

Security and Investigation — Recommendations

No acceptable security program can be devised for the Post Office that will eliminate all damage and loss. To do so would require the adoption of measures that would be much too draconian to be accepted in Canadian society. It would also require too great an emphasis on security by the Post Office. Security is only one objective of the Post Office. It must be balanced against production and cost objectives. Nonetheless, there is a considerable need for improvement.

It is the conclusion of the Commission that the Post Office has not been sufficiently serious in its effort to lessen losses due to purposeful activity. Evidence before the Commission indicated that some postal employees perceive security as being secondary to other organizational goals. It is seen, not as a "war on loss" but rather as a passive and partial attempt at "containment". It is clear from the chasm that separates the stated security objectives from the actual security practices that the Post Office has never determined the priority to be given to security. The situation may be less one of conscious intent than of benign neglect. Many senior and intermediate management personnel acknowledged, in effect, that the Post Office had never seriously examined security and decided what it wanted to do.

The Commission has been guided by the need to make realistic recommendations that take into account the present structure of the Security and Investigation function in the Post Office Department; the constraints on human and financial resources under which the Department must operate; the impending conversion of the Post Office Department into a Crown Corporation; and the current uncoordinated state of federal police and security policy.

Each recommendation touches upon one of the three basic requirements of a security system described in Chapter 2: administrative and organizational structure; personnel screening; and physical security.

There is a major task to be done in coordinating both the legislative and administrative authority for security and investigative units in the Federal Government. Some of the Commission's recommendations on postal secu-

ity are made in the hope that this will soon be done. There is an opportunity for the Post Office, in undertaking the necessary reform of its own security and investigation function, to create a model unit for others to follow. The authority and responsibilities in such a model unit should be clear and its purpose should be well understood to be separate and distinct from that of the public police at all levels.

It was generally conceded during the Commission's investigations that the stated Post Office objective of making security a responsibility shared by all Post Office members has not yet been achieved in spite of the directives and instructions that have been issued as corporate policy. It was also agreed that postal operations are far too complex and vast to allow any one group of specialists such as Security and Investigation Services to accept full responsibility for providing and maintaining, "adequate security measures for the protection of personnel, mail property and values".¹

Accordingly, the Commission recommends that:

SEC 1 The security responsibilities of all personnel be defined, communicated and implemented by,

- (a) including specific security responsibilities of management personnel in official job descriptions and in annual business plans;**
- (b) developing employee security education programs not only to make employees aware of the legal consequences of violations of the Post Office Act, the Criminal Code and the Financial Administration Act but also to impress upon them that security programs are developed for their own protection as well as for that of the Department;**
- (c) ensuring that all Post Office personnel are fully aware of their responsibilities for assisting in problem identification, general and specific prevention programs and in the investigation of offences; and**
- (d) holding both management and non-management personnel accountable for security violations, and losses, by including reports on security responsiveness in all annual performance assessments.**

Since the Post Office Department adopted a decentralized management structure in the early 1970's, operational responsibility for Security and Investigation Services, as for Marketing, Finance, Personnel and Operational Services, has been in the regions. At the Post Office Headquarters in Ottawa, five assistant deputy postmasters general and various national directors advise the Deputy Postmaster General (the deputy minister) and give "func-

1. Security and Investigation Services, *Postal Corporate Policy, Postal Standards and Guidelines*, No 22-1-1, September 19, 1974.

tional guidance" to units in the field. The National Director of Security and Investigation Services is responsible to the Assistant Deputy Postmaster General for Operational Services but he has no line management responsibility for Security and Investigation units in the four postal regions. He certainly promulgates policy and gives solicited and unsolicited professional guidance ("functional guidance") but cannot, under the present organizational structure, give orders to the regional directors of Security and Investigation.

The regional directors of Security and Investigation report to their respective regional general managers and all postal inspectors in the regions report to the regional directors of Security and Investigation.

There are certain advantages to including the security and investigation function as part of regional management. From a regional general manager's point of view, it places priorities for security and investigation; allocation of resources; relationships between postal inspectors and postal facilities managers; and relationships between postal inspectors and local law enforcement authorities under his control. Whether to prosecute employees for criminal offences or whether to resort to disciplinary sanctions becomes a regional decision.

The disadvantages of regional autonomy over security and investigation activities are the danger of conflict of interest situations developing and the difficulty in maintaining a consistent national standard of security. Obviously the degree to which the security and investigation function can be decentralized effectively, depends upon the duties and responsibilities given to postal inspectors. If, as was recommended by the labour unions, postal inspectors were responsible only for preventive security at postal facilities and not for investigations, then the case for decentralization would be more persuasive. Preventive security must be the responsibility of all levels of management and postal inspectors could be assigned to various levels of management as security advisors. Provided there is a set of national security standards, preventive security can be decentralized without impairing efficiency and without jeopardizing the principle of accountability.

If the investigation function is added to the postal inspectors' responsibilities (and the Commission has concluded that an investigative capability within the Post Office structure is necessary), the argument for decentralization is less persuasive. As long as the senior postal inspector (the Regional Director of Security and Investigations) in each region is accountable to the regional general manager, the principle of independence of investigations is called into question. A regional general manager and his director of Security and Investigation under the current decentralized structure have the capabili-

ty of hiding from the Postmaster General and his deputy minister evidence of wrong-doing and of criminal acts. Since he reports directly to the regional general manager and not to National Headquarters, a regional director of Security and Investigations can keep to himself evidence of wrong-doing which reflects adversely on the productivity, diligence and integrity of the regional general manager and his staff. The Commission is not aware of such "cover-ups" happening, but the potential does exist.

After discussions with senior Canadian and United States postal officials, the Commission has concluded that the extent to which Post Office managers follow the advice and recommendations of postal inspectors would be increased if, in addition to security and investigation, inspectors were responsible for financial and, indeed, management audit. Inspectors should be trained to conduct internal audits to ensure that postal revenues are being properly protected and that the Post Office is being operated in conformity with the law and with postal regulations. They should also evaluate and make recommendations on the cost and management effectiveness in mail handling, data systems, customer service, financial operations and mail contracts.

