

Office of Inspector General | United States Postal Service

Audit Report

Underground Storage Tanks

Report Number HR-AR-19-001 | February 5, 2019



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Highlights

Objective

Our objective was to assess the U.S. Postal Service's effectiveness in managing its underground storage tank (UST) program.

As of May 2018, the Postal Service had 145 active and 35 inactive tanks in the UST program. Active USTs contain fuel (gasoline and diesel) to power generators and its fleet of vehicles. USTs are designated as inactive when the tank is no longer economically viable to keep in place and operating, it is not sufficiently used to keep operating, or it is no longer needed.

The UST program, which is managed by the Office of Sustainability, provides on-site compliance and repair support for all Postal Service installations with USTs. As part of the program, active USTs are inspected, tested, and monitored to ensure they function properly and comply with Postal Service policy and federal and respective state requirements. UST operators are responsible for operating and maintaining USTs. UST operators are categorized as Class A, B, or C. Class A and B operators are responsible for overall UST operations, and Class C operators are responsible for dispensing fuel and responding to UST alarms.

In fiscal year (FY) 2014, the Postal Service approved \$44.4 million for the removal and replacement of 276 active USTs. As of June 2018, the Postal Service spent \$33.8 million to remove and replace 187 tanks. We judgmentally selected 45 active tanks based on age, location, and type, and assessed the areas of inspections, testing, and monitoring. Additionally, we reviewed 14 tanks identified for removal or replacement to determine viability of removal or replacement. Our scope period was UST activities from October 2016 through March 2018.

What the OIG Found

The Postal Service effectively managed UST program components related to testing, monitoring, removal, and replacement. However, the Postal Service can improve oversight of UST inspections and operator training. We identified that:

- Operators did not conduct monthly inspections for 62 percent (28 of 45) of the USTs reviewed.

- Operators did not conduct required daily inspections for 64 percent (seven of 11) of the USTs reviewed.
- Fifty-three percent (56 of 106) of Class C operators did not complete the required annual refresher training course in FY 2017.
- Forty-two percent (49 of 117) of Class C operators did not complete the required annual refresher training course in FY 2018.

UST inspections were not consistently conducted in accordance with policy due to a lack of oversight in the current process. Annual refresher training was not at 100 percent compliance because there is not a validation mechanism to ensure all required training is completed.

When inspections are not conducted as required, there is an increased risk that equipment problems will not be detected timely and, therefore, not receive maintenance attention before escalating into more serious issues.

When annual refresher training is not completed, Class C operators miss opportunities to reinforce policies, procedures, and requirements to ensure compliance.

What the OIG Recommended

We recommended management establish oversight mechanisms to ensure adherence to policies and procedures relating to UST inspections and UST operator annual refresher training requirements.

Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

February 5, 2019

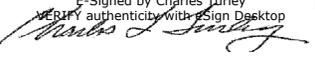
MEMORANDUM FOR: THOMAS G. DAY
CHIEF SUSTAINABILITY OFFICER

KEVIN L. MCADAMS
VICE PRESIDENT, DELIVERY OPERATIONS

ROBERT CINTRON
VICE PRESIDENT, NETWORK OPERATIONS

PRITHA N. MEHRA
ACTING VICE PRESIDENT, INFORMATION TECHNOLOGY

E-Signed by Charles Turley
VERIFY authenticity with Sign Desktop



FROM: Charles L. Turley
Deputy Assistant Inspector General
for Supply Management & Human Resources

SUBJECT: Audit Report – Underground Storage Tanks
(Report Number HR-AR-19-001)

This report presents the results of our audit of U.S. Postal Service Underground Storage Tanks (Project Number 18SMG020HR000).

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Lucine M. Willis, Director, Human Resources, or me at 703-248-2100.

