OFFICE OF
INSPECTOR
GENERAL
UNITED STATES POSTAL SERVICE

Semiannual Report to Congress

October 1, 2013 — March 31, 2014

Message from the
Inspector General

Summary of Performance

UNITED STATES POSTAL SERVICE®

A Message from the Inspector General

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

OIG efforts have resulted in significant savings opportunities and improved efficiencies. During this 6-month report period ending March 31, 2014, we issued 94 audit reports, management advisories, PARIS risk models, and Risk Analysis Research Center and Office of Audit white papers. The Postal Service accepted 95 percent of our significant recommendations. In addition, we completed 1,698 investigations that led to 323 arrests and nearly $122 million in fines, restitutions, and recoveries, of which $15 million went to the Postal Service.

The Semiannual Report to Congress is a reflection of the OIG's goals of transparency and accountability. This reporting period we have transitioned to a new dynamic report format, which we believe heightens transparency and accountability to our stakeholders. With illustrative graphics and hyperlinks to the full reports for the period, stakeholders can drill down as deeply as they want. The report also links to appendices, which provide detailed information on audit reports and their associated recommendations, investigative cases pursued in the period, and monetary impacts of our work.

I look forward to working with the Governors, Congress, and Postal Service management as we address the challenges ahead.

David C. Williams
Inspector General

Summary of Performance

October 1, 2013 — March 31, 2014

Mission Statement

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

- Prevent and detect fraud, theft, and misconduct;
- Promote economy, efficiency, and effectiveness;
- Promote program integrity; and

Keep the Governors, Congress, and Postal Service management informed of problems, deficiencies, and corresponding corrective actions.

SUMMARY OF PERFORMANCE
October 1, 2013 – March 31, 2014

Funds put to better use: $98,878,630
Questioned Costs: $33,075,002
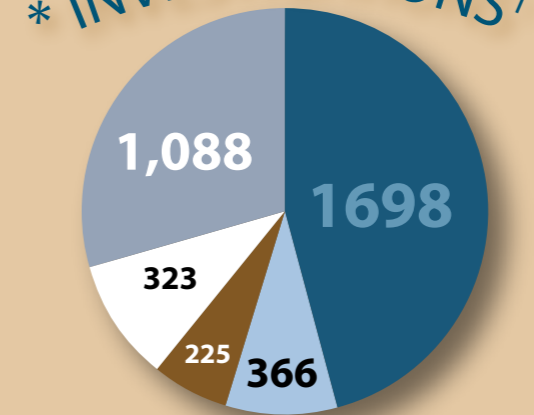**Revenue Impact:** $53,992,397
Total = $185,946,029

AUDITS

17 Total reports with financial impact

85 Reports issued

80 Significant recommendations issued

* INVESTIGATIONS[1] *

- 1,088
- 1698
- 323
- 225
- 366

- Administrative Actions
- Investigations Completed
- Convictions/pretrial diversions[2]
- Indictments/Informations
- Arrests

Cost Avoidance $245,518,951
Fines, Restitutions, and Recoveries $121,936,800
Amount to the Postal Service[3] $15,257,345

[1] Statistics include joint investigations with other law enforcements agencies.
[2] Convictions reported in this period may be related to arrests in prior reporting periods.
[3] Amounts include case results of joint investigations with other OIG, federal, state, and local law enforcement entities.

OIG HOTLINE CONTACTS

33,851	Telephone Calls
22,590	Electronic Mail (E-mail)
817	Standard Mail
597	Voice Mail Messages
300	Facsimile - Fax
368	National Law Enforcement Communication Center

Table of Contents

Office of Audit

Significant Audit Work

Management Response to Audit Work

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

The Office of Audit (OA) conducts and supervises objective and independent audits and reviews of Postal Service programs and operations. It also assesses compliance with laws and regulations, and evaluates internal controls. OA keeps Congress, the Postal Service Board of Governors, and management informed of problems, deficiencies, and corresponding corrective actions. Generally, audit resources are aligned with those of the Postal Service vice presidents and major functional areas, allowing the OA to focus efforts where there is the greatest potential risk to Postal Service management and operations.

Revenue and Performance

Opportunities Exist for Better Stamp Stock Management

Stamp Stock Ordering and Fulfillment
Every day the Postal Service processes about 14,500 postage stamp orders from retail units, collectors, and business and residential customers. We found the Postal Service needs to significantly improve internal stamp ordering and fulfillment processes to effectively manage stamp stock. Specifically, stamp stock shortages and delays occurred with the rollout of the new Solution for Enterprise Asset Management system because it was deployed during the 2012 holiday season, prior to a rate change, and when 4,000 retiring postmasters were being replaced. Also, the system was not adequately tested prior to deployment to account for the large number of requests, and management did not communicate changes to personnel responsible for fulfilling stamp stock. We identified $120 million at risk because the recording of stock transactions was delayed.

We recommended management improve scanning compatibility and conduct proper testing, develop a policy for timely posting of transaction data, send status alerts to requesters, and communicate process changes with stamp distribution centers and retail units.

Formal Knowledge Management Strategy Needed

Postal Service Knowledge Management Process
The Postal Service is getting leaner. But as it trims its workforce it is also losing some of its most valuable resources: long-term employees with extensive knowledge vital to running a vast organization. We found the Postal Service has informal knowledge management elements in some of its programs, but we recommended it develop an organized strategy to preserve and disseminate explicit and tacit knowledge. Knowledge management is an intentional and holistic process of capturing knowledge within an organization. We looked at how eight public and private organizations, including the General Services Administration and Walmart, manage knowledge, and we identified some best practices the Postal Service should consider. These include: conducting exit interviews aimed at gleaning key information; designating a knowledge management officer; developing knowledge maps that track the organization's pockets of expertise; conducting mentor-based training; and sharing knowledge through Communities of Practice as well as blogs and other social media tools. The Postal Service disagreed with our findings and recommendations, stating that a separate knowledge management program would not be cost-effective. Management also described their knowledge management strategy as a continuous improvement program incorporating best practices, internal knowledge sharing, and leadership and development programs.

Mission Operations

Better Address Management Could Improve Business Customer Retention

Address Management System Data

The Postal Service has reduced its emphasis on address accuracy, cutting the number of Address Management System (AMS) specialists by nearly 40 percent and then reclassifying the specialist position. Carriers also help maintain address quality by observing address changes on their routes and noting them in their edit books. Our audit found carriers did not consistently record address changes in their edit books during street delivery, and supervisors did not regularly review carriers' work. As a result, address corrections worth about $14 million were not made in the AMS in FYs 2012 and 2013. Address errors increased from more than 267,000 in FY 2011 to almost 440,000 in FY 2013. Incorrect addresses are costly for business mailers because they create mailings for these invalid addresses and then must process the associated returned mail. Address errors also erode mailers' confidence in the effectiveness of mail. Further, correct address data could reduce the $1.3 billion the Postal Service spent last year processing undeliverable-as-addressed mail.

We recommended the Postal Service set specific deadlines for carriers to update edit books and submit them to supervisors. We also recommended deadlines be set for submission of error corrections to the AMS and that carriers and supervisors receive formal AMS training. These steps could save $16 million in FYs 2014 and 2015 and strengthen business mailers' confidence in the Postal Service. Management disagreed with one of our assertions but agreed in principle with our recommendations and the monetary impact.

Challenges Abound in Preparing for Package Growth

Is the Postal Service prepared to meet the challenges of increased package volume brought on by the explosion in e-commerce? That's the question behind our series of reports on the Postal Service's processing, delivery, and customer service operations. U.S. online retail sales are expected to grow to nearly $279 billion by 2015. In its 2012 *Five-Year Business Plan*, the Postal Service projected its volume of 3.5 billion packages in FY 2012 will grow by 5 to 6 percent per year through 2017. Customers expect free and fast shipping and increased tracking and visibility capabilities. The booming package sector offers the Postal Service an opportunity to counter the decline in First-Class Mail volume and leveling off of Standard Mail volume. Its Delivering Results, Innovation, Value, and Efficiency initiative aims to establish a package processing and delivery network that supports projected package growth. We discovered the Postal Service has successfully managed many aspects of increased package activity but should make changes in delivery, customer service, and processing operations to fully meet customers' needs and stay competitive in this growing market.

Readiness for Package Growth — Delivery Operations

The Postal Service's Delivery Operations organization has successfully managed package growth and the fluctuations in package volume by keeping workhours in line with volume. However, opportunities still exist to improve readiness by implementing dynamic routing to make delivery more efficient and modifying package compartments on cluster box units to accommodate additional parcels. Retaining more city carrier assistants, establishing a shelving system in postal vehicles, and using carrier pick-up data to manage operations will further bolster package readiness.

Readiness for Package Growth — Customer Service Operations

Customer Service Operations has successfully managed package volume growth, employee workhours, and scan rates at delivery units. Clerks consistently scanned more than 98 percent of trackable mailpieces before carriers delivered them. However, acceptance scans of barcoded packages from customer drop points, such as street collection boxes and Post Office lobby boxes, were below the 98 percent target. Also, 58 percent of the customers we observed during the holiday period waited in line at retail units for more than 5 minutes to mail packages or flat items. We recommended the Postal Service increase barcode scanning and reduce customer wait times. We also urged it to enable the feature in its Passive Adaptive Scanning System that identifies packages with potential short paid or unpaid postage and increase the number of barcoded packages to provide the end-to-end tracking customers expect. Management disagreed with the operational and judgmental assumptions we made for improving Postal Service competitiveness, but they agreed with the recommendations.

Readiness for Package Growth — Processing Capacity

The Postal Service has more than enough machine capacity to process all non-peak period package volume. It can process an average of about 29 million packages daily, which is more than sufficient to process the 24 million packages it receives. During the December peak holiday mailing season, the Postal Service augments its machine capacity with manual processing. It does this to accommodate the increased holiday volume without adding excess machine capacity and its associated costs for the other 11 months of the year. But as package volume grows, the Postal Service should improve machine throughput by properly staffing machines and adjusting the mail arrival schedule to ensure mail is available for processing when the machines' operating window begins.

Support Operations

Delayed Facilities Maintenance Could Increase Costs

Spending Trends for Maintaining Postal Service Facilities

A $382 million budget decrease for facility repairs from FY 2009 to FY 2012 has affected the Postal Service's ability to address all repairs, alterations, and capital improvements at the more than 32,000 facilities it manages. Management initiated a capital spending freeze in 2009 to conserve cash and it has continued to present. In FY 2012, the Postal Service spent $266 million (29 percent) below the industry average on facility repairs for the 280 million square feet of space it manages — spending $2.69 per square foot versus an industry average of $3.81 per square foot. Due to these budget constraints, the Postal Service Facilities group did not complete 19,033 repairs (18 percent) estimated to cost $271 million during FYs 2011 and 2012. Fifty percent of these incomplete repairs represented safety and security issues, or likely will require future major repairs. Future costs for these unfunded repairs could reach $1.4 billion, while 16 percent of them represented potential Occupational Safety and Health Administration violations and potential fines estimated at $2.9 million.

We found the Facilities organization could improve the way it prioritizes repairs. Its failure to document procedures led to critical repairs being identified as low priority and repair priority lists becoming outdated. Also, the Postal Service did not develop a strategy to complete all repairs and did not focus funds to address critical repairs. By not accurately prioritizing and completing repairs, the Postal Service increased its safety and financial risks.

Financial and Systems Accountability

Correct Reporting Key to Accurate Retirement Liability Estimates

Fiscal Year 2013 Postal Service Financial Statements Audit – Eagan Accounting Services

The Federal Employees Retirement System (FERS) is a pension program administered by the Office of Personnel Management (OPM) and offered to eligible Postal Service employees, with a contribution rate based on a percentage of an employee's salary. Effective January 1, 2013, OPM classified newly hired employees as Federal Employees Retirement System-Revised Annuity Employees (FERS-RAE) and increased the FERS-RAE employee contribution rates for regular and law enforcement employees, while the Postal Service's contribution rate decreased. Our annual audit of the Postal Service Eagan Accounting Services found that because it lacked OPM guidance, the Postal Service misreported more than $455,000 in retirement contributions for newly hired law enforcement personnel by combining FERS-RAE and FERS regular contributions. This would have led to misreporting of about $7.5 million annually had the Postal Service continued to combine FERS-RAE law enforcement and FERS regular contributions. Accurate retirement contribution reporting is key to accurate retirement liability estimates. Management corrected the reporting error after meeting with the OIG in September 2013, and retroactively adjusted all FERS-RAE law enforcement contributions so we made no recommendations. Management disagreed with the assessment and valuation of the finding of a data integrity impact of $7.5 million annually.

The Eagan Accounting Service audit is one of 10 annual audits the OIG conducts regarding the financial statement and internal controls over financial reporting.

Security Requirements Needed for IT Storage Environments

Information Storage Security

Our audit assessed the security of the non-mainframe information storage environment managed by the Postal Service's Information Technology, Computer Operations, Data Management Services group. We found the audited storage environment is vulnerable to compromises, which could lead to data loss, system outages, or data corruption.

The Postal Service spends about $30 million annually on capitalized storage components that support 230 systems containing various categories of data, such as personal employee information, which have different protection requirements based on their level of sensitivity. A system outage in 2010 revealed the storage environment was not subject to security reviews or audits, including no periodic administrator access reviews. Also, the Corporate Information Security Office (CISO) did not provide adequate guidance for securing storage-based information resources, such as systems, hardware, software, data, applications, and telecommunications networks.

To improve security of information storage, we recommended management establish operating procedures and security requirements, better oversee storage environments, set a schedule for complying with these new standards, and ensure personnel maintain their storage skills. We also recommended that CISO establish security requirements for storage environments.

Continuous Monitoring Would Reduce Improper Payments

Processes and Procedures over Improper Payments

The Postal Service should use data mining and a continuous monitoring program to better monitor improper payments for goods or services and to collect court-ordered payments owed to it. Our audit identified about $203 million in improper payments made by the Postal Service in fiscal years (FYs) 2012 and 2011 and found management lacks a process to fully monitor and pursue restitution and recovery of nearly $9 million settled by federal courts. Improper payments are defined by the Improper Payments Information Act of 2002 as any payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements. They can occur due to inadequate recordkeeping, inaccurate program eligibility determinations, inadvertent processing errors, untimely and unreliable information to confirm payment accuracy, or fraud. Improper payments do not always represent an actual loss.

Risk Analysis Research Center

For the reporting period of October 1, 2013 through March 31, 2014

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

Providing Non-Bank Financial Services for the Underserved

More than a quarter of American households exist at least partially outside the financial mainstream — lacking access to basic banking or relying on costly alternatives like check-cashing or payday loans. These households spent $89 billion in 2012 just on fees and interest, representing an average of almost 10 percent of their income. A January white paper, *Providing Non-Bank Financial Services for the Underserved*, explored how the Postal Service could offer a suite of non-bank financial services that could help the underserved gain more financial stability and better participate in the digital economy. Non-bank financial services could also provide new revenue for the Postal Service.

The Postal Service already provides non-bank financial services like money orders and international money transfers. Through an expanded set of services — such as reloadable prepaid cards, expanded money transfers, and bill payment — the Postal Service could help underserved Americans save billions of dollars every year in interest and fees, shore up the strength of its existing retail network, and possibly partner with banks and other organizations to help them connect with millions of new customers. While banks are closing branches all over the country, mostly in low-income areas such as rural communities and inner cities, the Postal Service's physical network remains ubiquitous. Many international posts are already offering financial services that both improve their profitability and aid the cause of supporting financial inclusion in their countries.