Line managers will pay much more attention to what postal inspectors have to say if they know that the inspectors report on managerial efficiency and financial integrity in addition to the state of preventive security. If management and financial audit functions are added to the duties of postal inspectors, then an independent and centralized structure for the security and investigation function would be essential. In time, with these added duties, postal inspectors would become the agents in the field of the Deputy Postmaster General (or President of the Post Office Corporation) and the means by which the Deputy can ensure that line management performs in accordance with the national objectives of the Post Office.

It is, therefore, recommended that:

SEC 2 The Security and Investigation function be restructured as a centralized organization, called the 'Post Office Inspector General Service', headed by a 'Post Office Inspector General' who reports directly to the Deputy Postmaster General.

SEC 3 In addition to current allocation of responsibilities for security and investigation, the Inspector General Service be given responsibility for management audit, financial audit and general reporting on the efficiency of the Post Office.

SEC 4 The Inspector General Service be authorized to operate within the constraints of its own independent budget.

There are 8,257 postal facilities in Canada Post spread from Newfoundland to British Columbia; there are approximately 53,000 full-time employees; and there are 79 postal inspectors. Consistent with recommendations for improved preventive security and added audit responsibilities for postal inspectors, personnel strength of the proposed Post Office Inspector General Service should be increased considerably from the present Security and Investigation complement. The Commission has already noted that the ratio of postal inspectors per employee in the United States Postal Service is double the Canadian ratio. It is recommended that:

SEC 5 A larger and more realistic allocation of personnel resources be made to the security and investigation function, consistent with the need to advise on the security of all postal facilities throughout an immense geographical land mass; to investigate crimes against a Post Office employing over 50,000 employees; and to perform new management and financial audit tasks anywhere in Canada.

The Commission has noted that although most inspectors have more than 20 years of experience as postal workers or as law enforcement officers, the only educational requirement for postal inspectors is high school and the only training regularly provided to new inspectors is a three-week basic course. The successful completion of this course does not necessarily precede work as a postal inspector, nor is it a requisite element of the normal probation period.

No postal inspectors are currently qualified to advise departmental officials on the security of future or indeed, existing, electronic mail services. The amount of fundamental training devoted to civil rights, interrogation techniques and report writing is totally inadequate. While the Commission is aware of one female employed as an acting postal inspector, there are currently no permanent female inspectors. The recruitment of female postal inspectors would not only make security and investigation personnel more representative of the general work force in the Post Office, but would also enable interviews of female employees to be conducted by female inspectors. It was reported to the Commission that some female postal employees feel intimidated when interviewed by male postal inspectors.

The Commission was impressed by the recruitment and training standards of the United States Postal Inspection Service, which strives to produce a career service of well-educated, professionally trained male and female inspectors capable of dealing with modern crime trends. Recruits to the United States Postal Inspection Service must hold at least one university degree, with preference given to law, law enforcement, accounting, business

administration, or computer science. Trainees undergo a compulsory 16-week course prior to beginning their duties. Refresher and specialized courses are offered on a regular basis.

If Canadian postal inspectors are to be capable of dealing with the threat to postal security from sophisticated organized crime, computer crime, and financial and management audit functions they must be professionally qualified. If they are to do so with the sensitivity that is required by modern labour-management standards and to recruit the assistance of postal employees in general, they must be trained to high professional standards.

The Commission recommends that:

SEC 6 Recruits to the Inspector General Service possess, as basic qualifications:

- (a) a university degree, or equivalent academic training, in fields such as accounting, computer science, law, business administration, or commerce;
- (b) preferably at least 5 years working experience in the Post Office, a law enforcement agency, or other relevant field; and
- (c) bilingual capability or willingness to undertake language training if required.

SEC 7 An annual competition be held nationally by the Post Office to establish an eligibility list for appointment to the Post Office Inspector General Service. The committee overseeing this annual competition should strive to ensure that:

- (a) an adequate proportion of women is included on this eligibility list; and
- (b) when a vacancy occurs in a regional or Headquarters unit, it is staffed from the eligibility list.

SEC 8 Recruits to the Inspector General Service be sent immediately on an extensive basic training course, offered in both official languages, the successful completion of which would be a condition of employment. The basic course should offer instruction in:

- (a) laws and regulations governing the Post Office and postal inspectors;
- (b) preventive security surveys;
- (c) investigation and interrogation techniques;
- (d) civil liberties, including the right of persons questioned to seek and retain counsel and to remain silent;
- (e) report writing;
- (f) machinery of government;
- (g) statistical analysis;
- (h) revenue protection; and
- (i) training specific to Post Office security problems such as theft, fraud, organized crime, and electronic mail.

SEC 9 The Post Office should, in addition to the basic training course, regularly offer compulsory refresher courses in all training elements, in order to ensure that postal inspectors are up-to-date on crime trends, investigative techniques, and new Post Office services. In addition,

- (a) training funded by the Post Office should be established in cooperation with police colleges and academies; and
- (b) continuing education be promoted through an incentive program for the reimbursement of tuition fees.

SEC 10 A postal inspector should only be considered for promotion when fully satisfactory job performance and the completion of advanced courses indicate that the inspector is ready to assume management responsibilities.

SEC 11 Senior postal inspectors with management responsibilities should receive instruction on how to manage the training of recruits, and should be held accountable for on-the-job training of recruits assigned to their units.

SEC 12 A senior postal inspector be appointed as Recruitment and Training Coordinator, responsible for:

- (a) restructuring basic and refresher training courses;
- (b) coordinating a new advanced course program;
- (c) supervising the annual competition to recruit new postal inspectors; and
- (d) liaison with police academies, colleges and universities, and the Public Service Commission's training establishments.

There is at present no one category of job classification within the Federal Government suitable for the Security and Investigation Services function. Hence, the Administrative Service (AS) category has been used to classify postal inspectors even though their work, involving as it does criminal investigations of the most confidential and sensitive nature, is hardly comparable with that of others such as administrative assistants who are similarly classified. Furthermore, postal inspectors, without regard to their work experience, are all classified at the AS-3 level with a salary range that overlaps that of postal supervisors or junior personnel clerks whose duties do not have nearly the same sensitivity. Inspectors-in-charge with many years of Post Office experience as well as management responsibilities are often paid less than mail-handlers with routine duties. The Commission disapproves of the practice, particularly widespread in the Quebec Region, of employing postal inspectors on an 'acting' basis for long periods of time. This practice limits management's ability to effectively plan and utilise its resources.