Attachment

cc: Postmaster General
Corporate Audit Response Management

Results

Introduction/Objective

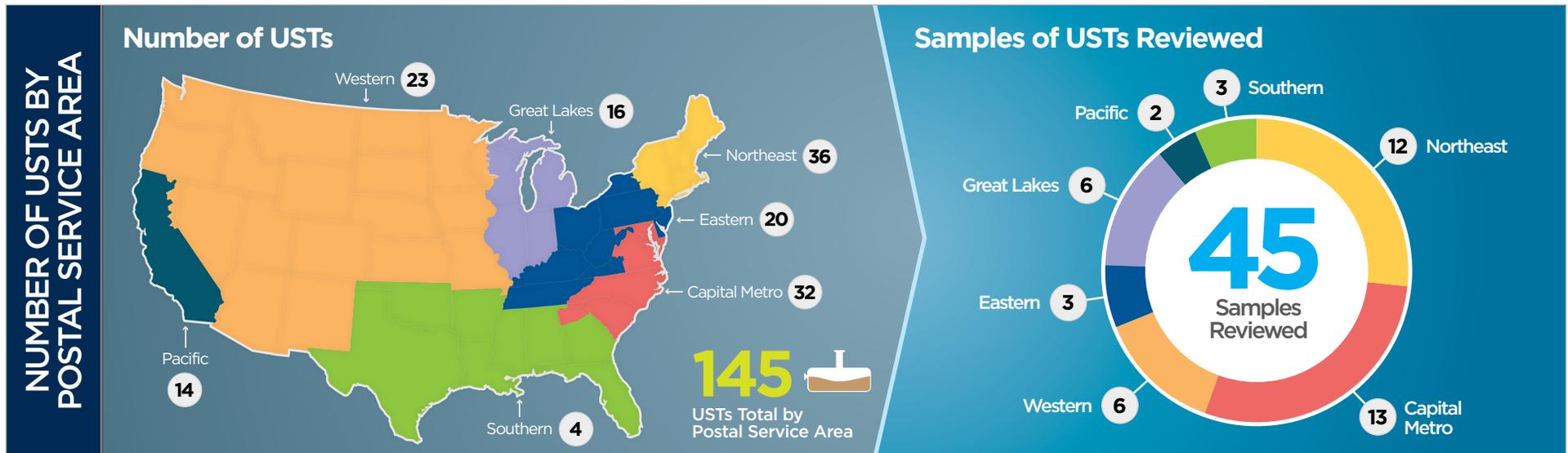
This report presents the results of our self-initiated audit of the U.S. Postal Service’s underground storage tanks (Project Number 18SMG020HR000). Our objective was to assess the Postal Service’s effectiveness in managing its underground storage tank (UST) program.

As of May 2018, the Postal Service had 35 inactive and 145 active USTs with an average age of 23 years.¹ USTs are designated as inactive when the tank is no longer economically viable to keep in place and operating, it is not sufficiently used to keep operating, or it is no longer needed. We reviewed a judgmental sample of 45 active USTs² to determine if the Postal Service conducted inspection, testing, and monitoring activities in compliance with applicable Postal Service policies. Additionally, we reviewed 14 tanks identified for removal or replacement to determine viability of removal or replacement. Our scope period was UST activities from October 2016 through March 2018. [Appendix A](#) provides additional information regarding the audit and Table 1 illustrates UST distribution by Postal Service area.

Table 1. Number of USTs by Postal Service Area

Area	Number of USTs	Sample of USTs Reviewed
Northeast	36	12
Capital Metro	32	13
Western	23	6
Eastern	20	3
Great Lakes	16	6
Pacific	14	2
Southern	4	3
Total	145	45

Source: Office of Sustainability.



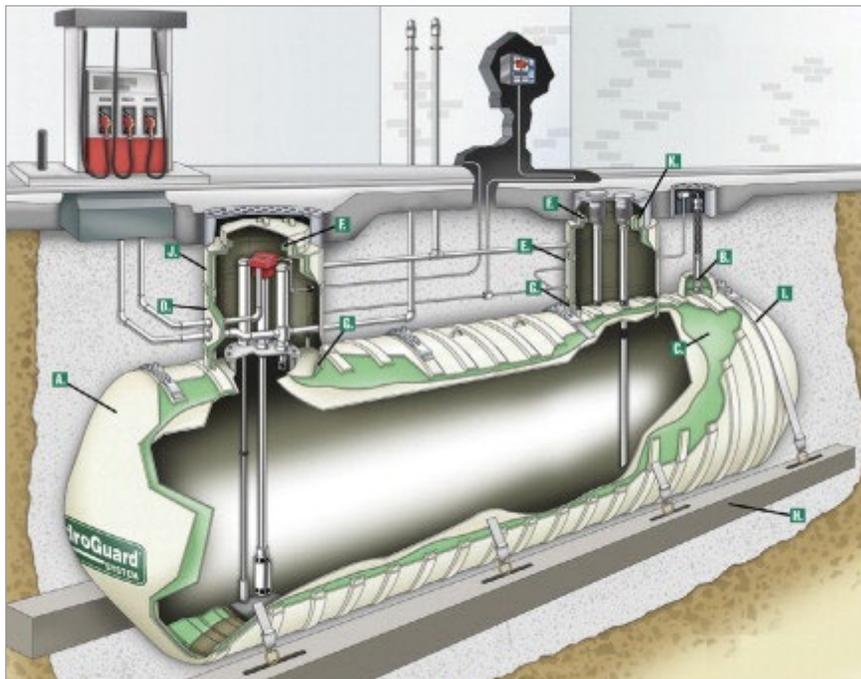
¹ According to the Postal Service Office of Sustainability, their average USTs’ life expectancy is about 30 years, which we confirmed is consistent with industry standards.