What America Wants and Needs from the Postal Service

The OIG conducted a series of focus groups across the nation to determine what kinds of services Americans expect from the Postal Service. This research served as a follow-up to our earlier white paper that summarized the results of a national web-based survey aimed at better understanding how Americans view the Postal Service and its role in the future. The results from the focus groups, which included rural, urban, and suburban customers, were detailed in a paper, *What America Wants and Needs from the Postal Service*. The goal of the research was to gain a better perspective on what Americans, either with or without Internet access, absolutely need, and what compromises they were willing to accept to ensure a viable Postal Service. Interestingly, and perhaps not surprisingly, geography was a significant factor. For instance, rural participants viewed post offices as community centers, while urban participants saw them as a convenience, and those perceptions underpinned expectations of what kinds of services should be available.

Enriching Postal Information: Applications for Tomorrow's Technologies

Information about physical mail, particularly customer-centric information, is now as important as the mailpiece itself. To understand how the Postal Service might better adapt to increasing market demands for information, the OIG considered a variety of information-gathering technologies that might benefit the postal industry. Our paper, *Enriching Postal Information: Applications for Tomorrow's Technologies*, lists more than 50 potential applications that are relevant to the postal industry, including those that could enhance sales, transportation, delivery, and customer service, as well as support public safety and internal postal security. The paper highlights mobile post offices as well as citizen-government services and increasing the public's ease-of-access to both.

Postal management also needs more information to prevent service failures, align staffing and equipment to workload, increase workplace safety, and decrease mail theft. New public services could also be developed. For example, enriched postal information could support applications for identity verification and real-time mapping and traffic monitoring. With the proper strategic approach, the Postal Service could reposition itself as an "information business."

Office of Investigations

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

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

Mail Theft

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

- An OIG investigation determined that a motor vehicle service driver stole several mail parcels containing high-value jewelry. Agents executed a search warrant at the driver's residence and found two stolen watches and $8,000 in cash. The investigation also revealed the driver deposited more than $42,000 in a personal bank account. During an interview with agents, the driver admitted to pawning the stolen jewelry for cash to support a gambling addiction. In March 2012, the driver resigned from the Postal Service. In February 2014, the former employee was sentenced in federal court to 30 months in prison, 3 years supervised probation, and ordered to pay $402,000 in restitution to the victim.

- A rural carrier pled guilty in federal court in January 2014 to delay or destruction of mail and was sentenced to 2 years supervised release and ordered to pay a $5,000 fine. During the investigation, OIG agents received information that undelivered mail was located on the rural carrier's property. During a search, OIG agents recovered more than 900 pieces of First-Class Mail, and large amounts of Standard Mail and Periodicals from the rural carrier's residence, personal vehicle, and from other properties owned by the carrier's family. In January 2013, the rural carrier resigned from the Postal Service.

Financial Fraud

A large portion of the $66 billion in revenue generated by the Postal Service is handled at the 32,000 postal retail locations. Our agents investigate employees who embezzle funds, misuse money orders, or steal and misuse postal-issued credit cards.

Kentucky postmaster admitted to accepting cash from customers for money order purchases.

- An OIG investigation determined a Kentucky postmaster was manipulating postal money order transactions and embezzling Postal Service funds. During the interview, the postmaster admitted to accepting cash from customers for money order purchases and not entering the sale into the postal accountable system used to track sales and inventory. The scheme allowed the postmaster to enter the sales at a later date, when the deficits could be covered with additional sales. The postmaster confessed to stealing the cash over a 4-month period to support an addiction to prescription pain medication. The investigation resulted in the removal of the postmaster from the Postal Service. In November 2013, the former employee was sentenced in federal court to 6 months in prison, 3 years' probation, and 60 days in a halfway house. The former postmaster was ordered to pay over $8,000 in restitution to the Postal Service.

- A New York customer service supervisor pled guilty in federal court to passing counterfeit money, theft or embezzlement of U.S. property/money, and misappropriation of Postal Service funds. The supervisor was sentenced to 6 months in prison, 42 months' probation, 6 months of home confinement, and ordered to pay $84,000 in restitution to the Postal Service. The OIG received information from officials at the Postal Service that a supervisor removed U.S. currency from the daily bank deposits and replaced the currency with counterfeit bills. During an interview with agents, the supervisor admitted to her involvement in the scheme. The Postal Service terminated the supervisor in March 2013.

Healthcare Fraud

Employees who suffer work-related injuries or illnesses receive compensation and medical benefits in accordance with the Federal Employees Compensation Act (FECA), which is administered by the Department of Labor/Office of Workers' Compensation (DOL/OWCP). The benefits paid by the Postal Service to workers' compensation claimants in FY 2013 totaled $1.37 billion. The Postal Service estimated total liability for future workers' compensation costs was $17.2 billion, as of September 30, 2013.

■ A former letter carrier committed federal workers' compensation fraud by providing false statements to DOL/OWCP to receive benefits. After an OIG investigation, the carrier was arrested and charged with false statement or fraud to obtain federal employees' compensation benefits. The investigation revealed that the carrier failed to report outside income and employment and exceeded her medical restrictions while receiving OWCP benefits. The carrier was observed working as an assistant to her husband, a licensed master plumber, as well as lifting heavy equipment, and playing golf. The carrier was sentenced in federal court to probation for 36 months, home confinement for 90 days, and ordered to pay about $31,000 in restitution. As part of a plea agreement, the carrier resigned from the Postal Service and agreed not to seek future federal employment. The termination of her workers' compensation benefits resulted in a cost avoidance to the Postal Service of more than $1.3 million.

■ An Oregon letter carrier was sentenced in January in federal court to 5 years' supervised probation and approximately $31,000 in restitution to the Postal Service after pleading guilty to committing fraud to obtain federal employees' workers' compensation benefits. Our investigation found that the carrier owned and operated a childcare business and a separate maid cleaning service while receiving workers' compensation benefits from DOL. Surveillance of the carrier showed children being dropped off and picked up at her residence. The carrier received payments from daycare recipients and business-related compensation benefits from the U.S. Department of Agriculture and the state of Oregon. The carrier's medical restrictions included no lifting, climbing, grasping, fine manipulation, reaching above shoulder, and no driving. The carrier was also observed driving on numerous occasions. Our investigation found the carrier enrolled in a U.S. Agriculture Department-sponsored food program, on behalf of her childcare business. The state provided the carrier benefit payments of $3,500 in 2010. Still, she reported no outside income or employment to DOL/OWCP and continued receiving workers' compensation benefits. Our investigation also determined the carrier, as a registered childcare provider in Oregon, received monthly payments from the state for providing child care to state Department of Health Services' benefit recipients. Because of our investigation, the carrier was terminated in October 2012. This resulted in a cost avoidance to the Postal Service of roughly $995,000.

■ The OIG conducted a multi-agency investigation with the California Department of Insurance, the DOL OIG, and the Los Angeles County In-Home Support Services (LA-IHSS) and discovered that a California mail clerk failed to report income earned from a state benefit program while receiving OWCP benefits. The clerk earned income from LA-IHSS as a care provider from August 2009 through January 2010, but failed to disclose this income to DOL. LA-IHSS is a program to assist California residents who are elderly, disabled, medically or mentally ill. The investigation also revealed the clerk failed to report secondary income received while selling novelty items as a street vendor at several event locations. In December 2013, the clerk pleaded guilty to one count of insurance fraud and was sentenced in state court to 5 years of probation, 30 days of community service, 1 day in jail, a $280 fine, and ordered to pay roughly $50,000 in restitution to the Postal Service. In January 2013, the clerk retired while under investigation resulting in cost avoidance to the Postal Service of about $333,600.

Contract Fraud/Major Fraud Investigations Division

The Postal Service manages contracts ranging from multimillion dollar national contracts for services, such as transportation networks and IT infrastructures, to local contracts for supplies and services at individual postal facilities. The OIG aids the Postal Service by investigating allegations of contract fraud, waste, and misconduct. When our investigations document contract improprieties, special agents present the evidence for criminal and civil prosecution and administrative remedies. During this reporting period, our 96 contract fraud investigations resulted in nine arrests, seven convictions, and more than $75 million in monetary benefits to the Postal Service.

The Major Fraud Investigations Division (MFID) investigates all allegations of fraud within the Postal Service's programs and operations with a contract award price (individual or aggregate) of $500,000 or more, as well as allegations that are or become national or multi-jurisdictional in nature, regardless of the contract award price.

- A uniform vending scheme involving three separate vendors came to an end after an OIG investigation and resulted in fines of over $325,000 paid to the Postal Service. In August 2010, we learned that Ace Uniforms, Inc. (Ace), a San Diego, CA, contractor, had purchase orders, packing slips, and credit card receipts that revealed violations of the terms of the contract to sell Postal Service uniform items. This led to Ace losing its license to sell Postal Service uniforms and a revocation of its contract. We found the owner later entered into an agreement with California Uniforms, Inc., a Los Angeles contractor. California Uniforms agreed to process Ace's uniform sales for a 10 percent kickback. This practice continued until California Uniforms lost its license to sell Postal Service uniform items for violations similar to those of Ace. Even after California Uniforms lost its licenses, we confirmed both Ace and California Uniforms continued to sell the uniforms. A search warrant was executed at California Uniforms' sites in San Diego and Los Angeles and at Ace's sites in San Diego and Phoenix, AZ. Agents seized bank records, facsimiles, notes, logs, and approximately $600,000 in Postal Service uniforms. Records seized from California Uniforms disclosed another kickback with a third uniform contractor in Hollywood, CA, identified as Merchandise Center, Inc. (Merchandise). The Postal Service revoked Merchandise's contract as well. The three California uniform vending contractors were sentenced in U.S. District Court for conspiracy to accept kickbacks on a government contract and were ordered to pay $325,043 in fines and restitution payable to the Postal Service.

- After pleading guilty to mail fraud, a psychologist in California was sentenced in February to 5 years of probation and 12 months of home confinement with electronic monitoring and was ordered to pay $173,000 in restitution to the Postal Service. The OIG investigation revealed that the psychologist billed multiple federal health benefit plans for services not rendered. Specifically, the psychologist submitted billings to government healthcare programs for services to more than 40 Postal Service employees for dates in which treatment was not actually provided.

- An OIG investigation determined a New York contractor failed to pay his employees prevailing wages on a Postal Service contract. The contractor pled guilty to one count of mail fraud, wire fraud, and failure to collect and pay overdue taxes. The investigation also resulted in the contractor and related entities being debarred from government projects for 3 years. In December 2013, the contractor was sentenced to 90 days incarceration followed by 6 months home confinement, 2 years' probation, and ordered to pay an additional restitution of more than $224,000 on top of $1 million in restitution previously paid.

Whistleblower Reprisal Activity

The Whistleblower Protection Act does not apply to the Postal Service. However, the Postal Service has its own policy governing whistleblower retaliation. The policy prohibits retaliation against employees who have disclosed information they reasonably believe to be: 1) a violation of any rule, law or regulation, or 2) a gross waste of funds, gross mismanagement, abuse of authority, or a substantial and specific danger to public health or safety.

Whistleblower Reprisal Activity

Allegations Received:	OIG Investigations Initiated:	Allegations Closed with no Action:
104	4	102
Investigations Closed with no Action:	Open Investigations (As of Last Day):	OIG Found Reprisal:
3	1	0

Appendices

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

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

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

Click on the appendix title to the right to navigate to the section content.

Appendices

The Inspector General (IG) Act of 1978 requires semiannual reports on the immediately preceding 6-month periods ending September 30 and March 31.

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

Appendix A

Reports Issued to Postal Service Management

For the period October 1, 2013 — March 31, 2014

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

Summary

Risk Categories	Number of Reports	Funds Put To Better Use	Questioned Costs	Unsupported Questioned Cost	Revenue Impact
Revenue and Performance	10	—	—	—	$38,992,645
Mission Operations	12	$92,248,799	$25,912,322	$14,103,141	$26,700
Support Operations	13	$6,629,831	$5,405,335	$5,405,335	—
Financial and Systems Accountability	20	—	$1,757,345	—	$473,052
SUB-TOTAL	**55**	**$98,878,630**	**$33,075,002**	**$19,508,476**	**$39,492,397**
PARIS Risk Model Reports	**29**	**—**	**—**	**—**	**—**
Countermeasures and Performance Evaluation	**1**	**—**	**—**	**—**	**$14,500,000**
TOTAL	**85**	**$ 98,878,630**	**$ 33,075,002**	**$ 19,508,476**	**$ 53,992,397**

Definitions:

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

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

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

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

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

Reports with Quantifiable Potential Monetary Benefits

	Funds Put to Better Use	Questioned Costs	Unsupported Questioned Costs	Revenue Impact
REVENUE AND PERFORMANCE				
Sales and Marketing				
Inbound China ePacket Costing Methodology; MS-AR-14-002; 2/25/2014	—	—	—	$38,992,645
MISSION OPERATIONS				
Delivery and Post Office Operations				
Address Management System Data; DR-AR-14-003; 2/28/2014	$16,130,760	$14,103,141	$14,103,141	—
City Delivery Efficiency - South Florida District ; DR-AR-14-004; 3/4/2014	$30,587,250	—	—	—
Rural Delivery Operations - Mail Count and Timekeeping Processes; DR-AR-14-001; 12/13/2013	$18,765,396	—	—	—
Self-Service Kiosks; DR-AR-14-002; 1/22/2014	$24,860,335	—	—	—
Network Processing and Transportation				
Internal Controls and Transportation Associated With the Springfield, MA, Mail Transport Equipment Service Center; NO-AR-14-001; 12/20/2013	$1,905,058	$1,904,681	—	—
The Removal and Disposal of Capital Property – Atlanta Network Distribution Center; NO-MA-14-002; 12/5/2013	—	—	—	$26,700
Voyager Card Program for Highway Contract Routes – Unidentified and Unrecovered Fuel Overpayments; NO-MA-14-001; 10/30/2013	—	$9,904,500	—	—
SUPPORT OPERATIONS				
Supply Management and Facilities				
Independent Audit of Northrop Grumman Technical Services Enterprise Management System Fiscal Year 2006 Incurred Cost Proposal; SM-CAR-14-001; 2/20/2014	—	$2,839,251	$2,839,251	—
Lease Risk Model Analysis in the Northeast Area; SM-AR-14-001; 10/23/2013	$6,629,831	—	—	—
Transportation Management Service Provider Shipping Process; SM-AR-14-003; 2/24/2014	—	$2,566,084	$2,566,084	—
FINANCIAL AND SYSTEMS ACCOUNTABILITY				
Finance				
Processes and Procedures Over Improper Payments ; FT-AR-14-001; 10/22/2013	—	$1,241,071	—	—
Information Technology				
Controls Over the Premium Forwarding Service Point of Service Retail System; IT-AR-14-002; 12/2/2013	—	$516,274	—	$473,052
COUNTERMEASURES AND PERFORMANCE EVALUATION				
Data Mining				
P.O. Boxes: Move to Competitive Expansion Opportunities; CAPE-TB-14-001; 3/5/2014	—	—	—	$14,500,000
TOTAL	**$98,878,630**	**$33,075,002**	**$19,508,476**	**$53,992,397**

Report Listing

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

For the period October 1, 2013 — March 31, 2014

REVENUE AND PERFORMANCE

Data Analysis and Performance

Monitoring of Government Travel Card Transactions in the Western Area; DP-MA-14-001; 12/9/2013

Postal Service Knowledge Management Process; DP-AR-14-002; 3/7/2014

U.S. Postal Service's Delivering Results, Value, and Efficiency Initiative 6, Improve Employee Availability; DP-AR-14-001; 3/7/2014

Sales and Marketing

Controls over Nonprofit Mailing Authorization; MS-MA-14-002; 3/17/2014

Inbound China ePacket Costing Methodology; MS-AR-14-002; 2/25/2014

International Terminal Dues; MS-WP-14-002; 3/7/2014

Opportunities for the Postal Service - Micro-Warehousing and Other Logistics Support Services; MS-WP-14-003; 3/13/2014

