advances for all employees except in very rare circumstances. There is no financial risk to the Postal Service as a result of misuse because individual employee cardholders are responsible for repayment of their credit card bills.

Benchmarking Postal Service Compensation and Benefits

Offering workplace benefits such as health and retirement programs and paid vacations is a well-established way to attract and retain talented workers. But the structure of these offerings has been changing in the public and private sectors over the past 20 to 30 years for several reasons, including rising pension debts, a more mobile workforce, and a move towards simplified administration of benefits. However, the retirement benefits for federal workers, including Postal Service employees, have not changed significantly since the Federal Employees Retirement System was enacted in 1987. Similarly, Postal Service leave benefits have stayed largely the same for decades. The Postal Service is supposed to offer compensation and benefits comparable to the private sector. But it cannot change its benefits programs unilaterally, due to legal requirements and union agreements.

At the same time, the Postal Service faces increased costs from benefits for federal employees who sustain injuries. State governments and the private sector have adopted numerous reforms that reduce employees' workers' compensation costs, but the Postal Service has limited cost containment options without legislative changes to Federal Employees' Compensation Act (FECA).

As the Postal Service seeks to reign in expenses in the face of declining revenue, we prepared three white papers that examined industry best practices and benchmarked Postal Service benefits against comparable organizations to understand potential opportunities to control the cost of employees' paid time off, retirement, and workers' compensation.

Federal Employees' Compensation Act Reform

The U.S. Department of Labor (DOL) has exclusive authority to administer, implement, and enforce FECA. The Postal Service reimburses DOL for all workers' compensation claims, including administrative fees, through chargeback billings. Postal Service workers' compensation claims increased 35 percent between 2008 and 2013 despite a 19 percent decrease in the number of employees. The rise in workers' compensation expenses could be attributed to factors such as an older workforce more likely to be injured, higher costs from cost of living adjustments, and workers' compensation fraud. To control workers' compensation costs, FECA could be amended by Congress to include state government and private sector practices such as limits on the duration and amount of benefits, settlements and buyouts, employer-selected physicians, return to work and rehabilitation programs, and generic drug requirements. Other possible changes include administrative fee assessments and use of predictive modeling and nurse case managers. Political, employee, and union considerations make achieving these FECA reforms challenging.

Leave Benefits and Paid Holidays Benchmarking

We benchmarked the Postal Service against eight comparable organizations and found that most organizations have moved to programs that offer combined leave benefits with fewer leave categories (such as sick days and vacation), fewer total days of leave, reduced leave carryover amounts, and restrictions on cashing out leave. Organizations implemented these changes primarily to reduce costs and the time employees are away from work. The Postal Service might reduce costs by modifying its current leave benefits program to, for example, have fewer leave categories. But any changes will likely face legal, union, and technological challenges.

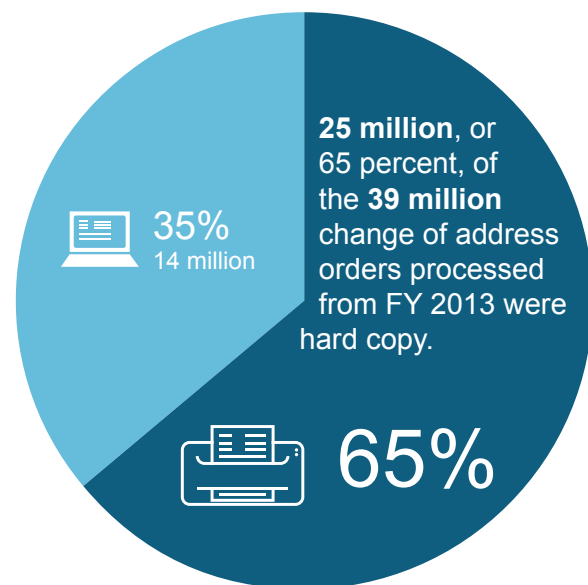
Postal Service Retirement Benefits Benchmarking

In FY 2012 and FY 2013, the Postal Service's expenses from its two retirement programs, the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS), were 12.3 percent of total compensation and benefits expenses. Whereas, private sector retirement and savings benefits average 3.7 percent of total compensation and benefits expenses and state and local governments average 9.4 percent. The CSRS is a defined benefit program that provides a basic annuity, while FERS provides a basic annuity, Social Security, and a Thrift Savings Plan. Faced with rising pension costs and a more mobile workforce, organizations are moving away from defined benefits programs. We benchmarked the Postal Service against eight comparable organizations and found that seven of them have moved, at least partially, to a defined contribution plan. In a defined contribution plan, the employee determines how much to save for retirement and the employer then matches some or all of the savings. The eighth company we benchmarked continues to have a defined benefits plan, but has increased the retirement age, decreased benefits, and offered delayed compensation.

Information Technology and Data Analysis**Cloud Computing Contracts Not Complying With Applicable Standards*****Management of Cloud Computing Contracts and Environment***

Cloud computing provides an on-demand network of shared resources that can be quickly accessed and allows users to take advantage of cutting-edge technologies at reduced cost. We examined the Postal Service's cloud service contracts and found they do not comply with applicable standards, including the Federal Risk and Authorization Management Program (FEDRAMP). The Postal Service has not defined "cloud computing" and "hosted services" and does not have a full inventory of cloud computing services. In addition, management did not appropriately monitor applications to ensure system availability, require that contract participants sign non-disclosure agreements, or include information security clauses in contracts. These weaknesses increase the risk of unauthorized access to and disclosure of sensitive data. We claimed \$33.5 million in contractual costs because the Postal Service did not follow its policy and contract requirements.

We recommended management define "cloud computing" and "hosted services," develop an inventory of cloud services, evaluate automated monitoring capabilities, direct contractors to include appropriate information technology clauses in cloud computing contracts, and evaluate industry best practices for such contracts. The Postal Service agreed with the intent of the findings and all but one recommendation. They partially agreed to require cloud service providers to become FEDRAMP-certified, saying they would assess the costs and risks associated with requiring this certification.



Change of Address Software Needs Security Upgrades

National Change of Address Program

More than 40 million Americans change their addresses annually and submit change of address (COA) orders in hard copy or electronically. COA information is available, for a fee, to NCOALink licensees who, along with their customers, must complete acknowledgement forms, comply with the Privacy Act of 1974, and document intended use of the COA data. We found security controls over the COA manual processes and NCOALink data are not sufficient to protect the confidentiality and integrity of customer information. Personnel did not always adhere to controls relating to processing and retaining hard copy COA orders, outdated software was used, and some license agreements were not sufficient, or adequately monitored, to protect customer data. We estimated over 13 million NCOALink customer records with a potential value of \$228 million are at risk.

We recommended management centralize user account management, store hard copy COA orders according to policy, reinstate the certification and accreditation process for the system, upgrade software, ensure license agreements protect customer information, implement a plan to randomly inspect site security, and automate the acknowledgement form process. Management considered the basis of our recommendation to add the Change of Address Forms Processing System to the eAccess application or use an alternative method for user account management flawed.

Management disagreed with some of our recommendations to strengthen security controls over COA orders. As alternative actions, management stated they would communicate and adhere to existing policies regarding account management and storage of hard copy COA orders. In addition, they will determine if current license agreement requirements need to be clarified, and will develop internal processes to remind licensees to update information they provide to the Postal Service. Management also disagreed with our calculations of “other impact” as identified in the audit report, stating without a specific example there is no way to determine the validity of how a potential breach of NCOA data could be financially exploited.

Video 1: 3D Printing Video

Source: PBS Off Book, via YouTube <http://youtu.be/X5AZz0w7FwA>.

Risk Analysis Research Center

The Risk Analysis Research Center conducts in-depth research and analysis on postal issues to identify opportunities for revenue growth and increased operational efficiencies.

If It Prints, It Ships: 3D Printing and the Postal Service

3D printers build physical objects out of digital designs, usually by assembling powders, metals, plastics, and other materials layer-by-layer with tremendous precision. Because the digital designs can be tweaked and modified, 3D printing turns customers into creators and taps into the current trend of mass customization. The technology is having a significant impact on the \$10.5 trillion global manufacturing sector and promises to democratize production and fundamentally change today’s supply chains.

Our white paper explored how the Postal Service could experience a significant boost in commercial package volume as 3D printing becomes more widespread. Most 3D printed objects are lightweight, which are exactly the type of parcels the Postal Service specializes in handling. As more businesses sell 3D printed goods to consumers, they may need the ubiquitous postal network and the Postal Service’s unmatched last-mile delivery capabilities to better connect with customers. By embracing this groundbreaking technology and potentially partnering with 3D printing businesses to print at or near Postal Service facilities, the Postal Service could put a compelling 21st century twist on its historical mission to serve citizens and facilitate commerce.

Package Services: Get Ready, Set, Grow!

The package delivery market has been growing considerably. Between 2008 and 2013, the Postal Service experienced a more than 20 percent increase in package volume. The main reason is the growing popularity of e-commerce, particularly online shopping. American businesses and consumers spent over \$68 billion to ship packages domestically in 2013. E-commerce sales in the U.S. alone this year will top \$430 billion; global e-commerce will exceed \$1.5 trillion.

The importance of packages to the Postal Service’s future is also growing. Our white paper suggested that to meet emerging customer demands, the Postal Service must position itself for long-term success and broaden its role beyond sorting, transporting, and delivering packages. The Postal Service has already taken some steps toward enhancing its ability to handle an increase in packages. However, it needs a strategy that includes expanding beyond the traditional postal expertise of last-mile delivery to offer one-stop, end-to-end solutions.

Mail Innovations

Advertising campaigns must compete now more than ever for consumers' attention, as consumers are exposed daily to numerous ads. This includes in their mailbox. Mailers can incorporate several innovations into their mailpieces that help their messages pop. These innovations can bolster the strength of the message by providing additional content easily accessed digitally, incorporating handy electronics into the mailpiece, or using unique materials and designs to capture and hold attention.

Our *Mail Innovations* paper summarized 10 innovations that can enhance a mailpiece. These innovations range from commonly used and well-known tools, such as QR codes, to some that are just emerging, and even one just in development. Our office interviewed companies that create and support these innovations to learn how they can enhance a mail campaign by better engaging potential customers and providing the sender with more information on the campaign's effectiveness. Our previous work has established that, despite the sharp increase in digital communications in recent years, mail still produces a strong connection with recipients. The innovations highlighted in this paper can help maintain that connection, and possibly make it even stronger.

Office of Investigations

For the period April 1 — September 30, 2014

Office of Investigations Video
An OIG investigation revealed a part-time sales and service associate in New York was taking stamps from one Post Office and selling them at another.

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 frauds 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.

Financial Fraud

Much of the almost \$68 billion in revenue generated by the Postal Service is handled at the 32,000 postal retail locations. Our agents investigate customers who submit fraudulent indemnity claims, and employees who embezzle funds, misuse money orders, or steal and misuse Postal Service-issued credit cards.

- After pleading guilty to theft, a New Jersey customer service employee was sentenced in June in state court to 4 years’ supervised probation, and ordered to pay \$63,900 in restitution to the Postal Service. The OIG received information from postal officials that from June to October 2013 an employee issued an unusually high number of customer refunds by money order. We investigated and found that the employee issued fraudulent customer refunds to herself, and cashed the money orders in her drawer the same day. She attempted to conceal her theft by putting random names on the money orders. During an interview with agents, the employee admitted her involvement in the scheme. The Postal Service terminated the employee late last year.
- An OIG investigation revealed a part-time sales and service associate in New York was taking stamps from one Post Office and selling them at another. From October 2010 to January 2012, she stole funds from the stamps sold at the second office, while the first office reported stamp shortages. During the investigation, we identified other fraud schemes, including theft of PO Box rent and cash from the sale of money orders. The Postal Service terminated the employee in April 2012. In late 2014, the former employee was sentenced in federal court to 3 years’ unsupervised probation and ordered to pay approximately \$9,700 in restitution to the Postal Service.

Mail Theft

The majority of Postal Service employees work conscientiously to move the nation’s mail to its proper destination. A few employees abuse the public’s trust. Special agents investigate allegations of postal employees delaying, destroying, or stealing mail. Investigations of suspected employees are referred to prosecutors or to management for administrative action.

- An OIG investigation determined that a city letter carrier in Florida had stolen 10 credit cards from the mail and used them to make personal purchases. Retail surveillance video captured the carrier using one of the stolen credit cards while wearing a Postal Service uniform. During an interview with our agents, the employee admitted to stealing several credit cards from customers on her route. The investigation resulted in the Postal Service terminating the carrier and a federal court sentencing her for fraud, and using another person’s property without permission. The carrier received 3 months in federal custody, 3 years of supervised release, and was ordered to pay nearly \$17,000 in restitution.

Click on the infographic to enlarge.
See what impact the OIG has on
Postal Service OWCP Costs

If you have trouble viewing the video within
the infographic, [click here](#).

Whistleblower Reprisal Activity

Allegations received	116
OIG investigations initiated	4
Investigations closed with no action	4
Allegations closed with no action	111
Open investigations (As of last day)	—
OIG found reprisal	—

- Over a 5-month period in 2012, a Massachusetts mail handler stole almost 200 GameFly video games from the mail, an OIG investigation revealed. The mail handler denied stealing the video games but OIG agents determined he had stolen video games and sold them to GameStop. The Postal Service terminated the mail handler in late 2012. In August 2013, OIG agents, with the assistance of the Boston Police, arrested the former employee. Earlier this year, the former employee pled guilty in federal court to theft of mail by Postal Service employee, and was sentenced to 30 days imprisonment, 3 years of supervised release, and \$8,000 in restitution to GameFly.

Workers' Compensation Fraud

Employees who suffer work-related injuries or illnesses receive compensation and medical benefits under the Federal Employees' Compensation Act (FECA), administered by the Department of Labor/Office of Workers' Compensation Programs (DOL/OWCP). The wage compensation and medical care benefits paid by the Postal Service totaled \$1.32 billion in chargeback year 2014. As of September 30, 2014, the Postal Service estimated its total liability for future workers' compensation costs at \$17.1 billion.

Medical Provider Fraud

- A Texas clinical psychologist billed OWCP over \$2 million and was paid over \$1.9 million for psychiatric treatment for one Postal Service employee. The psychologist billed for services never rendered, claiming to see the patient 8 hours daily to include weekends and holidays, when actually seeing the patient only once or twice a week for 1 hour. The psychologist also billed for consultation services for the patient's family members and updates to the employer with no medical documentation to substantiate it. After pleading guilty to healthcare fraud, the psychologist was sentenced in May 2014 to 36 months of imprisonment followed by 24 months of probation, and ordered to pay roughly \$1.8 million in restitution. The psychologist is excluded for 20 years from billing any federal healthcare programs, including Department of Labor, Medicare, and Medicaid. This case was investigated jointly with the Department of Labor, Office of Inspector General.
- In April, a Maryland physician pled guilty in federal court to healthcare fraud and distribution of controlled substances. The physician was sentenced to 2 years of home detention probation and ordered to forfeit \$615,000, which represents his proceeds from the healthcare fraud scheme. The scheme included the physician "upcoding" services (assigning an inaccurate higher-value billing code) to receive a higher reimbursement amount, billing for services not rendered, and prescribing controlled substances without a medical exam. The physician was later excluded from billing federal health insurance programs and the Postal Service realized a cost avoidance of more than \$570,000.

Claimant Fraud

- A joint investigation resulted in convictions of a former rural letter carrier on workers' compensation fraud and charges related to tax fraud and extortion. The rural carrier was sentenced in June to 87 months in prison, a \$125,000 fine, and more than \$106,000 in restitution. The carrier and spouse were charged with filing false federal income tax returns from 2006 through 2010 on which they under-reported about \$650,000 in gross receipts and sales from a construction business and a harness racing business. Also, as an elected member of local government, the claimant extorted, and attempted to extort, a local construction/snow plowing company. The former carrier was charged with falsely obtaining workers' compensation benefits by failing to report her work and business ownership, failing to report earnings from the extortion scheme, and under-reporting the hours worked as an elected official. The former carrier's spouse was convicted of federal tax evasion and is serving a 33-month prison sentence. This case was investigated jointly with the Federal Bureau of Investigation, Internal Revenue Service's Criminal Investigation Division, Department of Homeland Security OIG, Department of Labor OIG and Office of Labor Racketeering and Fraud Investigations, and the local county sheriff's office. The termination of the former carrier's workers' compensation benefits resulted in a cost avoidance to the Postal Service of over \$1 million.