² The 45 tanks were located at 21 Postal Service installations.

Background

The Postal Service's Office of Sustainability manages the UST program; however, multiple operational functions and personnel are responsible for program execution. The program consists of inspecting, testing, and monitoring USTs, in addition to providing repair support for all Postal Service installations with USTs. Figure 1 provides a UST diagram.

Figure 1. UST Diagram



Source: InterSpec, LLC.

Each installation with a UST must follow prescribed requirements designated in a site-specific operation, maintenance, and management (OMM) plan. The OMM plan provides guidance to installation heads on the management/maintenance of USTs and related federal and state requirements. Based on Postal Service

Environmental Compliance Bulletins,³ the OMM plan provides specific tasks for ensuring UST compliance for which the installation head is ultimately responsible.

Postal Service personnel and contractors use the Environmental Toolkit (ETK) system to manage and track environmental data and documents for each UST installation. For example, the ETK system contains the OMM plan, tank designs and specifications, and UST inspection and test results.

Each installation with a UST must have on-site operators who are responsible for the operation and maintenance of UST systems. Postal Service employees with UST system responsibilities are referred to as UST operators. UST operators are categorized by class based on their duties: Class A, Class B, or Class C. Class A and B operators are generally installation heads, maintenance managers, vehicle maintenance facility (VMF) managers, and maintenance supervisors responsible for overall UST operations. Class C operators are on-site VMF, maintenance, craft employees, or other personnel assigned by the installation head responsible for dispensing fuel and responding to UST alarms. The Postal Service also uses contractors to assist with compliance testing and monitoring of USTs. When necessary, installation heads coordinate with Facilities to make major repairs, including the removal and replacement of USTs.

Summary

The Postal Service effectively managed UST program components related to UST testing, monitoring, removal, and replacement; however, we identified opportunities to improve oversight of UST inspections and operator training. We validated that responsible Postal Service and contractor personnel effectively conducted annual compliance testing and monitored/responded to alarms in accordance with OMM plans/established protocols for all 45 tanks we reviewed.

Additionally, as of June 2018, the Postal Service spent \$33.8 million of the approved \$44.4 million (or 76 percent) to remove and replace 187 of the 276 (or 68 percent) USTs. At this rate, pending unforeseen circumstances, the Postal Service should have enough in its remaining budget⁴ (\$10.6 million) to remove and replace 58 of the remaining 89 UST. The Office of Sustainability has

³ Issued by the Office of Sustainability, *Environmental Compliance Bulletins* are derived from federal and state requirements addressing the operation and management of USTs.

⁴ Based on the average cost incurred of \$180,806 to remove and replace an UST ($\$33.810,677/187=\$180,806$).

developed a schedule for removing and replacing aging tanks and indicated plans to request additional funding to continue the removal and replacement program to address the remaining 31 USTs.