Relationship Between Business Connect and Post Office Performance; MS-MA-14-001; 12/9/2013

Revenue Performance to Plan for Fiscal Years 2012 and 2013; MS-WP-14-001; 2/27/2014

Stamp Stock Ordering and Fulfillment; MS-AR-14-001; 11/8/2013

MISSION OPERATIONS

Delivery and Post Office Operations

Address Management System Data; DR-AR-14-003; 2/28/2014

City Delivery Efficiency - South Florida District; DR-AR-14-004; 3/4/2014

Readiness for Package Growth – Delivery Operations; DR-MA-14-001; 12/11/2013

Metro Post Same Day Delivery Pilot - San Francisco District; DR-MA-14-002; 2/5/2014

Readiness for Package Growth - Customer Service Operations; DR-MA-14-003; 3/31/2014

Rural Delivery Operations - Mail Count and Timekeeping Processes; DR-AR-14-001; 12/13/2013

Self-Service Kiosks; DR-AR-14-002; 1/22/2014

Vehicle Parts Inventory Management-Capping; DR-AR-14-005; 3/26/2014

Network Processing and Transportation

Internal Controls and Transportation Associated With the Springfield, MA Mail Transport Equipment Service Center; NO-AR-14-001; 12/20/2013

Readiness for Package Growth – Processing Capacity; NO-AR-14-002; 1/21/2014

The Removal and Disposal of Capital Property – Atlanta Network Distribution Center; NO-MA-14-002; 12/5/2013

Voyager Card Program for Highway Contract Routes – Unidentified and Unrecovered Fuel Overpayments; NO-MA-14-001; 10/30/2013

SUPPORT OPERATIONS

Human Resources and Support

Mail Isolation Control and Tracking; HR-MA-14-002; 12/3/2013

Management of Equipment in Capitol Heights, MD; HR-MA-14-001; 11/20/2013

Security Risks in the Capital District; HR-MA-14-003; 1/27/2014

Unscheduled Leave Activity in the Los Angeles District; HR-MA-14-004; 2/6/2014

Watch Desk Notifications; HR-MA-14-005; 2/27/2014

Supply Management and Facilities

Cepheid Biohazard Detection System Royalty Refund; SM-MA-14-001; 12/3/2013

Independent Audit of Northrop Grumman Technical Services Enterprise Management System Fiscal Year 2006 Incurred Cost Proposal; SM-CAR-14-001; 2/20/2014

Lease Risk Model Analysis in the Northeast Area; SM-AR-14-001; 10/23/2013

Procurement-Related Ethical Violations at Vehicle Maintenance Facilities; SM-MA-14-002; 12/18/2013

Risks Associated With CB Richard Ellis, Inc. Contract; SM-MA-14-003; 2/12/2014

Spending Trends for Maintaining Postal Service Facilities; SM-AR-14-002; 11/27/2013

Supply Chain Relationship Management System Requirements; SM-MA-14-004; 3/19/2014

Transportation Management Service Provider Shipping Process; SM-AR-14-003; 2/24/2014

FINANCIAL AND SYSTEMS ACCOUNTABILITY

Finance

Fiscal Year 2013 Field Testing Control and Oversight Business Mail Entry Unit/Staged Detached Mail Unit Reviews Quarter 4; FT-MA-14-002; 11/8/2013

Fiscal Year 2013 - Officers' Travel and Representation Expenses.; FT-AR-14-008; 3/13/2014

Fiscal Year 2013 Field Testing Control and Oversight Business Reply Mail Reviews Quarter 4; FT-MA-14-001; 11/8/2013

Fiscal Year 2013 Field Testing Control and Oversight Plant Verified Drop Shipment Reviews Quarter 4; FT-MA-14-003; 11/8/2013

Fiscal Year 2013 Field Testing Control and Oversight, Continuous Detached Mail Unit Reviews Quarter 4; FT-MA-14-004; 11/19/2013

Fiscal Year 2013 Financial Statements Audit - Eagan Accounting Services; FT-AR-14-006; 2/24/2014

Fiscal Year 2013 Financial Statements Audit - St. Louis Accounting Services; FT-AR-14-009; 3/20/2014

Fiscal Year 2013 Financial Testing Compliance Oversight Reviews; FT-MA-14-005; 1/8/2014

Fiscal Year 2013 Postal Service Financial Statements Audit - Washington, D.C. Headquarters; FT-AR-14-007; 2/21/2014

Fiscal Year 2013 Opinion on the U.S. Postal Service's Closing Package Financial Statements; FT-AR-14-003; 12/16/2013

Fiscal Year 2013 Statistical Test Reviews; FT-MA-14-007; 3/7/2014

Fiscal Year 2014 Field Testing Control and Oversight Reviews Quarter 1; FT-MA-14-006; 3/3/2014

Independent Report on Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Reporting Submitted to the Office of Personnel Management; FT-AR-14-002; 11/8/2013

Officer Compensation for Calendar Year 2012; FT-AR-14-005; 2/4/2014

Postal Service Board of Governors Travel and Miscellaneous Expenses for Fiscal Year 2013; FT-AR-14-004; 1/30/2014

Processes and Procedures Over Improper Payments; FT-AR-14-001; 10/22/2013

Information Technology

Controls Over the Premium Forwarding Service Point of Service Retail System; IT-AR-14-002; 12/2/2013

Fiscal Year 2013 Information Technology Internal Controls; IT-AR-14-003; 3/26/2014

Information Storage Security; IT-AR-14-004; 3/27/2014

South Florida District Vulnerability Assessment; IT-AR-14-001; 10/22/2013

COUNTERMEASURES AND PERFORMANCE EVALUATIONS

Data Mining

P.O. Boxes: Move to Competitive Expansion Opportunities; CAPE-TB-14-001; 3/5/2014

RISK ANALYSIS RESEARCH CENTER WHITE PAPERS

100 Years of Parcel Post; RARC-WP-14-004; 12/20/2013

Enhancing the Value of Mail for Digital Natives; RARC-WP-14-001; 11/18/2013

Enriching Postal Information: Applications for Tomorrow's Technologies; RARC-WP-14-006; 1/13/2014

Greenfield Costing Methodology: An Opportunity to Deliver Transformative Change; RARC-WP-14-005; 1/7/2014

Locality Pay; RARC-WP-14-008; 2/7/2014

Providing Non-Bank Financial Services for the Underserved; RARC-WP-14-007; 1/27/2014

Strengthening Advertising Mail by Building a Digital Information Market; RARC-WP-14-002; 12/11/2013

Towards A Postal Service Intellectual Property Strategy; RARC-WP-14-003; 12/18/2013

What America Wants and Needs from the Postal Service; RARC-WP-14-009; 2/18/2014

PARIS Risk Models

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

For the Period: October 1, 2013 — March 31, 2014

Delivery and Post Office Operations

Fiscal Year 2013 City Delivery Efficiency Risk Model Quarter 4; DR-PM-14-001; 11/22/2013

Fiscal Year 2014 City Delivery Efficiency Risk Model Quarter 1; DR-PM-14-002; 3/3/2014

Fiscal Year 2014 Vehicle Maintenance Efficiency Risk Model Quarter 1; DR-PM-14-003; 3/3/2014

Finance

Fiscal Year 2013 Bank Secrecy Act Risk Model Quarter 4; FT-PM-14-001; 1/2/2014

Fiscal Year 2013 Business Mail Entry Unit Risk Model Quarter 4; FT-PM-14-003; 11/27/2013

Fiscal Year 2013 Financial Cost and Controls Risk Model Quarter 4; FT-PM-14-002; 11/15/2013

Fiscal Year 2014 Bank Secrecy Act Risk Model Quarter 1; FT-PM-14-006; 2/14/2014

Fiscal Year 2014 Business Mail Entry Unit Risk Model Quarter 1; FT-PM-14-005; 2/18/2014

Fiscal Year 2014 Financial Cost and Controls Risk Model Quarter 1; FT-PM-14-004; 2/14/2014

Human Resources and Support

Fiscal Year 2013 Human Capital Optimization Risk Model Quarter 4; HR-PM-14-001; 11/19/2013

Fiscal Year 2013 Workplace Environment Risk Model Quarter 4; HR-PM-14-002; 11/19/2013

Fiscal Year 2014 Human Resource Risk Model Quarter 1; HR-PM-14-003; 2/14/2014

Information Technology

Fiscal Year 2013 Information Technology Security Risk Model Quarter 4; IT-PM-14-001; 11/13/2013

Fiscal Year 2014 Information Technology Security Risk Model Quarter 1; IT-PM-14-002; 2/10/2014

Network Processing and Transportation

Fiscal Year 2013 Air Transportation Risk Model Quarter 4; NO-PM-14-004; 11/15/2013

Fiscal Year 2013 Machines That Speak Risk Model Quarter 4; NO-PM-14-001; 10/23/2013

Fiscal Year 2013 Network and Delivery Optimization Risk Model Quarter 4; NO-PM-14-003; 11/8/2013

Fiscal Year 2013 Surface Transportation Risk Model Quarter 4; NO-PM-14-002; 11/6/2013

Fiscal Year 2014 Air Transportation Module - Summary of FY10 - FY13 Results Risk Model Quarter 1; NO-PM-14-006; 2/14/2014

Fiscal Year 2014 Mail Processing Risk Model Quarter 1; NO-PM-14-007; 2/14/2014

Fiscal Year 2014 Surface Transportation Risk Model Quarter 1; NO-PM-14-005; 2/11/2014

Sales and Marketing

Fiscal Year 2013 Retail Customer Service Risk Model Quarter 4; MS-PM-14-001; 11/15/2013

Fiscal Year 2013 Revenue Generation and Protection Risk Model Quarter 4; MS-PM-14-002; 11/15/2013

Fiscal Year 2014 Retail Customer Service Risk Model Quarter 1; MS-PM-14-003; 2/18/2014

Fiscal Year 2014 Revenue Generation and Protection Risk Model Quarter 1; MS-PM-14-004; 2/18/2014

Supply Management and Facilities

Fiscal Year 2013 Real Estate Risk Model Quarter 4; SM-PM-14-002; 11/14/2013

Fiscal Year 2013 Supplier Solvency Risk Model Quarter 4; SM-PM-14-001; 11/15/2013

Fiscal Year 2014 Real Estate Risk Model Quarter 1; SM-PM-14-004; 2/14/2014

Fiscal Year 2014 Supplier Solvency Risk Model Quarter 1; SM-PM-14-003; 2/14/2014

Appendix B

Findings of Questioned Costs

For the Period: October 1, 2013 — March 31, 2014

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

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

Description	Number of Reports	Questioned Costs	Unsupported Costs Included in Questioned Costs
Reports for which no management decision was made at the beginning of the reporting period	1	$2,400,000	$2,400,000
Reports requiring management decision that were issued during the reporting period	7	$33,075,002	$19,508,476
Totals	**8**	**$35,475,002**	**$21,908,476**
Reports for which a management decision was made during the reporting period (i+ii)	7	$32,635,751	$19,069,225
(i) Dollar value of disallowed cost	3	$18,420,130	$16,669,225
(ii) Dollar value of cost not disallowed	5	$14,215,621	$2,400,000
Reports for which no management decision was made by the end of the reporting period. Negotiations are ongoing.	1	$2,839,251	$2,839,251
Reports for which no management decision was made within 6 months of issuance	—	—	—
Reports for which no management decision was made within 1 year of issuance	—	—	—

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

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

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

Appendix C

Recommendations That Funds Be Put to Better Use

For the Period: October 1, 2013 — March 31, 2014

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

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

Description	Number of Reports	Dollar Value
Reports for which no management decision was made at the beginning of the reporting period	—	—
Reports issued during the reporting period	6	$98,878,630
TOTALS	**6**	**$98,878,630**
Reports for which a management decision was made during the report period	6	$98,878,630
(i) Value of recommendations agreed to by management	3	$48,468,916
(ii) Value of recommendations that were not agreed to by management	4	$50,409,714
Reports for which no management decision was made by the end of the reporting period	—	—
Reports for which no management decision was made within six months of issuance (See Note 1 for a list of individual reports)	—	—
Reports for which no management decision was made within one year of issuance (See Note 2 for a list of individual reports)	—	—

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

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

Appendix D

Other Impacts

For the period October 1, 2013 — March 31, 2014

Overview

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

	Type of Measure	Value or Amount
IMPROVED SERVICE		
Recommendations that address the Postal Service's efforts to improve the quality and accessibility of its products and services	Number of Recommendations	22
Number of customer service audits conducted	Number of Audits	12
SAFEGUARDING ASSETS		
Assets or Accountable Items at Risk		
Inadequate internal controls put the value of assets or accountable items (e.g., cash and stamps) at risk of loss	Dollar Value	$345,500,562
Physical Safety and Security		
Dollar value of physical assets (plant, computer equipment, vehicles, etc.) at risk of loss due to inadequate physical protection	Dollar Value	—
Recommendations that address the safety and security of Postal Service employees and/or the work environment	Number of Recommendations	13
Number of employee/facility safety and security audits conducted	Number of Audits	13
Information Technology Security		
Inadequate controls/protection put the value of data, IT assets (software, networks), and employee work time at risk of loss	Dollar Value	—
Dollar value of data at risk	Dollar Value	—
Number of data security/IT security audits conducted	Number of Audits	7
Revenue at Risk		
Dollar value of revenue that the Postal Service is at risk of losing (mailer seeking alternative solutions for current services)	Dollar Value	$119,890,320
Disbursements at Risk		
Dollar value of disbursements made where proper Postal Service internal controls and processes were not followed	Dollar Value	$605,838
Goodwill/Branding		
An adverse impact on goodwill is an actual event/problem that harms the Postal Service's reputation or a potential problem that could negatively impact the Postal Service "brand name"	Number of Issues Identified	18
Misallocation of Costs		
A misallocation of costs can occur when Postal Service costs are misclassified as volume variable, product specific, or institutional cost	Dollar Value	—
Capital Investment Savings Shortfall and Predicted Savings Shortfall		
The difference between the savings predicted by the Decision Analysis Report for capital investment projects and the actual savings realized, and the difference between the savings predicted by the Postal Service for a project (e.g., capital investment, consolidation, etc.) and the actual savings realized or the OIG estimate of savings which will be realized	Dollar Value	—
Potential Additional Revenue		
Revenue the Postal Service potentially generate for goods delivered or services rendered based on suggested improvements	Dollar Value	$7,137,890
RELIABILITY OF DATA		
Records at Risk		
Data at risk of corruption or loss due to inadequate internal controls and or protection	Number of Data Records at Risk	325
Dollar value of data used to support management decisions that is not fully supported or completely accurate	Dollar Value	$15,023,269