Investigations Summary of Performance

For the period April 1 — September 30, 2014



Cost Avoidance
\$113,631,601



**Fines, Restitution,
and Recoveries**
\$573,233,648



**Amount to the
Postal Service**
\$52,361,910



Investigations Completed

2,082



Arrests

335



Indictments/Informations

234



**Convictions/
Pretrial Diversions**

333



Administrative Actions

1,106

- In May, a former Florida sales and services associate pled guilty in federal court to false statement or fraud to obtain federal workers' compensation benefits. A short time later she was sentenced to 3 years' probation and ordered to pay over \$17,000 in restitution. The associate alleged total disability as a result of a work-related injury to her left shoulder and neck. Our investigation determined she was performing activities inconsistent with the capabilities she communicated to her physician, the DOL, and the Postal Service. Agents conducted video surveillance showing her carrying and lifting objects, reaching, bending, squatting, and regularly driving. The DOL terminated the associate's benefits, realizing a savings of more than \$1.2 million for the Postal Service.
- An OIG investigation found that a former California letter carrier receiving workers' compensation benefits was concealing employment and income as a certified massage therapist. The former carrier pled guilty in state court to a felony count of insurance fraud (workers' compensation). Earlier this year, the letter carrier was sentenced to 3 years of probation, 4 days in the county jail (credit given for time served), 300 hours of community service, and ordered to pay more than \$40,000 in restitution. Because of our investigation, DOL terminated the carrier's workers' compensation benefits realizing a savings of more than \$600,000 for the Postal Service.
- A former New Jersey rural carrier was sentenced earlier this year for false statements to obtain workers' compensation benefits. The judge ordered the former carrier to 5 months incarceration, 5 months home confinement, 3 years of supervised release, and over \$92,000 in restitution. Investigators determined the subject played in softball and bowling leagues, which was inconsistent with the stated medical restrictions. DOL terminated the former carrier's benefits, yielding a cost avoidance of over \$700,000.

Contract Fraud

The Postal Service manages contracts, ranging from multimillion dollar national contracts for services, such as transportation networks and IT infrastructures, to local contracts for supplies and services at individual postal facilities. The OIG aids the Postal Service by investigating allegations of contract fraud, waste, and misconduct. When contract improprieties are documented, special agents present the evidence for criminal and civil prosecution and administrative remedies.

- A civil settlement in July resolved allegations that Hewlett Packard (HP) overcharged the Postal Service on products over a period of more than 9 years by failing to comply with specific pricing terms. HP was supposed to provide prices that are no greater than those offered to customers with comparable contracts. The settlement also resolved allegations that HP, during negotiation of the contract, misrepresented its pricing and its plans to ensure it would provide the required most favored customer pricing. The Postal Service realized a recovery of about \$19.8 million resulting from HP violating the False Claims Act.
- An OIG investigation revealed that a former Postal Service facilities architect/engineer in Connecticut was involved in several schemes through which he defrauded the Postal Service. The investigation determined the architect/engineer directed inflated contracts totaling millions of dollars to contractors for kickbacks. He also conspired with a contractor to fabricate fictitious modifications to projects and directed about one thousand Postal Service contracts to a company owned with his spouse. In May, the architect/engineer was sentenced in federal court to 42 months in prison, followed by 3 years of supervised release. A part of the sentence required restitution of approximately \$882,000 and back taxes and penalties of about \$291,000; forfeiture of his residence, a 2012 Chevy Equinox; and nearly \$740,000 that the OIG previously seized from bank accounts.
- An OIG investigation found a former Postal Service vehicle repair manager in Cleveland had accepted \$15,000 in bribes, more than \$4,000 in free vehicle repairs, and at least \$900 worth of stolen parts. In June, the vehicle repair manager pled guilty to extortion and theft of government property. The manager was sentenced to 46 months in federal prison and ordered to pay \$20,000 in restitution for taking cash bribes for awarding business and contracts from the Postal Service.



Appendices

*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

Reports Issued to Postal Service Management

For the period April 1 — September 30, 2014

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 (MA) reports in accordance with the identified needs of the project.

Summary

Risk Categories	Number of Reports	Funds Put To Better Use	Questioned Costs	Unsupported Question Costs	Revenue Impact
Finance and Supply Management	17	—	\$4,358,837,256	\$4,358,837,256	—
Information Technology and Data Analysis	14	\$6,196,286	\$58,518,533	\$51,286,344	—
Mission Operations	23	\$215,142,638	\$280,740,107	\$1,392,927	—
Revenue and Resources	16	\$542,135	\$542,135	—	\$1,970,504,126
SUB-TOTAL	70	\$221,881,059	\$4,698,638,031	\$4,411,516,527	\$1,970,504,126
PARIS Risk Model Reports	30	—	—	—	—
TOTAL	100	\$221,881,059	\$4,698,638,031	\$4,411,516,527	\$1,970,504,126

Fiscal Year 2014 Summary

For the Period October 1, 2013 — September 30, 2014

Risk Categories	Number of Reports	Funds Put To Better Use	Questioned Costs	Unsupported Question Costs	Revenue Impact
Issued Reports	125	\$320,759,689	\$4,731,713,033	\$4,431,025,003	\$2,009,996,523
PARIS Risk Model Reports	59	—	—	—	—
Countermeasures and Performance Evaluation	1	—	—	—	\$14,500,000
TOTAL	185	\$320,759,689	\$4,731,713,033	\$4,431,025,003	\$2,024,496,523

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.

Reports with Quantifiable Potential Monetary Benefits

	Funds Put to Better Use	Questioned Costs	Unsupported Questioned Costs	Revenue Impact
Finance And Supply Management				
Supply Management and Facilities				
Advertising and Consulting Supplier Selection Process; SM-AR-14-006; 6/11/2014	—	\$3,493,680	\$3,493,680	—
Award of the Diebold, Inc. Contract; SM-AR-14-005; 6/4/2014	—	\$18,399,448	\$18,399,448	—
Competition Advocate; SM-AR-14-008; 8/14/2014	—	\$39,940,970	\$39,940,970	—
Facilities Repair and Alteration Process; SM-AR-14-009; 9/22/2014	—	\$22,212,626	\$22,212,626	—
Highway Contract Route Electronic Payment Process; SM-MA-14-006; 9/30/2014	—	\$4,274,790,532	\$4,274,790,532	—
Information Technology and Data Analysis				
Data Analysis and Performance				
Management of Detail Assignments Follow Up; DP-AR-14-007; 9/26/2014	—	\$17,769,193	\$17,769,193	—
Information Technology				
eCommerce Customer Registration; IT-AR-14-008; 8/15/2014	\$6,196,286	\$7,232,189	—	—
Management of Cloud Computing Contracts and Environment; IT-AR-14-009; 9/4/2014	—	\$33,517,151	\$33,517,151	—
Mission Operations				
Delivery and Post Office Operations				
Delivery Unit Optimization Process; DR-AR-14-007; 8/25/2014	—	\$906,347	\$906,347	—
Network Processing and Transportation				
Efficiency Review of the Cincinnati Network Distribution Center; NO-AR-14-011; 9/11/2014	\$5,006,417	—	—	—
Equipment Transfer from the Lansing, MI, Processing and Distribution Center to the Grand Rapids, MI, Processing and Distribution Center ; NO-AR-14-010; 9/5/2014	\$3,707,206	—	—	—
Highway Contract Routes – Miles per Gallon Assessment; NO-AR-14-008; 5/27/2014	\$190,118,060	\$96,630,944	—	—
Highway Contract Routes- Extra Trips- Greensboro District; NO-AR-14-012; 9/23/2014	\$873	\$590,570	\$486,580	—
Internal Controls and Transportation Associated with Des Moines Mail Transport Equipment Service Center; NO-AR-14-003; 4/29/2014	\$1,271,612	\$1,271,612	—	—
Missing Leased Trailers in the Northeast Area ; NO-MA-14-004; 8/25/2014	—	\$287,374	—	—
Suitability of Rail Transportation – New Jersey Network Distribution Center; NO-AR-14-013; 9/29/2014	\$10,789,869	—	—	—
Surface Visibility - Transportation Operations - Suncoast District; NO-AR-14-004; 5/5/2014	\$4,248,601	—	—	—
Voyager Card Program - Capping Report; NO-MA-14-007; 9/30/2014	—	\$95,941,332	—	—
Voyager Card Program for Highway Contract Routes – Pooling Policy Concerns and Potential Overpayment; NO-MA-14-006; 9/29/2014	—	\$85,111,928	—	—
Revenue and Resources				
Human Resources and Support				
Recycling Opportunities in the San Francisco District; HR-AR-14-002; 6/13/2014	\$542,135	\$542,135	—	\$712,979
Sales and Marketing				
Business Service Network; MS-AR-14-005; 7/9/2014	—	—	—	\$763,964,486
Customer Retention; MS-AR-14-008; 9/25/2014	—	—	—	\$1,172,548,045
Undeliverable as Addressed Mail; MS-AR-14-006; 7/14/2014	—	—	—	\$33,278,616
Total	\$221,881,059	\$4,698,638,031	\$4,411,516,527	\$1,970,504,126

Report Listing

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

For the period April 1 — September 30, 2014

Finance and Supply Management

Finance

Export Controls for Acceptance of International Packages; FT-MA-14-008; 4/24/2014

Fiscal Year 2013 Postal Service Financial Statements Audit – San Mateo Accounting Services; FT-AR-14-010; 5/28/2014

Officer Compensation for Calendar Year 2013; FT-AR-14-011; 5/28/2014

Quarter 2 – Fiscal Year 2014 Field Testing Control and Oversight Reviews; FT-MA-14-009; 6/5/2014

Quarter 3 – Fiscal Year 2014 Field Testing Control and Oversight Reviews; FT-MA-14-010; 9/18/2014

Report Title currently undefined as Report Number has not been issued; FT-AR-14-012; 9/19/2014

Supply Management and Facilities

Advertising and Consulting Supplier Selection Process; SM-AR-14-006; 6/11/2014

Award of the Diebold, Inc. Contract; SM-AR-14-005; 6/4/2014

Cloud Computing Contract Clauses; SM-MA-14-005; 4/30/2014

Competition Advocate; SM-AR-14-008; 8/14/2014

Delegations of Contracting Authority Outside of Supply Management; SM-AR-14-007; 8/5/2014

Facilities Repair and Alteration Process; SM-AR-14-009; 9/22/2014

Highway Contract Route Electronic Payment Process; SM-MA-14-006; 9/30/2014

Independent Audit of 21st Century Software, Inc.'s Parts of Proposal; SM-CAR-14-002; 7/14/2014

Independent Audit of 21st Century Software, Inc.'s Pre-award Accounting System Survey; SM-CAR-14-003; 7/14/2014

Invoices Submitted by Novitex Government Solutions, LLC; SM-CAR-14-004; 7/15/2014

Preservation and Disposal of Historic Properties; SM-AR-14-004; 4/16/2014

Information Technology and Data Analysis

Data Analysis and Performance

Fiscal Year 2013 Conference Costs; DP-AR-14-003; 4/29/2014

Management of Detail Assignments Follow Up; DP-AR-14-007; 9/26/2014

Misclassified Training Expenses; DP-MA-14-003; 9/16/2014

Monitoring Post Office Operational Risk in the Eastern Area; DP-AR-14-004; 8/27/2014

Monitoring Post Office Operational Risk in the Southern Area; DP-AR-14-006; 9/11/2014

Monitoring of Government Travel Card Transactions; DP-MA-14-002; 6/25/2014

U.S. Postal Service's Delivering Results, Innovation, Value, and Efficiency Initiative 42 – Market New and Existing Services; DP-AR-14-005; 9/10/2014

Information Technology

Backup and Recovery of Essential Data; IT-MA-14-001; 8/20/2014

Management of Cloud Computing Contracts and Environment; IT-AR-14-009; 9/4/2014

National Change of Address Program; IT-AR-14-010; 9/24/2014

Topeka, KS, Material Distribution Center - Information Technology General Controls; IT-AR-14-006; 6/11/2014

Topeka, KS, Material Distribution Center – Information Technology Logical Access Controls; IT-AR-14-007; 7/11/2014

Wireless Local Area Network Deployment and Security Practices; IT-AR-14-005; 4/24/2014

eCommerce Customer Registration; IT-AR-14-008; 8/15/2014

Mission Operations

Delivery and Post Office Operations

City Letter Carriers Returning After 5:00 p.m. - Capital District; DR-AR-14-006; 7/21/2014

Delivery Operations – Additional Carrier Services; DR-MA-14-004; 6/3/2014

Delivery Unit Optimization Process; DR-AR-14-007; 8/25/2014

Delivery Vehicle Fleet Replacement; DR-MA-14-005; 6/10/2014

Geo-Fence Technology in Delivery Operations; DR-MA-14-006; 8/14/2014

Post Office Relocation Process; DR-AR-14-008; 9/2/2014

Network Processing and Transportation

Consolidation of the Huntsville, AL, Processing and Distribution Facility; NO-AR-14-005; 5/5/2014

Consolidation of the Toledo, OH Processing & Distribution Center; NO-AR-14-009; 8/28/2014

Efficiency Review of the Cincinnati Network Distribution Center ; NO-AR-14-011; 9/11/2014

Equipment Transfer from the Lansing, MI, Processing and Distribution Center to the Grand Rapids, MI, Processing and Distribution Center; NO-AR-14-010; 9/5/2014

Highway Contract Routes – Miles per Gallon Assessment; NO-AR-14-008; 5/27/2014

Highway Contract Routes- Extra Trips- Greensboro District; NO-AR-14-012; 9/23/2014

Internal Controls and Transportation Associated with Des Moines Mail Transport Equipment Service Center; NO-AR-14-003; 4/29/2014

Management Alert – Late Exceptional Service Payments for Highway Contract Routes- Indianapolis, IN, Processing and Distribution Center; NO-MA-14-003; 7/21/2014

Manual Package Counting and Conversion Factors; NO-MA-14-008; 9/30/2014

Missing Leased Trailers in the Northeast Area; NO-MA-14-004; 8/25/2014

Southeastern Pennsylvania Processing and Distribution Center Consolidation; NO-AR-14-006; 5/16/2014

Suitability of Rail Transportation – New Jersey Network Distribution Center; NO-AR-14-013; 9/29/2014

Surface Visibility - Transportation Operations - Suncoast District; NO-AR-14-004; 5/5/2014

Timeliness of Mail Processing at the Harrisburg, PA Processing and Distribution Center; NO-MA-14-005; 9/16/2014

Timely Processing of Mail at the Boston, MA, Processing and Distribution Center; NO-AR-14-007; 5/19/2014

Voyager Card Program - Capping Report; NO-MA-14-007; 9/30/2014

Voyager Card Program for Highway Contract Routes – Pooling Policy Concerns and Potential Overpayment; NO-MA-14-006; 9/29/2014

Revenue and Resources

Human Resources and Support

Corporate Succession Planning Program; HR-MA-14-006; 4/23/2014

Environmental Compliance Review Closeout Process; HR-AR-14-003; 6/17/2014

Federal Employees' Compensation Act Reform (Report was reissued); HR-WP-14-003; 8/20/2014

Grievance Payout Costs in the South Florida District; HR-MA-14-008; 6/11/2014

Leave Benefits and Paid Holidays Benchmarking; HR-WP-14-001; 5/1/2014

Overtime at the Iowa City Post Office; HR-MA-14-009; 9/18/2014

Passport Personally Identifiable Information; HR-MA-14-007; 5/15/2014

Postal Inspection Service Mail Cover Program; HR-AR-14-001; 5/28/2014

Postal Service Retirement Benefits Benchmarking; HR-WP-14-002; 5/1/2014

Recycling Opportunities in the San Francisco District; HR-AR-14-002; 6/13/2014

Sales and Marketing

Business Service Network; MS-AR-14-005; 7/9/2014

Customer Retention; MS-AR-14-008; 9/25/2014

Plant Load Agreements – Greensboro District; MS-AR-14-003; 4/30/2014

Revenue Plan and Sales Targets; MS-AR-14-007; 9/8/2014

Undeliverable as Addressed Mail; MS-AR-14-006; 7/14/2014

Web End-of-Run System; MS-AR-14-004; 6/2/2014

PARIS Risk Models

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

For the period April 1 — September 30, 2014

Data Analysis and Performance

Fiscal Year 2014 Credit Card Risk Model
Quarter 3; DP-PM-14-001; 9/11/2014

Fiscal Year 2014 Data Analysis Project
Management Risk Model
Quarter 3; DP-PM-14-002; 8/26/2014

Delivery and Post Office Operations

Fiscal Year 2014 City Delivery Efficiency Risk
Model Quarter 2; DR-PM-14-004; 6/30/2014

Fiscal Year 2014 City Delivery Efficiency Risk
Model Quarter 3; DR-PM-14-007; 9/17/2014

Fiscal Year 2014 Vehicle Maintenance Risk Model
Quarter 2; DR-PM-14-005; 6/30/2014

Fiscal Year 2014 Vehicle Maintenance Risk Model
Quarter 3; DR-PM-14-006; 9/12/2014

Finance

Fiscal Year 2014 Bank Secrecy Act Risk Model
Quarter 2; FT-PM-14-007; 6/2/2014

Fiscal Year 2014 Bank Secrecy Act Risk Model
Quarter 3; FT-PM-14-010; 9/5/2014

Fiscal Year 2014 Financial Cost and Controls Risk
Model - Quarter 3; FT-PM-14-009; 8/15/2014

Fiscal Year 2014 Financial Cost and Controls Risk
Model Quarter 2; FT-PM-14-008; 5/19/2014

Human Resources and Support

Fiscal Year 2013 Security Risk Model
Quarter 4; HR-PM-14-005; 8/19/2014

Fiscal Year 2014 Human Resource Risk Model
Quarter 2; HR-PM-14-004; 6/26/2014

Fiscal Year 2014 Human Resources Risk Model
Quarter 3; HR-PM-14-009; 9/17/2014

Fiscal Year 2014 Security Risk Model
Quarter 1; HR-PM-14-006; 9/4/2014

Fiscal Year 2014 Security Risk Model
Quarter 2; HR-PM-14-007; 9/4/2014

Fiscal Year 2014 Security Risk Model
Quarter 3; HR-PM-14-008; 9/12/2014

Information Technology

Fiscal Year 2014 Information Technology
Security Risk Model Quarter 2; IT-PM-14-003;
6/30/2014

