



UNITED STATES POSTAL SERVICE

OFFICE OF

INSPECTOR GENERAL

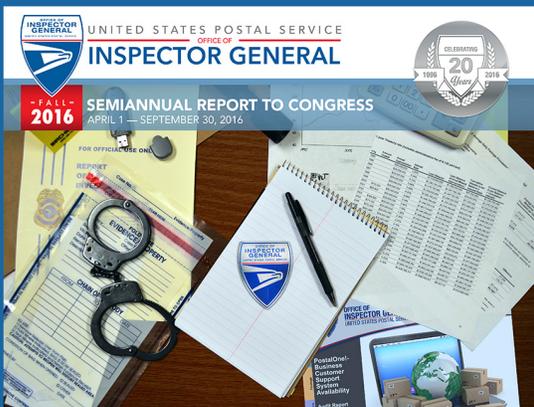
The Office of Inspector General plays a key role in maintaining the integrity and accountability of the nation's Postal Service, its revenue and assets, and its employees through our audit and investigative work.

Fall 2016 Fact Sheet

Semiannual Report to Congress

April 1 — September 30, 2016

*To view our entire
Semiannual Report
to Congress*



go to www.uspsoig.gov.

91 Reports Issued

2,586 Investigations Completed

389 Arrests

\$30 Million Returned to the Postal Service

\$4.8 Billion Total Monetary Impact



Two Decades of Oversight

This year marks the 20th anniversary of the creation of the Office of Inspector General (OIG) for the U.S. Postal Service. On September 30, 1996, President Clinton signed the amended Inspector General Act of 1978 to establish a separate enforcement and oversight agency for the Postal Service, moving that responsibility to the newly created and fully independent OIG. Since then, we have worked to fulfill our mission of ensuring efficiency, accountability, and integrity in the Postal Service.



Audit

The Office of Audit's mission is to protect assets and revenue, ensure efficient and economical mail delivery and operations, and safeguard the integrity of the postal system. Postal Service executives often work closely with their OIG counterparts to identify problems and collaborate on solutions. These efforts have resulted in significant savings opportunities.

Reports Issued

91

Recommendations

166

**Reports With
Financial Impact**

33

**Funds Put
To Better Use**

\$475 Million

Questioned Costs

\$2.0 Billion

Revenue Impact

\$2.3 Billion

**TOTAL
MONETARY
IMPACT**

**\$4.8
Billion**

Network Adjustments Cause Performance, Service Challenges

As part of its effort to consolidate facilities and equipment and make related processing and transportation changes because of declining mail volume, the Postal Service changed its service standards for First-Class Mail delivery and made a related change to the hours that machines process mail — the latter move is known as the operational window change (OWC).

In the second half of Fiscal Year (FY) 2016 we looked at the impact all these initiatives had on performance or service. We found for the nine-month period following the changes, delayed mail processing increased by 51 percent compared to the same period in FY 2014. We also found the Postal Service did not achieve projected savings associated with the OWC.

In addition, we found mail was delayed at the Queens, NY, Processing and Distribution Center because the facility did not have enough equipment to handle the volume of packages it had to process. Also, machines were not operating at full capacity.

Similarly, we found consolidation of the Norfolk, NE, and Grand Island, NE, processing and distribution facilities (P&DF) into the Omaha, NE, P&DC did not have a negative effect on customer service. But we did find service declines corresponded with the OWC and the start of the incoming mail consolidation.

We made several recommendations to address all issues we found.



Investigations



The OIG Office of Investigations fulfills its traditional role of rooting out fraud, waste, and misconduct to protect the Postal Service's bottom line and maintain confidence in the mail. The OIG's dedication to integrity, accountability, and transparency means that no person in the organization is above the law or immune from the ethical standards set by the Postal Service.

Healthcare Provider Fraud

A Maryland physician was sentenced on April 11, 2016, to more than 9 years' imprisonment, followed by 3 years' probation, and ordered to pay more than \$3.1 million in restitution after being found guilty of the following: one count of health care fraud; two counts of making a false statement related to a health care program; one count of obstruction of justice; four counts of wire fraud; and one count of aggravated identity theft related to a health care fraud scheme.

The OIG's joint investigation with the Defense Criminal Investigative Service, Department of Health and Human Services OIG, Office of Personnel Management OIG, Department of Labor OIG, and FBI revealed that between January 2011 and May 2014, the physician defrauded federal health benefit programs, including Medicare, Medicaid, TRICARE, Federal Employees Health Benefits Program, and the Department of Labor Office of Worker's Compensation Programs (OWCP).

The physician performed less expensive procedures but falsely billed for procedures that provided higher reimbursement amounts. The physician also submitted claims indicating that he had met the requirements for reimbursement when he had not. Finally, the physician submitted claims for procedures that had not been performed at all.

389

Arrests

315

**Indictments/
Informations**

484

**Convictions/
Pretrial Diversions**

1,161

**Administrative
Actions**

2,586

**Investigations
Closed**

\$193 Million

Cost Avoidance

\$321 Million

**Fines, Restitution,
and Recoveries**

**\$30
Million**

**AMOUNT
TO THE
POSTAL
SERVICE**





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April 1 — September 30, 2016

Mission Statement

The mission of the U.S. Postal Service Office of Inspector General is to conduct and supervise objective and independent audits, reviews, and investigations relating to Postal Service programs and operations to:

- Prevent and detect fraud, theft, and misconduct;
- Promote economy, efficiency, and effectiveness;
- Promote program integrity; and
- Keep the Governors, Congress, and Postal Service management informed of problems, deficiencies, and corresponding corrective actions.

Let Us Hear From You!

The OIG sponsors a blog and audit projects forum to collect feedback and ideas from our stakeholders and the general public. We encourage you to share your ideas, concerns, and comments at:

- Pushing the Envelope Blog: www.uspsoig.gov/blog
- Audit Project Pages: www.uspsoig.gov/audit-asks

To report fraud, waste, or misconduct involving postal employees or contractors contact us:

www.uspsoig.gov
888-877-7644

RISK ANALYSIS RESEARCH CENTER

Peeling the Onion: The Real Cost of Mail

When Congress passed the Postal Accountability and Enhancement Act (PAEA) in 2006, it established a new set of regulatory incentives designed to increase the Postal Service's efficiency. As the PAEA's 10th anniversary approaches, we revisited postal cost trends to evaluate how well the Postal Service has been managing its costs.

The number and cost of workhours are down, even with the increase in delivery points. Less expensive noncareer employees have increased by 3 percent each year on average since 2006. Although prefunding of future retiree health benefits can cause labor costs to appear as a disproportionately high percentage of the Postal Service's total cost, the Postal Service has actually decreased its labor expenditures by about \$10 billion since FY 2006 when adjusting for inflation and removing prefunding.

However, the paper stresses that the Postal Service cannot continue to fulfill its mission on the strength of cost savings alone. Rather, future Postal Service success hinges upon providing excellent service and making needed capital expenditures to modernize its existing network's capabilities to support 21st century postal demands. To accomplish this, USPS stakeholders and management need to develop means for generating adequate revenue.

OIG HOTLINE CONTACT OVERVIEW

April 1 – September 30, 2016



Phone Calls **775**



Letters **817**



Voice Mails **3,884**



Faxes **178**



E-Mails **35,471**



Ntl. Law Enforcement
Communications Center **159**