Appendix E

Reports with Significant Recommendations Pending Corrective Actions

For the period through March 31, 2014

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

Report Number	Issued Date	Report Title, Recommendation Summary **R** = Recommendation number **TID** = Target Implementation Date
FF-MA-08-001	07/21/2008	***Fiscal Year 2008 – Use of No-Fee Money Orders*** R-2 — Evaluate the feasibility of restricting the use of no-fee money orders for local purchases in order to reduce the Postal Service's exposure to financial loss. ***TID:*** *September 2013*
IS-AR-09-004	02/20/2009	***Access Controls in the Enterprise Data Warehouse*** R-3 — Update the Business Impact Assessment for the Enterprise Data Warehouse and recertify the system as required by Postal Service Handbook AS-805-A, Application Information Security Assurance Process. ***TID:*** *September 2014*
IS-AR-10-008	05/04/2010	***Certification and Accreditation Process*** R-9 — Work with executive sponsors to resolve unmitigated residual risks identified in the risk mitigation plans and recertification letters associated with the critical applications. ***TID:*** *May 2014*
CA-AR-10-004	05/27/2010	***Contract Payment Terms*** R-1 — Revise the Postal Service's Supplying Principles and Practices, Section 5 12.2, Payment Time Frame, and other sections as necessary, with language stating that when contracting officers negotiate payment terms other than net 30 days they include the business rationale and associated documentation for the payment terms in the contract file. ***TID:*** *February 2014*
DA-MA-10-004	08/31/2010	***Postal Service Patent Management*** R-1 — Establish a strategic plan with timelines to capitalize on the Postal Service's patent inventory strength. ***TID:*** *June 2012*
CA-AR-10-005	09/20/2010	***U.S. Postal Service Purchasing Policies*** R-5 — Take steps to ensure full and accurate tracking and public reporting of noncompetitive contracting actions. Data reported should include, but not be limited to, total dollars committed both competitively and noncompetitively; and the contractor, dollar value, and noncompetitive justifications for noncompetitive contracts. The tracking mechanism should be able to identify when a noncompetitive contract has crossed the review and approval threshold based on modification after initial award. ***TID:*** *February 2012*
IS-AR-10-014	09/23/2010	***Controls Over Payment Card Transaction Data*** R-1 — Finalize and implement a Payment Card Industry remediation plan that includes all associated costs, resources, and milestones needed to achieve and maintain Payment Card Industry-Data Security Standards compliance. ***TID:*** *December 2014*
NL-AR-10-009	09/29/2010	***Management of Mail Transport Equipment - National Analysis*** R-1 — Further develop, update and reinforce national mail transport equipment policies and procedures contained in the Postal Operations Manual and the Postal Handbook PO-502, Container Methods, which address mail transport equipment inventory and accountability controls, including validating customer mail transport equipment needs as well as tracking and reconciling mail transport equipment loaned to mailers and other external customers. ***TID:*** *February 2014*
CA-AR-10-006	09/30/2010	***Certification Process for Electronic Payments*** R-1 — Develop an oversight mechanism to monitor and ensure contracting officers' and/or designated officials' receipt and certification of invoices. ***TID:*** *October 2012* R-2 — Reiterate to contracting officers and/or their designees their roles and responsibilities, and the importance of following Postal Service criteria, policies, and procedures for certification of invoices prior to payment to ensure that invoices are correct and goods and services were received. ***TID:*** *February 2014* R-3 — Develop and implement written procedures for receiving invoices for annual highway contract route services and verifying that services were rendered prior to payment. ***TID:*** *October 2014* R-8 — Ensure that Utility Management System designated official contact information is accurate and that the system requires positive certification by the designated official before invoice payment. ***TID:*** *November 2013*
FF-AR-11-004	12/15/2010	***Express Mail Guarantees*** R-5 — Establish a timeframe for and develop a process to analyze Express Mail refunds by origin and destination to evaluate risk and identify necessary changes in service in order to make better business decisions for guarantees. ***TID:*** *December 2014*

Report Number	Issued Date	Report Title, Recommendation Summary **R** = Recommendation number **TID** = Target Implementation Date
IT-AR-11-004	03/16/2011	***Computer Incident Data Reliability*** R-4 — Either modify the existing incident management system or pursue development of a new system that enforces date and time value sequence and data validation. ***TID:*** *September 2014*
DA-MA-11-002	04/08/2011	***Postal Service Patent Management Continuation*** R-1 — Work closely with subject matter experts to review highly rated patents to draft claims as appropriate. ***TID:*** *September 2013* R-3 — Ensure the Postal Service has an effective patent management process and comprehensive licensing program in place. This establishes control that protects intellectual capital and provides an appropriate return on investment. ***TID:*** *September 2013*
CA-AR-11-004	04/27/2011	***Internal Controls over the Contract Close-out Process*** R-3 — Establish a periodic control to ensure category management center personnel follow records management requirements for contract files, including, but not limited to retaining records for the required 6 years. ***TID:*** *December 2013*
DA-AR-11-010	08/30/2011	***Intelligent Mail: Realizing Revenue Assurance Benefits*** R-1 — Establish timeframes for implementing the enhanced/expanded automated verifications as described in the original Intelligent Mail infrastructure Decision Analysis Report. ***TID:*** *January 2013* R-2 — Develop a tolerance level for low scan rates to use for exception reporting. ***TID:*** *January 2013* R-3 — Develop a process for identifying the cause(s) of low scan rates for customer follow-up as warranted. ***TID:*** *January 2013*
FF-AR-11-013	08/30/2011	***Postal Service Refunds*** R-2 — Analyze and establish an administrative and minimum fee that will cover processing costs. ***TID:*** *January 2014*
CRR-AR-11-003	09/06/2011	***Service Performance Measurement Data - Commercial Mail*** R-1 — Establish milestones for implementing recovery of Full-Service Intelligent Mail Barcode discounts provided to mailers when Full-Service mailings do not meet the specific requirements for the discounts received. ***TID:*** *November 2013*
IT-AR-11-008	09/14/2011	***Remote Access Controls*** R-11 — Suspend remote access for all employees or contractors until they complete required security awareness training. ***TID:*** *June 2014*
HR-AR-11-002	09/19/2011	***Postal Service Work Rules and Compensation Systems*** R-3 — A comprehensive study to determine the optimal incentive-based carrier compensation system. ***TID:*** *June 2013*
FF-AR-11-015	09/23/2011	***Business Mail Acceptance Centralization Process*** R-2 — Require each district to conduct a centralization feasibility study, document the results, and take action based on the results of the study, as appropriate. ***TID:*** *October 2013* R-3 — Manage business mail entry workhour usage to achieve 93 percent efficiency and develop tools to monitor performance. ***TID:*** *October 2013* R-4 — Establish annual goals for business mail entry workhour efficiency to include measuring performance against goals. ***TID:*** *October 2013*
CA-AR-11-007	09/30/2011	***Contract Postal Units Contract Oversight*** R-1 — Require Contract Postal Unit contractors to submit invoices for payment. ***TID:*** *November 2013* R-2 — Create a process to ensure the contracting officer or contracting officer's representative validates and certifies invoices prior to payment, using data maintained in the Contract Postal Unit Technology system. ***TID:*** *November 2013*
HR-AR-11-007	09/30/2011	***Postal Service Workers' Compensation Program*** R-5 — Develop mandatory and refresher training for Postal Service officials responsible for workers' compensation to ensure they are aware of their roles and responsibilities for workers' compensation. ***TID:*** *October 2014*

Report Number	Issued Date	Report Title, Recommendation Summary **R** = Recommendation number **TID** = Target Implementation Date
MS-AR-11-007	09/30/2011	**Strategic Approaches to Revenue Protection**
		R-1 — Work with a broadened group of internal and external stakeholders to prepare for streamlining the entry of business mail, accelerate the timeline for streamlined acceptance and verification, and seek to leverage technology to provide revenue protection for Basic Service Intelligent Mail and non-automated volumes. **TID:** *October 2013*
IT-AR-12-001	10/21/2011	**State of Corporate Information Technology Security**
		R-2 — Complete the certification and accreditation process for the remaining national applications. **TID:** *December 2013*
		R-4 — Implement a corporate-wide encryption solution to enhance the sensitive data protection effort. **TID:** *October 2013*
CA-AR-12-001	11/02/2011	**Contracting Opportunities and Impact of the Service Contract Act**
		R-2 — Review the benefits of outsourcing cleaning/janitorial service positions and postal service vehicle driver positions and work with Supply Management to restructure those positions to achieve the most cost effective solution. **TID:** *March 2013*
		R-3 — Working with Supply Management and Postal Service program officials, ensure that appropriate financial data are collected to aid in making in-sourcing/outsourcing decisions. **TID:** *March 2013*
IT-AR-12-002	01/09/2012	**Patch Management Processes**
		R-1 — Ensure that all operating system and database patches are tested, documented, and implemented as required by Handbook AS-805, Information Security. **TID:** *September 2014*
		R-2 — Ensure that administrators obtain required policy exception approvals when system patches are not applied. **TID:** *September 2014*
		R-3 — Ensure that written procedures are developed to define the patch management process for each group, operating system, and database to include test and back-out plans. **TID:** *September 2014*
		R-4 — Ensure that configuration management inventory records are reconciled to the actual servers and databases for their respective group. **TID:** *September 2014*
		R-6 — Implement a common method for all entities to track information technology asset and patch information. **TID:** *September 2014*
		R-7 — Ensure vulnerability mediation training is provided to all employees and contractors responsible for enterprise patch management. **TID:** *September 2014*
		R-8 — Conduct risk assessments and cost analyses to develop an enterprise-wide migration plan for upgrading unsupported operating systems and databases to vendor-supported software. **TID:** *September 2014*
		R-9 — Adopt a method to identify, capture, and report patch management metrics to assist with oversight of the patch management process and facilitate related business and security decisions. **TID:** *September 2014*
IT-AR-12-003	01/09/2012	**Fiscal Year 2011 Information Technology Internal Controls**
		R-1 — Implement corrective actions to address all open issues noted in this report for fiscal years 2010 and 2011. **TID:** *April 2014*
MS-AR-12-002	01/12/2012	**Mail Verification Procedures at Detached Mail Units**
		R-1 — Review automation efforts to date to identify improvements that can be made in the interim while mailers continue to implement Intelligent Mail barcode technologies. **TID:** *June 2013*
		R-2 — Continue ongoing mail verification training efforts while detached mail unit employees continue to use manual mail verification processes. **TID:** *October 2013*
		R-3 — Enhance automated systems to notify managers when acceptance employees override Mail Evaluation Readability Lookup Instrument results. **TID:** *June 2013*
		R-4 — Develop and implement automated tools that managers can use to monitor and evaluate detached mail unit staffing and scheduling. **TID:** *June 2013*
CI-AR-12-004	02/02/2012	**Domestic Mail Manual Preparation and Acceptance Mail Instructions**
		R-1 — Combine and remove all duplications in the Domestic Mail Manual, Quick Service Guides, Business Mail Acceptance, Job Aids, and Customer Support Rulings; and publish a new document available to all mailers online. **TID:** *November 2013*
		R-2 — Migrate to a one permit per customer requirement using PostalOne! **TID:** *August 2013*
		R-3 — Archive all PostalOne! deleted or canceled permits. **TID:** *April 2015*

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NL-AR-12-001	02/02/2012	*Postal Vehicle Service Transportation Routes – Margaret L. Sellers Processing and Distribution Center* R-2 — Verify the reallocation of 2,424 workhours within existing postal vehicle service (PVS) schedules and reallocate an additional 5,728 workhours within PVS schedules to accommodate future Flats Sequencing System implementation. **TID:** *November 2012*
NO-MA-12-001	04/27/2012	*Assessment of Overall Plant Efficiency 2012* R-1 — Reduce 14,268,171 workhours by fiscal year 2014 with an associated economic impact of $664,997,872. **TID:** *September 2014*
MS-AR-12-003	05/04/2012	*Package Delivery Growth* R-2 — Develop enhancements to the CustomerFirst! system to ensure that the data and information contained within are reliable and useful. **TID:** *January 2015* R-4 Evaluate the feasibility of offering a local product the customer either arranges to have picked up or takes to the local Post Office for sortation and delivery without involving a mail processing plant. **TID:** *December 2013* R-5 — Continue to pursue legislative change that will allow the Postal Service to ship beer and wine. **TID:** *January 2014*
NL-AR-12-006	05/29/2012	*POSTAL SERVICE INITIATIVE: Consolidation of Mail for Transportation Between Network Distribution Centers* R-3 — Add Jacksonville Network Distribution Center's Puerto Rico Highway Contract Routes 32202 and 32204 into the consolidation initiative. **TID:** *September 2012*
DR-AR-12-001	06/05/2012	*City Delivery – Street Efficiency San Diego District* R-1 — Reduce 83,943 workhours to achieve an associated economic impact of more than $3.3 million annually or $6.8 million over 2 years. **TID:** *October 2014*
NO-AR-12-005	06/05/2012	*Efficiency Review of the Cleveland, OH Processing and Distribution Center* R-1 — By fiscal year 2017, reduce workhours by 352,388 to produce a cost avoidance of $22.7 million over the following 2 years, or through consolidations, increase mail volume by 377 million, or a combination of workhours reductions and mail volume increases that will achieve the median productivity level of 1,069 pieces per hour. **TID:** *September 2014*
IT-AR-12-008	06/25/2012	*Security Awareness Training Program* R-4 — Work with applicable managers to take appropriate action, including suspending access if necessary, to ensure employees and contractors complete the security awareness training in compliance with Handbook AS-805, Information Security, and regulatory requirements. **TID:** *June 2014*
DA-MA-12-005	07/16/2012	*21st Century Post Office: Non-Postal Products and Services* R-1 — Develop a strategy to identify, evaluate and offer the most promising non-postal products and services, including how to overcome identified barriers, when legislation permits. **TID:** *December 2015*
NO-AR-12-007	08/03/2012	*Efficiency Review of the Los Angeles Network Distribution Center* R-1 — Reduce workhours by 200,019 by fiscal year 2017 to produce an annual cost avoidance of about $6.5 million, or increase volume by 39 million pieces, or combine workhour reductions and mail volume increases that will achieve the above average median productivity level of 117 pieces per hour. **TID:** *February 2015*
CI-AR-12-006	08/14/2012	*Delivery Fleet Strategies* R-2 — Establish an annual new vehicle replacement strategy, as part of a comprehensive fleet management strategy, to replace part of the fleet each year, spread out the expenditures over time, and ensure the overall operational functionality of the fleet. **TID:** *September 2016*
DR-AR-12-003	08/16/2012	*City Delivery – Street Efficiency Capital District* R-1 — Reduce 110,740 workhours to achieve an associated economic impact of $4.5 million annually, or $9 million over 2 years. **TID:** *October 2014*
DR-AR-12-004	08/16/2012	*City Delivery – Street Efficiency Louisiana District* R-1 — Reduce 107,550 workhours to achieve an associated impact of more than $4.4 million annually, or $8.8 million over 2 years. **TID:** *September 2014*
EN-AR-12-003	08/17/2012	*Efficiency of Customer Service Operations* R-3 — Provide training as needed to customer service managers that would enable them to effectively use managerial reports and tools. **TID:** *September 2013*

