

March 29, 2002

JOHN A. RAPP  
SENIOR VICE PRESIDENT, OPERATIONS

THOMAS G. DAY  
VICE PRESIDENT, ENGINEERING

SUBJECT: Audit Report – Postal Service Strategy for Processing At-Risk Mail and  
Deployment of Irradiation Equipment (Report Number AC-AR-02-003)

This report presents the results of one in a series of audits we conducted of the Postal Service's response to the threat of terrorism (Project Number 01YC001AC000). This audit was self-initiated and the objective was to evaluate the Postal Service's strategy for processing at-risk mail and deployment of irradiation equipment used to sanitize the mail.

The Postal Service's strategy for processing contaminated mail and deploying irradiation equipment was sufficient to protect the mail, customers, and employees. However, the audit disclosed that three federal government agencies refused to accept both sanitized and non-sanitized mail. As a result, the Postal Service estimated there were approximately 16 trailers of mail at the V Street Postal Service facility awaiting delivery for more than 60 days. The backlog of mail caused storage problems at the V Street Postal Service facility. In addition, the Postal Service was unable to process sanitized mail and deploy irradiation equipment at two facilities because they failed to get advance approval from local government officials. Consequently, the Postal Service spent approximately \$1 million to prepare two facilities that were never used. Postal Service officials stated that deployment plans for the irradiation systems were on hold until alternative sites can be located.

We offered two recommendations to Postal Service management designed to eliminate the backlog of sanitized mail and ensure that approvals are obtained from the appropriate local government officials prior to acquiring and or modifying facilities for processing sanitized mail and deploying irradiation equipment. Management agreed with our findings and recommendations and the actions planned and implemented are responsive to the issues identified in this report. Management's comments and our evaluation of these comments are included in the report.

The Office of Inspector General (OIG) considers recommendations 1 and 2 significant and, therefore, requires OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. These recommendations should not be closed in the follow-up tracking system until the OIG provides written confirmation that the recommendations can be closed.

We appreciate the cooperation and courtesies provided by your staff during the review. If you have any questions or need additional information, please contact Larry Chisley, director, Accepting and Processing, at (703) 248-2100, or me at (703) 248-2300.

Ronald K. Stith  
Assistant Inspector General  
for Core Operations

Attachment

cc: Patrick R. Donahoe  
Richard J. Strasser, Jr.  
Rudolph K. Umscheid  
Susan M. Duchek

## INTRODUCTION

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### **Background**

In October 2001, a letter containing anthrax was processed at the Trenton, New Jersey, and the Brentwood Processing and Distribution facilities. In response, the Postal Service developed a strategy that included: (1) the immediate sanitizing of mail at off-site contracted facilities, (2) deploying eight irradiation systems for centralized processing and decontamination of the mail, and (3) identifying detection equipment that could be integrated into existing mail processes. This report does not address the third tier of the Postal Service's strategy of identifying detection equipment that could be integrated into existing mail processes because it was outside of the scope of our audit.

### **Objective, Scope, and Methodology**

The overall objective of the audit was to assess the Postal Service's strategy for processing at-risk mail and deploying irradiation equipment used to sanitize that mail. To accomplish our objective, we interviewed Postal Service officials in the Capital District and headquarters Engineering and Facilities. We also visited the V Street Postal Service facility to review mail-processing operations in Washington, D.C., and observed decontamination operations at contractor facilities in Lima, Ohio, and Bridgeport, New Jersey. This audit was conducted from November 2001 through March 2002 in accordance with generally accepted government auditing standards and included such tests of internal controls as were considered necessary under the circumstances. We discussed our conclusions and observations with appropriate management officials and included their comments, where appropriate.

### **Prior Audit Coverage**

We did not identify any prior audits or reviews related to the objective of this audit.

## AUDIT RESULTS

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### Postal Service Strategy was Adequate

The Postal Service's strategy in response to the anthrax-contaminated mail was sufficient to protect the safety of the mail, customers, and employees. The Postal Service developed a three-tiered strategy including: (1) the immediate sanitizing of mail at off-site contracted facilities, (2) deploying eight irradiation systems for centralized processing and decontamination of the mail, and (3) identifying detection equipment that could be integrated into existing mail processes.

