

OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

SEMIANNUAL REPORT to CONGRESS

FALL 2026

APRIL 1 - SEPTEMBER 30, 2026





A Message *from the* Inspector General



As we approach the 30th anniversary of the U.S. Postal Service Office of Inspector General, I want to reflect on the relevance of our organization. We provide a significant and measurable benefit to the country by maintaining the integrity of America's postal system through oversight of the Postal Service and its regulator, the Postal Regulatory Commission.

We've built strong data analytics expertise and are now integrating artificial intelligence (AI) to optimize how we use our limited resources. While we only have one OIG employee for every 723 postal employees, we still provide tremendous value. This fiscal year, we returned $10 for every $1 invested in our budget.

We are responsive to public and congressional concerns, with one of the most used OIG Hotlines in the oversight community. Demonstrating our commitment to safeguarding public trust, this fall we prioritized a swift, independent review in response to a whistleblower's allegations around the implementation of the vote by mail executive order.

Over the past year, our work has shown that broad changes are needed to ensure the country has safe and dependable mail delivery into the future. In response to concerns about poor service in certain parts of the country, we found that variations in workplace engagement and management effectiveness are driving some of these longstanding service issues.

We identified serious threats to the Postal Service through increased mail theft and narcotics in the mail. We also found significant deficiencies in how USPS catches and deters fraudulent postage and payments that totaled almost $5.8 billion in revenue impacts, including revenue at risk in the future.

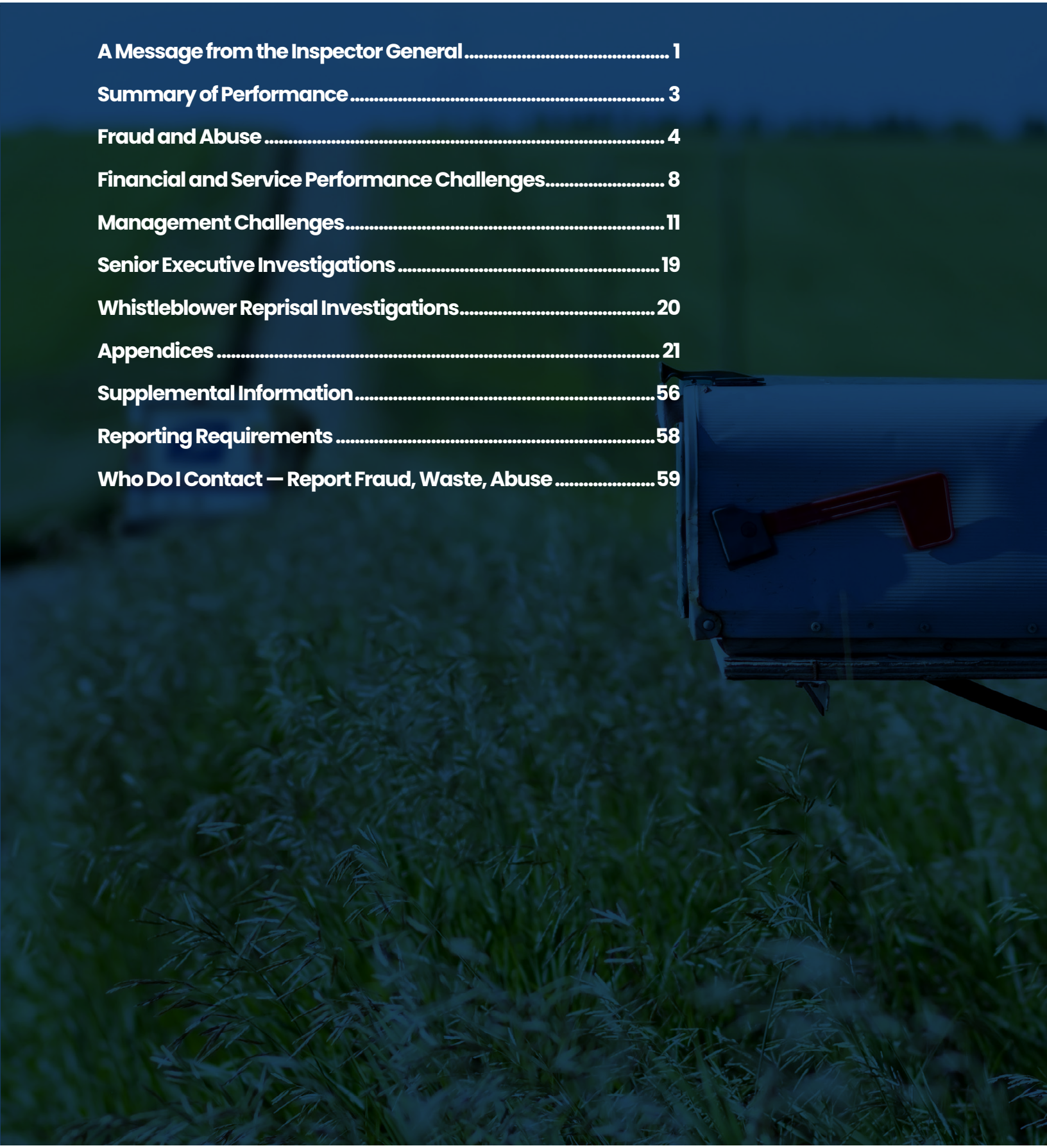
While improvements from USPS are needed, it cannot fix its financial situation alone. In a white paper released earlier this year, we compiled and described 15 potential revenue-generating and cost-saving measures to address the Postal Service's financial gap. Choosing from and then implementing significant changes will be difficult, but doing nothing will risk the future of mail delivery.



Tammy L. Hull
Inspector General, United States Postal Service

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Summary of Performance

For the period: April 1 – September 30, 2026

AUDITS and WHITE PAPERS

Questioned Costs: **$754,954,103**

Revenue Impact: **$2,029,379,318**

Funds Put to Better Use: **$23,043,960**

Total: **$2,807,377,381**

Reports Issued:	66
Recommendations Issued:	185
Total Reports with Financial Impact:	22

INVESTIGATIONS[1]

Investigations Completed:	1,143
Arrests:	381
Indictments/Informations:	233
Convictions/Pretrial Diversions:[2]	361
Administrative Actions:	596

Amount to the Postal Service:[3] **$5,963,519**

Cost Avoidance: **$138,295,115**

Fines, Restitution, and Recoveries: **$27,936,757**

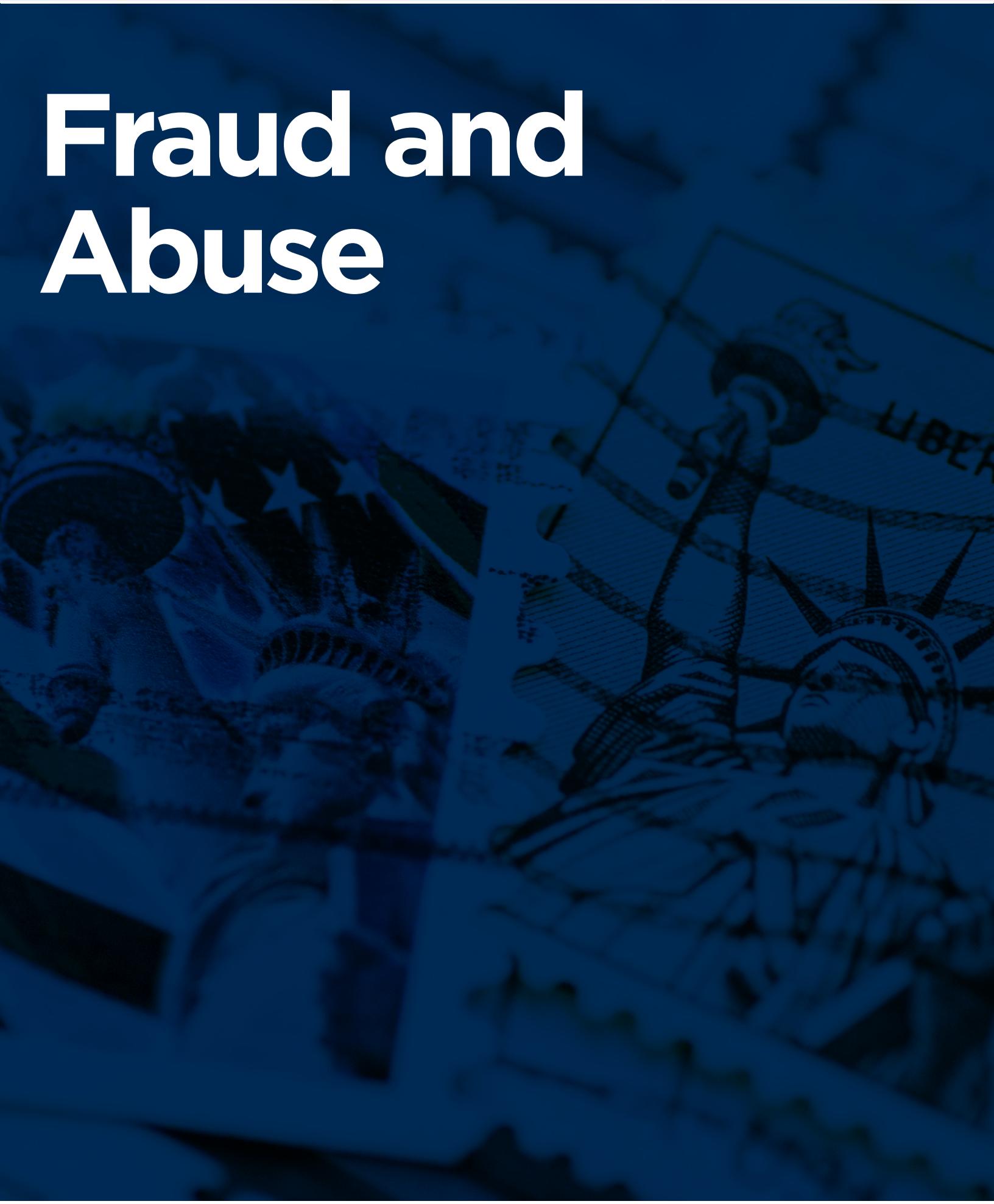
HOTLINE CONTACTS

Facsimile 251	Telephone Calls/Voicemails 57,014	
Standard Mail 887	Email 25,039	Webforms 51,753

Total Contacts: **134,944**

1 Statistics include joint investigations with other law enforcement agencies.
2 Convictions reported in this period may be related to arrests in prior reporting periods.
3 Amounts are totals to USPS resulting from joint investigations with other OIG, federal, state, and local law enforcement entities.

Fraud and Abuse



Fraud and Abuse

Protecting USPS from Fraud and Abuse

Every day, the USPS OIG works to preserve the public's trust by detecting and preventing fraud, waste, and abuse in Postal Service and Postal Regulatory Commission (PRC) programs and operations. Our Office of Audit deploys quick response teams to postal facilities around the country to conduct independent reviews — audits that promote economy by finding cost-saving opportunities for both USPS and the PRC. Similarly, our special agents aggressively investigate any individual or criminal enterprise that exploits America's mail service for personal or financial gain.

Protecting the postal system from fraud and abuse is now more important than ever, especially given USPS's financial condition with a reported $9 billion in net losses in fiscal year (FY) 2025. We continue to see postal employees and contractors who turn to crime by stealing checks and other financial instruments from the mail, defrauding the workers' compensation program, and helping move illegal drugs through the postal network. External threats pose a particular threat to USPS's bottom line, including counterfeit postage, health care provider fraud, and contract fraud.

Our Work to Combat Postage Fraud

The Postal Service finances its operations through postage sales, but fraudsters have found ways to evade paying full postage or avoid payment altogether. In FY 2026, our Office of Audit completed fieldwork that began in 2025 showing how the use of fake postage labels and stamps is defrauding the nation's mail carrier. For context, USPS lost $1.6 billion in revenue in FY 2025 by accepting counterfeit postage labels and our audit found the Postal Service, including its internal law enforcement arm, the U.S. Postal Inspection Service (USPIS), lacked comprehensive oversight and a formal decision authority to address this issue. Similarly, our audit on counterfeit stamps identified over $349 million in potential lost revenue and $1.7 billion more at risk in FY 2026 from these fraudulent items, as well as additional limitations USPS faces to address this threat.

Collectively, our work on counterfeit postage uncovered numerous fraud schemes, resulting in five reports — two audits and three management alerts — that identified almost $5.8 billion in revenue loss to USPS. While the Postal Service has made progress mitigating postage fraud, to reduce futures losses, it must address gaps to better detect and intercept these fraudulent package labels and stamps that are generated both domestically and internationally. A feature on our website on Counterfeit Postage and Payments provides a bird's eye view on this complex topic as well as links to the individual reports in this series.

Identifying and Deterring Abuse

Our investigative work has evolved to meet the challenges posed by increasingly sophisticated technology and criminal actors. For example, we continue to see a shift from lone actors to larger criminal organizations targeting the Postal Service. Employee collusion — especially in mail theft and narcotics schemes — has become more commonplace, with criminal circles recruiting postal employees because of their knowledge of and access to the vast postal network.



In mail theft cases, criminals target postal workers in person or on social media to steal valuables from the mailstream — especially U.S. Treasury checks, personal and business checks, and credit and debit cards. Once attained, they use encrypted apps to advertise and sell those financial instruments online to complicit buyers. To combat these covert crimes, we have partnered with banks to create sophisticated analytical models that identify exactly where within a facility mail is being stolen.

Fraud *and* Abuse

A clear example is a recent investigation in collaboration with USPIS, IRS, Department of Labor OIG, and the Treasury Inspector General for Tax Administration: Two postal employees at a major mail processing plant in Detroit, MI, stole numerous checks from the mail and gave them to two external accomplices in exchange for the promise of payment. Investigators found the accomplices advertised over 10,000 stolen checks for sale on a popular social media app — checks that amounted to about $63 million. All four were arrested and charged, and the employees were sentenced to one year in prison and three years' probation respectively, while a co-conspirator was sentenced to four years in prison. The three were ordered to pay over $230,000 in joint restitution, and the fourth — the criminal mastermind — was sentenced to over 10 years' imprisonment and restitution of almost $2.8 million.

Our narcotics investigations continue to identify employees colluding with drug trafficking organizations. For example, our special agents closed a joint investigation with the FBI in Puerto Rico, where a retail clerk knowingly diverted packages containing cocaine and handed them off to an external accomplice in the receiving post office in exchange for cash. For his part, the employee was sentenced by a federal court to two and a half years' imprisonment. Crimes like these not only expose collusive employees to drug-related violence, but also innocent coworkers who may be mistaken as part of the scheme.

Because we are a lean organization compared to our parent agency, we maximize our oversight capabilities by leveraging 21st century data-driven analysis and technologies, including AI and machine learning, as well as partnering with law enforcement agencies. Our Research and Insights Solution Center (RISC) creates proprietary specialized data analytics tools our auditors and special agents use to bolster the impact of our work.

Mail Dumping Investigations

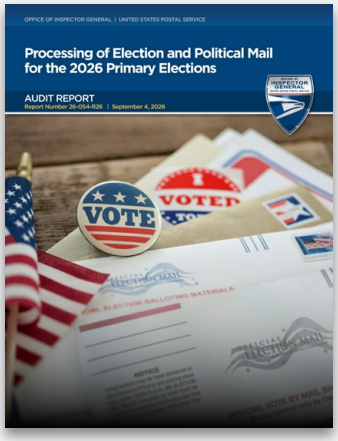
In FY 2026, the OIG conducted 223 investigations into dumped mail. For context, USPS delivered mail and packages to 170.4 million delivery points nationwide the previous fiscal year.

The OIG takes all reports of mail dumping seriously and investigates these allegations. Typically, USPS suspends employees without pay pending the results of an investigation. If criminal activity is confirmed, the OIG makes a referral to the Department of Justice for possible prosecution and issues a report to the Postal Service for possible administrative action.



Fraud *and* Abuse

Ensuring Integrity in America's Elections



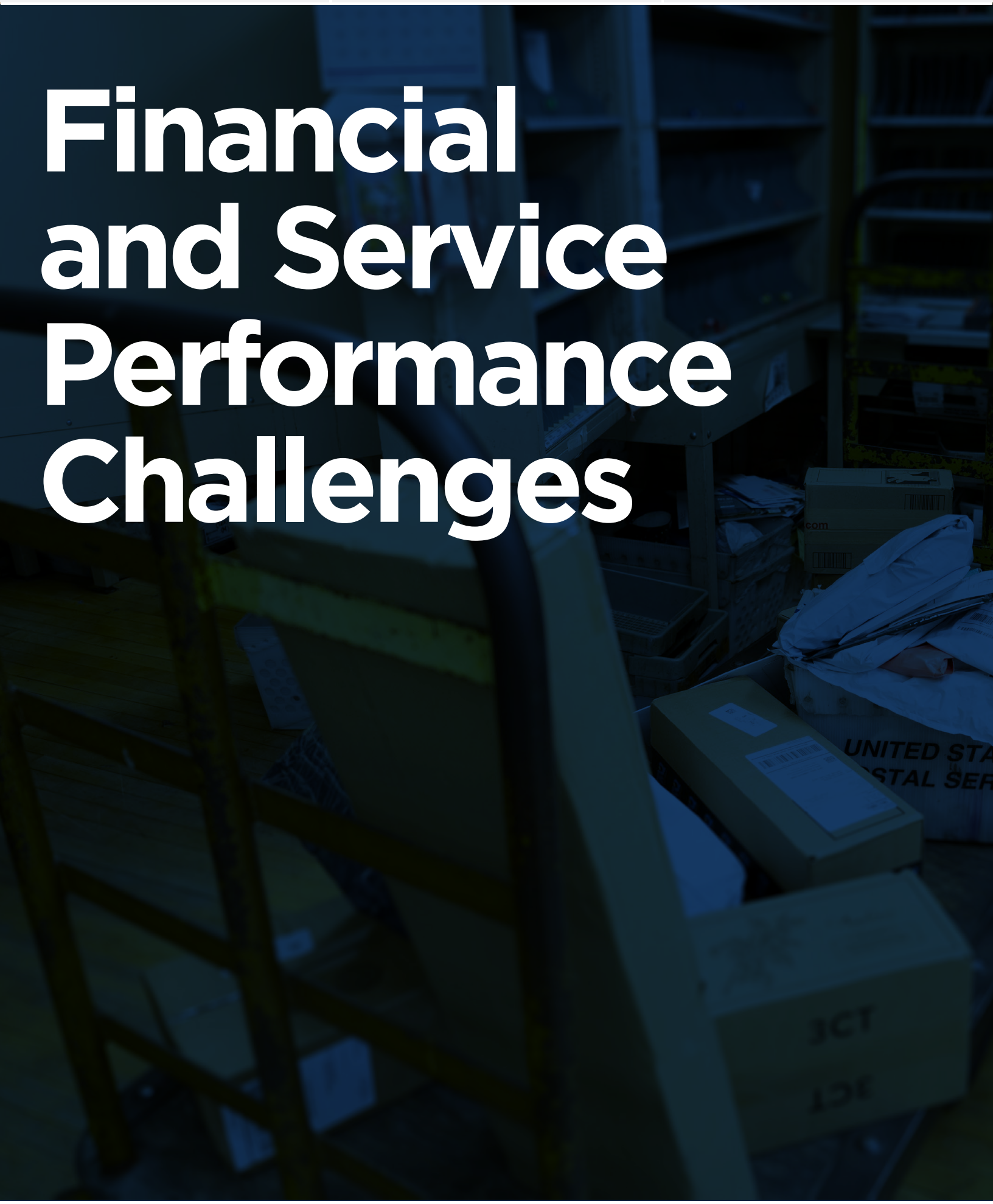
Protecting the integrity of Election and Political Mail is central to our mission. This year, our auditors conducted observations at 87 postal facilities between March and June and issued the report, *Processing of Election and Political Mail for the 2026 Primary Elections*. We found USPS's on-time processing scores for this mail ranged from 97.75 to 98.99 percent from February through May. Most facilities we visited adhered to election-related policies and procedures. However, we found opportunities to increase understanding and enforcement of postmarking ballots, completing required reports for late arriving Political Mail and the daily all-clear certifications, and posting election-related training materials for employees.

