July 24, 2008

MICHAEL J. DALEY
VICE PRESIDENT, PACIFIC AREA OPERATIONS

ALEXANDER E. LAZAROFF
CHIEF POSTAL INSPECTOR

SUBJECT: Audit Report – Postal Service Continuity of Operations for the Pacific Area
            (Report Number SA-AR-08-010)

This report presents the results of our audit of Postal Service Continuity of Operations (COOP) for the Pacific Area (Project Number 08YG013SA001). Our objective was to determine whether the Postal Service has a viable COOP capability to ensure the performance of its essential functions during any emergency that may disrupt normal operations. We conducted this self-initiated audit because emergency preparedness (EP) is a critical area for the Postal Service. Click here to go to Appendix A for additional information about this audit.

Conclusion

We determined management in the Pacific Area could enhance their COOP capability to ensure they can effectively and efficiently continue essential functions during emergencies that may disrupt normal operations. Based on our audit and the Postal Service's response to prior emergencies,[1] we believe they have the capability to continue mail operations in an emergency. However, the Postal Service has not implemented sufficient internal controls, and as a result, responsible officials are not fully prepared to effectively and efficiently continue essential functions during emergencies that require COOP activation. This could expose employees, mail, critical assets, and revenue to increased risk. Click here to go to Appendix B for our detailed analysis of this topic.

Completion of Continuity of Operations Plans

We reviewed a sample of COOP plans[2] for the Pacific Area and determined that responsible area officials did not always establish and maintain area, district, and facility COOP plans according to federal and Postal Service guidance. In addition, personnel with COOP-related responsibilities did not always update and maintain COOP plans in

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[1] For example, during the California wildfires in October 2007, the Pacific Area continued to move the mail under very difficult circumstances.

[2] The audit team requested COOP plans from 21 sites and received 18 COOP plans for review: one area plan, six district plans, and 11 facility plans. Three facilities did not have a COOP plan.

the Postal Alert Notification System (PANS) to facilitate EP and response activities. For example:

- COOP plans were not always completed or updated annually, as required.

- The COOP plans we reviewed did not contain all pertinent information, such as essential functions, staffing needs, offload plans, and current contact information.

This occurred because Postal Service management did not establish sufficient internal controls and requirements to ensure COOP plans addressed federal and Postal Service guidance. Specifically, management did not ensure responsible personnel updated the contact information of key COOP personnel annually or as needed, and did not establish:

- Requirements for mandatory training for COOP personnel, including PANS training, to ensure COOP plans were properly completed and maintained.

- An internal review and approval process to ensure COOP plans were properly completed, updated annually, and maintained in PANS, as required.

- Guidance to identify and prioritize essential functions.

- An emergency management coordinating committee (EMCC)[3] at the area level to provide oversight to districts and facilities, as required.

We recommend the Vice President, Pacific Area Operations, in consultation with the Chief Postal Inspector:

1. Establish a formal review process to ensure continuity of operations plans are completed, updated annually, and maintained in the Postal Alert Notification System, as required.

Management's Comments

Management agreed with our recommendation and stated they are establishing a formal review process to ensure COOP plans are completed, updated annually, and maintained in PANS. In addition, in supplemental correspondence management stated they have developed objectives, goals, and performance measures to ensure the completeness of Integrated Emergency Management Plans (IEMP) at districts and installations. National Preparedness templates will be issued June 2009. Management's comments, in its entirety, are included in Appendix E.

Evaluation of Management's Comments

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[3] The *Postal Service Administrative Support Manual* (ASM), September 27, 2007, requires an EMCC to be established in each area to assist inspectors in charge and district managers in developing emergency plans.

Management's comments are responsive to the recommendation, and the corrective actions should resolve the issue identified in the finding.

We recommend the Vice President, Pacific Area Operations, in consultation with the Chief Postal Inspector:

2. Establish an area emergency management coordinating committee to provide oversight and assistance to district and facility Emergency Management Teams in establishing, implementing, and reviewing emergency management plans.

Management's Comments

Management agreed that an area EMCC should be installed. Management stated that an EMCC has been established since October 2007 and continues to provide oversight and assistance to district and facility Emergency Management Teams to establish, implement, and review emergency management plans as necessary.

Evaluation of Management's Comments

Management's comments are responsive to the recommendation, and the corrective actions taken should resolve the issue identified in the finding. However, during our field work in April 2008, and in subsequent information provided by management, Pacific Area officials stated an EMCC was currently being established and the first meeting was scheduled for May 7, 2008.

In our audit report, *Postal Service Continuity of Operations for the Great Lakes Area* (Report Number SA-AR-08-009, dated July 23, 2008), we recommended the Chief Postal Inspector establish requirements for personnel responsible for COOP to:

*   Update contact information for key continuity of operations personnel at least semiannually, or more often as changes occur.[4]

*   Complete COOP training, including Postal Alert and Notification System training.

*   Identify and prioritize essential functions

Management agreed with our recommendations, and stated they are currently developing a Continuity Management Instruction (MI) that will translate the new federal requirements into Postal Service policy that will be implemented at all levels within the agency. In addition, management is developing a continuity handbook and emergency plan templates for installations based on the policy requirements detailed in the MI. Management stated they will complete the MI, handbook, and emergency plan templates for operations facilities by December 31, 2008. They further stated the

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[4] Although the Postal Service requires contact information to be updated annually, we recommend that the Postal Inspection Service update this information at least semiannually because frequent changes could occur.

templates for non-operational facilities will be completed by June 2009. Management's comments were responsive to the recommendations, and the corrective actions should resolve the issues identified in the findings. Therefore, we are not providing any additional recommendations to the Chief Postal Inspector regarding completion of continuity of operations plans in this report.

