UNITED STATES POSTAL SERVICE

October 1, 1998 - March 31, 1999

OFFICE OF INSPECTOR GENERAL

Semiannual Report to Congress

Including Significant Activities of the Inspection Service

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US Postage Stamps

ISSUED FROM OCTOBER 1, 1998 THROUGH MARCH 31, 1999

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8 LOVE-VICTORIAN - represents one of two romantic, Victorian designs that were the first die-cut, self-adhesive stamps issued by the Postal Service.

15 LUNAR NEW YEAR - celebrates the Year of the Hare, the fourth animal in the Chinese astrological calendar.

16 ARCTIC ANIMALS - represents five animals uniquely adapted to survive in one of the harshest environments: Arctic Fox, Arctic Hare, Grey Wolf, Polar Bear, and Snowy Owl.

30 WREATHS - continues the Holiday Contemporary series with four beautiful stamps: Evergreen, Tropical, Chili Pepper, and Victorian wreaths.

34 GIVING AND SHARING - recognizes the time-honored tradition of humanitarianism and goodwill through the issuance of a philanthropy stamp.

52 ALFRED LUNT & LYNN FONTANNE - pays tribute to the greatest husband-and-wife team in the history of the American stage.

58 HOSPICE CARE - continues the Postal Service tradition of raising awareness of social causes such as end-of life care.

67 IRISH IMMIGRATION - recognizes the Irish emigration to America of the more than 40 million Americans who are of Irish descent.

68 FLORENTINE MADONNA AND CHILD - commemorates a master work of art based on a 15th sculpture.

PHOTO TO COME

The OIG Management Committee would like to thank the many OIG staff members who helped produce this report and our OIG and Inspection Service employees whose contributions are included in this semiannual report.

KARLA W. CORCORAN
Inspector General

A Message from the Inspector General

In our fifth Semiannual Report to Congress, we are proud to report the significant accomplishments of the Office of Inspector General (OIG) and the Inspection Service in helping the United States Postal Service retain its competitive edge. As we move into the 21st century, the Postal Service enters its third century of delivering the mail and OIG enters its third year of operation. Both organizations are preparing for some of the greatest challenges of their existence.

The Year 2000 (Y2K) issue is one of those challenges. Over the past six months, one of our most significant accomplishments has been our ongoing and enhanced effort to assist the Postal Service in addressing its Y2K challenge. During this reporting period, up to 25 percent of our evaluators have been devoted to Y2K issues, and we believe our efforts have produced positive results for the Postal Service. On February 23, 1999, I testified at a joint hearing of three Congressional subcommittees regarding the Postal Service's Y2K readiness. During my testimony, I communicated the urgency the Postal Service needs to place on addressing its Y2K readiness and recommended actions to help ensure that it meets its goals. We will continue to devote considerable resources to assist the Postal Service in meeting this challenge.

Looking ahead, we are becoming actively involved in protecting Postal Service information and revenue by establishing a computer intrusion unit. We believe this area will be increasingly important to the Postal Service as it becomes more dependent on computers to move the mail, process financial transactions, and become more competitive in the world of electronic commerce.

We are proud of building a new and dynamic organization based on cutting-edge technology and the most advanced management principles available today. Our greatest resource is our staff – 310 of us now – who understand and appreciate the diverse culture of the OIG and who recognize the Postal Service as a unique institution. We are committed to helping the Postal Service maintain and even strengthen its reputation through sound programs and practices that promote good business.

As we become more established, we have been able to undertake more projects that add value to the Postal Service. In this reporting period, our office issued 15 audit reports, 55 management advisory reports and other products, and closed 31 investigations. The audit and investigative work of the nearly 2,200 Postal Inspectors included 40 contract audits that identified $8,954,959 in questioned and unsupported costs and more than $54,715,624 in funds put to better use, plus 161 other audits and 133 investigative reports. Our combined efforts resulted in more than 372 written products to strengthen Postal Service programs and operations. In addition, Inspection Service investigations resulted in the arrests of 5,142 individuals and in the convictions of 4,466 individuals stemming from charges brought during this and prior reporting periods.

This Semiannual Report to Congress details the significant activities and accomplishments of the OIG and the Inspection Service from October 1, 1998 through March 31, 1999. Submission of the report fulfills the OIG reporting requirements of the Inspector General Act and the Inspection Service requirements under the Mail Order Consumer Protection Act. The information presented in this report reflects the work of both the OIG and the Inspection Service, providing a complete picture of what is being done to combat fraud, waste, abuse, and mismanagement within the Postal Service.

I would like to thank Congress, the Governors, the Postmaster General, and Postal Service management for their continued cooperation and support. We stand ready to help the Postal Service meet its challenges through efficient and effective practices that will enable it to continue its vital role in our nation's communication and commercial infrastructure.

Sincerely,

Karla W. Corcoran
Inspector General

April 30, 1999

The Postal Service Management Committee recognizes Sylvia Owens and Tom Coogan at the National Executive Conference.

Executive Summary

DID YOU KNOW?

How do OIG responsibilities differ from those of the Inspection Service?

The OIG's main responsibilities are detecting fraud, waste, abuse, and mismanagement, and promoting efficiency of operations. The Inspection Service is mainly concerned with the security and safety of Postal Service employees, and the sanctity of the mail.

DID YOU KNOW?

What is the value of a joint Office of Inspector General/Inspection Service report to Congress?

A consolidated Semiannual Report to Congress provides a complete accounting to Postal Service stakeholders on the efforts within the Postal Service to combat fraud, waste, abuse, and mismanagement within its operations and programs.

This Executive Summary highlights Office of Inspector General (OIG) and Inspection Service accomplishments from October 1, 1998 through March 31, 1999, that are contained in this Semiannual Report to Congress.

Our goal is to work in concert to assist the Postal Service in maintaining its leadership role of ensuring that the American people continue to receive the best postal service in the world. OIG and Inspection Service efforts add value to the Postal Service by promoting continued effectiveness and efficiency through audits and investigations that identify and eliminate waste, fraud, abuse, and mismanagement in Postal Service programs and activities.

During this reporting period, the Postal Service:

- After holding rates steady for four consecutive years, delayed a rate increase until January 1999, in effect delivering an $800 million dividend to the American people.
- For the first time in many years, achieved negotiated agreements with two of its major unions, and continued negotiations with a third.
- Introduced delivery confirmation service for Priority Mail and Parcel Post, which lets senders know if their messages arrived.
- Achieved the highest opinion ranking among federal agencies according to a national poll, with 78 percent of Americans having a highly favorable or moderately favorable opinion of the Postal Service.
- Achieved 17 of 23 initiatives approved by the Board of Governors to improve diversity, including programs to help Postal employees better manage their careers, and new guidelines to expand the base of suppliers by including eligible minority and woman-owned small businesses.
- Confirmed through an independent study that more than 82 percent of American households send their packages through the Postal Service.
- Created the Commission on a Safe and Secure Workplace (sometimes called the Califano Commission) to provide leadership to eliminate violence at the workplace.

This, our fifth Semiannual Report to Congress, highlights how we and the Inspection Service continue to help the Postal Service improve operations and services, promote process improvements and employee integrity, and achieve *CustomerPerfect!* goals. Before discussing OIG and Inspection Service activities, we would like to highlight the top management issues facing the Postal Service.

MAJOR MANAGEMENT ISSUES FACING THE POSTAL SERVICE

With the assistance of Postal Service management, its unions, and its management associations, the OIG's January 1998 response to a congressional request identified 10 major management issues facing the Postal Service. We continued to monitor these issues, which are: *Year 2000 Readiness; Competition, Rate-Making, and Legislative Reform; Eliminating Violence in the Workplace; Financial Management; Service Delivery; Electronic Commerce; Postal Employees Safety Enhancement Act of 1998; Systems Automation and Data Integrity; Labor-Management and Employee Relations; and Workers' Compensation*.

- Year 2000 (Y2K) Readiness: It is important for the Postal Service's automated and information systems, suppliers, and data exchange partners to be Y2K compliant by the close of the year in order to ensure that mail, including millions of Social Security checks and $9 trillion in remittance mail, is delivered.
- Competition, Rate-Making, and Legislative Reform: The existing legislative framework has served the Postal Service and the nation for almost 30 years. In that time, however, the evolving marketplace has changed many of the premises upon which regulation and oversight of the Postal Service are currently based.
- Eliminating Violence in the Workplace: The Postal Service is the largest civilian employer, with over 775,000 career employees. Over the past several years,

there have been a number of instances of violence within the Postal Service. These situations diminish Postal Service credibility, decrease productivity, create work-specific tension, and damage property.

- Financial Management: The Postal Service relies on strong financial management to control costs and maximize revenues. Unlike other government agencies, its operations are funded mainly by revenues, which are derived from mail services. This year, Postal Service projects that revenues for fiscal year (FY) 1999 will exceed expenses by $200 million. However, the Postal Service faces significant challenges in meeting this revenue projection because of costs associated with Y2K readiness, increased capital expenditures, the delay in implementation of the rate increase, the effects of implementing the Postal Employees Safety Enhancement Act, and increased competition.
- Service Delivery: In a competitive environment, the Postal Service needs to develop a wider range of messaging and delivery choices. Timely, accurate, and consistent delivery performance is one measure of quality service as perceived by the customers. Over the past two years, the integrity of the service delivery measurement system for First-Class Mail has been questioned. Service delivery performance goals must have integrity to be effective.
- Electronic Commerce: With the advent of electronic media, the Postal Service must find ways to keep the revenue generated from remittance mail from being diverted into electronic means or must itself become an active participant in electronic services, while protecting the integrity of its customers' electronic transactions.
- Postal Employees Safety Enhancement Act of 1998: The new occupational safety and health requirements require the Postal Service to renew its commitment to and involvement in the safety and health programs. The law places the Postal Service in the same category as private sector employers. It also prohibits the Postal Service from basing business decisions upon Occupational Safety and Health Administration requirements.
- Systems Automation and Data Integrity: Successful decision-making by Postal Service managers depends on the accuracy and integrity of computer data. Further, to maintain excellent customer service and aggressively manage costs, the Postal Service must continue to develop automated solutions to process mail more efficiently and accurately.
- Labor-Management and Employee Relations: While the Postal Service has reached agreements with two of the three major unions, improving workplace relationships with employees remains a key objective of the Postal Service. Postal initiatives focus on conflict in the workplace, identifying and eliminating root causes of labor disputes, building knowledge of labor contracts, and improving the effectiveness of grievance-arbitration procedures to resolve labor disputes.
- Workers' Compensation: For FY 1998, the Postal Service paid $566 million for employee injury claims. Injury cost containment is key to the Postal Service's financial well-being.

OVERVIEW OF THE OIG AND INSPECTION SERVICE

Internally the OIG and Inspection Service have continued to grow and develop. Highlights of the past six months include:

- The Postmaster General signed the audit cognizance letter for the OIG.
- The OIG became a Co-Contracting Officer's Representative for the financial statements.
- The OIG and Inspection Service participated in team-building to improve cooperation and coordination.
- The Chief Inspector testified about sweepstakes promotions.
- The Inspection Service produced a consumer protection video.

The OIG and Inspection Service celebrate the retirement of Jim Hanney and Al Lamden, Senior Executives. Chief Inspector Hunter offers his congratulations.

OIG AND INSPECTION SERVICE ACCOMPLISHMENTS UNDER *CUSTOMERPERFECT!* GOALS

The following are the combined accomplishments of the OIG and the Inspection Service that added value to Postal Service programs and operations.

VOICE OF THE CUSTOMER

The OIG and the Inspection Service help the Postal Service improve customer satisfaction by assessing its performance in providing customer value, meeting the public's expectations, and increasing customer confidence in using the mail. For example:

- OIG and the Inspection Service aided the Postal Service during the 1998 Christmas season by recommending that contingency plans be developed to divert mail to other locations and to increase surface transportation to improve network Priority Mail movement.
- OIG and the Inspection Service assisted the Postal Service in assuring the integrity of service delivery systems by reviewing allegations of the creation of a separate mailstream for external First-Class test mail in two locations.
- OIG completed 48 congressional inquiries, ranging from questions regarding major Postal Service programs to specific constituent concerns.
- OIG received more than 7,500 inquiries to our national hotline. Nearly 1,000 were OIG-related matters, mainly pertaining to employee and labor relations issues.
- The Inspection Service performed two national audits of the Priority Mail processing and delivery system, and the logistics and transportation system, designed to improve customer service.
- The Inspection Service helped make the United States a better place to live by participating in more than 5,100 arrests and 4,400 convictions of individuals involved in child pornography, mail bombs, mailing harmful articles, narcotics trafficking, mail theft, mail fraud, and other criminal acts.

VOICE OF THE EMPLOYEE

The OIG and the Inspection Service help the Postal Service improve employee and organizational effectiveness, ensure employee safety, prevent and investigate threats, and enhance the workplace environment for all its employees. For example:

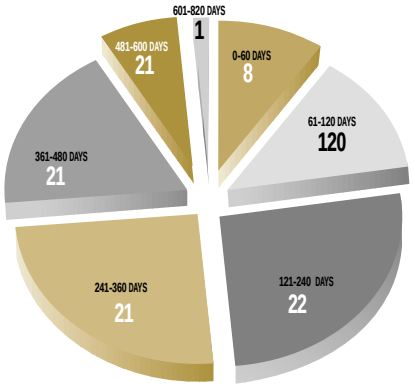
- OIG assisted the Postal Service by assessing why workplace disputes were not resolved before they became formal grievances or as early as possible.
- OIG made recommendations to improve the handling of equal opportunity complaints.
- The OIG completed a workplace assessment at a postal facility and conducted a follow-up review of alleged retaliation against a cooperating employee.
- The Inspection Service helped ensure the safety of the workplace by investigating 551 assaults or credible threats against employees and making 227 arrests; investigating 75 robberies committed against employees at Postal facilities, letter carriers, or motor vehicle service operators; and arresting 14 employees for narcotics violations.

VOICE OF THE BUSINESS

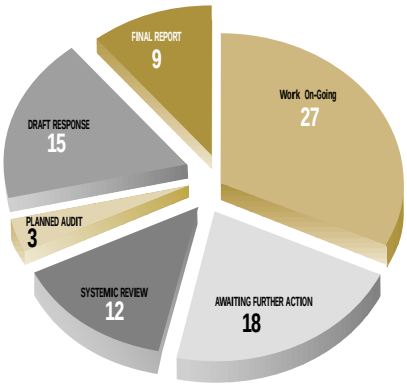
The OIG and the Inspection Service help improve Postal Service financial self-sufficiency by assessing its business strategies and performance, preventing the loss of revenue and assets, strengthening management controls, and reducing costs.

- OIG provided an independent assessment of Postal Service's Y2K process in testimony before Congress. Further, in its continuing reviews of the Y2K process, the OIG recommended improvements to the quality and accuracy of Y2K management reports.
- OIG cautioned management that suffi-

CONGRESSIONAL INQUIRIES BY AGE



CONGRESSIONAL INQUIRIES BY STATUS



cient spare parts were not on hand to ensure that the Tray Management System would maintain its state of readiness.

- OIG independently determined that cost allocations between international and domestic products were appropriate and that Postal Service's corporate treasury internal control environment was sound.
- OIG raised concerns that Postal Service resources were not being used economically or effectively in the area of personal service contracts.
- OIG audits and reviews identified nearly $7 million in questioned costs, which helped the Postal Service contain costs.
- Inspection Service installation financial audits and business investigations identified over $12 million in revenue deficiencies Postal-wide.
- Postal Inspectors helped to ensure the integrity of Postal Service funds by arresting 157 Postal employees at all levels who were involved in embezzlements of nearly $3 million.
- Inspection Service Workers' Compensation investigations identified cost avoidance savings of over $60 million and resulted in the arrest of 29 individuals.

DID YOU KNOW?

How is OIG funded?

The OIG is funded from Postal Service revenues. The OIG is not funded through specific Congressional appropriations.

The OIG Management Committee (sitting, left to right): Tom Coogan, Karla Corcoran; (standing): Dutch Merryman, Sylvia Owens, Norm Hancock, Colleen McAntee and Billy Sauls.

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Major Management Issues Facing the Postal Service

DID YOU KNOW?

Why must OIG report all of its findings and issues to the Governors and Congress?

The OIG is required by law to keep the Governors and Congress fully and currently informed. The OIG also reports its findings and issues to Postal management so that they can take appropriate action to further improve the efficiency and effectiveness of Postal programs and operations.

DID YOU KNOW?

Can management reinvestigate an issue after the OIG has reported on it?

To avoid duplication of effort and interference, Postal management should avoid reinvestigation. If management has questions or needs additional information concerning an OIG report, they should contact the OIG.

MAJOR MANAGEMENT ISSUES FACING THE POSTAL SERVICE

The mission of the Postal Service is to provide prompt, reliable, and efficient universal mail service at reasonable rates. To fulfill this mission, the Postal Service's goals are to satisfy its customers, improve employee and organizational effectiveness, and strengthen financial performance. These corporate goals are categorized into three Voices — Customer, Employee, and Business — emphasizing that the organization is listening to, driven by, and focused on the marketplace and Postal Service employees.

To achieve these goals, the Postal Service must address a number of significant challenges. These challenges arise from external factors such as new legislation, regulations, and competition. Another major challenge is the increasing use of technology that can divert significant volumes of mail, particularly in the advertising and remittance mail areas, away from traditional mail delivery to electronic venues. The Postal Service must also be continually responding to new customer demands arising from increased competition in the mail delivery arena.

In order to identify some of the high-priority challenges that the Postal Service will face, the OIG — with the assistance of Postal Service management, unions, and management associations — responded in January 1998, to a Congressional request and identified 10 major management issues facing the Postal Service. The following ten major challenges have been updated from the original list: Year 2000 Readiness; Competition, Rate-Making and Legislative Reform; Eliminating Violence in the Workplace; Financial Management; Service Delivery; Electronic Commerce; Postal Employees Safety Enhancement Act of 1998; Systems Automation and Data Integrity; Labor-Management and Employee Relations; and Workers' Compensation.

YEAR 2000 (Y2K) READINESS

Why Is This Important?

It is important for the Postal Service's automated and information systems, suppliers, and data exchange partners to be Y2K compliant by the close of 1999 in order to ensure that mail, including millions of Social Security checks and $9 trillion in remittance mail, is delivered.

The Y2K problem results from computer systems using the last two digits rather than four digits to designate the calendar year. In many systems, the year 2000 will be indistinguishable from the year 1900, thereby causing potential system failures. The Y2K problem, although technology-based, creates a business problem for both Postal Service internal operations as well as key Postal Service vendors and service providers.

The Postal Service continues to make progress in achieving Y2K readiness in the areas of critical core business infrastructure, information systems infrastructure, and business continuity and contingency planning. However, the Postal Service is still faced with significant challenges as the urgency of this problem multiplies in the remaining months in 1999.

What Are We Doing to Add Value?

The Postal Service's Y2K initiative continues to be one of the OIG's highest priorities for review. During this reporting period, the Inspector General testified before Congress on the Y2K challenges faced by the Postal Service and the current status of the Y2K initiative. In addition, the OIG issued a report on the quality and reliability of Y2K reporting, which recommended additional actions to ensure the Postal Service meets its readiness goals. Further, the OIG has expanded the scope of ongoing reviews to include areas such as the Y2K budget, supplier readiness, and continuity planning and recovery management.

The Postal Inspection Service assisted management by reviewing Y2K contract administration and management practices. The OIG and Inspection Service will continue to work closely with Postal Service management to help identify challenges and minimize the risk of Y2K-related failures.

COMPETITION, RATE-MAKING, AND LEGISLATIVE REFORM

Why Is This Important?

The existing legislative framework that created the Postal Service has served the Postal

Service and the nation for almost 30 years. In that time, however, the evolving marketplace has changed many of the premises upon which regulation and oversight of the Postal Service are currently based. Changes to rate-making mechanisms are being proposed to allow the Postal Service to respond to a competitive marketplace in a more timely manner.

Further, the Postal world is changing. Foreign postal services are liberalizing, commercializing, and competing for business within the United States. Electronic communications are becoming more commonplace and threaten some of the Postal Service's most important sources of revenue, including bills and correspondence. Established private firms compete for expedited and package delivery services.

The Postal Service needs to be able to deliver the promise of quality service today and into the future considering competition, rate-making, and legislation.

What Are We Doing to Add Value?

The OIG will continue to monitor major management initiatives affecting costs and service quality. For example, the OIG is monitoring the Postal Service's implementation of the Government Performance and Results Act. As legislative reform develops, the OIG will help management identify issues associated with implementing, funding, and complying with aspects of Postal reform. It also will work with management to identify goals and measures that promote high performance and help the Postal Service meet changing customer needs. The OIG will monitor Postal Service activities in order to help identify ways to consistently meet its universal service mandate, increase its levels of quality while reducing costs, and continue to be a trusted American institution.

ELIMINATING VIOLENCE IN THE WORKPLACE

Why Is This Important?

The Postal Service is the largest civilian employer, with over 775,000 career employees. Over the past several years, a number of instances of violence have occurred within the Postal Service. These situations diminish Postal Service credibility, decrease productivity, create work-specific tension, and damage property.

The Postal Service places strong emphasis on creating and maintaining a violence-free work environment for its employees. Workplace antiviolence initiatives are focused on improving employees' sense of safety and the refinement of the employee assistance program to better meet changing workplace needs. The components of the workplace violence prevention program include physical security measures, training and education, and the development of threat assessment teams and crisis management plans.

The joint Postal Service Threat Assessment Team and Crisis Management Systems and Process Team are examples of employees working together to reduce the risks of workplace violence. These teams address issues related to pre-employment, post-employment, and current employees; communication; and crisis management. The Postmaster General established a Commission for a Safe and Secure Workplace to investigate, analyze, and report on several factors, including work-related stress, substance abuse, and the workplace environment. In addition, the Postal Service continues to identify systemic hot spots within the Area offices and has developed an action plan to deal with workplace problems and solutions.

What Are We Doing to Add Value?

To support management's efforts, the OIG participates in and monitors the activities of the Postal Service Threat Assessment Team; the Crisis Management Systems and Process Team; and the Commission. The OIG meets regularly with committee representatives of the Postal Service Workplace Environment Improvement, Human Resources, and Labor Management to discuss strategies for improving labor and employee relations.

The OIG has completed reviews of labor and management workplace disputes, grievance-arbitration process, information system for grievance-arbitration cases, and the process management team for accident reporting. The OIG also completed 17 other reviews of complaints involving discriminatory hiring, retaliation, unfair labor practices, harassment, equal employment opportunity, and mistreatment. Eleven reviews of labor and employee relations issues are underway, and reviews are planned of disciplinary actions, Threat Assessment Teams

Assistant Inspector General Sylvia Owens welcomes Kristen Hammond, one of the 15 new special agents to graduate from the Federal Law Enforcement Training Center.

processes, and Violence Prevention Program criteria.

FINANCIAL MANAGEMENT

Why Is This Important?

The Postal Service relies on strong financial management to control costs and maximize revenues. Unlike other government agencies, its operations are funded mainly by the revenues, which are derived from mail services. This year, Postal Service projects that revenues for FY 1999 will exceed expenses by $200 million. However, the Postal Service faces significant challenges in meeting this revenue projection because of costs associated with Y2K readiness, increased capital expenditures, the delay in implementation of the rate increase, the effects of implementing the Postal Employees Safety Enhancement Act, and increased competition.

One of the key business goals of the Postal Service is to improve its financial performance. The Postal Service wants to ensure its commercial viability as a service provider for the world-wide movement of mail, merchandise, and money.

What Are We Doing to Add Value?

The OIG assesses the integrity and reliability of financial data of the Postal Service. OIG performs reviews at three data centers and Headquarters, and oversees the installation-level work performed by the Inspection Service. Recently, the OIG was designated as the Co-Contracting Officer's Representative with Postal Service Corporate Finance to oversee the work of the independent public accountant, who is selected and retained solely by the Board of Governors.

In addition to the financial statement work, the OIG has performed a number of financial-related audits. The OIG reviewed the Dinero Seguro program, a Postal Service wire transfer service between the United States and Mexico. A review, requested by Postal Service management, is also being conducted of the costs associated with the Postal Service Y2K initiative. Further, the OIG contracted for a review of the effectiveness of the Postal Service Corporate Treasury's internal control environment and cash management program.

Further, the OIG has completed work in the area of international mail costs and has work underway in the areas of electronic data processing controls and the financial statement opinion. In addition, the OIG performs numerous reviews and investigations of contracts, facilities, revenue generation, revenue protection, and developmental projects, all of which may impact the Postal Service's financial statements. The Inspection Service is continuing to add value by performing 200 financial installation audits throughout the year at local Post Offices and bulk mail centers. The Inspection Service also aids by performing investigations and audits as established in the designation of functions.

SERVICE DELIVERY

Why Is This Important?

In a competitive environment, the Postal Service needs to develop a wider range of messaging and delivery choices. Timely, accurate, and consistent delivery performance is one measure of quality service as perceived by the customers. Over the past two years, the integrity of the service delivery measurement system for First-Class Mail has been questioned. Service delivery performance goals must have integrity to be effective.

Service delivery performance goals are based on the benefits resulting from aggressive control of costs through reengineering, decreasing rework and cycle time, improving process management, and substituting capital for labor. The Postal Service has made significant capital commitments of more than $8 billion during FY 1998 and FY 1999. These investments emphasize technologies that produce labor savings or cost avoidance, and provide customer service programs that generate revenue or enhance competitiveness in the marketplace.

What Are We Doing to Add Value?

One of the primary functions of the Inspection Service is to ensure the sanctity of the mail. Therefore, service delivery and the Inspection Service's Confidence in the Mail program continue to be priority areas. As part of this responsibility, the Inspection Service has dedicated significant resources to investigating mail-fraud schemes. In addition, the Inspection Service

completed reviews of Postal Service logistics and transportation and Priority Mail processing. The Inspection Service will continue to fulfill a major role in service delivery.

Over past years, the Inspection Service has completed several investigations and reviews of the accuracy and integrity of First-Class Mail performance measurements. OIG has reviewed and continues to monitor First-Class Mail performance measurement integrity.

OIG has also completed a review of the costs and benefits of the National Change of Address program. The OIG is currently reviewing periodicals processing, the National Change of Address program's impact on the advertising industry, and the priority mail processing center network. OIG plans to review the model for assessing First-Class Mail delivery performance, delivery confirmation, government mail, preventive maintenance scheduling, and customer drop shipments. OIG also has ongoing work of the highway contract route operations and freight rail trailer use, and plans to review air and rail carrier performance, mail transport equipment controls, and route conversions of two-day and three-day mail.

ELECTRONIC COMMERCE

Why Is This Important?

With the advent of electronic media, the Postal Service must find ways to keep the revenue generated from remittance mail from being diverted into electronic means or must itself become an active participant in electronic services, while protecting the integrity of its customers' electronic transactions.

Customers are becoming more sophisticated and technological innovations more accessible, which is changing the way some Postal customers communicate and do business. Electronic alternatives such as electronic commerce and banking will affect mail volumes, particularly First Class Mail.

What Are We Doing to Add Value?

OIG is currently working on a number of issues that impact the electronic commerce area, including a survey of electronic commerce products. The OIG has established a Computer Intrusion Team that will implement and sustain a comprehensive computer intrusion and monitoring operation to support national infrastructure security. OIG is planning to review the Postal Service intrusion detection system. The Inspection Service provides security assistance on the development of new products and services, such as the Information Based Indicia Program, Stored Value Cards, and Internet Bill Payment.

POSTAL EMPLOYEES SAFETY ENHANCEMENT ACT OF 1998

Why Is This Important?

The new occupational safety and health requirements require the Postal Service to renew its commitment to and involvement in the safety and health programs. The law places the Postal Service in the same category as private sector employers. It also prohibits the Postal Service from basing business decisions upon Occupational Safety and Health Administration requirements. Fines and sanctions may be imposed upon the Postal Service for violations of health and safety regulations included in the Act.

What Are We Doing to Add Value?

The OIG is currently working on reviews of the Postal Service's implementation of the new requirements and the effect of substandard facilities on the workplace. The Postal Service is required to perform comprehensive safety and health evaluations to be completed by June 1, 1999. These evaluations are critical to setting goals and correcting deficiencies. The OIG believes that these projects will provide the groundwork for additional work in this area. Other reviews are planned to include evaluation of the safety and health program plans for hazard communication, hazardous waste operations, and emergency response. The OIG also plans on looking at safety and health training programs; processes used to identify major violations and corrective action plans for these violations; and the Postal Service's computerized record keeping.

SYSTEMS AUTOMATION AND DATA INTEGRITY

Why Is This Important?

Successful decision-making by Postal Service managers depends on the accuracy and

Inspector General Corcoran dedicates the Space Discovery stamp in Orlando, Florida, on October 1, 1998.

integrity of computer data. Further, to maintain excellent customer service and aggressively manage costs, the Postal Service must continue to develop automated solutions to process mail more efficiently and accurately.

Technology which is being used to develop an information-rich mailstream, will allow the Postal Service to keep pace with competition and continue to reduce labor and other related costs.

What Are We Doing to Add Value?

As the OIG reviews all Postal operations and activities, systems data is analyzed for integrity. In past reviews, the OIG has identified data integrity problems with several Postal systems. The OIG reviews proposals for automated systems to ensure that projected cost savings are sound and that management proposals are based on proven technology. The OIG is currently reviewing the Tray Management System, which is designed to automate mail handling in the Postal plants, and the development and deployment of the Point of Service ONE project, which will replace retail terminals at selected Post Offices nationwide. Since these projects involve investments of hundreds of millions of dollars and are major multiyear development and deployment efforts, we will continue to perform reviews in these areas. In addition, OIG plans to review the corporate call management initiative, decision analysis report process, automated data processing infrastructure, and Priority Mail redesign.

The OIG also audits major automated management and information systems to determine whether applications are properly designed, and systems provide accurate data. The Postal Service reported that it has more than 500 computer systems. OIG plans to begin performing data integrity reviews of many of the major computer systems in the future.

LABOR-MANAGEMENT AND EMPLOYEE RELATIONS

Why Is This Important?

For the first time in many years, the Postal Service has reached agreements with two of the four major unions. Improving workplace relationships with employees remains a key objective of the Postal Service. Postal initiatives focus on conflict in the workplace, identifying and eliminating root causes of labor disputes, building knowledge of labor contracts, and improving the effectiveness of grievance-arbitration procedures to resolve labor disputes.

Tentative agreements were reached with two of the unions in January 1999. The Postal Service and a third union have not reached an agreement and the negotiation process will go to binding interest arbitration, which will probably last throughout the summer. The Postal Service and unions were proud that these agreements were achieved through negotiated settlements and approved by the union membership rather than having a third party make important decisions on the agreements. In 1999, negotiations will begin to achieve new collective bargaining agreements with the fourth major Postal union and several smaller bargaining units.

In addition to the workplace changes, the face of America's workforce is changing dramatically. Issues of human diversity have taken on prime importance. Diversity encompasses much more than just race and gender; it also includes culture, religion, age, sexual orientation, physical differences, and socioeconomic status. Postal employees must build a team with the capacity to deliver services across an array of cultures. Diversity also impacts the business environment, which reflects rapidly changing demographics, attitudes, and economics. The Postal Service has several initiatives underway to establish appropriate representation of all groups at all levels within the organization; training and skill-building; and additional workplace environment improvement measures.

What Are We Doing to Add Value?

The OIG has been reviewing labor and employee relations issues within the Postal Service in order to foster a healthy organizational climate and to improve operational efficiency. The OIG issued reports on the grievance-arbitration process, labor and management workplace disputes (grievance arbitration), and the existing accident reporting process. The OIG has additional work underway this year that will examine the organizational climate initiatives and leave administration. The Inspection Service has local audits planned in

the grievance arbitration process and staffing and scheduling policies.

WORKERS' COMPENSATION

Why Is This Important?

For FY 1998, the Postal Service paid $566 million for employee injury claims. Containing these costs is key to the Postal Service's financial well-being. The Postal Service has placed constant emphasis on employee safety and health through a comprehensive program that includes training and education; workplace inspections; safety engineering and joint safety committees; and the efforts of the National Workers' Compensation Task Force.

The Postal Service has also implemented aggressive accident prevention strategies that emphasize management accountability and thorough accident investigation. This permits trend analyses and appropriate prevention and control measures. A primary Postal Service performance goal is to ensure a safer work environment by keeping lost workdays due to injury below 2.04 days per 200,000 work hours.

What Are We Doing to Add Value?

The OIG is conducting audits and investigations designed to prevent and detect fraud, waste, abuse, and mismanagement related to the Postal Service health care program costs and assist in the protection of the health and welfare of the Postal Service's work force. The OIG initiated proactive investigative projects to identify issues impacting health care providers and billing practices. Other ongoing OIG investigations include improper billing practices, provider kickbacks, and conflict-of-interest matters. In addition, OIG completed a limited review of accident reporting processes and has other related reviews ongoing.

The Inspection Service continues to be a major factor in helping to reduce workers' compensation expense by dedicating substantial resources to investigating fraud associated with individual injury claims submitted.

Arctic Hare
USA 33
Arctic Fox
USA 33
Snowy Owl
USA 33
Polar Bear
USA
33
Gray Wolf
USA 33

Overview

DID YOU KNOW?

