

determine possible disqualifying actions, practices, or conditions.

POLICIES AND PRACTICES FOR STORING, RETRIEVING, SAFEGUARDING, RETAINING AND DISPOSING OF RECORDS IN THE SYSTEM: STORAGE:

These records are maintained in paper copy and automated form.

RETRIEVABILITY:

These records are retrieved by name, address, occupation, Social Security Number, and case number.

SAFEGUARDS:

Paper records are stored in lockable filing cabinets or secured rooms. Automated records are protected by ID/password security system. Records are available only to those persons whose official duties require access.

RETENTION AND DISPOSAL:

Records are placed in inactive files (cut at the end of each fiscal year) when the case is closed. Inactive records are destroyed after 10 years.

SYSTEM MANAGER AND ADDRESS:

Chief, Administrative Sanctions Branch, Office of the Inspector General Office of Personnel Management, 1900 E Street, NW., Room CHP 1314, Washington, DC 20415-0001.

NOTIFICATION PROCEDURE:

Individuals wishing to determine whether this system of records contains information on them should contact the system manager indicated above. Individuals must furnish the following for their records to be located and identified:

- a. Full name.
- b. Case number, if applicable.
- c. Address.
- d. Date of Birth.
- e. Social Security Number and Tax Identification Number.
- f. Health Insurance related Identification Number.

RECORD ACCESS PROCEDURE:

Individuals wishing to request access to records should contact the system manager indicated above. Individuals must provide the following information for their records to be located and identified:

- a. Full name.
- b. Case number, if applicable.
- c. Address.
- d. Date of Birth.
- e. Social Security Number and Tax Identification Number.
- f. Health Insurance related Identification Number.

Individuals requesting access must also follow the OPM's Privacy Act

regulations regarding verification of identity and access to records (5 CFR part 297).

CONTESTING RECORD PROCEDURE:

Individuals wishing to request amendment of records should contact the system manager indicated above. Individuals must furnish the following information for their records to be located and identified:

- a. Full name.
- b. Case number, if applicable.
- c. Address.
- d. Date of Birth.
- e. Social Security Number and Tax Identification Number.
- f. Health Insurance related Identification Number.

Individuals requesting amendment must also follow the OPM's Privacy Act regulations regarding verification of identity and amendment of records (5 CFR 297).

RECORD SOURCE CATEGORIES:

Information in this system of records is obtained from:

- a. The individual(s) to whom the record pertain(s).
- b. Federal agencies.
- c. State and local law enforcement officials.
- d. Private agencies and organizations.

[FR Doc. 95-18708 Filed 7-31-95; 8:45 am]

BILLING CODE 6325-01-M

POSTAL SERVICE

Verification Procedures for Second-Class Publications

AGENCY: Postal Service.

ACTION: Notice of revised procedures.

SUMMARY: On January 20, 1995, the Postal Service published a notice for public comment in the **Federal Register** (60 FR 4207-4208) concerning revised procedures for conducting verifications of publications authorized for mailing at second-class postage rates. Under the revised procedures, the Postal Service will separate the verification process into two reviews, one for validating correct postage payment and one for determining continued eligibility for second-class authorizations. A postage payment review will be conducted at least once a year for each authorized second-class publication. An eligibility review will be conducted as determined by the Postal Service from circulation data provided by the publisher of an authorized second-class publication.

EFFECTIVE DATE: August 31, 1995.

FOR FURTHER INFORMATION CONTACT: Edward J. Mayhew, (212) 613-8747.

SUPPLEMENTARY INFORMATION: In accordance with its statutory responsibilities, the Postal Service must ensure that authorized second-class publications meet all applicable second-class eligibility requirements and that the proper amount of postage is paid on mailings of those second-class publications. See 39 U.S.C. 404, 3685.

The physical inspection of mailings of second-class publications and the examination of records and documentation related to those mailings have been the principal means used by the Postal Service to carry out its statutory responsibilities. A long-standing goal of the Postal Service has been to review all publications on an annual basis. An annual review of every publication, however, has not always been possible at all post offices, particularly those offices where large numbers of different publications are entered at second-class rates.