Finding #1: Tank Inspections

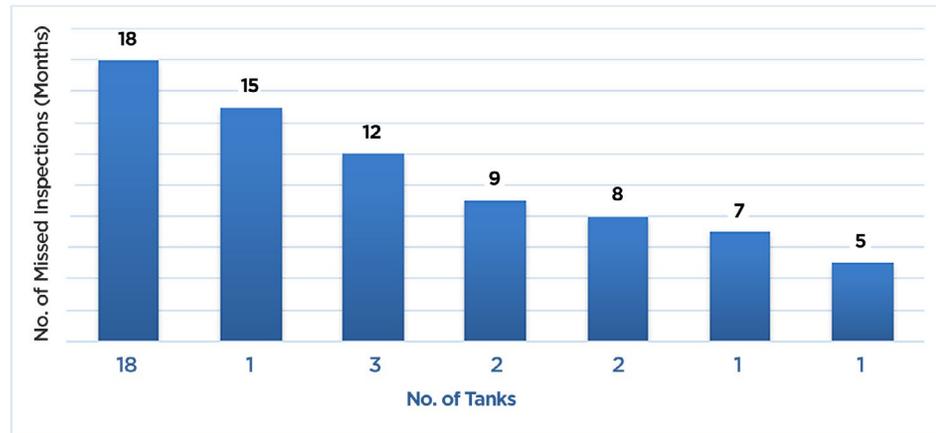
UST operators did not consistently conduct monthly and daily inspections, as prescribed by the OMM. The OMM plan requires that installations must, at a minimum, conduct monthly and daily visual inspections using the UST inspection checklist. Of the 45 tanks we reviewed, monthly inspections were required for all 45 tanks and daily inspections were required for 11 tanks.⁵

Monthly Inspections

We assessed 45 tanks that required a monthly inspection, over an 18-month period, and identified the following:

- Twenty-eight tanks (or 62 percent) did not conduct monthly inspections in compliance with the requirements. Figure 2 provides a break-out of the frequency of missed inspection months.

Figure 2. Missed Monthly Inspections



Source: U.S. Postal Service Office of Inspector General (OIG) analysis.

⁵ Based on the tank specifications, daily inspections may not be required, per policy.

⁶ Postal Service policy requires installations to maintain hard copy inspection documents on site for seven years.

⁷ Our scope period was October 1, 2016, through March 31, 2018, which comprised 375 days — excluding holidays and weekends.

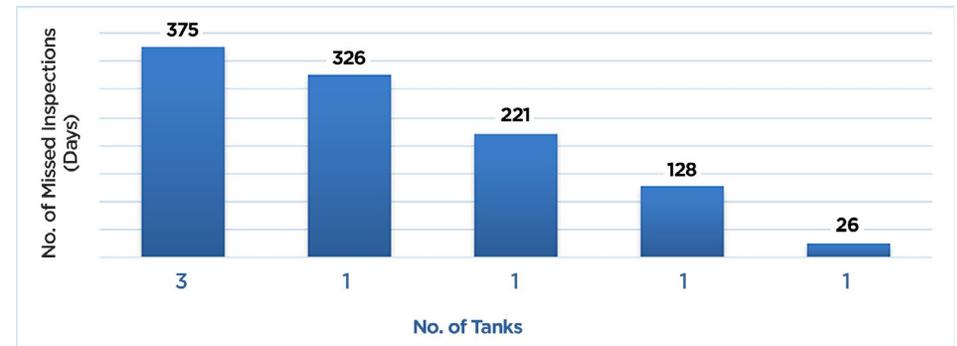
For the 28 tanks that did not comply with monthly inspection requirements, we identified:

- Inspection checklists⁶ for 19 tanks (or 68 percent) were not provided to demonstrate the inspection was conducted.
- Inspection checklists for nine tanks (or 32 percent) were not properly completed to demonstrate the inspection was comprehensive or accurately conducted. Examples include operators using the wrong checklist, not completing key items on the checklist, or not signing.

Daily Inspections

We assessed 11 tanks that required daily inspection over the 375-day⁷ period reviewed and identified that seven tanks (or 64 percent) did not have daily inspections in compliance with the requirements. Figure 3 provides a break-out of the frequency of missed inspection days.

Figure 3. Missed Daily Inspections



Source: OIG analysis.

UST inspections were not consistently conducted in accordance with policy due to a lack of oversight in the current monitoring process. Although policy requires installation heads to ensure inspections are conducted, current processes do not explicitly include an accountability mechanism to ensure inspections are conducted properly. As such, no one is ensuring the daily and monthly checklists are completed consistently or correctly. Additionally, installation heads claimed that since UST responsibilities may be ancillary duties, competing priorities and responsibilities took precedent at times; therefore, monthly or daily inspections may have been overlooked.