The Commission believes that the proposed change of status of the Post Office from that of a Department to a Crown Corporation provides an ideal

opportunity to rectify the anomalous classification and pay position of postal inspectors. As postal inspectors move into the context of the Inspector General Service under other Commission proposals, the Commission recommends that:

- SEC 13 All postal inspectors, whether involved in preventive security or investigations, be grouped in a new job classification category (IGS) specifically designed for the Inspector General Service, ranging from the probationary recruitment level (IGS-1(p)) up through managerial and specialist ranks to the most senior levels (IGS-10).**
- SEC 14 The salary range for the recruit level of postal inspectors should be equivalent to the middle range of pay for postal supervisors (in the current ranges, approximately PO-SUP-3-4); and salary ranges for inspectors-in-charge should be equivalent to current Postal Management (PL) rates.**
- SEC 15 The Post Office Inspector General, reporting directly to the Chief Executive Officer of the Post Office, should be classified in the Senior Executive category and be a fully participating member of the senior management team.**
- SEC 16 The salary range for the Post Office Inspector General should be equivalent to the current range of pay for a Senior Executive — 02 (SX2) within the Federal Government.**
- SEC 17 “Term” and “Acting” assignments as postal inspectors should be limited to the following circumstances:**
- (a) during the period when staffing procedures for permanent appointments are in progress;**
 - (b) during a fixed probationary period after appointment; or**
 - (c) to fill a short-term specialized need for expertise not available within the service.**

Current job classification, pay scales, and in at least one region, the excessive use of acting and term assignments do not, in the Commission's view, enhance the appeal of a career as a postal inspector.

The classification of the limited number of postal inspectors' positions, starting at AS-3 for a new inspector and finishing at AS-8 for the National Director, do not provide adequate opportunities for career advancement. Nor do the pay scales provide strong incentives for remaining in the service. The Commission has noted with concern the tendency in the Quebec Region of the Post Office to use a Security and Investigation appointment as a stepping stone to management ranks. This has serious implications for employee perceptions of postal inspectors as being captives of management rather than independent of it.

The Commission believes that it is important to the credibility of postal inspectors within the Post Office that an attractive career path be developed

to ensure highly qualified recruits, a professional attitude to assignments, an interest in advanced training, a willingness to remain in the service, and a consistent standard of excellence.

In order to provide an attractive career path, the Commission has already recommended changes in the training, classification and pay of postal inspectors. To create a balanced and professional standard of work performance, the Commission recommends that:

SEC 18 A national policy be established to require an equitable proportion of Post Office and law enforcement experience among postal inspectors in every region.

SEC 19 The Inspector General Service, as a matter of policy, promote from within the service unless there is a need for a specialist to provide expertise not available within the service.

The Commission has noted that the United States Postal Inspection Service requires its inspectors to have served 20 years and have reached age 50 before they are eligible for full pension. This has the effect of discouraging movement in and out of the Inspection Service before 20 years service are complete, at which time senior inspectors may compete for management positions within the Post Office proper.

There are definite advantages to the maintenance of a stable work force of postal inspectors, both in terms of the resulting standard of work and of the strong career image. For these reasons, as a matter of policy, the Post Office should create incentives to ensure that postal inspectors remain in the inspection service for a reasonable period of time progressively acquiring more managerial experience at regional and Headquarters levels, prior to being eligible to compete for managerial, policy, or other positions outside the Inspector General Service. It is recommended that:

SEC 20 Before being allowed to compete for management or policy positions at Headquarters, postal inspectors should have served in both a region and at Headquarters and have worked at the level of inspector, senior (or specialist) inspector, inspector-in-charge and regional chief inspector.

Marketing Services (claims and enquiries), Financial Services (financial audit), Personnel Services (recruitment, hiring and screening) all have reason to cooperate with the security and investigation function from time to time. The Commission has noted that cooperation and assistance now are *ad hoc*—there is no system governing cooperation; there are no criteria used to establish when cooperation is mandatory. It is recommended that:

SEC 21 Criteria be established to ensure that Marketing, Finance and Personnel inform and consult the inspection service as soon

as possible after any potential crime or irregularity in procedure is detected.

SEC 22 Copies of all customer claims for indemnities be sent immediately to the local office of the inspection service, and procedures be established to prevent the payment of large claims until the inspection service investigates and approves such payment.

Cooperation between inspectors and local public police forces is essential to the effective performance of the security and investigation function. Evidence placed before the Commission indicates that cooperation at present varies from region to region and, within regions, from district to district. Often the degree of cooperation depends on the personal relationship which a postal inspector has developed with individual police officers.

A number of deficiencies in investigative techniques were noted by the Commission. The most prominent of these were weaknesses in record keeping; failure to place Occurrence Reports on case files; failure to use investigators' note books; and failure to complete files by closing them officially. Many of these faults can be overcome by better training and more rigorous supervision, but a closer association with professional police investigators on an on-going basis should also be of great assistance in raising the standard of Post Office investigations.

It is simple to state as a principle that whenever a possible offence against the Criminal Code takes place, the local police force must be called in immediately. In reality there are often grey areas in the preliminary stages of an investigation when postal inspectors may be able to assist the local police in gathering evidence for future criminal prosecutions. There is also a danger that by their diligence postal inspectors might inadvertently prevent the gathering of the evidence necessary for successful prosecution. Only if cooperation is continuous and total can mutual understanding of each other's particular problems and requirements be achieved between inspectors and police, and more cases be resolved. Inspectors-in-charge and police chiefs alike should strive to improve the level of cooperation. It is recommended that:

SEC 23 A program of police/postal inspector education be developed on a district level by local police chiefs and Post Office inspectors-in-charge. Symposia could complement a program of lectures, seminars, exchange visits and the sharing of statistics on Post Office crime.