Alternate Facilities

Identification

Responsible Pacific Area personnel did not always identify appropriate alternate facilities to ensure they could effectively continue operations. This occurred because management did not establish specific guidance for identifying alternate facilities, such as the number of alternate facilities that should be identified, and criteria for location, mail volume, and mail capacity.

In our audit report, *Postal Service Continuity of Operations for the Great Lakes Area*, we recommended the Chief Postal Inspector establish specific guidance for identifying and selecting alternate facilities. This guidance should include, at a minimum, the number of alternate facilities that should be identified and criteria for location, mail volume, and mail capacity.

Management agreed with the recommendation, and stated the new Continuity MI and handbook will establish guidance for identifying alternate facilities, including criteria regarding location, function, mail volume, and mail capacity. The MI and handbook will be issued by December 31, 2008. Management's comments were responsive to the recommendation, and the corrective actions should resolve the issue identified in the finding. Therefore, we are not providing any additional recommendations to the Chief Postal Inspector regarding identifying and selecting alternate facilities in this report.

Testing and Exercise

Responsible Pacific Area personnel did not always conduct testing and exercises to ensure alternate facilities could effectively receive and process the primary facilities' mail. This occurred because management did not establish sufficient requirements for personnel responsible for COOP at primary and alternate facilities to conduct tests and exercises to ensure alternate facilities could effectively process the primary facilities' mail.

In our audit report, *Postal Service Continuity of Operations for the Great Lakes Area*, we recommended the Chief Postal Inspector require personnel responsible for continuity of operations at primary and alternate facilities to conduct tests and exercises to ensure alternate facilities can effectively process the primary facilities' mail.

Management partially agreed with the recommendation, and stated they will tailor each facility's continuity plan to measure offload capability to the extent feasible. They stated

they would not undertake full-scale exercises to test an alternate facility's capability to handle offload mail volume due to negative effects on service. They will issue the test, training, and exercise program by June 2009. Management's comments were responsive to the recommendation, and the corrective actions should resolve the issue identified in the finding. We are not providing any additional recommendations to the Chief Postal Inspector regarding testing and exercise in this report.

The OIG considers both of the recommendations significant, and therefore requires OIG concurrence before closure. Consequently, the OIG requests documentation of the formal review process addressing continuity of operations plans and EMCC activities. The documentation will serve as written confirmation that corrective actions have been completed. The recommendations should not be closed in the follow-up tracking system until the OIG provides written confirmation the recommendations can be closed.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Andrea Deadwyler, Director, Inspection Service and Facilities, or me at (703) 248-2100.

E-Signed by Tammy Whitcomb
VERIFY authenticity with ApproveIt

Tammy L. Whitcomb
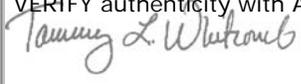
for Darrell E Benjamin, Jr.
Deputy Assistant Inspector General
  for Support Operations

Attachment

cc: Pat A. Mendonca
     Zane M. Hill
     Drew T. Aliperto
     John F. Bolger
     Katherine S. Banks

APPENDIX A: ADDITIONAL INFORMATION

BACKGROUND

The U.S. Postal Service, an independent establishment of the executive branch of the U.S. government, operates like a business and generated $74.8 billion in revenue in fiscal year (FY) 2007.[5] The Postal Service is responsible for developing plans for actions necessary to maintain itself as a viable part of the federal government during emergencies.

The Postal Inspection Service is responsible for protecting the mail, Postal Service assets, and customers. As the emergency coordinator for the Postal Service, the Chief Postal Inspector is responsible for coordinating emergency planning and civil preparedness programs and providing training and guidance to responsible EP personnel.

Consolidation of Postal Service Responsibilities for Homeland Security. In March 2007, all homeland security responsibilities were consolidated under the Postal Inspection Service. These responsibilities included EP and aviation security. These groups realigned to form the Office of National Preparedness (ONP) within the Postal Inspection Service. ONP's key responsibilities include incident management, infrastructure protection, aviation mail security, public health preparedness, and performance measures.

ONP is responsible for developing Postal Service EP policy and guidance, including the IEMP templates. ONP's mission is to maintain a high state of national preparedness across the Postal Service enterprise through a comprehensive and coordinated approach to planning, integration, and support.

Integrated Emergency Management Plan. In January 2004, the Postal Service established the IEMP as the all-hazard, comprehensive plan for the Postal Service to mitigate, prepare for, respond to, and recover from any natural or man-made disaster. The IEMP integrates the Emergency Action Plan[6] (EAP), the COOP plan, and annexes for specific hazards into one plan. District and facility managers are required to update IEMPs at least annually.

Continuity of Operations Plan. The COOP plan is intended to ensure postal facilities are prepared to:

- Continue essential functions in the event of any emergency that disrupts normal operations.

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[5] *United States Postal Service Annual Report 2007.*
[6] The EAP provides evacuation-specific tasks and procedures for the facility.

- Protect essential equipment, vital records (operating, legal, and financial), and assets.

- Reduce or mitigate disruptions to operations by minimizing the loss of resources and by providing timely and orderly recovery from an emergency and the resumption of full service.

The COOP plan also assists emergency management team (EMT) members in all phases of emergency management: mitigation, preparedness, response, and recovery. The Postal Service has developed COOP plan templates for districts and facilities. Responsible district and facility personnel should tailor the COOP plan templates to address site-specific requirements and risks.

Federal Preparedness Circular 65, Federal Executive Branch Continuity of Operations, June 15, 2004. FPC-65, issued by the Federal Emergency Management Agency (FEMA), provides guidance to Federal Executive Branch departments and agencies for developing contingency plans and programs for COOP. FPC 65 establishes COOP planning as the means by which federal departments, agencies, and their subcomponents ensure their essential functions are performed. This includes plans and procedures that delineate essential functions; specify succession to office and the emergency delegation of authority; provide for the safekeeping of vital records and databases; identify alternate operating facilities; provide for interoperable communications; and validate the capability through tests, training, and exercises.[7]

OBJECTIVE, SCOPE, AND METHODOLOGY

Our objective was to determine whether the Pacific Area has a viable COOP capability to ensure the performance of its essential functions during any emergency that may disrupt normal operations.