1. Background

Currently, the Postal Service schedules a second-class publication for review every 1 to 3 years, depending on the number of second-class publications authorized original entry at the post office conducting the review. For the issue of the publication to be examined, the review centers on these two activities:

a. Substantiating that the publication meets second-class eligibility requirements, particularly circulation requirements.

b. Verifying that the mailing statement submitted with the mailing of the publication is complete and the postage payment correct.

After a careful analysis of its review procedures for second-class publications, the Postal Service determined that the current procedures no longer promote the most efficient use of postal resources. On one hand, the Postal Service believes that, for some publications, eligibility reviews do not serve a significant purpose. Where other evidence provides assurance that a publication remains eligible for second-class mailing privileges, an on-site review simply confirms a fact already known. On the other hand, the Postal Service believes that annual postage payment reviews for all publications not only confirm the accuracy of postage payment but also prevent a potential for long-term accumulations of any revenue deficiency that might be discovered during the reviews.

Accordingly, the Postal Service proposed revising its review procedures for second-class publications by separating the procedures along the lines of the two review activities, each

with different scheduling criteria as follows:

a. For the eligibility review, an annual review is to be conducted only for publications with a confirmed legitimate circulation of 60 percent or less on randomly selected issues.

b. For the postage payment review, an annual review is to be conducted for all publications, regardless of the percentage of confirmed legitimate circulation.

The proposed changes sought to shift postal personnel and other resources from verifications that serve limited purposes (that is, eligibility reviews that only confirm independent assurances of continued second-class eligibility) to verifications that respond to concerns about revenue protection (that is, postage payment reviews that uncover potential revenue deficiencies).

2. Revised Procedures

The revised review procedures will separate the postage payment review from the eligibility review. Each second-class publication will receive an annual postage payment review at each post office where second-class postage is paid. This review will be conducted at the time of mailing. Publishers claiming automation and presort rates will also be required, at the time of the postage payment review, to submit documentation substantiating eligibility for those rates. This documentation consists of the same documentation already required under current procedures.

For those publications subject to circulation standards (general, requester, institutions and societies, and some foreign), the Postal Service will determine whether to conduct an eligibility review by using the data provided by the publisher on PS Form 3526, Statement of Ownership, Management, and Circulation (that is, a review will be scheduled according to the percentage of paid or requested circulation shown on the form). The Postal Service still retains its right, however, to review a publication if a question arises about the eligibility of that publication for second-class mailing privileges, regardless of the data provided on PS Form 3526.

When a second-class publication is selected for an eligibility review, the publisher will be notified by the post office serving the known office of publication. The publisher will be advised of the issue to be verified. To conduct the review as quickly and efficiently as possible, the Postal Service will ask the publisher to provide circulation information before the review date. For this purpose, the Postal

Service has revised PS Form 3548, Review and Verification of Circulation.

Accordingly, the original entry post office will mail the publisher a blank PS Form 3548 with a cover letter asking the publisher to complete the unshaded parts of the form for a specified publication issue. The publisher will have 15 days from the receipt of the form to complete and return the form to the postmaster of the original entry office.

The unshaded parts of PS Form 3548 filled in by the publisher will contain information about the total distribution of the issue to be reviewed. A Postal Service representative will examine the circulation records at the known office of publication to verify compliance with circulation requirements.

Publications reviewed by Postal Service-approved independent audit bureaus will continue to have their eligibility and postage payment reviews conducted by those bureaus. Consistent with current practice, the Postal Service still retains the right to review the records of any publication and to reach its own conclusion about compliance of the publication with the applicable eligibility requirements. Publications mailed under the Centralized Postage Payment System will continue to have postage payment reviews conducted annually by the New York Rates and Classification Service Center.

3. Public Comments

The comment period ended on February 21, 1995, and only three written comments were received. After thorough consideration of those comments, the Postal Service adopts the revised procedures as proposed.