Fiscal Year 2014 Information Technology
Security Risk Model Quarter 3; IT-PM-14-004;
9/15/2014

Network Processing and Transportation

Fiscal Year 2014 Processing Risk Model
Quarter 2; NO-PM-14-009; 6/17/2014

Fiscal Year 2014 Processing Risk Model
Quarter 3; NO-PM-14-010; 9/12/2014

Fiscal Year 2014 Transportation Risk Model
Quarter 2; NO-PM-14-008; 6/17/2014

Fiscal Year 2014 Transportation Risk Model
Quarter 3; NO-PM-14-011; 9/12/2014

Sales and Marketing

Fiscal Year 2014 Retail Customer
Service Risk Model Quarter 3; MS-PM-14-007;
9/12/2014

Fiscal Year 2014 Retail Customer
Service Risk Model Report Quarter 2; MS-PM-
14-006; 7/10/2014

Fiscal Year 2014 Revenue Generation and
Protection Risk Model Quarter 2; MS-PM-14-
005; 6/24/2014

Fiscal Year 2014 Revenue Generation and
Protection Risk Model Quarter 3; MS-PM-14-
008; 9/12/2014

Supply Management and Facilities

Fiscal Year 2014 Real Estate Risk Model
Quarter 2; SM-PM-14-006; 6/20/2014

Fiscal Year 2014 Real Estate Risk Model
Quarter 3; SM-PM-14-007; 9/12/2014

Fiscal Year 2014 Supplier Solvency Risk Model
Quarter 3; SM-PM-14-008; 9/17/2014

Fiscal Year 2014 Supplier Solvency Risk Model
Quarter 2; SM-PM-14-005; 6/20/2014

Appendix B

Findings of Questioned Costs

For the period April 1 — September 30, 2014

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	1	\$2,839,251	\$2,839,251
Reports requiring management decision that were issued during the reporting period	16	\$4,698,638,031	\$4,411,516,527
Totals	17	\$4,701,477,282	\$4,414,355,778
Reports for which a management decision was made during the reporting period (i+ii)	17	\$4,701,477,282	\$4,414,355,778
(i) Dollar value of disallowed cost	6	\$183,490,932	\$43,434,650
(ii) Dollar value of cost not disallowed	12	\$4,517,986,350	\$4,370,921,128
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 6 months of issuance	—	—	—
Reports for which no management decision was made within 1 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 C

Recommendations That Funds Be Put to Better Use

For the period April 1 — September 30, 2014

As required by the IG Act, the following pages show 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.

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	9	\$221,881,059
Totals	9	\$221,881,059
Reports for which a management decision was made during the report period	9	\$221,881,059
(i) Value of recommendations agreed to by management	4	\$9,227,419
(ii) Value of recommendations that were not agreed to by management	6	\$212,653,640
Reports for which no management decision was made by the end of the reporting period.	—	—
Reports for which no management decision was made within 6 months of issuance (See Note 1 for a list of individual reports)	—	—
Reports for which no management decision was made within 1 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.

Appendix D

Other Impacts

For the period April 1 — September 30, 2014

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	54
Number of customer service audits conducted	Number of Audits	20
Safeguarding Assets		
Assets or Accountable Items at Risks		
Inadequate internal controls put the value of assets or accountable items (e.g., cash and stamps) at risk of loss	Dollar Value	\$275,579,873
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	—
Recommendations that address the safety and security of Postal Service employees and/or the work environment	Number of Recommendations	40
Number of employee/facility safety and security audits conducted	Number of Audits	21
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	\$151,238,000
Dollar value of data at risk	Dollar Value	\$12,429,228
Number of data security/IT security audits conducted	Number of Audits	22
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	\$128,885,652
Disbursements at Risk		
Dollar value of disbursements made where proper Postal Service internal controls and processes were not followed	Dollar Value	\$1,500,627
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	28
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	—
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	\$4,625,829
Potential Additional Revenue		
Revenue the Postal Service potentially generate for goods delivered or services rendered based on suggested improvements	Dollar Value	\$45,947,165
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	91848
Dollar value of data used to support management decisions that is not fully supported or completely accurate	Dollar Value	\$3,476,834,762

Appendix E

Reports with Significant Recommendations Pending Corrective Actions

For the period April 1 — September 30, 2014

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
Fiscal Year 2008 – Use of No-Fee Money Orders		
FF-MA-08-001	07/21/2008	R-2 — Evaluate the feasibility of restricting the use of no-fee money orders for local purchases in order to reduce the Postal Service's exposure to financial loss. <i>TID: June 2014</i>
Access Controls in the Enterprise Data Warehouse		
IS-AR-09-004	02/20/2009	R-3 — Update the Business Impact Assessment for the Enterprise Data Warehouse and recertify the system as required by Postal Service Handbook AS-805-A, Application Information Security Assurance Process. <i>TID: September 2014</i>
Contract Payment Terms		
CA-AR-10-004	05/27/2010	R-1 — Revise the Postal Service's Supplying Principles and Practices, Section 5 12.2, Payment Time Frame, and other sections as necessary, with language stating that when contracting officers negotiate payment terms other than net 30 days they include the business rationale and associated documentation for the payment terms in the contract file. <i>TID: February 2014</i>
Postal Service Patent Management		
DA-MA-10-004	08/31/2010	R-1 — Establish a strategic plan with timelines to capitalize on the Postal Service's patent inventory strength. <i>TID: December 2014</i>
U.S. Postal Service Purchasing Policies		
CA-AR-10-005	09/20/2010	R-5 — Take steps to ensure full and accurate tracking and public reporting of noncompetitive contracting actions. Data reported should include, but not be limited to, total dollars committed both competitively and noncompetitively; and the contractor, dollar value, and noncompetitive justifications for noncompetitive contracts. The tracking mechanism should be able to identify when a noncompetitive contract has crossed the review and approval threshold based on modification after initial award. <i>TID: February 2012</i>
Controls Over Payment Card Transaction Data		
IS-AR-10-014	09/23/2010	R-1 — Finalize and implement a Payment Card Industry remediation plan that includes all associated costs, resources, and milestones needed to achieve and maintain Payment Card Industry-Data Security Standards compliance. <i>TID: December 2014</i>
Management of Mail Transport Equipment - National Analysis		
NL-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 PO-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. <i>TID: February 2014</i>
Certification Process for Electronic Payments		
CA-AR-10-006	09/30/2010	R-1 — Develop an oversight mechanism to monitor and ensure contracting officers' and/or designated officials' receipt and certification of invoices. <i>TID: October 2012</i>
		R-2 — Reiterate to contracting officers and/or their designees their roles and responsibilities, and the importance of following Postal Service criteria, policies, and procedures for certification of invoices prior to payment to ensure that invoices are correct and goods and services were received. <i>TID: February 2014</i>
		R-3 — Develop and implement written procedures for receiving invoices for annual highway contract route services and verifying that services were rendered prior to payment. <i>TID: October 2014</i>
Express Mail Guarantees		
FF-AR-11-004	12/15/2010	R-5 — Establish a timeframe for and develop a process to analyze Express Mail refunds by origin and destination to evaluate risk and identify necessary changes in service in order to make better business decisions for guarantees. <i>TID: December 2014</i>
Computer Incident Data Reliability		
IT-AR-11-004	03/16/2011	R-4 — Either modify the existing incident management system or pursue development of a new system that enforces date and time value sequence and data validation. <i>TID: September 2014</i>
Postal Service Patent Management Continuation		
DA-MA-11-002	04/08/2011	R-1 — Work closely with subject matter experts to review highly rated patents to draft claims as appropriate. <i>TID: December 2014</i>
		R-3 — Ensure the Postal Service has an effective patent management process and comprehensive licensing program in place. This establishes control that protects intellectual capital and provides an appropriate return on investment. <i>TID: December 2014</i>
Intelligent Mail: Realizing Revenue Assurance Benefits		
DA-AR-11-010	08/30/2011	R-1 — Establish timeframes for implementing the enhanced/expanded automated verifications as described in the original Intelligent Mail infrastructure Decision Analysis Report. <i>TID: January 2013</i>
		R-2 — Develop a tolerance level for low scan rates to use for exception reporting. <i>TID: January 2013</i>
		R-3 — Develop a process for identifying the cause(s) of low scan rates for customer follow-up as warranted. <i>TID: January 2013</i>

Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date		
Report Number	Issue Date	
Postal Service Refunds		
FF-AR-11-013	08/30/2011	R-2 — Analyze and establish an administrative and minimum fee that will cover processing costs. <i>TID: June 2014</i>
Service Performance Measurement Data - Commercial Mail		
CRR-AR-11-003	09/06/2011	R-1 — Establish milestones for implementing recovery of Full-Service Intelligent Mail Barcode discounts provided to mailers when Full-Service mailings do not meet the specific requirements for the discounts received. <i>TID: November 2013</i>
Remote Access Controls		
IT-AR-11-008	09/14/2011	R-11 — Suspend remote access for all employees or contractors until they complete required security awareness training. <i>TID: September 2014</i>
Postal Service Work Rules and Compensation Systems		
HR-AR-11-002	09/19/2011	R-3 — A comprehensive study to determine the optimal incentive-based carrier compensation system. <i>TID: June 2013</i>
Business Mail Acceptance Centralization Process		
FF-AR-11-015	09/23/2011	R-2 — Require each district to conduct a centralization feasibility study, document the results, and take action based on the results of the study, as appropriate. <i>TID: October 2013</i>
		R-3 — Manage business mail entry workhour usage to achieve 93 percent efficiency and develop tools to monitor performance. <i>TID: October 2013</i>
		R-4 — Establish annual goals for business mail entry workhour efficiency to include measuring performance against goals. <i>TID: October 2013</i>
Contract Postal Units Contract Oversight		
CA-AR-11-007	09/30/2011	R-1 — Require Contract Postal Unit contractors to submit invoices for payment. <i>TID: November 2013</i>
Postal Service Workers' Compensation Program		
HR-AR-11-007	09/30/2011	R-5 — Develop mandatory and refresher training for Postal Service officials responsible for workers' compensation to ensure they are aware of their roles and responsibilities for workers' compensation. <i>TID: October 2014</i>
Strategic Approaches to Revenue Protection		
MS-AR-11-007	09/30/2011	R-1 — Work with a broadened group of internal and external stakeholders to prepare for streamlining the entry of business mail, accelerate the timeline for streamlined acceptance and verification, and seek to leverage technology to provide revenue protection for Basic Service Intelligent Mail and non-automated volumes. <i>TID: October 2013</i>
Contracting Opportunities and Impact of the Service Contract Act		
CA-AR-12-001	11/02/2011	R-2 — Review the benefits of outsourcing cleaning/janitorial service positions and Postal Service vehicle driver positions and work with Supply Management to restructure those positions to achieve the most cost effective solution. <i>TID: March 2013</i>
		R-3 — Working with Supply Management and Postal Service program officials, ensure that appropriate financial data are collected to aid in making in-sourcing/outsourcing decisions. <i>TID: March 2013</i>
Patch Management Processes		
IT-AR-12-002	01/09/2012	R-1 — Ensure that all operating system and database patches are tested, documented, and implemented as required by Handbook AS-805, Information Security. <i>TID: September 2015</i>
		R-2 — Ensure that administrators obtain required policy exception approvals when system patches are not applied. <i>TID: September 2015</i>
		R-3 — Ensure that written procedures are developed to define the patch management process for each group, operating system, and database to include test and back-out plans. <i>TID: September 2015</i>
		R-4 — Ensure that configuration management inventory records are reconciled to the actual servers and databases for their respective group. <i>TID: September 2015</i>
		R-6 — Implement a common method for all entities to track information technology asset and patch information. <i>TID: September 2015</i>
		R-7 — Ensure vulnerability mediation training is provided to all employees and contractors responsible for enterprise patch management. <i>TID: September 2015</i>
		R-8 — Conduct risk assessments and cost analyses to develop an enterprise-wide migration plan for upgrading unsupported operating systems and databases to vendor-supported software. <i>TID: September 2015</i>
		R-9 — Adopt a method to identify, capture, and report patch management metrics to assist with oversight of the patch management process and facilitate related business and security decisions. <i>TID: September 2015</i>
Fiscal Year 2011 Information Technology Internal Controls		
IT-AR-12-003	01/09/2012	R-1 — Implement corrective actions to address all open issues noted in this report for fiscal years 2010 and 2011. <i>TID: December 2014</i>

Report Number	Issue Date	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
Mail Verification Procedures at Detached Mail Units		
MS-AR-12-002	01/12/2012	R-1 — Review automation efforts to date to identify improvements that can be made in the interim while mailers continue to implement Intelligent Mail barcode technologies. <i>TID: June 2013</i>
		R-2 — Continue ongoing mail verification training efforts while detached mail unit employees continue to use manual mail verification processes. <i>TID: October 2013</i>
		R-3 — Enhance automated systems to notify managers when acceptance employees override Mail Evaluation Readability Lookup Instrument results. <i>TID: June 2013</i>
		R-4 — Develop and implement automated tools that managers can use to monitor and evaluate detached mail unit staffing and scheduling. <i>TID: June 2013</i>
Domestic Mail Manual Preparation and Acceptance Mail Instructions		
CI-AR-12-004	02/02/2012	R-1 — Combine and remove all duplications in the Domestic Mail Manual, Quick Service Guides, Business Mail Acceptance, Job Aids, and Customer Support Rulings; and publish a new document available to all mailers online. <i>TID: November 2013</i>
		R-2 — Migrate to a one permit per customer requirement using PostalOne <i>TID: August 2013</i>
		R-3 — Archive all PostalOne! deleted or canceled permits. <i>TID: April 2015</i>
Postal Vehicle Service Transportation Routes – Margaret L. Sellers Processing and Distribution Center		
NL-AR-12-001	02/02/2012	R-2 — Verify the reallocation of 2,424 workhours within existing postal vehicle service (PVS) schedules and reallocate an additional 5,728 workhours within PVS schedules to accommodate future Flats Sequencing System implementation. <i>TID: August 2014</i>
Assessment of Overall Plant Efficiency 2012		
NO-MA-12-001	04/27/2012	R-1 — Reduce 14,268,171 workhours by fiscal year 2014 with an associated economic impact of \$664,997,872. <i>TID: September 2014</i>
Package Delivery Growth		
MS-AR-12-003	05/04/2012	R-2 — Develop enhancements to the CustomerFirst! system to ensure that the data and information contained within are reliable and useful. <i>TID: January 2015</i>
		R-4 — Evaluate the feasibility of offering a local product the customer either arranges to have picked up or takes to the local Post Office for sortation and delivery without involving a mail processing plant. <i>TID: December 2013</i>
		R-5 — Continue to pursue legislative change that will allow the Postal Service to ship beer and wine. <i>TID: July 2015</i>
City Delivery — Street Efficiency San Diego District		
DR-AR-12-001	06/05/2012	R-1 — Reduce 83,943 workhours to achieve an associated economic impact of more than \$3.3 million annually or \$6.8 million over 2 years. <i>TID: October 2014</i>
Efficiency Review of the Cleveland, OH Processing and Distribution Center		
NO-AR-12-005	06/05/2012	R-1 — By fiscal year 2017, reduce workhours by 352,388 to produce a cost avoidance of \$22.7 million over the following 2 years, or through consolidations, increase mail volume by 377 million, or a combination of workhours reductions and mail volume increases that will achieve the median productivity level of 1,069 pieces per hour. <i>TID: September 2014</i>
21st Century Post Office: Non-Postal Products and Services		
DA-MA-12-005	07/16/2012	R-1 — Develop a strategy to identify, evaluate, and offer the most promising non-postal products and services, including how to overcome identified barriers, when legislation permits. <i>TID: December 2015</i>
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. <i>TID: February 2015</i>
Delivery Fleet Strategies		
CI-AR-12-006	08/14/2012	R-2 — Establish an annual new vehicle replacement strategy, as part of a comprehensive fleet management strategy, to replace part of the fleet each year, spread out the expenditures over time, and ensure the overall operational functionality of the fleet. <i>TID: September 2016</i>
City Delivery — Street Efficiency Capital District		
DR-AR-12-003	08/16/2012	R-1 — Reduce 110,740 workhours to achieve an associated economic impact of \$4.5 million annually, or \$9 million over 2 years. <i>TID: October 2014</i>
City Delivery — Street Efficiency Louisiana District		
DR-AR-12-004	08/16/2012	R-1 — Reduce 107,550 workhours to achieve an associated impact of more than \$4.4 million annually, or \$8.8 million over 2 years. <i>TID: September 2014</i>

Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date		
Report Number	Issue Date	
Efficiency of Customer Service Operations		
EN-AR-12-003	08/17/2012	R-3 — Provide training as needed to customer service managers that would enable them to effectively use managerial reports and tools. <i>TID: September 2013</i>
City Delivery Staffing		
DR-AR-12-006	08/24/2012	R-1 — Balance the number of full-time carriers per route and manage labor cost within established fiscal year budgets. <i>TID: None</i>
		R-2 — Continue pursuing the ability to increase the number of part-time, non-career flexible employees at installations nationwide in the city letter carrier craft to reduce labor costs. <i>TID: None</i>
City Delivery Route Optimization Pilot Initiative		
DR-MA-12-002	08/24/2012	R-2 — Execute a new initiative to maximize savings by using lessons learned and data results from the pilot with the goal of optimizing the full- and part-time staff mix. <i>TID: None</i>
Security of File Transfer Protocol Transmissions		
IT-AR-12-009	09/12/2012	R-4 — Conduct periodic security assessments to identify and monitor file transfer protocol usage throughout the Postal Service network. <i>TID: September 2017</i>
		R-5 — Identify, monitor, and remove all unnecessary file transfer protocol services running on all servers and mainframes and identify the related sensitive applications. <i>TID: September 2017</i>
		R-6 — Implement a secure electronic file transfer protocol for receiving manifest files from external business partners. <i>TID: September 2017</i>
Motor Vehicle Accident Prevention Program		
HR-AR-12-006	09/21/2012	R-2 — Provide periodic refresher training to supervisors on the Safe Driver Program and ensure employees performing driving observations take the Driver Observation training course. <i>TID: October 2014</i>
St. Louis Network Distribution Center — Postal Vehicle Service Operations		
NL-AR-12-008	09/21/2012	R-1 — Periodically assess postal vehicle service spotter truck driver workload and staffing requirements with respect to productivity standards to maintain appropriate staffing levels. <i>TID: July 2012</i>
Oversight of Equitable Adjustments		
CA-AR-12-006	09/28/2012	R-1 — Require contracting officers to include a general release of claims in all supplemental agreements that constitute a release by the supplier for additional costs beyond that which is provided for in the contract modification or a more specific release in complex or contentious equitable adjustments. <i>TID: November 2012</i>
		R-3 — Reiterate the contract file tracking process to ensure contract files are not lost when they are transferred from one office to another. <i>TID: December 2013</i>
Partnerships with Other Government Agencies		
DA-MA-12-006	09/28/2012	R-1 — Clearly define organizational roles and responsibilities for developing and managing partnerships with other federal agencies and establish a written policy to identify, develop, track, and follow-up on potential partnership opportunities. <i>TID: February 2013</i>
City Delivery Operations - Lancaster Carrier Annex		
DR-MA-12-003	09/28/2012	R-1 — Reduce 12,339 office and street workhours in fiscal years 2013 and 2014 to achieve an annualized economic impact of \$515,838, or \$1,031,676 over 2 years. <i>TID: September 2014</i>
First-Class Mail on Air Transportation — Assignment by Weight		
NL-AR-12-010	09/28/2012	R-1 — Modify the assignment process to assign First-Class Mail to air transportation considering weight where feasible, with the heavier mail being assigned to FedEx and the lighter mail being assigned to United Parcel Service and commercial passenger air carriers – with consideration of contractor service performance and future air transportation contract requirements. <i>TID: December 2014</i>
Mail Transport Equipment – Shortages of Pallets, Tubs, and Trays – Fall 2011 Mailing Season		
NL-AR-12-011	09/28/2012	R-2 — Finalize implementation of prior U.S. Postal Service Office of Inspector General recommendations from the Management of Mail Transport Equipment (MTE) – National Analysis audit (Report Number NL-AR-10-009, dated September 29, 2010) covering an automated inventory and tracking system, ensuring adequate resources for areas and plants, and update policies and procedures that support current MTE operational requirements. <i>TID: September 2014</i>
Biohazard Detection System Progress		
DA-MA-13-001	10/02/2012	R-1 — Complete a comprehensive update to the 2002 threat assessment to determine risks to the mailstream prior to procuring new biohazard detection equipment. <i>TID: September 2013</i>
		R-2 — Develop a policy requiring periodic update of threat assessments. <i>TID: July 2013</i>

Report Number	Issue Date	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
Best Value in the Purchasing Process		
CA-AR-13-001	10/09/2012	R-2 — Update the contract file transfer process to include a step to require the receiving contract officials to certify that contract files contain required documentation. <i>TID: March 2014</i>
Delivery Operations Data Usage		
DR-AR-13-001	10/11/2012	R-1 — Streamline systems, reports (including exception based reporting) and data (including real-time data) to meet city delivery needs. <i>TID: July 2014</i>
Fiscal Year 2012 Information Technology Internal Control		
IT-AR-13-003	01/28/2013	R-6 — Implement corrective actions as coordinated between the Information Technology Sarbanes-Oxley Compliance Management Office and the U.S. Postal Service Office of Inspector General during the audit relating to compliance with expected Windows operating system configurations on in-scope servers. <i>TID: December 2014</i>
		R-8 — Implement corrective actions as coordinated between the Information Technology Sarbanes-Oxley Compliance Management Office and the U.S. Postal Service Office of Inspector General during the audit relating to redesign of the control over UNIX configurations to remove duplication and better reflect expectations for controls over financial reporting. <i>TID: December 2014</i>
		R-9 — Implement corrective actions as coordinated between the Information Technology Sarbanes-Oxley Compliance Management Office and the U.S. Postal Service Office of Inspector General during the audit relating to alignment of the procedures and processes used to test and approve UNIX patches before implementation in the production environment. <i>TID: September 2015</i>
Hybrid Mail Efforts		
SM-MA-13-004	02/12/2013	R-1 — Develop a business strategy to increase hybrid mail revenue for small- and medium-sized businesses if profitable and feasible (including transactional mail) and overcome privacy concerns. <i>TID: None</i>
Residential Customer Service Experiences		
MS-AR-13-005	03/18/2013	R-2 — Develop a process to collect and analyze residential customer experience information from other access channels. <i>TID: September 2014</i>
		R-3 — Develop a strategy to design and implement corrective actions in a more timely and response manner when poor customer service experience scores are identified. <i>TID: September 2014</i>
		R-4 — Ensure that mechanisms are developed and implemented to track residential customer experiences as key operational initiatives are taken to improve the Postal Service's financial condition. <i>TID: September 2014</i>
Lessons Learned From Retail Optimization Initiatives		
DR-MA-13-001	03/21/2013	R-1 — Process and approve or disapprove the remaining 600 Retail Access Optimization Initiative discontinuance proposals. <i>TID: September 2014</i>
		R-3 — Develop and implement a formal post-implementation review that evaluates savings achieved and potential revenue loss associated with retail network realignments. <i>TID: November 2014</i>
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. <i>TID: October 2013</i>
U.S. Postal Service Data Governance		
DP-AR-13-004	04/23/2013	R-1 — Direct the vice president, Information Technology, to implement a formal, enterprise-wide data governance program. <i>TID: December 2014</i>
U.S. Postal Service Parcel Delivery Lockers		
DR-MA-13-002	05/06/2013	R-2 — Add revenue and cost reduction features to the pilot to maximize return-on-investment opportunities. <i>TID: December 2014</i>
Delivering Results, Innovation, Value, and Efficiency Management		
DP-AR-13-008	06/19/2013	R-2 — Develop and implement a Postal Service-wide program management policy that identifies the best practices currently employed by the Postal Service, as well as differentiates between mandated and optional practices. This process should also take into consideration best practices, including those provided by the U.S. Postal Service Office of Inspector General. <i>TID: September 2014</i>
Postal Career Executive Service I Annual Leave		
HR-MA-13-003	07/12/2013	R-2 — Modify and test leave system controls to ensure U.S. Postal Inspection Service Postal Career Executive Service I equivalent employees' annual leave amounts are calculated according to Postal Service policy, and communicate policy to applicable personnel. <i>TID: January 2014</i>
Postal Service Injury Compensation Program		
HR-AR-13-004	07/25/2013	R-1 — Conduct a formal staffing analysis to determine the number and type of employees needed to handle workers' compensation claims, including Health and Resource Management specialists, internal or contract nurses, specially trained or contract third-party recovery specialists, or other support personnel; and adjust staffing accordingly. <i>TID: January 2015</i>
		R-8 — Evaluate how predictive analytics can be used to support claims management activities and reduce costs. <i>TID: None</i>

Report Number	Issue Date	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
Benchmarking of Costing Methodologies		
MS-MA-13-004	08/14/2013	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
		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
		R-4 — Evaluate the feasibility of performing cost and revenue analysis at the ZIP Code level or relevant regional areas to support development of customer-specific rates for those products for which such price distinctions are considered legal. TID: None
New Castle and Greensburg, PA Consolidation		
NO-AR-13-004	08/16/2013	R-1 — Coordinate with the Facility Service Office when rental space is vacated to ensure management takes appropriate lease termination actions. TID: December 2014
Springfield Network Distribution Center - Postal Vehicle Service Operations		
NO-AR-13-006	08/26/2013	R-3 — Eliminate an additional 8,623 annual workhours associated with improving Postal Vehicle Service driver productivity to the standard of five moves per hour. TID: October 2014
Noncompetitive Purchasing Practices		
SM-AR-13-004	09/25/2013	R-1 — Direct contracting officials to include and verify that sufficient information is in the contract file to support price and cost analysis. TID: February 2014
		R-2 — Reiterate policy that field personnel not approve suppliers to start work without authorization from the contracting officer. TID: February 2014
		R-3 — Ensure contracting officials collaborate with the competition advocate and internal business partners requesting purchases to promote increased competition when awarding contracts. TID: February 2014
Revenue Generation Patents		
HR-MA-13-004	09/26/2013	R-1 — Work closely with subject matter experts to review patents with revenue generation potential and draft claims as appropriate. TID: December 2014
LiteBlue Security Assessment		
IT-AR-13-009	09/26/2013	R-3 — De-identify personally identifiable information on forms loaded into the employee self-service module of the electronic Official Personnel Folder application. TID: None
Assessment of Overall Plant Efficiency 2013		
NO-MA-13-007	09/26/2013	R-1 — Reduce 14,364,398 workhours by fiscal year 2018, with an associated economic impact of \$628,670,104. TID: September 2018
Electronic Parcel Payment Systems Internal Control Requirements		
MS-AR-13-012	09/27/2013	R-2 — Develop interim controls, such as establishing roles and responsibilities in the identification of shortpaid mailpieces, providing enhanced scanners to clerks and carriers, judgmentally sampling PC Postage parcels at sorting facilities and delivery units, and increasing the accuracy of scales on mail processing equipment, to improve detection of shortpaid parcels until automated controls are in place. TID: June 2014
		R-4 — Implement software changes to the Electronic Verification System in order to correctly validate destination entry rates claimed by mailers. TID: January 2015
Nationwide Analysis of Tier 1 Network Distribution Centers – Postal Vehicle Service Operations		
NO-AR-13-008	09/27/2013	R-1 — Require the six Tier 1 Network Distribution Centers identified in the report conduct an assessment of driver workload and staffing and make appropriate adjustments to workhours based on compliance with yard move productivity standards. TID: January 2015
		R-2 — Ensure Tier 1 Network Distribution Centers annually assess Postal Vehicle Service driver workload and staffing requirements. TID: January 2015
Vehicle Maintenance Facility Efficiency Capital Metro and Pacific Areas		
DR-AR-13-007	09/30/2013	R-2 — Assess the reporting structure for VOMAs and require vehicle maintenance managers or designees to provide adequate oversight of VOMAs to ensure they perform their vehicle maintenance-related duties. TID: January 2014

Report Number	Issue Date	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
HR-AR-13-009	09/30/2013	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. <i>TID: None</i>
		R-2 — Clarify policies and procedures regarding employees reporting to postal facilities where mandatory evacuation orders have been issued. <i>TID: March 2014</i>
		R-3 — Issue supplemental guidance for holding mail and moving mail and other assets from facilities located in mandatory evacuation areas. <i>TID: March 2014</i>
		R-4 — Establish controls to ensure integrated emergency management plans are reviewed, approved, and updated at least annually. <i>TID: December 2013</i>
NO-AR-13-009	09/30/2013	R-5 — Clarify which facilities are required to maintain complete, approved integrated emergency management plans and communicate that to appropriate personnel. <i>TID: December 2013</i>
		Timeliness of Mail Processing at the Hartford, CT Processing and Distribution Center
SM-AR-13-005	09/30/2013	R-1 — Adjust planning and scheduling to accommodate mail volumes especially during holiday periods. <i>TID: None</i>
		Vacant Land Parcels
		R-1 — Declare the land parcel located in Norman, OK as excess. <i>TID: June 2014</i>
		R-3 — List the Elk River, MN; Norman, OK; and Islip, NY parcels for sale. <i>TID: June 2014</i>
		R-4 — Evaluate the eight parcels in Kahului, HI; Cooper City, FL; Stuart, FL; Kihei, HI; Pahoa, HI; Incline Village, NV; Mendocino, CA; and Pinetop AZ, and develop a strategy to sell the properties when market conditions improve. <i>TID: None</i>
NO-MA-14-001	10/30/2013	R-5 — Evaluate the 10 additional parcels in Apache Junction, AZ; Central, AZ; Tehachapi, CA; Marengo, IN; Kokomo, IN; Hilton Head, SC; Garland, TX; Loiza, PR; Viequez, PR; and San Juan, PR, to determine whether they are suitable for sale. <i>TID: None</i>
		Voyager Card Program for Highway Contract Routes – Unidentified and Unrecovered Fuel Overpayments
HR-MA-14-001	11/20/2013	R-1 — Immediately reconduct the 2009-2010 fuel year Voyager Card Program reconciliation under the pooling and reconciliation requirements of the Fuel Management Program and the current reconciliation methodology. <i>TID: February 2014</i>
		R-2 — Validate and document the results of additional 2009-2010 fuel overpayment determinations and collect these overpayments. <i>TID: April 2014</i>
IT-AR-14-002	12/02/2013	Management of Equipment in Capitol Heights, MD
		R-1 — Establish procedures to comply with the revised mail transportation equipment policy when implemented. <i>TID: September 2014</i>
		Controls Over the Premium Forwarding Service Point of Service Retail System
		R-1 — Reiterate that retail unit personnel follow approved manual procedures surrounding the Premium Forwarding Service process and that Postal Service policies prohibit the business use of this service. <i>TID: November 2013</i>
		R-2 — Implement automated controls in the Point-of-Service - Retail System or its successor to establish refund limitations for Premium Forwarding Service, ensure customers do not have an active forwarding order, validate service start and end dates, not allow start of service before payment, and ensure that service is between 2 and 52 weeks. <i>TID: October 2015</i>
HR-MA-14-002	12/03/2013	R-3 — Enhance the Point-of-Service - Retail System or its successor to capture and store all required data for Premium Forwarding Service, including the customer's name and proper primary address, first shipment date, last shipment date, service start date, service end date, Premium Forwarding Service number of weeks, and shipment total. <i>TID: September 2014</i>
		R-4 — Incorporate into the Point-of-Service - Retail System or its successor the capability to tie all Premium Forwarding Service extensions and receipted refunds to the original sales transaction to ensure retail associates only disburse refunds for actual customer purchases, retail associates refund according to the original payment method, and the system eliminates risks for unintentional and intentional keying input errors. <i>TID: January 2015</i>
		R-5 — Enhance the Point-of-Service - Retail System or its successor to develop and implement exception reports that incorporate loss prevention, customer relationship management, and timely, exception-based or event-driven business intelligence analytics to monitor retail associate errors and customer retail transactions (purchases, refunds, and voids). <i>TID: March 2014</i>
HR-MA-14-002	12/03/2013	Mail Isolation Control and Tracking
		R-1 — Designate overall responsibility for the coordination of mail isolation, control, and tracking procedures throughout the Postal Service. <i>TID: August 2014</i>
		R-2 — Revise and implement formal procedures for mail isolation, control, and tracking, to include specific procedures and controls for using mail image information. <i>TID: December 2014</i>
		R-3 — Ensure that mail isolation, control, and tracking procedures are formally reviewed and updated annually based on lessons learned, new developments, and insights. <i>TID: August 2014</i>