To accomplish our objective, we interviewed Postal Service and Postal Inspection Service officials, including ONP officials; facility heads; and area, district, and facility personnel responsible for COOP to gain an understanding of their roles and responsibilities related to COOP. We reviewed applicable COOP policies and procedures and assessed related internal controls.

We conducted audit fieldwork at Postal Service Headquarters and various judgmentally selected sites in the Pacific Area (see Appendix C for a list of sites reviewed). We assessed COOP plans for the Pacific Area, districts, and critical facilities[8] to determine

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[7] In February 2008, the Department of Homeland Security issued Federal Continuity Directive (FCD) 1, *Federal Executive Branch National Continuity Program*, and FCD 2, *Federal Executive Branch Mission Essential Function and Primary Mission Essential Function Identification and Submission Process*. These directives supersede FPC-65 and establish continuity planning requirements, including continuity plan templates, to assist departments and agencies in developing internal continuity processes and procedures. FCDs 1 and 2 are applicable to the Postal Service, and Postal Service management has indicated they will comply with the directives.
[8] Critical facilities are facilities essential for the delivery of vital services. The Postal Inspection Service provided the OIG with a list of facilities they determined critical to the Postal Service.

whether they addressed Postal Service and federal guidance. In addition, we reviewed training records from the National Training Database to determine whether key personnel responsible for COOP completed training provided by the Postal Service and suggested by FEMA. We also accessed PANS data to determine whether responsible officials updated and maintained current COOP plans in the system. Although we did not conduct extensive tests of the accuracy of computer-generated data, we discussed the training records and PANS data with applicable personnel and compared the data to other source documents. As a result, we consider the data sufficiently reliable to support the opinions and conclusions in this report.

We conducted this performance audit from January through July 2008 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 officials on May 9, 2008, and included their comments where appropriate.

PRIOR AUDIT COVERAGE

In the past 3 years, the OIG issued 11 reports regarding Postal Service emergency preparedness plans. Eight of the 11 audits related to our review of the Postal Service's response to Hurricanes Katrina and Rita. In these reviews, we found that while the Postal Service took noteworthy actions in responding to the hurricanes, opportunities existed to enhance emergency preparedness planning and response. Management generally agreed with our recommendations. Two of the audits related to our review of emergency plans in the New York Metro and Western Areas. The reports concluded that Postal Service emergency plans were not always completed in accordance with federal and Postal Service guidance and did not fully address risk vulnerabilities. We made five recommendations to improve the EP program. Management agreed with our recommendations to revise the IEMP, identify facilities that require an IEMP, and establish performance measures. Management partially agreed with our recommendations to establish training requirements for EP personnel and to establish an area EMCC.

In addition, the U.S. Government Accountability Office (GAO) issued four reports on federal emergency preparedness planning. Overall, the reports concluded that emergency planning could be improved by providing more effective oversight and conducting tests, training, and exercises. GAO made numerous recommendations to improve emergency planning.

REPORT TITLE	*REPORT NUMBER*	*REPORT DATE*
OIG Reports		
Postal Service Emergency Preparedness Plans for the New York Metro Area	SA-AR-08-005	March 21, 2008
Postal Service Emergency Preparedness Plans for the Western Area	SA-AR-08-006	March 21, 2008
Postal Service Emergency Preparedness for Hurricanes Katrina and Rita	SA-AR-06-007	August 3, 2006
Hurricane Katrina – The Effectiveness of the Postal Service Transportation and Logistics Network	NL-AR-06-006	June 29, 2006
Postal Inspection Service Emergency Preparedness for Hurricane Katrina	SA-AR-06-005	June 5, 2006
Postal Inspection Service's Procurement Transactions Related to Hurricane Katrina Response, Recovery, and Reconstruction Efforts	SA-AR-06-004	May 30, 2006
Review of Postal Service's Replacement and Repair of Facilities Affected by Hurricane Katrina	FA-MA-06-001	May 26, 2006
National Change of Address – Emergency Preparedness	IS-AR-06-005	March 30, 2006
Mail Processing Operations in the Wake of Hurricanes Katrina and Rita	NO-MA-06-002	March 27,2006
Postal Service Actions to Safeguard Employees from Hurricane Katrina	HM-AR-06-002	February 15, 2006
Postal Inspection Service Emergency Preparedness	SA-AR-05-001	January 5, 2005
GAO Reports		
The Federal Workplace: Additional Steps Needed to Take Advantage of Federal Executive Boards' Ability to Contribute to Emergency Operations	GAO-07-515	May 2007
Catastrophic Disasters: Enhanced Leadership, Capabilities, and Accountability Controls Will Improve the Effectiveness of the Nation's Preparedness, Response, and Recovery System	GAO-06-618	September 2006
Continuity of Operations: Selected Agencies Could Improve Planning for Use of Alternate Facilities and Telework during Disruptions	GAO-06-713	May 2006
Continuity of Operations: Agency Plans Have Improved, but Better Oversight Could Assist Agencies in Preparing for Emergencies	GAO-05-577	April 2005

APPENDIX B: DETAILED ANALYSIS

Completion of Continuity of Operations Plans

Responsible Postal Service officials in the Pacific Area did not always establish and maintain COOP plans for areas, districts, and facilities[9] in accordance with federal and Postal Service guidance. In addition, personnel with COOP responsibilities did not always update and maintain all COOP plans in PANS[10] to facilitate emergency preparedness and response activities. For example:

1. COOP plans were not always completed or updated annually, as required (see Appendix D). Specifically:

   - Three facilities did not have a COOP plan. In addition, the area COOP plan and four facility COOP plans were not updated annually.