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DR-AR-12-005	08/21/2012	*Carrier Optimal Routing System Phase II*
		R-1 — Continue to pursue funding to resolve performance issues with the Web Carrier Optimal Routing system and implement the web-based program nationwide. **TID:** *April 2014*
DR-AR-12-006	08/24/2012	*City Delivery Staffing*
		R-1 — Balance the number of full-time carriers per route and manage labor cost within established fiscal year budgets. **TID:** None
		R-2 — Continue pursuing the ability to increase the number of part-time, non-career flexible employees at installations nationwide in the city letter carrier craft to reduce labor costs. **TID:** *None*
DR-MA-12-002	08/24/2012	*City Delivery Route Optimization Pilot Initiative*
		R-2 — Execute a new initiative to maximize savings by using lessons learned and data results from the pilot with the goal of optimizing the full- and part-time staff mix. **TID:** *None*
MS-AR-12-007	09/10/2012	*Customer Complaint Resolution Process*
		R-2 — Identify deficiencies and desired enhancements for the Enterprise Consumer Care system and take necessary action to notify the Information Technology department. **TID:** *March 2014*
IT-AR-12-009	09/12/2012	*Security of File Transfer Protocol Transmissions*
		R-1 — Assign a controlling authority the responsibility for managing all electronic file transfer activities and enforcing electronic file transfer policies. **TID:** *September 2017*
		R-3 — Direct the controlling authority identified in recommendation 1 to develop a business case solution to mitigate and, ultimately, eliminate the use of file transfer protocol transmissions to ensure the protection of sensitive data in accordance with Handbook AS-805, Information Security. **TID:** *September 2017*
		R-4 — Conduct periodic security assessments to identify and monitor file transfer protocol usage throughout the Postal Service network. **TID:** *September 2017*
		R-5 — Identify, monitor, and remove all unnecessary file transfer protocol services running on all servers and mainframes and identify the related sensitive applications. **TID:** *September 2017*
		R-6 — Implement a secure electronic file transfer protocol for receiving manifest files from external business partners. **TID:** *September 2017*
DA-AR-12-002	09/18/2012	*Lease Purchase Options for Postal Service Facilities*
		R-2 — Establish procedures for assigning lease purchase options to third parties in the real estate market. **TID:** *November 2013*
HR-AR-12-006	09/21/2012	*Motor Vehicle Accident Prevention Program*
		R-2 — Provide periodic refresher training to supervisors on the Safe Driver Program and ensure employees performing driving observations take the Driver Observation training course. **TID:** *June 2013*
NL-AR-12-008	09/21/2012	*St. Louis Network Distribution Center — Postal Vehicle Service Operations*
		R-1 — Periodically assess postal vehicle service spotter truck driver workload and staffing requirements with respect to productivity standards to maintain appropriate staffing levels. **TID:** *July 2012*
		R-3 — Ensure that St. Louis Network Distribution Center management re-emphasize the safety policy that drivers must wear safety belts whenever the vehicle is in motion and provide management oversight for enforcement. **TID:** *September 2012*
CA-AR-12-006	09/28/2012	*Oversight of Equitable Adjustments*
		R-1 — Require contracting officers to include a general release of claims in all supplemental agreements that constitute a release by the supplier for additional costs beyond that which is provided for in the contract modification or a more specific release in complex or contentious equitable adjustments. **TID:** *November 2012*
		R-3 — Reiterate the contract file tracking process to ensure contract files are not lost when they are transferred from one office to another. **TID:** *December 2013*
CI-AR-12-007	09/28/2012	*Post-Implementation Review Process*
		R-1 — Improve the Post-Implementation Review (PIR) process in Handbook PO-408, Area Mail Processing Guidelines, to: Identify and separate savings and costs associated with concurrent initiatives from savings and costs directly related to the area mail processing consolidation. Implement the use of automated data calculation and pre-population for PIR worksheets and checklists. Establish a process to allocate savings and costs when multiple consolidations are made into the same gaining facility. Assess whether current PIR timelines should be adjusted. **TID:** *March 2014*
DA-AR-12-004	09/28/2012	*Accuracy of the Electronic Facilities Management System*
		R-3 — Develop and administer training for the use of Electronic Facilities Management System. **TID:** *None*

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DA-MA-12-006	09/28/2012	**Partnerships with Other Government Agencies** R-1 — Clearly define organizational roles and responsibilities for developing and managing partnerships with other federal agencies and establish a written policy to identify, develop, track, and follow-up on potential partnership opportunities. **TID:** *February 2013*
DR-MA-12-003	09/28/2012	**City Delivery Operations - Lancaster Carrier Annex** R-1 — Reduce 12,339 office and street workhours in fiscal years 2013 and 2014 to achieve an annualized economic impact of $515,838, or $1,031,676 over 2 years. **TID:** *September 2014*
NL-AR-12-010	09/28/2012	**First-Class Mail on Air Transportation – Assignment by Weight** R-1 — Modify the assignment process to assign First-Class Mail to air transportation considering weight where feasible, with the heavier mail being assigned to FedEx and the lighter mail being assigned to United Parcel Service and commercial passenger air carriers – with consideration of contractor service performance and future air transportation contract requirements. **TID:** *December 2014*
NL-AR-12-011	09/28/2012	**Mail Transport Equipment – Shortages of Pallets, Tubs, and Trays – Fall 2011 Mailing Season** R-2 — Finalize implementation of prior U.S. Postal Service Office of Inspector General recommendations from the Management of Mail Transport Equipment (MTE) – National Analysis audit (Report Number NL-AR-10-009, dated September 29, 2010) covering an automated inventory and tracking system, ensuring adequate resources for areas and plants, and update policies and procedures that support current MTE operational requirements. **TID:** *October 2013* R-4 — Evaluate the best practices identified in this report and identify any applicable industry best practices for implementation (considering costs and benefits), such as the viability of implementing Radio Frequency Identification technology to control the leakage of plastic pallets and reduce annual purchase of replacement plastic pallets. **TID:** *March 2013*
DA-MA-13-001	10/02/2012	**Biohazard Detection System Progress** R-1 — Complete a comprehensive update to the 2002 threat assessment to determine risks to the mail stream prior to procuring new biohazard detection equipment. **TID:** *September 2013* R-2 — Develop a policy requiring periodic update of threat assessments. **TID:** *July 2013*
CA-AR-13-001	10/09/2012	**Best Value in the Purchasing Process** R-2 — Update the contract file transfer process to include a step to require the receiving contract officials to certify that contract files contain required documentation. **TID:** *March 2014*
DR-AR-13-001	10/11/2012	**Delivery Operations Data Usage** R-1 — Streamline systems, reports (including exception based reporting) and data (including real-time data) to meet city delivery needs. **TID:** *June 2012*
DP-AR-13-001	01/03/2013	**Caller and Reserve Service Operations** R-1 — Implement, if feasible, an automated process to identify all inactive or unassigned caller and reserve service addresses by linking mailing data systems to the Web Box Activity Tracking System. **TID:** *August 2013* R-3 — Update caller and reserve service policies and procedures so they are consistent, clear, accurate, and easily located and accessible in one place. **TID:** *January 2014*
IT-AR-13-003	01/28/2013	**Fiscal Year 2012 Information Technology Internal Controls** R-3 — Implement corrective actions as coordinated between the Information Technology Sarbanes-Oxley Compliance Management Office and the U.S. Postal Service Office of Inspector General during the audit relating to use of scans, scripts, and monitoring efforts to confirm the installation and reporting of intrusion detection and prevention software or services on all in-scope Windows and UNIX servers. **TID:** *April 2014* R-6 — Implement corrective actions as coordinated between the Information Technology Sarbanes-Oxley Compliance Management Office and the U.S. Postal Service Office of Inspector General during the audit relating to compliance with expected Windows operating system configurations on in-scope servers. **TID:** *April 2014* R-8 — Implement corrective actions as coordinated between the Information Technology Sarbanes-Oxley Compliance Management Office and the U.S. Postal Service Office of Inspector General during the audit relating to redesign of the control over UNIX configurations to remove duplication and better reflect expectations for controls over financial reporting. **TID:** *April 2014* R-9 — Implement corrective actions as coordinated between the Information Technology Sarbanes-Oxley Compliance Management Office and the U.S. Postal Service Office of Inspector General during the audit relating to alignment of the procedures and processes used to test and approve UNIX patches before implementation in the production environment. **TID:** *April 2014*

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SM-MA-13-004	02/12/2013	***Hybrid Mail Efforts***
		R-1 — Develop a business strategy to increase hybrid mail revenue for small- and medium-sized businesses if profitable and feasible (including transactional mail) and overcome privacy concerns. ***TID:*** *None*
SM-MA-13-002	03/15/2013	***Trends and Systemic Issues in Defense Contract Audit Agency Audit Work for Fiscal Years 2009-2012***
		R-1 — Emphasize to contracting officials the importance of requesting Defense Contract Audit Agency audits of contractor accounting systems, significant equitable adjustment and termination claims, labor floor checks, and financial capability, where applicable, prior to contract award. ***TID:*** *February 2014*
MS-AR-13-005	03/18/2013	***Residential Customer Service Experiences***
		R-1 — Update the residential Customer Experience Measurement survey to allow customers to provide more definitive location identifiers (for example, Post Office™ name, city, and ZIP Code) that relate to their experiences. ***TID:*** *March 2014*
		R-2 — Develop a process to collect and analyze residential customer experience information from other access channels. ***TID:*** *March 2014*
		R-3 — Develop a strategy to design and implement corrective actions in a more timely and responsive manner when poor customer service experience scores are identified. ***TID:*** *September 2014*
		R-4 — Ensure that mechanisms are developed and implemented to track residential customer experiences as key operational initiatives are taken to improve the Postal Service's financial condition. ***TID:*** *September 2014*
DR-MA-13-001	03/21/2013	***Lessons Learned From Retail Optimization Initiatives***
		R-1 — Process and approve or disapprove the remaining 600 Retail Access Optimization Initiative discontinuance proposals. ***TID:*** *September 2014*
		R-3 — Develop and implement a formal post-implementation review that evaluates savings achieved and potential revenue loss associated with retail network realignments. ***TID:*** *November 2014*
NO-AR-13-001	03/21/2013	***Washington Network Distribution Center – Postal Vehicle Service Operations***
		R-1 — Follow prescribed Postal Service standard operating procedures to the extent possible for live loading mail into trailers for immediate movement from the facility yard and consider the reduction of moves in future workload and staffing analyses. ***TID:*** *March 2013*
		R-2 — Periodically assess Postal Vehicle Service truck driver workload and staffing requirements with respect to productivity standards to maintain appropriate staffing levels. ***TID:*** *April 2013*
NO-MA-13-005	04/04/2013	***Supervisor Workhours and Span of Control***
		R-2 — Fill vacant supervisor positions up to the appropriate span of control level and reduce supervisor replacement workhours accordingly. ***TID:*** *October 2013*
DP-AR-13-004	04/23/2013	***U.S. Postal Service Data Governance***
		R-1 — Direct the vice president, Information Technology, to implement a formal, enterprise-wide data governance program. ***TID:*** *September 2014*
MS-AR-13-007	04/29/2013	***Domestic Negotiated Service Agreements***
		R-1 — Develop and implement standardized procedures for managing negotiated service agreements. The procedures should include requirements for validating data used by individuals for various internal and external reporting purposes. ***TID:*** *October 2013*
		R-2 — Create a data retention policy and central repository for data archival. Specifically, the data should be retained throughout the life of the agreement and for a specified period after the agreement expires or is terminated. Historical data should include: The methodology used by the Postal Service to project a customer's mail volume to determine discounts. A comparison of the mailer's pre-agreement volumes with its annual volumes under the negotiated service agreement. Analyses of data from other mailers with similar negotiated service agreements. ***TID:*** *October 2013*
DR-MA-13-002	05/06/2013	***U.S. Postal Service Parcel Delivery Lockers***
		R-2 — Add revenue and cost reduction features to the pilot to maximize return-on-investment opportunities. ***TID:*** *December 2014*
DR-AR-13-004	05/24/2013	***City Delivery Street Efficiency Southern, Pacific, and Western Areas***
		R-1 — Reduce 340,499 workhours in the five districts cited. ***TID:*** *October 2014*

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DP-AR-13-008	06/19/2013	*Delivering Results, Innovation, Value, and Efficiency Management* R-2 — Develop and implement a Postal Service-wide program management policy that identifies the best practices currently employed by the Postal Service, as well as differentiates between mandated and optional practices. This process should also take into consideration best practices, including those provided by the U.S. Postal Service Office of Inspector General. **TID:** *September 2014*
MS-AR-13-009	06/20/2013	*Small Business Growth* R-3 — Establish a process for improving the availability and use of sales-related tools, market data, and training. The process should include providing postmasters additional training on selling Postal Service products and services, updating data in the Business Opportunity Tool Kit, and providing postmasters with product sales scripts and market data. **TID:** *June 2014*
HR-MA-13-003	07/12/2013	*Postal Career Executive Service I Annual Leave* *R-2* — Modify and test leave system controls to ensure U.S. Postal Inspection Service Postal Career Executive Service I equivalent employees' annual leave amounts are calculated according to Postal Service policy, and communicate policy to applicable personnel. **TID:** *January 2014*
HR-AR-13-004	07/25/2013	*Postal Service Injury Compensation Program* R-1 — Conduct a formal staffing analysis to determine the number and type of employees needed to handle workers' compensation claims, including Health and Resource Management specialists, internal or contract nurses, specially trained or contract third-party recovery specialists, or other support personnel; and adjust staffing accordingly. **TID:** *January 2014* R-4 — Complete the nationwide implementation of WebESP to provide a more efficient and effective process for identifying and assigning available work for injured employees. **TID:** *March 2014* R-5 — Develop a simplified and standardized quick reference guide of key process steps to help district Health Resource Management staff effectively perform their duties. **TID:** *December 2013* R-8 — Evaluate how predictive analytics can be used to support claims management activities and reduce costs. **TID:** *None*
IT-AR-13-006	07/31/2013	*Management and Utilization of Software Licenses* R-4 — Require management to establish and maintain an enterprise-wide software inventory list and periodically scan workstations to identify unauthorized software products running on the Postal Service network. **TID:** *April 2014*
DR-MA-13-003	08/06/2013	*Delivery Data Transmission* R-3 — Modify the Intelligent Mail Device Acquisition System report for delivery unit management to provide unit and route specific information on cell phone and Intelligent Mail Data Device scanner connectivity. **TID:** *October 2013*
MS-MA-13-004	08/14/2013	*Benchmarking of Costing Methodologies* R-1 — Develop a formal process, in coordination with the chief information officer and chief operating officer, to strengthen the communication process between Finance, Operations, and users of the product costing system data regarding data needs and production. **TID:** *July 2016* R-2 — Establish a long-term implementation plan, in coordination with the chief information officer and chief operating officer, to expand usage of system-generated data that includes a data transition roadmap. **TID:** *July 2016* R-3 — Expand usage of currently available system-generated data from operations or data that can be available in the near term to enable the product costing system to rely more on operations data and less on special studies. **TID:** *July 2016* R-4 — Evaluate the feasibility of performing cost and revenue analysis at the ZIP Code level or relevant regional areas to support development of customer-specific rates for those products for which such price distinctions are considered legal. **TID:** *None*
NO-AR-13-004	08/16/2013	*New Castle and Greensburg, PA Consolidation* R-1 — Coordinate with the Facility Service Office when rental space is vacated to ensure management takes appropriate lease termination actions. **TID:** *December 2014*
NO-AR-13-006	08/26/2013	*Springfield Network Distribution Center - Postal Vehicle Service Operations* R-3 — Eliminate an additional 8,623 annual workhours associated with improving Postal Vehicle Service driver productivity to the standard of five moves per hour. **TID:** *October 2014*
SM-MA-13-006	09/18/2013	*Postal Service Purchasing Policies' Impact on Defective Pricing Fraud Cases* R-1 — Require suppliers to certify that cost or pricing data is accurate, complete, and current. **TID:** *March 2014*