Report Number	Issue Date	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
<i>Delivery Operations - Readiness for Package Growth Management Advisory Report</i>		
DR-MA-14-001	12/11/2013	R-1 — Continue to test and implement dynamic routing to manage increased package growth on delivery routes <i>TID: December 2013</i>
		R-2 — Study package growth trends on delivery routes and modify cluster box unit package compartments as needed for additional delivery capacity. <i>TID: October 2014</i>
		R-3 — Use operational reports to proactively monitor and manage Carrier Package Pickup data to make adjustments as needed to improve operational efficiency. <i>TID: None</i>
		R-4 — Implement a vehicle shelving system to accommodate package growth. <i>TID: September 2014</i>
<i>Rural Delivery Operations - Mail Count and Timekeeping Processe</i>		
DR-AR-14-001	12/13/2013	R-1 — Develop a strategy to fully automated the rural timekeeping process. <i>TID: None</i>
<i>Procurement-Related Ethical Violations at Vehicle Maintenance Facilities</i>		
SM-MA-14-002	12/18/2013	R-3 — Require vehicle maintenance facilities managers and supervisors involved with supplier selection or payment to complete annual ethics training focused on procurement and contracting practices. <i>TID: April 2014</i>
<i>Internal Controls and Transportation Associated With the Springfield, MA Mail Transport Equipment Service Center</i>		
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. <i>TID: April 2014</i>
		R-3 — Ensure area and plant management monitor compliance with the established policies and procedures for mail transport equipment return handling procedures at processing facilities, for dispatch and proper use of over-the-road containers and proper storage, handling, and maintenance of shoring straps. <i>TID: January 2014</i>
		R-4 — Reinforce the requirement that processing facilities conduct thorough inspections of mail transport equipment being sent to the Springfield Mail Transport Equipment Service Center to ensure it does not contain any mail and ensure any found mail at the center is picked up daily for further processing. <i>TID: January 2014</i>
		R-5 — Reassess mail transport equipment standing orders and transportation schedules for all processing facilities as necessary to ensure they are up-to-date and efficient given the operational changes and imbalance of mail transport equipment flow . <i>TID: April 2014</i>
<i>Security Risks in the Capital District</i>		
HR-MA-14-003	01/27/2014	R-1 — Issue supplemental guidance clarifying roles and responsibilities for homeland security coordinators in assisting districts with anonymous mail follow-up testing and training <i>TID: October 2014</i>
		R-2 — Require responsible personnel to take anonymous mail training, including periodic refresher training, and incorporate simulations of the anonymous mail process. <i>TID: February 2014</i>
		R-4 — Implement anonymous mail program best practices used by the Nevada-Sierra District, including taking corrective actions for failed facilities. <i>TID: March 2014</i>
		R-6 — Establish controls to ensure responsible personnel complete the workplace violence self-audit tool annually, as required. <i>TID: September 2014</i>
<i>Unscheduled Leave Activity in the Los Angeles District</i>		
HR-MA-14-004	02/06/2014	R-1 — We recommend the manager, Los Angeles District: Develop and implement a clearly defined unscheduled leave activity review process for supervisors to follow that includes schedules for monitoring leave activity and employee discussions as it relates to unscheduled leave control. <i>TID: September 2014</i>
		R-3 — We recommend the manager, Los Angeles District: Implement controls over Postal Service Forms 3971, Request for or Notification of Absence, to ensure proper completion and security. <i>TID: September 2014</i>
<i>Transportation Management Service Provider Shipping Process</i>		
SM-AR-14-003	02/24/2014	R-1 — Develop and implement an alternative process to Freight Pro's use of negative confirmation to ensure that all shipments are received and follow up on any exceptions identified. <i>TID: July 2014</i>
		R-2 — Develop and implement detailed procedures to address the rate quote exceptions identified and pursue credits owed to the Postal Service. <i>TID: July 2014</i>

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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. <i>TID: October 2014</i>
		R-3 — Develop and incorporate an Address Management System module in the delivery supervisor's training course. <i>TID: September 2014</i>
		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. <i>TID: October 2014</i>
City Delivery Efficiency - South Florida District		
DR-AR-14-004	03/04/2014	R-1 — Implement efforts to eliminate 374,982 workhours at the delivery units cited. <i>TID: September 2014</i>
		R-4 — Increase mail arrival efficiency by preparing integrated operating plans with facility processing managers. <i>TID: September 2014</i>
U.S. Postal Service's Delivering Results, Value, and Efficiency Initiative 6, Improve Employee Availability		
DP-AR-14-001	03/07/2014	R-1 — Establish and implement a process to ensure that Delivering Results, Innovation, Value, and Efficiency project management roles, are clearly identified and not performed by the initiative lead and roadmap owner. <i>TID: June 2014</i>
		R-2 — Evaluate implementing regular audits and controls for each project at the project management level. <i>TID: September 2014</i>
Postal Service Knowledge Management Process		
DP-AR-14-002	03/07/2014	R-1 — Develop a comprehensive Postal Service knowledge management (KM) strategy and associated policies and procedures, including appointing a chief knowledge officer. This process should include and build on current Postal Service KM practices and the appropriate best practices identified in this report. <i>TID: None</i>
		R-2 — Join the Federal Knowledge Management Working Group, an organization that has experts to assist, inform, and support the development and implementation of a comprehensive knowledge management strategy. <i>TID: June 2014</i>
Vehicle Parts Inventory Management-Capping		
DR-AR-14-005	03/26/2014	R-1 — Re-emphasize stockroom management policies and procedures on physical security and inventory management, including conducting mandatory inventories at vehicle maintenance facilities. <i>TID: April 2014</i>
		R-2 — Implement training for stockroom personnel on security and inventory procedures and processes. <i>TID: June 2014</i>
		R-3 — Re-emphasize stockroom management policies and procedures on purchasing and receiving duties. <i>TID: May 2014</i>
Information Storage Security		
IT-AR-14-004	03/27/2014	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. <i>TID: December 2014</i>
		R-2 — Ensure the vendor for the storage contract provides periodic training to personnel to maintain storage group knowledge and skills with vendor products and management tools. <i>TID: December 2014</i>
		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. <i>TID: December 2014</i>
		R-4 — Establish minimum security requirements for storage devices in Postal Service environments based on industry best practices. <i>TID: December 2014</i>
Readiness for Package Growth - Customer Service Operations		
DR-MA-14-003	03/31/2014	R-1 — Direct Customer Service Operations employees to perform acceptance scans on all barcoded packages as required. <i>TID: October 2014</i>
		R-2 — Enable the Passive Adaptive Scanning System's revenue protection function, and document and communicate procedure changes to employees. <i>TID: October 2014</i>
		R-3 — In coordination with the vice president, Delivery and Post Office Operations, develop a comprehensive strategy to further reduce the percentage of non-barcoded packages. <i>TID: October 2014</i>
		R-4 — Define a solution for the notification and collection of shortpaid postage for packages. <i>TID: October 2015</i>
Preservation and Disposal of Historic Properties		
SM-AR-14-004	04/16/2014	R-1 — Reconcile Postal Service-owned properties listed on the National Register of Historic Places to the properties in the electronic Facilities Management System to improve the quality and accuracy of data recorded in the system and ensure related documents and images are electronically accessible in the system. <i>TID: December 2014</i>
		R-8 — Assess the cost and benefits of utilizing U.S. General Services Administration's services when a historic property is being considered for sale. <i>TID: None</i>

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Report Number	Issue Date	R = Recommendation number TID = Target Implementation Date
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. <i>TID: May 2014</i>
		R-3 — Ensure management monitors compliance with established mail transport equipment policies and procedures to minimize risk of accidents and injuries to personnel handling this equipment; ensure proper dispatching and use of over-the-road containers; ensure there is proper storage, handling, and maintenance of shoring straps; and minimize new cardboard purchases by using existing inventory at the Mail Transport Equipment Service Center. <i>TID: May 2014</i>
		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. <i>TID: June 2014</i>
Cloud Computing Contract Clauses		
SM-MA-14-005	04/30/2014	R-1 — Include requirements from Handbook AS-805, Information Security, and Handbook AS-805H, Cloud Security in future cloud computing contracts regardless of data sensitivity. <i>TID: June 2014</i>
		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. <i>TID: July 2014</i>
Surface Visibility - Transportation Operations - Suncoast District		
NO-AR-14-004	05/05/2014	R-1 — Ensure that containers coming from mail processing operations have the proper barcoded placards so employees can scan them. <i>TID: May 2014</i>
		R-2 — Put controls in place to prevent improper scanning. <i>TID: May 2014</i>
		R-3 — Retrain employees on proper surface visibility policies and scanning procedures. <i>TID: June 2014</i>
		R-4 — Verify and document the elimination or modification of 103 trips from highway contract routes in the Suncoast District and eliminate 2,928 workhours from postal vehicle service trip schedules or document the reasons for retaining the workhours. <i>TID: April 2014</i>
Consolidation of the Huntsville, AL, Processing and Distribution Facility		
NO-AR-14-005	05/05/2014	R-1 — Continue processing Huntsville’s delivery point sequence mail at the Huntsville Processing and Distribution Facility. <i>TID: April 2015</i>
		R-2 — Re-evaluate staffing and resources at the Huntsville Processing and Distribution Facility to ensure timely processing of delivery point sequence mail so fewer carriers return after 5 p.m. <i>TID: August 2014</i>
Passport Personally Identifiable Information		
HR-MA-14-007	05/15/2014	R-1 — Ensure all acceptance agents have completed the required passport acceptance training. <i>TID: None</i>
		R-2 — Require responsible personnel adhere to policies and procedures for appropriately safeguarding customers’ privacy and personally identifiable information associated with the passport acceptance process. <i>TID: None</i>
		R-4 — Implement controls to ensure completed transmittal forms are independently reviewed for accuracy and retained as required by Postal Service policy. <i>TID: None</i>
		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. <i>TID: May 2014</i>
Timely Processing of Mail at the Boston, MA, Processing and Distribution Center		
NO-AR-14-007	05/19/2014	R-1 — Expedite existing material handling requests for the Boston Processing & Distribution Center that include a High-Speed Tray Sorter, Robotic Container System, and Tray Take-Away System. <i>TID: September 2014</i>
Highway Contract Routes – Miles per Gallon Assessment		
NO-AR-14-008	05/27/2014	R-1 — Ensure that the best value determination process in Highway Contract Route negotiations includes use of industry miles per gallon averages for the proposed equipment or properly justifies and documents why lower than industry average MPG amounts are used. <i>TID: March 2015</i>
		R-2 — Use vehicle classifications that are more in line with industry standards to establish more precise miles per gallon for determining authorized gallons for highway contract routes, based on vehicle type and gross weight. <i>TID: March 2015</i>
		R-3 — Develop a comprehensive and cost-effective strategy, in coordination with highway contract route suppliers, for using advanced fuel efficient technology in vehicles and equipment and periodically review that strategy, as necessary, to account for continuous, evolving changes in technology. <i>TID: March 2015</i>

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Postal Inspection Service Mail Cover Program		
HR-AR-14-001	05/28/2014	R-1 — Improve controls to ensure responsible Postal Inspection Service personnel process mail covers as required. TID: September 2014
		R-2 — Establish procedures to ensure periodic reviews of criminal and special mail covers are conducted as required. TID: September 2014
		R-3 — Improve controls to ensure Postal Service facility personnel process mail covers in a timely manner. TID: May 2014
		R-4 — Implement system controls to ensure data integrity in the Postal Inspection Service mail cover system. TID: December 2014
Delivery Operations – Additional Carrier Services		
DR-MA-14-004	06/03/2014	R-1 — Develop and implement a strategy to identify, evaluate, and offer the most promising additional carrier services. TID: October 2015
Delivery Vehicle Fleet Replacement		
DR-MA-14-005	06/10/2014	R-2 — Formalize the long-term strategy for replacing the delivery fleet that includes developing requirements, specifications, and green technology features for the next generation of collection and delivery vehicles. TID: January 2015
Grievance Payout Costs in the South Florida District		
HR-MA-14-008	06/11/2014	R-2 — Implement accountability measures from the Central Plains District regarding grievances and grievance payout costs. TID: July 2014
Recycling Opportunities in the San Francisco District		
HR-AR-14-002	06/13/2014	R-1 — Implement backhauling procedures at all designated hubs in the San Francisco District. TID: September 2015
		R-2 — Establish procedures to require the environmental compliance/sustainability specialist to provide additional recycling guidance to the district manager and personnel involved with recycling. TID: September 2015
		R-3 — Coordinate with Supply Management to ensure future recycling contracts require contractors to separate revenue and cost amounts on invoices. TID: September 2015
		R-4 — Provide training to personnel involved with recycling to increase awareness and recycling in the San Francisco District. TID: September 2015
		R-5 — Establish controls to ensure that responsible personnel accurately record recycling costs. TID: September 2015
Business Service Network		
MS-AR-14-005	07/09/2014	R-1 — Improving the time it takes to resolve customer service requests by providing Business Service Network staff with access to resources such as Intelligent Mail barcode data, PostalOne!, Transportation Information Management Evaluation System, and Service Performance Diagnostics. TID: October 2013
		R-2 — Increasing customer outreach to include all Business Service Network accounts. TID: September 2014
		R-3 — Enhancing the Business Service Network (BSN) customer experience survey process by including all BSN customers in its survey methodology and collecting information on BSN customers' overall views of the BSN process. TID: November 2013
		R-4 — Expanding the performance evaluation methodology for Business Service Network staff by factoring in variables that would allow evaluation of the performance of individual staff members. TID: March 2015
Topeka, KS, Material Distribution Center – Information Technology Logical Access Controls		
IT-AR-14-007	07/11/2014	R-3 — Review security codes on all web servers that support the Material Distribution and Inventory Management System application. TID: September 2014
Undeliverable as Addressed Mail		
MS-AR-14-006	07/14/2014	R-1 — Enhancing the methodology used to determine surcharge amounts. TID: January 2015
		R-2 — Considering pursuing a regulatory change to increase the Move Update threshold. TID: January 2015
		R-3 — Enhancing the assessment of surcharges, which may include addressing system-related issues. TID: None
		R-4 — Expanding mail verification by increasing the number of mailings tested using automated address verification. TID: None
		R-5 — Tracking undeliverable as addressed mail volume by mailer. TID: January 2016
Management Alert – Late Exceptional Service Payments for Highway Contract Routes-Indianapolis, IN, Processing and Distribution Center		
NO-MA-14-003	07/21/2014	R-1 — Ensure management properly train employees on preparing and timely submitting exceptional service documentation TID: August 2014
		R-2 — Develop a process to continually monitor locally generated exceptional services expenses and ensure local compliance with exceptional service payment processes. TID: August 2014

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Delegations of Contracting Authority Outside of Supply Management		
SM-AR-14-007	08/05/2014	R-1 — Rescind the delegation to the vice president (VP), Facilities, for real estate services contracts and transfer the responsibilities for these contracts to the VP, Supply Management, to ensure consistent contracting practices for the procurement of goods and services. <i>TID: September 2014</i>
		R-2 — Establish an interim process to ensure that Facilities timely submits the annual financial report of real estate transactions, as required in its delegation letter, until management rescinds the delegation. <i>TID: September 2014</i>
		R-3 — Determine whether current Address Quality Service agreements should be ratified. <i>TID: September 2014</i>
		R-4 — Delegate contracting authority to personnel responsible for signing Address Quality Services agreements. <i>TID: September 2014</i>
		R-5 — Develop a process to identify contracts and agreements that may not have a delegation of authority. <i>TID: September 2014</i>
Geo-Fence Technology in Delivery Operations		
DR-MA-14-006	08/14/2014	R-1 — Modify Delivery Management System software to capture adjustments for time and location projections when carriers are assigned deliveries on more than one route. <i>TID: September 2014</i>
Competition Advocate		
SM-AR-14-008	08/14/2014	R-1 — Develop measurable metrics to gauge the impact of the competition advocate in promoting contract competition. <i>TID: November 2014</i>
		R-2 — Reiterate to contracting officers the requirement that they obtain the competition advocate's independent review of applicable noncompetitive purchase requests valued at \$1 million or more. <i>TID: September 2014</i>
		R-3 — Establish and implement a process for verifying that the competition advocate reviewed all applicable noncompetitive actions. <i>TID: March 2015</i>
		R-4 — Issue guidance to clarify how contracting officers should address and document the competition advocate's comments on the noncompetitive purchase requests. <i>TID: March 2015</i>
eCommerce Customer Registration		
IT-AR-14-008	08/15/2014	R-1 — Establish thresholds for acceptable levels of credit card fraud for their program areas to help determine when escalation of oversight and additional controls are needed. <i>TID: December 2014</i>
Backup and Recovery of Essential Data		
IT-MA-14-001	08/20/2014	R-1 — Expand existing procedures in Handbook AS-805, Information Security, to prohibit the practice of using the same hardware to maintain and back up noncritical information resources. <i>TID: April 2015</i>
		R-2 — Issue a reminder that data backups are to be maintained in an appropriate location to reduce potential loss, damage, or misuse of essential data. <i>TID: April 2015</i>
Missing Leased Trailers in the Northeast Area		
NO-MA-14-004	08/25/2014	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. <i>TID: January 2015</i>
		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. <i>TID: March 2015</i>
		R-3 — Develop an interim tracking system and provide written instructions to plant management requiring them to routinely inventory and account for all leased trailers. <i>TID: November 2014</i>
		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. <i>TID: December 2014</i>
		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. <i>TID: January 2015</i>
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 based on the post-implementation review. <i>TID: May 2016</i>
		R-2 — Re-evaluate staffing and resources at the Columbus and Michigan Metroplex processing and distribution centers to ensure mail is processed on time and available to carriers for delivery before 5 p.m. <i>TID: September 2014</i>