When inspections are not conducted as required, there is an increased risk that equipment problems will not be detected timely and, therefore, will not receive maintenance attention before they escalate into more serious issues, such as fuel releases or spills, that may ultimately jeopardize the health and safety of postal employees, the public, and the environment. Based on the 28 tanks that did not meet the monthly inspection requirement, the Postal Service is at risk of being fined \$98,000⁸ in penalties by the Environmental Protection Agency (EPA).⁹

Recommendation #1

We recommend the **Chief Sustainability Officer**, in coordination with the **Vice Presidents, Delivery Operations and Network Operations, and the Acting Vice President, Information Technology**, establish an oversight mechanism to ensure adherence to policies and procedures relating to underground storage tank inspections.

Finding #2: Operator Training

Class C operators did not always complete the required annual refresher training course, as prescribed by policy. Postal Service policy requires Class C operators to take annual refresher training on daily tank operations and requirements, including emergency procedures and instructions.

We reviewed training records for all Class C operators responsible for overseeing the 45 USTs and identified that:

- Fifty-three percent (56 of 106)¹⁰ of Class C operators did not complete the annual refresher training course in FY 2017; and
- Forty-two percent (49 of 117) of Class C operators did not complete the annual refresher training course in FY 2018.

Annual refresher training was not at 100 percent compliance because there is not a validation mechanism to ensure all required training is completed. Several managers with supervisory responsibilities acknowledged they were aware of the annual refresher requirement but did not review, validate, or discuss with installation managers that the trainings were completed.

When annual refresher trainings are not completed, Class C operators miss opportunities to reinforce policies, procedures, and requirements to ensure compliance. Additionally, noncompliance of training requirements violates EPA standards and warrants a \$3,500 fine per installation. Based on the 11 installations where Class C operators did not complete annual refresher training, the Postal Service is at risk of being fined \$38,500¹¹ in penalties.

Recommendation #2

We recommend the **Chief Sustainability Officer**, in coordination with the **Vice Presidents, Delivery Operations and Network Operations, and the Acting Vice President, Information Technology**, establish an oversight mechanism to ensure underground storage tank Class C operators complete annual refresher training as required.

⁸ The Postal Service could be subject to EPA fines and penalties of \$3,500 per tank. To quantify the monetary value of these violations, we multiplied the 28 tanks by \$3,500 to arrive at \$98,000.

⁹ 40 C.F.R. §280.20(c)(4).

¹⁰ The number of Class C operators may change each year. Annual refresher training was required for 106 operators in 2017 and 117 operators in fiscal year 2018.

¹¹ The Postal Service could be subject to EPA fines and penalties of \$3,500 per installation. To quantify the monetary value of these violations, we multiplied the 11 installations by \$3,500 to arrive at \$38,500.

Management's Comments

Management agreed with both findings and recommendations and noted the audit found no issues with implementation of the UST DAR, but that problems occurred regarding users observing established policies for inspection and training and file retention. Regarding the recommendations, management stated that a corporate solution to provide necessary visibility, oversight, and continuous monitoring of these deficiencies requires interim and long-term strategies.

As an interim strategy, the Office of Sustainability currently conducts UST compliance reviews every six months at all sites with regulated and fueling USTs. These reviews, which are tailored to each site's unique compliance requirements, identify deficiencies, including any missing or deficient operator training or OMM plan inspections. Management stated that moving forward, they will send these compliance reports to appropriate officials and stakeholders. The target implementation date is June 30, 2019.

The long-term strategy is to enhance ETK to automate the above process, resulting in robust compliance oversight and visibility of UST deficiencies at various levels of the organization. ETK enhancements will include direct upload of six-month UST compliance reviews and findings into the system, built-in reports to provide compliance information in real time and at various functional

levels, and developing appropriate dashboards to allow management to review roll-up reports and follow up on deficiencies based on functional and regional responsibilities.

Management stated the Office of Sustainability will need to seek funding for ETK enhancements and work with appropriate personnel on design, cost estimates, and technical implementation. The target implementation date will depend on the availability of funding for ETK beginning in FY 2020.

See [Appendix B](#) for management's comments in their entirety.

Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendations and planned actions should resolve the issues identified in the report.

All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. Recommendations should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendation can be closed.

Appendices

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Appendix A: Additional Information

Scope and Methodology

The scope of our audit included the inspecting, testing, and monitoring of USTs from October 2016 through March 2018. We judgmentally selected 45 tanks for our review and assessed whether installations followed the OMM plan. We also reviewed the removal and replacement of USTs, operator training, and penalties and violations.