How does the OIG handle Freedom of Information Act requests?

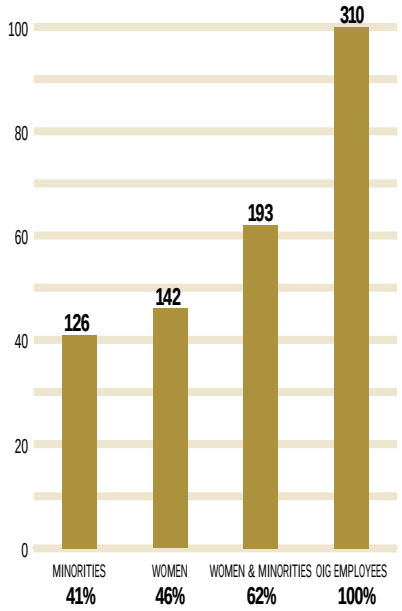
Public requests for OIG information are processed pursuant to the Freedom of Information Act (FOIA) by OIG staff. FOIA requests may be made in writing, or the public can review information posted on the OIG website at www.uspsoig.gov.

DID YOU KNOW?

How diverse is the OIG?

During Fiscal Year 1998, we provided opportunities to 30 employees to move into new and challenging positions. This is part of our culture and we will continue to work in this manner. The OIG is committed to attracting and retaining a diverse and highly qualified work force from government, private sector, Postal Service, colleges and universities.

OIG DIVERSITY



The following section provides an overview of OIG and Inspection Service internal operations. In order to differentiate the work reported by the OIG and the Inspection Service, the pages containing the Inspection Service work have been color screened.

OFFICE OF INSPECTOR GENERAL

AN INDEPENDENT MISSION, A COMMON GOAL

OIG operates under the mandate of the Inspector General Act. Under the Act, OIG conducts independent audits and investigations of Postal Service programs and operations to ensure the efficiency and integrity of the Postal Service. OIG also has oversight responsibility for all activities of the Postal Inspection Service. OIG is required to keep the Postal Governors, management, and Congress fully and currently informed about problems, deficiencies, and the progress of corrective actions.

OIG is independent of Postal Service management and is under the general supervision of the nine Presidentially-appointed Postal Governors who oversee Postal Service management. Karla Corcoran was appointed the first independent Inspector General at the Postal Service in January 1997. From 1988 until the appointment of Inspector General Corcoran, the Postal Inspection Service served as the Office of Inspector General.

Although independent of Postal management, the OIG supports Postal management's efforts to address *CustomerPerfect!*, the Voices of the Customer, Employee, and Business. The Inspection Service and the OIG share with Postal management the common goals of improving customer satisfaction, employee and organizational effectiveness, and financial performance.

OIG Vision and Values

The vision of the OIG is a constellation of talented people making a difference through teamwork, service, and innovation. This vision is important because the mission of an Inspector General's office is to shed light on the problems of its agency and ensure that corrective action is taken. A constellation sheds greater light than an individual star.

OIG believes in the fundamental values of:

- Teamwork, which combines our diverse talents in a synergy that individual disciplines alone do not provide;
- Leadership, which encourages staff to be the best they can be;
- Communication, which facilitates honesty, openness, and consideration for the contributions and opinions of others;
- Creativity, which encourages fresh perspectives in the development of new processes and techniques that will improve Postal operations; and
- Conceptualization, which leads to viable solutions based on OIG employees understanding Postal Service perspectives and needs.

OIG Culture

The OIG cultural philosophy demands that all people be treated fairly and be given the opportunity to develop their unique and diverse skills and abilities to their fullest potential. The OIG is committed to attracting a diverse and highly qualified workforce from government, the private sector, the Postal Service, and colleges and universities.

Many of the OIG staff have advanced degrees and are Certified Public Accountants, Certified Internal Auditors, Certified Information Systems Auditors, and Certified Fraud Examiners. Our criminal investigators attend a rigorous training course at the Federal Law Enforcement Training Center or equivalent professional academy. Employee education and professional certification enhances OIG's ability to provide service to our stakeholders. In addition, the OIG is extremely proud of its efforts to provide all staff with meaningful opportunities for growth and career advancement.

OIG Diversity

Our office is an example of the strength that comes with diversity in the workplace. We are especially proud of our diversity. Our cultural and professional diversity reflects the hiring of the most qualified staff possible from the widest spectrum of candidates available. The OIG has attended numerous conferences, col-

leges, and recruiting fairs in order to attract the most qualified diverse staff.

Of the 310 individuals on board as of March 31, 1999, 142 are women and 126 are minorities. Minorities include 92 Blacks (30 percent), 19 Hispanics (7 percent), 13 Asians (4 percent), and 2 Native Americans (1 percent). U.S. Bureau of the Census estimated data, as of November 1998, shows that the OIG has exceeded the U. S. percentage of total population for each of these groups except for Hispanic, which is 11.4 percent for the United States. As we grow, we are continuing to address diversity, particularly Hispanics, by recruiting these groups. Our senior-level staff is 35 percent female and 23 percent minority.

We have recruited people from numerous federal agencies, including the Department of Defense, General Accounting Office, Secret Service, and Postal Service, as well as from local government, private industry, and colleges and universities. These individuals bring with them a wealth of different experiences, backgrounds, and specialties that aid the OIG in performing its mission.

Seeking to Be a Model Organization

OIG seeks to be a model organization by using the latest available technology, the most innovative ideas of its employees, and the best business practices of both the public and private sectors. Our goal is to become more efficient, effective, and economical. Some examples of ways we are trying to achieve this goal are:

- Utilizing interdisciplinary project teams of investigators, evaluators, statisticians, and attorneys for greater diversity and objectivity.
- Using technology-based teams for computer intrusion, information system audits, and electronic commerce.
- Analyzing more data in a shorter time through specialized teams that use computer retrieval and system command languages.
- Using electronic work papers and developing automated investigative programs that aid in the documentation and analysis of data.
- Designing a unique pay-for-performance system that rewards employees who demonstrate superior performance and share the vision and values of the organization.

NOTABLE OIG ACHIEVEMENTS

OIG continues to grow as a new agency. During the past six months, we have:

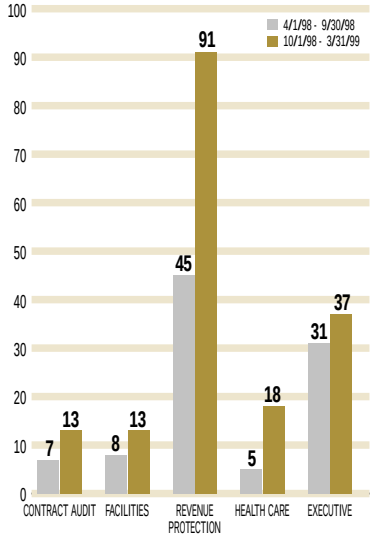
- Hired 84 talented new employees: 30 investigators and 54 evaluators.
- Graduated our first class of 15 criminal investigators from the Federal Law Enforcement Training Center.
- Recognized two OIG executives, Tom Coogan and Sylvia Owens, at the Postal Service National Executive Conference for their outstanding contributions in establishing the OIG.
- Moved headquarters staff into six floors of permanent space designed to promote efficiency, technology, and teamwork.
- Established an office in Atlanta, GA, to allow better location of employee resources, resulting in less travel time and expense.
- Established a relationship with the Corporate Manager of Internal Audit, Canada Post Corporation.
- Employed more investigative resources in order to identify potential criminal activity against the Postal Service. [See chart on the side.]
- Created a computer intrusion unit to assist the Postal Service in preventing, detecting, and responding to "cyber attacks" against critical Postal Service computer systems.

Protecting Whistleblowers

In March 1998, the Deputy Postmaster General wrote to all Postal officers reaffirming employee rights to report to the OIG without fear of retaliation. One of the important functions that the OIG performs is to protect employees from retaliation if they report wrongdoing to the OIG.

The Postal Service has nearly 800,000 employees, and the OIG encourages them to report fraud, waste, abuse, and mismanagement.

OPEN CASES



William J. Henderson
Postmaster General, CEO

UNITED STATES POSTAL SERVICE

January 7, 1999

OFFICERS

SUBJECT: Audits within the Postal Service

This memorandum is to notify you that the Office of Inspector General (OIG) is responsible for all Postal Service audits, as well as establishing procedures for management requested audits.

In 1996, Congress enacted legislation creating a new OIG. By law, the OIG conducts, supervises, and coordinates all audits within the Postal Service. The Inspector General Act of 1978, as amended, requires the OIG to establish guidelines for determining when to use non-federal auditors (independent public accountants) and to assure that any work performed complies with established standards. The Act also requires the OIG to serve as the focal point with other agencies, to coordinate work efforts and avoid any duplication.

The OIG has delegated certain audit functions to the Inspection Service. These functions are delineated in the designation of functions. (See attached). Generally, the OIG performs all audits involving systemic reviews, (i.e., postal-wide programs and systems), and the Inspection Service conducts audits at the area, district, and local levels.

All requests for audits involving headquarters or postal-wide programs and systems must be referred to the OIG. The OIG will then determine whether the work will be performed by the OIG, the Inspection Service, or an independent public accountant. Requests for audits at the area, district or local levels will be referred to the Inspection Service. The Inspection Service will keep the OIG informed of its audit activity. Additionally, any notification of planned audit work from other agencies, such as the General Accounting Office, must be referred to the OIG.

If you have any questions, including whether the work contemplated falls within the OIG's responsibility, please contact Assistant Inspector General for Performance Colleen McAntee, or Deputy Assistant Inspector General for Performance Richard Chambers, at (703) 248-2300. Address your audit requests or referrals to Colleen at the Office of Inspector General, 1735 North Lynn Street, Arlington, VA 22209-2020, or by fax to (703) 248-2291.

William J. Henderson

475 L'Enfant Plaza SW
Washington DC 20260-0010
202-268-2500
Fax: 202-268-4860

The Postmaster General notifies officers that OIG is responsible for all Postal Service audits.

The Inspector General Act specifically prohibits supervisors from retaliating against employees who have made complaints or disclosed information to the Inspector General.

Audit Cognizance Letter Issued by Postmaster General

On January 7, 1999, the Postmaster General, in order to help Postal Service officers and managers better utilize the audit services of the OIG, notified all Postal Service officers of the OIG's responsibilities for audits within the Postal Service (see facing page.) The OIG performs audits involving systemic reviews but has delegated audits at the Area, District, and local levels to the Postal Inspection Service.

First Judicial Enforcement of Inspector General Subpoenas

The OIG was successful in enforcing two Inspector General administrative subpoenas for bank records of a Postal Service employee. The subpoenas were issued pursuant to an Inspection Service investigation of allegations that the employee embezzled Postal funds. The OIG was required to seek enforcement of the subpoenas after the employee filed a customer challenge to the subpoenas under the Right to Financial Privacy Act.

In an unrelated legal action, the OIG legal staff successfully enforced an Inspector General administrative subpoena issued in support of an Inspection Service investigation into alleged workers' compensation fraud. The OIG was required to enforce the subpoena because the subpoenaed party, a hospital, would not provide the OIG with the requested record, contending the records were protected under a state confidentiality statute.

These subpoena enforcement actions were successful because of the teamwork of Postal Inspectors, the United States Attorney's Office, and the OIG legal staff.

Since the OIG's inception in January 1997, the OIG has reviewed and issued over 1,100 subpoenas for the Inspection Service and OIG. During this six-month period, the OIG reviewed and issued 245 subpoenas; most of these were for the Inspection Service in support of individual workers' compensation investigations.

OIG Approved as Co-Contracting Officer's Representative for Financial Statement Audits

As reported in the previous Semiannual Report to Congress, the Board of Governors' Audit Committee considered the OIG's request to serve jointly with the Service's Corporate Finance Office as the Contracting Officer's Representative on the contract with the independent public accounting firm. In March 1999, the Board of Governors approved the Audit Committee's recommendation to have OIG serve jointly as the Contracting Officer's Representative. The Board of Governors has the sole authority to hire and retain the external auditors responsible for the certification of the financial statements.

Transitioning Responsibilities Ahead of Schedule

In March 1997, the Postal Governors approved the designation of functions between the OIG and the Inspection Service. The original plan to transition these functions called for the OIG to assume Inspector General functions over a five-year period ending in fiscal year 2001. However, in only two years, the OIG has undertaken most of the audit work identified in the designation of functions. Further, in March 1999, the OIG assumed responsibility for the review of Postal policies and regulations. We now anticipate the transition of planned functions from the Inspection Service to be completed in three years rather than five. (See Exhibit A at the back of this report.)

OIG Becomes a Member of President's Council on Integrity and Efficiency Investigations Committee and Federal Audit Executive Council

In our previous Semiannual Report to Congress, we reported that we were working with the Office of Management and Budget and the President's Council on Integrity and Efficiency to become a contributing member of the Council. We felt our presence would be useful to the Council and better serve and represent the Postal Service. Although the request was denied, the Council subsequently invited the Postal Service OIG to join the Investigations Committee of the President's Council on Integrity and Efficiency and the Federal Audit

Deputy Assistant Inspector Generals Richard Chambers, Ronnie Wainwright, and Richard Trinidad.

OIG Computer Intrusion Team utilizes computer intrusion training sponsored by the OIG community.

The Inspector General thanks the Dallas General Accounting Office Regional Manager for providing Dallas staff with temporary office space.

Executive Council. These two actions will help to establish the Postal Service's presence within the OIG community.

Team-Building Meetings Between the Postal Inspection Service and OIG

In an effort to work together to best serve the overall interests of the Postal Service, the executives from the Inspection Service and the OIG have met several times during this period. As a result of these meetings, the group agreed to establish a process to address issues and resolve any concerns between the two agencies. We also agreed to seek ways to strengthen mutual cooperation, develop better coordination, and commit to learning more about each other's roles and individual responsibilities.

Freedom of Information and Privacy Act Requests

The OIG received and processed 59 Freedom of Information and Privacy Act requests. Only two requesters challenged an OIG decision to withhold information. In both instances, the Postal Service Appeals Office upheld the OIG's decision to lawfully withhold the information.

Computer Intrusion Investigation Training

The OIG, which is responsible for investigating computer intrusion of Postal Service systems, is providing reimbursable training to approximately 60 professionals from 22 agencies, including the Postal Service, the National Aeronautics and Space Administration, the Department of Transportation, the Department of Energy, the Environmental Protection Agency, and the Department of the Treasury. Future courses will be offered to prosecutors from the Department of Justice. This training is designed to provide the most current information on computer intrusion detection, response, and investigation, and to train personnel to identify and respond to attacks from computer hackers.

Computer-Assisted Assessment Techniques Support Team

OIG needs to obtain timely and accurate information in order to determine risk and materiality issues as well as to conduct effective investigations within the Postal Service. To address this need, the OIG created a specialized team that has the ability to access data, conduct tests, and run exception reports from various Postal information systems, resulting in statistically valid and supportable evidence.

CONTINUING TO ESTABLISH A NEW OIG

Audit Resolution Process

The Postal Service does not have a formal audit resolution process in place to address disagreements between management and the OIG. The OIG is working with members of the Postal Service to develop an audit resolution process. When developed, the process will be briefed to the Board of Governors Audit Committee. Once implemented, the OIG will review outstanding disagreements for resolution.

Pay-for-Performance System

The OIG has designed a unique pay-for-performance system that allows managers to recognize and reward employees who demonstrate superior performance and share the vision and values of the organization. During the coming year, the entire OIG staff will be trained on the two main components of the new pay-for-performance system. The first component is a 360-degree evaluation that will be used to coach and mentor employees. The second component is a performance measurement that will evaluate productivity and job competencies.

INSPECTION SERVICE

For more than two centuries, the role of the Inspection Service has been to preserve the public's trust in Postal services and products. Today, over 200 statutes related to crime against the U.S. mail, the Postal Service, and Postal employees and customers are enforced by the Inspection Service. The mission of the Inspection Service has been refined over the years by Congress, statutes related to the U.S. Mail, creation of a separate OIG, and the needs and requirements of the Postal Service and its customers. The Inspection Service meets its wide-ranging responsibilities through a nationwide complement of approximately 4,500 employees, which includes about 2,200 Postal Inspectors, 1,400 uniformed Postal Police Officers, and 900 professional support associates. Through its investigations and audits, the Inspection Service provides a vital service to the American public as well as a substantial return on the investment made by the Postal Service.

The Chief Postal Inspector, who is appointed by the Postmaster General in consultation with the USPS Board of Governors, reports to the Postmaster General. Kenneth J. Hunter was appointed Chief Inspector in 1992. The national headquarters office of the Inspection Service is organized into functional groups that report to Deputy Chief Inspectors for Business Investigations, Criminal Investigations, Professional Standards and Resource Development, and Administration. The Inspection Service includes 23 field divisions, which report directly to two Deputy Chief Inspectors for Field Operations.

Field offices are supported at five Operations Support Groups. Inspection Service Forensic Laboratories at five strategic sites support field office investigations with state-of-the-art technology. Inspection Service offices are linked nationally via electronic systems with on-line connections to the National Law Enforcement Telecommunications System and the National Crime Information Center.

Postal Inspectors throughout the United States conduct criminal investigations, perform audits, serve warrants and subpoenas, make arrests for Postal offenses, and present evidence to prosecutors for action. Day and night, Postal Inspectors respond to emergencies involving Postal crimes, natural disasters, or other problems affecting the Postal Service.

Uniformed Postal Police Officers provide security around the clock at Postal facilities where risk, vulnerability, and history demonstrate the need for their presence. Postal Police Officers at facility control centers monitor robbery and burglar alarms to provide protection for Postal employees, property, and assets. Postal Police Officers also escort high-value shipments, such as registered mail and Postal remittances.

Inspection Service's professional technical employees, including forensic specialists and technical financial analysts, play a vital role in supporting the audit, investigative, and security functions of the Inspection Service. They perform a variety of tasks including:

- Developing and maintaining management systems.
- Providing forensic examinations of evidence.
- Developing, procuring, and deploying electronic security and surveillance equipment.
- Publishing policy, reports, manuals, handbooks, and consumer publications.
- Providing photography, video, and graphics support.
- Providing direct contact with Congress and the public.
- Supplying administrative support.

Postal Inspectors nationwide work cooperatively with the Department of Justice and other federal, state, and local law enforcement agencies on joint efforts. Inspection Service expertise is recognized internationally: Inspectors are assigned to the U.S. National Central Bureau of Interpol in Washington, DC, and to Interpol Headquarters in Lyon, France. The Chief Postal Inspector chairs the Postal Security Action Group of the Universal Postal Union. The Postal Security Action Group has established these priorities:

- Prevent customer injuries resulting from dangerous goods in the mail.
- Prevent the loss or theft of mail entrusted to world Postal administrations by customers.

DID YOU KNOW?

How long has the Inspection Service protected the U.S. mails?

For over 200 years, Postal Inspectors have protected the mail and U.S. citizens to ensure that the public's confidence in the mail is not undermined.

Kenneth Hunter has been Chief Postal Inspector since September 1992.

- Prevent revenue and asset losses of world Postal administrations.
- Preserve customers' confidence in the mail.

Postal Inspectors are active members of such groups and councils as the:

- Securities and Commodities Fraud Working Group.
- Organized Crime Council.
- International Policy Committee of the International Association of Chiefs of Police.
- Economic Crimes Council.
- National Health Care Anti-Fraud Association.
- Financial Crimes Enforcement Network.
- International Association of Financial Crimes Investigators.
- Asset Forfeiture Policy Advisory Group.
- National Law Enforcement Explorers' Committee.

Postal Inspectors work on child pornography cases with the Child Exploitation and Obscenity Section of the Department of Justice; the National Center for Missing and Exploited Children; and the Standing Working Party on Offenses Against Minors, an international organization sponsored by Interpol.

NOTABLE INSPECTION SERVICE ACHIEVEMENTS

Chief Postal Inspector Testifies About Sweepstakes Promotions

On February 24, 1999, the Chief Postal Inspector testified on sweepstakes promotions at public hearing in Indianapolis hosted by the Indiana Attorney General and other members of the National Association of Attorneys General Subcommittee on Sweepstakes Promotions. Through the hearing, which received media coverage, a national audience was informed about sweepstakes issues and the need for state and federal governments to identify and seek better approaches to deter and punish those who commit sweepstakes fraud.

Inspection Service Produces Consumer Protection Video

The Inspection Service produced a video news release series entitled *Fraud Against Older Americans*. The videos began running on television stations during National Consumer Week and continued to air across the country throughout February. The series, which highlighted how scam artists take advantage of senior citizens, how they can protect themselves, and what the Inspection Service is doing to combat the problem, aired in approximately 30 cities, reaching an estimated 6 million viewers.

Child Exploitation

The Inspection Service co-sponsored the Fifteenth National Symposium on Child Sexual Abuse during March 1999 in Alabama. This symposium was attended by more than 1,800 persons from across the country including local, state, and federal law enforcement personnel, prosecutors, judges, child protection service workers, and mental health/medical professionals. This symposium, the largest of its kind, provided state-of-the-art training in the intervention and investigation of child sexual abuse and exploitation. The Inspection Service conducted a block of training during the general symposium, and, also concurrent with the symposium, held a special two-day in-service training conference for Postal Inspectors assigned to conduct child exploitation investigations.

Organization

To whom does the Inspector General report?

The Inspector General reports to the nine Postal Service Governors. The Inspector General does not report to the Postmaster General. Further, the Inspector General is required by statute to keep Congress informed of OIG activities.

ASSISTANT INSPECTOR GENERAL
PERFORMANCE
Colleen McAntee
Deputy Richard Chambers
Transportation
Debra Ritt
Delivery / Support
Debbie Pettitt
Financial Statements
John Seeba
Developmental
Tracy LaPoint
Accepting / Processing
ASSISTANT INSPECTOR GENERAL
STRATEGIC PLANNING & QUALITY MANAGEMENT
Ronald Merryman
Internal Quality
Jim Nugent
Electronic Commerce
Strategic Planning
Forensic & Technical Services
Information Technology
Quality Assurance / Internal Affairs
ASSISTANT INSPECTOR GENERAL
REVENUE & COST CONTAINMENT
Sylvia Owens
Deputy Richard Trinidad
Revenue Generation
Wayne Goleski
Revenue Protection
Mike Shiohama
Dan O'Rourke
Contracts
Kim Stroud
Facilities
Bob Buettgens
Health Care Fraud
Kathy Johnson
INSPECTOR GENERAL
Karla Corcoran
Special Assistant
Laura Whitaker
Executive Assistant
Cindy Monahan
EMPLOYEE
Billy Sauls
Deputy Ronnie Wainwright
Administrative Resources
Alan Lamoreaux
Human Resources
Connie Ambush
Information Systems
Dave Berran
Policy & Procedures
Karen Shaffer
Labor Management
ASSISTANT INSPECTOR GENERAL
GENERAL COUNSEL TO THE INSPECTOR GENERAL
Thomas Coogan
Legal Counsel
Kirt West
Congressional
and Public Relations
CUSTOMER
Norm Hancock
Computer Intrusion
Howard Cox
Executive Investigations
Tommy Hampton
Oversight
Bob Pemberton
Hotline, Security & Safety
Joe Oliva
Consulting
Quick Response
ASSISTANT INSPECTOR GENERAL

The following section describes the organization of the OIG and the Inspection Service. The OIG is organized along the three voices of the Postal Service CustomerPerfect! program: Voice of the Customer, Voice of the Employee, and Voice of the Business. The Inspector General, Counsel, and the five Assistant Inspectors General form the OIG Management Committee.

OFFICE OF INSPECTOR GENERAL

ASSISTANT INSPECTOR GENERAL FOR STRATEGIC PLANNING & QUALITY MANAGEMENT

Forensic and Technical Services Team — provides technical support in such areas as surveillance, evidence recovery, firearms, computer forensics, and polygraph examinations; maintains close liaison with technical experts in the law enforcement community.

Quality Assurance/Internal Affairs Team — conducts internal reviews of OIG operations and procedures to ensure that they are effective and appropriate, and provides advice on improving operations; conducts reviews of allegations made against OIG employees.

Strategic Planning Team — anticipates and plans for current and future changes in the Postal Service, OIG operations, and technology by identifying workload, providing research and statistical analysis, informing Postal Service employees and customers about the OIG mission, and promoting the vision of the OIG.

Internal Quality Team — instills continuous internal improvement processes and facilitates internal communications through orientation, teambuilding, and mentoring.

Electronic Commerce Team — conducts reviews of Postal Service initiatives in the emerging field of electronic commerce, including areas such as information-based indicia and electronic bill payment.

Information Technology Team — manages computer operations and telecommunications within the OIG; operates the local and wide-area networks; provides computer security and technical support to OIG staff; and manages agency-wide information systems.

ASSISTANT INSPECTOR GENERAL FOR PERFORMANCE (AUDIT)

Financial Audit Team — conducts audit work in support of the independent public accounting firm's annual financial audit opinion and conducts other financial-related audits and investigations to identify areas for financial improvement.

Developmental Team — conducts audits, reviews, and investigations of new or redesigned Postal Service systems, programs and operations that are under development.

Accepting/Processing Team — conducts audits, reviews, and investigations focusing on mail acceptance and collection operations, and mail processing and distribution processes.

Transportation Team — conducts audits, reviews, and investigations focusing on inter- and intra-transportation and logistics operations, specifically addressing Postal Service fleet operations and contracts for airline, highway, and rail services.

Delivery/Support Team — conducts audits, reviews, and investigations covering delivery service processes and operations for delivering the mail.

ASSISTANT INSPECTOR GENERAL FOR REVENUE & COST CONTAINMENT (INVESTIGATIONS)

Revenue Protection Team — investigates bribery, kickbacks, embezzlement, and other cases involving revenue losses and contract fraud, such as defective pricing, product substitution, and cost mischarging.

Revenue Generation Team — examines and evaluates the major sources of revenue from the marketing, advertising, stamp services, retail, and international mail business operations, as well as Postal rate cases.

Facilities Program Team — conducts audits, management reviews, and investigations of all aspects of facilities including repair, renovation, and new construction.

DID YOU KNOW?

How does the OIG structure relate to Postal Service *CustomerPerfect!* goals?

The OIG organizational structure was established to effectively respond to the Voices of the Customer, Employee and Business and is outlined in a chart on page 26 and in Exhibit B.

Contract Audit Team — assists Postal contracting by conducting audits and investigations of purchasing activities and operations.

Health Care Fraud Team — identifies and investigates medical providers that have falsely billed the Postal Service for work-related injury claims, and systemic issues involving the Workers' Compensation Program.

ASSISTANT INSPECTOR GENERAL FOR EMPLOYEE

Information Systems Review Team — audits major automated Postal management and information systems to determine whether applications are properly established and systems are properly designed to provide accurate data to management; provides computer-assisted audit techniques to support OIG staff.

Labor-Management Team — audits and evaluates labor and employee relations issues within the Postal Service to foster and maintain a healthy organizational climate for employees and improve operational efficiency.

Human Resources Team — delivers full-service human resources programs for the OIG in the areas of employee relations, pay and benefits, retirement, awards, performance management, counseling, diversity opportunities, and training.

Administrative Resources Team — provides OIG staff with facilities, procurement, financial, budget, and other services necessary to accomplish the OIG mission.

Policy and Procedures Team — coordinates internal policies and procedures; reviews and comments on all Postal Service policies and procedures.

ASSISTANT INSPECTOR GENERAL FOR CUSTOMER

Oversight Team — conducts audits and evaluations of Inspection Service programs and operations.

Hotline, Safety, and Security Team — operates the OIG Hotline and assists in resolution of issues where possible. Provides personnel security services to the OIG and assists OIG in assessing physical security within the Postal Service.

Executive Investigations Team — investigates allegations of criminal activities and misconduct involving Postal Service Career Executive Service employees.

Computer Intrusion Team — detects and investigates "computer hacking" and other high-technology crimes involving Postal Service computers and telecommunications systems; assists in the identification of computer systems vulnerabilities so that appropriate counter-measures may be implemented by Postal Service management.

Consulting Services Team — assists Postal Service management by identifying best practices for improving the effectiveness of Postal Service operations. (Will be established in FY 2000.)

Quick Response Team — evaluates factual issues promptly when time is of the essence. (Will be established in FY 2000.)

OFFICE OF GENERAL COUNSEL TO THE INSPECTOR GENERAL

Legal Counsel Team — provides legal advice to the Inspector General and OIG staff on criminal, civil, and administrative issues. Researches legal issues, processes subpoenas, reviews legislation, handles Freedom of Information and Privacy Act requests, provides ethics advice, and serves as liaison with the Postal Service Law Department and Department of Justice legal staffs.

Congressional and Public Relations Team — serves as a liaison with members of Congress and their staffs, the Board of Governors, and the media. Responds to written and oral inquiries, coordinates congressional testimony given by the Inspector General and OIG staff, facilitates OIG responses to congressional, Board of Governors', and media requests, and prepares the Semiannual Report to Congress.

Inspection Service

FY 1999

Chief Postal Inspector
K. HUNTER

- Inspector in Charge Counsel — H. BAUMAN
  - AIC Deputy Counsel — Z. HILL
  - AIC Deputy Counsel — L. KATZ
- Deputy Chief Administration — J. BELZ
  - INC Finance and Admin. Services — M. MUNLEY
  - INC Congressional & Public Affairs — D. MIHALKO
  - INC Information Technology — R. COCCIA
  - INC Corporate Information Management — R. LUERS
  - Mangers ISOSGs — BALA CYNWYD
    - L. KLAUS
    - Newark — V. BELLINGER
    - So. San Francisco — K. PARAMORE
- Deputy Chief Business Investigations — A. KIEL
  - INC Finance — T. DENNENY
  - INC Performance (Vacant)
  - INC Fraud, Child Expl. & Asset Forfeiture Grp. — L. MAXWELL
  - INC Revenue Assets Protection Prog. — S. SCHMERBECK
  - Manager ISOSG Chicago — D. HARRIS
- Deputy Chief Criminal Investigations — M. BOSWELL
  - INC International — D. HILL
  - INC Security — F. MARION
  - INC Mail Theft & Violent Crimes — A. CRAWFORD
  - INC Forensic & Tech. Services Division — R. GEFFEN
  - AIC Money Laundering & Bank Secrecy — C. GIUSTI
  - Manager ISISG Memphis — J. BIRCH
- Deputy Chief Field Operations East — L. CRAWFORD
  - Inspectors in Charge Atlanta - I. CARLE
    - Northeast - M. AHAM
    - Mid Atl. - Vacant
    - Cincinnati - R. BOWDREN
    - Memphis - J. STINCHFIELD
    - Miami - M. GREY
    - Newark - J. SKIDMORE
    - NY Metro - L. HEATH
    - Phil. Metro - B. CHAMBERS
    - W. Alleghny - K. NEWMAN
    - San Juan - E. RIOS
    - Tampa - J. SLAVINSKI
    - Wash Metro - T. JOHNSON
- Deputy Chief Field Operations West — J. DUPILKA
  - Inspectors in Charge Northern Illinois - I. GILLIS
    - Rocky Mtn - M. COBOS
    - Michiana - W. MITCHELL
    - Southwest - A. HOLMES
    - Gulf Coast - K. KELL
    - So. Ca - J. FREEMAN
    - Midwest - R. TERLEP
    - St. Paul - C. COPLIN
    - No. Ca - D. DAVIS
    - Northwest - R. MORGAN
- Deputy Chief Prof. Standards & Resource Dev. — D. WRIGHT
  - INC Strategic Plng. & Management Process (Vacant)
  - INC Career Develop. Division — C. MURPHY
  - Manager Workforce Strategic Plng. — N. ARROYO
  - Manager Exec. Resources and Ldrship. Dev. — E. LUCERO
  - Manager Employee Development — N. JOHNSON
  - Manager Training Assessment — S. CLARK
- Inspector in Charge Office of Inspections — J. SOMERSET
  - AIC — E. CRESPO

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Goals

DID YOU KNOW?

What are the OIG "Values"?

The OIG values are teamwork, leadership, creativity, communication, and conceptualization, and are incorporated into a "TLC3" 360-degree employee feedback system.

The following section describes the Postal Service, OIG, and Inspection Service goals for improving financial performance, meeting customer expectations, and ensuring employee satisfaction. In addition, this section includes the OIG Annual Performance Plan and the OIG's actions to monitor the Postal Service's implementation of the Government Performance and Results Act.

LOOKING AHEAD TO 2000 AND BEYOND

As the OIG continues to build a sound infrastructure, it is able to focus a larger part of its energy and resources on preventing and detecting fraud, waste, abuse and mismanagement, and promoting effectiveness, efficiency, and economy. The OIG will continue to work with the Inspection Service to refine our respective roles to support the *CustomerPerfect!* goals.

OUR ROADMAP TO THE FUTURE

The OIG is reviewing its five-year strategic plan to ensure that, as the organization grows and matures, our long-range goals are aligned with the needs of the Postal Service. OIG executive leadership and a diverse group of staff supported by consultants from the Federal Quality Consulting Group have begun to shape the pathway to OIG's future.