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Post Office Relocation Process		
DR-AR-14-008	09/02/2014	R-1 — Revise Postal Service regulations and guidance for the retail operations relocation process to enhance transparency and public input regarding potential alternative site selections. <i>TID: None</i>
		R-2 — Modify Postal Service guidance for retail operations relocations to remove dual responsibilities for approving funding and adjudicating appeals. <i>TID: September 2014</i>
		R-3 — Establish a method to track and monitor retail operation relocations nationwide. <i>TID: October 2014</i>
Management of Cloud Computing Contracts and Environment		
IT-AR-14-009	09/04/2014	R-1 — Implement an enterprise-wide definition of cloud computing and hosted services, guidance on identifying and classifying cloud computing technologies, and detailed roles and responsibilities for managing cloud computing technologies. <i>TID: October 2014</i>
		R-2 — Assign a group the responsibility for managing cloud services, including establishing and maintaining an enterprise-wide inventory of all cloud computing technologies. <i>TID: December 2014</i>
		R-5 — Direct contracting officers to include all appropriate information technology clauses in Postal Service cloud computing contracts, revise the eDiscovery Review contract to include Clause 4-19, Information Security Requirements, and comply with the requirement that all suppliers and their employees sign nondisclosure agreements. <i>TID: January 2015</i>
		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. <i>TID: February 2015</i>
R-8 — Complete the Certification and Accreditation process to either accept or mitigate the risks for the Enterprise Customer Care Centers, eDiscovery Review, and ThisMoment applications. <i>TID: December 2014</i>		
Efficiency Review of the Cincinnati Network Distribution Center		
NO-AR-14-011	09/11/2014	R-1 — Improve the efficiency of the Cincinnati Network Distribution Center's distribution operations by attaining the average productivity level of 186 mailpieces per workhour by fiscal year 2016. <i>TID: October 2015</i>
		R-2 — Reduce the amount of workhours used for allied and indirect operations by 2.15 percent and 4.14 percent, respectively, to be in line with workhours used for those operations at similar network distribution centers. <i>TID: April 2015</i>
		R-3 — Remove an unnecessary highway contract round trip associated with the Cincinnati and Des Moines network distribution centers. <i>TID: July 2015</i>
		R-4 — Reinforce field, feeder station, and plant employee compliance with network distribution center guidelines for properly sorting, labeling, and consolidating mail prior to transport. <i>TID: September 2014</i>
		R-5 — Reinforce existing safety procedures requiring restraint of mail transport equipment rolling stock containers in trailers. <i>TID: September 2014</i>
Overtime at the Iowa City Post Office		
HR-MA-14-009	09/18/2014	R-1 — Establish and implement a plan to recruit and retain employees at the Iowa City Post Office. <i>TID: None</i>
		R-2 — Implement procedures to ensure all routes are structured within 8-hour assignments to reduce overtime use. <i>TID: November 2014</i>
		R-3 — Implement procedures to ensure Iowa City Post Office management pivots available routes. <i>TID: September 2014</i>
		R-4 — Train facility management on techniques to effectively manage overtime with existing staff to reduce overtime grievances. <i>TID: October 2014</i>
Facilities Repair and Alteration Process		
SM-AR-14-009	09/22/2014	R-1 — Update Postal Service policy to require project managers to obtain written postmaster or officer in charge confirmation of completed repairs and alterations above a pre-determined dollar value threshold prior to paying by credit card. <i>TID: December 2014</i>
		R-2 — Update policy to require credit card approving officials to perform and document detailed reviews of selected credit card statement activity above pre-determined transaction and dollar value thresholds. <i>TID: March 2015</i>
Highway Contract Routes- Extra Trips- Greensboro District		
NO-AR-14-012	09/23/2014	R-1 — Implement controls and enforce procedures to avoid processing delays and missent mail in order to reduce highway contract route extra trips <i>TID: September 2014</i>
		R-2 — Train employees on the proper completion of extra trip authorization forms and monitor compliance. <i>TID: September 2014</i>
		R-3 — Ensure employees submit extra trip authorization forms on time <i>TID: September 2014</i>
		R-4 — Determine which contractors have interest payments due because of untimely submission of documentation and pay them accordingly. <i>TID: September 2014</i>

		Report Title, Recommendation Summary
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National Change of Address Program		
IT-AR-14-010	09/24/2014	R-4 — Re-initiate the certification and accreditation process for the National Change of Address application to identify and document security risks as required. <i>TID: April 2015</i>
		R-5 — Upgrade the outdated hash algorithm used in the NCOALink application to a more secure and compliant hash algorithm before support for the current algorithm ends. <i>TID: January 2016</i>
		R-6 — Update license agreements to require that licensees include the names of cooperative database business mailers and their data activities in their monthly performance reports. <i>TID: April 2015</i>
		R-7 — Implement a process to ensure current legal, security, privacy, and compliance requirements are included in all NCOALink license agreements. <i>TID: October 2015</i>
		R-8 — Implement a process and plan of action for establishing and conducting random site security reviews of NCOALink licensees to verify adherence to license agreement requirements, as required. <i>TID: April 2015</i>
Customer Retention		
MS-AR-14-008	09/25/2014	R-1 — Implement a strategy to improve the effectiveness of the Postal Service’s customer retention efforts by promoting organization-wide collaboration for handling customer service and operational problems that could lead to churn or defection and effectively sharing information on at-risk customers. <i>TID: June 2015</i>
		R-2 — Implement a strategy to improve the effectiveness of the Postal Service’s customer retention efforts by reaching out to former customers. <i>TID: April 2015</i>
Management of Detail Assignments Follow Up		
DP-AR-14-007	09/26/2014	R-1 — Implement an interim tracking system this fiscal year for detail assignments and the associated travel costs before phasing in the automated system by 2017. <i>TID: December 2014</i>
Suitability of Rail Transportation – New Jersey Network Distribution Center		
NO-AR-14-013	09/29/2014	R-1 — Perform a cost/benefit analysis of transportation associated with the New Jersey Network Distribution Center and Consolidation and Deconsolidation Facility to determine if rail is more cost-effective than highway contact routes, taking into account rates from multiple intermodal providers and service performance. <i>TID: March 2015</i>
		R-2 — Adjust operating plans for Standard Mail and Package Services Mail, when doing so is economical and meets service standards, to further accommodate the use of rail for trips associated with the New Jersey Network Distribution Center. <i>TID: None</i>
		R-3 — Consider moving Periodical Mail volume through the existing Surface Transportation Center network, if deemed appropriate based on service and cost, to ensure this mail class meets its service standards. <i>TID: None</i>
		R-4 — Test to determine if the Postal Service can convert some highway contract route transportation to rail where economical and service responsive for transportation associated with the New Jersey Network Distribution Center. <i>TID: September 2015</i>
Voyager Card Program for Highway Contract Routes – Pooling Policy Concerns and Potential Overpayment		
NO-MA-14-006	09/29/2014	R-1 — Ensure pooling agreements clearly demonstrate an operational need, that pooling is consistently applied, and that aggregate pooling is not allowed. <i>TID: None</i>
		R-2 — Ensure that all overpayments to suppliers for excess fuel gallons not attributed to proper pooling are identified and collected timely to safeguard Postal Service financial assets for the July 1, 2014–June 30, 2015, fuel year and any subsequent periods. <i>TID: August 2015</i>
Voyager Card Program - Capping Report		
NO-MA-14-007	09/30/2014	R-1 — Consider alternatives to the Highway Contract Route Voyager Card Program. <i>TID: March 2015</i>
		R-2 — Consider fuel management best practices as appropriate to obtain the best value for the U.S. Postal Service. <i>TID: March 2015</i>
Manual Package Counting and Conversion Factors		
NO-MA-14-008	09/30/2014	R-1 — Automate manual package processing counts nationwide. <i>TID: October 2015</i>
		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. <i>TID: March 2015</i>
		R-3 — Train employees on proper counting of manual packages nationwide. <i>TID: October 2015</i>
Highway Contract Route Electronic Payment Process		
SM-MA-14-006	09/30/2014	R-1 — Revise and implement a plan to integrate Highway Contract Route (HCR) tracking and payment technology to verify HCR services were rendered prior to payment. <i>TID: September 2015</i>
		R-2 — Explore the use of identified best practices to integrate Highway Contract Route (HCR) tracking and payment technology within the Postal Service HCR payment process to ensure the Postal Service pays suppliers based on services rendered. <i>TID: June 2015</i>

Appendix F

Significant Management Decisions in Audit Resolution

For the period April 1 — September 30, 2014

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 during the semiannual period; and 2) any outstanding recommendations from any previous or current peer reviews that remain outstanding or have not been fully implemented.

No recommendations for this period in resolution

Office of Audit

Internal Peer Reviews

None conducted during this period.

External Peer Reviews

None conducted during this period.

Office of Investigations

Internal Peer Reviews

In spring 2014, the Office of Inspector General for the Department of Agriculture conducted a peer review of our Office of Investigations. At the time of publishing of this semiannual report to Congress, the Department of Agriculture had not yet issued its report.

External Peer Reviews

None conducted during this period.

Appendix H

Investigative Statistics*

For the period April 1 — September 30, 2014

For the period April 1 — September 30, 2014

	Investigations Closed	Arrests	Indictments / Informations	Convictions	Admin Action Taken	Cost Avoidance	Fines / Restitution, and Recoveries	Amount to USPS	To Mgmt. for Admin Action
Contract Fraud	95	2	9	11	65	5,058,720	36,983,959	22,232,354	29
Financial Fraud	259	77	57	78	187	1,811,884	5,291,144	5,196,877	169
General Crimes	383	39	18	24	259	85,276	584,806	518,362	203
Workers' Compensation Fraud	499	44	21	34	111	106,675,721	521,920,495	24,121,359	92
Internal Mail Theft	846	173	129	186	484	—	8,453,244	292,958	388
Total	2,082	335	234	333	1,106	113,631,601	573,233,648	52,361,910	881

For the period October 1, 2013 — September 30, 2014

	Investigations Closed	Arrests	Indictments / Informations	Convictions	Admin Action Taken	Cost Avoidance	Fines / Restitution, and Recoveries	Amount to USPS	To Mgmt. for Admin Action
Contract Fraud	191	12	15	18	131	80,425,306	106,261,503	24,917,979	74
Financial Fraud	453	146	107	157	387	3,018,259	7,024,656	6,908,877	349
General Crimes	697	70	29	56	507	85,276	1,192,739	688,022	401
Workers' Compensation Fraud	945	82	67	71	192	275,265,106	570,461,646	34,710,459	201
Internal Mail Theft	1,493	348	241	397	977	—	10,229,905	393,926	848
Total	3,779	658	459	699	2,194	358,793,947	695,170,449	67,619,263	1,873

Appendix I

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

For the period April 1 — September 30, 2014

Type of Scheme	Complaints Filed	Consent Agreements	FROs	C&D Orders
Identity Theft	1	1	—	1
Investment Fraud	1	1	—	1
Invoice Schemes	3	4	4	8
Lottery	16	16	—	16
Reshipping Scheme	19	22	—	22
Sweepstakes	5	5	1	6
USPS Revenue Fraud	6	6	—	6
Work at Home	2	3	—	3
Other	4	4	2	6
Foreign Lottery	27	27	—	27
Counterfeit Check	7	9	—	9
Foreign Lottery & Counterfeit Checks	2	2	—	2
Failure to Pay	—	2	—	2
TOTAL	93	102	7	109
Other Administrative Actions				
Temporary Restraining Orders Requested				—
Temporary Restraining Orders Imposed				—
Cases Using Direct Purchase Authority				—
Civil Penalties (Section 3012) Imposed				3
Test Purchases				—
Withholding Mail Orders issued (included 0 Petitions)				7
Voluntary Discontinuances				—

Administrative Subpoenas Requested by the Postal Inspection Service.

There were two requests during this reporting period.

Financial Reporting on Investigative
Activities for the Postal Inspection Service

Type	Total
Total Personnel Comp	\$176,483,629
Total Nonpersonnel Expense	\$36,444,503
Total Operating Expense	\$212,928,132
Total Capital Commitments	\$7,584,049

Appendix J

All Closed Congressional/PMG/BOG Inquires

For the period April 1 — September 30, 2014

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.

Inspector General Investigations (78)

Requestor	Allegation/ Concern	Major Findings	Closure Date
Representative, Wisconsin	Non-receipt of an antique	We confirmed a missing postal container included the constituent's item. We searched for traces of the container through postal databases, performed interviews, and conducted mail integrity tests to no avail. We did not find evidence to support allegations that employee misconduct was the cause.	5/30/14
The White House	Non-delivery of a diamond ring	We conducted several mail integrity tests and searched for similar incidents in the delivery area. Neither our surveillance nor mail integrity tests produced evidence of employee misconduct, or other explanations for the loss.	6/19/14
Representative, California	Management created a hostile work environment, overworked employees, and falsified data to maintain delivery schedules at a Post Office	We examined two 14-day periods at the Post Office between April and May 2013 and found 2,480 work hours recorded after 5:00 p.m. The data revealed ending times ranging from 7:00 p.m. to 11:57 p.m. A representative from the National Association of Letter Carriers told us route adjustments were part of an ongoing arbitration, and management agreed carriers would no longer deliver mail after 8:00 p.m.	4/4/14
Senator, Ohio	Towing contract fraud	The inquiry was related to an ongoing investigation that led to the arrest of a Postal Service employee.	4/14/14
Senator, Nevada	Ongoing theft of packages and issues with mailing labels	The investigation revealed a third party shipping company used the same label and tracking information for multiple packages, so that several could not be traced. While we found evidence of possible theft external to the Postal Service, we took no further action to avoid interfering with local law enforcement.	5/16/14
Senator, Texas	Non-receipt of two packages of collectible cards from Canada	A search of the tracking system showed the last scan at the International Service Centers (ISC). ISC management confirmed the items were scanned as accepted. We found evidence that other packages in the same container reached their intended destinations. Canadian postal authorities noted no pattern of loss for international outgoing mail to the United States.	5/7/14
Senator, New Hampshire	Delay and tampering of mail based on a prior personal relationship, including theft of a check	We learned district managers previously reviewed the complaints. We did not substantiate the involvement by a Postal Service employee or that theft of a check occurred.	4/17/14
Representative, Connecticut	Theft of hearing aids sent through the mail	The recipient reported the envelope arrived with a slit in the side, a letter, and a personal check, but no hearing aids. The company reported a similar incident after their recent relocation. The envelope did not have a tracking number; due to its age, limited information was available in postal databases, and we were not able to locate the missing items.	4/14/14
Representative, Maryland	Non-receipt of U.S. Treasury bonds sent through the mail	Investigators checked the Product Tracking System and found the tracking number provided was shown as delivered. We noted the Bureau of Public Debt does not use Certified Mail, which can provide tracking and delivery information. The Bureau defended their methods and replaced the bonds.	4/17/14
Postmaster General	Non-delivery of a package and a falsified tracking scan	Our efforts to determine who was responsible for scanning or delivery of the parcel were inconclusive as the scanners are not matched to individual employees.	4/30/14
Representative, New York	Unjust termination following information of travel voucher fraud	The complainant had filed an Equal Employment Opportunity (EEO) complaint and grievance based on his termination, so the OIG took no further investigative steps to avoid interfering in the EEO proceedings.	4/29/14
Representative, New York	Receipt of opened mail	Our agents were not able to explain the incident. We conducted mail integrity tests and searched postal databases to no leads.	4/24/14
Representative, California	Non-delivery of an insured package of coins and issues with the associated insurance claim	Investigators searched online marketplaces, a pawn shop registry, and several physical locations with no success. Investigators visited the distribution center where the package was last scanned. Our investigators observed no misconduct or causes for the failed delivery, and local management had no recall of finding coins. The complainant eventually received restitution.	4/1/14
Representative, Ohio	Non-delivery of multiple parcels containing coins	The constituent later informed our agents the parcels reached their intended destination. It appears the parcels were originally delivered to an incorrect address; however, they reached their destination intact.	4/1/14
Representative, Florida	Harassment by a Postal Service contractor	We coordinated with local law enforcement and found the postal contractors took the appropriate steps to alert law enforcement of investigative activities. Based on our information from local law enforcement and that the constituent died during the investigation, we found no evidence of misconduct by Postal Service employees or contractors.	4/29/14
Senator, Florida	Mail tampering and questioning of the returned package mailed several years prior	We assessed dozens of pieces of mail with small rips, which likely occurred from postal machinery. As to a package mailed several years ago to the Philippines, and returned after 3 or 4 months in the mail system, we noted the package was marked as having an insufficient or incorrect address and did not have a tracking number to allow for further investigative work.	4/1/14
State Assemblyman, New York	Multiple claims of theft of money orders taken from the mail stream	We learned one constituent purchased the money order through the Postal Service, but two others purchased them elsewhere. The investigation revealed a larger scheme of fraudulently negotiating money orders by individuals external to the Postal Service. Our agents located the individuals responsible, who admitted to their involvement. We could not determine how the money orders were removed from the mail system.	7/30/14
Representative, Texas	Non-delivery of approximately 26,000 pieces of Every Door Direct Mail	Investigators researched databases showing the receipt and certification of mass mailings. A local office initially declined to certify the mail since it was poorly wrapped and the shipping labels could have been lost in transit. Management relabeled the mail. We found paperwork verifying the mail left the intake center, but could not locate documents at the destinating location. Our searches of plants and databases produced no further leads or explanation for the missing mailings.	4/1/14