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IT-AR-13-007	09/24/2013	***Engineering Systems and Network Operations Disaster Recovery Plan – Merrifield, VA Campus*** R-1 — Establish, implement, and test a disaster recovery plan for Engineering Systems and Network Operations in Merrifield, VA, that is commensurate with the sensitivity of data, available resources, and level of risk for the applications and incorporates an appropriate alternative site located far enough away from the Merrifield campus that it will not be affected by the same disaster. ***TID:*** *May 2014* R-2 — Timely complete or update, as appropriate, business impact or infrastructure impact assessments for all applications supported by Engineering Systems. ***TID:*** *May 2014*
NO-AR-13-007	09/25/2013	***Surface Visibility – Transportation Operations – Oklahoma District*** R-5 — Verify and document the elimination or modification of 38 trips from highway contract routes in the Oklahoma District and eliminate 3,636 workhours from Postal Vehicle Service trip schedules assigned to the Tulsa Processing and Distribution Center, or document the reasons for retaining the workhours. ***TID:*** *November 2013*
SM-AR-13-004	09/25/2013	***Noncompetitive Purchasing Practices*** R-1 — Direct contracting officials to include and verify that sufficient information is in the contract file to support price and cost analysis. ***TID:*** *February 2014* R-2 — Reiterate policy that field personnel not approve suppliers to start work without authorization from the contracting officer. ***TID:*** *February 2014* R-3 — Ensure contracting officials collaborate with the competition advocate and internal business partners requesting purchases to promote increased competition when awarding contracts. ***TID:*** *February 2014*
HR-MA-13-004	09/26/2013	***Revenue Generation Patents*** R-1 — Work closely with subject matter experts to review patents with revenue generation potential and draft claims as appropriate. ***TID:*** *None*
IT-AR-13-009	09/26/2013	***LiteBlue Security Assessment*** R-1 — Enhance access controls to all Postal Service employee self-service applications. ***TID:*** *April 2014* R-3 — De-identify personally identifiable information on forms loaded into the employee self-service module of the electronic Official Personnel Folder application. ***TID:*** *None* R-8 — Develop a method by which database administrators can obtain information on specific requirements and authorizations for each application to track authorized account settings and parameters. ***TID:*** *None*
NO-MA-13-007	09/26/2013	***Assessment of Overall Plant Efficiency 2013*** R-1 — Reduce 14,364,398 workhours by fiscal year 2018, with an associated economic impact of $628,670,104. ***TID:*** *September 2018*
FT-MA-13-022	09/27/2013	***Using U.S. Postal Service-Specific Assumptions for Calculating the Retiree Health Care Liability*** R-1 — Coordinate with the Office of Personnel Management to modify the future retiree healthcare liability calculation to use actuarial assumptions specific to the Postal Service. ***TID:*** *None*
FT-MA-13-023	09/27/2013	***Using U.S. Postal Service-Specific Assumptions for Calculating the Civil Service Retirement System Liability*** R-1 — Coordinate with the Office of Personnel Management to modify the future Civil Service Retirement System liability calculation to use actuarial assumptions specific to the Postal Service. ***TID:*** *None*
FT-MA-13-024	09/27/2013	***Using U.S. Postal Service-Specific Assumptions for Calculating the Federal Employees Retirement System Liability*** R-1 — Coordinate with the Office of Personnel Management to modify the future Federal Employees Retirement System liability calculation to use actuarial assumptions specific to the Postal Service and, based on the results, take action as appropriate. ***TID:*** *None*
MS-AR-13-012	09/27/2013	***Electronic Parcel Payment Systems Internal Control Requirements*** R-2 — Develop interim controls, such as establishing roles and responsibilities in the identification of shortpaid mailpieces, providing enhanced scanners to clerks and carriers, judgmentally sampling PC Postage parcels at sorting facilities and delivery units, and increasing the accuracy of scales on mail processing equipment, to improve detection of shortpaid parcels until automated controls are in place. ***TID:*** *June 2014* R-4 — Implement software changes to the Electronic Verification System in order to correctly validate destination entry rates claimed by mailers. ***TID:*** *January 2015*

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NO-AR-13-008	09/27/2013	***Nationwide Analysis of Tier 1 Network Distribution Centers – Postal Vehicle Service Operations*** R-1 — Require the six Tier 1 Network Distribution Centers identified in the report conduct an assessment of driver workload and staffing and make appropriate adjustments to workhours based on compliance with yard move productivity standards. ***TID:*** *January 2015* R-2 — Ensure Tier 1 Network Distribution Centers annually assess Postal Vehicle Service driver workload and staffing requirements. ***TID:*** *January 2015*
DR-AR-13-007	09/30/2013	***Vehicle Maintenance Facility Efficiency Capital Metro and Pacific Areas*** R-1 — Fill vacant mechanic and support staff positions to improve inefficiencies in operations. ***TID:*** *January 2014* R-2 — Assess the reporting structure for VOMAs and require vehicle maintenance managers or designees to provide adequate oversight of VOMAs to ensure they perform their vehicle maintenance-related duties. ***TID:*** *January 2014*
HR-AR-13-009	09/30/2013	***Emergency Preparedness for Hurricane Sandy*** R-1 — Provide periodic training to responsible personnel to ensure they are aware of procedures for safeguarding employees during an emergency. ***TID:*** *None* R-2 — Clarify policies and procedures regarding employees reporting to postal facilities where mandatory evacuation orders have been issued. ***TID:*** *March 2014* R-3 — Issue supplemental guidance for holding mail and moving mail and other assets from facilities located in mandatory evacuation areas. ***TID:*** *March 2014* R-4 — Establish controls to ensure integrated emergency management plans are reviewed, approved, and updated at least annually. ***TID:*** *December 2013* R-5 — Clarify which facilities are required to maintain complete, approved integrated emergency management plans and communicate that to appropriate personnel. ***TID:*** *December 2013*
NO-AR-13-009	09/30/2013	***Timeliness of Mail Processing at the Hartford, CT Processing and Distribution Center*** R-1 — Adjust planning and scheduling to accommodate mail volumes especially during holiday periods. ***TID:*** *None*
SM-AR-13-005	09/30/2013	***Vacant Land Parcels*** R-1 — Declare the land parcel located in Norman, OK as excess. ***TID:*** *June 2014* R-3 — List the Elk River, MN; Norman, OK; and Islip, NY parcels for sale. ***TID:*** *June 2014* R-4 — Evaluate the eight parcels in Kahului, HI; Cooper City, FL; Stuart, FL; Kihei, HI; Pahoa, HI; Incline Village, NV; Mendocino, CA; and Pinetop AZ and develop a strategy to sell the properties when market conditions improve. ***TID:*** *None* R-5 — Evaluate the 10 additional parcels in Apache Junction, AZ; Central, AZ; Tehachapi, CA; Marengo, IN; Kokomo, IN; Hilton Head, SC; Garland, TX; Loiza, PR; Viequez, PR; and San Juan, PR to determine whether they are suitable for sale. ***TID:*** *None*
IT-AR-14-001	10/22/2013	***South Florida District Vulnerability Assessment*** R-3 — Develop a technical refresh plan for the engineering infrastructure that addresses obsolete Windows operating systems. ***TID:*** *November 2013*
NO-MA-14-001	10/30/2013	***Voyager Card Program for Highway Contract Routes – Unidentified and Unrecovered Fuel Overpayments*** R-1 — Immediately reconduct the 2009-2010 fuel year Voyager Card Program reconciliation under the pooling and reconciliation requirements of the Fuel Management Program and the current reconciliation methodology. ***TID:*** *February 2014* R-2 — Validate and document the results of additional 2009-2010 fuel overpayment determinations and collect these overpayments. ***TID:*** *April 2014*
HR-MA-14-001	11/20/2013	***Management of Equipment in Capitol Heights, MD*** R-1 — Establish procedures to comply with the revised mail transportation equipment policy when implemented. ***TID:*** *December 2013*
SM-AR-14-002	11/27/2013	***Spending Trends for Maintaining Postal Service Facilities*** R-1 — Develop a strategy to complete all repairs in order to adequately maintain Postal Service facilities. ***TID:*** *March 2014* R-3 — Establish written procedures to ensure repair classifications are accurate each year and to reconcile prioritization lists yearly to identify incomplete repairs to carry forward. ***TID:*** *January 2014*

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IT-AR-14-002	12/02/2013	***Controls Over the Premium Forwarding Service Point of Service Retail System***
		R-1 — Reiterate that retail unit personnel follow approved manual procedures surrounding the Premium Forwarding Service process and that Postal Service policies prohibit the business use of this service. ***TID:*** *November 2013*
		R-2 — Implement automated controls in the Point-of-Service - Retail System or its successor to establish refund limitations for Premium Forwarding Service, ensure customers do not have an active forwarding order, validate service start and end dates, not allow start of service before payment, and ensure that service is between 2 and 52 weeks. ***TID:*** *October 2015*
		R-3 — Enhance the Point-of-Service - Retail System or its successor to capture and store all required data for Premium Forwarding Service, including the customer's name and proper primary address, first shipment date, last shipment date, service start date, service end date, Premium Forwarding Service number of weeks, and shipment total. ***TID:*** *September 2014*
		R-4 — Incorporate into the Point-of-Service - Retail System or its successor the capability to tie all Premium Forwarding Service extensions and receipted refunds to the original sales transaction to ensure retail associates only disburse refunds for actual customer purchases, retail associates refund according to the original payment method, and the system eliminates risks for unintentional and intentional keying input errors. ***TID:*** *January 2015*
		R-5 — Enhance the Point-of-Service - Retail System or its successor to develop and implement exception reports that incorporate loss prevention, customer relationship management, and timely, exception-based or event-driven business intelligence analytics to monitor retail associate errors and customer retail transactions (purchases, refunds, and voids). ***TID:*** *March 2014*
HR-MA-14-002	12/03/2013	***Mail Isolation Control and Tracking***
		R-1 — Designate overall responsibility for the coordination of mail isolation, control, and tracking procedures throughout the Postal Service. ***TID:*** *April 2014*
		R-2 — Revise and implement formal procedures for mail isolation, control, and tracking, to include specific procedures and controls for using mail image information. ***TID:*** *April 2014*
		R-3 — Ensure that mail isolation, control, and tracking procedures are formally reviewed and updated annually based on lessons learned, new developments, and insights. ***TID:*** *April 2014*
DR-MA-14-001	12/11/2013	***Delivery Operations – Readiness for Package Growth Management Advisory Report***
		R-1 — Continue to test and implement dynamic routing to manage increased package growth on delivery routes. ***TID:*** *December 2013*
		R-2 — Study package growth trends on delivery routes and modify cluster box unit package compartments as needed for additional delivery capacity. ***TID:*** *None*
		R-3 — Use operational reports to proactively monitor and manage Carrier Package Pickup data to make adjustments as needed to improve operational efficiency. ***TID:*** *None*
		R-4 — Implement a vehicle shelving system to accommodate package growth. ***TID:*** *October 2014*
DR-AR-14-001	12/13/2013	***Rural Delivery Operations - Mail Count and timekeeping Processes***
		R-1 — Develop a strategy to fully automate the rural timekeeping process. ***TID:*** *September 2014*
SM-MA-14-002	12/18/2013	***Procurement-Related Ethical Violations at Vehicle Maintenance Facilities***
		R-3 — Require vehicle maintenance facilities managers and supervisors involved with supplier selection or payment to complete annual ethics training focused on procurement and contracting practices. ***TID:*** *April 2014*
		R-4 — Develop ethics training focused on procurement and contracting and make it available to vehicle maintenance facilities managers and supervisors involved with supplier selection or payment. ***TID:*** *April 2014*

Report Number	Issued Date	Report Title, Recommendation Summary **R** = Recommendation number **TID** = Target Implementation Date
NO-AR-14-001	12/20/2013	***Internal Controls and Transportation Associated With the Springfield, MA Mail Transport Equipment Service Center***
		R-1 — Establish adequate controls over contractor performance and ensure adequate resources for the quality assurance function for effective oversight and monitoring of contractor operations at the Springfield Mail Transport Equipment Service Center, including processing, invoicing, repairing, and handling of mail transport equipment. ***TID****: April 2014*
		R-2 — Ensure the contractor at the Springfield Mail Transport Equipment Service Center provides adequate security and access control to the ground and trailer parking areas, which includes access control of inbound and outbound trailers at all times. ***TID****: March 2014*
		R-3 — Ensure area and plant management monitor compliance with the established policies and procedures for mail transport equipment return handling procedures at processing facilities, for dispatch and proper use of over-the-road containers and proper storage, handling, and maintenance of shoring straps. ***TID****: January 2014*
		R-4 — Reinforce the requirement that processing facilities conduct thorough inspections of mail transport equipment being sent to the Springfield Mail Transport Equipment Service Center to ensure it does not contain any mail and ensure any found mail at the center is picked up daily for further processing. ***TID****: January 2014*
		R-5 — Reassess mail transport equipment standing orders and transportation schedules for all processing facilities as necessary to ensure they are up-to-date and efficient given the operational changes and imbalance of mail transport equipment flow. ***TID****: April 2014*
HR-MA-14-003	01/27/2014	***Security Risks in the Capital District***
		R-1 — Issue supplemental guidance clarifying roles and responsibilities for homeland security coordinators in assisting districts with anonymous mail follow-up testing and training. ***TID****: October 2014*
		R-2 — Require responsible personnel to take anonymous mail training, including periodic refresher training, and incorporate simulations of the anonymous mail process. ***TID****: February 2014*
		R-3 — Establish controls to ensure responsible personnel are held accountable for complying with anonymous mail requirements. ***TID****: January 2014*
		R-4 — Implement anonymous mail program best practices used by the Nevada-Sierra District, including taking corrective actions for failed facilities. ***TID****: March 2014*
		R-5 — Establish controls to ensure threat assessment team personnel complete the required workplace violence training, including periodic refresher training, to better understand their roles and responsibilities. ***TID****: January 2014*
		R-6 — Establish controls to ensure responsible personnel complete the workplace violence self-audit tool annually, as required. ***TID****: September 2014*
		R-7 — Establish controls to ensure the threat assessment team adheres to workplace violence policies and procedures. ***TID****: January 2014*
HR-MA-14-004	02/06/2014	***Unscheduled Leave Activity in the Los Angeles District***
		R-1 — We recommend the manager, Los Angeles District: Develop and implement a clearly defined unscheduled leave activity review process for supervisors to follow that includes schedules for monitoring leave activity and employee discussions as it relates to unscheduled leave control. ***TID****: February 2014*
		R-3 — We recommend the manager, Los Angeles District: Implement controls over Postal Service Forms 3971, Request for or Notification of Absence, to ensure proper completion and security. ***TID****: February 2014*
SM-AR-14-003	02/24/2014	***Transportation Management Service Provider Shipping Process***
		R-1 — Develop and implement an alternative process to Freight Pro's use of negative confirmation to ensure that all shipments are received and follow up on any exceptions identified. ***TID****: July 2014*
		R-2 — Develop and implement detailed procedures to address the rate quote exceptions identified and pursue credits owed to the Postal Service. ***TID****: July 2014*
DR-AR-14-003	02/28/2014	***Address Management System Data***
		R-1 — Revise and implement delivery policy to include specific time requirements for carrier edit book updates, submissions to delivery supervisors, and error corrections in address systems. ***TID****: October 2014*
		R-2 — Develop and implement a formal Address Management System training program. ***TID****: January 2014*
		R-3 — Develop and incorporate an Address Management System module in the delivery supervisor's training course. ***TID****: September 2014*
		R-4 — Establish and sustain a follow-up process to correct address errors using the Address Quality Improvement Process reports and complete necessary street reviews. ***TID****: October 2014*