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The Commission heard much criticism from representatives of postal unions about the role played by postal inspectors in recent strikes by Post Office workers. The fundamental role of postal inspectors in protecting Post

Office employees and property does not change in strike situations. In performing this role, however, there is a clear requirement for members of security and investigation services to recognize that the normal relationship between management and labour, which includes strikes, is not a security matter. Postal inspectors are neither trained nor equipped to deal with civil disturbances or civil disobedience. If there are outbreaks of violence it is the responsibility of management to call in the public police. Similarly, while the Commission recognizes that in an illegal strike situation a case can be made for using postal inspectors to collect evidence for obtaining a court injunction, doing so involves inspectors in a labour-management dispute to the detriment of the security function after the dispute has been settled.

Inspection service cooperation with the security services of Post Office customers, particularly banks and large volume mailers, would also serve to improve preventive security in the Post Office and reduce the likelihood of losses through theft. When large shipments of valuables are scheduled for delivery to a postal facility, for example, there should be the closest liaison between the security officers of the customer and the local inspection service office. It is the Commission's view that although the security and investigation function is increasingly concerned with the problems of internal theft of mail, insufficient thought has been given to the vulnerability of mail in transit both by air and land.² Hundreds of unescorted mail carriers are despatched daily from major mail processing plants to smaller communities in all postal regions. There is an obvious need for closer cooperation with, for example, the security officers of trucking companies as well as provincial police and customer security units. It is recommended that:

SEC 24 Postal inspectors make a greater effort to meet their security counterparts in banks, the offices of large volume mailers and commercial courier services to assist in the development of crime prevention programs related to goods shipped by mail.

Although much has been done in recent years by Security and Investigation Services units to upgrade the priority accorded preventive security measures, there has been little support for this effort from outside Security and Investigation. The Commission was made aware of many instances of managerial neglect, low budgets and lack of interest in improving preventive security measures.

² For example, it is now technologically possible to control the movement of a truck by installing an electronic computer device (black box) in it. Before the truck sets out on a journey, its route is set in the black box. Any substantial deviation from the set route immobilizes the truck. Before the truck can travel further the device must be dismantled, which requires a time-consuming, major mechanical operation.

Union leaders have been highly critical of management's apparent disinterest in preventive security but except for some local examples there is little written evidence that the unions have, in fact, made any kind of concerted effort to advise management of measures which could be taken to improve security. Management has claimed that preventive security is equal in importance to investigations and that, as a target, postal inspectors should devote 50 per cent of their total effort to it. As far as the Commission can determine, the time devoted to preventive security is far less than 50 per cent. In the larger district units it is probably about 10-15 per cent. The explanation given is that all units are short of inspectors and that investigations take priority in the daily work program.

Prevention must be the responsibility of all personnel. The most practical way to ensure total participation is to create a committee mechanism to oversee preventive security activities. It has been suggested that the success of employer-employee consultative committees in the field of occupational health and safety could well be repeated in the field of preventive security. Investigations and methods of investigation, however, should continue to be the sole responsibility of the inspection service. Accordingly, it is recommended that:

SEC 25 At district, area, zone and plant levels, as appropriate, management-labour consultative committees on preventive security be established. Management should be represented by the district, area, zone or plant manager (as chairman), and the senior Personnel, Financial and Marketing officers. Labour should be represented by local union executive officers. The Inspector General Service should be represented by the senior preventive security inspector.

SEC 26 Preventive security committees make recommendations to the Inspector General Service on the design and implementation of preventive security measures and on the education of all personnel about the need for, and purpose of, such measures.

SEC 27 Annual consultations between Post Office management and labour on preventive security be held at the national and regional levels.

Specific security activities which require more care and greater emphasis have been mentioned previously. One of the most important of these is the provision of advice when new facilities are being designed; when old facilities are being renovated; when new mail handling procedures are being developed and when new supplies and materiel are about to be purchased. Although postal inspectors expect to be consulted during the early planning

stages of new developments, the Commission has found that either they are not consulted at all or they are consulted too late for their advice to be effective.

A telling example of an operational decision that seriously affected the security of the mail was the increase in the maximum allowable weight for parcels to 30 kilograms. This increase may have made the Post Office parcel service more competitive against commercial courier services but the result has been an increased security problem at major mail processing plants. It was reported to the Commission, for example, that Gateway was designed to handle parcels carried in mail bags. When the allowable weight of parcels was increased, many parcels were too large to be carried in bags and had to be processed separately. Parcel wrappings no longer protected by the cushion effect of a mail bag are much more vulnerable to damage by automated processing machinery. The increased weight of parcels dropping from one level to another in the sortation process increased the number of breakages, thus exposing the contents of the parcels. The temptation to steal loose parcels, many of which carry advertisements about their contents, is much greater than the temptation to steal the unidentified contents of a mail bag. The temptation to steal loose material from broken parcels is even greater.

There is no evidence that postal inspectors had in fact anticipated the security problems associated with the increase in the allowable weight of parcels, nor is there any evidence that advice by postal inspectors would have changed the decision to increase the weight. Nevertheless, it is the opinion of the Commission that security considerations should be given much more thought when such changes are being considered. It is recommended, therefore, that:

SEC 28 Operations, Engineering, Marketing and Financial management at all levels of decision-making be held responsible for obtaining security advice at the preliminary planning stage of construction programs, equipment purchases, mail processing procedural changes, and other programs which might affect vulnerability of the mail or the security of Post Office assets and interests.

The Commission also observed that preventive security surveys are done only irregularly by postal inspectors. Indeed, only a few inspectors have been trained in, or have much experience with, preventive security surveys. Since the major theft at the Ottawa Alta Vista plant in 1979, surveys of major postal facilities have been carried out by the Protective Policing Directorate of the R.C.M.P. These, however, have covered only the twenty-two major plants of the over eight thousand postal facilities in Canada. The Commission, therefore, recommends that:

SEC 29 A regular program of preventive security surveys be designed to cover all postal facilities and that these surveys be conducted by postal inspectors.

SEC 30 The offer of the R.C.M.P. Protective Policing Directorate to provide training courses for postal inspectors in the techniques of conducting preventive security surveys, including on-the-job experience, be accepted.

Since the lack of official Post Office vehicles has in the past restricted the mobility of postal inspectors and made it difficult for them to make frequent visits to postal facilities in their districts, it is also recommended that:

SEC 31 Postal inspectors be assigned official Post Office vehicles to use for carrying out their duties.