   - Fourteen COOP plans reviewed were not updated or maintained in PANS.[11]

2. The COOP plans we reviewed did not contain all pertinent information, such as essential functions, staffing needs, offload plans, and current contact information. Specifically:

   - Four of the six district COOP plans did not identify essential functions, as required. Although responsibilities were identified by some functional areas, such as marketing, business service network, and finance, districts did not identify those critical activities necessary to continue operations in the event of a COOP activation.

   - None of the 11 facility COOP plans we reviewed identified essential functions.[12]

   - Six of the 11 facility COOP plans we reviewed did not identify staffing needs.[13]

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[9] The audit team requested COOP plans from 21 sites and received 18 COOP plans for review: one area plan, six district plans, and 11 facility plans. Three facilities did not have a COOP plan.

[10] PANS provides Postal Service EMTs with a mechanism to communicate, coordinate, and collaborate effectively during times of crisis. It is a web-based application that enables a nationwide staff to create, track, and manage emergencies through all stages.

[11] In May 2006, the Vice President of Emergency Preparedness issued a memorandum requiring personnel to update and maintain COOP plans in the Postal Emergency Management System (PEMS). In September 2006, Postal Service management changed the name of the system from PEMS to PANS. The name change did not affect the system's mission and functions.

[12] The facility's COOP plan template did not require the identification of essential functions.

[13] The staffing that is required at offload locations to support the volume and operations being diverted, as well as the continuation of other essential operations activities.

- Eight of the 11[14] facility COOP plans we reviewed did not have current or complete offload plans.

These situations occurred because Postal Service management did not establish sufficient internal controls and requirements to ensure COOP plans addressed federal and Postal Service guidance. Specifically, management did not ensure responsible personnel updated the contact information for key COOP personnel at least annually.[15] In addition, management did not establish:

- Requirements for mandatory training, including PANS training, for COOP personnel to ensure COOP plans were properly completed and maintained.[16] Eight of 22 personnel interviewed stated they did not receive sufficient COOP training. In addition, 20 of 22 personnel interviewed did not receive PANS training.

- An internal review and approval process to ensure COOP plans were properly completed, updated annually, and maintained in PANS.

- Guidance to identify and prioritize essential functions.[17]

- An EMCC[18] at the area level to provide oversight to districts and facilities.

Alternate Facilities

Identification

Responsible Pacific Area personnel did not always identify appropriate alternate facilities[19] to ensure they could effectively continue operations. For example:

- Pacific Area officials identified only one alternate facility for the ▮▮▮▮▮▮▮.[20] Identifying only one alternate facility exposes the ▮▮▮▮▮▮▮ to an increased risk of not effectively continuing operations if the alternate facility cannot process the primary facility's mail.

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[14] Installation offload plans are used to identify offload sites to process mail when the installation is closed and its COOP plan is activated.

[15] The Postal Service IEMPs for districts and installations require the responsible managers to update COOP plans annually or whenever circumstances dictate.

[16] FEMA offers several online COOP courses at no charge, including "Continuity of Operations Awareness Course," IS-546, and "Introduction to Continuity of Operations," IS-547. In addition, the Postal Service has provided IEMP- and other COOP-related training.

[17] FEMA's FPC-65 states that essential functions should be identified and prioritized.

[18] The ASM requires that EMCCs be established in each area to assist inspectors in charge and district managers in developing emergency plans.

[19] FPC-65 provides guidance for facilities to identify and prepare alternate operating facilities as part of their COOP plans. To minimize risk, distance and geographical location should be considered when selecting alternate facilities.

[20] During our audit, ▮▮▮▮▮▮▮ management agreed that additional alternate facilities were needed and should be identified. In the past 5 years, the ▮▮▮▮▮▮▮ has identified other alternate facilities, including the ▮▮ ▮▮▮▮▮▮▮ and ▮▮▮▮▮▮▮.

- ████████████████ officials identified an alternate facility that was closed.

These situations occurred because management did not establish specific guidance for identifying alternate facilities, such as the number of alternate facilities that should be identified, and criteria for the location and mail volume or capacity. According to guidance provided by FEMA in FPC-65, at a minimum, an all-hazard risk assessment should be performed when selecting alternate operating facilities to ensure COOP.

Testing and Exercises

Pacific Area personnel did not always conduct tests and exercises to ensure alternate facilities could effectively receive and process the primary facilities' mail.[21] For example, the ████████████████, ████████████, ██████████████████████, and ███████████████████████████████████ did not conduct any exercises or tests of alternate facilities.

This occurred because management did not establish sufficient requirements for personnel responsible for COOP at primary and alternate facilities to conduct tests and exercises to ensure alternate facilities could effectively process the primary facilities' mail. For example, personnel at alternate facilities did not download sort plans in mail processing equipment to ensure the equipment could effectively handle mail from primary facilities.

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[21] FPC-65 provides guidance for facilities to plan, conduct, and document annual tests and exercises to demonstrate their COOP plan's viability and identify deficiencies.