The first commenter did not object to the separation of the review process into eligibility and postage payment reviews but did object to what the commenter viewed as "the proposed weakening of current second-class subscriber verification procedures." The commenter expressed concerns that the Postal Service would determine which publications to review by relying solely on data provided by publishers on PS Form 3526, Statement of Ownership, Management, and Circulation. The commenter asserted that reliance on such data "is inadequate to police those who misstate circulation data so as to qualify improperly for second-class mailing privileges." The commenter also objected to the Postal Service policy concerning the release of second-class mailing statements under the Freedom of Information Act.

As an initial matter, the Postal Service plans to conduct eligibility reviews of publications whenever it believes that

valid reasons exist for such reviews, regardless of the data provided by a publisher on Form 3526. The Postal Service agrees with the commenter that the vast majority of publishers file honest reports and strongly believes that this practice will not change with the revised review procedures. Those publishers tempted to deceive the Postal Service under the revised procedures can just as readily provide false information under current procedures. Criminal and civil fraud provisions, however, provide a strong deterrent to such activity.

As far as the commenter's objection to Postal Service policy on the release of mailing statements under the Freedom of Information Act, a response to that objection is outside the scope of this notice.

The second commenter expressed concerns that the Postal Service was "moving backward" in its attempt to conduct reviews of authorized publications. The commenter predicted that, under the revised review procedures, entry post offices serving publishers' printers and fulfillment houses would be overwhelmed with publication issues to be verified. Such a large number of postage payment reviews to be conducted at one time would, according to the commenter, delay the processing of publications not having appropriate documentation to support analyses of zone-rated advertising portions in the publications.

The Postal Service assures publishers that the revised review procedures have been tested and that they will not cause congestion or processing delays at business mail entry units or detached mail units. The documentation from which the review data will be drawn is the same documentation required with the mailing of a publication under current procedures. The Postal Service wishes to remind publishers that although some shift in the number of reviews will occur at certain post offices, only one issue of a publication will be reviewed each year and publishers will receive prior notification of the review date.

The third commenter remarked that the revised procedures are too burdensome because they impose "a new level of review on second-class publications" and because they eliminate the "responsibility bulk mail acceptance clerks have for the information and advice they give mailers." The commenter, while "agree[ing] with the philosophy" that the Postal Service should conduct eligibility reviews "according to its judgment of the necessity for the review," asserted that some publishers

mail publications that do not always qualify for second-class rates and that revocations of second-class mailing privileges take an average of 10 years, with a minimum of 6 years.

The Postal Service believes that the revised review procedures do not entail an additional level of review. Postage payment reviews have been a long-standing part of Postal Service audits of second-class publications. The revised procedures ensure that all publications are reviewed on a uniform annual basis in contrast to the current system in which some publications are reviewed at least three times as often as others.

The Postal Service also believes that the commenter's concerns that the procedure will add an extra layer of staff effort and increase handling costs is unfounded. The revised review procedures simply reallocate current resources to more productive functions. These procedures do not lessen the responsibility of acceptance clerks, who perform an important role at the deposit point in examining the mail for proper preparation. These clerks cannot be expected, however, to uncover all possible errors during their reviews. To do so would require an in-depth scrutiny that increases considerably the cost of reviews, if done on each mailing, and delays the acceptance and processing of the mailing.

With respect to the comment about the responsibility of postal employees providing accurate information, the Postal Service believes that the commenter is concerned that the revised procedures will increase revenue deficiency assessments and possibly even criminal penalties, both of which the commenter finds objectionable in cases where a postal employee makes an error in calculating postage or accepting the mail or the employee provides incorrect advice to a publisher about second-class eligibility requirements. This commenter's concerns suggest that the Postal Service audit its own acceptance practices at postal facilities and devote more resources to training employees.

The commenter's suggestions about examining acceptance procedures at business mail entry units and improving employee training are well taken. The Postal Service does, in fact, conduct frequent audits of mail acceptance procedures at its facilities. The Postal Service also provides training for postal employees throughout the year, using classroom and on-the-job instruction to convey the intent of new and current programs, policies, and procedures.