OIG management has decided to work within the Malcolm Baldrige framework not only because the Postal Service has adopted this model but because it makes good business sense. This process will be the guiding force in developing OIG's annual performance, human resource, information technology, and budget plans.

STRATEGIC PLANS

OIG and the Inspection Service Strategic Plans, FY 1998–2002, parallel the USPS Strategic Plan by providing a structure to support *CustomerPerfect!* efforts to address the needs of the Voices of the Customer, Employee, and Business. Postal Service, OIG, and Inspection Service goal statements are summarized in the chart below.

GOAL CATEGORY	POSTAL SERVICE GOAL STATEMENT	OIG EXTERNAL GOAL STATEMENT	OIG INTERNAL GOAL STATEMENT	INSPECTION SERVICE GOAL STATEMENT
VOICE OF THE CUSTOMER	Improve customer satisfaction by offering superior customer value in each market and customer segment that we target.	Improve customer satisfaction by assessing USPS performance in providing customer value and meeting public-service responsibilities.	Improve OIG customer satisfaction by providing timely, value-added services to the Governors, Postal management, Congress, employees, and customers.	Increase customer confidence in the use of the mail. Improve Postal Service performance.
VOICE OF THE EMPLOYEE	Improve employee and organizational effectiveness by having the right people in the right place with the right tools at the right time to consistently provide superior customer value and ensure commercial viability in a dynamic market.	Improve employee and organizational effectiveness by assessing USPS performance in having the right people in the right place with the right tools at the right time in a quality workplace environment.	Improve OIG employee and organizational effectiveness by building an organization that encourages, rewards, and fosters dedication, teamwork, excellence, and productivity.	Ensure employee safety. Enhance the Inspection Service workplace environment to improve organizational performance.
VOICE OF THE BUSINESS	Improve financial performance to assure commercial viability as a service provider for the worldwide movement of messages, merchandise, and money.	Improve USPS financial self-sufficiency by assessing its business strategies and performance.	Improve OIG performance by adopting the most efficient, effective, and innovative business practices.	Prevent loss of revenue and assets. Reduce costs. Improve Inspection Service technological capabilities.

ANNUAL PERFORMANCE PLAN

The OIG is committed to conducting audits, evaluations, reviews, and criminal investigations that will add significant value to the Postal Service. Through a rigorous planning and evaluation process, we have identified eight performance goals and measures. These goals are supported by more than 146 projects that addressed such areas as Y2K, transportation, grievance and arbitration, retaliation, financial statements, vehicle replacement, facilities, and computer security.

GOVERNMENT PERFORMANCE AND RESULTS ACT

The OIG is developing a plan to examine Postal Service efforts to develop and use performance measures and to verify and validate selected data sources. In 1993, Congress passed the Government Performance and Results Act (Results Act) mandating Federal agencies to establish strategic planning and to prepare annual performance plans, beginning with a plan for FY 1999. The annual performance plans sets out measurable goals that define what will be accomplished during a fiscal year. The Results Act also requires that program performance report comparing actual performance with performance goals be submitted no later than March 31 of each year, following submission of the plan. The first program report, for FY 1999, is due March 31, 2000.

In 1998, the House of Representatives passed a bill (H.R. 2883) that would, among other things, codify certain responsibilities on the part of Inspectors General for reviewing Results Act activities. The House Government Reform and Oversight Committee sent a letter to certain Inspectors General asking them to implement review plans as envisioned by H.R. 2883, regardless of whether or not the bill becomes law.

The Postal Service's *CustomerPerfect!* system complements the Results Act and supports the law's mandate to establish a set of measurable goals to uphold the Postal Service's mission and to define underlying strategies to achieve these goals. Consequently, the OIG is taking an active interest and role in the Postal Service's Results Act efforts have involved assessing the Postal Service's implementation of the General Accounting Office's reported observations on its draft strategic plan and preliminary annual performance plan. In general, the Postal Service included in the additional information identified by the General Accounting Office in its reports on the Postal Service's plans. However, the OIG suggested that future plans could be further enhanced by including more detailed discussion in specific areas.

In addition to these activities, OIG identified other Results Act-related activities that the OIG will be considering in future reviews. These include: (1) assessing the adequacy and reliability of data and management information and accounting systems supporting Results Act plans and reports; (2) verifying, validating, and analyzing the results in annual performance plans; (3) analyzing the validity and appropriateness of performance measures and goals; (4) conducting program-evaluation-type audits and reviews; and (5) addressing labor-management issues and their potential effect on the Postal Service's goals.

Consultants from the Federal Quality Institute help OIG employees identify issues to include in the Strategic Planning Process.

GIVING & SHARING An American Tradition
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Voice of the Customer

What is the OIG's primary responsibility?

The primary responsibility of the OIG is to prevent, detect, and report fraud, waste, abuse, and mismanagement, and to promote efficiency in the programs and operations of the Postal Service.

The following section highlights audits, reviews, and investigations done by the OIG and the Inspection Service in support of the Postal Service's Voice of the Customer. In order to differentiate the work reported by the OIG and the Inspection Service, the pages containing the Inspection Service work have been color screened.

OFFICE OF INSPECTOR GENERAL

SUGGESTIONS TO ENHANCE THE POSTAL SERVICE'S FY 2000 ANNUAL PERFORMANCE PLAN

The OIG assessed Postal Service compliance with the Government Performance and Results Act and implementation of the General Accounting Office's recommendations to improve the Postal Service annual performance plan. In general, the Postal Service's FY 1999 annual performance plan and FY 2000 preliminary annual performance plan, include the additional information identified by the General Accounting Office report on the preliminary plan. However, since the FY 1999 preliminary plan has been finalized, the OIG suggested the FY 2000 annual performance plan could be further enhanced by including information in the following areas:

- The Voice of Business goals should include current levels of performance or baselines.
- Verification and validation of data should describe challenges involved in obtaining high-quality performance data; highlight the verification and validation procedures by presenting them separately; report separately the general strategies used for verification and validation and those that apply to specific performance data; briefly and clearly identify the source of data of each reported measure or indicator; and report the data standards that information providers are required to meet.
- The Y2K initiative discussion should include goals, indicators, and targets to gauge progress.

Management comments were responsive to OIG suggestions, and actions planned should enhance the Postal Service's FY 2000 Annual Performance Plan. (OIG DS-MA-99-001)

COMPLIANCE WITH THE GOVERNMENT PERFORMANCE AND RESULTS ACT

This OIG report is the second in a series of reports addressing Postal Service compliance with the Government Performance and Results Act. While the Postal Service has undertaken a multiyear initiative to address Government Accounting Office suggestions to improve the Postal Service's strategic plan, the OIG suggested that the next plan could be further enhanced by a discussion of how labor-management relations could affect the achievement of Postal Service goals. Postal Service management agreed with these observations and suggestions and planned to implement actions accordingly. (OIG DS-MA-99-004)

ASSESSMENT OF PRIORITY MAIL NETWORK CHRISTMAS PLAN FOR 1998

The OIG and the Inspection Service jointly reviewed planning for the 1998 Christmas season Priority Mail processing. In April 1997, a contractor was awarded a $1.7 billion, five-year contract to establish a network of ten Priority Mail processing centers on the East Coast. Five of the ten sites were operational by December 1997, and the remaining five sites were activated by June 1998.

During the 1997 Christmas season, the contractor experienced problems in processing Priority Mail. To avoid repeating problems in 1998, the Postal Service and the contractor developed the Christmas Plan for 1998. The plan addressed issues such as staffing, facilities and capacity, transportation, and contingencies with anticipated improvement. However, the OIG and Postal Inspection Service review indicated a high potential for mail processing problems in at least two areas:

- inadequate facility capacity at one center; and
- limited airlift capacity serving four centers.

An interim report, prepared during an ongoing Priority Mail network audit, was issued

to inform management of OIG and the Inspection Services' observations and immediate concerns. According to Postal Service management, the actual results of the 1998 Christmas season were better than those of the 1997 Christmas season. Although similar problems occurred, they were mitigated by the planning effort of the Postal Service and the contractor. Postal Service management does recognize the long-term capacity problems at one center. As a result of our report, contingency plans were developed to divert the mail to other locations and increase the use of surface transportation at the four centers with limited airlift capacity. (OIG DA-LA-99-001)

UNDERPAYMENT OF POSTAGE

The OIG conducted a review of a Postal Service decision to assess a small weekly newspaper for underpayment of postage on past mailings. The OIG found that Postal Service officials followed proper policy and procedures in assessing the newspaper for underpayment of postage once it was identified. The review found that the newspaper was not eligible for either the preferred in-county rates that it had been taking or the periodicals mailing privileges.

The newspaper publisher had appealed both the assessment to recover the underpayment and the determination of ineligibility for the preferred rates. While the assessment was upheld, no decision was rendered on the issue of eligibility. Postal Service management has agreed to discuss payment options with the newspaper publisher and determine if the newspaper meets the eligibility requirements of a general publication. (OIG DS-MA-99-003)

EXTERNAL FIRST-CLASS TEST MAIL

The external First-Class mail program uses a test mail process to measure the time it takes letters, flats, and postcards to go from deposit to delivery. This measurement provides national, area, performance cluster, and city estimates of delivery time, which are compared with Postal Service goals.

The Postal Service contracted with an independent public accounting firm to measure the performance of First-Class mail service in selected zip code areas. The external First-Class test mail pieces are intended to be undetectable by Postal employees. During this period, the OIG addressed allegations of the creation of a separate mailstream for external First-Class test mail to inflate the performance scores.

Two reviews of management practices conducted by the OIG and the Postal Inspection Service disclosed that test mail had been handled differently from other First-Class mail. However, as a result of a prior Postal-wide audit, the program had been changed and these practices were already discontinued at the two districts reviewed. No additional management action was required. The OIG will continue to monitor the test mail program nationwide for possible future reviews. An audit of the independent public accounting firm's External First-Class test mail program methodology is planned. (OIG DS-LA-99-001 and DS-LA-99-002)

DELIVERY SERVICE

The OIG investigated a complaint regarding the quality of operations of a Mississippi Post Office. Our limited review disclosed that Postal Service management was aware of the mail service problems and had taken some corrective actions. Discussions with the district management and a review of FY 1998 performance measures confirmed that the Post Office had experienced operational challenges. The district manager advised that the Postmaster was removed for performance-related issues in 1998 and said the current Officer-in-Charge is making progress toward remedying the operational problems. The Postal Service anticipates the selection of a permanent Postmaster in the near future. The OIG referred this issue to the Postal Inspection Service for potential future audit attention and notified the requesting member of Congress. (OIG PA-CR-99-001)

LOBBYING

A referral alleged that a Postal Service official sent members of Congress letters in violation of the law against using appropriated money for lobbying activities. In consultation with the Department of Justice, the OIG agreed that the Department of Justice guidelines were not violated. (OIG CL-CR-99-002 and CL-CR-99-003)

DID YOU KNOW?

How many employees work at the OIG?

As of March 31, 1999, 310 employees were on board and another 51 applicants had received job offers. Our goal is to reach a staff level of 480 by September 1999. We believe this goal is attainable because of extensive college recruiting.

EXECUTIVE INVESTIGATIONS

The OIG opened 17 investigations of executive-level Postal Service employees during this reporting period. The alleged violations included conflicts of interest, nepotism, misconduct, splitting of purchases, favoritism, and violations of anti-lobbying provisions. Cases that contained evidence of criminality were referred to the Department of Justice for a prosecutorial decision.

Also during the reporting period, 13 cases were closed. In one case, a Postal official pled guilty to one charge of conflict of interest. The official was engaging in employment discussions with a contractor while reviewing the contractor's proposals and advising Postal officials on the qualifications of the contractor.

The results of another investigation substantiated allegations that a Postal official split purchases to circumvent contract purchasing thresholds. The official also awarded a contract to the spouse of a Postal employee, which is specifically prohibited by Postal regulations. The official had the same contractor perform work at the official's private residence. This case was referred to management for administrative action. The Area vice president took action to correct the breakdown in procedures that allowed the improprieties to transpire.

OIG HOTLINE

The OIG Hotline serves as an effective and convenient avenue for employees, contractors, customers, and others to anonymously or confidentially report situations that could threaten the economy, efficiency, or effectiveness of Postal Service programs and operations. The Hotline provides OIG evaluators, special agents, and Postal Inspectors with a variety of leads involving possible criminal violations and administrative irregularities. In addition to calls concerning fraud, waste, abuse, and mismanagement, the Hotline is used to refer calls concerning alleged assaults, threats, and potentially violent work situations for appropriate attention.

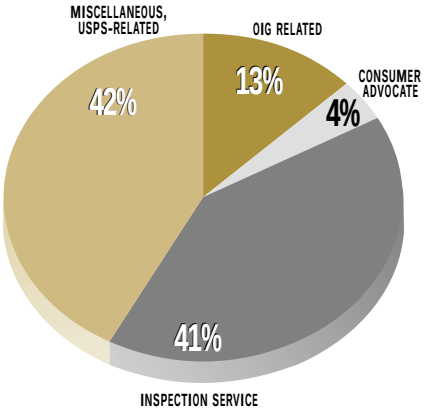
The Hotline received more that 7,500 inquiries during this reporting period. Approximately 41 percent of these inquiries pertained to Inspection Service jurisdictional matters. These inquiries dealt with areas such as mail fraud, theft, vandalism, and mail tampering. Forty-six percent of the inquiries pertained to Postal employment, postage meters, and customer-service problems. OIG-related matters accounted for the remaining 13 percent of inquiries, with the vast majority pertaining to employee and labor management issues.

Information received through Hotline complaints is a valuable tool in identifying systemic issues within the Postal Service. The OIG records the applicable data from each complaint and identifies trends that may require a Postal-wide review. For example, complaints received through the OIG Hotline resulted in a systemic review of equal employment opportunity processing by district managers. However, the OIG Hotline does not take the place of formal avenues to resolve disagreements. These avenues include: (1) contractual grievance-arbitration procedures established under the National Agreement between the Postal Service and Postal unions, which provide a forum for mediating disputes involving the interpretation of rules, the perception of offensive behavior, or adverse management actions; and (2) the equal employment opportunity process established under the purview of federal guidelines as an alternative mediation arena for allegations of discrimination.

For OIG matters that do not require investigation or audit, OIG may request Postal management to take appropriate action. However, OIG is very careful to respect the confidentiality of the individuals contacting the Hotline. For non-Postal complaints, OIG refers these matters to other agencies, including the Department of Energy, the Department of Health and Human Services, and the Department of the Treasury.

OIG's national toll-free hotline number (1-888-USPS-OIG) is staffed from 7:00 a.m. to 7:00 p.m., Monday through Friday, except federal holidays. Callers to the Hotline are not required to identify themselves, and if they do not want to speak to a Hotline analyst, they can mail, e-mail, or fax their complaint. The mailing address is United States Postal Service, Office of Inspector General, Attn: Hotline, 1735 N. Lynn Street, Arlington, VA 22209-2020. The e-mail address is hotline@uspsoig.gov. The fax number is (703) 248-2259.

HOTLINE CONTACTS



INSPECTION SERVICE

PRIORITY MAIL PROCESSING AND DELIVERY AUDIT

The Inspection Service completed an audit of Priority Mail processing and delivery at five performance clusters within five Postal Areas. The review disclosed a lack of uniformity in management procedures for delivery of Priority Mail that met the service standards. There was also confusion in the field regarding the reporting of delayed Priority Mail. Lack of reliable air transportation by commercial carriers was cited as a significant obstacle in making timely delivery of Priority Mail. Additional factors were: (1) the manner in which facilities process Priority Mail in manual operations and record it in the Management Operating Data System; (2) the absence of a uniform commitment to processing and delivering Priority Mail; and (3) uneven preparation of mail for collection. Together, these factors affect the Postal Service's ability to provide reliable, consistent, and timely service. To improve the deficiencies identified in Priority Mail service, it was recommended that Postal Service officials issue a written policy to the field outlining the Postal Service's corporate philosophy about the processing and delivery of Priority Mail to ensure that all performance clusters handle it in the same manner. A recommendation also was made that instructions be issued to plant managers clarifying how delayed Priority Mail should be reported. (IS 022-1244541-PA(1))

LOGISTICS AND TRANSPORTATION AUDIT

The Inspection Service conducted a Postal-wide audit on logistics and transportation to determine the consistency and effectiveness of the transportation organizational structure; the reliability, integrity, and usefulness of the transportation information systems data; and whether management was monitoring and controlling the mail transportation function for two-day and three-day First-Class mail to ensure the best combination of service and cost. The audit concluded that a more proactive approach to managing transportation would allow management to better predict mail flows and control employee complements to accomplish the most effective and efficient movement of the mail. Reported opportunities for improvement related to the logistics and transportation organizational structure, the Transportation Information Management Evaluation System data inputs, dispatch discipline, and air-to-surface mail routing. Implementation of the recommendation regarding air-to-surface mail is projected to save $43 million annually. Management agreed with the recommendations, except those related to organizational structure. (IS 023-1223496-PA (1))

TWO-DAY AND THREE-DAY MAIL SERVICE

The Inspection Service conducted an audit of two-day and three-day mail service within a Postal Area to identify best practices and to determine the effectiveness, efficiency, and economy of processing and transportation. The audit identified opportunities for improvement in the areas of surface transportation, dispatch discipline, scanning, and Area-wide communication of best practices. Implementation of recommendations in these areas would provide better two-day and three-day mail service. Management agreed with the audit recommendations. The Postal Area established a goal to reduce the mail flights within 500 miles by 30 percent in FY 1999 and 50 percent by FY 2000. The Postal Area will use a percent scanned indicator to measure the effectiveness of two-day and three-day scanning operations at each airport and to increase the percentage of two-day mail given to airlines for earlier banks of flights. (IS 038-1243860-PA(2))

AREA AVIATION SECURITY PROGRAM

The Inspection Service conducted an audit of a Postal Area to determine if established procedures for "target mail," as set forth in the revised Aviation Security Guidelines dated May 27, 1998, were being followed. Attention focused on the handling of 100 parcels, each weighing over one pound, destined for international sites and U.S. military installations. The parcels were deposited in collection boxes domestically by Postal Inspectors. Seventy-six percent of the test mailings designed to be returned-to-sender as "target mail" reached their overseas destination. Thirty-four percent of the collection boxes reviewed were not prop-

erly labeled to notify customers of the proper acceptance procedures for target mail. Management agreed that greater attention needed to be provided at all districts within the area to ensure compliance with the procedures. (IS 037-1258944-PA(2))

REGISTERED MAIL HANDLING

The Inspection Service conducted audits at three districts to determine if: (1) the handling of registered mail by platform operations was in compliance with established procedures; (2) proper controls were in place to effectively enforce the Security Seat Program; and (3) registry clerks were performing their duties and providing necessary levels of security. The audits disclosed exceptions to established guidelines in the areas of platform operations and registry security operations. Highway contract route trailers were not secured with locks, accountability for registered mail was not always maintained, the registry cage was not completely secure, remittances were improperly stored, and bank deposit procedures were not followed. Management concurred with all recommended corrective actions and began implementation. (IS 314-1250790-PA(3), IS 314-1250792-PA(3), and IS 311-1262203-PA(3))

REVIEW OF UNDELIVERABLE MAIL OPERATIONS AT PROCESSING CENTER

The Inspection Service conducted a review into the potential for increased operating costs resulting from improper handling of undeliverable mail in the Processing and Distribution Center. Inspectors recommended close monitoring and supervision of undeliverable mail operations in plants and delivery units to reduce multiple handling of mail and delayed mail volumes. Inspectors recommended that customer mail pieces have correct ZIP+4 add-ons and barcodes to reduce the volume of missent and miscoded mail. Management agreed to develop better standard operating procedures. (IS 070-1236715-SI(1))

NATIONAL OBSERVATION OF MAIL CONDITIONS REVIEW

The Inspection Service conducted a national review of mail conditions involving facilities in each of the 85 Postal Districts. The Operating Conditions Report for Accounting Period 5, year-to-date, FY 1999, disclosed reductions in delayed mail at the plants when compared with the same period last year. During the first two quarters, the Inspection Service issued 16 reports identifying areas warranting immediate corrective action. Common problems included delayed mail, underreporting of delayed mail and mail on-hand, working mail out of sequence, failing to maintain proper controls (color codes), excess mail transport equipment at some sites, and service failures by transportation contractors. Management used the information provided in the reports during weekly teleconferences with operations support staff. The items identified have been resolved by management or are in the process of being resolved. (IS 071-1254358-SI(2))

ARROW LOCK AND KEY REVIEW

The Inspection Service conducted a review of the arrow lock and key system, including accountability procedures at two Texas Post Offices. Loose internal controls governing the accountability of Arrow keys had raised concern. Recommendations were made to replace all existing Arrow locks, develop a system of controls, and initiate a program to ensure that all apartment wall panel boxes are brought into compliance. Management agreed with the recommendations. (IS 072-1269061-SI(2))

MAIL THEFT

Postal Inspectors are committed to reducing mail theft to maintain the public's confidence in the Postal Service and preserve the sanctity of the mail. Postal Inspectors are currently working with major mailers to prevent mail theft and related problems. Mail losses attributed to the Postal Service are often actually the responsibility of business "partners," occurring at some point in the process of mail acceptance, transportation, or delivery. However, thefts by employees remain a concern. During this reporting period, Postal Inspectors made 2,589 arrests and obtained 2,212 convictions related to mail thefts. Of those figures, Postal employees represented approximately 11 percent of the arrest and 12 percent of the conviction statistics.

Airline Employee Steals Registered Mail

An employee of a major airline recently pled guilty to mail theft after Postal Inspectors arrested him for stealing registered mail worth over $600,000. The individual was also responsible for thefts that resulted in over $200,000 in claims that had to be paid by the Postal Service.

Bank Employees Steal Mail Deposits

Postal Inspectors apprehended a bank mailroom supervisor and his assistant for stealing bank deposits from the mail. The suspects admitted stealing from the bank's mail for a year and are responsible for the loss of several thousand dollars in cash and over $180,000 in checks.

Stolen Mail Used to Commit Bank Fraud

Postal Inspectors charged one defendant with 38 counts of mail fraud and access device fraud for bilking financial institutions of an estimated $20 million over a five-year period. The defendant stole thousands of pieces of mail from drive-up collection mailboxes, intercepted various financial transactions, and re-routed checks, credit cards, and personal identification numbers to various commercial mail receiving agencies across the country. After pleading guilty, the defendant was sentenced in October 1998 to 63 months in prison and 5 years probation.

Commercial Mail Receiving Agency Destroys Mail

Postal Inspectors in Pennsylvania identified a commercial mail receiving agency franchise owner for the delay and destruction of mail. The owner abruptly closed one location and threw away hundreds of pieces of incoming and outgoing mail. Although the owner had accepted postage payments for the mail, none bore postage, and most of the parcels were rifled. Another 96 pieces of mail, without postage customers had paid for, were found at another location. Some of the mail was eight months old. Prosecution is pending.

Alert Letter Carrier Stops Thefts

As a result of a tip from a letter carrier, Postal Inspectors arrested an individual for breaking into apartment mailboxes in Nevada. The alert letter carrier reported that an individual in the apartment complex was receiving a large quantity of mail under different names at the same address, including the names of other tenants in the complex. Surveillance video captured the suspect breaking into the mailbox panels. A search of the suspect's apartment revealed hundreds of pieces of stolen mail, including credit card applications and merchandise orders.

MAIL FRAUD

To preserve the public's confidence and trust in the U.S. Mail, the Inspection Service investigates a variety of mail fraud schemes Inspectors actively work with law enforcement and regulatory groups on various fraud-related task forces, leveraging resources and combining efforts to target operators that use the mail for fraudulent purposes. The Inspection Service is leading an effort called "Project kNOw Fraud" to develop, test, and implement a national telemarketing fraud prevention campaign. The centerpiece of the campaign is a national mailing from the Postmaster General advising citizens how to avoid being victimized by telemarketing fraud. The Inspection Service conducts about 3,300 mail fraud investigations yearly, and during this reporting period arrested 748 and convicted 664 individuals on charges of mail fraud.

Identity Theft Investigation Catches Murderer

Postal Inspectors worked with the Federal Bureau of Investigation and local police to solve two murders involving bank fraud and identity takeover. The murderer pled guilty to 16 federal charges and was sentenced to 395 years in prison without parole. He targeted well-to-do victims so he and his wife could assume their identities, and then used the mail to conduct financial fraud with their victims' accounts. The Inspection Service Crime Laboratory played a key role in solving the case.

U.S. Customs Enlisted to Combat Illegal Foreign Lotteries

To further combat illegal foreign lotteries, Postal Inspectors are working with U.S. Customs Service officials to stop such offerings from entering the U.S. mailstream. Customs agents now contact Postal Inspectors when they find such mail during border searches. Postal Inspectors detain the mail and provide samples to the Postal Service's Law Department to

Postal Inspectors arrested over 2,300 non-employees for mail theft.

determine their mailability. If the pieces are considered nonmailable, the mailer is notified that the material is subject to destruction and may appeal the notice. If the mailer fails to appeal or loses the appeal, the detained mail is destroyed upon the issuance of a Destruction Order. During this reporting period over 316,000 pieces of foreign lottery mail were destroyed prior to entering the mailstream.

Mail-Order Rebate Fraud Targeted

Postal Inspectors are currently investigating 76 cases relating to rebate fraud. The Administrative Action Program is an essential element of rebate fraud prevention and enforcement efforts. To date, the Postal Service Judicial Officer issued 20 cease and desist orders and 197 individuals signed agreements to voluntarily discontinue soliciting refunds for which they were not entitled.

Prevention First! Strategy Combats Mail Fraud

The Inspection Service has launched a mail order initiative in an effort to reduce losses to major mailers in measurable terms. It employs a "Prevention First!" strategy regarding losses due to mail fraud or theft/non-receipt. To date, under the mail fraud focus of the initiative, Postal Inspectors are conducting 195 investigations relating to failure-to- pay scams. To date 44 individuals have been arrested and 22 convicted.

$140 Million Medicare Fraud Uncovered

An Inspection Service investigation of an Illinois health care provider resulted in federal-court-ordered restitution of $140 million and a $4 million criminal fine for Medicare fraud. The Department of Justice indicated it was the largest case ever prosecuted involving a Medicare contractor, charged in this case with manipulating work samples, falsifying reports, concealing poor performance, and falsely claiming superior performance. Two of the company's managers have already pled guilty, and mail fraud and other charges have been filed against five other upper-level managers. Investigators were alerted to the case when a former employee of the company filed a *qui tam* complaint (a civil action brought by an individual on behalf of the government and the individual) after he was fired by company managers. The former employee will receive over $28 million of the civil settlement.

Medicare Fraud Identified

As a result of an Inspection Service investigation, 39 defendants were indicted in Florida for Medicare fraud. The group included 7 doctors, 12 nurses, and the owners, managers, and some employees of a Medicare-certified home health agency. The defendants routinely inflated the cost of service billed to the Medicare program. Losses exceeded $10 million.

Medicare Fraud Stopped

A California doctor was sentenced to two years in prison, a $50,000 fine, and ordered to pay $311,000. After pleading guilty to 10 counts of mail fraud, he reimbursed the Medicare program $1.5 million and will lose his medical license. Postal Inspectors caught him hours before he was to flee the county with over $2 million in cashier's checks, opium, and a new passport. The doctor filed claims for home visits to patients who were deceased, in prison, or living out of state. He was the largest biller to Medicare of home health care visits in California.

Fraud Against Georgia Medicaid Program Halted

Following an investigation by Postal Inspectors, two defendants were sentenced in an Atlanta federal court in December for a $9 million fraud against the state of Georgia Medicaid program. The court ordered restitution and fines for the pair totaling nearly $7 million, as well as forfeiture of the remaining assets of one of the defendants. One defendant was sentenced to three years in prison and three years' probation, and the other man was sentenced to four years in prison and three years' probation.

Counterfeit Immigration Documents via Mail Uncovered

Two men pled guilty to six federal counts, including mail fraud, following an investigation by Postal Inspectors. The men were operating one of the largest fraudulent immigration document schemes ever prosecuted in Southern California. They were involved in the production and distribution by mail of counterfeit immigration documents, victimizing over 1,100 individuals, with an average loss per victim of $10,000.

Nationwide Test-Cheating Scheme Exposed

At the conclusion of an Inspection Service

investigation, a New York man was sentenced to four years in prison for his role in a nationwide test-cheating scheme. The scheme involved as many as 500 undergraduate and graduate school candidates, who paid a fee of $2,000 to $9,000 to receive answers to national standardized exams. The defendant fled during a recess in his trial and was captured by the U.S. Border Patrol while trying to enter Canada.

Tax Evasion and Wire Fraud Charged

An individual in Pennsylvania was charged with filing a false tax return and wire fraud. The individual was accused of evading taxes on profits from selling bulk quantities of manufacturers' cents-off coupons to store owners who paid 20 to 25 percent of the coupons' face value. The Inspection Service and Internal Revenue Service jointly conducted the investigation and believe that coupons in excess of $1 million were illegally sold between 1990 and 1994.

Work-at-Home Scam Nets $3.1 Million

Three Minnesota brothers pled guilty to mail fraud and tax evasion charges in connection with a scheme to sell brochures advertising work-at-home moneymaking opportunities. These brochures promised a money-back guarantee of satisfaction. By using different mailbox addresses and business names, the brothers received more than $3.1 million from 80,000 victims. The brothers closed the mailboxes after a short period, thus depriving dissatisfied customers of an avenue for requesting refunds. As part of the plea agreement, the brothers forfeited cash, vehicles, and property valued at $3.1 million. Thus far, the Inspection Service has returned more than $105,000 to victims of the scheme. Sentencing is pending.

CHILD EXPLOITATION

Postal Inspectors employ proactive investigative techniques to identify and bring to justice individuals who use the mail to distribute or knowingly receive child pornography. During this reporting period, Postal Inspectors made 67 arrests and obtained 80 convictions in this area.

"Innocent Images" Operation Combats Internet Child Pornography

The exchange of child pornography by mail is often preceded by communication over the Internet. A Federal Bureau of Investigation operation, "Innocent Images," attempts to identify child pornographers and molesters on the Internet. The Inspection Service was asked to join the operation because of its extensive experience in child pornography investigations.

Sentencing for Delivery of Child Pornography

As a result of an Inspection Service investigation, an individual in Michigan was sentenced to 60 months' confinement in a federal prison to be followed by three years' supervised release for receipt of child pornography through the mail. The judge rejected a plea for a lesser sentence based on the individual's admittance to more than 90 past child sexual assaults.

Child Pornographer Sentenced

An individual in Virginia was sentenced to 36 months' detention in a federal prison and a $10,000 fine. The sentence arose from a guilty plea to one count of the distribution of child pornography. The sentence will be followed by three years' supervised release. Postal Inspectors recovered more than 200 child pornography photographs and magazines from the man's residence.

MAIL BOMBS AND BOMB THREATS

In the interest of protecting customers and Postal employees, Postal Inspectors place a high priority on the investigation of explosive devices sent through the mail. Postal Inspectors also investigated 553 reports of suspicious items in the mail and 71 bombs threats against Postal facilities, during the first half of FY 1998. These incidents resulted in 4,778 lost work hours at affected Postal facilities.

Threats and Injurious Articles by Mail

Postal Inspectors report that threatening communications are on the rise as a result of abortion rights conflicts. In conjunction with the Federal Bureau of Investigation, Postal Inspectors responded to a number of hoax devices, including 25 threatening letters allegedly containing anthrax. Most of the mailings were sent to reproductive health service providers and caused significant disruption, including evacuations, decontamination, and inoculation. Each of the threatening mailings

DID YOU KNOW?

What is the Mail Fraud Statute?

The Mail Fraud Statute contained in Title 18 of the United States Code, Section 1341, makes it a criminal violation to use the United States mail or the services of any private or commercial carrier to carry out a fraudulent scheme.

DID YOU KNOW?

Does the Inspection Service combat child pornography?

The Inspection Service has long been recognized as a leading law enforcement agency in the battle against those who sexually exploit children through the production and distribution of child pornography.

was tested, but none contained anthrax.

Mail Bombs Detonate

Postal Inspectors investigated four mail bomb incidents during this reporting period. Two of these were recovered and rendered safe and two exploded, but neither resulted in injury. One of the mail bombs detonated on a conveyor belt within a bulk mail center in Texas. Postal Inspectors learned that the mailer of the bomb was responsible for building two others, one addressed to the Bureau of Alcohol, Tobacco, and Firearms, which was rendered safe, and another addressed to the President, which exploded in a truck trailer during transit. The U.S. Secret Service apprehended a suspect who is being held on charges related to one of the bombs. Physical evidence recovered from a search of the suspect's former residence and hotel room, along with the remains of the Dallas and Washington, DC, parcel bombs, have been sent to the Inspection Service Crime Laboratory for analysis.

Hoax Bomb Mailings

An inmate serving a life term at a federal correctional facility mailed suspect letter bombs to several individuals, including the Massachusetts Attorney General's Office and a federal judge. The suspect letter bombs contained copper wires, tin foil, and petroleum jelly with coffee grounds. The inmate was upset because a federal court had dismissed several appeals and wanted the letter bombs to be realistic so that someone would suffer a heart attack. The Inspection Service and the Massachusetts State Police are still investigating.