APPENDIX C: PACIFIC AREA, DISTRICTS, AND FACILITIES

	PACIFIC AREA		
	NAME	**CITY**	**STATE**
1	Pacific Area Office	San Diego	California
	DISTRICTS		
	NAME	**CITY**	**STATE**
1	Bay Valley	Oakland	California
2	Honolulu	Honolulu	Hawaii
3	Los Angeles	Los Angeles	California
4	Sacramento	West Sacramento	California
5	San Diego	San Diego	California
6	Santa Ana	Santa Ana	California
	FACILITIES		
	NAME	**CITY**	**STATE**
1	███████	Anaheim	California
2	███████	Fresno	California
3	███████	Honolulu	Hawaii
4	███████	Carson	California
5	███████	Los Angeles	California
6	███████	San Diego	California
7	███████	San Diego	California
8	███████	Oakland	California
9	███████	Oxnard	California
10	███████	Sacramento	California
11	███████	Richmond	California
12	███████	Daly City	California
13	███████	Santa Ana	California
14	███████	Thousand Oaks	California

APPENDIX D: STATUS OF CONTINUITY OF OPERATIONS PLANS

	Name	Completed or Updated Annually[22]	Identified Essential Functions	Updated and Maintained in PANS
1	Pacific Area Office	No	Yes	No
	DISTRICTS			
	Name	Completed or Updated Annually	Identified Essential Functions	Updated and Maintained in PANS
1	Bay Valley	Yes	No	Yes
2	San Diego	Yes	No	No
3	Santa Ana	Yes	Yes	Yes
4	Los Angeles	Yes	No	No
5	Sacramento	Yes	Yes	Yes
6	Honolulu	Yes	No	No
	FACILITIES			
	Name	Completed or Updated Annually	Identified Essential Function	Updated and Maintained in PANS
1	███████████	Yes	No	No
2	███████████	Yes	No	No
3	███████████	No[23]	N/A[24]	N/A
4	███████████	No	No	No
5	███████████	Yes	No	Yes
6	███████████	Yes	No	No
7	███████████	Yes	No	No

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[22] ███████████████████████, and ████████████████ did not have a COOP plan. In
addition, plans for the Pacific Area Office, ██████████████████████, and ████████
COOP were not updated annually as required.

[23] ████████████ did not have its own COOP plan. However, some of its COOP activities were addressed in the
████████ COOP plan. During our audit, management took corrective actions and established a separate
COOP plan for the ████████████ using the facility COOP plan template.

[24] Not applicable because the plan was not completed.

	Name	**Completed or Updated Annually**	**Identified Essential Function**	**Updated and Maintained in PANS**
8	███████████	No	No	No
9	██████	No	No	No
10	███████████████	No	N/A	N/A
11	███████████	Yes	No	No
12	██████████	No	No	No
13	████████	Yes	No	No
14	█████████████	No	N/A	N/A

APPENDIX E: MANAGEMENT'S COMMENTS

MICHAEL J. DALEY
VICE PRESIDENT, PACIFIC AREA OPERATIONS

UNITED STATES
POSTAL SERVICE

June 27, 2008

BRIAN NEWMAN
ACTING DIRECTOR, AUDIT OPERATIONS

SUBJECT: Discussion Draft Audit Report – Postal Service Continuity of Operations for the
Pacific Area Report Number SA-AR-08-DRAFT

This provides the management response to the above referenced discussion draft audit report.
The Pacific Area thanks the audit team for their efforts in reviewing the Continuity of Operations
for the Pacific Area (Project Number 08YG013SA001).

The report contained two recommendations specific to the Pacific Area.

Recommendations

1. Establish a formal review process to ensure COOP plans are completed, updated
    annually, and maintained in PANS, as required.

2. Establish an area Emergency Management Coordinating Committee (EMCC) to
    provide oversight and assistance to district and facility Emergency Management
    Teams in establishing, implementing, and reviewing emergency management plans.

Response

COOP Plan Assessment

Management agrees that a formal review process is necessary to ensure COOP plans are
completed, updated annually, and maintained in PANS, as required. To that end, the Area had
already initiated a formal assessment of each District's COOP. Emergency contractor ▮▮▮
▮▮▮▮ had already been hired to complete an audit and provide the Area with a cursory
review of our emergency preparedness readiness. In fact, Pacific Area Management informed
the audit team during the entrance conference that the Management assessment was nearing
completion. The formal assessment report was presented on May 7, 2008. A formal review
process is being established to ensure COOP plans are completed, updated annually, and
maintained in PANS, as required. The Area is currently working with each District to update
COOP plans and training.   In addition, the Area provided the emergency contractor ▮▮▮
▮▮▮▮ contact numbers and other related information per the audit team's request.

Emergency Management Coordination

Pacific Area Management also agrees that an area Emergency Management Coordinating
Committee (EMCC) should be installed. The EMCC would provide oversight and assistance to
district and facility Emergency Management Teams to establish, implement, and review
emergency management plans as necessary. The Area's EMCC has been installed since October

11255 RANCHO CARMEL DR
SAN DIEGO CA 92197-0100
858-674-3100
FAX: 858-674-3101
www.usps.com

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2007 and continues to provide oversight and assistance to district and facility EMTs.
In fact, as documented in the Area's comprehensive after action summary, as well as in this
response, effective emergency management coordination was demonstrated within Pacific Area
by the level of operational continuity sustained during the October 2007 wildfires and January
2008 storms. The functional leads actually established and implemented emergency management
plans consistent with their EMCC duties and provided effective functional oversight during these
emergencies. Additionally, the EMCC has continued to meet throughout 2008 as documented in
the attached minutes. It is factually inaccurate to suggest responsible officials are not fully
prepared to effectively and efficiently continue essential functions during emergencies within the
Pacific Area that require COOP activation and/or that the Area EMCC is not in place.

Current Audit

The Area office was made aware of the impending audit in early December of 2007. A
teleconference was conducted with Area MIPS, ██████ the audit team leader and audit team
members to review its scope, discuss logistical issues to be addressed and identify supporting
documentation required. During that teleconference, the scope of the work to be performed was
stated by the audit team leader to be limited to earthquake risk and preparedness in northern
California. That representation was factually inaccurate. The audit performed was not limited to
those items initially discussed.