To implement the first tier of the strategy, the Postal Service closed the Trenton, New Jersey, and Brentwood Processing and Distribution Centers. In addition, the Postal Service contracted with two vendors, Titan Corporation and Ion Beam Applications Incorporated, to sanitize all of the contaminated mail from the impacted facilities. However, three federal agencies refused to accept their mail after it was sanitized. This resulted in a backlog of mail and storage problems at the V Street Postal Service facility.

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### Mail Delivery and Storage Problems

Three government agencies were not accepting their sanitized mail, which caused delivery and storage problems at the V Street Postal Service facility in Washington, D.C. Postal Service officials stated that mail carriers attempted to deliver the mail, but these agencies still feared contamination, even though the mail had been sanitized. According to the Domestic Mail Manual, if an addressee refuses mail, it should be marked as refused, and returned to the sender without delay. However, Postal Service officials did not follow these procedures or develop supplemental procedures to address the unique circumstances of customers refusing to accept sanitized mail. As of February 2002, the Postal Service estimated 16 trailers of mail for three federal agencies were still being held at the V Street Postal Service facility.

Postal Service officials made an extensive effort to inform governmental agencies of the irradiation process used to sanitize the mail. The vice president, Engineering, sent a letter to government customers informing them that the mail had been sanitized and was safe. In addition, the vice president, Engineering, made presentations to federal

agencies' mailroom managers, mail industry representatives, and the House and Senate administrative staffs. Although the Postal Service made efforts to communicate the processes used to sanitize the mail, there continues to be reluctance on the part of these customers to accept their mail. The following photos are examples of sanitized mail awaiting delivery.



Figure 1. Example of mail being held for government agencies



**Figure 2. Example of First-Class Mail being held for the Library of Congress**

According to the manager of government mail at the V Street Postal Service facility, the three agencies were altering their mail acceptance procedures because their mailrooms could not handle the volume. As of February 2002, the three agencies were not accepting their mail and no decision had been made on what the Postal Service plans to do with the backlog of mail. The Postal Service needs to take some action to elevate the backlog of mail and storage problems.<sup>1</sup>

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**Recommendation**

We recommend the senior vice president, Operations:

1. Direct the return of backlog sanitized mail to senders in accordance with the Domestic Mail Manual or develop supplemental procedures for handling sanitized mail that customers do not accept.

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<sup>1</sup> The backlog of mail has increased to 30 trailers as of February 22, 2002.

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**Management's  
Comments**

Management agreed with the recommendation and stated they notified government agencies that effective March 25, 2002, their mail would be handled as refused, in accordance with the provisions of the Domestic Mail Manual. Management's comments, in their entirety, are included in the appendix of this report.

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**Evaluation of  
Management's  
Comments**

Management's actions are responsive and meet the intent of our recommendation.

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**Processing and  
Deployment Strategy  
Not Implemented**

The Postal Service was unable to implement the second tier of strategy for processing sanitized mail and deploying irradiation equipment. Their strategy included acquiring two facilities; one designated to process sanitized mail and the other for operating the irradiation systems used to sanitize contaminated mail. However, use of the facilities was cancelled because of local government officials' resistance to using two facilities, one for processing sanitized mail and another for deploying the irradiation equipment. As a result, the Postal Service incurred about \$1 million in building modifications and real estate expenses for two facilities that were never used. Additionally, deployment plans for eight irradiation systems were put on hold until an alternate site could be located.

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Hechinger Building

On November 2, 2001, the Postal Service entered into a 3-month license agreement to lease the Hechinger building located in Temple Hills, Maryland. The license agreement allowed the Postal Service to begin using and modifying the building prior to purchase. The Brentwood Processing and Distribution Center's Government Mail Section was supposed to relocate to this building, where they would receive and process sanitized mail.

To prepare the building for occupancy, the Postal Service contracted to have the building remodeled. One week after the start of remodeling, local government officials turned off utilities to the building because of concerns about bringing sanitized mail into their county. As a result, the Postal Service terminated the license and purchase agreements and continued to process sanitized mail at the V Street Postal Service facility in Washington, D.C. The Postal Service incurred approximately \$600,000 in architectural and engineering, building modification, and real estate expenses prior to terminating the license agreement.