And since mid-September, our auditors and special agents have been out in the field visiting hundreds of postal facilities across the nation to promote compliance and protect the integrity of Election Mail during the 2026 midterm elections.

Keeping Up with OIG Investigations

Twice a month, we publish Investigative Case Highlights on our website. These are brief, compelling stories featuring some of our closed investigations that are popular among our website visitors. Subscribe here to have these stories delivered to your inbox.

Financial and Service Performance Challenges



Financial *and* Service Performance Challenges

Since the Postal Service unveiled its 10-year Delivering for America (DFA) plan in 2021, the agency has made many changes to its network and operations — all aimed at transforming it from an organization in financial and operational crisis to one that is self-sustaining and high performing. Yet despite these changes, USPS remains in dire financial condition. And while some changes under the DFA plan have succeeded, service performance problems persist in different areas.

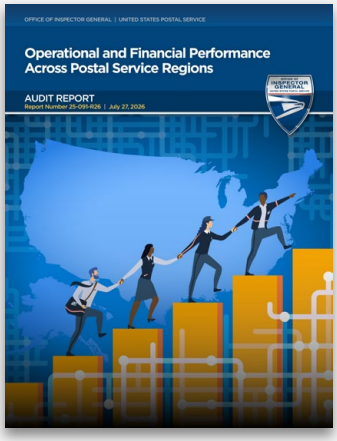
The OIG's audits and white papers highlight opportunities where USPS can both improve service performance in low-performing areas and close the large gap between its revenues and costs. Similarly, our Office of Audit's semiannual white papers present a comprehensive look at the Postal Service's DFA plan. The fourth volume of these reports examines the agency's progress on 13 initiatives under four core areas: financial performance, service, network integration, and post office and product modernization.

Improving Service Performance

In FY 2026, after noting variations in DFA plan impacts to communities across the country — even when the changes themselves have been similar — our auditors set to find out what may account for the differences. Seeing that USPS's workforce is critical to its modernization success, we looked at operational culture as well as key performance indicators across five low-performing and five high-performing postal districts in our audit, *Operational and Financial Performance Across Postal Service Regions*.

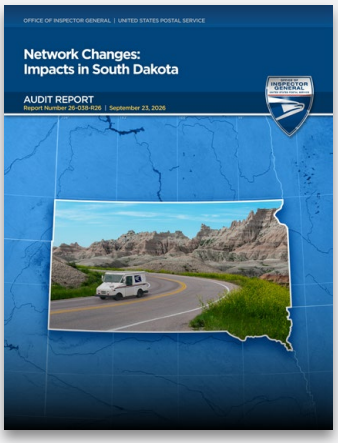
> The Postal Service defines "service performance" as the time it takes to deliver a mailpiece or package from acceptance through delivery.

We found that a resilient and engaged workforce is essential for the Postal Service to carry out its DFA plan and meet long-term goals. The five high-performing districts' success was due to several best practices: competitions to drive performance, emotional intelligence training, employee appreciation and engagement, and welcoming environments, among others. The low-performing areas, on the other hand, have consistently struggled with employee satisfaction, engagement, attendance, and retention, as well as costly union grievances. If the low-performing districts adopted some of the practices of their high-performing counterparts, they could improve leadership, employee morale, and overall operational performance.



Our auditors consistently visit low-performing regions as part of our Field Operations Reviews, often issuing recommendations to postal management to help improve service performance and property conditions. No matter where in our nation our work takes us, we remain focused on issues that matter to postal stakeholders, Congress, and the American public.

For instance, we recently completed an audit on the impact DFA network changes have had in South Dakota — one of the most uniquely affected states, where mail previously sorted there is now routed to various out-of-state processing facilities. These changes led many customers to report concerns about delivery delays.



Responding to a congressional inquiry, our auditors found the network changes in South Dakota reduced the timeliness and reliability of delivery across the state. Service performance declined across multiple mail classes and customers experienced longer delivery times, especially affecting rural communities who depend on USPS for essential and time-sensitive items. While USPS has taken actions to improve service performance for South Dakota, many classes of mail were still below nationwide averages. As with all our audit reports, our recommendations provided actionable solutions to the Postal Service to address the issues we found.

Financial *and* Service Performance Challenges

Navigating the Financial Challenges Ahead

The Postal Service is unique in that, unlike most other government agencies, it is expected to be self-sustaining and cover costs through the sale of postal products and services. However, with costs exceeding revenue every year after FY 2006 and combined losses over that timeframe totaling nearly $118 billion, financial sustainability has become increasingly difficult to achieve. If left unaddressed, ongoing losses will threaten the Postal Service's ability to continue operations.

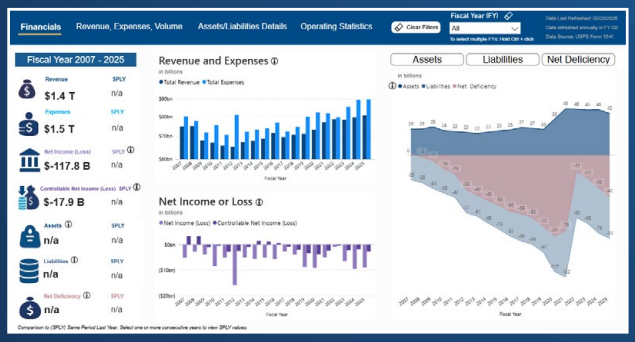
Our white papers provide timely insights to Congress, postal executives, and policy experts as they weigh options to stabilize postal finances. For example, our *Options for Addressing the U.S. Postal Service's Financial Gap* white paper explores 15 revenue-generating and cost-saving options to address USPS's financial gap and promote long-term sustainability. These options, which have been proposed by stakeholders over time, include strategies to grow revenue, fund the Postal Service's universal service obligation activities, enact benefits reform, restructure the workforce, and reduce operational costs.



Similarly, our white paper, *The Role and Value of the U.S. Postal Service in Rural America*, provides insights and context for policymakers juggling USPS's costly rural service obligations alongside long-term financial sustainability. For context, nearly two-thirds of rural post offices operate at a deficit. Our researchers examined USPS's social value and broader contributions across 21 million rural delivery points and the positive impact it has on the communities it serves. In rural America, these small post offices often serve as community information hubs. The Universal Service Obligation guarantees delivery to rural addresses, including the delivery of medications, vital federal benefits like Social Security, and civic participation through mail-in voting.

We invite you to read our audits and white papers on our website to learn more about how the USPS OIG's mission is delivering for the American public every day.

An Invaluable Resource for USPS Stakeholders



This February, the OIG unveiled a new financial dashboard designed to enhance transparency into USPS's business and operational performance. The dashboard gathers data from USPS and the PRC, providing users access to financial information dating as far back as 2005. Additionally, interactive tools allow users to examine revenue, expense, and volume data using a variety of filters.



Our new Pushing the Envelope podcast takes listeners behind the scenes with our experts — auditors, researchers, and investigators — to discuss some of our most groundbreaking work. Our first episode provides some highlights from our white paper examining the role and social value of the Postal Service in rural America.

Management Challenges



Management Challenges

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

- Financial Challenges and Business Constraints
- Service Performance
- Inherent Tension Between Business and Government
- Infrastructure Modernization
- Workforce Challenges
- Changing Customer Demands and New Competition
- IT Modernization and Capacity
- Using the Mail to Facilitate Criminal Activity

Financial Challenges and Business Constraints

The Postal Service has a history of financial net losses dating back to 2007, when the Postal Accountability and Enhancement Act was enacted, which was then followed by the Great Recession of 2008. After over a decade of losses, in March 2021, USPS sought to address its challenges through its DFA plan, with a primary goal of achieving break-even operations by generating enough revenue to cover operating costs and obligations. The plan also outlined a proposed $40 billion in capital investments, $24 billion in revenue improvements, $34 billion in management cost savings, $44 billion in regulatory changes, and $58 billion in legislative and administrative actions to improve financial performance.

The Postal Service has seen some progress with its DFA plan, including the implementation of pricing flexibilities and the passage of the Postal Service Reform Act (PSRA) in April 2022. Specifically, the PRC provided USPS more flexibility in pricing its products and granted price increases reflective of the inflationary environment. The PSRA removed the requirement for the Postal Service to fully prefund its retiree health benefits costs, saving the agency billions of dollars of prefunding payments each year. In 2026, the Postal Service requested additional authority from the PRC to adjust Market Dominant pricing to be more in line with costs.

Additionally, the Postal Service received $3 billion from the Inflation Reduction Act to help pay for implementation of electric vehicles and charging infrastructure. In FY 2026, USPS took aggressive liquidity preservation steps by halting payments for the Federal Employee Retirement System (FERS) normal cost payments, which saved about $200 million each pay period. In addition, the PRC granted the Postal Service a temporary waiver from paying partial FERS remittance payments annually. While the Postal Service is not actively paying FERS normal costs or the remittance payments, these expenses continue to accrue.

In terms of financial performance over the last two years, the Postal Service reported a $9.5 billion net loss in FY 2024 and $9 billion net loss in FY 2025. The FY 2025 loss was $2.1 billion worse than USPS projected in its Integrated Financial Plan. In addition, during FY 2025, USPS grew revenue by $916 million, but that fell below projections by $2 billion, mainly because of competition in the package market, declining mail volume, and an increasing number of delivery points. Although the Postal Service has grown revenue primarily due to package growth and price increases, expenses continue to outpace revenues. Employment costs continue to grow with inflation, despite declining work hours, and USPS continues to transition pre-career staff to more costly career positions.

Management Challenges

While business decisions contribute to controllable loss, there are also major areas of non-controllable loss for the Postal Service that make their current business model unsustainable. The Postal Service Retiree Health Benefit Fund had its first top-up payment due in 2026, which was not paid, and the Civil Service Retirement and Disability Fund and FERS unfunded obligations continue to grow. The Postal Service must achieve financial sustainability despite these persistent challenges to continue its mission of providing critical service to the American public.

Service Performance

As part of its DFA plan, the Postal Service established strategies with the goal of achieving financial sustainability, cutting costs, and meeting service performance standards. Since the plan's issuance in March 2021, USPS has been transforming its network, recalibrating its operating plans, adjusting its First-Class Mail service standards, investing in package sorting equipment, and redesigning its mail processing and delivery facilities by introducing sorting and delivery centers (S&DC), local processing centers (LPC), and regional processing and distribution centers (RPDC).

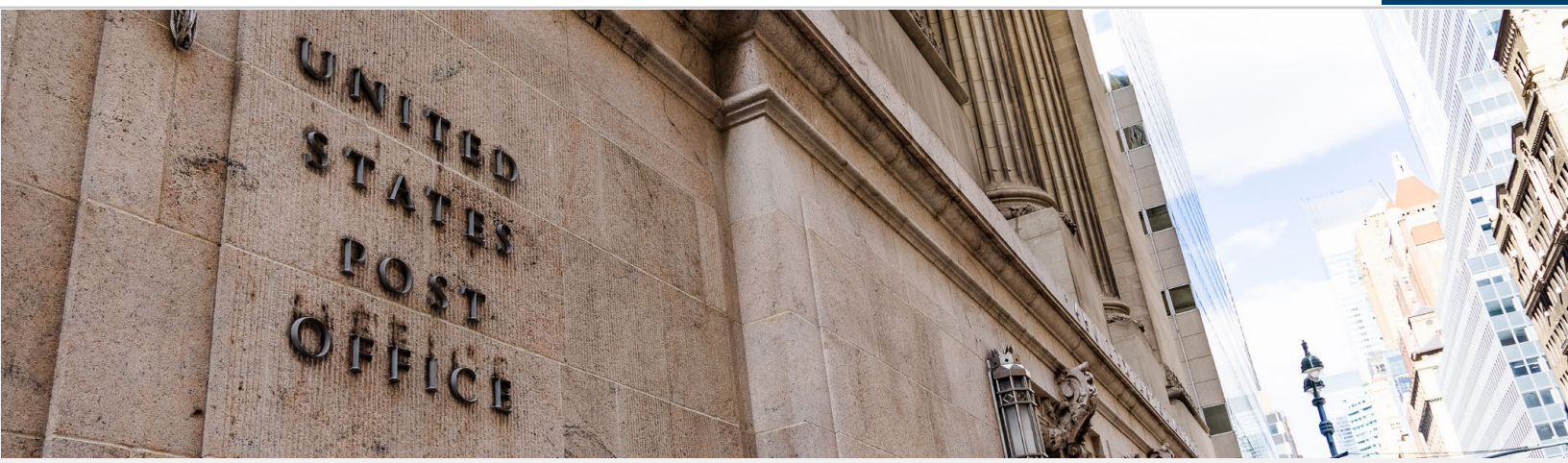
The Postal Service has not yet succeeded in meeting its ultimate DFA plan goal of delivering at least 95 percent of all mail and packages on time, despite changing the service standards for multiple products to allow for longer delivery times. Specifically, in October 2021, USPS updated the service standards for First-Class Mail and Periodicals. The change allowed up to an additional two days for delivery of some mail within the contiguous United States by introducing 4-day and 5-day delivery. More recently, the Postal Service implemented the Regional Transportation Optimization (RTO) initiative to reduce the number of trips to and from select post offices over 50 miles from a mail processing facility. These changes resulted in decreased transportation costs by moving mail volume from air to surface transportation and reducing the number of trips between facilities. However, the changes contributed to increases in nationwide mail delivery time frames, with rural communities experiencing the most significant declines. The RTO change specifically resulted in the processing of mail from some delivery units being moved to the next day, adding an extra day of service and pushing back the date mail is postmarked. Lastly, in February 2025, USPS further updated service standards based on 5-digit ZIP Codes and their distance to the nearest processing facility.

Although, overall, the Postal Service has lagged in its goal of delivering mail within standards 95 percent of the time, it has had seasonal success in delivering specific types of mail timely. For example, the agency showed improved service performance for all mail products during the FY 2026 peak mailing season — the busiest time of the year for the Postal Service from Thanksgiving to New Year's Day — compared to the previous peak season. The Postal Service also significantly exceeded timeliness targets for the processing and delivery of Election Mail in the 2024 general election.



Critical operational challenges such as aligning staffing and transportation with volume continue to limit USPS's ability to meet its commitments to an ever-expanding network. While mail volume is projected to decline by 29 percent between 2025 and 2035, the number of delivery addresses continues to grow by more than a million points each year, totaling about 171 million addresses in FY 2025. One of the Postal Service's goals is to provide customers with sustained service excellence. Service, and the resulting customer loyalty, is also integral to the agency's goal of becoming financially self-sustaining. As USPS conducts more facility conversions and continues to roll out network changes, it can use lessons learned from prior implementations to mitigate impacts to service.

Management Challenges



Inherent Tension Between Business and Government

The Postal Reorganization Act (PRA) of 1970 entrusted the Postal Service with an "obligation to provide postal services to bind the Nation together" and a mission to provide trusted and affordable universal service to the American public. Congress aimed to give USPS the management flexibility of private enterprise while maintaining government ownership and the civil service status of postal employees. It established the Postal Service as an independent agency that generally receives its funding through revenue from postage, supported by the longstanding mailbox and mail delivery monopolies rather than from congressional appropriations. As a result, unlike nearly every other federal agency, USPS is structured to be self-funded, operating in a corporate fashion.

Over the last few decades, however, the steady decline of mail volume, the substantial liability of health and retirement benefit programs and, recently, an increasingly competitive package market have strained the Postal Service's financial sustainability. While the postal market has undergone significant changes since the agency was established, subsequent legislative reforms — including financial relief in 2022 — have left the postal legal framework largely unchanged. USPS still operates under many of the same laws, creating a combination of benefits and restraints. As a result, there has been a recurring debate over whether the "businesslike" model established by Congress in 1970 is optimally tailored to allow the Postal Service to fulfill its mandated public mission while staying financially viable and competitive as mail volumes decline in today's complex environment.

While the private sector and many foreign postal operators have had the freedom to diversify to create new sources of revenue, USPS must rely almost entirely on revenue from postal products and services. With declining mail volumes and revenue, covering the costs of universal service has become increasingly challenging. Therefore, to pay for operating expenses such as labor, transportation, materials, and investment in network improvement and vehicles, the Postal Service not only relies on the cash generated from the sale of products and services, but also from borrowed funds. In FY 2025, about 62 percent of its operating budget was spent on compensation and benefits for active pre-career and career employees. In addition to compensation and benefits, USPS operates under a complex combination of private and public sector laws related to employees. For instance, unlike private sector competitors, USPS has little control over the parameters of its workers' compensation programs. In addition, retirement expenses, which comprised 12 percent of its budget in FY 2025, are restricted in the way they can be invested. Specifically, USPS is legally limited to invest retirement assets in low-risk, low-interest federal securities.

The remaining 26 percent of USPS's operating budget was spent on transportation, materials, and services. Procurement laws and regulations are less restrictive than those applying to other federal agencies. However, the Postal Service is required to comply with certain laws that relate to the federal purchases of products and services, creating certain disadvantages compared to the agility of the private sector. A unique framework also governs its borrowing authority, including funding capital investments and operations. USPS is allowed to borrow from the U.S. Department of Treasury through the Federal Financing Bank. While it pays a lower interest rate on borrowed funds than private sector companies do, the Postal Service reached its debt limit of $15 billion at the end of FY 2024, and the debt limit has not been adjusted in over 30 years.

Management Challenges

Several key aspects of the Postal Service's legal framework may also impact its ability to make and implement strategic business decisions. First, as a government entity, it is subject to oversight by multiple government entities. This oversight helps ensure transparent governance principles; informs public discussion and debate; influences strategic decision making; and identifies fraud, waste, and abuse. However, USPS is distinct from private sector companies where such issues and discussions generally remain internal. Second, restrictions on the tenure of the Postal Service's Governors may affect decision-making, as well as the retention of institutional knowledge. Moving into 2027, there are five vacant non-management governor positions. These vacancies put the board right at its six required members to achieve quorum, and result in increased workload for the remaining Governors. The Chair's term ends in December 2026, but it is possible she could remain for a holdover year, maintaining the Board's quorum through 2027.