Report Number	Issued Date	Report Title, Recommendation Summary **R** = Recommendation number **TID** = Target Implementation Date
DR-AR-14-004	03/04/2014	***City Delivery Efficiency – South Florida District***
		R-1 —— Implement efforts to eliminate 374,982 workhours at the delivery units cited. ***TID****: None*
		R-2 —— Reinforce and ensure adherence to Postal Service policies and procedures for supervising city delivery operations at delivery units. ***TID****: June 2014*
		R-3 —— Eliminate inefficient carrier practices, such as carriers waiting in line for accountable mail, excessive talking on cell phones during mail sorting, and visits to personal vehicles. ***TID****: March 2014*
		R-4 —— Increase mail arrival efficiency by preparing integrated operating plans with facility processing managers. ***TID****: September 2014*
		R-5 —— Use the Integrated Operating Plan Discrepancy Report System to monitor compliance and identify and correct systemic issues. ***TID****: April 2014*
		R-6 —— Ensure delivery point sequence mail arrives timely and in route order for easy retrieval by carriers. ***TID****: April 2014*
DP-AR-14-001	03/07/2014	***U.S. Postal Service's Delivering Results, Value, and Efficiency Initiative 6, Improve Employee Availability***
		R-1 —— Establish and implement a process to ensure that Delivering Results, Innovation, Value, and Efficiency project management roles, are clearly identified and not performed by the initiative lead and roadmap owner. ***TID****: None*
		R-2 —— Evaluate implementing regular audits and controls for each project at the project management level. ***TID****: None*
DP-AR-14-002	03/07/2014	***Postal Service Knowledge Management Process***
		R-1 —— Develop a comprehensive Postal Service knowledge management (KM) strategy and associated policies and procedures, including appointing a chief knowledge officer. This process should include and build on current Postal Service KM practices and the appropriate best practices identified in this report. ***TID****: None*
		R-2 —— Join the Federal Knowledge Management Working Group, an organization that has experts to assist, inform, and support the development and implementation of a comprehensive knowledge management strategy. ***TID****: June 2014*
DR-AR-14-005	03/26/2014	***Vehicle Parts Inventory Management-Capping***
		R-1 —— Re-emphasize stockroom management policies and procedures on physical security and inventory management, including conducting mandatory inventories at vehicle maintenance facilities. ***TID****: April 2014*
		R-2 —— Implement training for stockroom personnel on security and inventory procedures and processes. ***TID****: June 2014*
		R-3 —— Re-emphasize stockroom management policies and procedures on purchasing and receiving duties. ***TID****: May 2014*
IT-AR-14-003	03/26/2014	***Fiscal Year 2013 Information Technology Internal Controls***
		R-1 —— Reiterate to Surface-Air Management System administrators to follow control policies in managing critical jobs and script versions. ***TID****: June 2014*
		R-2 —— Implement a job scheduling procedure for the Surface-Air Management System that documents critical jobs. ***TID****: June 2014*
		R-3 —— Direct the Information Technology Compliance Management Office to require Postal Service internal reviewers to use the Control-M/Enterprise Manager tool to directly obtain evidence of password settings. ***TID****: June 2014*
IT-AR-14-004	03/27/2014	***Information Storage Security***
		R-1 —— Ensure Data Management Services management provides security operating procedures, periodic reviews, and oversight for the storage teams as required by Handbook AS-805, Information Security. ***TID****: September 2014*
		R-2 —— Ensure the vendor for the storage contract provides periodic training to personnel to maintain storage group knowledge and skills with vendor products and management tools. ***TID****: April 2014*
		R-3 —— Evaluate the storage environment managed by Data Management Services against Handbook AS-805, Information Security, security requirements and develop a schedule to bring the environment into compliance. ***TID****: June 2014*
		R-4 —— Establish minimum security requirements for storage devices in Postal Service environments based on industry best practices. ***TID****: September 2014*
DR-MA-14-003	03/31/2014	***Readiness for Package Growth – Customer Service Operations***
		R-1 —— Direct Customer Service Operations employees to perform acceptance scans on all barcoded packages as required. ***TID****: October 2014*
		R-2 —— Enable the Passive Adaptive Scanning System's revenue protection function, and document and communicate procedure changes to employees. ***TID****: October 2014*

Appendix F

Significant Management Decisions in Audit Resolution

For the period October 01, 2013 - March 31, 2014

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

No Recommendations Found.

Appendix G

Status of Peer Review Recommendations

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

Office of Audit

Internal Peer Reviews
None conducted during this period.

External Peer Reviews
None conducted during this period.

Office of Investigations

Internal Peer Reviews
None conducted during this period.

External Peer Reviews
None conducted during this period.

Appendix H

Investigative Statistics*

For the period October 1, 2013— March 31, 2014

	Investigations Closed	Arrests	Indictments/ Information	Convictions**	Admin Action Taken	Cost Avoidance	Fines / Restitution, and Recoveries	Amount to USPS***	To Mgmt. for Admin Action
Contract Fraud	96	9	5	7	66	$75,366,586	$69,277,543	$2,685,625	34
Financial Fraud	194	70	51	79	200	$1,206,375	$1,733,512	$1,712,000	155
General Crimes	315	31	11	32	248	—	$607,933	$169,660	170
Healthcare Fraud	447	38	46	37	81	$168,945,990	$48,541,151	$10,589,100	93
Internal Mail Theft	646	175	112	211	493	—	$1,776,661	$100,969	407
Total	**1,698**	**323**	**225**	**366**	**1,088**	**$245,518,951**	**$121,936,800**	**$15,257,354**	**859**

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

Appendix I

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

For the period October 1, 2013 — March 31, 2014

Type of Scheme	Complaints Filed	Consent Agreements	FROs	Cease & Desist Orders
Advanced Fee	—	—	—	—
Charity	—	—	—	—
Counterfeit Financial Instruments	6	6	—	5
Coupon/Rebate Fraud	1	1	—	1
False Billings	2	3	2	4
Fraudulent Postage	7	13	—	7
Identity Theft	—	—	—	—
Medical Product Fraud	—	—	—	—
Merchandise: Failure to Furnish	2	2	—	2
Merchandise: Failure to Pay	3	—	1	—
Misrepresentation	—	—	—	—
Other	—	—	—	—
Reshipping Scheme	31	27	—	28
Sweepstakes/Lottery	57	56	3	58
Work at Home	5	6	—	4
TOTAL	**114**	**114**	**6**	**109**

Other Administrative Actions

Administrative Action Requests	114
Temp. Restraining Orders Requested	—
Temp. Restraining Orders Issued	—
Cases Using Direct Purchase Authority	—
Civil Penalties (Section 3012) Imposed	—
Test Purchases	—
Withholding Mail Orders issued	8
Voluntary Discontinuances	—

Administrative Subpoenas Requested by the Postal Inspection Service

There was one request during the reporting period.

Financial Reporting on Investigative
Activities for the Postal Inspection Service

Type

Total Personnel Comp	$171,374,578
Total Nonpersonnel Expense	$34,677,708
Total Operating Expense	**$206,052,286**
Total Capital Commitments	$1,022,596

Appendix J

All Closed Congressional/ PMG/BOG Inquires

For the period October 1, 2013— March 31, 2014

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

Inspector General Investigations (53)

Requestor	Allegation/ Concern	Major Findings	Closure Date
Foreign Consulate General	Nondelivery of 16 mail pieces containing visas and passports delivered to the Consulate General on a single day in 2012	OIG investigators had no access to consular personnel who witnessed this delivery. We learned incidents of missing mail were well known within the postal delivery unit on days the receptionist signed for the mail. We are not aware of complaints about compromised personal information. We noted postal employees deviated from delivery procedures for handling items requiring verification and physical count; neither the letter carrier nor consular personnel verified and counted the items. We reported our findings to postal management for action deemed appropriate.	10/30/13
Senator, Nevada	Inquiry regarding the closure of a Contract Post Office	Our investigation found numerous violations of postal policy and law, commonly referred to as money order kiting. We reported our findings to postal management for their consideration. Because of the nature of our findings, we were required also to present them to the U.S. Attorney. That office served a Central Violations Bureau ticket on the former contract post office operator for violation of a federal law.	11/01/13
Representative, Nevada	Requesting information regarding the status of a Post Office after an investigation	Our investigation found numerous violations of postal policy and law, commonly referred to as money order kiting. We reported our findings to postal management for their consideration. Because of the nature of our findings, we were required also to present them to the U.S. Attorney. That office served a Central Violations Bureau ticket on the former contract post office operator for violation of a federal law.	11/01/13
Senator, Nevada	A former Postal Service employee requested an update on pending payments charges against her	Our investigation found numerous violations of postal policy and law, commonly referred to as money order kiting. During a three-and-a-half month period, 73 Postal Service money orders were issued. Of these, approximately 45 were deposited into a Bank of First Deposit on or before the date the employee reported them sold. The employee's name appeared on 48 of the 73 money orders. In four cases, the deposit occurred 17 or more days before they were reported sold. We reported our findings to postal management for their consideration. Because of the nature of our findings, we were required also to present them to the U.S. Attorney. That office served a Central Violations Bureau ticket on the former contract post office operator for violation of a federal law.	11/01/13
Representative, New York	Management instructed carriers to falsify Express parcel delivery time scans; denied the complainant her right to participate in the Leave-Buy-Back Process; and created a hostile work environment	Mail integrity tests twice found Express parcels scanned as delivered while the parcels were still at the station. These instances involved a single letter carrier. Management claimed to be unaware of the situation. More than one interviewee corroborated the constituent's claim of false scanning practices. We forwarded our findings to District management. The issue regarding Leave Buy-Back is technical in nature and was forwarded to Postal Service personnel. Our interviews confirmed tension between the complainant and postal management, but we did not establish that a hostile work environment existed. We did not confirm tension led to unfounded personnel actions.	02/26/14
Senator, Maryland	Theft of care packages to military addresses, routine misdelivery of mail, nondelivery, and tampering by postal employees	Regarding the routine misdeliveries, we found fading address labels on the delivery cluster box to be the likely cause. We could not determine the location of the missing military addressed packages. As to the non-delivered package, scan information indicated it was scanned as delivered while inside a postal facility, which would violate postal policy. Our investigative efforts did not substantiate theft by postal personnel. In response to our findings, management conducted a stand-up talk with employees about professional behavior.	11/25/13
Senator, Tennessee	Theft of mail containing cash and gift cards sent to a Georgia address	We were unable to confirm the loss. The constituent previously claimed theft of a missing gift card, but without any identifying information, we could not conduct a full investigation. We checked our databases and did not identify a significant number of complaints at the point of origin or at the destination to suggest a pattern. We ran four mail integrity tests and all pieces arrived in tact.	01/07/14

Requestor	Allegation/ Concern	Major Findings	Closure Date
Representative, New York	Tampering and nonreceipt of mail	We found that a medical office and a gift card reseller intentionally used tape to seal envelopes they mailed. Investigators observed an instance of an unsealed letter awaiting delivery, but could find no indications of tampering nor explanation for the unsealed condition. We ran mail integrity tests, and all test pieces arrived in tact. Neither the tests nor database reviews produced investigative leads nor means for accounting for the problem.	
Senator, Illinois	Theft of five parcels from two different locations, containing cash, credit card, and check donations	We conducted a lengthy investigation, including interviews, reviews of postal records and databases, surveillance, and mail integrity tests. Despite these efforts, we could not substantiate the loss. We found no evidence of theft nor that the package broke apart at the plant, and observed that mail handlers at the likely point of loss were familiar with and complied with postal policies.	12/19/13
Senator, Maryland	Theft of mail containing gift cards worth $400	We conducted an investigation, including database reviews, interviews, mail integrity tests, and an examination of the refiled mail pieces. The retailer reviewed its systems and determined that prior to and after the cards were deactivated, there was no record of attempted use for the cards. The investigation produced no leads or means of accounting for the loss.	10/23/13
Representative, New York	Nondelivery of passports sent using Registered Mail with Signature Confirmation and scanned as "out for delivery"	We conducted an investigation, including interviews, reviews of postal and criminal databases, and cooperation with the U.S. Department of State. The addressee was no longer in operation. We identified sources who had knowledge of operations there. We learned passports were not always secured; offices were not alarmed; and access was not strictly controlled. We also learned that State Department investigators were aware of passport losses associated with this organization. However, our work did not find records of the package or leads to allow us to investigate further.	01/17/14
Representative, California	Falsely scanned packages as "Notice left (business closed)" at a business address in Florida, and packages not scanned at all	Regarding a package complainant sent that was scanned in Florida as "notice left, business closed," local Post Office management readily confirmed the routine entry of scans on packages indicating a business is closed when they could not know that for a fact. Management defended the practice. Since this practice does not conform to postal policy, we notified district management for appropriate action and also copied our Office of Audit for consideration of management's ideas on improving the scan notifications. Regarding the complainant's package that received no scan, the allegation is unfounded. All information was record in the postal Track & Confirm database.	10/30/13
Representative, New Jersey	Theft of Certified Mail containing cash sent to Florida	We conducted an investigation, including review of databases, interviews, and mail integrity tests. We did not identify any patterns in the postal zone nor any evidence of employee misconduct. Neither postal personnel, data, and our searches could establish the whereabouts of the missing letter.	11/19/13
Senator, New Hampshire	Intentional delay and theft of credit card statements, bills, and mail by local postal employees	We conducted an investigation including database searches and interviews. We could not confirm the reported losses or any intentional delay or theft of mail.	11/01/13
Representative, Ohio	Nonreceipt of packages containing controlled, prescription medications from the Department of Veterans Affairs (VA)	We conducted an investigation, including interviews, integrity testing, and reviews of postal databases. The complaint led to similar reports of intermittent missing VA shipments in the area. The investigation confirmed there is a problem, but did not lead to a suspect or other explanation for the loss.	01/07/14
Senator, Florida	Threats and drug possession and sales by another postal employee, and administrative issues	The complainant discounted or recanted his allegations. Independent of our interview with him, we found no evidence of criminal or administrative wrongdoing.	10/24/13
Representative, Pennsylvania	Package a seller sent to a third party arrived damaged; the Postal Service denied the insurance claim	The third party placed the damaged mail into our custody. Our agents observed the damage and guided the claim, which was adjudicated favorably. The investigation discovered no employee misconduct, nor criminal behavior.	11/25/13
Representative, Texas	Employee mistakenly sought a reward for providing information to the Postal Inspection Service but OIG actually conducted investigation	Our investigation found no documentation or evidence that the constituent assisted any postal agency by providing information for the investigation in question. The OIG offers rewards only under extremely restricted circumstances involving undercover operations, usually including substantial risk. OIG rewards to postal employees are limited because of their duties to report misconduct. We are grateful for all contacts we receive each year, many from employees, that assist us in our mission to detect employee misconduct.	12/12/13
Representative, California	Theft of coupons and problems with the local customer service	We did not find evidence that postal personnel had improperly tampered with complainant's mail, but personnel compounded the problem by attempting to replace her mail with a set of undeliverable coupons found at the Post Office. We heard from the constituent that recent delivery experiences improved. We tested customer service phone system operations and believe phone problems were resolved.	10/23/13