To accomplish our objective, we:

- Interviewed Postal Service personnel responsible for managing USTs to obtain an understanding of the process and their roles and responsibilities.
- Reviewed Postal Service policies and procedures for inspecting, testing, monitoring removing, and replacing USTs.
- Reviewed active tanks to determine if selected tanks were inspected, tested, and monitored in accordance with Postal Service policies and procedures, specifically the OMM plans.
- Reviewed related notices of violation and associated penalties to determine the reasons for violations.
- Reviewed training records to determine if responsible personnel received sufficient training to perform their roles and responsibilities.
- Reviewed Decision Analysis Report documents to determine if the Postal Service was on target with allocated funds and the number of USTs to be removed and replaced.

- Obtained cost benefit and payback analyses for replacement of tanks and reviewed for reasonableness.
- Reviewed assessment reports for 14 tanks identified for removal or replacement to determine viability of removal or replacement.

We conducted this performance audit from June 2018 through February 2019, in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We discussed our observations and conclusions with management on December 10, 2018, and included their comments where appropriate.

We assessed the reliability of ETK and Application Portal for Environmental Compliance data by reviewing source documents and interviewing responsible personnel knowledgeable about the data. We determined that the data were sufficiently reliable for the purposes of this report.

Prior Audit Coverage

The OIG did not identify any prior audits or reviews related to the objective of this audit within the last five years.

Appendix B: Management's Comments

THOMAS G. DAY
CHIEF SUSTAINABILITY OFFICER



January 2nd, 2019

Lazerick Poland
Director, Audit Operations

SUBJECT: Underground Storage Tanks (Report Number HR-AR-19-DRAFT)

Management agrees with the results of the audit. The audit itself found no issues with the implementation of the UST DAR, rather the problem occurred at the user level with the observance of established policies for inspection & training, as well as the retention of files to record the inspections & training.

Recommendation #1: We recommend the **Chief Sustainability Officer**, in coordination with the **Vice Presidents, Delivery Operations, Network Operations, and Information Technology**, establish an oversight mechanism to ensure adherence to policies and procedures relating to underground storage tank inspections.

Recommendation #2: We recommend the **Chief Sustainability Officer**, in coordination with the **Vice Presidents, Delivery Operations, Network Operations, and Information Technology**, establish an oversight mechanism to ensure underground storage tank Class C operators complete annual refresher training as required.

Management Response/Action Plan:

A corporate solution for both findings is provided below. This solution provides the necessary visibility, oversight, and continuous monitoring of the deficiencies noted in the OIG report and requires an interim and a long strategy.

Interim Strategy

Office of Sustainability currently conducts UST specific compliance reviews every 6 months at all sites with regulated and fueling USTs. These reviews are tailored to each site's unique federal, state, and local compliance requirements. The site specific reports, generated every six months, lists compliance deficiencies, including any missing or deficient Operator Training or OMM plan inspections at each site. Moving forward, these compliance reports will be sent to appropriate management in Vehicle Programs and other appropriate stakeholders.

Long Term Corporate Solution

ETK can be enhanced to automate the above process and provide a more robust compliance reporting process specific to USTs. ETK currently does not have the capability for direct upload/import of the 6-month UST compliance reviews. With support from USPS IT Department, ETK can be enhanced to have the findings from the UST compliance reviews directly imported into the system. This will result in robust compliance oversight and visibility of the UST deficiencies at various levels of

Template - FY 2016

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THOMAS G. DAY
CHIEF SUSTAINABILITY OFFICER

the organization. Reports can be built into the ETK system that can provide needed compliance information in real time and at various functional levels. Enhancements can also include developing appropriate dashboards that allow management to review roll-up reports and to follow-up on deficiencies based on the functional and regional responsibilities.

To adopt this strategy, ETK program office (Office of Sustainability) will need to seek funding for the appropriate enhancement funds from USPS Finance group and work with the USPS CIO group on design, cost estimates, and technical implementation.

Target Implementation Date:

Interim solution provided above will begin implementation by June 30, 2019. Long term corporate solution will depend on the availability of funding for ETK beginning FY 2020.

Responsible Official:



Thomas G. Day
Chief Sustainability Officer

cc: *Kevin L. McAdams*
Robert Cintron
Jeffrey C. Johnson
CARMManager@usps.gov
AuditTracking@usps.oig.gov



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