Furthermore, there is little point in conducting preventive security surveys if management takes no action to implement the recommendations made. Therefore, it is recommended that:

SEC 32 Management personnel at all levels be held accountable through the annual job performance assessment process, for implementation of preventive security measures identified as necessary by security surveys.

During the Commission's many tours of postal facilities, common security weaknesses were identified. In several instances, these weaknesses had already been reported to local managers, some more than once, by postal inspectors and sometimes by union leaders. Remedial action had not been taken, often for budgetary reasons but sometimes for operational or marketing reasons. These security faults included:

- no perimeter fencing around certain postal facilities and where there is fencing, the gates are left open all the time and unguarded;
- uncontrolled public access to plant loading docks and lack of sufficient supervisors in loading dock areas;
- perimeter security CCTV is not effective at night in certain plants;
- in multiple occupancy buildings, stairwells, freight elevators, and entrances to sortation areas are easily accessible to non-postal workers; in one plant the public can enter the registered mail area with no difficulty;
- fire exit doors, controlled by crashbar latches and alarm systems, are left open in some plants and the alarms are disconnected;

- identification cards are worn on the outside of clothing by some workers but not by others;
- damaged parcels are stored in open unsupervised areas where they can be easily reached, thereby tempting would-be thieves;
- conveyor belts in some plants are not guarded from public access making the unobserved removal of mail a simple process;
- many employees do not use locks on their personal lockers;
- private courier services are allowed indiscriminate use of official Post Office mail bags and wire bins in some districts, thereby weakening Post Office control of mail handling;
- gallery break-out doors are blocked by metal bins in some plants.

Not all these security weaknesses were found in all plants visited but a sufficient number were common to many plants and therefore cause concern about the diligence of Post Office managers in their responsibilities for protecting the mail. The Commission is aware of the continuing security and investigation national program of establishing security standards for the many varieties of postal facilities. It is considered essential by the Commission that:

SEC 33 Security standards be established by National Headquarters and disseminated to all postal facilities and that management personnel at all levels be held accountable for ensuring that these standards are maintained.

SEC 34 As part of the security survey process, postal inspectors report to National Headquarters, and to line authority on the extent to which standards are not being met by management at postal facilities.

Fundamental to an effective preventive security program are the systematic analysis of crime trends and the results of remedial action taken to reduce criminal activities. Although National Headquarters does examine statistics reported by regions and attempts to chart crime patterns, there is no systematic process of statistical analysis at all regional and district levels. One of the reasons given is that there are too many investigations to be done and not enough postal inspectors to do them. Since investigations are given priority, even postal inspectors whose stated primary responsibility is preventive security are often assigned to them. The process of identifying specific security weaknesses and then devising strategies to overcome them must be the backbone of any successful preventive security program. Accordingly, it is recommended that:

SEC 35 At national, regional and district levels a program of statistical and operational analysis of criminal activity against the Post Office be undertaken by postal inspectors specifically designated and trained for this task.

The Post Office customer also has a role to play in preventive security. The Commission has seen examples of the poor packaging of parcels sent through the mail. Post Office standards for packaging are not enforced. Very rarely are improperly packaged parcels refused. Parcel shipping procedures are only loosely controlled and reliability checks of certain contract mail carriers are inconsistent. To reduce the vulnerability of parcels to loss and damage, it is recommended that:

- SEC 36 (a) Post Office regulations be amended to allow employees to refuse to accept for mailing any parcel which is not safely wrapped;**
- (b) packages distributed by mail not carry external advertising;**
 - (c) commercial mail carriers be subject to an equivalent security screening as that applied to postal employees;**
 - (d) accounting and shipping practices of large volume mailers be closely audited on a regular basis by postal inspectors; and**
 - (e) serious efforts be continued to reduce the likelihood of damage to mail by machinery in automated plants.**

Losses

It is clear from testimony before the Commission and from interviews with postal employees, that the Post Office does not know the extent of the losses it and its customers suffer. It has insufficient data to determine actual losses and identify loss trends. This applies equally to claims for undelivered mail, inventory control of tools, supplies and equipment, and damage to Post Office property.

Claims and enquiries for lost mail are settled by the local stationmaster or postmaster, except in Toronto where the population density permits the maintenance of a large Customer Services Unit to settle all claims. Large numbers of claims by a single customer for articles of significant value are often referred to Security and Investigation Services, however, the criteria for referral are unclear. In many instances, an employee in Customer Services, a postmaster or stationmaster who suspects a criminal problem simply telephones a postal inspector or calls on him personally to discuss the problem informally.

An effective information system must provide the right information to the right people at the right time in the right format. The Commission has concluded from testimony, interviews and research, that the Post Office needs to develop certain data in dealing with its claims to enable it to identify problems arising from lost, damaged or rifled mail. Adequate information should include:

- a file reference number for each claim
- date of mailing
- date of claim
- postal code of the sender or, in the case of mail from a foreign country, identification of the country of the sender
- postal code of the addressee or, in the case of mail to foreign destinations, identification of the country of the addressee
- class of mail (1st, 2nd, 3rd, 4th)
- category of mail (insured, registered, certified, insured Postpak or uninsured Postpak, C.O.D., Priority Post, International Priority Post, Special Delivery, money packet)
- value claimed by customer
- amount of Post Office insurance purchased, if any
- result of enquiry (payment of compensation, value not stated by claimant, addressee acknowledges receipt, no response from addressee, poor packaging, etc.)
- amount of compensation paid, if any
- date of delivery if item is found
- date on which the file is closed.

The information system should allow retrieval of data by various categories including month of mailing, postal code of the sender, postal code of the addressee, class and type of mail. Such retrieval will help pinpoint particular periods of the year when losses are high and indicate areas where further investigation is needed.

The system should also be able to supply information on the total number of claims per postal district, per month, per class and category of mail, and per loss type (loss, damage or rifling). The number of claims paid, the total value claimed and the compensation paid should also be available.

Accordingly, it is recommended that:

SEC 37 An information system be developed using computers to record, from Mail Enquiry or Application for Indemnity forms, information about claims for loss, damage and rifling of mail.

It is further recommended that:

SEC 38 A computer terminal be installed in each postal district for Claims and Enquiries or Customers Services personnel to enter data from the Mail Enquiry or Application for Indemnity form and for postal inspectors to extract data from the computer.