Requestor	Allegation/ Concern	Major Findings	Closure Date
State Representative, Massachusetts	Nondelivery of political mail	We determined 2,170 of about 8,000 letters were returned to the sender and labeled as undeliverable. A substantial portion of those were not canceled, suggesting they had not been sent through a mail processing machine. Management concluded the mail was mishandled at the Incoming Mail Center by being placed with mail to be sent to the Central Forwarding System. It should have been sent to a General Mail Facility. Our investigation did not determine why the mishandling occurred.	
Representative, Missouri	Nondelivery or theft of multiple bill payments, refusal by letter carrier to pick up outgoing mail, and poor service by the local post office	We did not substantiate the allegation of nondelivery or theft of bill payments. We also ran mail integrity tests and reviewed postal databases looking for similarities. We identified no significant issues in the delivery area. We learned the stoppage of mail pick-up was not authorized, and management corrected it. In regards to poor service, information from databases and surveys did not support the claim.	01/07/14
Representative, Georgia	Delay and theft of cash and heavy industrial materials from a package	We reviewed tracking information for the path the package traveled. We contacted four processing and distribution plants as well as the Mail Recovery Center. We launched mail integrity tests in an attempt to narrow down the location of the loss. However, neither the missing items nor any additional information regarding their whereabouts were discovered.	02/27/14
Representative, California	Misdelivered mail, customer service issues, and mail tampering	We conducted an investigation but our mail integrity tests were generally successful and database searches did not yield similar complaints in the area. We found no information or evidence to support the claim that named or unnamed postal employees had tampered with the mail or behaved inappropriately when delivered. The complainant has since reported increased satisfaction with her service.	11/15/13
Representative, California	Nonreceipt of a parcel after being notified it was ready for pick-up	We conducted an investigation, including interviews, integrity tests, and reviews of postal and UPS databases. We concluded that the address on the UPS parcel omitted the PO Box number. In such situations, postal employees must return packages to UPS, but neither the Postal Service nor UPS had documentation of that occurring, or how else the package might have been lost. We found no indications of improper handling of packages.	12/19/13
Representative, Ohio	Nonreceipt of mail containing checks valued up to $1 million	We conducted an investigation, including mail integrity tests, interviews, and database reviews. We could not identify the cause of the delay or the sudden appearance of a bundle of checks postmarked from a month earlier. We provided information to our Office of Audit for possible systemic review.	10/23/13
Senator, Nevada	Workhours were cut back because of employee's disabled veteran status	We determined that management disallowed his light duty job offer after not completing his light duty assignment within established timeframes. The matter was resolved through the grievance process, including a settlement for back pay. A doctor later cleared him to return to work. Complainant rescinded the allegation of being targeted because of the disabled veteran status.	11/19/13
Board of Governors	Nondelivery of mail	We conducted an investigation, including mail integrity tests, interviews, and a review of databases. The complainant refused to participate in an interview. We performed three successful mail integrity tests. We found no evidence of intentional nondelivery or misconduct by a postal employee.	11/08/13
Representative, Maryland	Theft of $900 cash sent through the mail	We found the delivery location uses a "drop house" system, where a front desk worker accepts the mail, sorts it, and places it in mailboxes, which sit behind the front desk. The staff does not secure the mail and does not monitor the area with security cameras. When delivered to an employee, mail leaves the custody of the Postal Service and the jurisdiction of our agency. We found no evidence of misconduct by postal employees and no pattern of similar allegations in postal databases.	03/21/14
Senator, Maine	Wrongful termination and demand for back pay	During a background investigation of new employees, the complainant's open felony arrest warrant in another state came to light. We assisted him in contacting authorities, who eventually provided information for his use in a grievance action to maintain his job. Through the grievance process, he was ordered to be returned to work.	12/16/13
Representative, North Carolina	Nonreceipt and theft of prescription medication sent through the mail	We conducted an investigation, including interviews and reviews of postal databases. The investigation did not find evidence of theft by a postal employee nor any similar complaints in the postal area. We later learned that the supplier replaced the lost medication.	01/17/14
Representative, Nevada	Theft of a package containing a watch	We determined a letter carrier did not follow mail delivery procedures and falsified records for the missing parcel. Likely the item was improperly delivered to another address and delivery initials from another address entered into the file. We found no leads that would allow us to trace the watch or a pattern of similar events in the area, and reported the findings to management for action deemed appropriate.	11/19/13
Representative, Arkansas	OIG employees accessed investigative resources to obtain text messages for unofficial matters	We conducted an internal investigation. Our forensic examination produced no evidence the subjects used subpoenas, phone or database search tools to improperly access data.	02/28/14
Representative, Missouri	Customer complaint that letter carriers were opening and retaping mail	Postal databases and mail integrity tests yielded no leads. Local postal management did not suspect employees were opening mail and processing or irregularities in other mail may have been the cause.	02/26/14

Requestor	Allegation/ Concern	Major Findings	Closure Date
Senator, Delaware	Harassment and hostile work environment	We initiated a workplace climate review. We conducted interviews, performed postal database searches, and reviewed documents. We documented that district management was aware of concerns and responded promptly. Management promptly initiated a formal workplace climate review and site visit in early 2013. The OIG review did not support the claims of harassment or a hostile work environment.	02/10/14
Representative, Mississippi	Parcel arrived with an outer seal broken	The complainant refused to be interviewed. Without her cooperation, we attempted to gain other leads by reviewing tracking information and looking for similar complaints in the area. We found no other leads to continue the investigation.	02/26/14
Representative, Kentucky	Misdelivery and non-receipt of mail, especially bills	Complainant reported no recent problems, and our mail integrity tests revealed no weaknesses. Database searches revealed no patterns of delivery issues demanding investigative attention.	01/07/14
Representative, California	Workplace retaliation from a whistleblower complaint and agent misconduct during the investigation	Complainant provided no evidence of a protected communication, as required for a finding of whistleblower retaliation. Information from postal files and interviews indicated a basis for management deciding to discipline the complainant. The misconduct matter is a personnel matter, to be reviewed through field office processes.	12/18/13
Representative, Florida	Willful delay of mail by a mail carrier	We found a basis in postal rules for the steps they took in suspending mail delivery. We documented a verbal altercation that occurred at the residence was a proper basis for suspension, i.e., suspending delivery in the face of an immediate perceived threat, including threats from animals.	12/12/13
Senator, Maryland	A postal employee, receiving workers' compensation benefits, alleged being prevented from returning to work after receiving a doctor's approval	An on-going investigation revealed the complainant made false statements and misrepresentations to medical providers and Department of Labor Office of Workers' Compensation Programs. Postal management delayed responding to the request to returning to work because of the ongoing investigation. We arrested the claimant for False Statements to Obtain Federal Employee's Compensation, False Statements, and Aiding and Abetting.	02/04/14
Representative, Nevada	Theft of dimes sent in envelopes	An interview with the March of Dimes did not reveal pattern of complaints that would warrant further investigation, and the organization declined mail integrity tests. Processing and Distribution Center management was aware of situations where envelopes containing coins have been damaged in processing at the plant in the past. Management did not think theft was likely in this case and was not aware of any suspicious employee behavior that would warrant further investigation.	01/31/14
Representative, Pennsylvania	Theft of a package containing silver, valued at $2,500.	Well before we received the inquiry, local postal managers had already conducted their own investigation into the matter and had taken disciplinary steps.	11/19/13
Representative, Missouri	Nondelivery and issues regarding insurance	Management provided inconsistent assertions of delivery to an apartment mailbox. We searched postal databases and conducted interviews and mail integrity tests. These efforts yielded no leads, and the Postal Service paid the constituent's insurance claim.	02/10/14
Chairman, House Committee	Review of a whistleblower complaint	The OIG conducted an investigation into a valid, unrelated charge involving travel card irregularities. We forwarded our findings to management for possible disciplinary action.	11/01/13
Representative, Minnesota	Nondelivery of a check mailed to Australia resulted in a $6,000 loss from decline in exchange rates	The investigation determined the Postal Service lost the constituent's International Registered Mail piece. Postal searches of numerous locations tracking databases did not locate the item. Postal personnel could not explain data showing an item bearing the same number as dispatched to Vienna, Austria, 5 months later. We documented the International Claims Processing Office did not promptly assist the complainant.	03/21/14
Representative, New Jersey	Missing prescription medications scanned as delivered during a Mail Hold	We confirmed the package was delivered during the Mail Hold. A substitute carrier was not informed of the Mail Hold and left the package on the front porch. We could not establish when or how the parcel disappeared from the porch.	03/21/14
Representative, New York	Theft of scrap gold worth approximately $18,000, and issues with associated insurance claim	We did not substantiate employee misconduct. We could not determine where the loss occurred, due in part to the passage of time and how the loss was reported. We noted the recipient did not promptly process the package, waited three weeks to report the gold was missing, and did not retain packaging that would have been of use to investigators. The OIG does not review insurance matters.	03/21/14
Senator, Maryland	Non-receipt, damage, and inexplicable "return to sender" processing of several pieces of mail	We learned a carrier may have mistakenly thought the residence was one of several vacant addresses with no forwarding address.	03/05/14
Senator, Maryland	Theft of package contents and failure of the online mail hold system to record requests	Our investigation did not find evidence of mail theft by a postal employee, but the mail was labeled as damaged. Contents of damaged mail sometimes are forwarded to Mail Recovery Centers (MRC). Because of the length of time passed, the MRC would no longer have any contents that might have been forwarded. We determined the cause for failure to hold the online mail request was human error, not a larger problem with the electronic system. Local postal personnel were required to retrieve hold requests from a database and, for some undetermined period of time, failed to do so.	02/10/14

Requestor	Allegation/ Concern	Major Findings	Closure Date
Senator, Maryland	Non-receipt, damage, and inexplicable "return to sender" processing of several pieces of mail	We learned a carrier may have mistakenly thought the residence was one of several vacant addresses with no forwarding address.	03/05/14
Representative, Michigan	An OIG agent improperly interfered with a former employee's attempts to be rehired	We found no evidence to substantiate the claims of misconduct or interference by the OIG agent.	03/21/14
Representative, New York	Status report on a whistleblower complaint, followed by a request to withdraw the employee's complaint	We closed our investigative work, noting the issues had been the subject of mediation.	02/03/14
Representative, Florida	Manipulation of mail tracking system to commit theft	Postal data indicate the package was undeliverable as addressed and contents were all returned to sender. We did not find employee misconduct.	03/21/14
Representative, Texas	Employee unfairly placed on administrative leave for misconduct	The OIG is following its internal procedures and regulations for handling disciplinary action. Employee is on paid administrative leave pending a decision and is represented by counsel.	02/10/14

Inspector General Audit Reports (5)

Requestor	Allegation/Concern	Major Findings/Resolution	Closure Date
Senator, Indiana	Constituents question the propriety of the Postal Service contract with CB Richard Ellis	The Office of Audit announced a survey to assess the Postal Service's internal controls over its transactions with CB Richard Ellis. The audit noted concerns regarding contract structure and oversight.	12/27/13
Ranking Members, Senate Committees	Periodic request for information on non-public, investigated cases	We presented information covering FY 13.	01/15/14
Chair, Senate Committee	Requested an information on service standards and plant consolidations	We provided information on a final rule issued in January 2014 and a list of consolidations made in 2013.	02/12/14
Chairman, House Subcommittee	Testimony Request for the hearing, "Alaska Bypass: A Broken System"	We provided the requested testimony.	03/04/14
Representative, Maine	Safety of Postal Service vehicles in inclement weather	We declined to conduct formal audit; we noted design and record of the Long Life Vehicles (LLVs), operating for the last 25 years, concluding this did not concern a system-wide complaint.	03/20/14

Risk Analysis Research Center Reports (2)

Requestor	Allegation/Concern	Major Findings/Resolution	Closure Date
Chairman, Senate Committee	Requested responses for the committee hearing on "Outside the Box: Reforming and Renewing the Postal Service, Part 1 - Maintaining Services, Reducing Costs, and Increasing Revenue through Innovation and Modernization."	We provided the requested responses.	11/22/13
Ranking Member, Senate Committee	Committee on Homeland Security and Government Affairs requests a continuation of a detail assignment.	We agreed to an extension.	02/25/14

General Counsel and Support Functions (3)

Requestor	Allegation/Concern	Major Findings/Resolution	Closure Date
Representative, Massachusetts	A manager's alleged threat caused post-traumatic stress disorder, leading to complainant's retirement. Complainant alleged the manager engaged in official misconduct by covering up information.	We closed our original investigation in 2010. Our investigation earlier in 2013 did not uncover additional information or reveal additional evidence warranting further investigation then or now. As a courtesy, we included a copy of the report of investigation for the constituent's original case.	02/21/14
Senator, Florida	Request for removal of excisions from previous correspondence released from the OIG FOIA office.	As the complainant had the statutory right to appeal FOIA determinations, we forwarded his correspondence to the OIG FOIA Appeals unit for processing. As to workplace allegations, complainant's retirement and the absence of similar complaints led to the Office of Investigations declination of additional investigative work.	12/13/13
Senator, South Dakota	Verbal abuse and inattention to service with possible racial motivation	We did not find a nexus to areas of OIG jurisdiction and opined that such issues are best handled by Postal Service management, as management attempted to do so earlier in 2013. By management's account, the constituent refused to talk to them about the issue.	12/24/13

Referrals (3)

Requestor	Allegation/Concern	Major Findings/Resolution	Closure Date
Representative, Missouri	Unjust termination of a postal employee	Referred to U.S. Postal Service	02/19/14
Senator, New York	Withheld wages by a postal contractor	The allegations fell solely under the jurisdiction of the Department of Labor	02/26/14
Senator, Ohio	Mail tampering by the constituent's neighbors	Referred to U.S. Postal Inspection Service	02/20/14

Supplemental Information

Freedom of Information Act

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

Activities

For the period October 1, 2013, to March 31, 2014

Requests	Number of Requests
Carryover from prior period	21
Received during period	266
Total on hand during period	**287**

Actions	Number of Requests
Processed during the period	**257**
Requests denied in full	13
Requests granted in full	10
Requests denied in part	114
No records	50
Requests referred	10
Requests withdrawn	13
Fee-related reasons	—
Records not reasonably described	—
Not a proper FOIA request for some other reason	7
Not an agency record	40
Duplicate request	—

Balance	Number of Requests
Balance at the end of the period (pending)	30

Processing Days	Number of Days
Median processing days to respond to a FOIA request	8

Workplace Environment

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

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

Activities

For the period October 1, 2013 - March 31, 2014

Complaints Received	Total
Carried over from previous quarter(s)	20
Complaints received from OIG Hotline, Congress, Governors, management, internal, and other	358
Total on hand during this period	**378**

Workplace Environment Actions	Total
Complaints reviewed and closed during the period	368
Referred to Postal Inspection Service	1
Referred to Office of Audit	0
Referred to Office of Investigations	1
Referred to Workplace Environment	43
Referred to Hotline	1
Referred to Summary of findings to Congress/BOG/Postal Service Management	104
Referred to FOIA	0
Referred to AIG for Investigations	0
Referred to Database for statistical analysis and possible systemic review	218

Acronym Guide

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

APPS: Automated Package Processing System

APWU: American Postal Workers Union

C&A: certification and accreditation

CSRS: Civil Service Retirement System

CSS: customer service supervisor

DBCS: Delivery Barcode Sorter

DOL: U.S. Department of Labor

DEA: Drug Enforcement Administration

DWC: distribution window clerk

eCBM: Electronic Conditional Based Maintenance

EDDI: Electronic Data Distribution Infrastructure

EDI: Electronic Data Interchange

EIR: Enterprise Information Repository

FEGLI: Federal Employees' Group Life Insurance

FEHB: Federal Employees Health Benefits

FSS: Flats Sequencing System

GMU: George Mason University

HCR: highway contract route

LLV: long-life vehicles

MTE: mail transport equipment

NALC: National Association of Letter Carriers

NCSC: National Customer Support Center

NDC: network distribution center

NPV: net present value

OA: Office of Audit

OI: Office of Investigations

OWCP: Office of Workers' Compensation Programs

P&DC: processing and distribution center

P&DF: processing and distribution facility

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

PKI: Public Key Infrastructure

PRC: Postal Regulatory Commission

PVS: Postal Vehicle Services

RARC: Risk Analysis Research Center

SBOC: Stations and Branches Optimization Consolidation

SSA: sales and services associate

TACS: Time and Attendance Collection System

VMF: Vehicle Maintenance Facility

Who do I call?

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

Office of Inspector General

- Theft, delay, or destruction of mail by employees and contractors
- Workers' compensation fraud
- Embezzlements and financial crimes
- Contract fraud
- Kickbacks
- Computer crimes
- Narcotics
- Employee misconduct
- Internal affairs and executive investigations
- Whistleblower reprisals

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

Postal Inspection Service

- Security of employees, facilities, and equipment
- Revenue and postage fraud
- International mail security
- Violent crimes:
  - Threats and assaults of employees
  - Burglaries and robberies
- Mail theft by nonemployees
- Dangerous mail and bombs
- Mail fraud
- Identity theft
- Narcotics in the mail
- Child pornography and obscenity

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