Bomb Explodes Under Collection Box

Postal Inspectors were notified that a bomb exploded under a collection box in Colorado. The investigation revealed that a pipe bomb had been taped to the leg of the collection box, and exploded. No one claimed responsibility for the bombing and the investigation is continuing.

NARCOTICS TRAFFICKING

The Inspection Service interdicts drug mailings to protect Postal employees and customers from the violence associated with this crime and to prevent the abuse of the mail for such illicit purposes. Inspectors made 735 arrests and obtained 640 convictions in this area during this reporting period.

Drug Proceeds Seized from Mail

New York Postal Inspectors seized $490,800 in cash in one week from 12 Express Mail parcels mailed to Colombia from various New York addresses.

Drug Shipments Smuggled into Hawaii

A man currently believed to be the largest distributor of methamphetamine in Hawaii was arrested by Postal Inspectors and Bureau of Alcohol, Tobacco, and Firearms agents on a no-bail warrant. A total of 35 suspects were arrested in this joint investigation by Postal Inspectors; Bureau of Alcohol, Tobacco, and Firearms agents; Internal Revenue Service agents; and Delano, CA, police. The ring imported $500,000 worth of methamphetamine a month into Hawaii from California using mail and personal couriers.

Individual Found Guilty of Laundering Drug Proceeds

A federal jury found an individual guilty on drug conspiracy and money laundering charges, resulting in the forfeiture of $1.8 million in cash and assets. Investigation by the Inspection Service had revealed that this individual facilitated the laundering of drugs.

Voice of the Employee

What is the OIG Hotline Number?

The number to call for reporting fraud, waste, abuse, and mismanagement is 1-888-USPS-OIG (1-888-877-7644). You can also send e-mail to the Hotline at hotline@uspsoig.gov.

The following section highlights audits, reviews, and investigations done by the OIG and the Inspection Service in support of the Postal Service's Voice of the Employee. In order to differentiate the work reported by the OIG and the Inspection Service, the pages containing the Inspection Service work have been color screened.

OFFICE OF INSPECTOR GENERAL

ASSESSMENT OF LABOR AND MANAGEMENT WORKPLACE DISPUTES

The OIG conducted an audit relating to the Postal Service's grievance-arbitration process for bargaining employees. The audit disclosed that Postal Service labor and management personnel did not adequately resolve workplace disputes before they became formal grievances and did not resolve established grievances as early as possible. Therefore, unresolved workplace disputes resulted in a high number of Postal Service grievances estimated to cost at least $216 million in FY 1997.

The OIG recommended that management initiate discussions and negotiate with the national presidents of the American Postal Workers' Union, the National Association of Letter Carriers, the National Postal Mailhandlers' Union, and the National Rural Letter Carriers' Association to foster joint implementation of:

- an assessment of the training needs of all craft employees; and
- a mediation program that involves face-to-face communication by the parties involved in a complaint with the help of an outside mediator.

Although management's comments were generally responsive, they did not concur that discussions between labor and management should occur immediately after a workplace dispute has been identified. Postal management indicated that the training needs of all employees have been assessed and a training program is being developed to address workplace relations and interpersonal skills. (OIG LR-AR-99-001)

IMPROVING THE GRIEVANCE-ARBITRATION PROCESS

During this review we noted that improvement was needed to monitor and analyze grievance-arbitration cases adequately. OIG found that the Postal Service does not have a comprehensive management information system to capture nationwide statistical case data. Consequently, it is difficult for the Postal Service to identify and correct management practices that result in grievances or to resolve workplace issues at the lowest possible level.

The OIG suggested that management establish a comprehensive nationwide management system to track all appealed grievances. A comprehensive management information system would allow Postal managers to better analyze trends and patterns within their areas or districts, and would allow headquarters labor relations staff to easily identify systemic issues. Management was responsive to the OIG suggestions and is continuing efforts to redesign the tracking system. (OIG LR-MA-99-001)

In a related review, OIG found that grievance arbitration procedures were not generally administered as required by the national agreements. Management comments were responsive to the issues raised and emphasized the importance of ensuring that Postal managers comply with contractual obligations. (OIG LM-MA-99-002)

DELAY OF PROCESSING EQUAL EMPLOYMENT OPPORTUNITY COMPLAINTS

The OIG issued the first in a series of reports to review the equal employment opportunity complaint process in the Postal Service. In response to a significant number of equal employment opportunity-related complaints in a Texas District, the OIG focused first on that District and limited the review to the timeliness of complaint processing. The audit revealed that the District had experienced varying rates of success in meeting the precomplaint and formal complaint processing timeframes. For example, management took an average of 78 days to complete inquiries, twice the time allowed by law, for 998 closed precomplaint cases. The OIG determined that the delays resulted from insufficient staffing and turnover in key positions. The OIG provided three

recommendations to improve the timelines of complaint processing.

Management agreed to the recommendations and has initiatives planned and in progress addressing the issues in this report. (OIG LR-AR-99-010 and LR-CR-99-029.)

ALLEGATIONS OF RETALIATION

The OIG reviewed an allegation of retaliation against an employee at a California Post Office and found that retaliation had occurred in part because the employee had participated in an OIG investigation. The OIG made the following recommendations to Postal management:

- Review the actions of the managers to determine whether corrective and/or disciplinary action is warranted.
- Ensure procedures are implemented to comply with policy concerning approval or denial of light-duty assignments.
- Reiterate to all management that retaliation against employees is prohibited.
- Ensure that all injury compensation claims from the Office of Workers' Compensation Programs are processed in a timely manner.

Postal management agreed with the last three recommendations but disagreed with the first, stating that the finding of retaliation had not been supported. The OIG continues to work with management to resolve this recommendation. (OIG LR-AR-99-006, LR-CR-99-028, LR-CR-99-021, and LM-CR-99-001)

The OIG conducted a follow-up audit to determine whether managers at this California Post Office and District properly investigated sexual harassment allegations and whether their reassignment of a supervisor was in accordance with the Postal Service report recommendations. The audit disclosed that managers had not taken action to investigate the sexual harassment allegations until after OIG inquired into this matter. Further, despite the District Manager's statement that the supervisor would be reassigned to a position without supervisory responsibilities, the audit disclosed that the supervisor was reassigned to a position with supervisory duties and responsibilities.

The OIG recommended that Area management:

- Report the results of the completed sexual harassment investigation to the Postal Service Vice President, Labor Relations; the Vice President, Human Resources; and the OIG.
- Determine why allegations of sexual harassment were initially not investigated and take the appropriate corrective action.
- Review the former supervisor's duties to determine if they can be modified and still meet the terms of the Merit Systems Protection Board settlement agreement.

Postal management did not concur with the OIG conclusions and recommendations. Management stated that they found no evidence that the supervisor's behavior was sufficiently severe or pervasive to create a hostile work environment. In addition, management stated that the sexual harassment allegations were now completely investigated and no further action was required. Because the supervisor does not supervise the same employees on a daily basis, management stated that terms of the Merit Systems Protection Board settlement agreement had been met. The OIG did not agree with management's responses. Resolution for these recommendations is pending. (OIG LR-AR-99-008, LR-CR-99-028, and LR-CR-99-021)

IMPROVEMENTS FOR UPDATING SENSITIVE CLEARANCES

The OIG issued the first in a series of reports to evaluate the effectiveness of the Inspection Service's process for granting and updating security clearances for Postal Service employees and contractors. The report showed that the Inspection Service has not developed and implemented a system to ensure that sensitive clearances for non-Inspection Service personnel are updated at least every five years as required by the Postal Service *Administrative Support Manual*.

Inspection Service management agreed with OIG suggestions that it establish such a system and that the system be implemented in a manner that facilitates production of an accurate, current security clearance status for all Postal Service employees. While planning to develop a permanent system, the Inspection

DID YOU KNOW?

What is the background of OIG staff?

The OIG staff includes auditors, evaluators, criminal investigators, lawyers, technicians, and administrative personnel from Federal and state government agencies, private industry, nonprofit organizations, and the Postal Service.

Service is working with the Postal Service's Information Technology Division to develop an interim system that will identify clearances that need updating. (OIG OV-MA-99-001)

SUGGESTED IMPROVEMENTS FOR ACCIDENT REPORTING PROCESS

The OIG evaluated a Postal Service process management team to determine if the team properly identified weaknesses in the existing accident reporting process and made appropriate recommendations. The actions will improve accident reporting, but the OIG suggested additional opportunities for improvement as follows:

- Establish a revised plan with target dates to assess the results of both the headquarters process management team and a Midwest Area team. Also, determine the feasibility of implementing the teams' recommendations.
- Reassess the recommendations included in the headquarters process management team's final report to determine if any changes are necessary to address the Occupational Safety and Health Administration private-sector requirements (compliance required effective September 28, 1998).
- Update the Human Resources Information System Safety Subsystem to ensure accurate reporting of accidents categorized as property damage.

Management agreed with the first two suggestions but disagreed with the third. The OIG will continue to monitor accident reporting and will review the disputed suggestion once an audit resolution process is developed. (OIG DS-MA-99-002)

SUGGESTIONS TO ADDRESS ALLEGED HARASSMENT AND DISCRIMINATION

The OIG reviewed Postal Service employee allegations concerning harassment and discrimination actions at a post office. The review disclosed that the Postmaster had engaged in inappropriate actions that were perceived by craft employees as harassing and intimidating. A review of four cases indicated that the Postmaster's actions were inconsistent with Postal Service rules and regulations, federal law, the National Union Agreement, and the Postal Service *CustomerPerfect!* goal.

As a result of a subsequent management review, the Postmaster was reassigned. Management also required the Postmaster to attend supervisory and group performance skills training. However, the two cases are awaiting decisions through the collective bargaining agreement and the equal employment opportunity complaint processes. Management indicated that decisions rendered through these processes would be implemented. (OIG LR-MA-99-006)

REVIEW OF ADVANCE SICK LEAVE PROGRAM AND HEALTH AND SAFETY ISSUES

The OIG reviewed the administration of the advance sick leave program and health and safety issues at a California Post Office. The audit disclosed that the Officer-in-Charge had not implemented adequate communication procedures regarding the advance sick leave policy and routinely denied advance sick leave without proper consideration.

The OIG recommended that management inform all supervisors and employees of the advance sick leave policy, require review of each advance sick leave request with a consistent method to communicate denied requests, and ensure unsafe working conditions are corrected as required. Management agreed with the first two recommendations and disagreed partially with the third, stating that the unsafe working conditions were a temporary situation because new phone lines were being installed in the building. (OIG LR-AR-99-009, LR-CR-99-028, and LR-CR-99-021)

REVIEW OF ALLEGATIONS OF DISCRIMINATORY HIRING PRACTICES

The OIG reviewed allegations of discriminatory hiring practices at a Texas Post Office. Although the audit revealed no evidence of discriminatory hiring practices, the OIG review disclosed harassment and intimidation of employees, a delay in providing injury compensation claim forms, and physical assaults.

Management agreed to all OIG recommendations and stated that many corrective actions were in the process of being implement-

ed prior to the OIG report. (OIG LR-AR-99-007 and LR-CR-99-033)

ALLEGATIONS OF UNFAIR LABOR PRACTICES

The OIG reviewed allegations of unfair labor practices at a Processing and Distribution Center in New York. Specifically, employees alleged harassment and preferential treatment regarding leave and supervision.

The OIG was not able to validate the allegation concerning harassment and preferential treatment. However, during the OIG site visit, the employee assistance program representative agreed to survey all employees, identify complaints, and provide training to managers, supervisors, and employees explaining their roles and responsibilities regarding requesting and approving leave. This report contained no suggestions and required no response from management. (OIG ER-MA-99-002, LM-CR-98-031, and LR-CR-99-016)

OTHER REVIEWS

The OIG generally does not review individual employee complaints. As a new agency, however, we needed to develop an understanding of the Postal culture and employee concerns. The chart shows the diversity of the labor relations complaints we received. [see chart on the side]. We also needed to develop a working relationship with Postal Management to ensure that employees' concerns are addressed. In this regard, several of the following individual reviews met our objectives.

ALLEGATIONS OF EMPLOYEE MISTREATMENT

The OIG reviewed allegations from seven Postal employees. The allegations included wrongful denial of transfer requests, mishandling of workers' compensation claims, equal employment opportunity violations, failure to accommodate injured employees, noncompliance with terms of settlement agreements, and harassment or retaliation actions. Some of the allegations were substantiated, and the OIG provided management with the following suggestions:

- Assess compliance with procedures for providing and terminating limited-duty assignments and resolving discrepancies in fitness-for-duty examinations. In instances of noncompliance, take the necessary corrective actions.
- Ensure managers understand that disciplinary actions should be corrective in nature and when fitness-for-duty examinations are warranted.
- Counsel managers and ensure compliance with the terms of Equal Employment Opportunity Commission and Merit Systems Protection Board settlement agreements.
- Ensure reasonable accommodation is given to an injured employee.
- Address the importance of following Postal Service procedures for providing and terminating limited-duty assignments.

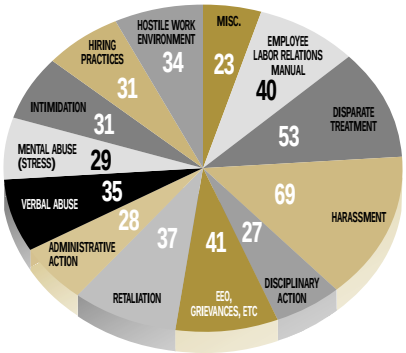
Although management comments were generally responsive to the issues raised in this advisory report, the OIG is concerned with management's response that employees must file an enforcement petition for settlement agreements that are legally enforceable. Also, compliance with the agreements is not discretionary. (OIG LR-MA-99-005, LR-CR-99-007, LR-CR-99-008, LR-CR-99-009, LR-CR-99-010, LR-CR-99-011, LR-CR-99-012, LR-CR-99-013, LR-CR-99-017, LR-CR-99-031, and LR-CR-99-032)

ALLEGED FEDERAL PRIVACY ACT AND FREEDOM OF INFORMATION ACT VIOLATIONS

The OIG reviewed allegations of Federal Privacy Act and Freedom of Information Act violations and mismanagement of Postal policies and procedures. Specifically, the complainant questioned the release of personal medical information to the Postal Service's Injury Compensation or Employee Assistance Program without written permission.

The OIG examined the complainant's correspondence, as well as pertinent responses from the Postal Service, and concluded that there were no Federal Privacy Act violations. The complainant was informed that the Federal Privacy Act allows for disclosure of medical information without the individual's written permission in certain circumstances, including disclosure to "a government agency in order to obtain

LABOR RELATIONS COMPLAINTS

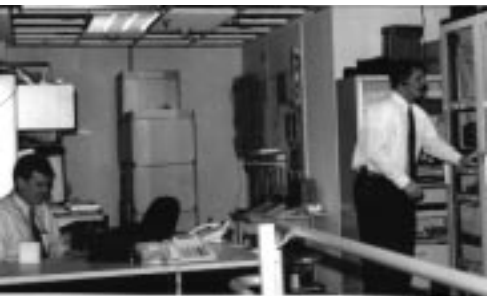


TOTAL NUMBER OF COMLAINTS 478

DID YOU KNOW?

What is the OIG's website address?

OIG's website address is www.uspsoig.gov.



Kelly Oliver and John Milstead assure that all OIG employees stay in contact through the OIG wide-area network.

information relevant to a [Postal Service] decision concerning employment, security clearances, security or suitability investigations or [to] other persons under contract with the [Postal Service] to fulfill an agency function." The complainant was further informed that it was, therefore, not necessary to obtain written authority before disclosing the information. (OIG ER-CR-99-012 and ER-CR-99-013)

ALLEGATION OF IMPROPER TRANSFER

The OIG reviewed allegations by a former Postal employee regarding an improper transfer within the Postal Service and an improper handling of an employee's workers' compensation claim. The OIG contacted Postal officials and reviewed related documents. The OIG substantiated the allegation that the claim was not handled properly, but found that management corrected the problem when the employee brought it to their attention. (OIG ER-CR-99-003)

ALLEGATIONS OF MISMANAGEMENT

The OIG reviewed allegations of mismanagement at a post office. Specifically, the employees expressed a wide range of concerns about Postal management. The OIG contacted the Area Vice President and requested a review of the problems reported by the employees. The Vice President advised the OIG that District management had addressed the mismanagement issues. (OIG ER-CR-99-009 and ER-CR-99-010)

INSPECTION SERVICE

ASSAULTS AND THREATS

The Inspection Service is dedicated to the prevention of violence in the workplace and considers early intervention and cooperation with management and employee groups essential. Assaults of and threats against Postal employees are taken seriously by Postal Inspectors, who investigated 551 incidents reported during this period, a 16 percent reduction from the same period last year. Criminal charges are initiated when possible, which led to 227 arrests and 189 convictions from October 1, 1998 through March 31, 1999.

Postal Clerks Threatened with Shotgun

Last December, a customer entered a Colorado postal station with a loaded shotgun to complain about his mail service. Postal Inspectors responded immediately and placed the customer under arrest without incident. The customer was subsequently convicted in federal court on three counts of assault, and later sentenced to three years in prison and three years' probation.

Letter Carrier Assaulted for Welfare Check

The owner-landlord of a New York building threatened to kill a letter carrier for returning the welfare check of a tenant who had moved out of the building. Following the threat, the landlord got into a van and attempted to run down the carrier. A witness pulled the carrier back, but the carrier was still hit by the van's mirror. The landlord was charged in federal court and found guilty of assault with a deadly weapon.

Washington, DC, Letter Carrier's Shooter Sentenced

A 1996 case against three juveniles involved in the murder of a Washington, DC, letter carrier came to a close in November 1998. Two defendants previously pled guilty. The third pled guilty after losing an appeal against being tried as an adult, was sentenced to 40 years to life for shooting the letter carrier as he sat in his Postal truck.

POSTAL ROBBERIES

The Inspection Service also regards robberies as one of its highest organizational priorities and affords task force attention to facility, carrier, and other Postal robberies to deter these attacks on employees. Inspection Service investigated 75 robberies. Robbery related arrests and convictions for this semi-annual period totaled 57 and 55, respectively.

Highway Contract Route Driver Robbed

Robberies of Postal trucks or highway contract route trucks for registered mail containing cash or other valuables are often based on "inside" knowledge of when the registers will arrive and on which truck. In a recent case, Postal Inspectors arrested a man who robbed a highway contract route driver of registered mail. Also arrested was a local Postal employee who planned the robbery, and the spouse, who was present during the planning. The truck contained remittances from nine post offices, and losses included over $102,500 in Postal cash and a significant amount of jewelry mailed by customers. Postal Inspectors recovered a large amount of the jewelry and over $58,000 of the cash.

Post Office Robber Sentenced

The robber of a Post Office and a contract Postal Station in South Carolina was sentenced to over 52 years in federal prison. The subject was also indicted for robbing another Post Office in North Carolina, for escaping from jail, and for committing a carjacking while awaiting trial for the two South Carolina robberies.

Gang Members Rob Letter Carriers for Mailbox Keys

The mastermind behind at least 13 carrier robberies in Southern California was recently sentenced to nearly 11 years in federal prison and faces an additional two years in prison for committing armed robbery while on federal probation. The subject and an accomplice recruited members of various Los Angeles street gangs to rob letter carriers of their postal keys. Gang members used the keys to steal outgoing mail from collection boxes to obtain checks for a check-washing scheme. Twenty-eight participants in the scheme were already sentenced.

DID YOU KNOW?

What are the duties of the Postal Police Officers?

Postal Police Officers provide security around the clock at designated Postal facilities, monitor alarms to provide protection for Postal employees and property, and escort high-value shipments such as Postal remittances.

DRUGS IN THE WORKPLACE

To help ensure a safe working environment, the Inspection Service investigates narcotics-related offenses, particularly the sale of narcotics on Postal premises. During this semi-annual period, Postal Inspectors arrested 14 employees for narcotics violations.

Postal Supervisor Trafficking Drugs on Duty

One recent investigation of narcotic trafficking on Postal premises led to the resignation of a Postal supervisor and rural carrier in Virginia. The supervisor sold narcotics, most of which was marijuana, on Postal property while on duty, and the rural carrier was his middleman supplier. A search of the carrier's apartment produced approximately three pounds of marijuana packaged for distribution, many items of drug paraphernalia, a loaded gun, and 133 rounds of ammunition. The carrier's supplier was also arrested. The two employees resigned, and each pled guilty.

Postal Truck Driver Arrested for Selling Drugs

A Chicago tractor-trailer operator was arrested last October for selling crack cocaine. The operator admitted smoking crack while driving the semi-truck. The driver had been suspended in September for refusing to take a drug test.

DID YOU KNOW?

Is OIG responsible for all audits within the Postal Service?

Yes. In January 1999, the Postmaster General re-emphasized to all Postal Service officers the audit role of the OIG. Specifically, the OIG is responsible for performing or contracting for all Postal Service audits, as well as establishing procedures for management-requested audits. In addition, the OIG will serve as the focal point with other agencies, to coordinate work efforts and avoid any duplication.

Inspector General Corcoran testifying to Congress on the Postal Service's Year 2000 readiness.

The following section highlights audits, reviews, and investigations done by the OIG and the Inspection Service in support of Postal Service's Voice of the Business. In order to differentiate the work reported by the OIG and the Inspection Service, the pages containing the Inspection Service work have been color screened.

OFFICE OF INSPECTOR GENERAL

INSPECTOR GENERAL TESTIFIES BEFORE CONGRESS CONCERNING Y2K ISSUES

In February, Congress invited the Inspector General to testify at a joint Subcommittee hearing on the Year 2000 (Y2K) challenges facing the Postal Service. The Inspector General discussed Postal Service progress in pursuing solutions to Y2K problems and also addressed significant challenges ahead. To highlight the issues requiring attention within the Y2K area, the Inspector General focused on three major categories:

- Critical Core Business Infrastructure
- Information Systems
- Business Continuity and Contingency Planning

The Inspector General outlined the process the Postal Service is using to achieve Y2K readiness and described it as a multiphase process involving assessing systems for compliance, reviewing and correcting noncompliant systems, and testing and implementing those solutions or contingency plans Postal-wide. In the coming months, the OIG will continue to work closely with Postal Service management to identify Y2K challenges and minimize the risk of Y2K-related failures. (OIG IS-TR-99-001)

IMPROVEMENT NEEDED IN QUALITY OF Y2K REPORTING

During this review, the fourth in a series, the OIG noted that the quality of Y2K reporting needed improvement and that senior management might be in a position to make more informed decisions if given regularly scheduled reports that disclosed the status of all Y2K activities.

Although the Postal Service Y2K Initiative Program Management Office enhanced the accuracy and reliability of Y2K reporting, improvements are needed in the way the Program Management Office conveys the status of its activities to senior management. The OIG recommended that the Postal Service:

- Develop a standardized report that discloses all Y2K areas and provide them on a frequent basis to senior management;
- Ensure that the standardized report includes (1) all major Y2K areas, (2) original baseline figures, with any changes and reason for change, and target dates, and (3) definition of terms;
- Consolidate and link Postal Service Y2K databases to provide a complete, centralized repository of Y2K project information; and
- Reevaluate priorities given the non-information systems and corporate Y2K issue areas, and shift or identify additional resources to address them as soon as possible.

Management generally agreed with the OIG's recommendations. (OIG IS-AR-99-001)

IMPROVEMENTS NEEDED FOR TRAY MANAGEMENT SYSTEM DELIVERABLES

During an ongoing audit of the Tray Management System, the OIG received concerns from the Postal Service management that a contractor had not satisfied requirements for spare parts' resupply and had not completed a required parts provisioning document and a life-cycle support plan. The OIG review disclosed that the contractor did not meet the resupply requirements for emergency and nonemergency spare parts for August 1, 1998, through December 23, 1998.

The Tray Management System plays a vital role in timely mail processing because it automates the movement and staging of mail between most sorting operations in a processing plant. At two Processing and Distribution Centers, emergency part-order deliveries were delinquent more than 70 percent of the time and nonemergency deliveries were delinquent more than 50 percent of the time, causing some disruption of operations. Without a provisioning document to identify parts and a life-cycle sup-

port plan, the centers were left without adequate spare parts support.

Management agreed with the OIG's suggestions to bring the contractor into compliance and proposed additional actions to address the contractor delinquency of deliverables. The OIG will continue to monitor contractor performance to ensure that all current and future deliverables are timely. (OIG DA-MA-99-001)

INTERNATIONAL MAIL SERVICES REVIEWED FOR SUBSIDIZATION

The OIG conducted an audit of cost allocations between international and domestic products and services to determine if inappropriate cross-subsidization was occurring. The OIG found that revenues from domestic mail services did not subsidize international mail services, in aggregate. However, improvements are needed in statistical sampling designs to accommodate measurement of international mail. The OIG recommended that Postal Service management:

- Review sample designs to ensure that sample results yield sufficient data to produce reliable estimates of international mail;
- Evaluate the cost-effectiveness of replacing current manual sampling procedures with automated solutions; and
- Emphasize proper sampling execution in the field.

Management concurred with the recommendations and responded with a summary of initiatives the Postal Service has in progress, completed, or planned addressing the issues. (OIG FR-AR-99-004)

CORPORATE TREASURY EFFECTIVELY MANAGES POSTAL SERVICE CASH

The OIG contracted the services of an independent accounting firm to conduct an audit of the policies, procedures, and internal controls over cash management at the Postal Service's corporate treasury. The audit disclosed that adequate controls existed, providing reasonable assurance that Postal Service resources were safeguarded against fraud and abuse. Appropriate levels of supervision and oversight existed, and employees were well informed about stated goals to obtain better service including minimizing both debt and cash on hand, ensuring ongoing liquidity, increasing electronic payments, and decreasing the number of banks used.

The audit concluded that the Postal Service's corporate treasury had established an effective control environment and had the knowledge and skills to effectively manage a cash management program in contemporary financial markets. The report contained no recommendations. (OIG FR-AR-99-005)

IMPROVEMENTS FOR POSTAL SERVICE MANAGEMENT OF PERSONAL SERVICES CONTRACTS

The OIG conducted this review and found that without formal policies, procedures, and controls over the use of contract personnel to supplement the Postal Service's workforce, there is no assurance that Postal resources are being used economically or effectively. For example, a contract to support the remote barcode sorter team was originally awarded for $27,000 in 1992. Since then at least 57 modifications have, in aggregate, increased the cost to more than $3 million.

The OIG suggested that the Postal Service develop and strengthen policies, procedures, and controls over the use of personal services contracts to ensure that legal, tax, and financial risks are appropriately assessed and mitigated. Management concurred with the OIG's suggestion and indicated that management was already in the process of working out a plan to study the matter when the OIG began its review. Further, the Postmaster General issued a letter on March 11, 1999, to all officers expressing concern about the Postal Service's growing reliance on consulting services and other contracting methods used to supplement the administrative workforce. The letter announced the establishment of a new Consulting Services Review Committee to review all new and existing contracts to ensure their necessity. The OIG considered the corrective actions taken by the Postal Service management to be responsive. (OIG QR-MA-99-001)

The Postal Service depends on automated mail processing equipment to move the mail.

DID YOU KNOW?

What are the locations of the OIG Headquarters and Field Offices?

The OIG Headquarters is in Rosslyn, VA and the Western Duty Station is in Dallas, TX. The OIG is also currently located in Minneapolis, MN, St. Louis, MO, San Mateo, CA, and Atlanta, GA.

ATLANTA OLYMPIC FACILITY IMPROVEMENT PLAN REVIEWED

The OIG reviewed the circumstances surrounding the termination of the Atlanta, GA, Federal Center Post Office construction project. During the review, the OIG found that the construction project was part of the larger Atlanta Olympic Facility Improvement Plan and decided to audit the entire plan. The audit disclosed that the Improvement Plan did not receive approval and oversight at the appropriate level and that approved deviations were costly to the Postal Service. In January 1995, the Improvement Plan consisted of 34 projects at an estimated cost of $14.6 million. However, the final program had 42 projects costing approximately $24 million.

Management agreed with 10 of 13 recommendations and has planned or implemented actions that are responsive to the respective audit recommendation. Management did not agree with recommendations to seek clarification from the Board of Governors concerning the unitary plan concept; be more prudent in using indefinite quantity contractors for purposes beyond the original intent; and, when accepting modifications to proposals, document the rationale for determining that the modifications are in the best interests of the Postal Service. The OIG will review the disputed recommendations once an audit resolution process is developed. (OIG FA-AR-99-001)

LICENSE FEE INCREASES NEEDED IN NATIONAL CHANGE OF ADDRESS PROGRAM

This report responds to a congressional request to determine the full costs, revenues generated, and related benefits of the National Change of Address Program. The OIG engaged the services of an accounting and management consultant to conduct this audit. This program, implemented in 1986, makes change-of-address information available for a fee to Postal Service business customers who have existing name and address mailing lists. The Postal Service estimated that 17 percent of the nation's population moves each year and, in 1997, these moves resulted in approximately 43.5 million change-of-address cards and 2.7 billion pieces of forwarded mail. Updating mailing lists before mail enters the mail stream avoids rehandling costs associated with forwarding mail.

The audit disclosed that although the National Change of Address Program revenues exceeded expenses for FY 1998 using the marginal costing method, costs for the National Change of Address Program exceeded revenues by over $1 million using the full costing method. However, rehandling costs avoided by the Postal Service in FY 1998 were estimated at $1.194 billion. As such, the benefits of the program outweighed the net costs of the program for FY 1998. Conversely, the report recommended that management use full costing to establish rates licensees pay to receive National Change of Address service in order to recover full costs of the service provided. Management agreed to the recommendation and has initiatives in progress that will result in approximately $1.2 million in additional revenues from July 1, 2000, through June 30, 2002. (OIG DS- AR-99-001)

POSTAL SERVICE ECONOMIC ANALYSIS AND FORECASTING

The OIG and the Postal Inspection Service jointly conducted an audit of the Postal Service economic analysis and forecasting process. The purpose of the review was to determine the effect on long-term improvements and sustained organizational performance. The audit disclosed differences between actual performance and Postal Service revenue and cost projections. These differences may impair planning for future growth, create difficulties for increasing market share, and delay timely implementation of Postal Service projects.

The OIG made the following recommendations to the Chief Financial Officer and Senior Vice President:

- Continue management meetings with other key stakeholders to discuss factors affecting the market environment.
- Continue forecasts to track short-term changes.
- Reduce Postal Service contracting costs through the use of internal resources.
- Benchmark the forecasting process to identify and implement best practices.

Management agreed to the recommendations and has planned or implemented actions that are responsive to each of the audit recommendations. (OIG RG-AR-99-001)

ASSESSMENT OF SALES FORCE AUGMENTATION PILOT PROJECT

The OIG reviewed the Sales Force Augmentation Pilot Project in response to a request from management. This project is a unique direct-sales marketing strategy designed to generate new revenue to meet the needs of small to medium-sized businesses through the sale of four Postal products: Priority Mail, Express Mail, Global Priority Packaging, and Express Mail International. The plans are to establish 12 major metropolitan sites during FY 1999. The current Sales Force Augmentation Pilot Project revenues are projected at approximately $404 million over three years, and incurred expenditures are estimated at $70 to $80 million.

This OIG review, the second of the ongoing Sales Force Augmentation Pilot Project, identified six conditions for review and action by the Sales Force Augmentation management. The OIG made suggestions to address the following safeguards for expansion of the pilot project:

- Justification for baseline determinations,
- Support for provider billings,
- Spot audits, and
- Operational intranet coordination of delivery confirmation.

Management comments were responsive to the issues and suggestions raised in this report. (OIG RG-MA-99-002)

UNRELATED DOCUMENTS IN WORKERS' COMPENSATION FILES

During the performance of an audit of workers' compensation cases, OIG found unrelated administrative and sensitive medical records in the injury compensation claims files. Due to the sensitive nature of the documents, OIG conducted a limited review to determine the appropriateness of maintaining these documents in the files. The review disclosed that the equal employment opportunity records were unrelated and the medical records were not relevant to the cases reviewed and therefore should not be included in the files. The review also found that some injury compensation offices inappropriately used temporary personnel to assist in maintaining workers' compensation files that contained confidential documents.

The OIG suggested that management direct the injury compensation office personnel to include only relevant documents in the workers' compensation files. The OIG reemphasized safeguarding sensitive medical information and the legal obligations imposed under the Privacy Act. Management comments were responsive to the issues raised in this report. (OIG HC-MA-99-001)

VALIDATION OF SOCIAL SECURITY NUMBERS

The Department of Labor requested OIG assistance in verifying the accuracy of 47 selected Postal Service employees' social security numbers identified as potentially invalid. The 47 cases were identified by the Department of Labor during a required social security number validation of the Thrift Savings Plan database. Although nine social security numbers were found to be invalid, seven were due to transposition errors, one was an inadvertent use of a father's social security number, and one was inappropriately used by an illegal alien. In the last instance, the case was referred to the Immigration and Naturalization Service for appropriate action.