In fact, the scope of the audit went well beyond what was stated by the audit team leader during
the entrance teleconference. In addition to northern California, southern California and Hawaii
were also assessed by the audit team.

The Pacific Area provided the team leader a copy of the Area COOP and the internally initiated
assessment of Area COOP Plans for northern California. The Area's comprehensive after
action summary of the Postal Service continuity of operations efforts during the major wildfires
which occurred in four Districts (San Diego, Los Angeles, Santa Ana and Sierra Coastal) during
the Fall of 2007 was also provided upon request of the audit team leader.

That document demonstrated the effectiveness of Pacific Area's efforts in sustaining continuous
operations and service during significant emergencies. During the entrance teleconference, the
Pacific Area specifically requested an assessment by the audit team of those efforts to determine
their effectiveness and efficiency in ensuring essential functions were continued during those
emergencies. No such assessment was conducted. In fact, no credible analysis was conducted.

While there was acknowledgement that the auditors believed we had the capabilities to continue
operations in an emergency, no credible analysis was provided to demonstrate that the audit
findings would actually improve that capability.

Background

The Pacific Area experiences natural disasters on a regular basis. From the numerous fires,
earthquakes, floods and windstorms evidenced within recent years, postal managers in the Pacific
Area have consistently applied their experience and demonstrated a strong proficiency through
the implementation of their contingency plans – while successfully coordinating with the Postal
Inspection Service, Federal and State agencies, and Postal customers – that notably maintains
continuity in postal operations and attention to service.

October 21, 2007 marked the beginning of the worst wildfire season in the history of Southern
California. Strong Santa Ana winds fueled fires across 4 postal Districts for nearly two weeks. On
Sunday, October 21, 2007, the Governor of California issued a State of Emergency in the
counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, Santa Barbara, and

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Ventura. President George W. Bush concurred and ordered federal aid to supplement state and local response efforts. A total of 23 fires burned from October 20, 2007 through November 9, 2007, covering 517,267 acres and requiring the evacuation of more than 321,500 homes - the largest evacuation in California's history. Many employees from both the Postal and Inspection services were forced to evacuate their own homes. Ultimately, 3,204 structures were destroyed (2,233 homes, 5 businesses, 966 outbuildings), 139 people injured and there were 10 confirmed fire-related fatalities.

Additionally, on January 4, 2008, a strong low-pressure system created areas of heavy precipitation, flooding and damaging winds in several areas in northern California. Wind gusts upwards of 70 mph were recorded in the San Francisco Bay area and over 100 mph in the adjacent Sierra mountain communities.

The Pacific Area EMT worked with each of the respective District EMT's to implement their COOP plans to ensure the safety of USPS employees and continuity of service. The Pacific Area's effective emergency management coordination is evidenced by the fact that activities of the EMTs are documented in the PANS system (please see attachment A), service performance was maintained (please see attachment B) and there were no employee injuries.

Postal Service Management Responses

Postal Service management and Inspection Service personnel met continuously during these emergencies in fulfillment of their roles as Emergency Management Coordinating Committee members to provide oversight and assistance to district and facility Emergency Management Teams in establishing, implementing, and reviewing emergency management plans.

This was evidenced by the daily telecoms that were conducted during the duration of these emergencies between Mr. Michael Daley, Area VP; Mr. Drew Aliperto, Area Manager of Operations Support; Mr. Larry Belair, Area Manager of In-Plant Support; Mr. Eric Lasky, the Area Manager of National Preparedness; and Inspector in Charge B. Bernard Ferguson, LA Division, and each affected District for the duration of these emergencies. During these telecoms the Emergency Management Coordinating Committee members provided guidance and Area-level support, monitored operational impact, and ensured that District and facility Emergency Management Teams were effectively managing the constantly changing issues.

The Margaret Sellers (San Diego) and San Bernardino Processing & Distribution Centers were two major processing facilities directly impacted during the October wildfires. The impact to plant processing capacities there was immediate, due to road closures and evacuations in and around the vicinity of the Margaret Sellers P&DC. The scope of the impact quickly widened to the district level with impacts on both Customer Service and Plant Operations.

On October 22, 2007, 30 offices were closed in the counties of San Diego, Riverside and San Bernardino. Contingencies, consistent with each Districts COOP in the areas of mail transportation, processing and delivery were implemented immediately.

Activation of local Emergency Management Teams was immediate and effective. The Emergency Manager (or designee) coordinated communication between the Emergency Management Team members, Postmasters, finance, safety and labor, initiating several telecons each day. Additionally, lines of communication remained open and heavily utilized between the Homeland Security Coordinator (HSC), the Red Cross, the fire authority, and sheriffs department in Orange and Riverside Counties. In addition, offload plans for processing volumes at the Margaret Sellers P&DC were arranged and executed.

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available. Pacific Area management ensured that daily updates were provided to the media advising the community where mail service was impacted by post office and where mail could be picked up for those impacted/evacuated areas. Care was taken to advise customers that disruptions to normal postal operations were expected to be short term only. As temporary alternate delivery points were established, and as normal operations were restored, customers were also notified of those details in a timely, comprehensive manner. Pacific Area management also noted that one limitation in the Postal Alert Notification System (PANS) was that Postmasters do not have access in the system, so emails and teleconferencing was used for all communication.

Employees were kept abreast of conditions and reporting requirements via 1-888-EMERGNC (888-363-7462). Despite the evacuation orders for the area surrounding the Margaret Sellers P&DC, and the fact that several employees lost their homes to the fires, many District and Area employees reported for work.

By October 23rd, temporary delivery and retail operations were re-established for the impacted offices at the El Cajon Main Post Office, Margaret Sellers P&DC and at Norton Air Force Base.