The Postal Service has stated that increasing operating costs and delivery points — coupled with declining mail volumes and the limitations imposed by the current legislative and regulatory environment — continue to put pressure on its ability to efficiently fulfill its public service mission and respond to market challenges. Consequently, thoughtful examination and consideration is needed to evaluate and pursue needed changes to the current U.S. postal model so that long-term viability is achieved.

Infrastructure Modernization

The Postal Service has a nationwide mail processing, retail, and delivery network with over 31,000 facilities and 250,000 vehicles. Mail processing facilities vary in the type and amount of mail processed, facility square footage, and the number of processing machines used.

Through May 2026, USPS activated 19 RPDCs. The goal of RPDCs is to merge mail processing into a central facility within a region to reduce transportation costs and improve service reliability. Each RPDC will be supported by one or more associated LPCs to sort packages, letters, and flats for mail carriers. In total, 73 LPCs have been launched to support the RPDC regions. The LPCs will also serve as transfer centers to aggregate mail en route to delivery.

Further, the Postal Service continues to consolidate multiple delivery units into larger, centrally located S&DCs. Through May 2026, the agency opened 158 S&DCs and plans to open an additional 450 S&DCs nationwide over the next several years. This shift allows deployment of package processing machines at the S&DCs and promotes standardized management of delivery operations. These initiatives are intended to help improve service and reduce costs by decreasing the number of times mail is handled and by decreasing transportation trips. These moves require complex planning and current information on available space to efficiently handle machine removals, repurpose equipment, and facilitate additional machine installations. However, optimization efforts could be stymied by USPS's lack of reliable data regarding excess and underutilized space. From 2017 to 2025, the Postal Service did not comply with a legal mandate to report this information to Congress, and the amount of this unused space remains unknown.

In addition to changes in its facilities, USPS is in the process of launching a new delivery fleet. Some vehicles in the Postal Service's existing delivery fleet have surpassed their useful lifespan of 24 years, with an average Long-Life Vehicle age of 34 years. By 2028, the agency plans to acquire over 106,000 new vehicles, with more than 60 percent being electric. Recent investments to modernize and realign the network are happening in conjunction with these fleet upgrades, and $3 billion in funding from the Inflation Reduction Act could enable the increased electrification of the delivery fleet over the next five years.



The Postal Service released its strategic plan underpinning the electric vehicle deployment in June 2023 and began rolling out charging infrastructure installation and upgrades to support the vehicle rollout over the next several years. However, implementation is proving to be complex and challenging. The agency experienced nationwide charging infrastructure construction delays, and we reported on 7,465 electric vehicles sitting in postal holding lots as of September 2025. A continued focus on infrastructure modernization creates both opportunities

Management Challenges



and challenges as the Postal Service works to balance its fiscally constrained environment with providing reliable service to the public.

Workforce Challenges

The Postal Service's success hinges on the effectiveness of its workforce. The agency stated in its DFA plan that it wants to be an "employer of choice" that hires, develops, and retains the most capable and diverse employees. USPS had over 537,500 career employees, and about 98,500 pre-career employees, from truck drivers to retail clerks, as of July 2026. Career employees are considered permanent and are entitled to a full range of benefits (for example, health care and retirement), while pre-career employees do not have permanent status or receive full employee benefits.

While the Postal Service has numerous major cost centers, compensation and benefits is the largest. The agency's drive to hire more career employees contributed to increased compensation expenses despite a reduction in workhours. Specifically, compensation expenses have increased by 3.5 percent since the beginning of FY 2024 through quarter 2 of FY 2026 despite the reduction of over 40 million (3.7 percent) workhours. To stabilize the workforce, between FY 2021 through FY 2024, USPS converted about 190,000 pre-career employees to career status, with the number of employees converted annually increasing since FY 2022. In addition, the Postal Service created new relief supervisor positions to provide coverage for regular supervisors on leave and to reduce its reliance on acting supervisors. OIG reviews have found improvements in filling supervisor positions, but relief supervisor vacancies were just over 10 percent in FY 2025, well above the vacancy rate goal of 5 percent. Additionally, in January 2025, the Postal Service offered certain eligible full-time career employees a voluntary early retirement incentive to address overstaffing in select facilities, with nearly 10,500 employees accepting the offer.

Significant challenges remain with filling vacancies in certain locations around the country, overall retention, and managing employee availability. These factors all contribute to employee engagement. The OIG has assessed the impacts of poor employee engagement and found operational correlations; in facilities without proper management oversight, performance suffers. In addition, insufficient staffing can increase the use of overtime and contribute to delayed mail.

Additionally, employees are represented by various unions and management associations. Relationships between labor and management are complex. The Postal Service paid over $866 million in grievance payments from FYs 2022-2024, with the most common grievance relating to overtime pay. In addition, the various union contracts and local agreements can limit management's ability to make efficient, day-to-day operational decisions. As of September 2026, USPS is in arbitration with two unions after failing to reach a tentative agreement before the previous agreement expired.

It is critical for the Postal Service to engage with its employees and unions, particularly during periods of significant network change. Communicating with employees and supervisors on expectations and changes in workflow — as well as ensuring a healthy, balanced, and mission-focused workforce culture — will be critical as the agency continues its network modernization efforts while meeting its delivery obligations.

Management Challenges

Changing Customer Demands and New Competition

The U.S. remains the world's largest market for mail and the Postal Service plays a key role in ensuring the American public receives essential communications and products regardless of their location. Postal customers depend on USPS to receive important communications like bills, jury summons, ballots, and government registrations. However, the tide on this may be changing: The U.S. Securities Exchange Commission and Department of Labor have both proposed new rules that would enable banks and health care companies to change their default communication method to email.

As such, the Postal Service must compete for customers every day in every product line, in a dynamic and changing environment. To understand this environment better and project mail volume declines from 2025 to 2035, the OIG identified best- and worst-case scenarios ranging from a relatively modest 14 percent decline to a much larger 41 percent decline in combined First-Class Mail and Marketing Mail volumes; we identified a baseline scenario of a 29 percent decline in these two classes. Mail volume continues to decline as the mix and types of mail continue to evolve. USPS saw reductions in First-Class Mail, Marketing Mail, and Periodicals volume from FY 2024 to FY 2025. Digital advertising, electronic bill pay, and email correspondence continue to negatively affect letter mail volume.



Further, ecommerce is driving package delivery methods that provide time-certain delivery and lower prices to meet changing customer needs. To drive parcel volume growth, in July 2023, the Postal Service launched USPS Ground Advantage, a new shipping product that consolidated three previously offered ground services into one single ground shipping option. According to USPS, this new shipping option provides a simple, reliable, and more affordable way to ship packages up to 70 pounds in two-to-five business days. Postal Service package volume increased significantly during the pandemic, but it has faced relatively small, steady declines in total package volume since. In FY 2025, the agency saw a continued shift towards ground-delivered parcels, away from Priority Mail. Specifically, Ground Advantage volume increased by about 614 million pieces while Priority Mail product volume decreased by 173 million pieces.

The Postal Service also saw big changes in Parcel Select, its last-mile product. In FY 2025, the agency revised the Parcel Select package induction requirement, requiring certain consolidators to drop their packages further upstream instead of at delivery units, which led to a public breakup with one of its largest customers. To counter these projected declines and cater to an evolving marketplace, USPS is pivoting its network and product offerings to support customer demand with sortation equipment upgrades in plants and through revitalizing the last mile. Regarding the latter, in FY 2026, the Postal Service focused on key service agreements to shift emphasis back to delivery unit induction, piloting an afternoon same-day delivery offering and facilitating self-service returns technology (e.g. Rapid Dropoff Stations, repurposing PO Box lockers, and Next Gen Self-Service Kiosks).

Equally important, the Postal Service needs a holistic strategy to safeguard revenue, as equipment investments did not consider revenue protection, resulting in approximately 1.8 billion packages bypassing postage verification in 2025, as well as programming weaknesses associated with $162 million in lost revenue or refunds. To compete effectively, USPS must develop a strong revenue capture posture and respond with timely product innovations that address customer demands across different market segments, ready the network to support these innovations, and drive other opportunities for growth within the changing mail/parcel mix.

Information Technology Modernization and Capacity

A modern, resilient, and secure information and operational technology infrastructure with sufficient capacity is critical to the success of the Postal Service. Customers and businesses demand timely, relevant, and accurate information and data as part of their digital experience. Additionally, the availability and modernization of mail processing and delivery systems is critical to ensure USPS remains competitive. The technological infrastructure

Management Challenges



must have the ability to meet these demands as well as the flexibility to continually adjust to the ever-changing business and regulatory environment.

As part of its DFA plan, the Postal Service is investing roughly $2 billion in technology upgrades. The plan states that USPS will "utilize intelligent workload planning, real-time management visibility, sensor technology, and predictive modeling, among other tools to enhance operational performance." For example, the agency plans to leverage technology to provide world-class visibility and tracking of mail and packages as they move through the integrated network. Additionally, it is working to deploy a state-of-the-art platform for end-to-end visibility of its unified logistics operations and is looking at ways to use generative AI to improve its processes to document, explain, and, in some cases, write code.

As these technology upgrades occur, it is critical for the Postal Service to address potential cybersecurity challenges proactively and provide continuous monitoring of its network. Further, as information technology (IT), operational technology, and the cyber threat landscape evolve, security will continue to be an ongoing challenge, especially for one of the world's largest IT networks connecting over 1 million devices and 188 petabytes of storage.

Cyberattacks targeting critical infrastructure continue to increase in frequency and sophistication, so keeping networks and data safe from threats is an ever-evolving challenge. For example, in December 2022, cyber criminals targeted postal employees by fraudulently spoofing a USPS website, where employees unwittingly provided their postal system access information. The criminals used the information to access the agency's online employee portal and adjust direct deposit information for employees who had provided their login credentials. Further, in May 2025, the Postal Service was compromised through a vulnerability identified and exploited in a third-party software it used to manage its mobile devices. Specifically, attackers used a software vulnerability to bypass authentication and execute code remotely. Although the threat actor accessed the mobile device server, it did not move into the USPS environment or steal postal data.

While the Postal Service has since implemented multifactor authentication to further protect employees and data, it is imperative for it to develop a strategy to mitigate other risks within its IT network and across its supply chain. This includes performing rigorous periodic and timely risk assessments of its IT and vendors, implementing strong internal security measures, prioritizing modernization of outdated legacy systems, and performing proactive monitoring to provide a reliable and secure network for its employees and customers.

Using the Mail to Facilitate Criminal Activity

The Postal Service processes billions of packages each year for both domestic and international customers. Bad actors have been taking advantage of control weaknesses to produce counterfeit package labels and stamps. At the same time, both external entities and postal employees are stealing valuable items shipped via mail, and sometimes using USPS accountable property, like arrow keys and collection boxes, to steal mail. Finally, the vast postal distribution infrastructure can also be abused by drug traffickers and other criminals to facilitate illegal distribution of narcotics and other illicit materials.

The Postal Service has seen a significant increase in the creation, sale, and use of counterfeit postage and stamps over the past few years. For packages, counterfeit label volume grew rapidly as fraudsters adapted their methods to exploit weaknesses in USPS payment, label-verification,

Management Challenges

and interception systems, causing the agency to lose an estimated $3.1 billion in revenue from March 2024 through February 2026. USPS and USPIS have strengthened controls, but the quickly evolving fraud landscape requires continued diligence. At the same time, counterfeit stamps have become easier to produce and distribute because of advances in printing technology and the growth of online marketplaces and social media driving $2.1 billion in potential revenue impacts in FY 2026. Postal Service detection methods and mail entry processes must be used and improved to detect counterfeit stamps in the network and remove them, when able.

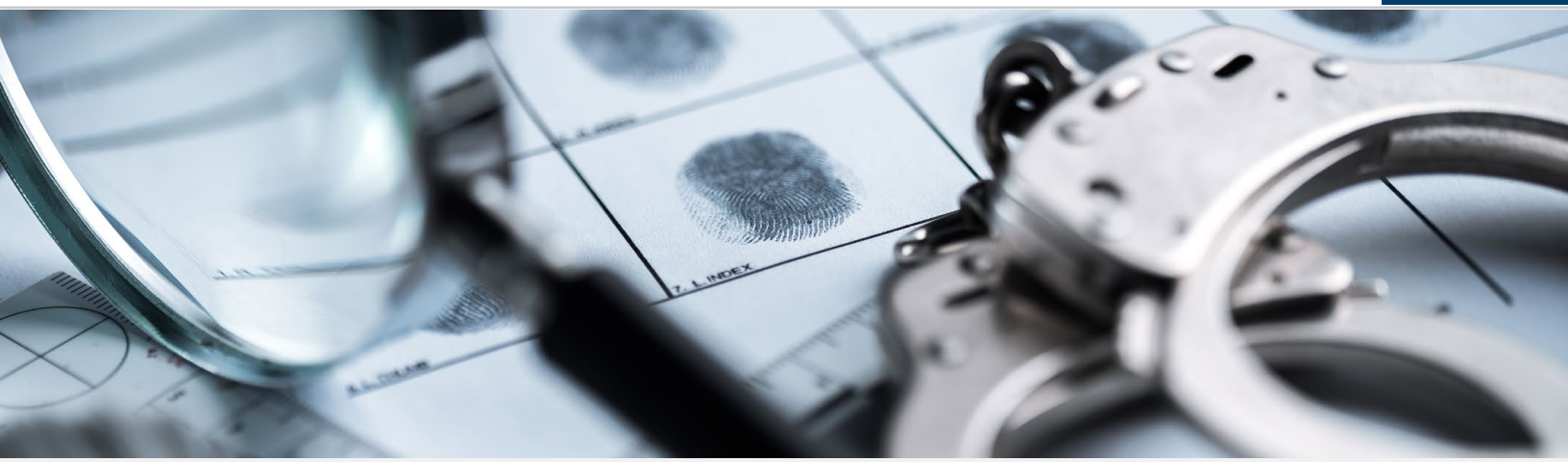


In recent years, USPS has experienced a surge in mail theft crimes. News outlets continue to report the wide range of items stolen from the mail, such as the theft of personal, business, and U.S. Treasury checks that criminals alter to cash or sell using online criminal marketplaces. In FY 2025, overall mail theft complaints increased in 15 of 16 Postal Inspection Service divisions. From FY 2023 through FY 2025, USPIS received over 800,000 mail theft complaints and opened 6,510 mail theft cases and 1,903 robbery cases during that period. The Postal Inspection Service's FY 2025-2027 Strategic Plan identified robberies of carriers and mail theft among its key mission priorities, and the Postal Service's FY 2025 Annual Report to Congress identified employee safety as its top priority.

USPS and USPIS jointly launched Project Safe Delivery in May 2023 to mitigate mail theft and reduce carrier robberies. The initiative's goals include deploying more secure mail collection boxes and enhancing security of arrow keys (universal keys used to open mail receptacles), which are often a target in carrier robberies and used to commit mail theft. However, lost and stolen keys continue to be a consistent issue in delivery units across the nation, and these keys are sometimes rented or sold to external parties and used to commit mail theft from collection and cluster boxes. The Postal Service's management of its high security collection boxes can be improved to deter mail theft. Multiple OIG audits have identified needed improvements in USPS's processes for accountability of arrow keys and related training, as well as arrow key inventory, scanning, safeguarding, and reporting. The Postal Service continues to test other initiatives to enhance arrow key and collection box security, as well as reinforcing its policies around maintaining collection boxes to prevent mail theft.

Finally, confronting narcotics in the mail can be dangerous, and handling packages that contain them can pose a potential safety hazard for employees. Drug traffickers are also targeting postal employees to facilitate their drug trafficking operations. Additionally, facilitating the distribution of drugs through the U.S. Mail can ultimately contribute to the ongoing opioid crisis in our country. The Postal Inspection Service serves a role in addressing mail theft and narcotics trafficking, as well as other criminal activity, while the OIG investigates criminal activity in these areas with a focus on crimes committed by Postal Service employees. Criminal investigations and data analytics to support those investigations continue to address the problem of theft and narcotics in the mail. However, concerns persist around mail theft prevention and detection efforts and illicit materials being sent through the domestic postal network. As such, USPIS must ensure it aligns its limited resources with the most critical needs and mission priorities to combat the use of the mail for these criminal activities and protect the Postal Service and its employees, infrastructure, and customers.

Senior Executive Investigations



During the reporting period, the Office of Inspector General (OIG) substantiated an allegation that a Postal Career Executive Service (PCES) employee violated the federal anti-nepotism statute and misuse of position provision. PCES grades are substantially similar to levels within the Senior Executive Service (SES).

Substantiated Allegations:

The OIG received a complaint alleging that a Postal Service executive advocated for the transfer of a family member and appointed the family member to a higher paid detail position.

During the investigation, the OIG substantiated three findings:

1. The executive received a promotional transfer and created a hardship transfer/detail for a family member, a probationary USPS employee, to accompany them on the move.
2. The executive sought criteria for detail assignment transfers from numerous human resource (HR) managers without disclosing the familial relationship of the USPS employee. HR advised that, per policy, the individual would need to resign and reapply to the new location. It was also understood that no hardship transfer exists in applicable union contracts.
3. Despite this knowledge, the executive personally filed and approved the family member's new detail assignment to another USPS facility without knowledge of USPS management.

The OIG provided its Report of Investigation to the Postal Service for appropriate action. USPS concurred with the findings and proposed a Notice of Removal. Upon appeal by the executive, USPS entered into a settlement agreement whereby the executive agreed to a Letter of Warning, downgrade to an Executive and Administrative Schedule (EAS) position, and return to their original duty station.

Unsubstantiated Allegations:

During the reporting period, no instances of alleged misconduct by a PCES employee were unsubstantiated.

Whistleblower Reprisal Investigations



Whistleblower Reprisal Investigations

U.S. Postal Service

During the reporting period, there were no substantiated whistleblower reprisal allegations.