The OIG review disclosed no systemic problems of recording social security numbers within the Postal Service Human Resources systems, so no management action was required. (OIG FR-MA-99-001)

LIABILITY INSURANCE COVERAGE APPROPRIATENESS

The liability insurance coverage for the Postal Service officers and Governors has a criminal defense provision that provides for payment of legal expenses unless there is a final verdict or plea of guilty, at which time the underwriter can stop benefits and seek recovery. The OIG review of the liability insurance coverage noted an apparent conflict between the criminal defense provision and the duty of Postal Service employees to obey and defend

Aaron Jordan and Jim Baghdadi of OIG complete quarterly firearms qualifications at the Inspection Service range at Bolger Center.

the laws of the United States. The Department of Justice was contacted and shares the OIG concern that the payment of an employee's federal criminal legal defense fees by an agency before the employee is exonerated is not in the best interest of the government. Therefore, the OIG questioned the appropriateness of using Postal revenues to pay insurance premiums to cover the legal expenses of any Postal Service officers and Governors charged with federal criminal misconduct.

The OIG suggested that the insurance coverage be amended to allow reimbursement for legal fees only if the person is exonerated from federal criminal charges. Management agreed that the insurance policy should not be used to pay for any form of criminal misconduct. However, management does believe it is appropriate to pay legal costs for any officer or governor charged with a federal criminal violation unless or until a guilty finding or a guilty plea occurs, at which time the insurance company would seek recovery of all legal fees from that individual. Management contends that the personal liability insurance coverage for the Postal Service officers and Governors is the kind of benefit that the Postal Service is required to provide its officers and employees.

The OIG will continue to recommend that the current Postal Service liability insurance coverage be modified to ensure compliance with the Department of Justice policy. (OIG DA-LA-99-002)

CONTRACTOR SUBMISSION OF FICTITIOUS CONTRACT DOCUMENTS

A New Jersey contractor was arrested on mail and wire fraud charges for submitting misleading documents to government agencies in an attempt to secure contracts exceeding $20 million. The Postal Service OIG, Department of Veterans Affairs, and Defense Criminal Investigative Service jointly conducted the investigation. Federal prosecution is pending.

POSTAL CONTRACTOR REMITTANCE FOR OVERCHARGING THE POSTAL SERVICE

An OIG proactive investigation resulted in an Ohio contractor's voluntary remittance of over $173,000 to the Postal Service for repayment of an overcharge for postage validation imprinter labels. The contract required delivery of a minimum of 1,085 labels per roll, but the contractor had provided only an average of 992 per roll.

POSTAL EMPLOYEE MISAPPROPRIATION OF FUNDS

A joint OIG and Inspection Service investigation revealed a shortage of over $135,000 in Postal funds. A window clerk in Ohio was charged with misappropriation of Postal funds. The clerk was sentenced to five months' imprisonment, five months' house arrest, and three years' supervised probation, and was ordered to pay $75,000 in restitution.

CLEANING SERVICE CONTRACTOR BRIBERY

A New Jersey cleaning service contractor pled guilty to four counts of bribery for paying a Postal supervisor $1,200 to ensure continuation of a month-to-month contract at a post office. The contractor was sentenced to five years' probation, a $1,500 fine, and an assessment of $400. Debarment is being considered. The OIG and the Postal Inspection Service jointly conducted the investigation.

RECOMMENDATIONS FOR CONTRACTOR SUSPENSION/DEBARMENT

The USPS awards over 50,000 contracts annually worth over $10 billion. The Postal Service has debarred only 29 contractors in the last four years. OIG benchmarked with several other federal agencies with contracting programs similar to the Postal Service and found these agencies debarred or suspended between 50 and 500 contractors in FY 1998 while the Postal Service debarred only one. Postal policy and Rules of Practice for Suspension and Debarment closely mirror the Federal Acquisition Regulations; however, the language in the *Postal Purchasing Manual* is not quite as explicit and leaves room for interpretation. Consequently, OIG has placed a priority on this area. Following are two recent cases in which suspension and debarment were recommended:

- The OIG received a congressional

request and opened an investigation into contract problems and irregularities regarding a Postal facility in the western United States. The OIG discovered that a contractor misrepresented issues to the Postal Service Office of Facilities involving contract performance. The Postal Service inadvertently accepted property that had significant hidden construction flaws. The OIG recommended that the Vice President for Purchasing and Materials review the investigation and consider suspension and debarment of the contractor.

- The Vice President for Facilities referred information to the OIG regarding potentially fraudulent activity by the general contractor and an electrical subcontractor. The contractors failed to perform contract requirements in a timely manner and improperly billed the Postal Service. OIG recommended to the Vice President for Purchasing and Materials that the Postal Service suspend and debar both contractors. Federal prosecution is pending.

The Postal Service has a fleet of more than 200,000 vehicles to pick up, transport and deliver the mail.

INSPECTION SERVICE

ADVERTISING AND PRODUCT SALES REVIEW

The Inspection Service and the OIG conducted an audit of the advertising and sales of products and services within the Postal Service. The objectives of the audit were to determine the efficiency, effectiveness, and system integrity of the advertising and sales of products and services within the Postal Service by evaluating internal controls, organizational structure, goal alignment, and industry methods. Recommendations were made for improvement in the advertising process, corporate messaging, tracking of advertising expenditures, and generation of revenue through sales. Management generally agreed with the findings and indicated that many of the recommendations cited are either currently in place or soon to be implemented. (IS 020-1230990-PA(1))

PROCESSING AND DISTRIBUTION CENTERS AUTOMATION PROGRAMS

The Inspection Service completed a national coordination audit on the automation program at two Processing and Distribution Centers. The audit concluded that the letter mail automation program had a positive impact on mail processing operations. Although the overall impact on mail processing was positive, there were opportunities to increase workhour savings by developing plans for reducing manual letter volumes and work hours. The Inspection Service recommended a reduction in the number of remote encoding center sites to lower overhead costs and improve efficiency, and advised management to review the accuracy of volumes of first handling piece and total pieces handled contained in the Management Operating Data System database. Management concurred with the recommendations. (IS 022-1232391-PA(1))

CAPITAL METRO BUSINESS MAIL ENTRY UNITS REVIEW

An audit was conducted of the business mail entry units in the Capital Metro Area to evaluate training, transportation, and acceptance and verification procedures. The audit found that overall, the units were adequately accepting and verifying customer bulk mailings. However, 14 mailers were receiving unauthorized Postal Service transportation at an annual cost of $92,200, and there were no authorized complements for each of the units reviewed. Employee Skill Assessment logs and presort verifications were not completed as required, and no procedure was in place to test, maintain, and certify bulk mail acceptance scales. Management agreed with the findings and recommendations and initiated corrective action. (IS 046-1245790-PA (2))

EXPRESS MAIL CORPORATE ACCOUNT ACTIVITY IN MID-AMERICA DISTRICT

The Inspection Service conducted an audit of the Express Mail Corporate Account activity in the Mid-America District to identify opportunities for improvements to enhance account management and lead to overall reductions in Postal Service costs. The audit disclosed that Express Mail acceptance and monitoring activities were not adequate to ensure proper account verification or posting and collection of account revenue.

Required data were not always recorded on or extracted from Express Mail labels to allow accurate tracking of this mail and proper reporting of the transactions. The audit also showed that a large percentage of Express Mail articles addressed to Guam were not processed and delivered in time to meet established service commitments. The audit concluded that opportunities exist at the national level to enhance the Express Mail Corporate Account program, improve Express Mail service to Guam, and increase revenue through a reduction of refunds. Management agreed with the findings and recommendations and initiated corrective action. (IS 319-1206621-PA (3))

TORT CLAIM COLLECTION PROCEDURES

The Inspection Service found that tort claim adjudicators did not always follow collection procedures. As a result, adjudicators did not seek reimbursement for damage to Postal property that resulted from accidents where private parties were at fault. In six districts reviewed, Postal Inspectors found $110,000 in potential collection where action either had not

been taken, or was not timely. The files reviewed disclosed instances where letters of demand had not been issued and where letters were issued, no follow-up action was pursued if the private party did not respond. Further, files did not always contain invoices from body shops or vehicle maintenance facilities to support collection efforts in accidents where the private party was at fault. The Inspection Service recommended that instructions be issued requiring District tort claim adjudicators to review all open tort claims to identify those claims requiring collection action, and to review collection modules in the Tort Claim Office Software at least quarterly to ensure that proper and timely collection procedures are followed. (IS 045-1248616-PA(2))

FINANCIAL OPINION AUDITS

The Inspection Service and the OIG conducted financial opinion audits at the three Postal Service accounting service centers and Postal Headquarters. These audits were conducted in support of the independent public accounting firm's overall Postal Service financial opinion audit. The results follow:

- For one accounting service center, the audit resulted in seven findings and nine financial accounting adjustments. Postal management agreed with all seven findings and accepted all proposed adjustments. The adjustments increased income by $20.9 million. The report also noted that five of the seven prior years' findings had been completely implemented with the other two partially implemented. (IS 001-1219706-AD(1))
- The annual audit of the second accounting service center resulted in six findings and four financial adjustments. Postal management agreed with all six findings and accepted three of the four proposed adjustments. The accepted adjustments decreased income by $4.1 million. (IS 001-1224758-AD(1))
- The annual audit of the third accounting service center disclosed: (1) some Postal supervisors and timekeepers at electronic time clock sites throughout the country could add, change, and delete their own clock rings, resulting in unauthorized clock changes; (2) database administrators have unrestricted access to specific accounts receivable applications without second-party reviews and could write-off material invoice amounts or process large credit memos without approval or review by a manager; and (3) timekeeping errors for employees who separated before the end of a pay period resulting in them being paid for work hours subsequent to their separation date. (IS 001-1225936-AD(1))
- A Postal Headquarters Division used a non-standard billing and receipt process that did not require certification of invoices based on receiving reports completed by a Material Distribution Center receiving clerk. Consequently, there was no independent inspection and physical counting of goods received to match the quantities on delivery tickets and bills of lading. Also, the Division recorded incorrect goods received dates on invoices and prepared incorrect receiving reports. Consequently, Postal Service paid invoices sooner than required under the Prompt Payment Act, paid for more goods than were received, and expensed inventory items. (IS 011-1219706-AD (1))

DISTRICT ACCOUNTING OFFICE AUDITS

The Inspection Service conducts District Accounting Office audits to evaluate accounting controls as a supplement to financial installation audits.

- The Inspection Service reported that internal controls over the 16,000 postage meters generating revenue of more than $240 million during FY 1998 could be improved at a District accounting office. It found that identification and control of delinquent customer meters tracked in the Metered Accounting and Tracking System could be improved. Postage meter revenue was not always verified with the revenue reported in the meter accounting and tracking system as required. The simultaneous maintenance of manual and automated forms resulted in a duplication of work when tracking meter activity and revenue. Management did not provide the level of attention necessary to ensure that adequate internal controls were in place to safe-

Retail staff provide a variety of services to over 7 million customers every day.

guard meter revenue and detect lost, stolen, or tampered meters. Management officials agreed and committed to correct the deficiency by FY 2000. (IS 016-1256413-AF(2))

FINANCIAL INSTALLATION AUDITS

The Inspection Service conducted numerous financial installation audits. The purpose of these audits is to review the adequacy of internal controls at the installation level, and the results are considered in the overall planning of the financial opinion audit.

- A financial installation audit of a post office resulted in the identification of over $75,000 in revenue deficiencies. Examination of procedures at a detached mail unit contractor disclosed that a statement of mailing was unintentionally attached to another mailing statement and had not been entered into the permit system for withdrawal from the proper account. The unit had also allowed 132 entries to accumulate for a year as a result of discrepancies on the optional procedures summary logs. Management agreed with the finding and recommendations, collected the revenue deficiency, and initiated corrective action on the discrepancies. (IS 011-1256279-AF(1))
- A financial installation audit of a post office resulted in the presentation of five findings and the identification of over $39,000 in revenue deficiencies. Recommendations that will strengthen internal controls were presented to management in the areas of business mail acceptance, post office box and caller service, office accountability, disbursements, and capital property. The failure to collect the appropriate post office box and caller service fees at the main office and branch resulted in the majority of the revenue deficiencies over $36,000. A $2,598 revenue deficiency resulted from the identification of eight newspaper editions not being entered into the permit system. Management agreed with the findings and recommendations outlined in the report. (IS 011-1259853-AF(1))
- A financial installation audit at a post office resulted in the issuance of seven findings in the areas of financial organization, accounting and reporting, stamp stock administration, postage due/business reply mail, business mail entry unit, periodical mailings, station internal controls, and penalty business reply mail. Revenue deficiencies of over $33,000 were also identified. Uncollected revenue of over $10,000 in the official mail accounting system and over $22,000 in delinquent post office box and caller service fees accounted for the total. Management agreed with the findings and recommendations and provided an action plan to take corrective action. (IS 011-1256430-AF(1))
- A financial installation audit at a post office resulted in the presentation of three findings in the areas of office accountability, postage due/business reply mail, and business mail entry unit operations. The lack of sufficient internal controls in these areas resulted in the identification of over $34,000 in revenue deficiencies. Management agreed with the findings and recommendations and provided an action plan to take corrective actions. (IS 011-1256584-AF(1))
- A financial audit of a post office resulted in four internal control findings and the identification of over $25,000 in revenue deficiencies. The state prison had reserved two blocks of caller numbers for current and future use. While it paid the annual fees for the four bulk separations of mail performed at the post office, it had not paid the reservation fee for the remaining numbers reserved for the prison's use, resulting in over a $23,000 revenue deficiency. Another customer was paying the lower automation-based business reply mail rates, for which the customer was not eligible, resulting in over a $2,000 deficiency. Internal control deficiencies were also identified in the areas of office accountability and registered mail. (IS 011-1255654 AF(1))

CONTRACT AUDITS

The Inspection Service conducts pre-award and post-award contract audits. Pre- and post-award contract audits provide information on whether contractor's costs are fair and rea-

sonable. The information is used by contracting officers in negotiating contracts and as the basis to pay contractors. The audits are requested by management and performed by the Inspection Service or the Defense Contract Audit Agency.

- Inspectors completed contract audits of two price proposals. The audit of a $89.4 million proposal for identification code sort/code tracking equipment identified questioned costs of approximately $8.9 million and unsupported costs of approximately $34 million. The audit of a $24.5 million proposal for a delivery barcode sorter with optical character reader, input subsystem, and output subsystem identified questioned costs of approximately $5.8 million and unsupported costs of approximately $341,000. The questioned costs in both proposals included labor costs, other direct costs, overhead, materials, installation, general and administrative costs, warranties, royalties, and profits. The unsupported costs in both proposals included costs for overhead, materials, and profits. (IS 181-1252323-AC(1) and IS 181-1252326-AC (1))
- The Inspection Service audited $9.1 million in cost and pricing data associated with the contract awarded to an airline for the Priority Mail criminal investigative system. The contracted amount for the system was $3.1 million. However, the airline selected a subcontractor to acquire and install cameras for the system. The subcontract cost exceeded $6 million and was not reviewed or authorized by the contracting officer. The subcontractor denied complete access to accounting records in support of the system costs. Therefore, the audit identified $5.8 million as unsupported subcontractor costs and questioned $1.2 million in costs associated with general and administrative costs submitted by the airline. The audit concluded that the costs submitted by the airline do not provide an acceptable basis for negotiating a fair and reasonable price. (IS 184-1243166-AC(1))
- The Inspection Service completed contract audits of two proposals submitted by a contractor for the manufacture and installation of tray sorter systems. A Pennsylvania bulk mail center system proposal totaled approximately $1.7 million and a Texas bulk mail center annex system proposal totaled approximately $1.9 million. The audits identified over $274,000 in questioned costs on the first system proposal and over $131,000 on the second proposal. The questioned costs related to labor, materials, overhead, travel, and other direct costs. (IS 181-1270327-AC(1) and 181-1270335-AC(1))
- Postal Inspectors audited two guaranteed maximum price contracts awarded to a contractor for the construction of an Indiana and a Michigan postal facility. Postal Inspectors audited $4.5 million in project costs for the Indiana facility and questioned over $186,000. The $4.4 million incurred by the contractor on the Michigan project was deemed appropriate, and no questioned costs were identified. (IS 182-1267500-AC(1) and 182-1267502-AC(1))
- The Inspection Service performed an audit of the internal controls over a fuel supplier to determine whether the contractor was providing the product and services in accordance with the terms of the contract. The Postal Service had entered into a contract with a fuel supplier for natural gas to be purchased and delivered to the Illinois Postal facilities. The audit determined that Postal Service internal controls over the contract required improvement to ensure that the contractor is properly billing the Postal Service. Specifically, the inspectors found that the two Illinois Districts are not physically conducting meter readings at the serviced Postal facilities. Reading gas meters is a viable means of ensuring that the local distribution company accurately charges the Districts for gas consumed. The inspectors also found that neither District has designated a contracting officer representative for the gas services contract. The inspectors recommended that procedures be instituted to verify the amount of billed gas usage and that a contracting officer representative be designated at each of the serviced

Inspection Service personnel conduct a search warrant briefing.

postal Districts. Management's corrective actions were considered responsive to the recommendations. (IS 187-1224876-AC(1))

FACILITY PROGRAM AUDITS

- The Inspection Service completed an audit of a Washington Processing and Distribution Center facility construction project. The audit concluded that the driving force in the construction project decision-making process was the $5 million Area approval level. Specifically, the site and building size were reduced to stay under the $5 million level without full consideration of operational needs. The report recommended planning facilities that meet ten-year operational needs without regard to funding levels; completion of Postal Service Major Facility Planning Data forms to accurately reflect space requirement needs; and assurance that sites are of proper size to support project needs, including expansion. Area management agreed with the recommendations. (IS 197-1230607-FPA(2))
- An Inspection Service review disclosed that an inappropriate arrangement existed between the Postal Service and a real estate consultant providing services to the Facility Services Office. The office manager improperly authorized a consultant access to the Facilities Management System database, and provided other amenities such as a desk, computer, telephone, and general use of Postal resources that were not part of the contract. This arrangement permitted the contractor to maintain almost unlimited access to Postal Service operating and financial information through the database, and provided him with a competitive advantage over other contractors at increased risk of liability to the Postal Service. Furthermore, this contractor could potentially profit by the disclosure of proprietary information to competing contractors or to other interested parties and adversely impact the Postal Service's ability to obtain the best price for goods and services in future transactions. This arrangement has been discontinued, and management implemented action to ensure that no other similar arrangement with contractors existed. (IS 237-1223153-FPA(1))

WORKERS' COMPENSATION

The Inspection Service investigates fraudulent claims and receipt of benefits by individual employees. Unlike other federal agencies, these claims are paid from Postal revenues, not appropriations, thereby affecting its bottom-line net income.

- Workers' compensation benefits were terminated for a letter carrier following an Inspection Service investigation. The carrier misrepresented job duties to the physician and as a result was placed on the periodic rolls. The carrier agreed to return to work and clarified the exaggerated statements made to the physician. The future cost savings to the Postal Service is over $1,107,000.
- As a result of an Inspection Service investigation, a letter carrier was sentenced to 12 months in prison and one year of probation for workers' compensation fraud. In addition, the carrier was ordered to pay restitution of over $62,000. The future cost savings to the Postal Service is over $949,000.
- As a result of an Inspection Service investigation, workers' compensation benefits were terminated for a letter carrier. The investigation disclosed that the carrier consistently participated in activities outside of medical restrictions. The employee subsequently resigned from the Postal Service. The future cost savings to the Postal Service is over $987,000.
- Workers' compensation benefits were terminated for a part-time flexible clerk. The Inspection Service investigation disclosed that the clerk routinely exceeded physical limitations and dictated medical restrictions to the physician. The clerk was subsequently terminated by the Postal Service. These efforts resulted in future cost savings to the Postal Service of over $793,000.
- The Inspection Service investigation disclosed that a letter carrier engaged in outside employment and failed to report the earnings to the Department of Labor while collecting workers' compensation

benefits. The benefits were terminated and the carrier resigned. As a result of this investigation, the future cost savings to the Postal Service is over $756,000.

- An Inspection Service investigation disclosed that a mailhandler from Florida consistently exceeded physician's restrictions and had not received medical attention for almost a year. Workers' compensation benefits were terminated and the mailhandler returned to work under a modified permanent position. This action resulted in a future cost savings to the Postal Service of over $671,000.
- An Inspection Service investigation of a mail processor in California determined that an employee consistently violated medical restrictions while collecting workers' compensation benefits. The employee was offered a limited-duty position but failed to report to work. Benefits were terminated. The future cost savings to the Postal Service is over $629,000.
- A Postal clerk was indicted by a federal grand jury on 18 counts of workers' compensation fraud. Investigation by Postal Inspectors disclosed that the clerk was receiving workers' compensation benefits while working with the Air Force Reserves. The clerk failed to disclose $19,000 in earnings to the Department of Labor. The future cost savings to the Postal Service is over $614,000.
- A mailhandler pled guilty to making false statements to obtain workers' compensation benefits. This individual was sentenced to 15 months in prison, followed by three years' supervised release, and was ordered to pay restitution of over $33,000. As a result of this Inspection Service investigation, the future cost savings to the Postal Service is over $555,000.
- The Inspection Service undercover investigation revealed that a Minnesota mailhandler failed to report $50,000 in outside employment while collecting workers' compensation benefits. Benefits were subsequently terminated. Prosecution is pending. The future cost savings to the Postal Service is over $539,000.

REVENUE INVESTIGATIONS

Inspectors report the results of revenue investigations to help Postal management identify deficiencies and strengthen preventive measures. Following are significant reviews reported during this semiannual reporting period.

- The Inspection Service conducted reviews at 57 meter-manufacturer sites and the post offices servicing these locations. Opportunities for improvement were identified at all levels within the meter fee structure. At some sites, a failure to separate the duties assigned to Postal employees led to the embezzlement of funds. Inspectors also found that an outdated costing system left most clerks confused as to when fees should be assessed. Management agreed with recommendations related to separation of duties and updating the fee structure. However, management did not agree with a recommendation related to on-site duties and responsibilities for revenue loss detection. After management reviewed stated procedures regarding the applicability of a surcharge for checking a meter in or out of service, it was deemed that a $2.2 million surcharge would not be appropriate. Management agreed to review the current regulations and publish clear instructions to the field.
- The Inspection Service conducted a postage meter security review of a business customer to determine whether procedures protected postage meters from unauthorized use. Five findings were presented to management to improve meter control and security. Deficiencies were identified in the areas of meter inventories, meter inspections, control of meters in service, ascending register adjustments, and improperly set meters. Management agreed with the recommendations and began corrective action.
- A university violated the nonprofit mail regulations when it used its nonprofit status to send joint mailings with several "for profit" businesses. Following the receipt of a Postal Inspector's report, the Postal Service asked the university to pay an additional $33,000, the difference

Inspection Service forensic and technical specialists support investigative efforts.

between the nonprofit and regular rates of postage. Postal regulations allow only materials belonging to authorized agencies to be mailed using the nonprofit rates of postage. There has been a decline in the number of reported violations by nonprofit organizations, but misuse continues despite Postal Service efforts.

- The Inspection Service reviewed acceptance procedures at a business mail entry unit following the bribery of a bulk mail clerk by the business mailer in Florida. The Postal clerk and business mailer were involved in the bribery scheme and both pled guilty. Inspectors identified a loss of $900,000 resulting from mailings over a two-year period. Inspectors recommended steps to better control documents used when business mailings are cleared for acceptance. Management agreed with the recommendations.

POSTAL BURGLARIES

The Inspection Service employs sophisticated burglary prevention techniques and detection devices to make Postal facilities less vulnerable to attack. Burglaries may result in property losses or mail thefts and indirect losses for repair damages from forced entries. During this reporting period, the Inspection Service received 154 reports of burglaries, made 90 arrests, and obtained 75 convictions.

- In December 1998, Postal Inspectors and a task force of local and federal law enforcement agencies in the New York City and Newark areas arrested 56 individuals who were part of a stolen cargo ring; eight corporations were also indicted. The case had initiated from a Postal Inspection Service investigation of a string of postal burglaries involving the fencing of stolen stamps. One of the leaders of the ring was responsible for selling over $5 million in stolen merchandise, including over $700,000 in stolen postage stamps. Also charged in connection with the case were a member of a New York organized crime family and the owner of a stamp business. The ring sold checks stolen from the mail, ordered merchandise with stolen credit card information, and filed false insurance claims.

EMBEZZLEMENTS

Inspection Service investigations resulted in the following:

- A Postal contract station employee in Illinois pled guilty to embezzlement of over $211,000 in funds from stamp sales.
- A window clerk in Massachusetts was indicted for misappropriation of $90,000 in Postal funds.
- A window clerk embezzled more than $82,000 in postage meter funds. A technician at the District Accounting Office discovered a discrepancy with customer meter control records at the post office. Postal Inspectors discovered that on several occasions meter records were voided by the window clerk and reissued for a lower amount. The clerk disguised the embezzlement by maintaining two sets of meter records. Prosecution is pending.
- A window clerk in Maine pled guilty to misappropriation of Postal funds. Investigation by the Inspection Service revealed that the clerk falsified records and failed to record customer postage meter sales transactions, converting over $150,000 for personal use. The scheme ended with the voluntary resignation by the clerk.
- A window clerk in Virginia resigned from the Postal Service after admitting to the embezzlement of $5,000.
- A window clerk in California was arrested for misappropriation of $33,000 in Postal funds.
- A customer service supervisor in Michigan was sentenced to four years' probation and court-ordered restitution for the embezzlement of over $49,400.
- A large contractor that packages stamps for vending and retail stores reported a stamp shortfall. The contractor's surveillance camera showed an employee removing stamps from the area. The employee admitted stealing 2,000 stamps to sell for cash to support a cocaine habit. All of the stamps were recovered.

EXPENDITURE INVESTIGATION

An Inspection Service investigation resulted in a former manager of an auto body shop pleading guilty in federal court to one count of conspiracy for submission of false billings for work not performed on Postal vehicles. The former manager was sentenced to two years' probation and restitution of approximately $8,500 to his employer. The shop has made restitution of over $55,000 to the Postal Service.

CHRISTMAS
32
USA
Florentine, 15th C.
National Gallery
1998

Legislative and Regulatory Review

Does the Postal Service follow laws that apply to Federal agencies?

Except for certain laws, statutes, and regulations expressly made applicable to the Postal Service, most Federal laws of government-wide applicability do not apply to the Postal Service. This permits the Postal Service, an independent establishment of the executive branch, to operate in a competitive marketplace.

LEGISLATIVE AND REGULATORY REVIEW

The following section summarizes OIG reviews of existing and proposed legislation and regulations relating to the Postal Service. These reviews, which are required by the Inspector General Act, are intended to inform Congress about how legislation and regulations could impact economy and efficiency, and the prevention and detection of fraud and abuse, in Postal Service programs and operations. This portion of the report summarizes significant legislation and regulations advanced between October 1, 1998, and March 31, 1999. During this period, the OIG reviewed approximately 1,300 House bills, 700 Senate bill and several hundred proposed and final rules and regulations.

ENACTED LEGISLATION

PUBLIC LAW 105-277 — OMNIBUS CONSOLIDATED AND EMERGENCY SUPPLEMENTAL APPROPRIATIONS ACT

This public law, a collection of laws affecting many areas of the federal government, contains provisions that affect the Postal Service and the OIG.

Section 627 provides protection to federal law enforcement officers who intervene in certain situations. The law, originally known as the Federal Law Enforcement Officers' Good Samaritan Act of 1998, enacts a rule of construction for Chapter 171 of Title 28 of the United States Code stating that a federal law enforcement officer will be deemed to be acting within the scope of the officer's employment if the officer takes reasonable action, including the use of force, to protect an individual in the officer's presence from a crime of violence, provides assistance to an individual who has suffered or is threatened with bodily harm, or prevents the escape of an individual whom the officer believes has committed a crime of violence. This law protects federal law enforcement officers from lawsuits when they take action to help others in emergency situations. The Postal Service and OIG employees whose primary duties are to investigate, apprehend, or detain individuals suspected or convicted of committing federal crimes are covered by this law.

Section 633(a) amends Title 39, Section 407 of the United States Code regarding international Postal arrangements. The newly enacted section prescribes that the Secretary of State has primary responsibility for formulation, coordination, and oversight of policy with respect to United States participation in the Universal Postal Union. The Postal Service may not conclude any treaty or convention related to the delivery of international Postal services, or establish rates of postage on mail matter conveyed between the United States and other countries that is inconsistent with the coordination and oversight of the Secretary of State. Prior to the enactment of this legislation, the Postal Service, without consent from the Secretary of State, and with the consent of the President only, negotiated and concluded international Postal arrangements and established international postage rates. This change could affect the ability of the Postal Service to capture revenue in a timely manner for the international services it provides. Changes in the way the Postal Service raises revenue are of continuing interest to the OIG.

Section 648 amends Chapter 36 of Title 39 by adding an annual reporting requirement for international Postal services. The newly enacted section requires the Postal Service to provide to the Postal Rate Commission such data as the Commission may require to prepare a report to Congress on costs, revenues, and volumes accrued by the Postal Service in connection with each international mail product or service the Postal Service provides to its customers. The OIG provides an audit function for the information gathered and provided by the Postal Service.

Known originally as the McDade Amendment but now entitled "Ethical Standards for Federal Prosecutors," Section 801 amends Chapter 31 of Title 28 of the United States Code. It requires that an attorney for the government be subject to laws and rules, and local federal court rules, of the state in which the attorney performs the attorney's duties. Attorneys for the government include specified categories of attorneys of the Department of Justice, the Federal Bureau of Investigation, and the Drug Enforcement Administration, and any other attorney employed by the Department of

Justice who is authorized to conduct criminal or civil law enforcement proceedings on behalf of the United States. This newly enacted law will make criminal or civil law enforcement proceedings by Justice Department attorneys on behalf of the Postal Service subject to a variety of state laws and rules, which formerly had been superseded by federal laws and rules.

PROPOSED LEGISLATION

H.R. 22 — POSTAL MODERNIZATION ACT OF 1999

H.R. 22 would modify the nation's Postal laws. It is virtually the same bill that was introduced late in the last session of Congress but never reached the House floor for consideration and a vote. The OIG reviewed and commented generally on H.R. 22 in the last Semiannual Report to Congress.

Particularly noteworthy to the OIG is a provision of the bill that specifies the Inspector General of the Postal Service would be a presidential appointee, but allows the current Inspector General to serve for the remainder of her seven-year term to 2004. The Inspector General would report to and be under the general supervision of the Postmaster General. This bill retains the existing provision that no officer, employee, or Board member of the Postal Service could prevent the Inspector General from issuing subpoenas or initiating, carrying out, or completing any audit or investigation. The Inspector General would retain oversight responsibilities for the Inspection Service, whose Chief Postal Inspector would still be required to promptly report on significant activities. Information from Inspection Service reports would be included in the Inspector General's Semiannual Report to Congress. This would clarify current questions about what information should be provided to the OIG by the Inspection Service for inclusion in the Semiannual Report to Congress.

The Inspector General would retain hiring authority for officers, employees, consultants, and experts for the OIG. The OIG would receive appropriations from the Postal Service Fund. The Inspector General would have authority to audit the financial statements of the Postal Service or hire an independent external auditor to perform the audit. The financial statement audit is now the responsibility of the Board of Governors, and the OIG acts as co-contracting officer's representative with Postal Service management.

H.R. 22 would dramatically change the way the Postal Service conducts its business. Provisions of the bill that clarify the OIG's relationship with the Postal Service are important to the OIG in carrying out its statutory responsibilities.

H.R. 305 — THE OFFICE OF INSPECTOR GENERAL OVERSIGHT ACT OF 1999

This bill would establish a seven-member council to oversee the operations of Inspectors General throughout the federal government. The majority and minority leaders of each house of Congress would each appoint a member, and the remaining three would be selected jointly by Inspectors General of federal agencies. The council would hear and investigate complaints about decisions and actions of offices of Inspectors General and issue recommendations regarding such complaints.

H.R. 305 impacts the Postal Service OIG directly. It would establish a limited form of oversight at the OIG. While the council's only authority over Inspectors General would be to issue recommendations regarding any decisions and actions by Inspector Generals, the council would submit a report to Congress listing its activities and recommendations. Congress could take action affecting the Inspector Generals based on the council's recommendations.

S. 335 — DECEPTIVE MAIL PREVENTION AND ENFORCEMENT ACT, *and*

S. 336 — DECEPTIVE GAMES OF CHANCE MAILINGS ELIMINATION ACT OF 1999

S. 335 and S. 336 deal with deceptive mailings and sweepstakes letters. The bills would prohibit the mailing of sweepstakes and other promotional letters unless they contain clearly written and easily understood participation rules and advisories on the recipients' chances of winnings.

In addition to regulating mailings, the legislation augments the ability of the Postal Service in certain instances to obtain temporary restraining orders and preliminary injunctions

More than 775,000 employees deliver over 650 million pieces of mail every day.

Kickoff celebration for OIG's Combined Federal Campaign drive.

to detain suspected illegal mailings. Under current law, the Postal Service can apply only to the court in the district in which the defendant receives mail for a preliminary injunction or temporary restraining order. Under the proposed law, the Postal Service could make application in any district in which mail is sent or received as part of an alleged scheme, device, lottery, or gift enterprise, or in any district where the defendant is found. Upon a showing of probable cause, the court would issue an order directing the Postal Service to detain, in any and all districts, the defendant's incoming and outgoing mail in furtherance of the scheme.