Alternate Sites

The audit report contains the following observation:

> "Pacific Area officials only identified one alternate facility for the ▮▮▮▮▮▮▮▮
> Identifying only one alternate facility exposes the ▮▮▮▮▮▮▮▮▮ to increased risk of not
> effectively continuing operations in the event that the alternate facility can not process the
> primary facility's mail."

The Federal Preparedness Circular FPC-67, Acquisition Of Alternate Facilities For Continuity Of Operations (COOP), April 2001, states that "(t)he essence of COOP planning is to assure that the capability exists to continue essential agency functions across a wide range of potential emergencies. An integral part of COOP planning is securing an alternate facility(ies) from which to continue essential agency functions should the primary facility be rendered unusable."

At no time is the specification of more than one alternate facility required by the FPC-65 or FPC-67. Additionally, the current COOP template in use does not require the entry of multiple alternate facilities. In the event that ▮▮▮▮▮▮▮ alternate facility (in this case the ▮▮▮▮▮▮▮▮▮) cannot process the primary facility's mail, an alternate facility is specified in the COOP plan for ▮▮
▮▮▮▮▮▮▮. Considering that the magnitude of an event(s) which would render these particular primary and alternate sites unavailable, oversight by Area and national postal resources would be making the decisions as to which offload sites would be utilized. As such, we find this observation baseless and request that it be removed from the report.

The audit report also contains the following observation:

> "▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮officials identified an alternate facility that was
> closed."

Operations at the original alternate site, the ▮▮▮▮▮ facility, were relocated at the Area's initiative shortly before the audit was conducted. However, contrary to the audit report, the ▮▮▮▮facility remains a viable alternative facility as it has all utilities available and is still under lease. Notably, the OIG reports in their own Discussion Draft Report – Review of the▮▮▮▮▮▮▮Lease (Report Number XX-AR-08-DRAFT, dated June 25, 2008) that the ▮▮▮▮facility is still under lease. This Draft Report also includes images depicting equipment still housed in this facility as of April 16, 2008 (Appendix D). The▮▮▮▮▮▮▮▮COOP was updated in April 2008 and designates the ▮▮▮▮▮▮ as their offload site. We request that this observation be removed from the report.

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Inspection Service Responses

On May 23, 2007, under the direction of Team Leader ▮▮▮▮▮▮▮▮▮▮▮▮▮▮
participated in an Incident Command System (ICS) exercise to prepare Division Inspectors for a
U.S. Postal Service critical incident. This training proved to be timely and critical in the months to
follow.

On October 22, 2007, Postal Inspectors reported the evacuation of 18 offices within San Diego
District, one in Los Angeles, and one in Sierra Coastal. By the second day, fifteen fires led to the
evacuation of 26 Post Offices in the San Diego District, one in Los Angeles District and one in
Santa Ana District. 290,000 acres had burned, over 200,000 homes were evacuated, 1,000
structures had burned, over 1,000 routes were impacted and nearly half-a-million deliveries were
curtailed. Los Angeles Division personnel monitored the situation closely, as the situation
constantly changed: new fires were breaking out and old fires were being contained.

The Los Angeles Division established two command centers responsible for tracking and
allocating division resources. The Emergency Operations Center (EOC) was established at
division headquarters, 281 E. Colorado Blvd., Pasadena, CA 91102 and a second at the Margaret
L. Sellers Plant and Distribution Center at 11251 Rancho Carmel Drive, San Diego, 92199.
Homeland Security Coordinators worked at both sites.

Division personnel at the EOC created and maintained a spread sheet of division resources
(Postal Inspectors) that tracked their availability status and deployed personnel as needed.
Division personnel were instructed to call team leaders daily to account for all personnel.

The Inspection Service Mobile Command Center (MCC) was deployed to Norton Air Force Base,
195 Del Rosa Ave. San Bernardino, CA where alternate mail service was established for
evacuated customers from eleven San Bernardino mountain communities including Blue Jay
92317, Cedar Glen 92321, Crestline 92325, Lake Arrowhead 92352, Rim Forest 92378, Running
Springs 92382, Skyforest 92385, Twin Peaks 92391, and Green Valley Lake 92341. Between
Wednesday, October 24 and Tuesday, October 30, 2007, Los Angeles Division Postal Inspectors
provided 24-hour security at the alternate delivery location in order for mountain community
customers to pick-up their mail safely.

Personnel at the MCC maintained the Incident Action Plan and the Field Operations Assignment.
The fires went on to damage telephone lines and some radio contact. USPIS Technicians worked
with division personnel to fix and overcome the problem.

Throughout the effected area, Inspectors assisted Postal customers at alternate delivery sites,
loaded priority mail, maintained a presence at the multi-agency Emergency Operations Center
(EOC) in San Diego, worked in conjunction with other emergency responders, coordinated mail
recovery in evacuated areas and helped re-establish mail delivery as areas were repopulated. As
law enforcement officials, Postal Inspectors were allowed to enter areas not accessible to the
public to recover mail from evacuated and sometimes burned areas. Postal Inspectors would
later conduct facility security surveys at Post Offices.

Through all of this Los Angeles Division Incident Commander B. Bernard Ferguson and AICs
maintained communication with Pacific Area Managers through daily telecons.

According to ▮▮▮▮▮▮▮ Manager National Preparedness- Pacific Area, the Area provided
emergency supplies to be distributed to affected areas, to include:

- 108,000 Bottles of Water
- 18,000 N-95 Masks
- 10,368 MRE
- 20 cartons Flashlights

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- 108,000 Bottles of Water
- 18,000 N-95 Masks
- 10,368 MRE
- 20 cartons Flashlights
- 16 cartons First Aid Kits
- 14 cartons Personal Hygiene Kits
- 10 cartons Portable Toilets
- 14 Mobile Generators (lease agreement)

A total of 2,649 hours of Los Angeles Division Inspector resources were dedicated to management of and recovery from the California wildfires.