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White Oak Facility

In October 2001, the Postal Service purchased eight irradiation systems for \$40 million from Titan Corporation and planned to install four of the eight irradiation units in the General Services Administration's White Oak facility in Montgomery County, Maryland.

The Postal Service hired an architectural engineering firm to conduct a design concept study of the facility and had planned to have the irradiation equipment installed and operational by April 2002. However, Postal Service officials decided to cancel their plans to use the White Oak facility because they expected local government officials would have concerns similar to those associated with the Hechinger building. As a result, the Postal Service incurred architectural and engineering costs of almost \$400,000. Deployment plans for the eight irradiation systems are on hold until an alternate location can be identified.

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**Recommendation**

We recommend the vice president, Engineering, in consultation with the vice president, Facilities:

2. Establish procedures to ensure approval is obtained from local government officials prior to acquiring and or modifying facilities for processing contaminated or sanitized mail.

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**Management's  
Comments**

Management agreed with the recommendation and stated they will ensure that meetings with local government officials occur prior to signing an agreement to acquire or modify a facility for processing contaminated or sanitized mail.

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**Evaluation of  
Management's  
Comments**

Management's planned actions are responsive and meet the intent of our recommendation.

## APPENDIX. MANAGEMENT'S COMMENTS

JOHN A. HEFF  
SUNSHINE REPORT  
OWNER



March 27, 2002

RONALD K. STITH  
ASSISTANT INSPECTOR GENERAL  
FOR CORE OPERATIONS

SUBJECT: Draft Audit Report—Postal Service Strategy for Processing At-Risk Mail and  
Deployment of Irradiation Equipment (Report Number-AC-AR-02-DRAFT)

This is in response to your February 26 letter transmitting the subject audit.

### Recommendation #1

Direct the return of backlog sanitized mail to senders in accordance with the Domestic Mail Manual or develop supplemental procedures for handling sanitized mail that customers do not accept.

### Response:

The rules, as stated in the Domestic Mail Manual, were created to deal with ordinary circumstance. Clearly, the events surrounding the anthrax attack in the mail were not ordinary. Initially nearly all agencies refused the mail due to their uncertainties about contamination, irradiation, and the safety of the mail. Working jointly, officials of the Capital District and Government Relations were able to convince most agencies of the safety of the irradiated mail, and re-establish delivery. Some agencies, however, have elected to establish their own safety/security processes through third-party contracts. These agencies, including the Library of Congress and Federal Reserve, asked us to hold their mail for about 30 days in order to give them time for implementation. This timeframe has proven unrealistic. Therefore, we decided on March 5 to notify these agencies that effective March 25, their mail will be handled as refused, in accordance with the provisions of the Domestic Mail Manual. The additional time was given to allow them a few days to reconsider their refusal of the mail, in hopes that the expense of returning the mail to the senders could be avoided.

### Recommendation # 2

Establish procedures to ensure approval is obtained from local government officials prior to acquiring and or modifying facilities for processing contaminated or sanitized mail.

### Response:

Postal Service management is well aware of, and routinely adheres to, the policy that calls for community contact and notification. Due to the urgent nature of the anthrax situation and the closing of the Brentwood facility, emergency procedures were followed in obtaining use of the former Hechinger's building. Unfortunately, despite our best efforts, the Postal Service was unable to schedule a timelier meeting with local officials; thus, the meeting took place after the license agreement was signed. In the future, given the considerable interest in mail that has been or will be sanitized, we will ensure that such meetings take place before an agreement has been signed.

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Similar circumstances were encountered with the White Oak facility. Due to the urgent requirement to address the immediate threat, restore confidence in the mail, and to protect employees and customers against anthrax, the Postal Service funded a concept design for the White Oak facility. It is required to evaluate how the irradiation process will impact operations, and while it is for White Oak, it can be adapted and used for the site ultimately selected.

In accordance with the National Environmental Protection Act (NEPA), the Postal Service is conducting the required environmental assessment that requires local approval prior to implementing the project.



John A. Rapp

cc: Mr. Donahoe  
Mr. Strasser  
Mr. Umscheid  
Mr. Gunnels