Postal Regulatory Commission

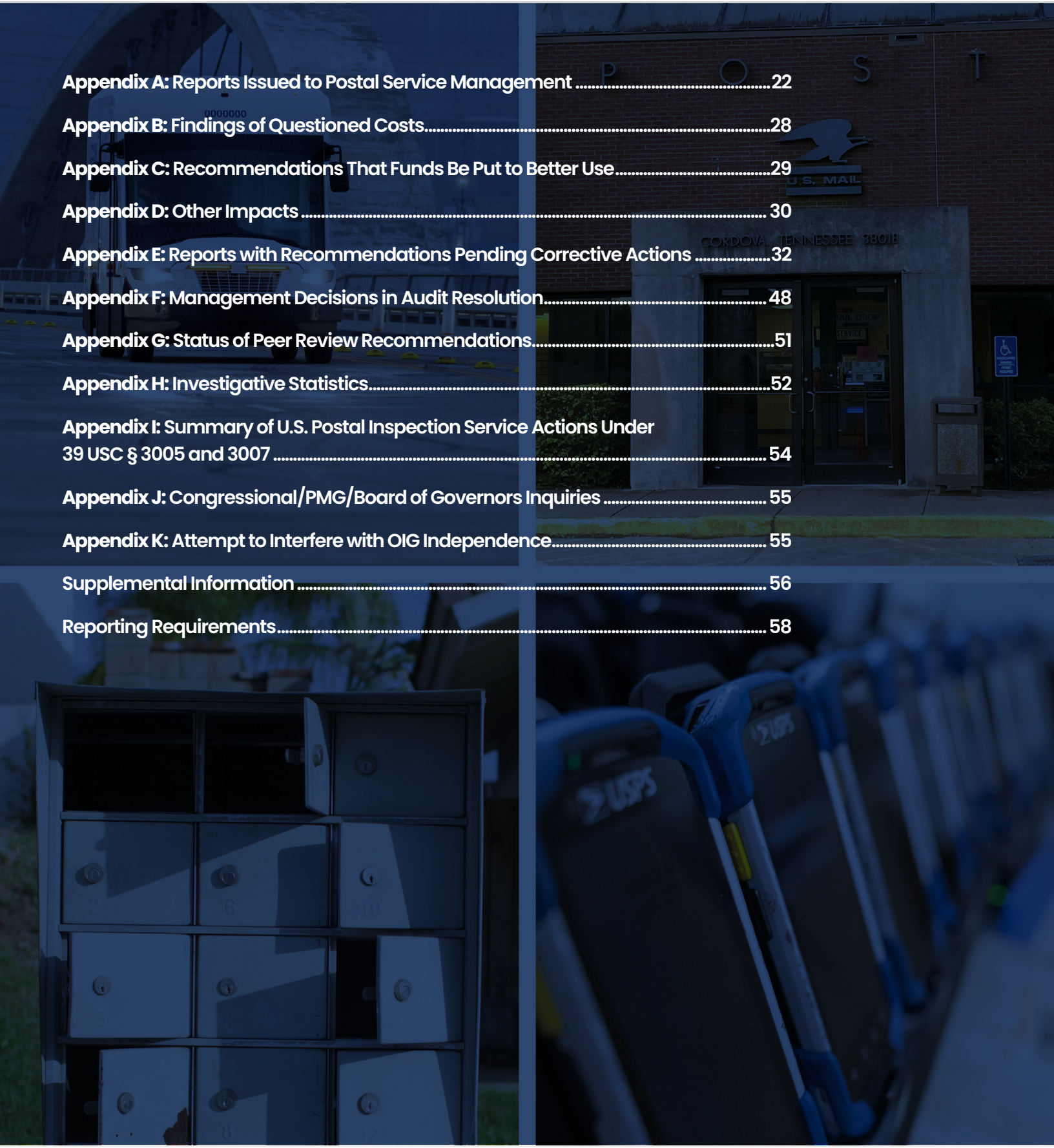
During the reporting period, there were no substantiated whistleblower reprisal allegations.

WHISTLEBLOWER REPRISAL ACTIVITY

For the Report Period:
April 1 - September 30, 2026

393	Allegations Received
0	OIG Investigations Initiated
1	Investigations Closed with No Action
395	Allegations Closed with No Action
0	OIG Found Reprisal

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Appendix A: Reports Issued to Postal Service Management

Summary

OIG audit teams conduct performance and financial audits, evaluations, and other reviews to address the business of the Postal Service.

For the period: April 1 - September 30, 2026

Risk Categories	Number of Reports	Funds Put to Better Use	Questioned Costs	Unsupported Questioned Costs	Revenue Impact
Field Operations	35	—	$236,556	$49,917	$17,928,300
Finance, Pricing & Human Capital	8	—	—	—	—
Operations, Performance & Services	11	—	$459,757,122	—	$1,316,182,841
Retail, Marketing & Supply Management	8	$23,043,960	$294,960,425*	$294,960,425*	$695,268,177
Sub-Total	**62**	**$23,043,960**	**$754,954,103***	**$295,010,342***	**$2,029,379,318**
RISC	—	—	—	—	—
Total	**62**	**$23,043,960**	**$754,954,103***	**$295,010,342***	**$2,029,379,318**

*Denotes commercial information not included and exempt from disclosure under 39 U.S.C. § 410(c)(2).

For the period: October 1, 2025 - September 30, 2026

Risk Categories	Number of Reports	Funds Put to Better Use	Questioned Costs	Unsupported Questioned Costs	Revenue Impact
Field Operations	56	—	$284,347	$53,018	$17,928,300
Finance, Pricing & Human Capital	17	—	$400,560,457	$317,394,637	—
Operations, Performance & Services	17	$20,101,122	$459,757,122	—	$3,616,729,085
Retail, Marketing & Supply Management	11	$23,043,960	$296,064,554*	$294,960,425*	$695,268,177
Sub-Total	**101**	**$43,145,082**	**$1,156,666,480***	**$612,408,080***	**$4,329,925,562**
RISC	—	—	—	—	—
Total	**101**	**$43,145,082**	**$1,156,666,480***	**$612,408,080***	**$4,329,925,562**

*Denotes commercial information not included and exempt from disclosure under 39 U.S.C. § 410(c)(2).

Appendix A: Reports Issued to Postal Service Management

Reports with Quantifiable Potential Monetary Benefits

For the period: April 1 - September 30, 2026

	Number of Reports	Funds Put to Better Use	Questioned Costs	Unsupported Questioned Costs	Revenue Impact
FIELD OPERATIONS					
Atlantic and Westpac					
Efficiency of Operations at the Norfolk Local Processing Center, Norfolk, VA, 26-043-R26, 04/09/2026	1	—	$9,775	—	—
New York 3 District: Delivery Operations, 25-153-R26, 04/21/2026	1	—	$540	$540	—
Efficiency of Operations at the Baltimore Processing and Distribution Center, Baltimore, MD, 26-076-R26, 06/17/2026	1	—	$47,725	—	—
Virginia District: Delivery Operations, 26-044-R26, 06/25/2026	1	—	$20,840	$20,840	—
Efficiency of Operations at the Eugene Local Processing Center, Springfield, OR, 26-102-R26, 08/18/2026	1	—	$4,600	—	—
Status of North Carolina Post Offices Impacted by the 2024 Hurricanes, 26-073-R26, 08/25/2026	1	—	$42,889	—	—
Central and Southern					
Efficiency of Operations at the Royal Palm Processing and Distribution Center, Opa Locka, FL, 26-065-R26, 05/04/2026	1	—	$28,750	—	—
Louisiana District: Delivery Operations, 26-027-R26, 06/11/2026	1	—	$1,026	$1,026	—
Efficiency of Operations at the Detroit Processing and Distribution Center, Detroit, MI, 26-086-R26, 07/09/2026	1	—	$40,825	—	—
Florida 3 District: Delivery Operations, 26-066-R26, 08/04/2026	1	—	$27,511	$27,511	—
Efficiency of Operations at the Nashville Processing and Distribution Center, Nashville, TN, 26-109-R26, 09/17/2026	1	—	$12,075	—	—
Mail Safety and Security					
Mail Theft Mitigation and Response: Las Vegas, NV, 26-101-R26, 09/30/2026	1	—	—	—	$17,928,300
OPERATIONS, PERFORMANCE & SERVICES					
Network Operations Team 1					
Operational and Financial Performance Across Postal Service Regions, 25-091-R26, 07/27/2026	1	—	$436,952,791	—	—
Network Operations Team 2					
Emerging Counterfeit Label Trend, 25-072-3-R26, 04/08/2026	1	—	—	—	$92,607,119
Evaluation of Contract Delivery Services, 25-136-R26, 08/18/2026	1	—	$3,611,271	—	$214,372
Efforts to Mitigate Counterfeit Postage, 25-072-R26, 09/10/2026	1	—	$19,193,060	—	$1,223,361,350

Appendices

Appendix A: Reports Issued to Postal Service Management

	Number of Reports	Funds Put to Better Use	Questioned Costs	Unsupported Questioned Costs	Revenue Impact
RETAIL, MARKETING & SUPPLY MANAGEMENT					
Contracts and Supply Management					
Postal Service Contract Practices and Oversight, 25-139-R26, 09/24/2026	1	—	$271,916,465	$271,916,465	—
Retail and Infrastructure					
Counterfeit Stamps, 25-121-R26, 06/16/2026	1	—	—	—	$383,439,506
Management and Oversight of Non-Revenue Transactions, 25-145-R26, 09/01/2026	1	$23,043,960	$23,043,960	$23,043,960	—
Facility Lease Management, 26-031-R26, 09/28/2026	1	—	—*	—*	—
Sales Marketing and International					
Technical Errors Caused Revenue Loss, 25-130-2-R26, 07/29/2026	1	—	—	—	$162,211,620
Evaluating Mail Recovery Center Package Growth, 25-150-R26, 09/22/2026	1	—	—	—	$149,617,051
Total	**22**	**$23,043,960**	**$754,954,103***	**$295,010,342***	**$2,029,379,318**

*Denotes commercial information not included and exempt from disclosure under 39 U.S.C. § 410(c)(2).

Report Listing

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

For the period: April 1 - September 30, 2026

Field Operations

Atlantic and Westpac

Efficiency of Operations at the Norfolk Local Processing Center, Norfolk, VA, 26-043-R26, 04/09/2026

Lynchburg Main Post Office, Lynchburg, VA: Delivery Operations, 26-044-2-R26, 04/09/2026

Norfolk Sorting and Delivery Center, Norfolk, VA: Delivery Operations, 26-044-1-R26, 04/09/2026

Suffolk Main Post Office, Suffolk, VA: Delivery Operations, 26-044-3-R26, 04/09/2026

Virginia Beach Main Post Office, Virginia Beach, VA: Delivery Operations, 26-044-4-R26, 04/09/2026

New York 3 District: Delivery Operations, 25-153-R26, 04/21/2026

Efficiency of Operations at the Baltimore Processing and Distribution Center, Baltimore, MD, 26-076-R26, 06/17/2026

Hampden Roland Park Station, Baltimore, MD: Delivery Operations, 26-077-1-R26, 06/17/2026

Loch Raven Branch, Towson, MD: Delivery Operations, 26-077-2-R26, 06/17/2026

Nottingham Branch, Nottingham, MD: Delivery Operations, 26-077-3-R26, 06/17/2026

Raspeburg Station, Baltimore, MD: Delivery Operations, 26-077-4-R26, 06/17/2026

Virginia District: Delivery Operations, 26-044-R26, 06/25/2026

Efficiency of Operations at the Eugene Local Processing Center, Springfield, OR, 26-102-R26, 08/18/2026

River Road Station, Eugene, OR: Delivery Operations, 26-103-1-R26, 08/18/2026

Roseburg Main Post Office, Roseburg, OR: Delivery Operations, 26-103-2-R26, 08/18/2026

Southside Station, Eugene, OR: Delivery Operations, 26-103-3-R26, 08/18/2026

Appendix A: Reports Issued to Postal Service Management

Status of North Carolina Post Offices Impacted by the 2024 Hurricanes, 26-073-R26, 08/25/2026

Central and Southern

Blue Lagoon Branch, Miami, FL: Delivery Operations, 26-066-1-R26, 05/04/2026

Efficiency of Operations at the Royal Palm Processing and Distribution Center, Opa Locka, FL , 26-065-R26, 05/04/2026

Milam Dairy Branch, Miami, FL: Delivery Operations, 26-066-2-R26, 05/04/2026

North Miami Branch, North Miami, FL: Delivery Operations, 26-066-3-R26, 05/04/2026

Louisiana District: Delivery Operations, 26-027-R26, 06/11/2026

Efficiency of Operations at the Detroit Processing and Distribution Center, Detroit, MI, 26-086-R26, 07/09/2026

Grand Shelby Carrier Annex, Detroit, MI: Delivery Operations, 26-087-1-R26, 07/09/2026

Gratiot Station, Detroit, MI: Delivery Operations, 26-087-2-R26, 07/09/2026

Strathmoor Station, Detroit, MI: Delivery Operations, 26-087-3-R26, 07/09/2026

Florida 3 District: Delivery Operations, 26-066-R26, 08/04/2026

Church Street Station, Nashville, TN: Delivery Operations, 26-110-1-R26, 09/17/2026

Efficiency of Operations at the Nashville Processing and Distribution Center, Nashville, TN, 26-109-R26, 09/17/2026

Hendersonville Main Post Office, Hendersonville, TN: Delivery Operations, 26-110-2-R26, 09/17/2026

Lebanon Main Post Office, Lebanon, TN: Delivery Operations, 26-110-3-R26, 09/17/2026

Mail and Security

Oversight of the Vulnerability Risk Assessment Tool Process, 25-147-R26, 05/06/2026

Follow Up to U.S. Postal Service's and U.S. Postal Inspection Service's Response to Mail Theft , 25-137-R26, 05/19/2026

Assessment of Postal Inspection Service's Participation in Immigration Operations, 26-083-R26, 08/19/2026

Mail Theft Mitigation and Response: Las Vegas, NV, 26-101-R26, 09/30/2026

Finance, Pricing & Human Capital

Human Capital Management

Postal Service's Employee Vetting Process , 25-135-R26, 07/28/2026

Postal Service Workforce Composition, 26-055-R26, 09/25/2026

Finance and Pricing

Fiscal Year 2026 Review of Form 10Q - Quarter 2, 26-074-R26, 05/01/2026

Fiscal Year 2025 Board of Governors' Expenditures, 26-017-R26, 05/13/2026

Origin-Destination Information System: Revenue, Pieces, and Weight, 25-114-R26, 06/22/2026

Fiscal Year 2026 Review of Form 10Q - Quarter 3, 26-114-R26, 08/03/2026

Compensation, Benefit, and Bonus Authority in Calendar Year 2025, 26-075-R26, 09/18/2026

The OIG's Oversight of the U.S. Postal Service's Delivering for America Plan, Volume 4, 26-082-R26, 09/29/2026

Operations, Performance & Services

Network Operations Team 1

Effectiveness of Mail Transported by Air, 26-033-R26, 07/01/2026

Operational and Financial Performance Across Postal Service Regions, 25-091-R26, 07/27/2026

Assessment of Postal Service's Network Changes, 26-042-R26, 09/08/2026

Network Changes: Impacts in South Dakota , 26-038-R26, 09/23/2026

Network Operations Team 2

Emerging Counterfeit Label Trend, 25-072-3-R26, 04/08/2026

Evaluation of Contract Delivery Services, 25-136-R26, 08/18/2026

Efforts to Mitigate Counterfeit Postage, 25-072-R26, 09/10/2026

Strategic Initiative and Performance

Risk Snapshot: Scanning Compliance - Missed Depart Post Office Scans, 26-136-R26, 04/06/2026

Appendix A: Reports Issued to Postal Service Management

Service Performance During the FY 2026 Peak Mailing Season, 25-148-R26, 05/01/2026

Processing of Election and Political Mail for the 2026 Primary Elections, 26-054-R26, 09/04/2026

Retail, Marketing & Supply Management

Contracts and Supply Management

Postal Service Contract Practices and Oversight, 25-139-R26, 09/24/2026

Retail and Infrastructure

Counterfeit Stamps, 25-121-R26, 06/16/2026

Management and Oversight of Non-Revenue Transactions, 25-145-R26, 09/01/2026

Facility Lease Management, 26-031-R26, 09/28/2026

Technology Operations

ePACS Access Controls, 26-023-1-R26, 07/21/2026

Sales Marketing and International

Revenue Risks of Processing Equipment Investments, 25-130-1-R26, 05/05/2026

Technical Errors Caused Revenue Loss, 25-130-2-R26, 07/29/2026

Customer Survey Integrity, 25-129-R26, 09/15/2026

Evaluating Mail Recovery Center Package Growth, 25-150-R26, 09/22/2026

White Paper Listing

Complete listing of all OIG white papers issued to Postal Service management.

For the period: April 1 - September 30, 2026

Office of Audit

The OIG's Oversight of the U.S. Postal Service's Delivering for America Plan, Volume 4, 26-082-R26, 09/29/2026

Research and Insights Solution Center

Expanding Access to Government Services Through the Postal Network, RISC-WP-26-001, 05/14/2026

Options for Addressing the U.S. Postal Service's Financial Gap, RISC-WP-26-002, 07/22/2026

Postal Applications of Artificial Intelligence, RISC-WP-26-003, 08/03/2026

The Role and Value of the U.S. Postal Service in Rural America, RISC-WP-26-004, 09/30/2026

Reports/Memoranda Issued During the Period but Not Disclosed to the Public

The Inspector General Empowerment Act of 2016 requires that the OIG report on each inspection, evaluation, and audit conducted by the office that is closed during the reporting period and was not disclosed to the public. During the current reporting period, OIG had three reports that were closed but not disclosed to the public.

Office of Audit

Risk Snapshot: Scanning Compliance - Missed Depart Post Office Scans, 26-136-R26, 04/06/2026

Fiscal Year 2026, Draft Form 10-Q Financial Report for the Quarterly Period Ended March 31, 2026, 26-074-R26, 05/01/2026

Fiscal Year 2026 Draft Form 10-Q Financial Report for the Quarterly Period Ended June 30, 2026, 26-114-R26, 08/03/2026

Appendices

Appendix A: Reports Issued to Postal Regulatory Commission

Summary

OIG audit teams conduct performance and financial audits, evaluations, and other reviews to address the business of the Postal Regulatory Commission.

For the period: April 1 - September 30, 2026

Risk Categories	Number of Reports	Funds Put to Better Use	Questioned Costs	Unsupported Questioned Costs	Revenue Impact
Operations, Performance & Services	1	—	—	—	—
Subtotal	**1**	**—**	**—**	**—**	**—**
RISC	—	—	—	—	—
Total	**1**	**—**	**—**	**—**	**—**

Reports with Quantifiable Potential Monetary Benefits

For the period: April 1 - September 30, 2026

	Number of Reports	Funds Put to Better Use	Questioned Costs	Unsupported Questioned Costs	Revenue
—	—	—	—	—	—
Total	**—**	**—**	**—**	**—**	**—**

Report Listing

Complete listing of all OIG reports issued to Postal Regulatory Commission management.

For the period: April 1 - September 30, 2026

Operations, Performance & Services

Technology Operations

Review of the Postal Regulatory Commission's Compliance With the Federal Information Security Modernization Act of 2014 for Fiscal Year 2026, 26-016-R26, 09/18/2026

Appendix B: Findings of Questioned Costs

For the period: April 1 - September 30, 2026

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

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

Description	Disallowed/ Not Disallowed	Number of Reports	Questioned Costs	Unsupported Costs Included in Questioned Costs
Reports for which no management decision was made at the beginning of the reporting period.		—	—	—
Reports issued during the reporting period.		17	$754,954,103*	$295,010,342*
Reports for which a management decision was made during the reporting period (i+ii).		17	$754,954,103*	$295,010,342*
Reports for which a management decision was made during the reporting period.	(i) Disallowed	13	$23,040,887	$49,917
Reports for which a management decision was made during the reporting period.	(ii) Not Disallowed	4	$731,913,216*	$294,960,425*
Reports for which no management decision was made by the end of the reporting period.		—	—	—
Total		**51**	**$754,954,103***	**$295,010,342***

*Denotes commercial information not included and exempt from disclosure under 39 U.S.C. § 410(c)(2).