Regarding emergency operations in Northern California, on January 4, 2008, Inspection Service personnel and the Homeland Security Coordinators in the Sacramento, Bay-Valley and San Francisco Districts assisted with local Emergency Management Teams in responding to the power outages, road closures and security issues that arose from widespread flooding and windstorm damage. In Sacramento District, approximately 20 Inspection Service hours were devoted to emergency management and subsequent recovery operations alone. In the San Francisco and Bay-Valley Districts, operations at approximately 39 facilities were affected by the adverse weather conditions. By January 9th, nearly all operations had returned to normal.

Summary

The Vice President, Pacific Area Operations, in consultation with the Chief Postal Inspector, already established the internal controls required to effectively manage the Postal Service's continuity of operations capability in the Pacific Area. Specifically, we:

1. Initiated and completed a formal assessment of each District's COOP and are conducting a formal review process to ensure COOP plans are completed, updated annually, and maintained in PANS, as required.

2. Established an area Emergency Management Coordinating Committee to provide oversight and assistance to district and facility Emergency Management Teams in establishing, implementing, and reviewing emergency management plans. Additionally, the EMCC is meeting to review the progress of District emergency management plan updates.

We request that the Audit report be changed to correct the factual inaccuracies contained in the discussion draft and that it accurately reflect the readiness and actual demonstrated performance of continuity of operations in the Pacific Area.

In addition, enclosed please find the response from Pat Mendonca, Sr. Director Policy and Planning.
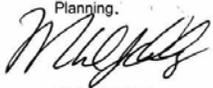
Michael J. Daley

cc: Alexander E. Lazaroff
    B. Bernard Ferguson
    Katherine S. Banks

OFFICE OF THE DEPUTY POSTMASTER GENERAL
AND CHIEF OPERATING OFFICER

**UNITED STATES
POSTAL SERVICE**

June 30, 2008

OFFICE OF THE INSPECTOR GENERAL

SUBJECT: Continuity Coordinator Response to Great Lakes Area and
Pacific Area Office of Inspector General Continuity of
Operations Audit

On June 9 and June 13, the Office of Inspector General (OIG) issued findings in a two self initiated audits of the Continuity of Operations Plan (COOP) for the Great Lakes and Pacific Areas, respectively.

Because most of the findings and recommendations deal with continuity policy at the headquarters level, this response presents the Postal Service Continuity Coordinator's position on the OIG recommendations for both audits.

As the OIG points out, there have been significant events both internal and external to the Postal Service that caused existing COOP guidance to become outdated. These events require an update to Postal policy that will address most, if not all, of the findings and recommendations.

Federal Preparedness Circular (FPC 65) has been superceded by National Security Presidential Directive (NSPD 51)/Homeland Security Presidential Directive (HSPD 20), National Continuity Policy; Federal Continuity Directive (FCD) 1, "Federal Executive Branch National Continuity Program", February 2008, and FCD 2, "Federal Executive Branch Mission Essential Function; and Primary Mission Essential Function Identification and Submission Process", February 2008. These directives establish the designation of the agency Continuity Coordinator and the continuity planning requirements for departments and agencies to use in developing internal continuity processes and procedures. NSPD 51/HSPD 20 and FCDs 1 and 2 are applicable to the Postal Service, and Postal Service management will comply with the directives. The first action to comply with NSPD 51/HSPD 20 was to name the Continuity Coordinator for the Postal Service. The Postmaster General (PMG) designated Pat Mendonca of the Deputy Postmaster General, Chief Operating Officers (DPMG/COO) office, to fill this role. This was documented in a letter from the PMG to Fran Townsend the former Assistant to the President for Homeland Security and Counterterrorism.

As a result, the recommendations regarding continuity policy will be addressed by the Office of the DPMG/COO. The Continuity Coordinator is responsible for this effort. Continuity policy changes and clarifications will be incorporated into a Management Instruction (MI) specific to Continuity. The MI will bring COOP policy into compliance with NSPD 51/HSPD 20 and FCDs 1 and 2 to the extent it is practical for the Postal Service.

475 L'ENFANT PLAZA SW
WASHINGTON DC 20260-7301
202-268-6070
FAX: 202-268-7110

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The Integrated Emergency Management Plan (IEMP) is referenced as including the COOP and being required for all district and facility managers. This is inaccurate. The IEMP was required for those facilities (Processing & Distribution Centers) receiving Biohazard Detection System (BDS). Therefore, for any facility other than a P&DCs, the IEMP does not require a COOP.

Additionally, the OIG report describes the methodologies utilized for the audit. It furthers explains that "critical facilities" were included in their review. However, the report is vague as to what criteria was used to determine if a facility was critical.

The MI will be developed with an Operations focus, but will use an Enterprise Risk Management (ERM) platform to ensure cross-functional input and acceptance.

Along with the MI, a handbook, Facility level Continuity templates, associated training, and further guidance to the field will be developed by the Office of the DPMG/COO.

The OIG audit references the viability of the COOP for the Great Lakes Area. Please note that the scope of the audit was continuity of operations planning, not demonstrated continuity of operations capability. Should the OIG want to assess the capability of the Postal Service to execute a COOP, they should monitor real events, which actually happen somewhere in the Postal Service on an almost daily basis. Our performance record for events such as the 2001 Anthrax attacks, Hurricane Katrina, annual wildfires in California, and the recent floods in the Midwest indicates that USPS operations is capable of continuing to deliver the mail. This is the true measure of a viable Continuity program. Therefore, exercises to test capacity of alternate facilities to handle the planned off-load from a primary facility during normal business operations will not be utilized.

Patrick A. Mendonca
Senior Director
Policy and Planning