Adoption of these recommendations will meet the security and investigation needs of the Post Office. To make best use of computer time and capability, however, Customer Services and Claims and Enquiries should expand the program to allow comparison of claims which are accepted and those which are rejected; to allow study of the time elapsed between the date of mailing, the date on which the claim is filed and the date of the closing of the file; and to record the reason for any discrepancy between the value claimed by the customer and the compensation paid. The computer program should allow for optimum use by both Claims and Enquiries and the Inspector General Service to get the best value from the investment.

The computer could also be used for inventory control. The Commission was informed by one regional director of Security and Investigation that while a national system for inventory control is in place, it is of little help in determining and pinpointing losses of such items as tools and maintenance supplies for Post Office vehicles. One incident which is quite revealing on this point is the shortage of vehicle tires in a particular district which was not identified by inventory control but by a Security and Investigation audit conducted as a result of a complaint. The audit also revealed that about 80 % of the tires on hand in this district bore no mark identifying them as Post Office property.

The Commission therefore recommends that:

SEC 39 The Post Office Department improve its inventory control system in order to allow the Department to know what stock is on hand, when replenishment is required, when stock movement is needed and between what locations. Whenever possible, Post Office identification marks should be permanently affixed to equipment and supplies.

Incidents of deliberate damage to Post Office property may be recorded by a plant manager or by the person responsible for the equipment. This information is not regularly transmitted, however, to Security and Investigation Services at the regional or national levels for use in planning preventive security programs. While many postal employees who were interviewed or

who testified before the Commission mentioned the problem of deliberate damage or vandalism, data on this subject are not readily available in departmental files. When the Commission requested information on the costs resulting from sabotage, arson and wilful damage recorded on Master Statistics Forms, it was not available. What little material was available differed greatly in the items recorded. The information received by the Commission did not include, in all instances, the date and location of the occurrence; what Post Office property or equipment was involved; what property of other departments or agencies was involved; and the costs of the damage. The absence of data makes it difficult to plan preventive security and security awareness programs to combat vandalism. It is therefore recommended that:

SEC 40 Incidents of deliberate damage or vandalism be recorded, with appropriate descriptive data and reports of such incidents be given to the Inspector General Service for investigation.

Post Office officials informed the Commission that the greatest proportion of claims for loss, damage or rifling involves insured domestic parcels. Both employees and union representatives complained that there is insufficient staff on the loading docks at mail processing plants to count large shipments of parcels delivered to the plants by large volume mailers. Postal employees normally must sign a receipt for such shipments and, when they do, the Post Office accepts responsibility for any loss. With insufficient postal employees on the loading docks to count parcels, it is relatively easy for dishonest deliverymen and shippers to remove parcels or not unload all of the shipment. Even a program of random counts would help. In this way, no shipper will know when the items in his shipments may be counted.

It is interesting to note that in one district of the Western postal region, a Security and Investigation Services inspector who was suspicious about claims from a large volume mailer instituted the practice of counting all parcels from the customer in question. During the 90 days following the beginning of the regular count, no claims for loss were submitted from this mailer. The Commission therefore recommends that:

SEC 41 Sufficient staff be assigned to loading docks to properly receive parcels from large volume mailers, and count them on a random basis.

At present the Post Office can ascertain that a parcel arrived at its destination only if it was sent C.O.D., by registered mail, by certified mail, by money packet service or by Priority Post and International Priority Post. The Commission was informed that a proof of delivery system, requiring the

signature of the addressee or his representative upon receipt of a parcel, was considered and rejected by the Post Office Department as being too costly.

No precise figures were suggested to the Commission on either the start-up costs or the on-going operating costs of such a system. A proof of delivery system for parcels would both reduce losses and greatly assist the investigation of losses that do occur. Since neither the precise value of losses is known nor the cost of instituting and operating a proof of delivery system for parcels, the Commission cannot make a firm recommendation that such a system be instituted. It does recommend, however, that:

SEC 42 The Post Office examine the cost of setting up and operating a proof of delivery system for parcels with a view to full or partial implementation.

The Commission has been informed of the annoyance felt by Post Office customers who buy insurance for items without being in any way aware that the articles do not qualify for postal insurance. Examples have been cited of jewelry made of precious metals being sent as insured mail but which, in order to qualify for an indemnity, must be sent by money packet service. Part of the customer's confusion undoubtedly arises from the insurance receipt which notes that money packets are not eligible for insurance without explaining what the money packet service provides. It is clear, for example, that postal customers do not know that some items must be sent by the money packet service or that fragile articles cannot be insured against damage. The Commission therefore recommends that:

- SEC 43 (a) Post Office insurance forms be modified to remove the present reference to money packets and instead list the articles that must be sent by money packet service;**
- (b) the forms also list the categories of mail that are not eligible for Post Office insurance, including C.O.D., registered mail, certified mail, second class mail, Priority Post and International Priority Post; and**
- (c) postal employees who assist customers in the purchase of insurance draw attention to these lists and remind customers that, while fragile and perishable items cannot be insured against damage, they can be insured against loss and rifling.**

The Commission has noted that current regulations for Priority Post and International Priority Post provide an indemnity of up to \$500.00 only in the event of loss or damage. There is no reference to the customer's being entitled to compensation for rifling. The Commission has been advised that this is an oversight and that an indemnity would probably be paid to the customer in the event of rifling. Nonetheless, it is recommended that:

SEC 44 Regulations for Priority Post and International Priority Post be amended to add rifling as grounds for payment of indemnities.

The Commission was advised of frauds involving money orders where amounts on the face of the money order were raised after purchase. No losses due to the cashing of raised money orders at Post Office facilities were actually sustained by the Post Office itself during the fiscal year 1979-80, as all cash was recovered by the Post Office Department. Others, however, have incurred losses as a result of this activity. The Commission concludes that preventive measures are desirable and therefore recommends that:

SEC 45 The face amount of a money order be written once in figures and once in words to prevent raising the amount by adding additional digits.