Appendix C: Recommendations That Funds Be Put to Better Use

For the period: April 1 - September 30, 2026

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	Management Decision	Sum of Count	Sum of Dollar Value of Funds Put to Better Use
Reports for which no management decision was made in the beginning of the reporting period.	—	—	—
Reports issued during the reporting period.	1	1	$23,043,960
Reports for which a management decision was made during the reporting period (i+ii):	1	1	$23,043,960
(i) Recommendations that were agreed to by management	—	—	—
(ii) Recommendations that were not agreed to by management	1	1	$23,043,960
Reports for which no management decision was made by the end of the reporting period.	—	—	—
Total		**1**	**$23,043,960**

Appendix D: Other Impacts

For the period: April 1 - September 30, 2026

Overview

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

Description and Reports	Number of Recommendations
ASSETS OR ACCOUNTABLE ITEMS AT RISK	
Efficiency of Operations at the Norfolk Local Processing Center, Norfolk, VA, 26-043-R26, 04/09/2026	1
Efficiency of Operations at the Royal Palm Processing and Distribution Center, Opa Locka, FL, 26-065-R26, 05/04/2026	1
Oversight of the Vulnerability Risk Assessment Tool Process, 25-147-R26, 05/06/2026	4
Efficiency of Operations at the Baltimore Processing and Distribution Center, Baltimore, MD, 26-076-R26, 06/17/2026	1
Efficiency of Operations at the Detroit Processing and Distribution Center, Detroit, MI, 26-086-R26, 07/09/2026	1
Efficiency of Operations at the Eugene Local Processing Center, Springfield, OR, 26-102-R26, 08/18/2026	1
Efficiency of Operations at the Nashville Processing and Distribution Center, Nashville, TN, 26-109-R26, 09/17/2026	2
Assets or Accountable Items at Risk Total	**11**
DATA INTEGRITY	
Efficiency of Operations at the Royal Palm Processing and Distribution Center, Opa Locka, FL, 26-065-R26, 05/04/2026	1
Louisiana District: Delivery Operations, 26-027-R26, 06/11/2026	2
Counterfeit Stamps, 25-121-R26, 06/16/2026	1
Efficiency of Operations at the Baltimore Processing and Distribution Center, Baltimore, MD, 26-076-R26, 06/17/2026	3
Virginia District: Delivery Operations, 26-044-R26, 06/25/2026	2
Efficiency of Operations at the Detroit Processing and Distribution Center, Detroit, MI, 26-086-R26, 07/09/2026	2
Florida 3 District: Delivery Operations, 26-066-R26, 08/04/2026	2
Evaluation of Contract Delivery Services, 25-136-R26, 08/18/2026	1
Management and Oversight of Non-Revenue Transactions, 25-145-R26, 09/01/2026	1
Efficiency of Operations at the Nashville Processing and Distribution Center, Nashville, TN, 26-109-R26, 09/17/2026	2
Data Integrity Total	**17**
GOODWILL BRANDING	
Efficiency of Operations at the Norfolk Local Processing Center, Norfolk, VA, 26-043-R26, 04/09/2026	2
Efficiency of Operations at the Royal Palm Processing and Distribution Center, Opa Locka, FL, 26-065-R26, 05/04/2026	7
Follow Up to U.S. Postal Service's and U.S. Postal Inspection Service's Response to Mail Theft, 25-137-R26, 05/19/2026	2
Louisiana District: Delivery Operations, 26-027-R26, 06/11/2026	2
Counterfeit Stamps, 25-121-R26, 06/16/2026	1
Efficiency of Operations at the Baltimore Processing and Distribution Center, Baltimore, MD, 26-076-R26, 06/17/2026	7
Virginia District: Delivery Operations, 26-044-R26, 06/25/2026	3
Efficiency of Operations at the Detroit Processing and Distribution Center, Detroit, MI, 26-086-R26, 07/09/2026	2

Appendices

Appendix D: Other Impacts

Description and Reports	Number of Recommendations
Postal Service's Employee Vetting Process, 25-135-R26, 07/28/2026	1
Florida 3 District: Delivery Operations, 26-066-R26, 08/04/2026	3
Efficiency of Operations at the Eugene Local Processing Center, Springfield, OR, 26-102-R26, 08/18/2026	2
Evaluation of Contract Delivery Services, 25-136-R26, 08/18/2026	3
Efficiency of Operations at the Nashville Processing and Distribution Center, Nashville, TN, 26-109-R26, 09/17/2026	2
Goodwill Branding Total	**37**
IMPROVED SERVICES	
Louisiana District: Delivery Operations, 26-027-R26, 06/11/2026	2
Virginia District: Delivery Operations, 26-044-R26, 06/25/2026	3
Florida 3 District: Delivery Operations, 26-066-R26, 08/04/2026	2
Improved Services Total	**7**
REVENUE AT RISK	
Counterfeit Stamps, 25-121-R26, 06/16/2026	1
Revenue at Risk Total	**1**
SAFETY AND SECURITY	
Efficiency of Operations at the Norfolk Local Processing Center, Norfolk, VA, 26-043-R26, 04/09/2026	3
Efficiency of Operations at the Royal Palm Processing and Distribution Center, Opa Locka, FL, 26-065-R26, 05/04/2026	1
Oversight of the Vulnerability Risk Assessment Tool Process, 25-147-R26, 05/06/2026	4
Efficiency of Operations at the Baltimore Processing and Distribution Center, Baltimore, MD, 26-076-R26, 06/17/2026	2
Efficiency of Operations at the Detroit Processing and Distribution Center, Detroit, MI, 26-086-R26, 07/09/2026	2
Efficiency of Operations at the Eugene Local Processing Center, Springfield, OR, 26-102-R26, 08/18/2026	2
Efficiency of Operations at the Nashville Processing and Distribution Center, Nashville, TN, 26-109-R26, 09/17/2026	1
Safety and Security Total	**15**
Total	**88**

Management did not agree with the impact recommendations in the following reports:

Management and Oversight of Non-Revenue Transactions, 25-145-R26, 09/01/2026

Appendix E: Reports with Recommendations Pending Corrective Actions

For the period: April 1 - September 30, 2026

As required by the IG Act, as amended, the following pages include a list of outstanding unimplemented recommendations and the monetary impact of those recommendations.

Report Number	Issue Date	Report Title	Monetary Impact	Recommendation Summary *R = Recommendation Number*		Target Implementation Date
22-187-R23	03/27/2023	Service Performance of Election Mail for the 2022 Midterm Elections	$23,033,770	*R-1*	Develop a plan to analyze costs associated with the processing and delivery of Election Mail and explore opportunities to be compensated for the implementation of Election Mail key practices and extraordinary measures.	—
21-239-R23	05/17/2023	U.S. Postal Service's Plans for Resolving Post Office Suspensions	—	*R-2*	Develop a process to formally document and monitor implementation of current and future plans to resolve post office suspensions as reported in the Annual Compliance Reports.	02/28/2027
23-072-R23	09/14/2023	The Path Forward for the Postal Service Loyalty Program	—	*R-1*	Establish performance targets aligned with the key objectives of a new loyalty program and establish parameters to actively monitor progress for effective program management.	03/31/2027
			—	*R-2*	Develop a comprehensive communication strategy for a new loyalty program that promotes awareness of functionality for prospective, and once enrolled, ongoing customers.	03/31/2027
23-038-R24	01/09/2024	Parcel Return Service - Consolidator Payment and Refund Errors	$48,982,794	*R-1*	Strengthen the Parcel Return Service manifest verification process by incorporating the facility type as a required parameter.	01/31/2027
22-199-R24	01/25/2024	Site Technical Assessment Review - January 2024	—	*R-3*	Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act.	02/28/2027
			—	*R-8*	Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act.	11/30/2026
23-088-R24	02/27/2024	Contract Trucking Safety and Compliance	—	*R-6*	Define freight auction applicability to Management Instruction PO-530-2009-4, Section 19 – *Special Circumstances*.	—
23-161-R24	03/28/2024	Effectiveness of the New Regional Processing and Distribution Center in Richmond, VA	—	*R-9*	Update Handbook PO-408 to include the definition of service area, and clearly define when Mail Processing Facility Reviews are required.	—
24-010-R24	06/03/2024	Legacy Systems at the U.S. Postal Service	—	*R-2*	Mitigate identified risks for all legacy systems, develop a plan of action and milestones to enforce timely mitigation of identified risks related to legacy systems and report the status of mitigations as defined in the Corporate Information Security Office's plan of action and milestones to the Corporate Information Security Office.	12/31/2026
23-167-R24	06/21/2024	State of the U.S. Postal Service Financial Condition	—	*R-1*	Update and communicate Delivering for America plan financial projections based on current conditions and environment.	—
			—	*R-2*	Develop a plan to track, measure, and communicate progress on initiatives that result from the Delivering for America plan.	—
24-079-R24	06/28/2024	Puerto Rico District: Delivery Operations	—	*R-1*	Conduct route reviews for all routes in the Puerto Rico District, create a prioritized list of routes needing adjustments based on the reviews, and coordinate with Headquarters Delivery Operations to create a plan to perform the necessary adjustments.	12/31/2026

Appendix E: Reports with Recommendations Pending Corrective Actions

Report Number	Issue Date	Report Title	Monetary Impact		Recommendation Summary *R = Recommendation Number*	Target Implementation Date
23-170-R24	07/16/2024	Fleet Modernization – Charging Station Deployment Timelines	–	*R-2*	Improve schedule management for charging station construction by using a project management system and related analytics to record dynamic updates, centralize information, and analyze performance to inform future construction baselines.	11/30/2026
24-076-R25	10/30/2024	Mitigating Internal Mail Theft	–	*R-3*	Identify all cameras not functioning and develop a plan to restore them to operational status.	11/30/2026
			–	*R-4*	Develop and implement a strategic, nationwide plan that includes continuous monitoring of the operational status of cameras and diagnosing and addressing camera failures timely.	11/30/2026
24-089-R25	11/05/2024	Security and Efficiency of the New Carrier Scanners and Electronic Locks	–	*R-11*	Include and publish language in the updated version of the AS-701 to clarify the requirements to report lost, stolen, or missing assets or materials to the Postal Inspection Service.	11/30/2026
24-044-R25	12/19/2024	Postal Service Oversight of Parcel Select	–	*R-2*	Should program the package tracking software to automatically apply mis-shipped scans to packages dropshipped at plants but manifested at a rate associated with a different type of facility.	04/30/2027
			–	*R-5*	Design and implement the USPS SHIP system to analyze package data that identifies Parcel Select packages dropped at the wrong location and flags them for additional postage due.	04/30/2027
			$9,523,371	*R-6*	Should enforce the nonmailable package fee collection policy by implementing an automated fee collection system for nonmailable packages dropped at Destination Delivery Units, or implementing an alternative solution.	01/31/2027
24-163-R25	03/20/2025	Mail Theft Mitigation and Response - Sacramento, CA	–	*R-5*	Establish policy requiring the recording and tracking of cluster box unit ownership, and develop and maintain a repository of cluster box units to include ownership and applicable agreements.	01/31/2027
25-023-R25	03/20/2025	Mail Theft Mitigation and Response - Houston, TX	–	*R-1*	Develop a verification process to ensure all electronic arrow lock and high security collection box shipments, deliveries, and installations are accurately recorded.	01/31/2027
			–	*R-8*	Revise Postal Operation-631 *Growth and Delivery Point Management Program* policy to update current roles and responsibilities.	02/28/2027
24-133-R25	03/21/2025	Technology, Infrastructure, and Site Security Review	–	*R-4*	Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act.	01/31/2027
24-093-R25	03/27/2025	Postal Vehicle Service Operations	–	*R-2*	Insource highway contract routes when economically advantageous to the Postal Service and implement a waiver process when cost is not a main factor to insource.	–
			–	*R-7*	Develop and make available the training to obtain a commercial driver's license to interested postal vehicle operators.	05/31/2027
24-143-R25	04/21/2025	Service Performance of Election and Political Mail During the 2024 General Election	–	*R-4*	Use carrier data to prohibit managers from completing the delivery all clear certification before carriers leave and arrive back from their delivery duties.	09/30/2026
			–	*R-5*	Work with district managers to develop a plan to identify hub and spoke locations, including Regional Transportation Optimization sites, and communicate operational expectations in advance of the extraordinary measures period.	09/30/2026
25-003-R25	07/02/2025	Merchant Rate Card Management	–	*R-3*	Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act.	04/30/2027
			–	*R-4*	Identify and address Merchant Rate Card platforms' technical compliance issues to improve rate accuracy.	04/30/2027

Appendix E: Reports with Recommendations Pending Corrective Actions

Report Number	Issue Date	Report Title	Monetary Impact		Recommendation Summary *R = Recommendation Number*	Target Implementation Date
25-097-R25	08/11/2025	Efficiency of Operations at the St. Louis Processing and Distribution Center, St. Louis, MO	—	*R-10*	Develop a plan to verify supervisors are monitoring scanning to improve compliance with load and unload scan goals at the St. Louis Processing and Distribution Center.	10/31/2026
24-164-R25	08/22/2025	U.S. Postal Inspection Service Strategy and Resources	—	*R-3*	Update instructions for developing performance measures and instruct preparers to revise key performance indicators, metrics, and division objectives to be specific, measurable, actionable, reasonable, and timely.	01/31/2027
			—	*R-4*	Revise the high-security collection box and high-security electronic locks installation performance measures to include metrics within Postal Inspection Service's control.	01/31/2027
			—	*R-5*	Establish internal controls to obtain periodic updates prior to the end of the quarter to ensure required quarterly and annual goals are met.	01/31/2027
25-066-R25	08/28/2025	Field Operations Service Review: Delivery Operations	—	*R-1*	Automate Postal Service Form 1571, *Undelivered Mail Report*, for delayed mail reporting in the Delivery Condition Visualization system and require carriers to use the automated format at the end of the day to report undelivered mail.	11/30/2026
25-053-R25	09/17/2025	Protecting Revenue for Returned Parcel Select Packages	—	*R-1*	Develop a mechanism to identify all applicable charges when calculating postage due to incorporate into its automated calculations.	01/31/2027
			$21,376,852	*R-2*	Incorporate large and oversized package charges into postage due calculations for return-to-sender packages.	01/31/2027
			—	*R-4*	Electronically link the payment of postage due to the specific packages for which the payments are based.	01/31/2027
			—	*R-5*	Further automate the postage due calculation and collection process for undeliverable packages, using weights and dimensions captured by mail processing equipment.	01/31/2027
25-030-R25	09/22/2025	Serving America: Retail Unit Accessibility	—	*R-2*	Develop an automated tool for notifying field staff in real time when units open late or close early and sending justification requests to local staff.	—
			—	*R-5*	Augment suspension-related policies to include strategies for periodically and regularly communicating suspension statuses to impacted customers.	—
25-031-R25	09/23/2025	Shipping and Handling of Day-Old Poultry	—	*R-8*	Develop electronic methods to uniquely track shipments of day-old poultry, including shipments that have perished.	11/30/2026
25-061-R25	09/24/2025	Network Changes: Regional Transfer Hubs	—	*R-1*	Conduct a feasibility study of capturing cost savings resulting from the Regional Transfer Hub initiative and, based on the results, implement tracking of costs related to the initiative.	—
			—	*R-4*	Establish quantifiable key performance indicators (in coordination with Vice President Processing Operations), including acceptable impacts to service and a trailer utilization target, specific to the Regional Transfer Hub initiative.	—
			—	*R-5*	Monitor performance of the Regional Transfer Hubs against established goals.	—
25-072-1-R26	10/15/2025	Issues Identified with Counterfeit Postage	$485,929,981	*R-1*	Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act.	01/31/2027

Appendix E: Reports with Recommendations Pending Corrective Actions

Report Number	Issue Date	Report Title	Monetary Impact	Recommendation Summary *R = Recommendation Number*		Target Implementation Date
25-090-R26	11/24/2025	Excess and Underutilized Space	—	*R-1*	Develop processes and requirements for routinely collecting excess and underutilized space data across its property portfolio and include accountability mechanisms for ensuring this data is collected on a regular basis.	—
			—	*R-2*	Develop processes to periodically assess and verify the accuracy of excess and underutilized space data and update in the designated system of record.	—
			—	*R-3*	Develop and implement a comprehensive strategy for managing excess and underutilized space, which would include processes for identifying space at properties throughout the network, centralized tracking and reporting, and corrective action plans (such as for renting, disposing, or repurposing).	—
			—	*R-5*	Verify that all rooms and spaces reported in the Real Asset Management Program Out-leasing module are properly coded.	10/31/2026
			—	*R-6*	Reconcile property space data across all modules within the property management system to verify consistency and accuracy of the data.	—
25-037-R26	11/26/2025	Deferred Maintenance of Postal Service Facilities	—	*R-1*	Establish a common framework with roles and responsibilities for deferred maintenance that applies throughout the organization, standardizing what is considered deferred maintenance and the process for prioritizing and addressing it.	05/31/2027
			—	*R-2*	Prioritize and track all deferred maintenance and associated costs, including capital and maintenance projects, and begin addressing its backlog of maintenance in order of priority.	05/31/2027
			—	*R-3*	Establish procedures, responsibilities, and accountability mechanisms for staff and supervisors to periodically review and validate all data including "estimated cost" within the maintenance system, for completeness and accuracy.	05/31/2027
			—	*R-4*	Ensure that the maintenance system has functionality and reporting capabilities to assist project managers with identifying outstanding maintenance calls and alert supervisors of maintenance calls without periodic updates or resolution.	10/24/2026
			$1,104,129	*R-5*	Establish a policy requiring project managers to provide local management with periodic status updates on reported maintenance issues and document statuses until resolved.	05/31/2027
			—	*R-7*	Improve oversight of its local self-assessment programs by assigning staff to conduct periodic reviews of assessments for facilities under 6,500 square feet and establishing an escalation process to obtain annual assessments from larger facilities for review.	10/24/2026
			—	*R-8*	Address all building maintenance, safety, and security issues identified during site visits.	11/26/2026
25-140-R26	12/22/2025	Efficiency of Operations at the Cleveland Processing and Distribution Center, Cleveland, OH	—	*R-5*	Develop and implement a plan to verify scanning at the Cleveland Processing and Distribution Center is consistently completed in accordance with policy.	11/30/2026
25-068-R26	01/15/2026	Grievance Management	—	*R-1*	Provide remedial or refresher training to management handling grievances in areas of concern to include topics such as, but not limited to, knowledge of national bargaining and local agreements, grievance arbitration procedures, responding to union requests for information, and contending with challenges from union representatives.	09/30/2026