Both bills provide additional subpoena authority for the Inspection Service by adding a new section to the code authorizing the use of administrative subpoenas by the Postmaster General. For use in investigations conducted under Chapter 30 of Title 39, the Postal Service could subpoena any records or material relevant to the investigation. To enforce these subpoenas, the Postmaster General could request the aid of the Department of Justice in any judicial district in which the person served resides, is found, or transacts business.

This legislation would give the Postal Service, particularly the Inspection Service, more law enforcement authority. The legislation's enhanced law enforcement authority is of interest to the OIG because the OIG has oversight responsibility for the Postal Inspection Service.

S. 96 — Y2K ACT, *and*

S. 461 — YEAR 2000 FAIRNESS AND RESPONSIBILITY ACT

This legislation addresses anticipated legal action that might arise as a result of economic losses suffered because of computer failure at the beginning of the year 2000. As has been widely reported in recent years, for some computers now in use, the year 2000 will be indistinguishable from the year 1900. Companies using these computers may experience disruptions in processing orders and servicing their customers. This legislation defines a Y2K action, provides for alternative dispute resolution, and limits liability. It provides for proportionate liability to the degree that the defendant was responsible for the loss. The legislation limits the amount of punitive damages that can be awarded to the greater of $250,000 or three times the amount of compensatory damages. If the defendant is an individual whose net worth does not exceed $500,000, or is an entity with fewer than 25 full-time employees, the cap is lower. The legislation also establishes certain defenses for businesses with Y2K problems and provides for a 90-day waiting period before a plaintiff can bring suit in order to encourage alternative dispute resolution.

The Postal Service relies extensively on external suppliers that are critical to moving mail, such as airlines, railroads, and the trucking industry. These suppliers are susceptible to the Y2K problem. The legislation's caps on damages would limit the amount recoverable as a result of a Y2K problem of a supplier. Similarly, if the Postal Service were sued because of a Y2K problem, this legislation would limit the amount of money a plaintiff could collect from the Postal Service.

H.R. 308 — THE HEALTH FRAUD AND ABUSE ACT OF 1999

This legislation builds upon Public Law 104-191, the Health Insurance Portability and Accountability Act. The proposed legislation attempts to improve through various mechanisms federal law enforcement efforts against health care fraud and abuse. First, it would expand activities of law enforcement and state agencies responsible for licensing and certification of health care providers. Second, it would establish a health care fraud and abuse control unit in each of the 50 states, to be funded by fines received in health care fraud criminal and civil cases. Monies from this account would also be used to pay for 75 percent of the costs incurred by these state health care fraud and abuse control units. Third, the bill would promote and encourage data-sharing among all federal, state, and local law enforcement groups and other agencies involved in licensing health care providers.

This legislation would strengthen federal law enforcement authority in combating health care fraud and abuse. It would provide federal officials with more tools to investigate and prosecute health care providers who defraud federal health care recipients and their federal employers. While the Postal Service OIG is not one of the Inspectors General specifically charged with

conducting the audits, civil and criminal investigations, inspections, and evaluations relating to the prevention, detection, and control of health care fraud and abuse, the OIG would work with these offices to assist them in eliminating health care fraud.

H.R. 198 — POSTAL SERVICE CORE BUSINESS ACT OF 1999

This bill would prohibit the Postal Service from making available to the public any commercial non-Postal service except those services that were offered nationwide by the Postal Service as of January 1, 1994. Examples of commercial non-Postal services are volume retail photocopying, packaging services (including gift-wrapping services), notary public services, and the sale of office supplies.

In recent years the Postal Service has been expanding the services it offers to its customers. This has resulted in increased convenience for postal customers and additional revenue for the Postal Service. If H.R. 198 becomes law, any services that began after January 1, 1994, would have to be eliminated. The result could be decreased revenue for the Postal Service and a loss of customers as postal patrons look elsewhere to replace discontinued services and products.

H.R. 670/S. 556 — POST OFFICE COMMUNITY PARTNERSHIP ACT OF 1999

This legislation would require the Postal Service to follow more extensive community notice procedures than found in existing law before relocating, closing, consolidating, or constructing a Postal facility. The legislation would allow for greater individual and community input before the Postal Service could implement a facility proposal. It also would require the Postal Service to take into account the adequacy of the existing facility; whether the Post Office is part of a core downtown business area; the potential effect of the proposed action on the community; reasonable alternatives to the proposed actions; and applicable zoning, planning, or land use laws. The Postmaster General would have emergency authority to temporarily suspend the application of these provisions for a period not to exceed 30 days.

This legislation would affect how the Postal Service constructs, relocates, consolidates, or closes a Postal facility. It adds "construction" and "relocation" to existing law governing consolidations and closings. Provisions of the bill would require the Postal Service to follow procedures established within the community for such actions if these procedures are more stringent than those contained in the bill. The legislation also would require the Postal Service to undertake actions pertaining to facility proposals in accordance with the National Historic Preservation Act. Upon passage of the Post Office Community Partnership Act, individuals and downtown communities would be allowed the opportunity to offer alternatives to Postal Service facilities proposals.

H.R. 479 — A BILL TO AMEND THE DAVIS-BACON ACT

The Postal Service is bound by provisions of the Davis-Bacon Act pertaining to the use of mechanics and laborers. If the Postal Service contracts for laborers and mechanics in a state where their work is required to be licensed, the Postal Service would have to use state-licensed individuals to perform the work under this amendment to the Davis-Bacon Act.

H.R. 617 — FEDERAL FACILITY SUPERFUND COMPLIANCE ACT OF 1999

This bill would provide for a waiver of sovereign immunity in certain instances, subjecting entities of all three branches of the federal government to the same federal, state, interstate, and local requirements for response or restoration actions related to releases or potential releases of hazardous substances, pollutants, or contaminants that apply to a nongovernmental entity. The legislation authorizes the Environmental Protection Agency to issue an abatement order to a federal entity and requires initiation of administrative enforcement action by the federal entity in the same manner and same circumstances as would apply to any other person. H.R. 617 would preclude remedial action agreements from impairing or diminishing state authority to enforce requirements of state law, unless such requirements have been addressed or waived without objection from the state. This bill also removes a provision for application and preemption of state law.

Warren Blank, a renowned lecturer, spoke on leadership at the OIG Annual Recognition Day.

OIG Executives attend the Postal Service National Executive Conference in Dallas, Texas.

This legislation could affect Postal revenues to the degree to which the Postal Service was fined for violations of environmental laws. The Postal Service would have to factor in possible fines and their impact on its operation for financial planning purposes. As a result, Postal revenues could be affected.

H.R. 439 — THE PAPERWORK ELIMINATION ACT OF 1999

This legislation would amend the Paperwork Reduction Act by directing the federal government to provide those doing business with the government the option of using electronic communication rather than sending paperwork through conventional mail delivery. The bill encourages the use of electronic signatures to facilitate the transmission of documents. If small businesses, educational and nonprofit institutions, federal contractors, state and local governments, and other persons take widespread advantage of electronic filings with the federal government, as encouraged by this bill, revenues of the Postal Service could be affected.

H.R. 170/S. 301 — HONESTY IN SWEEPSTAKES ACT OF 1999, *and*

H.R. 237 — A BILL TO AMEND TITLE 39, UNITED STATES CODE, TO REQUIRE CERTAIN NOTICES IN ANY MAILING USING A GAME OF CHANCE FOR THE PROMOTION OF A PRODUCT OR SERVICE

H.R. 170, S. 301, and H.R. 237 prohibit the Postal Service from delivering mail in connection with a sales promotion involving any game of chance and mail that resembles a negotiable instrument, unless that mail complies with regulations that the Postal Service would issue. This legislation requires that the envelope carry the following notice or a notice to the same effect, in words that the Postal Service could prescribe: "This is a game of chance (or sweepstakes, if applicable). You may not have automatically won." A similar message and the mathematical probability of winning would have to appear on the first page of the enclosure. Other provisions of the bills would make it illegal to send mailings that resemble negotiable instruments unless they conspicuously display disclaimers stating they have no cash value.

This legislation is directed at bulk mailers of sweepstakes entries and other solicitations that seem to indicate recipients have already won a prize or are very close to winning one, and all that remains to be done is respond to the sender, usually by agreeing to buy the pitched product or service. Senior citizens have been particularly susceptible to such solicitations, not fully appreciating the unlikelihood of actually winning.

The legislation would require the Postal Service and the Inspection Service to police senders of deceitful mailings. The legislation could affect net revenue from direct mail, not only by inhibiting prize and sweepstakes mailings, but also by increasing the commitment of personnel resources needed to identify illegal mail, suspend its delivery, and destroy it.

S. 301 prohibits the Postal Service from carrying and delivering any mail sent in violation of this law and requires the Postal Service to destroy it. The legislation also provides for penalties for those who violate the law, not to exceed $2,000,000. Penalty fees collected would be put into a fund that the Postal Service could use to increase consumer awareness of misleading solicitations. Part of this awareness program would be the annual publication of the top ten offenders of the law.

H.R. 229 — THE FREE TRADE WITH CUBA ACT, *and*

H.R. 1181 — A BILL TO LIFT THE TRADE EMBARGO ON CUBA

This legislation would repeal federal laws that restrict trade with Cuba. A provision of both bills requires the Postal Service to begin direct mail service with Cuba. Currently, there are no direct U.S. commercial flights to Cuba on which mail can be transported.

If common carrier service between the United States and Cuba is not available, the Postal Service would have to charter carriers to take the mail between the two countries. Costs of chartering carrier service could be more expensive than fees charged for regularly scheduled commercial flights. Thus, initially, revenues generated for the Postal Service by the restoration of mail service might be depressed. The Postal Service could also incur extraordinary costs in establishing service. However,

given the large Cuban-American population in the United States, direct mail service between the two countries could eventually generate net revenues for the Postal Service.

S. 712 — LOOK, LISTEN, AND LIVE STAMP ACT

This legislation provides for the issuance of a postage stamp with a special postage rate consisting of the regular First-Class rate, plus a differential not to exceed 25 percent of the First-Class rate. The difference would be paid to the Department of the Treasury to fund a program to improve road crossings at railroad tracks. The Postmaster General would be responsible for tracking and reporting the money received under this program and the amount sent to the Secretary of the Treasury.

The mechanism employed in this bill to garner public support of a worthy cause is patterned after the successful Breast Cancer Awareness Stamp program. Like the stamp referred to in S. 712, the breast cancer awareness stamp was sold at an amount higher than the First-Class rate, and the difference was spent to fund breast cancer research. The breast cancer stamp was successful in raising awareness of an important and popular cause, funds for research, and revenues for the Postal Service. S. 712 probably will not be the last bill to use this approach to raise funds for a popular cause. Postal revenues should increase whenever the stamp issued represents a popularly supported cause.

H.R. 596 — A BILL TO PREVENT CERTAIN TYPES OF MAIL MATTER FROM BEING SENT BY A MEMBER OF THE HOUSE OF REPRESENTATIVES AS PART OF A MASS MAILING

This bill would limit the use of the congressional franking privilege. A member of the House of Representatives would not be able to send, as part of a mass mailing, congressional newsletters and press releases; reports of public and official acts taken by members of Congress; discussions of proposed or pending legislation or governmental actions and the positions of the members of Congress regarding such matters; congressional questionnaires seeking public opinion on any law, pending or proposed legislation, public issue or subject; and mail matter congratulating persons who have achieved some public distinction.

Because the Postal Service is reimbursed for congressional use of the frank, Postal revenues could be affected if House members, being barred from using the frank, choose not to mail these items using their own funds.

REGULATIONS

FINAL RULES

DELIVERY OF MAIL TO A COMMERCIAL MAIL RECEIVING AGENCY

This final rule amends the Domestic Mail Manual to update and clarify procedures for delivery of an addressee's mail to a commercial mail receiving agency (CMRA). It is intended to increase the safety and security of the mail by reducing the opportunities to use the mail for fraudulent purposes. The rule is intended to ensure that mailers are confident that the addresses provided by prospective customers are actually used by these customers, and that the mail will reach the recipient, rather than be returned to the sender. The rule provides procedures for registration to act as a CMRA, for an addressee to request mail delivery to a CMRA, and for delivery of mail to a CMRA. One of the principal provisions under the final rule is the required use of the delivery address designation "PMB" to denote private mailbox. This rule adopts, with changes, a proposed rule published for public comment on August 27, 1997, in the Federal Register: Volume 62, Number 66, Pages 45366–45368. This final rule is effective April 26, 1999. Federal Register: March 25, 1999 (Volume 64, Number 57, Pages 14385–14391)

DOMESTIC MAIL MANUAL CHANGES TO IMPLEMENT THE DELIVERY CONFIRMATION PROGRAM CHANGES IN DOCKET NO. R97-1

This final rule contains the Domestic Mail Manual standards adopted by the Postal Service to implement delivery confirmation service, effective March 14, 1999. A new delivery confirmation service is offered with Priority Mail and with Standard Mail (B) (Parcel Post, Bound Printed Matter, Special Standard Mail,

Inspector General Corcoran discusses OIG's vision, values and philosophy before new employee orientation.

DID YOU KNOW?

Does the OIG follow Postal Service procedures?

To the extent practicable, the OIG follows Postal Service procedures. However, when necessary, the OIG develops and publishes its own procedures.

and Library Mail). This service will provide the mailer with information about the date and time an article was delivered and, if delivery was attempted but not successful, the date and time of the delivery attempt. Delivery confirmation may be combined with insured mail, registered mail, parcel airlift, COD, or special handling. Delivery confirmation may be combined with restricted delivery if purchased along with insurance for over $50, COD, or registry service. Federal Register: March 10, 1999 (Volume 64, Number 46, Pages 12072–12078)

USE AND DETERMINATION OF POSTAGE VALUE OF BREAST CANCER RESEARCH SEMI-POSTAL STAMP

This final rule responds to comments on the final rule published in the Federal Register on July 16, 1998 (Volume 63, Number 136, Pages 38309–38311). The Postal Service had sought comments concerning the use and determination of the postage value of the Breast Cancer Research Semi-Postal Stamp. The Postal Service has made minor changes to the Domestic Mail Manual standards pertaining to the exchange value. Specifically, customers may exchange or convert Breast Cancer Research Semi-Postal Stamps for their postage value; that is, the price of the stamps less the amount designated as a contribution to support research. The postage exchanged or converted is equivalent to the First-Class Mail single-piece rate in effect at the time of the exchange. Federal Register: March 8, 1999 Volume 64, Number 44, Pages 10950–10952)

GLOBAL DIRECT-CANADA ADMAIL

The Postal Service adopted without change the interim rule, published in the Federal Register on August 21, 1998 (Volume 63, Number 162, Pages 44789–44792). The Postal Service, in cooperation with Canada Post Corporation, had offered a new international mail service on an interim basis. This international mail service is primarily intended for major printing firms, direct marketers, mail order companies, and other high-volume mailers seeking easier access to the Canadian domestic postal system. It is intended to provide mail delivery in an average of five to ten business days to major urban areas throughout Canada. Ancillary services for local business reply and the return of undeliverable mail had also been introduced on an interim basis for use with Global Direct-Canada Admail. This final rule also adopts the ancillary services described by the interim rule. Federal Register: January 19, 1999 (Volume 64, Number 11, Pages 2855–2857). This final rule was further modified to reflect a rate change effective March 1, 1999. Federal Register: March 1, 1999 (Volume 64, Number 39, Pages 9915–9916)

INTERNATIONAL PRIORITY AIRMAIL SERVICE

The Postal Service proposes to change postage rates and conditions of service for International Priority Airmail service. In addition to adjusting rates, the Postal Service is changing country rate groups to be the same as International Surface AirLift service and increasing the minimum weight from 10 to 11 pounds of mail. Also, acceptance of this service will be extended to all post offices accepting bulk mail. In addition, the Postal Service is introducing drop ship rates for mailers willing to transport their mail to certain locations. The Postal Service, with the use of drop ship sites, avoids certain processing, handling, and transportation costs, and these savings are being passed on to the mailer. Federal Register: November 25, 1998 (Volume 63, Number 227, Pages 65153–65161). The Postal Service adopted this proposed rule, effective April 4, 1999. Federal Register: March 3, 1999 (Volume 64, Number 41, Pages 10219–10227)

ADDRESSING REQUIREMENTS FOR CERTAIN CUSTOMERS OF RURAL AND HIGHWAY CONTRACT DELIVERY ROUTES

This rule amends the Domestic Mail Manual for customers who share mail receptacles on rural and highway contract routes by clarifying Postal Service addressing requirements when local governments implement street name and number systems. When localities convert to a street name and number system, customers may continue to share a mail receptacle. But, they still must use the address that reflects the particular box — for example, the street name and number of the receptacle's owner — rather than the various street names and numbers now assigned to their individual properties. This addressing requirement is familiar to customers as the "in care of" address format. Federal Reg-

ister: January 13, 1999 (Volume 64, Number 8, Page 2141)

EXPANSION OF LOCATION-BASED POST OFFICE BOX FEES

The Domestic Mail Manual is amended to expand the application of location-based fees for post office box service to an additional 26 specified facilities. The facility-specific fees place greater emphasis on the space cost and utilization of post office box service at individual locations. Baseline costs and usage measurement have been validated and will be monitored following implementation to assess impact on customer activity. In addition, 58 facilities in neighboring areas will be monitored to serve as a benchmark against which to measure the 26 affected facilities. Federal Register: December 28, 1998 (Volume 63, Number 248, Pages 71374–71375) followed by correction on February 11, 1999 (Volume 64, Number 28, Pages 6802–6803)

GARNISHMENT OF WAGES

This rule implements Section 9 of Public Law 103-94, entitled "Garnishment of Federal Employees' Pay," which provides that the pay of employees of the Postal Service and the Postal Rate Commission are subject to federal, state, and local garnishment orders. This regulation provides detailed procedures on the garnishment process within the Postal Service. Federal Register: December 7, 1998 (Volume 63, Number 234, Pages 67403–67405)

PROCEDURE BEFORE THE JUDICIAL OFFICER

This rule amends the Rules of Procedure Before the Judicial Officer to reflect a new address for the Judicial Officer, the Office of Administrative Law Judges, the Office of the Board of Contract Appeals, and the Office of the Recorder. The rule also corrects titles and references and makes other technical and grammatical changes. Federal Register: December 1, 1998 (Volume 63, Number 230, Pages 66049–66053)

AMENDMENT TO THE BY-LAWS OF THE BOARD OF GOVERNORS CONCERNING TELEPHONE CONFERENCE CALLS

The Board of Governors of the Postal Service approved an amendment to its by-laws. The amendment allows Governors attending special meetings of the Board conducted by conference telephone call to receive the statutory $300 compensation for a meeting day if the meeting lasts more than an hour. Federal Register: October 29, 1998 (Volume 63, Number 209, Pages 57911–57912)

MARKET TEST OF MAILING ONLINE

This rule sets forth the Domestic Mail Manual standards adopted by the Postal Service on the Recommended Decision of the Postal Rate Commission on the Market Test of Mailing Online, Docket Number MC 98-1. Mailing Online is a service that allows Postal customers with access to a personal computer and the Internet to transmit electronic documents to a Postal website for subsequent batching and transmission to a contract printer, who creates and enters the consequent physical mailpieces. There is a limit of 5,000 addresses per mailing. Payment for postage and mailpiece preparation is made online via credit card. The market test, limited to 5,000 customers, will provide a basis for subsequent nationwide experimental and permanent services. Federal Register: October 22, 1998 (Volume 63, Number 204, Pages 56565–56568)

NEW SPECIFICATIONS FOR AUTOMATED FLATS

This rule sets forth the Domestic Mail Manual standards adopted by the Postal Service to implement the discount rate for automation flat-size mailpieces processed on the Flat Sorting Machine (FSM) 1000. The FSM 1000 is capable of processing mailpieces that cannot be processed on the FSM 881. FSM 1000 machines are being retrofitted with barcode readers. Mailpieces that currently do not qualify for automation flat rates will be eligible if pieces meet the size and other criteria for processing on the FSM 1000, are prepared with correct ZIP+4 or delivery point barcodes, and meet other preparation requirements. Federal Register: October 15, 1998 (Volume 63, Number 199, Pages 55471–55478)

USE OF INFORMATION FROM METER LICENSE APPLICATIONS

This rule provides greater specificity

OIG staff recruit talented individuals during career fairs at colleges and universities.

OIG investigators are required to meet and maintain physical fitness standards.

regarding uses of the information derived from the meter license applications received by the Postal Service from meter users and authorized meter manufacturers. Federal Register: October 7, 1998 (Volume 63, Number 194, Pages 53812–53813)

INTERIM RULES

GLOBAL PACKAGE LINK

The Postal Service, by amending the International Mail Manual, is setting new rates and a new discount structure for Global Package Link, an international mail service designed for companies sending 10,000 or more merchandise packages per year to other countries. The Postal Service is also introducing this service to Argentina. Federal Register: December 1, 1998 (Volume 63, Number 230, Pages 66043–66049)

PROPOSED RULES

INTERNATIONAL POSTAL RATES

Pursuant to its authority under 39 U.S.C. 407, the Postal Service is proposing changes in international Postal rates. The proposed international rates are needed to accommodate changes in the cost of providing international mail service. Federal Register: December 4, 1998 (Volume 63, Number 233, Pages 67017–67026)

NOTICES

INFORMATION-BASED INDICIA (IBI) PROGRAM PERFORMANCE CRITERIA FOR INFORMATION-BASED INDICIA AND SECURITY ARCHITECTURE FOR CLOSED IBI POSTAGE METERING SYSTEMS

The Postal Service has compiled a set of draft functional performance criteria for closed systems of the IBI program placed at a Postal Service website. The current release contains the performance criteria for indicia and the Postal security device components of a closed IBI system. The Postal Service also seeks comments on intellectual property issues raised by IBI program performance criteria, policy, and procedures if adopted in their present form. Federal Register: January 29, 1999 (Volume 64, Number 19, Page 4728)

CHANGES IN DOMESTIC RATES, FEES, AND MAIL CLASSIFICATIONS

This notice sets forth the rate and fee changes and Domestic Mail Classification Schedule changes to be implemented as a result of the Decision of the Governors of the United States Postal Service on the Further Recommended Decision of the Postal Rate Commission on Postal Rate and Fee Changes, Docket No. R97-1 (October 5, 1998). This notice also contains minor changes to the notice published on July 21, 1998 in Volume 63 of the Federal Register at page 39124. Federal Register: November 9, 1998 (Volume 63, Number 216, Pages 60416–60418)

NOTICE OF NEW SYSTEM OF RECORDS

The Postal Service has established a Privacy Act System of Records, Postal Service 300.010, Office of Inspector General Investigative File, which partially mirrors an existing Inspection Service file. This system of records covers only the files of investigations that identify by name individuals who are subjects or sources of information. The files may contain information about civil, criminal, or administrative wrongdoing; fraud, waste, or mismanagement; or other violations of law or regulation. This system became effective on November 23, 1998. Federal Register: October 15, 1998 (Volume 63, Number 199, Pages 55416–55418)

Exhibits

DID YOU KNOW?

Are Hotline contacts confidential?

The identities of employees who make complaints or provide information regarding alleged wrongdoing are held confidential unless the individual gives permission to disclose their identity or disclosure is unavoidable.

THIS PAGE TEARS OUT FOR YOUR CONVENIENCE

This exhibit describes the designation of audit and investigative functions agreed to by the OIG and Inspection Service upon passage of the 1996 amendments to the Inspector General Act. The designation, which was approved by the Board of Governors, identifies work already transitioned; work in transition; and new functions now being performed by the OIG.

Exhibit A

Designation of Functions

TRANSITION OF INVESTIGATIVE FUNCTIONS

OFFICE OF INSPECTOR GENERAL	INSPECTION SERVICE
REVENUE	**REVENUE**
● Bribery, Kickback, and Conflict of Interest	-Revenue Loss Detection
● Systemic Reviews	
HEALTH CARE FRAUD	**WORKERS' COMPENSATION**
● Provider Fraud	-Recipient Cases
● Workers' Compensation Program Oversight	
EMBEZZLEMENTS	**EMBEZZLEMENTS**
● Conduct/Partner on cases of $100K or More	-Under $100 K
EXPENDITURES	**EXPENDITURES**
● Bribery, Kickback and Conflict of Interest	-As Referred by IG
● Systemic Reviews	-IMPAC Cards
	-Local Purchases/Procurements
● CONDUCT/PARTNER ON CASES INVOLVING EXECUTIVES	EMERGENCY RESPONSE ON CASES INVOLVING EXECUTIVES
	INTERNAL/EXTERNAL CRIMES
	PROTECTION OF EMPLOYEES
	SECURITIES FRAUD AND PROHIBITED MAILINGS
✕ TORT CLAIMS: SERIOUS INCIDENTS	TORT CLAIMS
● INSPECTION SERVICE INTERNAL AFFAIRS	INSPECTION SERVICE INTERNAL AFFAIRS
● Executives	-Non-executives
● COMPUTER FORENSICS	FORENSIC AND TECHNICAL SERVICES
● HOTLINE	

TRANSITION OF AUDIT FUNCTIONS

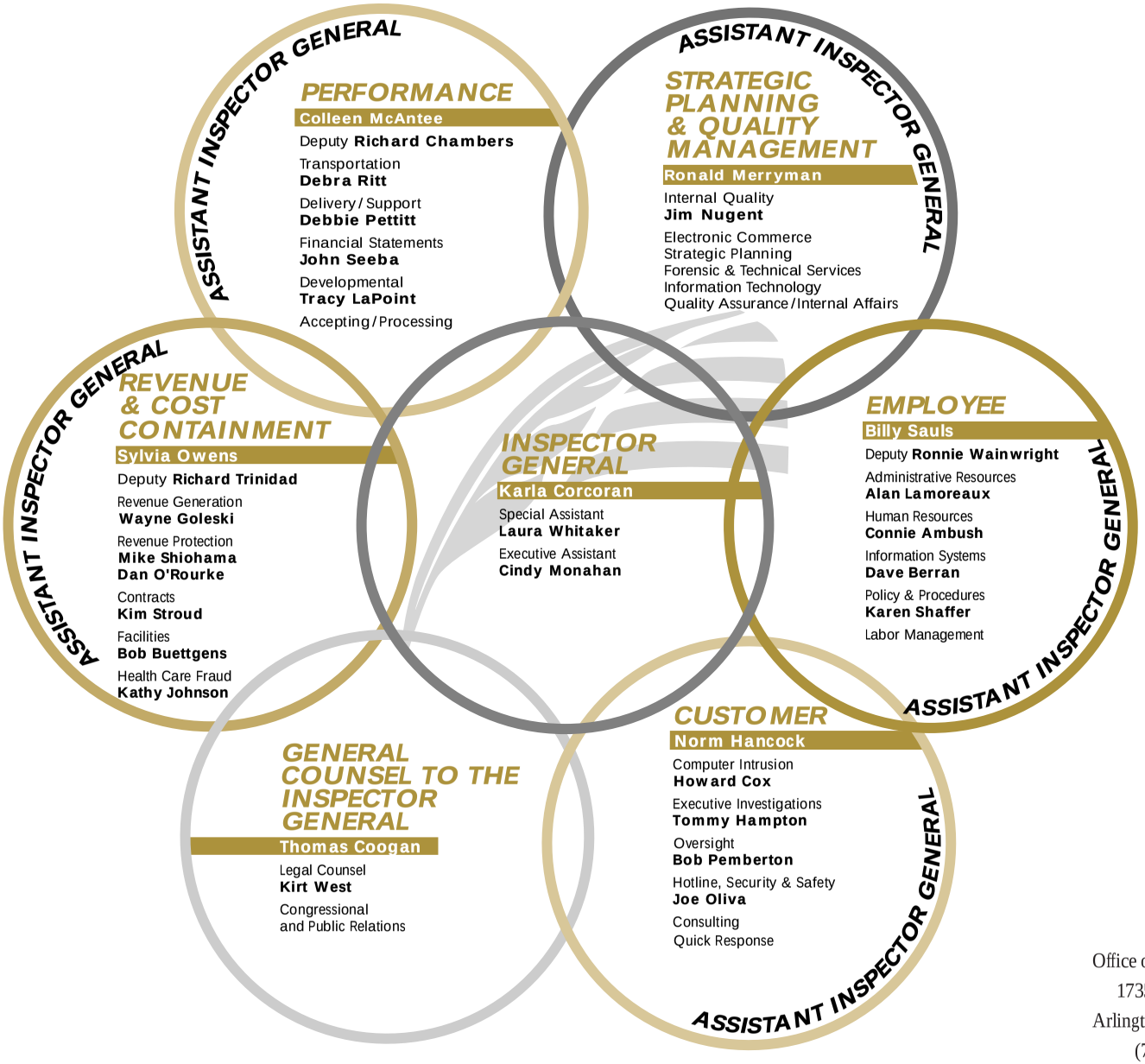
OFFICE OF INSPECTOR GENERAL	INSPECTION SERVICE
FACILITIES	**FACILITIES**
✕ New Facilities Construction of $10M or More	-New Facilities Construction of $5M or Less
✕ New Facilities Right of First Choice Between $5 – $1 M	-New Facilities Between $5 – $1 M if not chosen by IG
✕ Leases of $1M or More	-Leases under $1M
✕ Repair and Alterations of $1M or More	-Repair and Alterations under $1M
REVENUE FOCUSED	
✕ International Mail	
● FINANCIAL STATEMENT - OVERALL OPINION	FINANCIAL STATEMENT - INSTALLATION AND DISTRICT
● POSTAL-WIDE PERFORMANCE	AREA DISTRICT AND LOCAL PERFORMANCE
● CONTRACTS, EXCEPT PRE-AWARD AND POST-AWARD	SERVICE INVESTIGATION
● ALL DEVELOPMENTAL	CONTRACTS PRE-AWARD AND POST-AWARD

ADDITIONAL/ EXPANDED OIG FUNCTIONS

OFFICE OF INSPECTOR GENERAL
☒ REVENUE GENERATION
☒ OVERSIGHT OF INSPECTION SERVICE
☒ RATE-MAKING REVIEWS
☒ SELF-INITIATED AND PROACTIVE WORK (CONTRACTING/PERFORMANCE)
☒ LABOR-MANAGEMENT
☒ ELECTRONIC COMMERCE
☒ COMPUTER INTRUSION

Key: FY 1999 Status
● Transitioned ✕ In Transition ☒ New Function

Exhibit B



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Arlington, VA 22209-2020
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OFFICE OF INSPECTOR GENERAL

The OIG is organized along the three voices of the Postal Service *CustomerPerfect!* program: Voice of the Customer, Voice of the Employee, and Voice of the Business. The Inspector General, Counsel, and the five Assistant Inspectors General form the OIG Management Committee.

ASSISTANT INSPECTOR GENERAL FOR STRATEGIC PLANNING & QUALITY MANAGEMENT

Forensic and Technical Services Team - provides technical support in such areas as surveillance, evidence recovery, firearms, computer forensics and polygraph examinations; maintains close liaison with technical experts in the law enforcement community.

Quality Assurance/Internal Affairs Team - conducts internal reviews of OIG operations and procedures to ensure that they are effective and appropriate, and provides advice on improving operations; conducts reviews of allegations made against OIG employees.

Strategic Planning Team - anticipates and plans for current and future changes in the Postal Service, OIG operations, and technology by identifying workload, providing research and statistical analysis, informing Postal Service employees and customers about the OIG mission, and promoting the vision of the OIG.

Internal Quality Team - instills continuous internal improvement processes and facilitates internal communications through orientation, teambuilding, and mentoring.

Electronic Commerce Team - conducts reviews of Postal Service initiatives in the emerging field of electronic commerce, including areas such as information-based indicia and electronic bill payment.

Information Technology Team - manages computer operations and telecommunications within the OIG; operates the local- and wide-area networks; provides computer security and technical support to OIG staff; and manages agency-wide information systems.

ASSISTANT INSPECTOR GENERAL FOR PERFORMANCE (AUDIT)

Financial Audit Team - conducts audit work in support of the independent public accounting firm's annual financial audit opinion and conducts other financial-related audits and investigations to identify areas for financial improvement.

Developmental Team - conducts audits, reviews, and investigations of new or redesigned Postal Service systems, programs, and operations that are under development.

Accepting/Processing Team - conducts audits, reviews, and investigations focusing on mail acceptance and collection operations, and mail processing and distribution processes.

Transportation Team - conducts audits, reviews, and investigations focusing on inter- and intra-transportation and logistics operations, specifically addressing Postal Service fleet operations, and contracts for airline, highway, and rail services.

Delivery/Support Team - conducts audits, reviews, and investigations covering delivery service processes and operations for delivering the mail.

ASSISTANT INSPECTOR GENERAL FOR REVENUE & COST CONTAINMENT (INVESTIGATIONS)

Revenue Protection Team - investigates bribery, kickbacks, embezzlement, and other cases involving revenue losses and contract fraud, such as defective pricing, product substitution, and cost mischarging.

Revenue Generation Team - examines and evaluates the major sources of revenue from the marketing, advertising, stamp services, retail, and international mail business operations, as well as Postal rate cases.

Facilities Program Team - conducts audits, management reviews, and investigations of all aspects of facilities including repair, renovation, and new construction.