Requestor	Allegation/ Concern	Major Findings	Closure Date
Representative, Florida	Mail delay and theft of a check sent through the mail	Investigators found the check was delivered to a business and deposited in error. The other delayed mail had no tracking information, so our investigators had limited ability to identify where the problem occurred. During the investigation, another late mail piece arrived. Investigators determined the letter was inexplicably sent through the Computerized Forwarding System in error, delaying it by several weeks.	4/14/14
Senator, Missouri	Loss of most of 108 parcels containing books, and a lack of appropriate tracking data	The investigation revealed 99 parcels had received only initial scans. Scans showed eight were delivered and one was returned as damaged. Contacting customers, we determined at least a portion of the 99 missing parcels were delivered. We noted the mailer dropped the parcels by leaving them on an unsecured platform. We were not able to identify the actual number of losses, but we did not substantiate charges of theft by postal employees.	9/15/14
Representative, Indiana	Theft of a money clip from a delivered package	Our agents examined the package and noted it arrived without its contents and marked as damaged. The parcel appeared torn, containing only a packing slip, a piece of cardboard, and piece of Styrofoam. We noted what appeared to be machine belt marks near the tear, suggesting postal machinery may have torn the package. Our mail integrity tests and contacting of three mail facilities developed no further leads.	5/30/14
Postmaster General	Non-delivery of a passport	The tracking information ended at a local Post Office near the delivery site, and did not extend to the delivery of the package. We learned the package was later delivered. Our investigators concluded poor handling and record keeping by the local Post Office led to the complaint. That Post Office has since changed its process for handling incoming Registered Mail to include a new log book, a safe to hold Registered Mail, and new organized filing system.	4/30/14
Representative, New York	Tampering and theft of \$75 and a greeting card	Postal data we sought, and information from the Financial Crimes Database, and mail integrity tests did not provide evidence of where or how the tampering occurred. Without further evidence, we could not substantiate misconduct by a Postal Service employee or a party external to the Postal Service.	6/27/14
Representative, California	Non-delivery of packages and falsification of tracking scans	We learned the local Post Office directs carriers not to leave packages at the door of this building, but a substitute carrier not familiar with the route did not follow procedures. The employee falsely scanned the package as "Notice Left" without leaving a notice. We also learned the Inspection Service identified parties external to the Postal Service who entered secured apartment buildings and stole mail in the same neighborhood. It was not clear whether some of the constituent's problems were related to this external issue, as her packages were not among the recovered mail.	5/6/14
State Senator, Maryland	Delay of 13 pieces of Business Reply Mail (BRM) sent between November 2011 and October 2013	We learned a large BRM mailer received some of the pieces by mistake. The mailer's representative confirmed accidental opening of some of the mis-delivered mail. While conducting a database review, we identified multiple BRM accounts for the constituent. The accounts inaccurately reflected payment status since January 2013, causing the accounts to show as expired. The expired status locked the accounts and disabled deductions. We could not determine if this was the cause of all the delivery problems.	5/30/14
State Senator, Maryland	Delay receiving keys for a lockbox and theft of a ring delivered to that lockbox	The Postal Service reimbursed the complainant for the missing keys, and he established a new lockbox at another Post Office. Regarding the alleged theft of a ring, we conducted three mail integrity tests and searched postal databases, but discovered no leads. We learned the sender planned to replace the ring.	5/30/14
City Comptroller, New York	Mail forwarded to a Post Office Box without consent	We examined a check sent to the constituent and noted it was sent directly, not forwarded, to the PO Box. The investigation revealed the attorney assisting the constituent secured the PO Box for the constituent's use. There was never a mail forwarding issue.	6/19/14
Representative, Maine	Workplace harassment based on sexual orientation	Following a previous complaint, Postal Service management implemented new policies and issued service talks about the no tolerance policy for harassment and discrimination. We reviewed documents regarding the talks and found it unclear whether sexual orientation was directly addressed. Management immediately issued another round of service talks directly addressing sexual orientation and provided our agents with documentation confirming the talks were presented to all employees at the facility.	6/19/14
Representative, Missouri	A Postal Service employee misrepresented the expected delivery date of a stock certificate; nondelivery and misdelivery of Saturday mail to a residence; and illegal profiting by Postal Service management in connection to management-directed relocations	The Postal Service determines estimated delivery dates using the Point of Sale (POS) system. The clerk relied on POS data. We noted POS did not account for the constituent's use of Registered Mail Service, which adds time. As to non-delivery on Saturday we did not substantiate the claim. As to allegations of impropriety in profiting from relocations, our audits opined that the process can result in capital gain depending on market condition. Gains are not an indicator of impropriety or misconduct.	4/14/14
Senator, Mississippi	Theft of signed picture of a Navy ship and a challenge coin from its commanding officer	Communications with the Navy provided the likely route the package took, and we found no irregularities during that part of its journey. Our agents opined the envelope had been sliced open in a manner inconsistent with damage from postal machinery, but it bore a sticker commonly applied when mail is damaged in processing. We contacted the mail recovery center, but met with negative results.	5/7/14
Senator, California	Misconduct by Postal Service management, employees, and the Postal Inspection Service	In an interview, the constituent stated his location transfer was his primary concern. We found the complaint was settled in arbitration with the Postal Service. The transfer was reverted after 8 days, and the constituent received a premium payment and mileage compensation for that time. We did not substantiate the other allegations.	8/26/14

Requestor	Allegation/ Concern	Major Findings	Closure Date
Representative, Maryland	Delay receiving keys for a lockbox and theft of a ring delivered to that lockbox	The Postal Service reimbursed the complainant for the missing keys, and he established a new lockbox at another Post Office. Regarding the alleged theft of a ring, we conducted 3 mail integrity tests and searched postal databases, but discovered no leads. We learned the sender planned to replace the ring.	5/30/14
Representative, California	Non-delivery of a designer handbag and issues with the insurance claim	We determined the package was addressed to a commercial mail receiving agency, a third party business offering delivery space and postal address rentals. We learned a carrier incorrectly scanned the package as “Notice Left” instead of “Delivered.” Based on the evidence, we could not confirm where the loss occurred. Insurance matters are under the jurisdiction of the Postal Service, and our agents noted the complainant purchased private insurance.	6/30/14
Senator, Maryland	Non-receipt and non-delivery of checks mailed to and from relative	We found 14 similar allegations from the same area between February 2013 and February 2014. We determined an employee stole over 20,000 pieces of mail between 2005 and March 2014. We discovered large volumes of mail not addressed to the employee and some Postal Service property in his apartment, storage unit, and personal vehicle. The employee admitted to taking money, gift cards, DVDs, and other items from the mail. He also admitted to destroying mail by placing it in a dumpster and throwing it away at a public dump. While processing the recovered mail, our agents found one unopened mail piece from the constituent. We forwarded our findings to the United States Attorney, and the employee voluntary left the Postal Service as part of a plea agreement.	9/4/14
Representative, Illinois	Unjust termination following a whistleblower complaint	We learned the constituent had filed an Equal Employment Opportunity (EEO) complaint based on her emergency leave. The OIG will take no further investigative steps, as they could interfere in the resolution of the matter.	4/14/14
Representative, Pennsylvania	Mail theft and allegation that an unauthorized individual filed a change of address form for the constituent	Records showed the complainant was not living at the address in question. When management became aware of this, they informed her that they would hold her mail for 10 days, in accordance with Postal Service policy, before returning it to the senders and filing a moved left no address change of address order. We found no evidence of mail theft or that an improper change of address form was filed.	7/21/14
Representative, California	Ongoing delivery issues, including tampering, non-delivery of two packages, and scan falsification; questioning why the local parcel lockers were not used for deliveries	We queried the Financial Crimes Database and the Inspection Service for similar incidents in the area, but discovered <i>none</i> . Postal tracking data revealed a new Postal Service employee delivered the packages, but likely did not follow standard protocol for delivery and failed to use the parcel lockers. We conducted several mail integrity tests and learned one test piece was delivered to an incorrect address instead of being marked “return to sender.” We found no evidence of intentional theft or misconduct by a Postal Service employee.	9/4/14
Representative, New Jersey	Theft of prescription medications and refusal to pay for the loss	Our investigation revealed no evidence to support the allegation of theft, but also produced no evidence of the whereabouts of the missing medication. Postal officials did not clarify the basis for refusing the reimbursement at the time of the loss, but later issued a money order payable to the constituent.	5/16/14
Representative, New Jersey	Non-delivery of a package containing \$1,100 in cash	The sender informed our agents the constituent received the package with the cash, after some delay. No tracking data showed what transpired along the route, and our interviews produced no explanations for the delay.	5/7/14
Representative, California	Request for the results of a stolen mail complaint	We responded with a copy of the closure statement. In an interview, the complainant presented new allegations of mail theft, including a missing check. We attempted to locate the check, but did not have sufficient information to enable a productive search.	5/8/14
Representative, California	Non-receipt of three parcels lost in the International Service Center (ISC); one returned to Serbia with the sticker “attempted not known”	The acceptance scan at the ISC is the last tracking scan prior to a mail piece entering the domestic mail system. Without domestic tracking data, there is no record of where losses or handling errors occur. Our efforts did not produce data or indications of employee misconduct, or explanations for the loss of two pieces of mail and the return of a third.	6/20/14
Representative, Illinois	On-going problems with receipt of magazines sent as periodicals and First Class Mail	We learned some of the issues with the delays arose from the dates shown on the mast heads of the publications (known as the cover date) as compared with the round dated stamp from the local Post Office. We conducted several mail tests and observations within Postal Service systems. We coordinated with American Media, Inc., who explained the system for delivery and their internal measures. American Media, Inc. representatives said they attribute tardiness of a few days to the difficulty of delivery within major metropolitan areas and they would only be alarmed and suspect tampering if publications were arriving a week late. We found no evidence of Postal Service employees or external parties stealing magazines or mail addressed to the constituent.	8/15/14
Representative, District of Columbia	Non-delivery of a parcel containing several pieces of personally identifiable information.	We identified a high rate of complaints for the recipient’s delivery route. We determined a single letter carrier was assigned the route when most losses likely occurred. We reported our findings to Postal Service management for action deemed appropriate. We attempted to locate the missing parcel, but met with negative results.	6/20/14
Representative, Ohio	Concern after a former postal employee was not prosecuted following an OIG investigation	We replied only generally, as the case involved a third party. Under the Privacy Act, subjects of investigations often have privacy interests that outweigh another’s right to the information. As to prosecution OIG reports substantiated results to the US Attorney, who elects whether to bring matters to federal court. When federal prosecution is declined, the OIG often attempts to work with local prosecutors. At either level, decisions to proceed are matters of prosecutorial discretion, outside the jurisdiction of the OIG.	4/25/14

Requestor	Allegation/ Concern	Major Findings	Closure Date
Representative, Illinois	Persistent non-receipt of parcels containing free items and a village sticker, delay of eBay packages, and non-delivery of a money order	Our agents conducted 3 mail integrity tests regarding the non-delivery; however, all pieces arrived intact. We found no leads regarding the missing village sticker. We searched the Postal Service tracking system regarding the delayed eBay packages and found no pattern in the area. The constituent did not ship packages using services with guaranteed delivery dates. The money order was scanned as accepted by the local Post Office, but never received a delivery scan. To date, the money order has not been cashed. The postal officials cancelled the money order and reimbursed the complainant.	8/4/14
Representative, Ohio	Outgoing mail delays between 9 and 30 days for in-state deliveries	We queried the Financial Crimes Database for similar incidents in the area, but discovered <i>none</i> . We conducted several mail integrity tests, but all test pieces were properly delivered. We found no evidence of employee fraud or misconduct.	6/4/14
Representative, New York	Non-receipt of mail following the conclusion of a temporary mail hold	Neither our agents nor local Post Office were able to locate the missing mail. Although employees could not account for the missing mail, we found no evidence of theft or misconduct by Postal Service employees.	8/18/14
Representative, California	Mail found dumped in the streets and the garbage	Our agents contacted the Inspection Service and found an active mail theft case in the area. Postal inspectors arrested a party external to the Postal Service for stealing mail with a forged Postal Service mailbox key. Inspectors told us the thief often discarded mail in the streets and in the garbage.	7/22/14
Representative, Tennessee	International non-delivery of cash and non-receipt of the returned parcel	We contacted Customs and Border Patrol and the Mail Recovery Center looking for the parcel. Both contacts yielded negative results. We interviewed several employees at the ISC. When mail arrives into the country, all damage is reported in the tracking system. There was no damage noted in this case. We contacted the local Post Office, near where the returned parcel should have been delivered, but we found no additional leads.	6/23/14
Senator, California	Whistleblower relation after reporting corruption between the American Postal Workers Union and the Postal Service	We applied a four-pronged test for establishing a prima facie case of whistleblower reprisal. We found no evidence that Postal Service management was aware of the protected disclosure regarding corruption. We also found the complainant was separated from Postal Service after failing Fitness-for-Duty (FFD) examinations, and not based on management's knowledge of a protected communication. Management provided evidence they would have taken the same personnel action regardless of the disclosure of information.	7/11/14
Senator, Illinois	Theft of a cellphone from a package that arrived re-taped with only a charger and a self-inking stamp	We learned the package was scanned by a hand scanner in the re-wrap unit. Items sent to the re-wrap unit are taped shut and labeled with a sticker that says: "We're sorry that your article was damaged during handling." We found that sticker on the constituent's package. We learned a Postal Service employee most likely matched the incorrect item with the constituent's open package.	7/17/14
Senator, Illinois	Mail tampering and delivery falsification	We searched various databases for similar incidents in the area, but found <i>none</i> . We coordinated with the local Post Office for a 30 day mail watch, but found no anomalies. Our agents conducted a mail integrity test. The complainant originally denied receiving the test piece, but later recanted after our agents informed him they performed surveillance during the delivery. We discovered no issues with the delivery process and found no evidence of misconduct by postal employees.	8/18/14
Representative, California	Persistent issues receiving mail after a change of address	The investigation revealed employees comingled mail designated as return to sender with those meant to be forwarded, likely at both the local Post Office and a California Processing and Distribution Center (P&DC). We conducted mail integrity testing with a 50% failure rate. At a second P&DC, management pointed out a mislabeled set of mail from the first P&DC and noted frequently mislabeled and comingled mail from the other P&DC. Our agents rechecked and found mail processed as "address not known" despite a valid forwarding order. Our agents followed up again and noted improvements in the mail arriving from the California P&DC. We forwarded our findings to Postal Service District management and management at the P&DC for actions deemed appropriate.	9/25/14
Chairman, House Committee	Employee alleged willful delay of Express Mail, intentional falsification of delivery scans, and orders from management to falsify delivery scans	During the investigation, three other employees disclosed allegations concerning Express Mail manipulation orders from Postal Service management. Tracking data showed three days where a significant portion of No Authorized Recipient Available (NARA) scans occurred just before the noon deadline and therefore appeared suspicious. One employee admitted to scan packages as NARA after using purported phone calls to determine the availability of the recipient. We forwarded the results of the investigation to Postal Service district management for review and action deemed appropriate.	8/26/14
Representative, Mississippi	Theft of money orders	The investigation revealed two former casual Postal Service employees stole two money orders from the mail stream and fraudulently negotiated them. As our report was completed, the employees had left postal employment or been terminated.	9/25/14
Representative, New Jersey	Non-receipt of a few Standard and First Class mailings	Complainant had a previous case involving a carrier discarding mail. In this case, we found no obvious cause for the missing mail and no evidence of internal theft or employee misconduct.	7/8/14
Representative, Oregon	Delay of mail sent from a curbside box	We verified some of the mail eventually arrived at the intended destinations, but we did not determine what became of other pieces. We found reports of mail being stolen and discarded from curbside boxes, which could account for some of the issues. We conducted mail integrity tests but found no leads and no evidence of internal misconduct by postal employees.	9/10/14
Representative, Virginia	Non-receipt of a parcel and initial issues with the insurance claim	Our investigation revealed no evidence of internal theft or employee misconduct, and no trace of the package. While the initial insurance claim was denied, the Postal Service reversed its decision on appeal.	7/8/14
Senator, West Virginia	Delivery problems, including four missing packages of coins	The tracking system showed two packages were scanned as delivered and two had no final delivery scans. We queried both the Mail Recovery Center and a Sorting Facility for the missing coins, but discovered no leads. We coordinated with local Postal Service management to resolve issues with the complainant's mailbox location.	6/25/14