Appendix E: Reports with Recommendations Pending Corrective Actions

Report Number	Issue Date	Report Title	Monetary Impact		Recommendation Summary *R = Recommendation Number*	Target Implementation Date
25-068-R26	01/15/2026	Grievance Management	$83,165,820	*R-3*	Require the use of the Overtime Administration tool at facilities with high or recurring overtime grievances, unless restricted by local agreements.	09/30/2027
			—	*R-4*	Require and reiterate training for supervisors on proper administration of overtime, including, but not limited to, overtime desired lists, equitable distribution of overtime, and craft jurisdiction rules.	02/28/2027
			—	*R-5*	1) identify high or recurring grievance payment locations, 2) require applicable local management in those locations to develop and implement an improvement action plan to reduce grievances, and 3) monitor grievance progress in those locations.	09/30/2026
			—	*R-6*	Develop guidance to 1) identify which management positions have the authority to enter into local agreements; 2) include risk management practices such as expiration dates, legal review, or mandatory periodic review clauses, for management responsible for negotiating future local agreements; and 3) create a digital repository for local agreements.	01/11/2027
			—	*R-7*	Develop and maintain a national repository for local memorandums of understanding for standardized ease of access by and for all levels of local management.	07/31/2027
			$201,099,806	*R-8*	1) Develop automated controls in the Grievance and Arbitration Tracking System to add system-required fields for justification statements on decision letters, and 2) provide refresher training for supervisors on requirements for proper completion of decision letters.	02/28/2027
25-093-R26	02/02/2026	Network Changes: Effectiveness of the New Regional Processing and Distribution Center in Indianapolis, IN	—	*R-1*	Execute a plan to provide stable leadership at the Indianapolis Regional Processing and Distribution Center.	11/30/2026
			—	*R-2*	Staff management positions at the Indianapolis Regional Processing and Distribution Center to authorized levels.	01/31/2027
			—	*R-3*	Continue to work with local management and staff to improve employee availability at the Indianapolis Regional Processing and Distribution Center to meet the national goal.	11/30/2026
			—	*R-6*	Strengthen inventory controls over surface visibility scanners and evaluate implementing an automated system.	01/31/2027
			—	*R-7*	Direct the Indianapolis Regional Processing and Distribution Center Processing and Logistics managers to review daily scan data to identify problem areas and correct issues to achieve current scanning goals.	04/30/2027
25-040-R26	02/05/2026	Route Scheduling at Sorting and Delivery Centers	—	*R-1*	Apply population change factors, such as projected growth and trends of sorting and delivery center locations, as part of its Financial Rigor Tests for the investments.	—
			—	*R-2*	Perform inspections and complete route adjustments where needed as part of the required annual process within the year prior to estimating the Financial Rigor Tests related to sorting and delivery center investments.	—
			—	*R-3*	Require tracking, reconciling, and reporting of operating costs throughout the Sorting & Delivery Center project, with adjustments to investment calculations for significant changes; and delegate responsibility for the oversight of financial performance over routes related to the project.	—
25-072-2-R26	02/10/2026	Enterprise Payment Account Fraud	—	*R-3*	Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act.	11/30/2026

Appendix E: Reports with Recommendations Pending Corrective Actions

Report Number	Issue Date	Report Title	Monetary Impact		Recommendation Summary *R = Recommendation Number*	Target Implementation Date
26-065-R26	05/04/2026	Efficiency of Operations at the Royal Palm Processing and Distribution Center, Opa Locka, FL	—	*R-2*	Analyze and realign staffing to consistently meet clearance times at the Royal Palm Processing and Distribution Center.	03/31/2027
			—	*R-3*	Implement a plan to train supervisors and craft employees on proper mailflow procedures in processing operations at the Royal Palm Processing and Distribution Center.	03/31/2027
			—	*R-4*	Analyze and adjust transportation schedules to get collection mail to the Royal Palm Processing and Distribution Center by the critical entry time.	03/31/2027
			—	*R-7*	Implement a plan to improve communication between the Miami and Royal Palm Processing and Distribution Centers regarding unscheduled driver absences.	10/31/2026
			—	*R-8*	Implement a plan to verify that close and unload scanning is completed in accordance with policy at the Royal Plam Processing and Distribution Center.	11/30/2026
			$28,750	*R-9*	Take measurable actions to retrieve all lost scanners at the Royal Palm Processing and Distribution Center.	02/28/2027
			—	*R-10*	Conduct a baseline scanner inventory that includes properly numbering scanners in the Ethos system; establish a process for checking scanners in and out; and conduct a monthly audit of scanners at the Royal Palm Processing and Distribution Center.	02/28/2027
25-130-1-R26	05/05/2026	Revenue Risks of Processing Equipment Investments	—	*R-1*	Assign a business owner responsible for including revenue protection goals or risks for major investment proposals.	02/28/2027
			—	*R-2*	Develop a unified equipment investment strategy that accounts for package processing equipment across the network supporting postage adjustments.	02/28/2027
			—	*R-3*	Reassess recent investments and add equipment, improve equipment, or enhance the Automated Package Verification system to generate additional measurements for revenue protection analysis.	04/28/2027
25-147-R26	05/06/2026	Oversight of the Vulnerability Risk Assessment Tool Process	—	*R-2*	Develop a process to identify postal facilities that did not complete a Vulnerability Risk Assessment Tool survey and ensure that those facilities meet survey completion requirements.	01/29/2027
			—	*R-3*	Establish a process to monitor unresolved Vulnerability Risk Assessment Tool survey deficiencies across all tier levels to ensure timely resolution and verify accurate status and prioritization.	04/15/2027
			—	*R-4*	Revise policies and procedures related to the Vulnerability Risk Assessment Tool process to require facility management to update deficiency statuses, upon resolution, and communicate these changes to the field, once finalized.	04/15/2027
			—	*R-5*	1) Verify and track that all personnel involved in Vulnerability Risk Assessment Tool surveys have completed the most updated, required training, and 2) update applicable Vulnerability Risk Assessment Tool guidance and provide it to all postal personnel responsible for completing the surveys.	04/15/2027
			—	*R-6*	Update guidance for Tier 1 and Tier 2 facilities to require Postal Service personnel to perform Tier 3 Vulnerability Risk Assessment Tool surveys only in the off years that the Postal Inspection Service performs the Tier 1 and Tier 2 Vulnerability Risk Assessment Tool surveys.	04/15/2027

Appendix E: Reports with Recommendations Pending Corrective Actions

Report Number	Issue Date	Report Title	Monetary Impact		Recommendation Summary *R = Recommendation Number*	Target Implementation Date
25-137-R26	05/19/2026	Follow Up to U.S. Postal Service's and U.S. Inspection Service's Response to Mail Theft	—	*R-1*	Develop and implement a comprehensive plan to improve arrow key controls that provides annual Daily Arrow Key Accountability training for all employees with oversight responsibility, including clerks; an accurate 24-Hour arrow key management system dashboard; and review of dashboard metrics to achieve corrective actions for noncompliant conditions.	04/30/2027
			—	*R-3*	Implement a process outlining the operational workflow across Retail and Post Office Operations, Delivery Operations, and Delivery and Retail Modernization offices, including defined roles, responsibilities, information handoffs, and system updates involved in high security collection box deployment and tracking	04/30/2027
			—	*R-4*	Update the Collection Point Management System Admin Module User's Guide outlining steps for district managers on how to enter the security type for blue collection boxes.	10/31/2026
25-121-R26	06/16/2026	Counterfeit Stamps	—	*R-1*	Develop and implement a risk-based counterfeit stamp identification and mitigation strategy with documented vulnerabilities and risks; initiatives and priorities; roles and responsibilities, including a revenue assurance champion; and performance tracking mechanisms.	05/31/2027
			$336,564,403	*R-2*	Take immediate action to enhance counterfeit stamp testing of mail processed on Advanced Facer Canceller System 200 machines, such as by more targeted or sample testing using the high-revenue protection mode.	11/30/2026
			$46,875,103	*R-3*	Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act.	11/30/2026
26-076-R26	06/17/2026	Efficiency of Operations at the Baltimore Processing and Distribution Center, Baltimore, MD	—	*R-4*	Train supervisors and employees on proper mailflow procedures and verify that these procedures are followed at the Baltimore Processing and Distribution Center.	03/31/2027
			—	*R-5*	Develop and implement a process to monitor and verify that proper placarding procedures are followed at the Baltimore Processing and Distribution Center.	02/28/2027
			—	*R-6*	Address driver attendance issues to reduce the number of late trips at the Baltimore Processing and Distribution Center.	10/31/2026
			—	*R-7*	Evaluate transportation needs and take actions to reduce the number of canceled trips at the Baltimore Processing and Distribution Center.	01/31/2027
			—	*R-8*	Implement a plan to improve scanning performance and verify that scans are completed in accordance with policy at the Baltimore Processing and Distribution Center.	05/31/2027
			—	*R-10*	Resolve network connectivity at the Baltimore Processing and Distribution Center.	04/30/2027
			$47,725	*R-11*	Take measurable actions to retrieve all lost scanners at the Baltimore Processing and Distribution Center.	04/30/2027
			—	*R-12*	Conduct an inventory of scanners and verify that scanner accountability procedures are followed for Surface Visibility and Postal Vehicle Service scanners at the Baltimore Processing and Distribution Center.	04/30/2027
			—	*R-13*	Verify that management monitor and enforce the use of wheel chocks on trucks and trailers at the Baltimore Processing and Distribution Center.	03/31/2027
			—	*R-14*	Implement a process for the timely communication and reporting of safety and security issues to the Maintenance Manager at the Baltimore Processing and Distribution Center.	03/31/2027

Appendix E: Reports with Recommendations Pending Corrective Actions

Report Number	Issue Date	Report Title	Monetary Impact		Recommendation Summary *R = Recommendation Number*	Target Implementation Date
25-114-R26	06/22/2026	Origin-Destination Information System: Revenue, Pieces, and Weight	–	*R-1*	Reevaluate the design of the Computerized On-Site Data Entry System and update, as necessary, to include additional review prompts.	01/17/2027
			–	*R-3*	Analyze and determine whether existing image recognition technology within the Postal Service - along with advances in artificial intelligence could be used to more accurately, completely, and efficiently conduct digital Origin-Destination Information System – Revenue, Pieces, and Weight tests.	07/01/2027
26-044-R26	06/25/2026	Virginia District: Delivery Operations	$20,840	*R-4*	Monitor that high-risk Voyager card transactions are properly reconciled, as required, and high-risk fuel transactions are annotated with an appropriate comment at the Norfolk Sorting and Delivery Center, and Lynchburg, Suffolk, and Virginia Beach main post offices.	10/31/2026
26-033-R26	07/01/2026	Effectiveness of Mail Transported by Air	–	*R-1*	Develop a plan to improve forecasting for the air network model when determining future contracted volume estimates.	02/28/2027
			–	*R-2*	Conduct an updated cost-benefit analysis to determine whether terminating the current contract and pursuing a new air cargo contract with a shorter base term with option years would provide the needed flexibility to align contracted air capacity with ongoing volume and network changes.	–
26-086-R26	07/09/2026	Efficiency of Operations at the Detroit Processing and Distribution Center, Detroit, MI	–	*R-3*	Implement a plan to verify that load and unload scanning is completed in accordance with policy at the Detroit Processing and Distribution Center.	03/31/2027
			–	*R-6*	Conduct a baseline scanner inventory that includes properly numbering scanners in the Ethos system; and conduct monthly audits of scanners at the Detroit Processing and Distribution Center.	10/31/2026
26-023-1-R26	07/21/2026	ePACS Access Controls	–	*R-1*	Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act.	10/31/2026
			–	*R-2*	Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act.	01/31/2027
25-091-R26	07/27/2026	Operational and Financial Performance Across Postal Service Regions	$436,952,791	*R-1*	Develop and implement a comprehensive, long-term strategic program with ongoing periodic reviews at low- performing facilities to improve employee morale, increase employee engagement, and raise performance of key metrics.	–
			–	*R-2*	Implement identified best practices at facilities nationwide, as is appropriate for each location.	–
25-135-R26	07/28/2026	Postal Service's Employee Vetting Process	–	*R-3*	Develop and implement a process to verify individuals applying for rehire are not the subject of an active criminal investigation.	06/30/2027
			–	*R-4*	Develop a process to ensure criminal offense documentation obtained from the U.S. Postal Service Office of Inspector General and Postal Inspection Service is provided to the appropriate personnel, and record disciplinary decisions about whether to take corrective actions in accordance with applicable policies.	03/31/2027
25-130-2-R26	07/29/2026	Technical Errors Caused Revenue Loss	–	*R-2*	Establish automated monitoring alerts in pertinent Postal Service systems that flag significant changes in machine scan volume and roles and responsibilities to take action to address and ensure revenue protection.	01/31/2027
26-066-R26	08/04/2026	Florida 3 District: Delivery Operations	$27,511	*R-3*	Enforce the requirement for management at the three units to monitor fuel card purchases and verify that all high-risk fuel transactions have an appropriate comment.	11/30/2026

Appendix E: Reports with Recommendations Pending Corrective Actions

Report Number	Issue Date	Report Title	Monetary Impact		Recommendation Summary *R = Recommendation Number*	Target Implementation Date
26-066-R26	08/04/2026	Florida 3 District: Delivery Operations	–	*R-4*	Confirm that management at the Blue Lagoon Branch repaired the leaky roof and management at the North Miami Branch repaired the damaged awning.	04/30/2027
25-136-R26	08/18/2026	Evaluation of Contract Delivery Services	–	*R-1*	(1) Require administrative officials to verify all Contract Delivery Service mail carriers have active security clearances and valid badges. (2) Terminate access to Postal Service facilities for Contract Delivery Service mail carriers who were denied a security clearance. (3) Suspend access to Postal Service facilities for Contract Delivery Service mail carriers that do not submit required security clearance paperwork within 7 days.	07/31/2027
			–	*R-2*	Establish an automated process to notify administrative officials when a supplier's badge is approaching expiration and prompt administrative officials to either submit a renewal package for badge continuation or verify the badge is collected and returned after expiration.	07/31/2027
			–	*R-3*	Require administrative officials responsible for managing Contract Delivery Service operations to provide an annual certification validating their understanding of and compliance with security clearance and badging requirements including badge sharing.	07/31/2027
			–	*R-4*	Direct administrative officials to enforce language proficiency standards for Contract Delivery Service carriers by: • Prospective Carriers: Mandating and documenting the evaluation of a carrier's ability to speak and understand English during the preliminary screening process and wherever subsequent replacement carriers are hired. • Current Carriers: Establishing a formal reevaluation process for active carriers suspected of lacking required English proficiency, and revoking facility access for any individuals who fail to meet the standard and cannot successfully remediate the deficiency.	07/31/2027
			–	*R-5*	Hold administrative officials accountable when they do not: (1) Complete and maintain Postal Service Form 5399, *Contract Route Performance Record*. (2) Monitor contract route operations and ensure supplier compliance with contract requirements and Postal Service policies. (3) Inspect supplier vehicles according to contractual requirements and Postal Service policies.	07/31/2027
			–	*R-6*	Provide formal training to all administrative officials responsible for managing Contract Delivery Service operations on properly performing all required duties, and require all newly appointed or detailed administrative officials to complete this training before assuming their duties.	07/31/2027
			$3,825,643	*R-7*	Automate the Service Change Request system to populate the special rate when submitting extra trip payments and require headquarters management to verify extra trip payment requests to ensure the correct rate was applied before approval.	07/31/2027
			–	*R-8*	Implement monitoring tools to strengthen oversight of administrative officials and enforce compliance with policies for managing Contract Delivery Service operations.	07/31/2027
			–	*R-9*	Evaluate opportunities to streamline manual administrative official processes, including through automation, and require them to be completed uniformly across all Contract Delivery Service offices.	07/31/2027

Appendix E: Reports with Recommendations Pending Corrective Actions

Report Number	Issue Date	Report Title	Monetary Impact	Recommendation Summary *R = Recommendation Number*		Target Implementation Date
25-136-R26	08/18/2026	Evaluation of Contract Delivery Services	—	*R-10*	Update policy to require administrative officials to conduct route surveys annually and when new developments occur, such as changes in the number of delivery points, mail volume, route mileage, or the scheduled time needed to complete the route due to local community growth.	07/31/2027
26-102-R26	08/18/2026	Efficiency of Operations at the Eugene Local Processing Center, Springfield, OR	—	*R-2*	Verify that delayed mail counts are completed and entered correctly into the Mail Condition Visualization system daily at the Eugene Local Processing Center.	11/30/2026
			$4,600	*R-3*	Remove all lost scanners from the Ethos system to ensure that the system accurately reflects the current inventory at the Eugene Local Processing Center.	01/31/2027
			—	*R-4*	Conduct monthly inventories of scanners and verify that all scanners are returned at the end of their tour at the Eugene Local Processing Center.	11/30/2026
			—	*R-5*	Verify that all drivers are using wheel chocks at the Eugene Local Processing Center.	11/30/2026
			—	*R-6*	Verify that repairs are made to the dock plates at the Eugene Local Processing Center.	10/31/2026
26-073-R26	08/25/2026	Status of North Carolina Post Offices Impacted by the 2024 Hurricanes	—	*R-1*	Establish procedures for reviewing, documenting, and periodically reassessing lease payment decisions during extended suspensions of postal facilities.	01/31/2027
			$42,889	*R-2*	Take measurable actions to recover the lease payments that should have been suspended for six facilities in the North Carolina district.	02/28/2027
25-145-R26	09/01/2026	Management and Oversight of Non-Revenue Transactions	$46,087,920	*R-1*	Enhance policies and procedures for initiating and conducting data analyses of concerning non-revenue transactions or categories (such as transactions that exceed the time factor, anomalous transactions, inconsistent counts, or improper categorizations), recording the results, documenting corrective actions, and communicating these policies to staff.	—
			—	*R-2*	Reassess all non-revenue transaction categories without time factors to determine if a potential, reasonable time factor can be applied, and document the resulting decision.	—
			—	*R-3*	Develop a comprehensive strategy on how to efficiently and effectively align local retail operations with the growing number of non-revenue transactions, including approaches for analyzing data, assessing alternatives, determining and implementing initiatives, and monitoring performance.	—
26-054-R26	09/04/2026	Processing of Election and Political Mail for the 2026 Primary Elections	—	*R-1*	Update election-related training material to address how to handle ballots incorrectly postmarked with the wrong date by Postal Service employees.	09/30/2026
			—	*R-7*	Define resolution time milestones for Election and Political Mail requests and concerns submitted through the Postal Service's Election Mail website.	09/30/2026
			—	*R-8*	Pause implementation of scheduled operational changes, including regional transportation optimization, that will impact mail timelines during the 2026 midterm election season.	10/17/2026
			—	*R-10*	Develop and implement a standardized process to ensure that labels used to uniquely track whole pallets containing Ballot Mail remain continuously linked to the entire mailing throughout the transportation process, until it is ready to be processed, to ensure proper visibility.	09/30/2026