Contract Audit Team - assists Postal contracting by conducting audits and investigations of purchasing activities and operations.

Health Care Fraud Team - identifies and investigates medical providers that have falsely billed the Postal Service for work-related injury claims, and systemic issues involving the Workers' Compensation Program.

ASSISTANT INSPECTOR GENERAL FOR EMPLOYEE

Information Systems Review Team - audits major automated Postal management and information systems to determine whether applications are properly established and systems are properly designed to provide accurate data to management; provides computer-assisted audit techniques to support OIG staff.

Labor-Management Team - audits and evaluates labor and employee relations issues within the Postal Service to foster and maintain a healthy organizational climate for employees and to improve operational efficiency.

Human Resources Team - delivers full-service human resources programs for the OIG in the areas of employee relations, pay and benefits, retirement, awards, performance management, counseling, diversity opportunities, and training.

Administrative Resources Team - provides OIG staff with facilities, procurement, financial, budget, and other services necessary to accomplish the OIG mission.

Policy and Procedures Team - coordinates internal policies and procedures; reviews and comments on all Postal policies and procedures.

ASSISTANT INSPECTOR GENERAL FOR CUSTOMER

Oversight Team - conducts audits and evaluations of Postal Inspection Service programs and operations.

Hotline, Safety, and Security Team - operates the OIG Hotline and assists in resolution of issues, where possible. Provides personnel security services to the OIG and assists OIG in assessing physical security within the Postal Service.

Executive Investigations Team - investigates allegations of criminal activities and misconduct involving Postal Service Career Executive Service employees.

Computer Intrusion Team - detects and investigates "computer hacking" and other high-technology crimes involving Postal Service computers and telecommunications systems; assists in the identification of computer systems vulnerabilities so that appropriate counter-measures may be implemented by Postal Service management.

Consulting Services Team - assists Postal Service management by identifying "best practices" for improving the effectiveness of Postal Service operations. (Will be established in FY 2000.)

Quick Response Team - evaluates factual issues promptly when time is of the essence. (Will be established in FY 2000.)

OFFICE OF GENERAL COUNSEL TO THE INSPECTOR GENERAL

Legal Counsel Team - provides legal advice to the Inspector General and OIG staff on criminal, civil, and administrative issues. Researches legal issues, processes subpoenas, reviews legislation, handles Freedom of Information and Privacy Act requests, provides ethics advice, and serves as liaison with the Postal Service Law Department and Department of Justice legal staffs.

Congressional and Public Relations Team - serves as a liaison with members of Congress and their staffs, the Board of Governors, and the media. Responds to written and oral inquiries, coordinates congressional testimony given by the Inspector General and OIG staff, facilitates OIG responses to congressional, Board of Governors', and media requests, and prepares the Semiannual Report to Congress.

Appendices

Where do Postal Inspectors and OIG Special Agents get their criminal law enforcement authority?

Under Title 18 of the U.S. Code, Postal Inspectors and OIG Special Agents have the authority to make arrests, carry firearms, execute search warrants, serve subpoenas, and seize property.

APPENDIX A

Closed Congressional Inquiries

This appendix represents the 48 congressional inquiries the Office of Inspector General closed during this reporting period (October 1, 1998 to March 31, 1999). We reviewed these 48 inquiries to help identify systemic issues, and to determine the need for future Postal-wide audits.

VOICE OF THE CUSTOMER

Requestor	Allegation/Concern	Location	Response Date
Representative, Indiana	Possible violation of federal Postal regulations, including mail fraud.	Washington, District of Columbia	10/30/98
Senator, Illinois	Inefficiencies with Priority Mail processing.	Rock Island, Illinois	11/25/98
Senator, Wyoming	Violations of antilobbying provisions of Title 18, Section 1913 of United States Code.	Postal-wide	11/27/98
Representative, Pennsylvania	Violations of antilobbying provisions of Title 18, Section 1913 of United States Code.	Postal-wide	11/27/98
Chairman Postal Subcommittee	Thoroughness of an investigation into the Postal Service mishandling of election campaign mail.	New Castle, Pennsylvania	12/28/98
Representative, Illinois	Violation of Postal regulations regarding Nonprofit Standard Mail rates on political mailings.	Washington, District of Columbia	12/28/98
Representative, New York	Improper activities in processing mail to inflate External First-Class performance scores.	New York, New York	3/2/99
Chairman Postal Subcommittee	Improper activities in processing mail to inflate External First-Class performance scores.	Atlanta, Georgia	3/2/99
Representative, Florida	Improper activities in processing mail to inflate External First-Class performance scores.	South Florida Postal District	3/2/99
Representative, Florida	Improper activities in processing mail to inflate External First-Class performance scores.	South Florida Postal District	3/2/99
Senator, Mississippi	Quality of Postal services and a Freedom of Information Act request.	Greenville, Mississippi	3/10/99
Chairman Postal Subcommittee	Inspection Service investigation into allegations of "improper criminal conduct and conspiracy" involving a publisher and the Postal Service.	Waycross, Georgia	3/10/99
Representative, Alabama	Mail fraud regarding computer software.	Mobile, Alabama	3/26/99

VOICE OF THE EMPLOYEE

Requestor	Allegation/Concern	Location	Response Date
Chairman Postal Subcommittee	Working conditions at a Postal station.	Bronx, New York	10/30/98
Representative, Virginia	Referral from the Postal Service Government Relations regarding OIG employment practices.	Arlington, Virginia	11/27/98

Requestor	Allegation/Concern	Location	Response Date
Senator, Vermont	Unfair removal of a Postal Service employee for not following "illegal orders" and lack of investigation of reports of physical threats.	Island Pond, Vermont	12/21/98
Representative, Vermont	Unfair removal of a Postal Service employee for not following "illegal orders" and lack of investigation of reports of physical threats.	Island Pond, Vermont	12/21/98
Senator, Pennsylvania	Abuse of power and other misconduct by Postal Service officials, Postal inspectors, and Assistant United States Attorneys.	Malvern, Pennsylvania	12/28/98
Representative, Pennsylvania	Abuse of power and other misconduct by United States officials, Postal inspectors, and Assistant United States Attorneys.	Malvern, Pennsylvania	12/28/98
Representative, Florida	Illegal activity by Postal management and Postal inspectors.	North Florida Postal District	12/28/98
Representative, New York	Violations of both the Privacy and Freedom of Information Acts by the Postal Service.	Jordan, New York	1/8/99
Senator, New York	Violations of both the Privacy and Freedom of Information Acts by the Postal Service.	Jordan, New York	1/8/99
Chairman Postal Subcommittee	Sexual harassment, retaliation, and mishandling of equal employment opportunity complaints by the Postal Service.	St. Petersburg, Florida	1/15/99
Senator, Florida	Sexual harassment, retaliation, and mishandling of equal employment opportunity complaints by the Postal Service.	St. Petersburg, Florida	1/15/99
Representative, Florida	Sexual harassment, retaliation, and mishandling of equal employment opportunity complaints by the Postal Service.	St. Petersburg, Florida	1/15/99
Senator, Florida	Sexual harassment, retaliation and mishandling of equal employment opportunity complaints by the Postal Service.	St. Petersburg, Florida	1/15/99
Chairman Postal Subcommittee	Abusive mismanagement.	Warren, Pennsylvania	1/19/99
Senator, Vermont	Harassment by Postal management.	Williston, Vermont	1/19/99
Representative, Maine	Harassment and discrimination by Postal management.	Warren, Maine	1/19/99
Senator, North Carolina	Federal Labor Standards Act violations and discrimination and retaliation for prior Equal Employment Opportunity complaints.	Raleigh, North Carolina	1/19/99
Senator, North Carolina	Unfair treatment of former employment by management and employees at a Postal facility.	Greensboro, North Carolina	1/19/99
Representative, New Jersey	Injury compensation claim and labor relations problems with Postal managers.	Clementon, New Jersey	1/20/99
Senator, Indiana	A Postal Service employee who was denied a Merit Systems Protection Board hearing after termination.	Cedar Rapids, Indiana	3/11/99
Chairman Postal Subcommittee	Discrimination, assault, and retaliation by the Postal Service.	Montclair, New Jersey	3/22/99

Requestor	Allegation/Concern	Location	Response Date
Chairman Postal Subcommittee	Misconduct and corruption by Postal managers.	Athens, Tennessee	3/24/99
Representative, New York	Labor management-related complaints of Postal Service employees.	Long Island, New York Postal District	3/31/99
Chairman Postal Subcommittee	Labor-management-related complaints of Postal Service employees.	Long Island, New York Postal District	3/31/99
Chairman Postal Subcommittee	Misconduct, abuse, and mismanagement.	Garden Grove, California	3/31/99
Representative, California	Unfair relocation of a postmaster.	Garden Grove, California	1/19/99
Representative, California	Misconduct, abuse, and mismanagement.	Garden Grove, California	3/31/99
Senator, Missouri	Discrimination, harassment, and abusive management.	Springfield, Missouri	3/31/99
Senator, Missouri	Discrimination, harassment, and abusive management.	Springfield, Missouri	3/31/99
Representative, Texas	Improper hiring practices and discrimination.	Texarkana, Texas	3/31/99
Chairman Postal Subcommittee	Discrimination, mistreatment, and harassment.	Ponca City, Oklahoma	3/31/99
Chairman Postal Subcommittee	Sexual harassment, discrimination, and retaliation.	San Antonio, Texas	3/31/99
Representative, Texas	Salary expenses incurred by the Postal Service for administrative leave with pay, reinstatements, and back pay awards.	Postal-wide	3/31/99

VOICE OF THE BUSINESS

Requestor	Allegation/Concern	Location	Response Date
Chairman Postal Subcommittee	Mechanical work performed on Postal vehicles at a Vehicle Maintenance Facility.	Wilmington, Delaware	12/17/98
Chairman Postal Subcommittee	Mismanagement at the Bulk Mail Center.	Cincinnati, Ohio	12/28/98

APPENDIX B

Reports Issued to Postal Management

OVERVIEW

Office of Inspector General

The Office of Inspector General (OIG) audit teams are aligned to conduct performance and financial audits, evaluations, and other reviews to address the business processes of the Postal Service. Each directorate issues audit reports (AR), letter advisory reports (LA), or management advisory reports (MA) in accordance with the identified needs of the project.

Inspection Service

The Inspection Service audit groups are aligned by the type of audits performed, primarily performance and financial, and include developmental, opinion, and contract auditing. The Inspection Service has continued to provide Postal-wide attention in selected areas until these functions are fully transitioned to the OIG.

SUMMARY

The following is a summary by principal areas of reports issued to Postal management between October 1, 1998 and March 31, 1999.

Principal Area	Number of Reports Issued	Questioned Costs	Unsupported Costs	Recommend Funds Put to Better Use
Contract Audit	40	$ 3,113,396	$ 5,841,563	$ 54,715,624
Delivery/ Support	7	1,097,395	0	0
Developmental Audit	2	0	0	0
Developmental Audit	3	0	0	0
District Accounting Office Audit	8	0	0	0
Employee Relations	2	0	0	0
Expenditure Investigation	3	0	0	0
Facilities Audit	2	5,600,000	0	0
Facility Program Audit	4	0	0	0
Financial Installation Audit	89	0	0	0
Financial Investigation	25	0	0	0
Financial Opinion Audit	34	0	0	0
Financial Review	6	0	0	0
Health Care	1	0	0	0
Information Systems	2	0	0	0
Labor Management	2	0	0	0
Labor Relations	9	0	0	0
Oversight	1	0	0	0
Performance Audit	24	0	0	92,200
Quick Response	1	0	0	0
Revenue Generation	2	0	0	0
Revenue Investigation	89	0	0	0
Service Investigation	16	0	0	0
GRAND TOTAL	372	$ 9,810,791	$ 5,841,563	$ 54,807,824

REPORT LISTING

The following is a list of each audit, grouped by the Postal Service *CustomerPerfect!* Voice of the Customer, Voice of the Employee, and Voice of the Business.

OIG REPORTS

October 1, 1998 through March 31, 1999

VOICE OF THE CUSTOMER

Case/Report Number	Subject Title/ Project Type	Location/ Contract	Questioned Costs	Un-supported Costs	Recommend Funds Put to Better Use	Issue Date
DA-LA-99-001	Priority Mail Network - Christmas Plan 1998	Postal-wide	$ 0	$ 0	$ 0	11/24/98
DS-LA-99-001	Survey Results of the So. Fla. District EXFC Test Mail	South Florida District	0	0	0	12/23/98
DS-LA-99-002	Survey Results of the Atlanta District EXFC Test Mail	Atlanta, GA	0	0	0	3/26/99
DS-MA-99-001	Review of USPS Compliance with GPRA	Postal-wide	0	0	0	3/26/99
DS-MA-99-004	Review of USPS Compliance with GPRA - Phase II	Postal-wide	0	0	0	3/30/99
DS-MA-99-003	Revenue Deficiencies for Mailing of the St. Louis/ Southern Illinois Labor Tribune	St. Louis, MO	0	0	0	3/31/99
TOTAL			$ 0	$ 0	$ 0	

VOICE OF THE EMPLOYEE

Case/Report Number	Subject Title/ Project Type	Location/ Contract	Questioned Costs	Un-supported Costs	Recommend Funds Put to Better Use	Issue Date
LM-MA-99-002	Effectiveness of USPS Grievance-Arbitration Procedures	Postal-wide	$ 0	$ 0	$ 0	3/26/99
LR-AR-99-001	Labor and Management Workplace Disputes	Postal-wide	0	0	0	3/30/99
DS-MA-99-002	Accident Reporting Process	Postal-wide	0	0	0	3/31/99
LR-MA-99-001	Grievance & Arbitration Management Information	Postal-wide	0	0	0	3/31/99
OV-MA-99-001	Review of USPS Personnel Security Program - Process for Updating Sensitive Clearances	Postal-wide	0	0	0	3/31/99
LR-AR-99-006	Allegations of Retaliation at the Garden Grove Post Office	Garden Grove, CA	0	0	0	3/30/99
LR-AR-99-008	Follow-up on USPS Recommendations to Investigate Sexual Harassment Allegations and to Reassign a Supervisor from His Position of Authority	Garden Grove, CA	0	0	0	3/31/99

Case/Report Number	Subject Title/ Project Type	Location/ Contract	Questioned Costs	Un-supported Costs	Recommend Funds Put to Better Use	Issue Date
LR-AR-99-009	Administration of the Advance Sick Leave Program and Health & Safety Issues at the Garden Grove Post Office	Garden Grove, CA	0	0	0	3/31/99
LM-LA-99-001	EEO Complaint Processing	Mid Carolinas District	0	0	0	11/9/98
ER-MA-99-002	Employee Allegations at the Church St. Station	Manhattan, NY	0	0	0	3/30/99
LR-MA-99-005	Employee Allegations in the Long Island District	Long Island, NY	0	0	0	3/26/99
LR-MA-99-006	Employee Allegations at the Ponca City Post Office	Ponca City, OK	0	0	0	3/30/99
LR-AR-99-010	San Antonio District Delays in Processing of EEO Complaints	San Antonio, TX District	0	0	0	3/30/99
LR-AR-99-007	Allegations of Discriminatory Hiring Practices, Harassment, and Intimidation of Employees at the Texarkana, TX. Post Office	Texarkana, TX	0	0	0	3/30/99
TOTAL			$ 0	$ 0	$ 0	

VOICE OF THE BUSINESS

Case/Report Number	Subject Title/ Project Type	Location/ Contract	Questioned Costs	Un-supported Costs	Recommend Funds Put to Better Use	Issue Date
IS-AR-99-001	Year 2000 Initiative Program Management Office Reporting	Postal-wide	$ 0	$ 0	$ 0	2/18/99
IS-TR-99-001	Postal Service Year 2000 Initiative (Testimony)	Postal-wide	0	0	0	2/23/99
DS-AR-99-001	Performance Audit of the National Change of Address Program	Postal-wide	1,097,395	0	0	3/31/99
HC-MA-99-001	Medical Records Contained in Workers' Compensation Files	Postal-wide	0	0	0	3/29/99
FR-AR-99-001	Audit of Board of Governors' Travel and Meeting Expenses	Postal-wide	0	0	0	12/28/98
FR-AR-99-002	Audit of USPS Officers' Travel and Representation Expenses	Postal-wide	0	0	0	12/28/98
FR-AR-99-004	Subsidization of International Mail Service	Postal-wide	0	0	0	12/30/98
FR-AR-99-005	Corporate Treasury Cash Management	Postal-wide	0	0	0	2/23/99
DA-MA-99-001	Tray Management System Deliverables	Postal-wide	0	0	0	3/15/99
FR-MA-99-001	Validity of Employees' SSN	Postal-wide	0	0	0	3/26/99
QR-MA-99-001	USPS Management of Personal Services Contracts	Postal-wide	0	0	0	3/29/99
RG-MA-99-002	Review of the Sales Force Augment Pilot Project Phase II	Postal-wide	0	0	0	3/30/99

Case/Report Number	Subject Title/ Project Type	Location/ Contract	Questioned Costs	Un-supported Costs	Recommend Funds Put to Better Use	Issue Date
ER-MA-99-003	Salary Expenses and Admin Leave & Back Pay Awards	Postal-wide	0	0	0	3/31/99
RG-AR-99-001	Review of USPS Economic Analysis and Forecasting	Postal-wide	0	0	0	3/31/99
FA-LA-99-001	Facility Depreciation	Washington, DC	0	0	0	11/25/98
DA-LA-99-002	Liability Insurance Coverage for USPS Officers and Governors	Washington, DC	0	0	0	3/31/99
FA-AR-99-001	Review of the Atlanta Olympic Facility Improvement Plan	Atlanta, GA	5,600,000	0	0	3/31/99
FR-AR-99-003	Withholding and Contribution for Health Benefits, Life Insurance, and Employee Headcount Data (OPM Request)	Minneapolis, MN 55401	0	0	0	12/15/98
TOTAL for the Voice of the Business			$ 6,697,395	$ 0	$ 0	
GRAND TOTAL			$ 6,697,395	$ 0	$ 0	

INSPECTION SERVICE REPORTS

October 1, 1998 through March 31, 1999

VOICE OF THE CUSTOMER

Case/Report Number	Subject Title/ Project Type	Location/ Contract	Questioned Costs	Un-supported Costs	Recommend Funds Put to Better Use	Issue Date
022-1244541-PA(1)	Priority Mail	Postal-wide	$ 0	$ 0	$ 0	3/17/99
019-1223382-AX(1)	Mail Transport Equipment Service	Postal-wide	0	0	0	3/26/99
023-1223496-PA(1)	Logistics and Transportation	Postal-wide	0	0	0	12/30/98
0071-1254358-SI(2)	Observations of Mail Conditions	Postal-wide	0	0	0	3/30/99
096-1257649-SI(3)	Observations of Mail Conditions	Pelham, AL 35124	0	0	0	10/23/98
314-1250791-PA(3)	Registered Mail Operations	Long Beach District	0	0	0	12/21/98
314-1250792-PA(3)	Registered Mail Operations	Los Angeles District	0	0	0	1/22/99
050-1240192-PA(2)	Mail Operations	Pasadena, CA 91102	0	0	0	10/26/98
052-1242213-PA(3)	Mail Preparation, Distribution and Flow	Pasadena, CA 91102	0	0	0	11/3/98
314-1250789-PA(3)	Registered Mail Operations	San Diego District	0	0	0	12/16/98
314-1250790-PA(3)	Registered Mail Operations	Santa Ana District	0	0	0	2/25/99
314-1250793-PA(3)	Registered Mail Operations	Van Nuys District	0	0	0	12/29/98
072-1211466-SI(2)	Observations of Mail Conditions	Miami, FL 33152	0	0	0	10/26/98
052-1234653-PA(3)	Commercial Mail Receiving Agencies	Miramar, FL 33027	0	0	0	10/28/98
070-1236715-SI(1)	Nixie and Loop Mail	Pembroke Pines, FL 33029	0	0	0	12/9/98
072-1211467-SI(2)	Observations of Mail Conditions	W. Palm Beach, FL 33406	0	0	0	12/17/98
314-1254913-PA(3)	Delivery Units	Detroit, MI 48232	0	0	0	12/30/98

Case/Report Number	Subject Title/ Project Type	Location/ Contract	Questioned Costs	Un-supported Costs	Recommend Funds Put to Better Use	Issue Date
052-1272404-PA(3)	Mail Operations	Kansas City, MO 64111	0	0	0	2/26/99
073-1264079-SI(2)	Observations of Mail Conditions	St. Louis, MO 63199	0	0	0	1/22/99
096-1220703-SI(3)	Observations of Mail Service	Raleigh, NC 27676	0	0	0	12/10/97*
311-1262203-PA(3)	Registered Mail Operations	Edison, NJ 08899	0	0	0	2/18/99
072-1248914-SI(2)	Priority Mail Service	South Jersey, NJ 08031	0	0	0	10/27/98
037-1258944-PA(2)	Aviation Security Program	New York, NY 10116	0	0	0	2/11/99
040-1241168-PA(2)	Special Services	New York, NY 10116	0	0	0	2/22/99
071-1227769-SI(2)	Mail Handling Procedures	Cincinnati, OH 45234	0	0	0	3/5/99
071-1267297-SI(2)	Intra-island Priority Mail	San Juan, PR 00936	0	0	0	3/1/99
038-1243860-PA(2)	Two-Day and Three-Day Mail	Memphis, TN 38107	0	0	0	11/6/98
091-1253470-SI(2)	Observations of Mail Conditions	Nashville, TN 37229	0	0	0	11/2/98
072-1269061-SI(2)	Arrow Lock and Key System	Coppell, TX 75099	0	0	0	2/12/99
039-1246840-PA(2)	Impact of Air Contracts on Service	Houston, TX 77205	0	0	0	11/18/98
037-1254431-PA(2)	Aviation Security Program	Houston, TX 77315	0	0	0	10/30/98
096-1251108-SI(3)	Mail Processing Operations	Norfolk, VA 23504	0	0	0	10/8/98
TOTAL			$ 0	$ 0	$ 0	

VOICE OF THE EMPLOYEE

Case/Report Number	Subject Title/ Project Type	Location/ Contract	Questioned Costs	Un-supported Costs	Recommend Funds Put to Better Use	Issue Date
318-1260961-PA(3)	Hiring Practices	San Bernardino, CA 92423	$ 0	$ 0	$ 0	12/17/98
072-1257106-SI(2)	MVS Drivers Drug Screening	Newark, NJ 07101	0	0	0	10/23/98
TOTAL			$ 0	$ 0	$ 0	

VOICE OF THE BUSINESS

Case/Report Number	Subject Title/ Project Type	Location/ Contract	Questioned Costs	Un-supported Costs	Recommend Funds Put to Better Use	Issue Date
022-1232391-PA(1)	Group of Twenty Automation	Postal-wide	$ 0	$ 0	$ 0	3/12/99
020-1230990-PA(1)	Advertising & Sales of Products and Services	Postal-wide	0	0	0	3/24/99
018-1122461-AX(1)	Financial Systems	Postal-wide	0	0	0	03/17/98*
004-1264054-AD(1)	Imprest Fund Audit	Washington, DC 20260	0	0	0	1/19/99
184-1253428-AC(1)	Contract Audit	Christensen Associates, Inc.	0	0	0	10/5/98
181-1252323-AC(1)	Contract Audit	Siemens ElectroCom, L.P.	0	0	6,166,150	10/13/98
181-1247177-AC(1)	Contract Audit	William M. Karr & Associates, Inc.	0	0		10/16/98
181-1252326-AC(1)	Contract Audit	Siemens ElectroCom, L.P.	0	0	42,889,337	10/16/98
186-1253122-AC(1)	Contract Audit	Pavilion Management, Inc.	29,289	0	0	10/21/98

Case/Report Number	Subject Title/ Project Type	Location/ Contract	Questioned Costs	Un-supported Costs	Recommend Funds Put to Better Use	Issue Date
181-1253381-AC(1)	Contract Audit	SELCO Steel Erectors Company, Inc.	0	0	5,072	10/23/98
193-1252325-AC(2)	Contract Audit	Siemens ElectroCom, L.P.	0	0	0	10/26/98
181-1252372-AC(1)	Contract Audit	The Freeman Companies	0	0	1,710,680	10/30/98
192-1254969-AC(2)	Contract Audit	Remitco Management Corporation	1,548	0	0	10/30/98
185-1265628-AC(1)	Contract Audit	DMK Investment	0	0		11/12/98
181-1252266-AC(1)	Contract Audit	Remitco Management Corporation	0	0	544,519	11/18/98
181-1254405-AC(1)	Contract Audit	Dearborn Mid-West Conveyor, Inc.	0	0		11/19/98
181-1258675-AC(1)	Contract Audit	Siemens ElectroCom, L.P.	0	0	256,377	11/20/98
181-1254410-AC(1)	Contract Audit	Dearborn Mid-West Conveyor, Inc.	0	0	137,480	11/24/98
181-1254812-AC(1)	Contract Audit	North American Conveyor, Inc.	0	0	171,823	11/25/98
184-1243166-AC(1)	Contract Audit	Emery Worldwide Airlines	1,245,475	5,841,563	0	12/7/98
186-1261357-AC(1)	Contract Audit	Partners in Brainstorms, Inc.	0	0	0	12/8/98
192-1237967-AC(2)	Contract Audit	Tad Resources International, Inc.	0	0	0	12/8/98
181-1251878-AC(1)	Contract Audit	Key Handling Systems, Inc.	0	0	516,256	12/11/98
181-1247014-AC(1)	Contract Audit	Sandvik Sorting Systems, Inc.	0	0	946,887	12/17/98
184-1251788-AC(1)	Contract Audit	The Austin Company	0	0		12/17/98
181-1253441-AC(1)	Contract Audit	Motion System, L.C.	0	0	145,532	12/18/98
182-1254485-AC(1)	Contract Audit	Payco-General American Credits, Inc.	0	0		12/24/98
184-1251785-AC(1)	Contract Audit	The Austin Company	0	0		12/24/98
181-1262079-AC(1)	Contract Audit	The Freeman Companies	0	0	347,246	1/8/99
181-1262969-AC(1)	Contract Audit	Remitco Management Corporation	0	0	250,252	1/8/99
183-1261236-AC(1)	Contract Audit	Fremont Die Cut Products, Inc.	1,550,857	0	0	1/15/99
184-1228152-AC(1)	Contract Audit	Marriott Corporation	28,437	0	0	1/21/99
181-1268524-AC(1)	Contract Audit	Gauthier, Alvarado & Associate	0	0	0	2/1/99
187-1224876-AC(1)	Contract Audit	Midcon Gas Services Corporation	0	0	0	2/17/99
181-1270327-AC(1)	Contract Audit	Rapistan Systems	0	0	274,540	3/5/99
181-1273828-AC(1)	Contract Audit	URS Greiner Woodward Clyde	0	0	118,650	3/5/99
185-1269272-AC(1)	Contract Audit	Trammell Crow Co.	615	0	0	2/8/99
181-1270335-AC(1)	Contract Audit	Rapistan Systems	0	0	131,347	3/8/99
182-1267498-AC(1)	Contract Audit	Rudolph/Libbe, Inc.	0	0	0	3/8/99
181-1265241-AC(1)	Contract Audit	GFI Genfare	0	0	103,476	3/9/99
182-1267500-AC(1)	Contract Audit	Rudolph/Libbe, Inc.	189,226	0	0	3/12/99
182-1267502-AC(1)	Contract Audit	Rudolph/Libbe, Inc.	0	0	0	3/12/99

Case/Report Number	Subject Title/ Project Type	Location/ Contract	Questioned Costs	Un-supported Costs	Recommend Funds Put to Better Use	Issue Date
184-1265466-AC(1)	Contract Audit	Marriott Corporation	5,576	0	0	3/18/99
184-1274619-AC(1)	Contract Audit	Barsh Company	62,373	0	0	3/26/99
061-1260310-RI(1)	Postage Meter	Anchorage, AK 99518	0	0	0	1/27/99
016-1256585-AF(2)	Financial Installation Audit	Birmingham, AL 35203	0	0	0	2/22/99
009-1265350-AD(1)	Cost and Revenue Analysis	Birmingham, AL 35203	0	0	0	3/5/99
011-1256584-AF(1)	Financial Installation Audit	Birmingham, AL 35203	0	0	0	3/5/99
012-1256582-AF(1)	Financial Installation Audit	Huntsville, AL 35813	0	0	0	3/30/99
062-1252335-RI(1)	Nonprofit Mail	Montgomery, AL 36119	0	0	0	10/30/98
062-1260835-RI(1)	Standard Mail	Montgomery, AL 36119	0	0	0	11/16/98
014-1257695-AF(1)	Financial Installation Audit	Augusta, AR 72006	0	0	0	12/18/98
178-1254107-AF(2)	Financial Installation Audit	Phoenix, AZ 85026	0	0	0	09/25/98*
013-1256119-AF(1)	Financial Installation Audit	Brentwood, CA 94513	0	0	0	3/8/99
011-1255654-AF(1)	Financial Installation Audit	Folsom, CA 95630	0	0	0	11/20/98
066-1271610-RI(1)	Standard Mail	Glendora, CA 91740	0	0	0	2/17/99
069-1266708-RI(2)	Presort Bureaus	Los Angeles, CA 90058	0	0	0	12/18/98
012-1256726-AF(1)	Financial Installation Audit	Mission Hills, CA 91345	0	0	0	12/18/98
065-1256752-RI(1)	Periodical Mail	Newport Beach, CA 92660	0	0	0	3/17/99
069-1266709-RI(2)	Presort Bureaus	Orange, CA 92868	0	0	0	12/18/98
659-1218890-RI(1)	Financial Instruments	Sacramento, CA 95821	0	0	0	12/21/98
001-1219706-AD(1)	ASC Opinion Audit	San Mateo, CA 94497	0	0	0	3/12/99
924-1254111-RI(1)	Presort Bureaus	Santa Ana, CA 92702	0	0	0	10/27/98
061-1262128-RI(1)	Postage Meter	Santa Ana, CA 92704	0	0	0	1/7/99
014-1256128-AF(1)	Financial Installation Audit	Tres Pinos, CA 95075	0	0	0	12/4/98
011-1256294-AF(1)	Financial Installation Audit	Van Nuys, CA 91409	0	0	0	12/4/98
011-1256727-AF(1)	Financial Installation Audit	W. Sacramento, CA 95799	0	0	0	2/24/99
012-1256126-AF(1)	Financial Installation Audit	Walnut Creek, CA 94596	0	0	0	12/8/98
066-1262318-RI(1)	Standard Mail	Boulder, CO 80302	0	0	0	11/30/98
065-1244505-RI(1)	Periodical Mail	Denver, CO 80202	0	0	0	10/9/98
061-1234435-RI(1)	Postage Meter	Denver, CO 80202	0	0	0	11/3/98
061-1277504-RI(1)	Postage Meter	Denver, CO 80202	0	0	0	3/16/99
066-1258682-RI(1)	Standard Mail	Denver, CO 80202	0	0	0	3/23/99
013-1256134-AF(1)	Financial Installation Audit	Monument, CO 80132	0	0	0	12/22/98
065-1275345-RI(1)	Periodical Mail	Windsor, CO 80550	0	0	0	2/25/99
014-1256400-AF(1)	Financial Installation Audit	Andover, CT 06232	0	0	0	11/12/98
012-1255748-AF(1)	Financial Installation Audit	Danbury, CT 06810	0	0	0	12/22/98
009-1270869-AD(1)	Cost and Revenue Analysis	Danielson, CT 06239	0	0	0	12/22/98
009-1273544-AD(1)	Cost and Revenue Analysis	East Hartford, CT 06118	0	0	0	2/17/99
011-1256087-AF(1)	Financial Installation Audit	Hartford, CT 06101	0	0	0	12/8/98
009-1265598-AD(1)	Cost and Revenue Analysis	Hartford, CT 06101	0	0	0	12/22/98
017-1203598-FI(2)	Financial Investigation	Hartford, CT 06101	0	0	0	1/5/99
013-1256391-AF(1)	Financial Installation Audit	Litchfield, CT 06759	0	0	0	3/17/99
014-1256399-AF(1)	Financial Installation Audit	Moodus, CT 06469	0	0	0	11/10/98
013-1256386-AF(1)	Financial Installation Audit	New Canaan, CT 06840	0	0	0	3/3/99
061-1262023-RI(1)	Postage Meter	Southington, CT 06489	0	0	0	12/30/98
063-1259093-RI(2)	Periodical Mail	Washington, DC 20066	0	0	0	11/6/98
046-1245790-PA(2)	Business Mail Entry Units	Washington, DC 20066	0	0	92,200	11/24/98
068-1254318-RI(1)	Standard Mail	Boca Raton, FL 33431	0	0	0	10/1/98
016-1256826-AF(2)	Financial Installation Audit	Jacksonville, FL 32203	0	0	0	3/1/99