With respect to the concerns about the imposition of a revenue deficiency where a mailer has relied on the advice

of a postal employee, the Postal Service notes, as in prior rulemakings, that the Postal Service is required to collect debts owed to it but will consider requests for relief or compromise of deficiencies on a case-by-case basis, consistent with existing policies. See 59 FR 23161-23162 (May 5, 1994).

An annual postage payment review will facilitate the discovery of preparation problems. Although this review, on occasion, might result in the assessment of a revenue deficiency, an annual review avoids the expense and processing delays associated with in-depth reviews of each mailing. An annual review also ensures that all publishers operate under the same rules, consistent with the commenter's belief that the eligibility rules for second-class mailing privileges should be enforced uniformly.

Although the average revocation action does not approach the age estimated in the comment, the Postal Service acknowledges that venerable cases exist. The Postal Service is making efforts to expedite these cases while complying with its obligation to afford all publishers due process.

Appropriate procedures to reflect these changes will be implemented upon publication of this notice.

Stanley F. Mires,

Chief Counsel, Legislative.

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BILLING CODE 7710-12-P

Privacy Act of 1974; System of Records

AGENCY: Postal Service.

ACTION: Notice of the addition of three new routine uses in a system of records.

SUMMARY: This document publishes notice of the addition of three new routine uses to Privacy Act system of records USPS 120.140, Personnel Records—Employee Assistance Program (EAP) Records. One routine use permits disclosure to a contractor and is adopted to support administration and evaluation of the Postal Service's EAP by the Public Health Service (PHS) and by private contractors. The other two routine uses support disclosures allowed by PHS and Postal Service regulations. One permits disclosure to medical personnel to the extent necessary to meet a medical emergency. The other one allows disclosure to qualified personnel for purposes of conducting research, audit, or program evaluation.

DATES: This proposal will become effective without further notice September 11, 1995, unless comments

received on or before that date result in a contrary determination.

ADDRESSES: Written comments on this proposal should be mailed or delivered to Payroll Accounting/Records, United States Postal Service, 475 L'Enfant Plaza SW, Room 8650, Washington, DC 20260-5242. Copies of all written comments will be available for public inspection and photocopying between 8 a.m. and 4:45 p.m., Monday through Friday, at the above address.

FOR FURTHER INFORMATION CONTACT:

Betty E. Sheriff at (202) 268-2608.

SUPPLEMENTARY INFORMATION: The Division of Federal Occupational Health of the PHS largely administers the Postal Service's new EAP, providing counseling and other assistance to all postal employees and their family members. EAP services are also available to employees and family members under nine pilot programs administered by private contractors or in-house by the Postal Service. In order for contractors to provide program services or other legitimate agency functions, such as program evaluation, the Postal Service must release to the contractors relevant information from EAP records. New routine use No. 1 allows such disclosure. The Postal Service applied this routine use to most of its systems of records in its last compilation of records systems published in the **Federal Register** on October 26, 1989 (54 FR 43652-43715).

In addition, PHS and Postal Service regulations applicable to program records allow disclosure without patient consent to medical personnel in medical emergencies and for research, audit, and evaluation activities. Although these disclosures are permitted to some extent by exceptions within the Privacy Act, new routine uses No. 2 and No. 3 are added to clearly permit disclosures that conform with PHS and Postal Service regulations.

The system changes are not expected to have any effect on individual privacy rights. EAP participant records are protected by federal law and regulations, and these records receive the highest degree of confidentiality. Contractors who receive information pursuant to new routine use No. 1 are made subject to subsection (m) of the Privacy Act and are required to apply appropriate protections subject to the audit and inspection of the Postal Inspection Service. An interagency agreement between the Postal Service and the PHS also contains provisions requiring procedures for safeguarding the confidentiality of EAP records and restricting disclosure by the PHS without Postal Service approval. In