Losses from money packets during the fiscal year 1979-80 amounted to a minimum of \$1,095,000. This amount is equivalent to 49% of the indemnities totalling \$2,222,187.50 paid for insured domestic, insured United States, insured foreign mail and insured Postpak during the same period. Despite the attraction which money packets containing valuables such as currency and gold bullion have for mail thieves, the money packet provides a necessary service to remote areas, which cannot at the moment be met in other ways. Courier and armoured car services make regular runs between large urban centres, and banks and other money packet service customers can have access to them. Remote areas do not have this facility. In 1964, the Post Office Department attempted to restrict its money packet service to areas where no alternative service with adequate security was available. This was reportedly not implemented, however, due to customer pressure. While the Commission recognizes the difficulties in providing security for high value shipments, the service is essential for remote areas. That being so, the Commission recommends:

SEC 46 The money packet service be continued but with enhanced security procedures appropriate to the value of the items carried. The rate structure for money packet service be increased to cover the cost of the additional security procedures.

It is further specifically recommended that:

SEC 47 The security procedures for the money packet service include:

- (a) a log recording the registration number and date of shipment to be kept at the post office receiving the packet;
- (b) a record accompanying the money packet from which a dated and signed receipt is issued to each postal employee when he turns the packet over to its next handler and eventually to the addressee; and

- (c) when the packet is delivered the record of its handling be returned to the originating post office for completion of the log and retention.**

As a condition of employment postal workers agree to have their fingerprints taken to determine whether they have been convicted of any criminal offence. The authority for taking fingerprints is found in the *Post Office Personnel Manual* at paragraph 3-21-3.

Recruiting offices will arrange to fingerprint employees and forward fingerprint forms to the RCMP, Ottawa....

The rationale for the requirement that fingerprints be taken is found in the *Personnel Manual* at paragraph 3-21-1.

The Canada Post Office accepts as one of its responsibilities to the Canadian public the sharing of the task of rehabilitating persons with a criminal record. Security of the mail requires, however, that the Department refuse employment to those whose criminal records indicate that they may not yet be capable of accepting responsibility for safekeeping of valuables.

The Commission has no quarrel with the sentiments expressed. It is unlikely, however, that an employee's criminal record will be much use as an indicator of the probability of his rehabilitation. As a practical proposition, it is almost impossible to predict whether an offender will commit another crime. The Post Office has kept no centralized records as to the number of employees who have in fact been released because of previous criminality or the number of employees with previous criminal convictions who have actually committed crimes against the Post Office. The Commission has also noted that the policy on access to confidential personal files of postal employees is inconsistent. It is recommended that:

SEC 48 Access to confidential personal files of postal employees be restricted to:

- (a) staffing officers for purposes of hiring and promotion; and**
- (b) postal inspectors, for purposes of criminal records checks or criminal investigation, upon written application to the Director of Personnel. Where such access is granted to postal inspectors, a note of it is to be placed on the employee's file.**

The Post Office practice of hiring personnel and then subjecting them to a fingerprint/criminal records check may simplify the hiring process but it does not make much sense from the point of view of security. It is recommended that:

SEC 49 Fingerprint/criminal records checks be part of the hiring process and no prospective employee be taken on Post

Office strength until the check has been completed and a positive decision made on the prospective employee's reliability.

The Commission is concerned that postal inspectors in making recommendations on the employment or discharge of employees with criminal records, can only make value judgments. Experienced postal inspectors may exercise good judgement in these cases, but in the absence of a reliable, government-wide data base to predict with more certainty the risk of hiring those with criminal records, there is a danger that some prospective employees will be unfairly treated. In addition, part-time and full-time workers should be treated alike in respect of the requirement for security clearance. Both groups handle valuables in the course of mail processing. The Commission, therefore, recommends that:

SEC 50 In order to assist the Post Office to ensure a fair and equitable treatment of prospective employees, government policy on hiring persons with criminal records, and on the maintenance of statistical data to predict risks associated with such hiring, should be more explicit.

Postal inspectors are required to investigate alleged criminal offences. It is generally agreed by management and unions alike, however, that postal inspectors should not be involved in disciplinary cases. There is, however, no guarantee that the results of an investigation may not be resolved by disciplinary action instead of, or in addition to, criminal prosecution in the courts. In other words, inspectors will inevitably become involved in discipline cases if Post Office management takes disciplinary action against an employee who has been investigated for a suspected criminal offence.

Opinions on the appropriate investigative role of postal inspectors range from the extreme that they should have no investigative role and that public police should assume this responsibility, to the other extreme that they should have the full powers of peace officers within the meaning of the Criminal Code, thereby making it possible to pursue investigations through prosecution to sentencing without reference to the public police.

The Commission does not agree that the public police should undertake all investigations related to crimes against the Post Office nor does it agree that postal inspectors should be peace officers. Postal inspectors do have a role to play in investigating offences under the Post Office Act and the Financial Administration Act. Before the police are brought in to an investigation, postal inspectors should have gathered enough information to indicate the probability that an offence under the Criminal Code has been committed or is about to be committed. The Commission does believe, however, that once there is such evidence, the public police must be brought in to take

over the investigation. If in the opinion of the Crown Attorney sufficient evidence is collected to justify laying a criminal charge, then it is the opinion of the Commission that a charge must be laid and prosecution ensue. The Post Office should take no part in deciding whether there is enough evidence to lay a criminal charge. The substitution of disciplinary action for criminal prosecution should not be tolerated.

Certain corporations prefer to deal privately with employees who commit criminal offences such as fraud and embezzlement and not to involve the police. That approach is not acceptable for the Post Office since it is a public institution financed through public funds. The sentiment expressed in the Canada Post Instructional Information System directive no. 062-02D-1, (Page 6, Section 5(c)), that it may be in the best interests of the Post Office to waive prosecution in favour of disciplinary action when employees are involved in job-related crimes is, in the opinion of the Commission, not appropriate for a public institution. It is therefore recommended that:

SEC 51 Investigation of Criminal Code offences must be referred to the public police force and the decision on whether to prosecute made on the advice of the prosecutor having jurisdiction. Disciplinary action may also be taken but must not be used as a substitute for criminal prosecution.

A more detailed discussion of the rights and responsibilities of postal inspectors and the public police with respect to offences committed under the Criminal Code, the Post Office Act and the Financial Administration Act is found in Chapters 4 and 6.