Requestor	Allegation/ Concern	Major Findings	Closure Date
Senator, California	Discrimination in promotion testing based on physical ability, age, and retaliation	We reviewed examination processes with a human resources testing coordinator, and found no pattern of complaints about the Data Entry Test. The complainant did not respond to our requests for more information.	9/3/14
Senator, Texas	Non-delivery of three parcels which were not placed in parcel lockers for safe delivery	The investigation revealed the parcel lockers in the neighborhood were not operational and management was not aware. Because there were similar street names and addresses in the neighborhood, we considered the possibility the packages were mis-delivered. We did not locate the missing packages, but found no evidence of theft or misconduct by Postal Service employees.	8/7/14
Representative, Pennsylvania	Mail found abandoned in the woods	The investigation revealed a former carrier, who resigned, was responsible for the abandoned mail. Our agents were able to recover approximately 340 pieces of mail, but the others had addresses weathered beyond recognition. Our findings were forwarded to the United States Attorney's Office for consideration of prosecution.	8/12/14
Senator, Mississippi	Delayed bulk mailings	No tracking information was available, hindering our attempts to determine the location of the loss. But we found no evidence of employee misconduct or error. We looked into mail preparation, and learned much of the drop shipments were made without mail sleeves. Postal management arranged for pallets of mail sleeves and worked with the mailer to print new intelligent labels, allowing for mail tracking.	6/18/14
Senator, California	Timecard falsification by management and workplace environment issues	The investigation confirmed in several instances management had or may have underpaid supervisors for overtime hours worked. We found management did not properly store overtime forms and could not produce all the submitted forms. Our agents found district management recommended nine remedies to the workplace complaints, and confirmed management completed the implementation.	9/10/14
Postmaster General	Package received torn open with coins missing	During our investigation, agents contacted the Mail Recovery Center, where management located the missing coins and later returned to the complainant. We concluded it was likely that postal machinery tore open the package in processing. Ideally, the carrier would have noticed the torn package and placed it in a damaged mail envelope prior to delivery.	8/15/14
Senator, California	Someone taped shut the constituent's mailbox, removed the mailbox, stole mail, and caused his mail to be improperly returned to sender	The complainant believed this resulted from a family dispute, and the OIG does not investigate external mail issues. We noted six temporary change of address orders the complainant filed over two years, and confirmed his mail was marked "return to sender" for a several months after one of the change of address forms expired, a per postal policy. We found no evidence employee misconduct or involvement in the mail dispute.	7/28/14
Postmaster General	Parcel arrived opened with the contents missing	Based on a review of tracking data, it was plausible the parcel was damaged by a machine in processing and been rewrapped, with employees failing to properly match loose contents to the parcel. The Postal Service reimbursed the complainant.	8/7/14
Representative, Vermont	Theft of a parcel containing antique glass	Our agents coordinated with the Inspection Service about security lapses at a Logistics and Distribution Center that might have led to the loss. We found multiple reports of trespassers at the center starting in October 2013. After establishing the thefts were likely made by parties external to the Postal Service, we referred the case to the Inspection Service.	7/18/14
Representative, Texas	Management falsified documents, or falsified work information supporting the availability of work, to prevent complainant from full employment with limited duty	The constituent alleged his work restrictions called for him to work only two hours a day. We found his medical restrictions do not limit his daily hours. We found no evidence that management denied the right to fulfill a modified job assignment. We noted that, because of the conflicting statements, the Department of Labor, Office of Workers' Compensation told the constituent they could not decide whether to approve his claim for compensation for hours not worked. Our investigation did not substantiate violations of federal law or postal rules and policy.	9/3/14
Senator, Florida	Falsifying records of preventative maintenance	Through interviews, we found the P&DC maintenance department was understaffed. Management promised to, but did not, provide copies of work orders documenting the status of the tasks. We forwarded our findings to Postal Service management for action deemed appropriate.	9/22/14
Senator, Vermont	Theft of a parcel containing antique glass	Our agents coordinated with the Inspection Service about security lapses at a Logistics and Distribution Center that might have led to the loss. We found multiple reports of trespassers at the center starting in October 2013. After establishing the thefts were likely made by parties external to the Postal Service, we referred the case to the Inspection Service.	7/17/14
State Attorney General	A noose was hanging in a work area behind the service counter of a Post Office	The investigation revealed the noose had been hanging in the Post Office since at least November 2013. A postal employee removed the noose at the request of a customer, who contacted other interested parties. We did not find evidence to support allegations that the incident was based on racial animosity. We found no evidence management reacted to and took action after hearing comments about the display of the noose. We forwarded our findings to the United States Attorney.	9/10/14
Senator, Wisconsin	Meeting request from congressional staff to discuss a potential Postal Service whistleblower	Our staff provided information about a previous investigation and status of an Equal Employment Opportunity case the complainant had filed.	7/31/14
Representative, Ohio	Non-delivery of a firearm	The investigation revealed the carrier mistakenly scanned the package as "attempted delivery" instead of "delivered." Our investigators visited the recipient and confirmed the firearm had, in fact, been received.	9/16/14
Representative, California	Questions regarding the OIG not using voice stress analysis in investigations	The OIG follows policies set out by the National Center for Credibility Assessment, which are created from Department of Defense (DOD) directives. According NCCA and DOD, voice stress analysis is not an approved credibility tool or technique.	8/19/14

Requestor	Allegation/ Concern	Major Findings	Closure Date
Senator, Indiana	Issues with receiving mail following a change of address	We found no similar complaints in the area, or reported issues with the change of address system. With neither a change of address on file nor postal tracking information, we had no leads to pursue.	9/16/14
Representative, Virginia	Mail tampering	We looked at indicators in the delivery area and concluded the mail was likely damaged by postal machinery.	8/25/14
White House	Non-delivery of two parcels	We are monitoring the ZIP Code of the inquiry for a large number of external loss reports. We will keep the data for future systemic review.	9/10/14
<i>Inspector General Audit Reports (16)</i>			
Requestor	Allegation/ Concern	Major Findings	Closure Date
Representative, Pennsylvania	Concern regarding the decision to, and the delays following, the consolidation of Southeastern Mail Facility into the Philadelphia Lindberg Plant	The Office of Audit created the report, <i>Southeastern Pennsylvania Processing and Distribution Center Consolidation</i> . The audit found a business case to support the consolidation and found that, while the Postal Service missed some deadlines, this error did not adversely affect the consolidation process.	5/20/14
Ranking Member, Senate Committee	Questions regarding the Postal Service Diebold Inc. contract	The Office of Audit created the report, <i>Award of the Diebold, Inc. Contract</i> . The audit found the Postal Service did not award the Diebold contract in accordance with Postal Service policies and procedures, as the Postal Service did not develop a purchase plan or conduct a price analysis before awarding the contract. Officials inadequately analyzed internal lock repair maintenance costs and overestimated the annual cost savings by over \$6 million.	6/5/14
Representative, New York	Questions regarding the provisions and oversight in place for the Postal Service's sale of historic properties	The Office of Audit created the report, <i>Preservation and Disposal of Historic Properties</i> . The audit noted concern with the registration and transfer of the properties.	4/16/14
Representative, Michigan	Request for an audit of the consolidation of the Detroit Processing and Distribution Center (P&DC) into the Michigan Metroplex P&DC	After the OIG planned an audit, the Postal Service removed the consolidation from their closure list.	4/22/14
Senator, Ohio; Representative, Ohio	Request for an audit of the consolidation of the Toledo P&DC into the Columbus, OH and Michigan Metroplex P&DCs.	The Office of Audit created the report, <i>Toledo, OH Processing and Distribution Center Mail Consolidation</i> . The report found a business existed for the consolidation. Delayed mail decreased at the Michigan Metroplex but increased at the Columbus P&DC, and service scores initially decreased at both plants but began to rebound. The audit found 28 percent more carriers were returning after 5 p.m., which resulted in customers receiving mail later and increased risk to carriers.	9/2/14
Representative, Pennsylvania	Concern regarding the decision to, and the delays following, the consolidation of Southeastern Mail Facility into the Philadelphia Lindberg Plant	The Office of <i>Audit created the report, Southeastern Pennsylvania Processing and Distribution Center Consolidation</i> . The audit found a business case to support the consolidation and found that, while the Postal Service missed some deadlines, this error did not adversely affect the consolidation process.	5/21/14
Representative, Alabama	Regarding the consolidation of the Huntsville Processing and Distribution Facility	The Office of Audit created the report, <i>Consolidation of the Huntsville, AL, Processing and Distribution Facility</i> . The audit found a business case existed for the consolidation. However, the Postal Service had not fully implemented the destinating mail consolidation because the overnight service standards were not revised as anticipated. Some mail still had to be processed at the Huntsville plant. The Postal Service took corrective action by postponing future consolidations that require overnight service changes.	5/21/14
Mayor, Alabama	Regarding the consolidation of the Huntsville Processing and Distribution Facility	The Office of Audit created the report, <i>Consolidation of the Huntsville, AL, Processing and Distribution Facility</i> . The audit found a business case existed for the consolidation. However, the Postal Service had not fully implemented the destinating mail consolidation because the overnight service standards were not revised as anticipated. Some mail still had to be processed at the Huntsville plant. The Postal Service took corrective action by postponing future consolidations that require overnight service changes.	5/21/14
Representatives, California	Questions regarding the provisions and oversight in place for the Postal Service's sale of historic properties	The Office of Audit created the report, <i>Preservation and Disposal of Historic Properties</i> . The audit noted concern with the registration and transference of the properties.	4/16/14
Senator, Iowa	Excessive overtime for staff at the Iowa City Post Office	The Office of Audit created the report, <i>Overtime at the Iowa City Post Office</i> . The audit determined the overtime — at 6 days a week, 40 percent of the time — was excessive. The Postal Service could be exposed to unnecessary grievances and incur additional overtime costs.	9/19/14
Representative, Texas	Requested an appeal of the closure and relocation of a historic Post Office.	The Office of Audit created the report, <i>Preservation and Disposal of Historic Properties</i> . The audit noted concern with the registration and transfer of the properties.	5/6/14
Senator, Michigan	Regarding the consolidation of the Lansing P&DC	The Office of Audit created the report, <i>Equipment Transfer from the Lansing, MI, Processing and Distribution Center to the Grand Rapids, MI, Processing and Distribution Center</i> . The audit found a business case existed for the consolidation.	9/8/14
Representative, California	Request for a copy of the audit report <i>Preservation and Disposal of Historic Properties</i>	We supplied the requested report.	4/22/14

Requestor	Allegation/ Concern	Major Findings	Closure Date
Representative, California	Shortfalls in security of personally identifiable information from passport applications	The Office of Audit created the management advisory report, <i>Passport Personally Identifiable Information</i> . The audit found the Postal Service must strengthen its procedures for securing and protecting personally identifiable information on passport applications.	5/20/14
Ranking Member, Senate Committee	Request for reasons behind closing the outstanding recommendations from a 2011 audit concerning Occupational Safety and Health Administration (OSHA) violations	Our office provided the documentation of the resolution of the recommendations.	8/14/14
<i>Risk Analysis Research Center (RARC) Reports (4)</i>			
Requestor	Allegation/ Concern	Major Findings	Closure Date
Representative, California	A request for a briefing on the RARC white paper, <i>Providing Non-Bank Financial Services for the Underserved</i>	RARC provided the requested meeting.	4/7/14
Representative, Louisiana	A request for a briefing on the RARC white paper, <i>Providing Non-Bank Financial Services for the Underserved</i>	RARC provided the requested meeting.	5/13/14
Chairman, House Subcommittee	Testimony invitation to a hearing on Innovative Postal Products Developed in the Private Sector.	The OIG provided written and oral statements.	5/22/14
Representative, Texas	Meeting request regarding a business proposal	We contacted the constituent regarding the proper next steps for a business proposal to the Postal Service	7/2/14
<i>General Council and Support Functions (11)</i>			
Requestor	Allegation/ Concern	Major Findings	Closure Date
Ranking Member, House Committee	Request for investigative information the Freedom of Information Act (FOIA) office released to the Washington Examiner	The OIG provided copies of the FOIA releases including a spreadsheet.	4/2/14
Senator, Maryland	Former OIG employee contested a debt owed to the OIG, in the form of advanced, unearned leave	An employee accepted advanced sick leave for calendar year 2012, which resulted in a debt to the agency upon her separation. The Postal Service denied her request to waive the debt in November 2013. The employee did not appeal and did not make necessary payments. The Postal Service transferred the debt to the Treasury. The Treasury declined our request to reinstate a payment plan.	5/5/14
Chairman, House Committee; Chairman, House Subcommittee	Committee seeks response to charges from the Office of Personnel Management OIG that our agency investigations of the Federal Employees Health Benefits Program violates the Inspector General Act	We responded and provided documentation in support of our contention that Title 18 statutes addressing health care and disability fraud are not "owned" exclusively by any IG. The Department of Justice ultimately decides what will be charged in any criminal matter. Where the funds exposed to fraud came from an agency and where department employees have engaged in fraud, that agency has the authority, and responsibility, to ensure those funds are protected and the integrity of that department's personnel is paramount.	4/29/14
Representative, Georgia	Concern regarding a reorganization of the OIG Office of Audit	The OIG addressed the concerns and provided information on the background and basis for the reorganization.	5/27/14
Ranking Members, Senate Committees	Semi-annual request for closed investigations, evaluations, and audits that were not disclosed to the public	We provided the requested documentation.	7/25/14
Representative, Pennsylvania	Request for information on the bid process for an upcoming RARC contract	A contracting specialist explained the process, in accordance with contracting laws.	6/23/14
Representative, Arizona	A medical provider claims the OIG violates privacy laws by requesting Postal Service employee medical records; and harassment by OIG agents	We provided details on the OIG's authority. We reviewed agent actions and provided the constituent's account of the interactions to our Office of Investigations for action deemed appropriate.	7/24/14
Representative, Michigan	Reason for rejection of a job applicant	Our office provided information on how non-selected candidates can access feedback from our Human Resources Office.	7/16/14
Representative, Texas	Issues regarding an OIG Reasonable Accommodation Committee decision	We answered the constituent's questions about the decision and advised him of his rights, including his right to reopen his case at any time should he acquire more documentation for review.	7/25/14

Requestor	Allegation/ Concern	Major Findings	Closure Date
Representative, Arizona	Follow-up questions about OIG's legal procedures and investigative authority concerning workers' compensation investigations	We explained the status of legal proceedings involving the medical provider, in other words, that the OIG requested the Department of Justice enforce a subpoena for records from the provider. During that process, the provider can raise claims that the process is unfounded.	8/11/14
Representative, Ohio	Request for discovery from an OIG investigation	We declined to release the investigative documents in response to this request. The OIG engages in discovery with counsel, not outside of the court process. Prosecutors decide whether and when they will provide evidence to defendants and their counsel, in accordance with the applicable local rules for criminal proceedings.	8/27/14
<i>Referrals (7)</i>			
Requestor	Allegation/ Concern	Major Findings	Closure Date
Senator, California	Management withholding pay	Referred to Postal Service Office of Government Relations	4/1/14
State Representative, Georgia	Customer service issues	Referred to Postal Service Office of Government Relations	5/6/14
County Commissioner, Ohio	Mail Delays	Referred to Postal Service Office of Government Relations	6/3/14
Senator, Maine	Dispute over road conditions	Referred to Postal Service vice president of Area Operations	9/24/14
Senator, Arizona	A postal inspector acted improperly during an incident in a Post Office	Referred to Postal Inspection Service	8/27/14
Senator, Missouri	Widespread mail delays	Referred to Postal Inspection Service	9/26/14
Representative, Missouri	Issues with insurance reimbursement	Referred to Postal Service Office of Government Relations	9/8/14

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, 2014

Requests	Number of Requests
Carryover from prior period	30
Received during period	277
Total on hand during period	307

Actions	Number of Requests
Processed during the period	286
Requests Denied in Full	8
Requests Granted in Full	9
Requests Denied in Part	120
No Records	69
Requests Referred	15
Requests Withdrawn	18
Fee-Related Reasons	—
Records not reasonably described	—
Not a proper FOIA request for some other reason	22
Not an agency record	25
Duplicate Request	—

Balance	Number of Requests
Balance at the end of the period (pending)	21

Processing Days	Number of Days
Median processing days to respond to a FOIA request	5

Workplace Environment

The OI Workplace Environment unit reviews workplace environment and operational issues that may affect workplace climate in postal facilities through 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, 2014

Complaints received	Total
Carried over from previous quarter(s)	28
Complaints received from OIG Hotline, Congress, Governors, management, internal, and other	390
Total on hand during this period	419

Workplace Environment Actions	Number of Complaints
Total Complaints reviewed and closed during the period	
Carried over from previous quarters is not included in total reviewed & closed count	381
Carried over from previous quarter(s)	28
Referred to Office of Audit	1
Summary of findings to Congress/BOG/Postal Service Management	116
Referred to FOIA	—
Referred to Hotline	11
Referred to AIG for Investigations	—
Referred to Postal Inspection Service	1
Referred to database for statistical analysis and possible systemic review	191
Referred to Office of Investigations	2
Workplace Environment	68

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	OWCP: Office of Workers' Compensation Programs
APWU: American Postal Workers Union	FEHB: Federal Employees Health Benefits	P&DC: processing and distribution center
C&A: certification and accreditation	FSS: Flats Sequencing System	P&DF: processing and distribution facility
CSRS: Civil Service Retirement System	GMU: George Mason University	PAEA: Postal Accountability and Enhancement Act of 2006 (also known as the Postal Act of 2006)
CSS: customer service supervisor	HCR: highway contract route	PKI: Public Key Infrastructure
DBCS: Delivery Barcode Sorter	LLV: long-life vehicles	PRC: Postal Regulatory Commission
DOL: U.S. Department of Labor	MTE: mail transport equipment	PVS: Postal Vehicle Services
DEA: Drug Enforcement Administration	NALC: National Association of Letter Carriers	RARC: Risk Analysis Research Center
DWC: distribution window clerk	NCSC: National Customer Support Center	SBOC: Stations and Branches Optimization Consolidation
eCBM: Electronic Conditional Based Maintenance	NDC: network distribution center	SSA: sales and services associate
EDDI: Electronic Data Distribution Infrastructure	NPV: net present value	TACS: Time and Attendance Collection System
EDI: Electronic Data Interchange	OA: Office of Audit	VMF: Vehicle Maintenance Facility
EIR: Enterprise Information Repository	OI: Office of Investigations	

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Who do I call?

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

- 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

Contact: 888-877-7644
www.uspsoig.gov



Postal Inspection Service

- 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 *non*employees
- Dangerous mail and bombs
- Mail fraud
- Identity theft
- Narcotics in the mail
- Child pornography and obscenity

Contact: 877-876-2455
<http://postalinspectors.uspis.gov>



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