Appendix E: Reports with Recommendations Pending Corrective Actions

Report Number	Issue Date	Report Title	Monetary Impact	Recommendation Summary *R = Recommendation Number*		Target Implementation Date
26-054-R26	09/04/2026	Processing of Election and Political Mail for the 2026 Primary Elections	–	*R-11*	Develop a formal process requiring Postal Service management to notify Election and Government Mail Program Specialists when readability issues with barcoded Ballot Mail is identified so outreach to Boards of Elections - including for North Carolina - can be conducted to address identified issues.	10/01/2026
26-042-R26	09/08/2026	Assessment of Postal Service's Network Changes	–	*R-1*	Evaluate locations most impacted by network changes and identify opportunities to improve timely delivery.	11/30/2026
			–	*R-2*	Establish an overall program schedule for network modernization initiatives with timelines and measurable cost saving and service targets and track and monitor progress.	06/30/2027
			–	*R-3*	Adopt improved modeling strategies that consider multiple variables to enhance planning and initiative implementation.	11/30/2026
			–	*R-4*	Implement a standardized methodology of evaluating efficiencies across facilities	03/31/2027
			–	*R-5*	Evaluate fully automated solutions for scanning to provide better visibility and customer confidence.	07/31/2027
25-072-R26	09/10/2026	Efforts to Mitigate Counterfeit Postage	–	*R-1*	Establish key programmatics across counterfeit postage efforts, upon final approval, to include: a. a documented program charter signed by an executive sponsor, b. a defined program scope that includes coverage of all types of counterfeit postage, c. clearly defined roles and responsibilities, including voting rights, approval gates, and signatory authority, and d. documentation of key decisions and approvals.	03/31/2027
			$1,223,361,350	*R-2*	Conduct a review to identify known vulnerabilities not yet addressed by mitigation efforts and develop a plan, with dedicated milestones, to address these vulnerabilities.	08/31/2027
			$19,193,060	*R-3*	Establish an acceptable threshold for mistaken intercepts and resolve the manual and technical errors until the threshold is met.	08/31/2027
			–	*R-4*	Determine a strategy and mechanism for recouping retrieval costs from mailers who did not timely transmit payment records.	08/31/2027
			–	*R-5*	Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act.	08/31/2027
			–	*R-6*	Collaborate with industry partners to establish a strategy on potential technological solutions for mitigating counterfeit postage.	08/31/2027
			–	*R-7*	Enhance the Case Management System with a data field to enter whether a case was accepted by the Department of Justice for prosecution, track the trends of acceptance, and pursue further discussion with the Department of Justice where the trends show lack of acceptance.	–
			–	*R-8*	Explore alternate options for legal action against counterfeit label operations, including utilizing the Revenue Deficiency Process and state and local prosecution.	–
			–	*R-9*	Perform a continuous trend analysis on counterfeit postage tips and referrals, including identification of geographic hotspots and patterns in fraud vectors reported.	–

Appendix E: Reports with Recommendations Pending Corrective Actions

Report Number	Issue Date	Report Title	Monetary Impact	Recommendation Summary *R = Recommendation Number*		Target Implementation Date
25-072-R26	09/10/2026	Efforts to Mitigate Counterfeit Postage	–	*R-10*	Establish a strategy to enable the removal of counterfeit label posts and advertisements from social media websites, and/or advocate with lawmakers for such changes.	05/31/2027
			–	*R-11*	Develop a strategy to effectively communicate to the public the risks of purchasing or using counterfeit labels.	05/31/2027
25-129-R26	09/15/2026	Customer Survey Integrity	–	*R-1*	Issue guidance instructing Area Vice Presidents and District Management not to issue artificial, unrealistic performance goals.	–
			–	*R-2*	Evaluate its current Customer 360 scoring system and implement scoring system changes to address pressure to manipulate survey scores, including specifically evaluating fraud or quality indicators.	–
			–	*R-3*	Monitor booster activity during the upcoming year and take action to address if booster activity increases.	–
			–	*R-4*	Establish deterrents, including rules and system controls to temporarily or permanently suspend Customer 360 system access to address known, repeat offenders.	–
			–	*R-5*	Develop a holistic escalation process for documenting, escalating, and addressing suspected misconduct schemes, including: Centrally documenting and escalating suspected schemes and repeat offenders; Establishing criteria for when Customer Experience should refer potential Customer 360 misconduct involving multiple employees to Labor Relations to evaluate if a fact-finding is appropriate; Formally reporting misconduct findings for all Customer 360 allegations; and Conducting ongoing impact analyses to remove scores determined to be fraudulent.	–
			–	*R-6*	Examine and update their survey impact analysis to include all suspected fraudulent surveys and report updated Customer 360 scores for fiscal years 2023, 2024, and 2025 to the Postal Regulatory Commission.	–
26-109-R26	09/17/2026	Efficiency of Operations at the Nashville Processing and Distribution Center, Nashville, TN	–	*R-1*	Complete a review of Postal Vehicle Service transportation schedules to better align trips and staffing with mail volume at the Nashville Processing and Distribution Center.	05/31/2027
			–	*R-2*	Implement a plan to ensure consistent monitoring of dock activities to reduce the occurrence of late trips.	10/31/2026
			–	*R-3*	Develop and implement a plan to train employees in proper scanning procedures and verify that load scanning is completed in accordance with policy at the Nashville Processing and Distribution Center.	04/30/2027
			–	*R-4*	Verify that proper placarding procedures are followed and consistently completed at the Nashville Processing and Distribution Center.	11/30/2026
			$12,075	*R-5*	Take measurable actions to retrieve all lost scanners at the Nashville Processing and Distribution Center.	11/30/2026
			–	*R-6*	Require management to conduct a baseline scanner inventory and reconcile discrepancies in the Ethos system; and conduct monthly audits of scanners at the Nashville Processing and Distribution Center.	01/31/2027
			–	*R-7*	Properly secure scanners and develop a process to oversee the distribution of scanners at the Nashville Processing and Distribution Center.	10/31/2026
			–	*R-8*	Verify that management at the Nashville Processing and Distribution Center monitors and enforces the use of wheel chocks on trucks and trailers.	10/31/2026
25-150-R26	09/22/2026	Evaluating Mail Recovery Center Package Growth	–	*R-1*	Annually update the Mail Recovery Center's volume estimates using the average weight of all packages with a "sent to Mail Recovery Center" scan.	04/30/2027

Appendix E: Reports with Recommendations Pending Corrective Actions

Report Number	Issue Date	Report Title	Monetary Impact		Recommendation Summary *R = Recommendation Number*	Target Implementation Date
25-150-R26	09/22/2026	Evaluating Mail Recovery Center Package Growth	–	*R-2*	Revise the Mail Recovery Center's package return rate to include all incoming packages and avoid double counting.	–
			–	*R-3*	Track and complete the Mail Recovery Center's milestones for automating the data collection process.	11/30/2027
			–	*R-4*	Use revised data about the Mail Recovery Center's operations to assess the facility's metrics, operations, and mission, and update them as appropriate.	11/30/2028
			–	*R-5*	Evaluate scanning options for tracking sender-refused packages and implement a solution that improves visibility of the refusals through a dashboard or other accessible reporting mechanism.	–
			$95,270,328	*R-6*	Automatically charge the direct customer, which may not be the return addressee, for return-to-sender packages.	08/31/2027
			$54,346,723	*R-7*	Track sender-refused package data and use the data to generate a cost-benefit analysis for amending the Domestic Mail Manual to assess a fee for shipper-refused return-to-sender packages.	03/31/2027
			–	*R-8*	Develop updated standard work instructions for scanning, labeling, and endorsing dead mail at delivery units; provide the instructions to relevant personnel in the field; and verify they are implemented once received.	01/31/2027
			–	*R-9*	Train field staff on updated dead mail placarding procedures and on repairing damaged packages internally instead of improperly sending them to the Mail Recovery Center.	01/31/2027
26-038-R26	09/23/2026	Network Changes: Impacts in South Dakota	–	*R-1*	Determine the feasibility of centralizing processing and restoring transportation for intrastate connectivity as part of a South Dakota–specific processing plan that includes defined milestones, transition timelines, and facility operational responsibilities.	06/30/2027
			–	*R-2*	Align intrastate service standards to appropriate delivery timeframes as mail is moved back in-state for processing.	06/30/2027
			–	*R-3*	Establish a required process to publicly communicate any impacts to mailers and residential customers, prior to implementation, when moving processing operations of a three-digit ZIP Code to another processing facility.	08/31/2027
25-139-R26	09/24/2026	Postal Service Contract Practices and Oversight	$271,121,756	*R-1*	Assess and standardize the process for collecting and maintaining invoice documentation to verify payments are justified for time and materials contracts.	–
			$794,709	*R-2*	Implement a mechanism that enforces the collection and maintenance of all relevant and required information by contracting officers in the appropriate contract files throughout the contract lifecycle, including for unauthorized contractual commitments and noncompetitive contracts.	–
			–	*R-3*	Implement a monitoring mechanism to identify and track all unauthorized contractual commitments in a centralized system, including those initiated or resolved at the local level.	–
			–	*R-4*	Assess the purchase plan waiver policy and procedure to determine whether current criteria appropriately support effective contract planning and oversight.	02/28/2027
			–	*R-5*	Develop a procedure to verify that all noncompetitive contract awards valued at $5 million or more are publicized, communicate these requirements, and ensure consistent understanding and application across the organization.	07/31/2027

Appendices

Appendix E: Reports with Recommendations Pending Corrective Actions

Report Number	Issue Date	Report Title	Monetary Impact		Recommendation Summary *R = Recommendation Number*	Target Implementation Date
25-139-R26	09/24/2026	Postal Service Contract Practices and Oversight	–	*R-6*	Augment and manage a reporting mechanism that allows for oversight across all Postal Service contracts, with standard critical risk indicators and other important oversight information.	–
			–	*R-7*	Enhance dashboards and monitoring tools at the contracting officer level, to improve contract oversight processes.	07/31/2027
			–	*R-8*	Identify opportunities and implement automation in contract execution, workload management, and oversight across the five portfolios.	05/31/2027
			–	*R-9*	Assess the feasibility for Postal Service suppliers to register with the General Service Administration's System for Award Management to obtain a Unique Entity Identifier number, and identify and implement alternative options, as needed, to improve excluded-supplier screening through continuous monitoring.	08/31/2027
26-055-R26	09/25/2026	Postal Service Workforce Composition	–	*R-1*	Assess options for labor expense containment and develop a formal strategy or initiative for reducing labor expenses by leveraging the pre-career workforce.	–
			–	*R-2*	Conduct an internal assessment of the workforce composition to determine its impact on operational performance.	–
26-031-R26	09/28/2026	Facility Lease Management	–	*R-1*	Develop an approach to more robustly review the reliability of annual data provided by the contractor and procedures for communicating concerns to the contractor and tracking the results.	06/30/2027
			–	*R-2*	Include holdover provisions in future facility lease agreements to better safeguard payments from including inappropriate commissions (within rental rates) and retroactive reimbursements (for subsequent renewals).	09/30/2026
			–	*R-3*	Take action to enforce compliance with Postal Service policies for requiring written narratives that accompany initial rental rate reviews, including developing corresponding internal controls and communicating them to staff.	02/28/2027
			–	*R-4*	Clarify the policy guidance on the correct methodology for calculating initial rental rate proposals when applying the Cost and Income approach, and communicate these clarifications to staff nationwide.	02/28/2027
			–	*R-5*	Take action to store all pertinent lease-related records in an electronic, centralized system.	02/28/2027
26-101-R26	09/30/2026	Mail Theft Mitigation and Response: Las Vegas, NV	–	*R-1*	Establish internal controls to ensure that all keys are accurately recorded in the Retail and Delivery Analytics and Reports system and, when necessary, returned to the National Materials Customer Service, and/or reported to the Postal Inspection Service for the Westridge and Meadow Mesa Post Offices.	11/30/2026
			–	*R-2*	Establish internal controls to verify that appropriate personnel complete the Daily Arrow Key Accountability Training annually and facilities are following the 24-hour arrow key accountability process for city routes at Tier 1 facilities, or using the Postal Service Form 1106, as required.	11/30/2026

Appendix E: Reports with Recommendations Pending Corrective Actions

Report Number	Issue Date	Report Title	Monetary Impact		Recommendation Summary *R = Recommendation Number*	Target Implementation Date
26-101-R26	09/30/2026	Mail Theft Mitigation and Response: Las Vegas, NV	—	*R-3*	Develop internal controls to ensure that the required annual safety inspections are completed and requests for collection box repairs or removals are coordinated with the District Field Maintenance Office.	01/31/2027
			—	*R-4*	Some or all of the recommendation is not publicly available due to concerns with information protected under the Freedom of Information Act.	12/31/2026
			$17,928,300	*R-5*	Complete an analysis of U.S. Postal Service and customer fee responsibility to replace locks on U.S. Postal Service and privately owned cluster box units after mail theft and non-mail theft related incidents. Also, update policy accordingly and establish internal controls to ensure consistent application.	03/31/2027

Total Number of Reports: **65**

Total Number of Recommendations: **210**

Total Monetary Impact: **$3,426,722,999**

Appendix E: Reports with Recommendations Pending Corrective Actions - Postal Regulatory Commission

For the period: April 1 - September 30, 2026

As required by the IG Act, as amended, the following pages include a list of outstanding unimplemented recommendations and the monetary impact of those recommendations.

Report Number	Issue Date	Report Title	Monetary Impact		Recommendation Summary *R = Recommendation Number*	Target Implementation Date
26-016-R26	09/18/2026	Review of the Postal Regulatory Commission's Compliance With the Federal Information Security Modernization Act of 2014 for Fiscal Year 2026	–	*R-1*	Develop and implement cybersecurity current and target profiles into the Postal Regulatory Commission's risk management and Information Security Continuous Monitoring policies and procedures.	04/02/2027
			–	*R-2*	Update position descriptions for personnel with cybersecurity responsibilities to clearly define assigned cybersecurity roles, responsibilities, and duties. The Postal Regulatory Commission should certify that cybersecurity responsibilities are documented within position descriptions and align with established cybersecurity policies, procedures, and employee performance plans to promote consistent understanding and accountability across the organization.	09/01/2027
			–	*R-3*	Implement the Cybersecurity Supply Chain Risk Management requirements in accordance with SECPOL-17 *Supply Chain Risk Management Policy and National Institute of Standards and Technology* requirements.	06/30/2027
			–	*R-4*	Design and implement policies and procedures and complete the comprehensive data inventory by September 30, 2026, as required by Office of Management and Budget M-25-05.	06/30/2027
			–	*R-5*	Design and implement its policies, procedures, and processes to document and maintain a structured Risk Profile and an adequate Risk Register to better manage cybersecurity risks.	04/02/2027
			–	*R-6*	Develop and maintain a comprehensive inventory of all information systems and establish processes to ensure all systems are fully assessed, authorized, and documented. This should include maintaining complete system interconnection documentation and ensuring system security authorization documentation is current and complete.	09/01/2027
			–	*R-7*	Implement an automated cybersecurity risk management tool to enable the continuous identification, tracking, assessment, and monitoring of system cybersecurity risks, maintain visibility into risk mitigation activities, and support risk-informed decision-making throughout the system lifecycle.	09/01/2027
			–	*R-8*	Implement its data loss prevention rules to ensure alerts are appropriately reviewed, false positives are minimized, and unauthorized data exfiltration attempts are consistently blocked or otherwise prevented in accordance with security requirements.	12/31/2026
			–	*R-9*	Develop and maintain a workforce assessment to evaluate whether the organization has the personnel, skills, capacity, and organizational structure necessary to achieve its mission and strategic objectives and to identify and address workforce gaps.	09/01/2027

Total Number of Reports: **1**

Total Number of Recommendations: **9**

Total Monetary Impact: **$0**

Appendices

Appendix F: Management Decisions in Audit Resolution

For the period: April 1 - September 30, 2026

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.

Report Number	Issue Date	Report Title	Monetary Impact	Recommendation Summary *R = Recommendation Number*	
22-187-R23	03/27/2023	Service Performance of Election Mail for the 2022 Midterm Elections	$23,033,770	*R-1*	Develop a plan to analyze costs associated with the processing and delivery of Election Mail and explore opportunities to be compensated for the implementation of Election Mail key practices and extraordinary measures.
23-088-R24	02/27/2024	Contract Trucking Safety and Compliance	—	*R-6*	Define freight auction applicability to Management Instruction PO-530-2009-4, Section 19 – *Special Circumstances*.
23-161-R24	03/28/2024	Effectiveness of the New Regional Processing and Distribution Center in Richmond, VA	—	*R-9*	Update Handbook PO-408 to include the definition of service area, and clearly define when Mail Processing Facility Reviews are required.
23-167-R24	06/21/2024	State of the U.S. Postal Service Financial Condition	—	*R-1*	Update and communicate Delivering for America plan financial projections based on current conditions and environment.
			—	*R-2*	Develop a plan to track, measure, and communicate progress on initiatives that result from the Delivering for America plan.
24-093-R25	03/27/2025	Postal Vehicle Service Operations	—	*R-2*	Insource highway contract routes when economically advantageous to the Postal Service and implement a waiver process when cost is not a main factor to insource.
25-030-R25	09/22/2025	Serving America: Retail Unit Accessibility	—	*R-2*	Develop an automated tool for notifying field staff in real time when units open late or close early and sending justification requests to local staff.
			—	*R-5*	Augment suspension-related policies to include strategies for periodically and regularly communicating suspension statuses to impacted customers.
25-061-R25	09/24/2025	Network Changes: Regional Transfer Hubs	—	*R-1*	Conduct a feasibility study of capturing cost savings resulting from the Regional Transfer Hub initiative and, based on the results, implement tracking of costs related to the initiative.
			—	*R-4*	Establish quantifiable key performance indicators (in coordination with Vice President Processing Operations), including acceptable impacts to service and a trailer utilization target, specific to the Regional Transfer Hub initiative.
			—	*R-5*	Monitor performance of the Regional Transfer Hubs against established goals.
25-090-R26	11/24/2025	Excess and Underutilized Space	—	*R-1*	Develop processes and requirements for routinely collecting excess and underutilized space data across its property portfolio and include accountability mechanisms for ensuring this data is collected on a regular basis.
			—	*R-2*	Develop processes to periodically assess and verify the accuracy of excess and underutilized space data and update in the designated system of record.
			—	*R-3*	Develop and implement a comprehensive strategy for managing excess and underutilized space, which would include processes for identifying space at properties throughout the network, centralized tracking and reporting, and corrective action plans (such as for renting, disposing, or repurposing).
			—	*R-6*	Reconcile property space data across all modules within the property management system to verify consistency and accuracy of the data.
25-040-R26	02/05/2026	Route Scheduling at Sorting and Delivery Centers	—	*R-1*	Apply population change factors, such as projected growth and trends of sorting and delivery center locations, as part of its Financial Rigor Tests for the investments.
			—	*R-2*	Perform inspections and complete route adjustments where needed as part of the required annual process within the year prior to estimating the Financial Rigor Tests related to sorting and delivery center investments.