Consistent with the need for closer cooperation with and better assistance from public police forces, postal inspectors should make arrangements to borrow from police forces such equipment as may assist in the thoroughness of investigations of crimes against the Post Office. Such equipment may include communications or optical devices and forensic aids. Electronic eavesdropping equipment, the possession and use of which is regulated by procedures prescribed in the Criminal Code, should be operated only by the police.

The Commission received in evidence allegations that postal inspectors had used polygraphs (lie detectors) during investigations of postal employees. While lie detectors may have been used by police forces, the Commission found no evidence that postal inspectors were responsible for their use. The Commission has concluded that current Post Office policy prohibiting postal inspectors from using lie detectors should remain in force.

The Commission heard many arguments for and against the use of investigative closed circuit television. One of the anomalies in this debate is

the fact that the observation gallery, the use of the human eye in a clandestine way, is more or less acceptable to postal workers but closed circuit television, the use of an electronic eye to serve the same purpose, is heartily rejected.

Post Office arguments in support of the installation of investigative closed circuit television are more logical and persuasive than the arguments against its installation propounded by the Post Office unions. There must be effective means of investigating theft within major postal facilities which handle large volumes of mail. In view, however, of the wholesale rejection of investigative closed circuit television by the union leadership, and the acceptance of the observation gallery system, decisions on whether to install additional galleries or investigative closed circuit television cameras should not be made until comprehensive cost-benefit studies have been conducted. The long term costs and benefits of construction and use of galleries (including the United States model of suspended prefabricated galleries) should be compared with the costs and benefits of long term use of television cameras — including replacement, maintenance and training costs for the entire investigative closed circuit television system.

The Commission has been unable to substantiate evidence that either observation galleries or investigative closed circuit television have been used improperly by Post Office managers and supervisors. Allegations to this effect have not been proven.

The Commission recommends that:

SEC 52 The observation gallery system be preferred for investigations. Only where the view from a gallery is obstructed or where cost-benefit analysis clearly indicates long-term financial savings should closed circuit television be used.

This recommendation must be accompanied by a number of safeguards. It is, therefore, also recommended that:

- SEC 53 (a) Both observation galleries and investigative closed circuit television continue to be accessible only to postal inspectors for the investigation of crimes against the Post Office;**
- (b) entrances to observation galleries and investigative closed circuit television monitoring rooms continue to be carefully controlled by locked doors for which keys are given only to postal inspectors; and**
- (c) annual reports on the use of observation galleries and investigative closed circuit television and the results of investigations employing them be reported to the Postmaster General and conveyed by him to Post Office union leaders.**

If security guards are to be effective they must be trained well and paid well. A good security guard force will greatly strengthen preventive security programs. The Commission was impressed with the decision of Ontario Region to hire Post Office security guards in the large mail processing plants at Gateway and South Central. The Commission was also impressed with the concept of 'plant protection officer' developed in the Western Region. It is recommended, therefore, that:

SEC 54 The Post Office expand its permanent security guard force into a national force to replace those security guards now provided by the Corps of Commissionaires and private security guard companies.

SEC 55 The Post Office Security Guard Service be the responsibility of the Inspector General Service.

SEC 56 The concept of 'plant protection officer' as developed in the Western Postal Region be adopted by the Inspector General Service for all major mail processing plants. Security guards in these plants will report to Plant Protection Officers who will have the same authority as junior postal inspectors.

SEC 57 Programs be provided on a national basis to recruit and train to national standards security guards for permanent employment in all the major mail processing plants.

SEC 58 Security guards be paid, at a minimum, the equivalent hourly rate of postal clerks and be given similar career and pay advancement prospects.

As a result of its research and discussions with officials of the Canadian Post Office Department, the United States Postal Inspection Service and private communications companies, the Commission is convinced of the need for the Post Office to develop a greater awareness of the security problems inherent in computer technology and data transmission processes.

Post Office officials informed the Commission that, at present, expertise in the security of electronic data processing is provided by the R.C.M.P. Such electronic mail services as Telepost and Intelpost, which are joint ventures with Canadian common carriers, have not been subjected to rigorous security evaluation by the Post Office, although some thought has been given to the physical security of customer outlets for these services.

During the fiscal year 1979-80, the Telepost service alone transmitted 658,989 messages, an increase of 63 per cent over the previous year.³ A recent article stated:

Reports out of the United States predict that by the end of the '80s, users will be spending over \$4 billion per year on

³ Post Office Department, 1980 Annual Report at page 17

electronic mail services and equipment. Current spending is estimated at \$1 billion.

If the ten per cent rule of thumb were to be used, Canadian estimates could be placed at \$400 million over the same time period.⁴

The telecommunications industry predicts that the future of postal delivery lies with electronic mail. Senior Post Office officials have confirmed this view. The Commission concludes, therefore, that the Post Office must develop the in-house capability to plan for the security of electronic mail services, to analyze security weaknesses, and to take remedial action.

The Commission accordingly recommends that:

SEC 59 Headquarters, Inspector General Service, be responsible for advising the Marketing and Operational Services Divisions on all aspects of security relating to the introduction and operation of electronic mail.

The Commission also recommends that:

SEC 60 The R.C.M.P. immediately be requested to advise the Inspector General Service on the establishment of a unit responsible for:

- (a) planning and implementing security for electronic mail services and associated computer facilities; and**
- (b) investigating breaches of security in electronic mail services and associated computer facilities.**

The Commission has studied the many security directives and instructions produced by the National Director of Security and Investigation and his staff.⁵ Security goals are stated in the various manuals available to Post Office personnel. There is, however, a marked discrepancy between the stated intentions of Post Office security policies and the implementation of these policies. One problem is the decentralized structure of the Security and Investigation function. Another is the low priority given by most levels of Post Office management to security activities, training, and resources. Many Post Office personnel are fatalistic about losses in the mail and express skepticism that much can be done about losses no matter how many improvements are made to the Security and Investigation function. Nevertheless, the Commission is confident that the adoption of the recommendations made in this report will make it possible for the Post Office to protect the mails and reduce losses.

⁴ "Spending on electronic mail could increase 400 percent". Beverley J. Bleackley, in *Computer Data*, February 1980, at page 30.

⁵ It was noted that very few important security directives and instructions, such as the *Manual of Information for Postal Inspectors*, have been fully translated into French for the benefit of postal inspectors whose working language is French.