Appendix F: Management Decisions in Audit Resolution

Report Number	Issue Date	Report Title	Monetary Impact	Recommendation Summary *R = Recommendation Number*	
25-040-R26	02/05/2026	Route Scheduling at Sorting and Delivery Centers	—	*R-3*	Require tracking, reconciling, and reporting of operating costs throughout the Sorting & Delivery Center project, with adjustments to investment calculations for significant changes; and delegate responsibility for the oversight of financial performance over routes related to the project.
26-033-R26	07/01/2026	Effectiveness of Mail Transported by Air	—	*R-2*	Conduct an updated cost-benefit analysis to determine whether terminating the current contract and pursuing a new air cargo contract with a shorter base term with option years would provide the needed flexibility to align contracted air capacity with ongoing volume and network changes.
25-091-R26	07/27/2026	Operational and Financial Performance Across Postal Service Regions	$436,952,791	*R-1*	Develop and implement a comprehensive, long-term strategic program with ongoing periodic reviews at low-performing facilities to improve employee morale, increase employee engagement, and raise performance of key metrics.
			—	*R-2*	Implement identified best practices at facilities nationwide, as is appropriate for each location.
25-145-R26	09/01/2026	Management and Oversight of Non-Revenue Transactions	$46,087,920	*R-1*	Enhance policies and procedures for initiating and conducting data analyses of concerning non-revenue transactions or categories (such as transactions that exceed the time factor, anomalous transactions, inconsistent counts, or improper categorizations), recording the results, documenting corrective actions, and communicating these policies to staff.
			—	*R-2*	Reassess all non-revenue transaction categories without time factors to determine if a potential, reasonable time factor can be applied, and document the resulting decision.
			—	*R-3*	Develop a comprehensive strategy on how to efficiently and effectively align local retail operations with the growing number of non-revenue transactions, including approaches for analyzing data, assessing alternatives, determining and implementing initiatives, and monitoring performance.
25-072-R26	09/10/2026	Efforts to Mitigate Counterfeit Postage	—	*R-7*	Enhance the Case Management System with a data field to enter whether a case was accepted by the Department of Justice for prosecution, track the trends of acceptance, and pursue further discussion with the Department of Justice where the trends show lack of acceptance.
			—	*R-8*	Explore alternate options for legal action against counterfeit label operations, including utilizing the Revenue Deficiency Process and state and local prosecution.
			—	*R-9*	Perform a continuous trend analysis on counterfeit postage tips and referrals, including identification of geographic hotspots and patterns in fraud vectors reported.
25-129-R26	09/15/2026	Customer Survey Integrity	—	*R-1*	Issue guidance instructing Area Vice Presidents and District Management not to issue artificial, unrealistic performance goals.
			—	*R-2*	Evaluate its current Customer 360 scoring system and implement scoring system changes to address pressure to manipulate survey scores, including specifically evaluating fraud or quality indicators.
			—	*R-3*	Monitor booster activity during the upcoming year and take action to address if booster activity increases.
			—	*R-4*	Establish deterrents, including rules and system controls to temporarily or permanently suspend Customer 360 system access to address known, repeat offenders.
			—	*R-5*	Develop a holistic escalation process for documenting, escalating, and addressing suspected misconduct schemes, including: Centrally documenting and escalating suspected schemes and repeat offenders; Establishing criteria for when Customer Experience should refer potential Customer 360 misconduct involving multiple employees to Labor Relations to evaluate if a fact-finding is appropriate; Formally reporting misconduct findings for all Customer 360 allegations; and Conducting ongoing impact analyses to remove scores determined to be fraudulent.

Appendix F: Management Decisions in Audit Resolution

Report Number	Issue Date	Report Title	Monetary Impact		Recommendation Summary *R = Recommendation Number*
25-129-R26	09/15/2026	Customer Survey Integrity	—	*R-6*	Examine and update their survey impact analysis to include all suspected fraudulent surveys and report updated Customer 360 scores for fiscal years 2023, 2024, and 2025 to the Postal Regulatory Commission.
25-150-R26	09/22/2026	Evaluating Mail Recovery Center Package Growth	—	*R-2*	Revise the Mail Recovery Center's package return rate to include all incoming packages and avoid double counting.
			—	*R-5*	Evaluate scanning options for tracking sender-refused packages and implement a solution that improves visibility of the refusals through a dashboard or other accessible reporting mechanism.
25-139-R26	09/24/2026	Postal Service Contract Practices and Oversight	$271,121,756	*R-1*	Assess and standardize the process for collecting and maintaining invoice documentation to verify payments are justified for time and materials contracts.
			$794,709	*R-2*	Implement a mechanism that enforces the collection and maintenance of all relevant and required information by contracting officers in the appropriate contract files throughout the contract lifecycle, including for unauthorized contractual commitments and noncompetitive contracts.
			—	*R-3*	Implement a monitoring mechanism to identify and track all unauthorized contractual commitments in a centralized system, including those initiated or resolved at the local level.
			—	*R-6*	Augment and manage a reporting mechanism that allows for oversight across all Postal Service contracts, with standard critical risk indicators and other important oversight information.
26-055-R26	09/25/2026	Postal Service Workforce Composition	—	*R-1*	Assess options for labor expense containment and develop a formal strategy or initiative for reducing labor expenses by leveraging the pre-career workforce.
			—	*R-2*	Conduct an internal assessment of the workforce composition to determine its impact on operational performance.

Total Number of Reports: **17**

Total Number of Recommendations: **41**

Total Monetary Impact: **$777,990,946**

Appendix G: Status of Peer Review Recommendations

For the period: April 1 - September 30, 2026

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

Office of Audit

Peer Reviews Conducted on USPS OIG

The last peer review conducted was by the U.S Department of Justice OIG for the period ending March 31, 2024, with a report date of September 9, 2024. There are no outstanding recommendations.

Peer Reviews Conducted by USPS OIG

The last peer review we conducted was for the U.S. Department of Agriculture OIG for the period ending March 31, 2023. The report was issued on September 19, 2023. There are no outstanding recommendations.

Research and Insights Solution Center

Peer Reviews Conducted on USPS OIG

The last peer review conducted was by the Federal Deposit Insurance Corporation OIG for the period ending September 30, 2023, with a report date of March 27, 2024. There are no outstanding recommendations.

Peer Reviews Conducted by USPS OIG

The last peer review we conducted was for the Federal Housing Finance Agency OIG for the period ending March 31, 2025. The report was issued on August 6, 2025. There are no outstanding recommendations.

Office of Investigations

Peer Reviews Conducted on USPS OIG

None during the reporting period.

Peer Reviews Conducted by USPS OIG

None during the reporting period.

Appendix H: Investigative Statistics

The U.S. Postal Service Office of Inspector General currently uses a "Case Reporting Information Management and Evidence System," also known as CRIMES.

Appendix H was preconfigured to present the following data:

A) The total number of investigative reports issued during the reporting period;

B) The total number of persons referred to the Department of Justice (DOJ) for criminal prosecution during the reporting period;

C) The total number of persons referred to state and local prosecuting authorities for criminal prosecution during the reporting period and;

D) The total number of indictments and criminal informations during the reporting period that resulted from any prior referral to prosecuting authorities.

For the period: April 1 - September 30, 2026

Program	Investigations Closed	Arrests	Indictments / Informations / Complaints	Convictions - Criminal	Admin Action Taken	Cost Avoidance	Fines, Restitution, and Recoveries	Amount to Postal Service, PRC	To Mgmt. for Admin Action	Number of persons referred to DOJ for criminal prosecution	Number of persons referred to state and local authorities for criminal prosecution presentations	Criminal Indictments / Informations	Number of investigative reports issued	Convictions - Civil Settlements / Judgements	Referrals to USPS that were not investigated
Mail Theft	703	282	302	238	378	$0	$7,227,445	$91,455	293	295	84	165	369	0	198
General Crimes	100	21	56	24	83	$2,113,889	$363,921	$30,762	74	42	22	11	73	0	316
Financial Fraud	103	26	30	36	78	$0	$850,798	$819,383	53	41	14	14	64	0	14
Narcotics	104	36	41	46	29	$0	$23,384	$0	36	24	15	29	37	0	7
Healthcare Claimant Fraud	85	9	7	8	9	$21,070,262	$614,036	$240,013	8	17	2	7	11	0	3
Contract Fraud	18	3	5	3	8	$110,594,919	$5,599,059	$3,295,067	5	18	0	5	2	1	0
Healthcare Provider Fraud	16	2	2	2	7	$4,516,045	$13,258,114	$1,486,838	0	14	0	2	3	3	0
Computer Crimes	7	2	1	2	2	$0	$0	$0	1	1	1	0	2	0	0
Office of Professional Responsibility	7	0	0	2	2	$0	$0	$0	4	5	1	0	7	0	19
Total	1143	381	444	361	596	$138,295,115	$27,936,757	$5,963,519	474	457	139	233	568	4	557
PRC	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

Appendices

Appendix H: Investigative Statistics

For the period: October 1, 2025 - September 30, 2026

Program	Investigations Closed	Arrests	Indictments / Informations / Complaints	Convictions - Criminal	Admin Action Taken	Cost Avoidance	Fines, Restitution, and Recoveries	Amount to Postal Service, PRC	To Mgmt. for Admin Action	Number of persons referred to DOJ for criminal prosecution	Number of persons referred to state and local authorities for criminal prosecution presentations	Criminal Indictments / Informations	Number of investigative reports issued	Convictions - Civil Settlements / Judgements	Referrals to USPS that were not Investigated
Mail Theft	1440	566	590	475	743	$0	$17,322,291	$162,728	633	556	196	322	775	0	362
Financial Fraud	203	73	73	61	144	$300,000	$2,239,153	$1,450,179	128	83	31	39	143	1	37
General Crimes	196	50	88	38	134	$2,113,889	$35,705,413	$151,391	136	64	38	34	140	0	578
Narcotics	214	87	100	102	75	$0	$102,110	$4,586	76	61	38	64	89	0	21
Healthcare Provider Fraud	31	5	7	6	19	$85,257,381	$39,567,283	$1,922,557	0	15	0	6	5	8	0
Healthcare Claimant Fraud	173	19	15	18	18	$61,661,758	$1,788,545	$1,160,767	19	33	4	14	35	0	7
Contract Fraud	40	8	20	9	12	$145,872,974	$22,087,788	$14,640,756	14	29	0	20	3	8	0
Office of Professional Responsibility	15	1	2	6	7	$0	$41,666	$0	7	7	1	2	12	0	67
Computer Crimes	10	4	2	3	2	$0	$265,750	$0	1	1	2	1	2	0	0
Total	2322	813	897	718	1154	$295,206,002	$119,119,999	$19,492,964	1014	849	310	502	1204	17	1072
PRC	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

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

For the period: April 1 - September 30, 2026

Type of Scheme	Complaints Filed	Consent Agreements	Final Restraining Orders	Cease and Desist Orders
Advance Fee	—	—	—	—
Counterfeit Checks	—	—	—	—
Facsimile Checks	—	—	—	—
Failure to Pay	—	—	—	—
Failure to Render	—	—	—	—
Foreign Lottery	—	—	—	—
Identity Theft - Other	—	—	—	—
Investment Fraud	—	—	—	—
Invoice Schemes	—	—	—	—
Lottery	—	—	—	—
Medical Fraud - Other	—	—	—	—
Other	3	3	—	3
Psychic	—	—	—	—
Rebate and Refund	—	—	—	—
Reshipping Scheme	—	—	—	—
Sweepstakes	—	—	—	—
USPS Revenue Fraud	—	—	—	—
Total	**3**	**3**	**—**	**3**

Other Administrative Actions	
Temp. Restraining Orders Requested	—
Temp. Restraining Orders Imposed	—
Cases Using Direct Purchase Authority	—
Civil Penalties (Section 3012) Imposed	—
Test Purchases	—
Withholding Mail Orders Issued	0
Voluntary Discontinuances	This area is not tracked by Office of Counsel

Administrative Subpoenas Requested by the Postal Inspection Service
There were none requested during this reporting period.

Financial Reporting on Investigative Activities for the Postal Inspection Service

Area	Type	Total
VP Chief Inspector	Total Personnel Comp	$253,402,084
VP Chief Inspector	Total Nonpersonnel Expense	$94,715,644
VP Chief Inspector	Total Operating Expense	$348,117,729
VP Chief Inspector	Total Capital Commitments	$17,325,285

Appendix J: Congressional/PMG/Board of Governors Inquiries

For the period: April 1 - September 30, 2026

The Office of Government Relations responds to inquiries from Congress, the Postmaster General, and the Board of Governors. The OIG responds to some of these inquiries by conducting audits or investigations. However, the OIG does not generally perform audits or investigations when an inquiry involves a non-systemic issue that may be resolved through existing administrative or judicial processes, such as the equal employment opportunity complaint process, contractual grievance-arbitration procedures, or appeals to the Merit Systems Protection Board. When systemic or criminal issues have been identified, the OIG may conduct independent audits or investigations to help ensure the economy, efficiency, and integrity of Postal Service programs and operations.

From April 1 through September 30, 2026, the OIG received 74 new inquiries. We closed 73 inquiries during this reporting period. Out of those, 58 were reviewed by our Office of Investigations and 15 were reviewed by our Office of Audit.

Appendix K: Attempt to Interfere with OIG Independence

For the period: April 1 - September 30, 2026

Section 5(a)(21) of the Inspector General Empowerment Act, as amended, requires that OIG report attempts by an agency to interfere with inspector general independence, including through budget constraints, resistance to oversight, or delayed information access.

None during the reporting period.

Supplemental Information

Freedom of Information Act

Our OIG Freedom of Information Act (FOIA) Office operates independently of, but frequently coordinates with, its counterparts at the Postal Service, the Postal Inspection Service, and the PRC. Our 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, 2026

Requests	Number of Requests
Carryover from prior period	11
Received during period	777
Total on hand during period	788
Actions	**Number of Requests**
Processed during the period	770
Requests denied in full	20
Requests granted in full	8
Requests denied in part	120
Duplicate request	1
Fee-related reasons	0
No records	104
Not an agency record	403
Not a proper FOIA request for some other reason	0
Requests referred	79
Requests withdrawn	35
Records not reasonably described	0
Balance	**Number of Requests**
Balance at the end of the period (pending)	18
Processing Days	**Number of Days**
Median processing days to respond to a FOIA request	0

Workplace Environment

The Office of Investigations' Workplace Environment unit reviews workplace environment and operational issues that may affect workplace climate in postal facilities throughout the country. The OIG Hotline is the primary source for 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 include nepotism, harassment, hostile work environment, and discrimination.

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 PRC and 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.

For the period: April 1 - September 30, 2026

Total complaints reviewed and closed: 54

Whistleblower Reprisal Investigations

For the period: April 1 - September 30, 2026

Whistleblower Reprisal Activity	
Allegations received	393
OIG investigations initiated	0
Investigations closed with no action	1
Allegations closed with no action	395
OIG found reprisal	0

For the period: October 1, 2025 - September 30, 2026

Whistleblower Reprisal Activity	
Allegations received	632
OIG investigations initiated	2
Investigations closed with no action	2
Allegations closed with no action	632
OIG found reprisal	0

Appendices

Supplemental Information

Summary of Performance

For the period of: April 1 - September 30, 2026

Audits	
Reports issued (excluding RISC white papers)	62
Recommendations issued	184
Total reports with financial impact	22
Funds put to better use	$23,043,960
Questioned costs	$754,954,103
Revenue impact	$2,029,379,318
Total	**$2,807,377,381**

RISC White Papers	
White papers issued	4
Recommendations issued	1

Investigations[4]	
Investigations completed	1,143
Arrests	381
Indictments/informations	233
Convictions/pretrial diversions[5]	361
Administrative actions	596
Cost avoidance	$138,295,115
Fines, restitution, and recoveries	$27,936,757
Amount to the Postal Service[6]	$5,963,519

OIG Hotline Contacts	
Telephone calls/Voicemails	57,014
Email	25,039
Webforms	51,753
Standard mail	887
Facsimile - FAX	251
Total Contacts	**134,944**

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4 Statistics include joint investigations with other law enforcement agencies.
5 Convictions reported in this period may be related to arrests in prior reporting periods.
6 Amounts include case results of joint investigations with other OIG, federal, state, and local law enforcement entities.

Appendices

Reporting Requirements

Act Section	Requirement	Page
5(a)(1)	Significant problems, abuses, and deficiencies	Throughout
5(a)(2)	Recommendations with respect to significant problems, abuses, and deficiencies	Throughout
5(a)(3)	Recommendations described in previous semiannual reports on which corrective action has not been completed	32-47
5(a)(4)	Matters referred to prosecutive authorities and the prosecutions and convictions that have resulted	52-53
5(a)(5)	Summary reports made to the head of the establishment under section 6(b)(2) of instances where information was refused	N/A
5(a)(6)	Listing of audit, inspection, and evaluation reports and, if applicable, the total dollar value of questioned costs and recommendations that funds be put to better use	3
5(a)(7)	Summary of particularly significant reports	Throughout
5(a)(8)	Statistical tables showing total number of audit, inspection, and evaluation reports containing questioned costs	3, 22-29, 57
5(a)(9)	Status of management decisions for audit and evaluation reports containing recommendations that funds be put to better use	29
5(a)(10)	Summary of audit and evaluation reports issued prior to the beginning of the reporting period for which (a) no management decision had been made; (b) no management comment was received within 60 days of issuing the draft report; and (c) there were any unimplemented recommendations, including the aggregate potential cost savings of those recommendations, at the end of the reporting period	28-29
5(a)(11)	Description and explanation of the reasons for any significant revised management decisions	48-50
5(a)(12)	Information concerning any significant management decisions with which the Inspector General disagreed	48-50
5(a)(13)	Information under 804(b) Federal Financial Management Improvement Act of 1996	N/A
5(a)(14)	Results of any peer review conducted by another Office of the Inspector General during the reporting period, and if none, a statement of the date of the last peer review	51
5(a)(15)	List of outstanding recommendations from any peer review conducted by another Office of the Inspector General, including a statement describing the status of the implementation and why implementation is not complete	N/A
5(a)(16)	List of any outstanding recommendations made from any previous peer review that remain outstanding or have not been fully implemented	N/A
5(a)(17)	Statistical table showing the total number during the reporting period of (a) investigative reports issued, (b) persons referred to the Department of Justice for criminal prosecution, (c) persons referred to state and local prosecuting authorities for criminal prosecution, and (d) indictments and criminal information resulting from any prior referral to prosecuting authorities	52-53
5(a)(18)	Description of the metrics used to develop the data in the statistical tables under Section 5(a)(17)	52-53
5(a)(19)	Report on investigations in which allegations of misconduct involving a senior government employee were substantiated including a detailed description of the facts and circumstances of the investigation, and the status and dispositions of the matter, including if the matter was referred to the DOJ, the date of the referral, and if the DOJ declined the referral, the date of the declination	19
5(a)(20)	Detailed description of any instances of whistleblower retaliation, including information about the official found to have engaged in retaliation, and what, if any, consequences the establishment imposed to hold the official accountable	20
5(a)(21)	Detailed description of any attempts to interfere with the independence of the Office of the Inspector General including with budget constraints designed to limit the capabilities of the OIG, and incidents where the establishment has resisted or objected to oversight activities of the OIG or restricted or significantly delayed access to information, including the justification for such action	55
5(a)(22)	Detailed descriptions of the circumstances of each audit, inspection, or evaluation that was closed and not disclosed to the public and investigation conducted involving a senior government employee that was closed and not disclosed to the public	27



Who Do I Contact — Report Fraud, Waste, Abuse

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 postal 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

https://www.uspsoig.gov/hotline
Contact: (888) 877-7644

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

https://www.uspis.gov/report
Contact: (877) 876-2455



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

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