Case/Report Number	Subject Title/ Project Type	Location/ Contract	Questioned Costs	Un-supported Costs	Recommend Funds Put to Better Use	Issue Date
013-1256422-AF(1)	Financial Installation Audit	MacClenny, FL 32063	0	0	0	12/17/98
061-1258946-RI(1)	Postage Meter	Miami, FL 33016	0	0	0	1/29/99
195-1247869-EI(1)	Review Procurement Activities	Miami, FL 33152	0	0	0	11/23/98
006-1250049-RI(1)	Business Mail Entry Unit	Miami, FL 33152	0	0	0	12/23/98
016-1256375-AF(2)	Financial Installation Audit	Mid Florida, FL 32799	0	0	0	12/14/98
013-1256419-AF(1)	Financial Installation Audit	Middleburg, FL 32068	0	0	0	12/17/98
011-1256376-AF(1)	Financial Installation Audit	Orlando, FL 32862	0	0	0	12/14/98
064-1257809-RI(1)	First-Class Mail	Tallahassee, FL 32302	0	0	0	3/22/99
384-1257343-RI(1)	Express Mail Corporate Account System	Tampa, FL 33699	0	0	0	11/25/98
090-1221915-RI(1)	Official Mail Accounting System	West Palm Beach, FL 33406	0	0	0	07/31/98*
062-1266375-RI(1)	Standard Mail	Athens, GA 30608	0	0	0	2/11/99
064-1281435-RI(1)	Business Mail Entry Unit	Atlanta, GA 30304	0	0	0	3/15/99
062-1280798-RI(1)	Standard Mail	Atlanta, GA 30304	0	0	0	3/22/99
062-1277468-RI(1)	Standard Mail	Atlanta, GA 30326	0	0	0	3/10/99
012-1256580-AF(1)	Financial Installation Audit	Duluth, GA 30096	0	0	0	12/22/98
062-1268245-RI(1)	Standard Mail	Fayetteville, GA 30214	0	0	0	1/11/99
066-1283197-RI(1)	Standard Mail	Fayetteville, GA 30214	0	0	0	3/25/99
012-1256371-AF(1)	Financial Installation Audit	Gainesville, GA 30501	0	0	0	3/8/99
015-1256574-AF(1)	Financial Installation Audit	Good Hope, GA 30641	0	0	0	12/31/98
009-1265360-AD(1)	Cost and Revenue Analysis	Macon, GA 31213	0	0	0	3/5/99
014-1256578-AF(1)	Financial Installation Audit	Scottdale, GA 30079	0	0	0	3/5/99
016-1257635-AF(2)	Financial Installation Audit	Honolulu, HI 96820	0	0	0	2/17/99
014-1256121-AF(1)	Financial Installation Audit	Waimea, HI 96796	0	0	0	2/19/99
011-1257196-AF(1)	Financial Installation Audit	Mount Pleasant, IA 52641	0	0	0	1/20/99
015-1255385-AF(1)	Financial Installation Audit	Harrison, ID 83833	0	0	0	3/11/99
384-1258739-RI(1)	Postage Meter	Alsip, IL 60803	0	0	0	2/4/99
063-1226216-RI(2)	Nonprofit Mail	Bensenville, IL 60106	0	0	0	12/22/98
063-1205293-RI(2)	Nonprofit Mail	Chicago, IL 60607	0	0	0	2/2/99
063-1212094-RI(2)	Standard Mail	Chicago, IL 60611	0	0	0	12/17/98
092-1215615-FPA(1)	National Priority System	Chicago, IL 60669	0	0	0	1/8/99
009-1264541-AD(1)	Cost and Revenue Analysis	Chicago, IL 60669	0	0	0	3/10/99
014-1256004-AF(1)	Financial Installation Audit	Christopher, IL 62822	0	0	0	10/28/98
011-1256275-AF(1)	Financial Installation Audit	Downers Grove, IL 60515	0	0	0	2/12/99
012-1256284-AF(1)	Financial Installation Audit	Elmhurst, IL 60126	0	0	0	12/23/98
066-1265079-RI(1)	Bulk Mail Acceptance Unit	Forest Park, IL 60130	0	0	0	12/10/98
011-1256273-AF(1)	Financial Installation Audit	Franklin Park, IL 60131	0	0	0	2/26/99
011-1256279-AF(1)	Financial Installation Audit	Mattoon, IL 61938	0	0	0	12/17/98
012-1257195-AF(1)	Financial Installation Audit	Moline, IL 61265	0	0	0	12/22/98
011-1256277-AF(1)	Financial Installation Audit	Mount Morris, IL 61054	0	0	0	3/12/99
017-1254059-FI(2)	Financial Investigation	Peoria, IL 61614	0	0	0	10/6/98
015-1257193-AF(1)	Financial Installation Audit	Plymouth, IL 62367	0	0	0	12/21/98
065-1258714-RI(1)	Periodical Mail	Indianapolis, IN 46204	0	0	0	10/15/98
065-1258716-RI(1)	Periodical Mail	New Paris, IN 46553	0	0	0	10/15/98
237-1223153-FPA(1)	Facilities Service Office	Kansas City, KS 66110	0	0	0	2/8/99
014-1256007-AF(1)	Financial Installation Audit	Meade, KS 67864	0	0	0	11/25/98

Case/Report Number	Subject Title/ Project Type	Location/ Contract	Questioned Costs	Un-supported Costs	Recommend Funds Put to Better Use	Issue Date
069-1270294-RI(2)	Postage Due	Shawnee Mission, KS 66202	0	0	0	2/12/99
064-1267287-RI(1)	First-Class Mail	Covington, KY 41019	0	0	0	2/5/99
014-1255367-AF(1)	Financial Installation Audit	Taylorsville, KY 40071	0	0	0	12/18/98
064-1274991-RI(1)	Official Mail Accounting System	Boston, MA 02114	0	0	0	3/2/99
064-1279490-RI(1)	First-Class Mail	Boston, MA 02114	0	0	0	3/18/99
064-1268059-RI(1)	First-Class Mail	Boston, MA 02201	0	0	0	2/5/99
017-1253384-FI(2)	Financial Investigation	Edgartown, MA 02539	0	0	0	10/9/98
017-1281286-FI(2)	Financial Investigation	Hanover, MA 02339	0	0	0	3/17/99
013-1256390-AF(1)	Financial Installation Audit	Hopedale, MA 01747	0	0	0	12/10/98
012-1256382-AF(1)	Financial Installation Audit	Natick, MA 01760	0	0	0	11/20/98
090-1246564-RI(1)	Official Mail Accounting System	North Reading, MA 01889	0	0	0	3/9/99
013-1256393-AF(1)	Financial Installation Audit	Spencer, MA 01562	0	0	0	12/14/98
090-1246565-RI(1)	Official Mail Accounting System	Springfield, MA 01101	0	0	0	3/12/99
061-1231057-RI(1)	Postage Meter	Waltham, MA 02154	0	0	0	12/4/98
065-1260264-RI(1)	Periodical Mail	Baltimore, MD 21203	0	0	0	12/2/98
013-1257159-AF(1)	Financial Installation Audit	Burtonsville, MD 20866	0	0	0	3/19/99
061-1217421-RI(1)	Postage Meter	Linthicum Heights, MD 21290	0	0	0	12/31/98
061-1263962-RI(1)	Postage Meter	Salisbury, MD 21804	0	0	0	1/22/99
198-1235428-FPA(2)	New Construction Owned	Upper Marlboro, MD 20772	0	0	0	2/19/99
012-1257073-AF(1)	Financial Installation Audit	Westminster, MD 21157	0	0	0	11/23/98
017-1256420-FI(2)	Financial Investigation	Westbrook, ME 04092	0	0	0	11/9/98
830-1265476-FI(1)	Financial Investigation	Detroit, MI 48223	0	0	0	1/25/99
009-1264025-AD(1)	Cost and Revenue Analysis	Detroit, MI 48232	0	0	0	1/4/99
016-1253582-AF(2)	Financial Installation Audit	Detroit, MI 48233	0	0	0	10/9/98
011-1256430-AF(1)	Financial Installation Audit	Detroit, MI 48233	0	0	0	2/5/99
062-1226027-RI(1)	Standard Mail	East Lansing, MI 48826	0	0	0	11/6/98
065-1255305-RI(1)	Periodical Mail	Grand Rapids, MI 49599	0	0	0	1/12/99
014-1261763-AF(1)	Financial Installation Audit	Manton, MI 49663	0	0	0	12/30/98
017-1263184-FI(2)	Financial Investigation	Maybee, MI 48159	0	0	0	12/7/98
009-1265280-AD(1)	Cost and Revenue Analysis	Royal Oak, MI 48067	0	0	0	3/15/99
011-1261754-AF(1)	Financial Installation Audit	Royal Oak, MI 48068	0	0	0	3/29/99
065-1249099-RI(1)	Periodical Mail	South Haven, MI 49090	0	0	0	10/21/98
062-1254546-RI(1)	Nonprofit Mail	Warren, MI 48092	0	0	0	2/12/99
014-1261364-AF(1)	Financial Installation Audit	Clearwater, MN 55320	0	0	0	3/16/99
001-1225936-AD(1)	IS/ASC Opinion Audit	Eagan, MN 55164	0	0	0	3/12/99
062-1273535-RI(1)	Nonprofit Mail	Maple Grove, MN 55369	0	0	0	2/26/99
090-1203705-RI(1)	Official Mail Accounting System	Minneapolis, MN 55401	0	0	0	10/19/98
063-1198181-RI(2)	Nonprofit Mail	Minneapolis, MN 55401	0	0	0	11/9/98
061-1262211-RI(1)	Postage Meter	Minneapolis, MN 55437	0	0	0	2/9/99
062-1254493-RI(1)	Nonprofit Mail	Rochester, MN 55901	0	0	0	10/14/98
062-1250428-RI(1)	Nonprofit Mail	St. Paul, MN 55101	0	0	0	10/2/98
015-1257194-AF(1)	Financial Installation Audit	Arcola, MO 65603	0	0	0	2/12/99

Case/Report Number	Subject Title/ Project Type	Location/ Contract	Questioned Costs	Un-supported Costs	Recommend Funds Put to Better Use	Issue Date
064-1272221-RI(1)	First-Class Mail	Cape Girardeau, MO 63701	0	0	0	2/4/99
017-1261670-FI(2)	Financial Investigation	Harviell, MO 63945	0	0	0	11/23/98
013-1256008-AF(1)	Financial Installation Audit	Hermann, MO 65041	0	0	0	11/25/98
319-1206621-PA(3)	Express Mail Corporate Account Activity	Kansas City, MO 64108	0	0	0	10/30/98
066-1272800-RI(1)	Standard Mail	O'Fallon, MO 63366	0	0	0	2/8/99
015-1260054-AF(1)	Financial Installation Audit	Ponce De Leon, MO 65728	0	0	0	2/16/99
009-1265371-AD(1)	Cost and Revenue Analysis	St. Louis, MO 63155	0	0	0	3/26/99
001-1224758-AD(1)	ISC Opinion Audit	St. Louis, MO 63177	0	0	0	3/12/99
014-1256006-AF(1)	Financial Installation Audit	Stockton, MO 65785	0	0	0	10/29/98
063-1253486-RI(2)	Nonprofit Mail	Olive Branch, MS 38654	0	0	0	11/18/98
017-1253849-FI(2)	Financial Investigation	Pearlington, MS 39572	0	0	0	10/2/98
823-1235506-FI(1)	Financial Investigation	Missoula, MT 59801	0	0	0	12/10/98
013-1257151-AF(1)	Financial Installation Audit	Blowing Rock, NC 28605	0	0	0	12/9/98
384-1247475-RI(1)	First-Class Mail	Charlotte, NC 28211	0	0	0	9/23/98
064-1220308-RI(1)	First-Class Mail	Charlotte, NC 28228	0	0	0	10/5/98
920-1203791-RI(1)	First-Class Mail	Charlotte, NC 28228	0	0	0	10/5/98
009-1270412-AD(1)	Cost and Revenue Analysis	Greensboro, NC 27495	0	0	0	2/17/99
015-1257735-AF(1)	Financial Installation Audit	Longwood, NC 28452	0	0	0	1/15/99
015-1257734-AF(1)	Financial Installation Audit	Roaring Gap, NC 28668	0	0	0	1/5/99
012-1257153-AF(1)	Financial Installation Audit	Wilson, NC 27893	0	0	0	1/11/99
015-1260053-AF(1)	Financial Installation Audit	Bellwood, NE 68624	0	0	0	2/16/99
061-1268503-RI(1)	Postage Meter	Omaha, NE 68137	0	0	0	1/20/99
012-1255820-AF(1)	Financial Installation Audit	East Hanover, NJ 07936	0	0	0	3/10/99
004-1266043-AD(1)	Imprest Fund Audit	Edgewater, NJ 07020	0	0	0	1/6/99
072-1278578-SI(2)	Bank Secrecy Act	Edison, NJ 08899	0	0	0	3/11/99
009-1279204-AD(1)	Cost and Revenue Analysis	Fords, NJ 08863	0	0	0	3/29/99
069-1272194-RI(2)	Business Mail Entry Unit	Fort Lee, NJ 07024	0	0	0	2/22/99
012-1255821-AF(1)	Financial Installation Audit	Freehold, NJ 07728	0	0	0	1/4/98
009-1276045-AD(1)	Cost and Revenue Analysis	Freehold, NJ 07728	0	0	0	3/29/99
010-1206570-AD(1)	International Revenue Piece and Weight Review	Jersey City, NJ 07096	0	0	0	1/11/99
045-1248616-PA(2)	Tort Claims	New Brunswick, NJ 08906	0	0	0	1/4/99
009-1278434-AD(1)	Cost and Revenue Analysis	Newark, NJ 07101	0	0	0	3/29/99
009-1279200-AD(1)	Cost and Revenue Analysis	Old Bridge, NJ 08857	0	0	0	3/29/99
013-1255824-AF(1)	Financial Installation Audit	Pennington, NJ 08534	0	0	0	3/1/99
009-1279202-AD(1)	Cost and Revenue Analysis	Perth Amboy, NJ 08861	0	0	0	3/29/99
009-1278439-AD(1)	Cost and Revenue Analysis	Plainfield, NJ 07060	0	0	0	3/29/99
009-1278437-AD(1)	Cost and Revenue Analysis	South Plainfield, NJ 07080	0	0	0	3/29/99
924-1281479-RI(1)	Presort Bureaus	Trenton, NJ 08618	0	0	0	3/19/99
009-1274943-AD(1)	Cost and Revenue Analysis	Trenton, NJ 08650	0	0	0	3/17/99
011-1255816-AF(1)	Financial Installation Audit	Trenton, NJ 08850	0	0	0	3/2/99
009-1278436-AD(1)	Cost and Revenue Analysis	Union, NJ 07080	0	0	0	3/29/99
069-1256845-RI(2)	Special Services	West Orange, NJ 07052	0	0	0	10/14/98
004-1266042-AD(1)	Imprest Fund Audit	Whippany, NJ 07999	0	0	0	2/21/99
013-1256150-AF(1)	Financial Installation Audit	Taos, NM 87571	0	0	0	2/5/99
061-1263807-RI(1)	Postage Meter	Las Vegas, NV 89119	0	0	0	2/17/99

Case/Report Number	Subject Title/ Project Type	Location/ Contract	Questioned Costs	Un-supported Costs	Recommend Funds Put to Better Use	Issue Date
013-1255750-AF(1)	Financial Installation Audit	Beacon, NY 12508	0	0	0	3/5/99
004-1265886-AD(1)	Imprest Fund Audit	Flushing, NY 11351	0	0	0	12/23/98
017-1221549-FI(2)	Financial Investigation	Hauppauge, NY 11760	0	0	0	10/14/98
017-1260936-FI(2)	Financial Investigation	Keeseville, NY 12944	0	0	0	12/10/98
017-1221548-FI(2)	Financial Investigation	Mt. Vernon, NY 10551	0	0	0	10/14/98
065-1279288-RI(1)	Periodical Mail	New York, NY 10036	0	0	0	3/17/99
013-1255754-AF(1)	Financial Installation Audit	Sea Cliff, NY 11579	0	0	0	3/5/99
065-1250957-RI(1)	Periodical Mail	Syracuse, NY 13202	0	0	0	10/15/98
839-1253048-FI(2)	Financial Investigation	Syracuse, NY 13220	0	0	0	10/2/98
071-1255363-SI(2)	Time and Attendance	Cincinnati, OH 45234	0	0	0	11/17/98
924-1257646-RI(1)	Bulk Mailing Entry Unit	Cleveland, OH 44101	0	0	0	12/1/98
011-1255365-AF(1)	Financial Installation Audit	Cleveland, OH 44101	0	0	0	12/9/98
384-1263867-RI(1)	Specialized Programs	Columbus, OH 43212	0	0	0	12/10/98
063-1218219-RI(2)	Periodical Mail	Columbus, OH 43216	0	0	0	10/5/98
090-1253246-RI(1)	Official Mail Accounting System	Columbus, OH 43216	0	0	0	10/5/98
015-1255368-AF(1)	Financial Installation Audit	Cuba, OH 45114	0	0	0	1/7/99
011-1255369-AF(1)	Financial Installation Audit	Dayton, OH 45401	0	0	0	3/5/99
014-1255370-AF(1)	Financial Installation Audit	Oak Hill, OH 45656	0	0	0	3/17/99
015-1257760-AF(1)	Financial Installation Audit	Meno, OK 73760	0	0	0	2/23/99
009-1265359-AD(1)	Cost and Revenue Analysis	Oklahoma City, OK 73125	0	0	0	3/15/99
011-1257699-AF(1)	Financial Installation Audit	Oklahoma City, OK 73125	0	0	0	3/30/99
014-1257758-AF(1)	Financial Installation Audit	Yale, OK 74085	0	0	0	12/18/98
842-1263842-FI(1)	Financial Investigation	Portland, OR 97206	0	0	0	12/28/98
924-1255583-RI(1)	Nonprofit Mail	Portland, OR 97208	0	0	0	2/22/99
017-1259512-FI(2)	Financial Investigation	Springfield, OR 97477	0	0	0	11/27/98
013-1259880-AF(1)	Financial Installation Audit	Apollo, PA 15813	0	0	0	1/21/99
012-1259867-AF(1)	Financial Installation Audit	Blue Bell, PA 19422	0	0	0	3/15/99
012-1259868-AF(1)	Financial Installation Audit	Ephrata, PA 17522	0	0	0	3/5/99
066-1253187-RI(1)	Standard Mail	Meadville, PA 16335	0	0	0	10/15/98
011-1259853-AF(1)	Financial Installation Audit	Norristown, PA 19401	0	0	0	2/5/99
017-1256030-FI(2)	Financial Investigation	Philadelphia, PA 19101	0	0	0	10/29/98
065-1234781-RI(1)	Periodical Mail	Pittsburgh, PA 15290	0	0	0	12/11/98
062-1256229-RI(1)	Standard Mail	Pittsburgh, PA 15290	0	0	0	07/31/98*
017-1259737-FI(2)	Financial Investigation	Toughkenamon, PA 19374	0	0	0	10/9/98
011-1256331-AF(1)	Financial Installation Audit	York, PA 17402	0	0	0	11/27/98
013-1255829-AF(1)	Financial Installation Audit	Isabela, PR 00662	0	0	0	12/18/98
062-1226049-RI(1)	Standard Mail	San Juan, PR 00920	0	0	0	12/1/98
061-1259539-RI(1)	Postage Meter	San Juan, PR 00920	0	0	0	2/19/99
009-1273240-AD(1)	Cost and Revenue Analysis	Providence, RI 02901	0	0	0	2/9/99
011-1256089-AF(1)	Financial Installation Audit	Providence, RI 02904	0	0	0	3/3/99
016-1256413-AF(2)	Financial Installation Audit	Providence, RI 02904	0	0	0	3/3/99
061-1258803-RI(1)	Postage Meter	Mount Pleasant, SC 29464	0	0	0	12/11/98
012-1257141-AF(1)	Financial Installation Audit	Gallatin, TN 37066	0	0	0	1/15/99
012-1257142-AF(1)	Financial Installation Audit	Jackson, TN 38301	0	0	0	12/9/98
009-1265210-AD(1)	Cost and Revenue Analysis	Memphis, TN 38101	0	0	0	3/8/99
065-1266706-RI(1)	Periodical Mail	Memphis, TN 38101	0	0	0	12/18/98

Case/Report Number	Subject Title/ Project Type	Location/ Contract	Questioned Costs	Un-supported Costs	Recommend Funds Put to Better Use	Issue Date
004-1265212-AD(1)	Imprest Fund Audit	Memphis, TN 38166	0	0	0	12/15/98
462-1272145-EI(1)	Insured Parcel Review	Memphis, TN 38173	0	0	0	1/4/99
009-1265203-AD(1)	Cost and Revenue Analysis	Nashville, TN 37229	0	0	0	12/29/98
012-1256575-AF(1)	Financial Installation Audit	Conroe, TX 77301	0	0	0	3/26/99
017-1252825-FI(2)	Financial Investigation	Corpus Christi, TX 78401	0	0	0	10/14/98
067-1259760-RI(1)	Manifest Mailing	Dallas, TX 75247	0	0	0	10/22/98
017-1252739-FI(2)	Financial Investigation	El Paso, TX 79910	0	0	0	10/15/98
009-1265906-AD(1)	Cost and Revenue Analysis	Houston, TX 77202	0	0	0	1/19/99
061-1262707-RI(1)	Postage Meter	Houston, TX 77251	0	0	0	1/25/99
015-1257763-AF(1)	Financial Installation Audit	Pettus, TX 78146	0	0	0	2/1/99
013-1257752-AF(1)	Financial Installation Audit	Silsbee, TX 77656	0	0	0	1/25/99
012-1257693-AF(1)	Financial Installation Audit	Waco, TX 76702	0	0	0	12/18/98
013-1256149-AF(1)	Financial Installation Audit	St. George, UT 84770	0	0	0	3/17/99
063-1269428-RI(2)	Standard Mail	Gordonsville, VA 22942	0	0	0	2/3/99
017-1252709-FI(2)	Financial Investigation	Great Falls, VA 22066	0	0	0	10/9/98
004-1263833-AD(1)	Imprest Fund Audit	Merrifield, VA 22082	0	0	0	3/19/99
015-1257733-AF(1)	Financial Installation Audit	Sedley, VA 23878	0	0	0	1/7/99
013-1257154-AF(1)	Financial Installation Audit	Tappahannock, VA 22560	0	0	0	2/18/99
061-1247365-RI(1)	Postage Meter	Burlington, VT 05401	0	0	0	12/11/98
014-1256137-AF(1)	Financial Installation Audit	Brush Prairie, WA 98606	0	0	0	12/18/98
017-1268268-FI(2)	Financial Investigation	Carbonado, WA 98323	0	0	0	1/13/99
197-1230607-FPA(2)	New Construction Owned	Olympia, WA 98501	0	0	0	12/29/98
566-1260750-EI(1)	USPS Purchasing Contracts	Seattle, WA 98109	0	0	0	3/8/99
866-1266019-ICM(3)	Financial Installation Audit	Seattle, WA 98115	0	0	0	1/29/99
017-1268269-FI(2)	Financial Investigation	Silvercreek, WA 98585	0	0	0	1/29/99
016-1254207-AF(2)	Financial Installation Audit	Spokane, WA 99299	0	0	0	10/21/98
833-1254184-FI(1)	Financial Investigation	Tacoma, WA 98413	0	0	0	12/16/98
014-1256138-AF(1)	Financial Installation Audit	Toledo, WA 98591	0	0	0	3/8/99
061-1262210-RI(1)	Postage Meter	LaCrosse, WI 54603	0	0	0	1/22/99
011-1256269-AF(1)	Financial Installation Audit	Madison, WI 53714	0	0	0	12/1/98
014-1256005-AF(1)	Financial Installation Audit	Winneconne, WI 54986	0	0	0	10/26/98
065-1260414-RI(1)	Periodical Mail	Charleston, WV 25305	0	0	0	12/7/98
TOTAL FOR THE VOICE OF THE BUSINESS			$ 3,113,396	$ 5,841,563	$ 54,807,824	
GRAND TOTAL			$ 3,113,396	$ 5,841,563	$ 54,807,824	

* Reports with an asterisk(*) were issued in a prior semiannual reporting period; however, they were not entered into the Inspection Service Database Information System until the current reporting period. To ensure all reports issued to management are reported to Congress, they are being included during this reporting period.

APPENDIX C

Findings of Questioned Costs[1]

For Period Ending March 31, 1999

Description	Number of Reports	TOTAL Questioned Costs	Unsupported Costs Included In Questioned Costs
Reports for which no management decision was made at the beginning of the reporting period	27	$161,989,656	$7,142,623
Reports requiring a management decision that were issued during the reporting period	11	$15,652,354	$5,841,563
TOTAL	38	$177,642,010	
Reports for which a management decision was made during the reporting period (i + ii)	10	$9,574,825	$42,813
(i) Dollar value of disallowed costs		$2,552,389	
(ii) Dollar value of costs not disallowed		$7,022,436	
Reports for which no management decision was made by the end of the reporting period.	28	$168,067,185	$12,941,373
Reports for which no management decision was made within six months of issuance (Table A)	9	$1,619,747	$854,830
Reports for which no management decision was made within one year of issuance (Table B)	11	$157,493,094	$6,244,980

Table A – Reports for which no management decision was made within six months of issuance

Report Date	Case Number	Subject	Total Questioned Costs	Unsupported Costs Included In Questioned Costs
08/17/98	183-1246298-AC(1)	Xeno Technix, Inc.	$314,768	$236,559
08/17/98	183-1246324-AC(1)	Xeno Technix, Inc.	241,647	217,599
06/16/98	184-1218249-AC(1)	First Data Merchant Services Corp.	515,521	398,675
06/10/98	184-1235718-AC(1)	Sandvik Sorting Systems, Inc.	139,163	0
09/18/98	184-1244332-AC(1)	King-Casey, Inc.	57,213	0
09/18/98	184-1244333-AC(1)	King-Casey, Inc.	70,668	0
09/18/98	184-1244335-AC(1)	King-Casey, Inc.	31,805	0
04/14/98	184-1248703-AC(1)	Christensen Associates, Inc.	4,940	0
09/11/98	192-1238574-AC(1)	PhotoAssist, Inc.	244,022	1,997
TOTAL			$1,619,747	$854,830

Table B – Reports for which no management decision was made within one year of issuance

Report Date	Case Number	Subject	Total Questioned Costs	Unsupported Costs Included In Questioned Costs
03/12/98	182-1224877-AC(1)	MidCon Gas Services Corporation	$ 14,920	$ 0
12/29/97	183-1180270-AC(1)	Pi Electronic Corporation	156,241,716	6,241,716
05/30/97	182-1213081-AC(1)	The Roybal Corporation	47,084	3,264
06/20/97	183-1214057-AC(1)	UNARCO Material Handling	39,897	0
01/12/96	184-1171743-AC(1)	Greenleaf Steel Rule & Die Corp.	67,399	0
05/20/96	184-1183079-AC(1)	King Casey, Inc.	353,962	0
02/28/97	184-1203149-AC(1)	King Casey, Inc.	14,542	0
02/28/97	184-1203150-AC(1)	King Casey, Inc.	247,133	0
02/28/97	184-1203153-AC(1)	King Casey, Inc.	42,946	0
01/27/97	190-1182814-AC(2)	Hines Square 678, Inc.	404,418	0
07/22/97	190-1212424-AC(2)	Kyla, Inc.	19,077	0
TOTAL			$157,493,094	$6,244,980

[1] Reflects Findings of Questioned Costs reported by the OIG and the Inspection Service. Individual agency case listings are included in Appendix B, Reports Issued to Postal management.

APPENDIX D

Recommendations That Funds Be Put to Better Use[1]

For Period Ending March 31, 1999

Description	Number of Reports	Dollar Value
Reports for which no management decision was made at the beginning of the reporting period	85	$172,746,838
Reports requiring a management decision that were issued during the reporting period	18	$54,807,824
TOTAL	103	$227,554,662
Reports for which a management decision was made during the reporting period:	22	$97,613,596
(i) Value of recommendations implemented by management		$88,085,611
(ii) Value of recommendations that management did not recover		$9,527,985
(iii) Value of recommendations that management did not agree to implement		$0
Reports for which no management decision was made by the end of the reporting period	81	$129,941,066
Reports for which no management decision was made within six months of issuance (Table A)	19	$70,356,142
Reports for which no management decision was made within one year of issuance (Table B)	46	$47,758,637

Table A - Reports for which no management decision was made within six months of issuance

Report Date	Case Number	Subject	Recommend Funds Put to Better Use
06/10/98	181-1226701-AC(1)	New Breed Leasing Corporation	$26,910,584
04/15/98	181-1231813-AC(1)	Motion Systems, L.C.	696,113
04/23/98	181-1231819-AC(1)	Motion Systems, L.C.	82,384
04/21/98	181-1231825-AC(1)	Motion Systems, L.C.	871,745
08/27/98	181-1233815-AC(1)	Siemens ElectroCom, L.P.	1,975,850
04/14/98	181-1237199-AC(1)	Siemens ElectroCom, L.P.	14,156,740
08/26/98	181-1238483-AC(1)	New Breed Leasing Corporation	6,764,521
04/17/98	181-1238604-AC(1)	Siemens ElectroCom, L.P.	505,224
06/05/98	181-1242545-AC(1)	Mannesmann Dematic Rapistan Corporation	118,882
07/15/98	181-1244136-AC(1)	Motion Systems, L.C.	756,910
09/25/98	181-1246015-AC(1)	MOS International	773,938
08/28/98	181-1246017-AC(1)	MOS International	280,277
08/14/98	181-1248027-AC(1)	Siemens ElectroCom, L.P.	5,541,722
08/17/98	181-1248178-AC(1)	Siemens ElectroCom, L.P.	10,687,390
08/20/98	181-1249368-AC(1)	Key Handling Systems, Inc.	189,668
09/21/98	181-1249372-AC(1)	Key Handling Systems, Inc.	13,851
09/18/98	181-1249374-AC(1)	Key Handling Systems, Inc.	14,895
09/18/98	181-1249375-AC(1)	Key Handling Systems, Inc.	8,768
09/18/98	181-1249376-AC(1)	Key Handling Systems, Inc.	6,680
TOTAL			$70,356,142

Table B - Reports for which no management decision was made within one year of issuance

Report Date	Case Number	Subject	Recommend Funds Put to Better Use
01/03/97	181-1200819-AC(1)	Mid-West Conveyor Company, Inc.	$564,583
01/15/97	181-1201891-AC(1)	ElectroCom Automation, L.P.	338,760
03/21/97	181-1205609-AC(1)	Fanuc Robotics North America, Inc.	280,966
05/30/95	181-1165940-AC(1)	ElectroCom Automation, L.P.	8,370,460
05/31/96	181-1171732-AC(1)	King-Casey, Inc.	174,475
01/31/96	181-1181291-AC(1)	Cortron, Inc.	355,978
05/23/96	181-1187389-AC(1)	ElectroCom Automation, L.P.	2,799,714
07/25/96	181-1192269-AC(1)	ElectroCom Automation, L.P.	89,068
09/25/96	181-1194800-AC(1)	ElectroCom Automation, L.P.	9,178,587
09/20/96	181-1195161-AC(1)	ElectroCom Automation, L.P.	34,876
06/06/97	181-1191292-AC(1)	Accu-Sort Systems, Inc.	10,312,313
07/03/97	181-1204341-AC(1)	Key Handling Systems, Inc.	129,326
07/03/97	181-1204343-AC(1)	Key Handling Systems, Inc.	134,283
07/03/97	181-1204348-AC(1)	Key Handling Systems, Inc.	336,308
05/20/97	181-1204350-AC(1)	Key Handling Systems, Inc.	722,503
04/22/97	181-1208530-AC(1)	ElectroCom Automation, L.P.	283,626
06/24/97	181-1211002-AC(1)	SELCO Steel Erectors Company, Inc.	185,371
08/12/97	181-1211016-AC(1)	SELCO Steel Erectors Company, Inc.	182,818
08/20/97	181-1211026-AC(1)	SELCO Steel Erectors Company, Inc.	258,122
08/05/97	181-1211033-AC(1)	SELCO Steel Erectors Company, Inc.	280,106
07/30/97	181-1211038-AC(1)	SELCO Steel Erectors Company, Inc.	833,456
06/09/97	181-1211514-AC(1)	Siemens ElectroCom L.P.	20,151
06/30/97	181-1212404-AC(1)	Carter Control Systems, Inc.	118,058
07/22/97	181-1212407-AC(1)	Carter Control Systems, Inc.	21,578
07/22/97	181-1212414-AC(1)	Carter Control Systems, Inc.	11,071
07/22/97	181-1212417-AC(1)	Carter Control Systems, Inc.	10,595
09/10/97	181-1213327-AC(1)	Motion Systems, L.C.	491,132
09/10/97	181-1213328-AC(1)	Motion Systems, L.C.	545,692
09/10/97	181-1213329-AC(1)	Motion Systems, L.C.	561,088
09/08/97	181-1213332-AC(1)	Motion Systems, L.C.	569,652
08/22/97	181-1214294-AC(1)	Mid-West Conveyor Company, Inc.	62,330
08/22/97	181-1214303-AC(1)	Mid-West Conveyor Company, Inc.	44,112
08/14/97	181-1215545-AC(1)	Carter Control Systems, Inc.	52,347
09/12/97	181-1218347-AC(1)	Siemens ElectroCom L.P.	196,086
01/23/98	181-1214298-AC(1)	Mid-West Conveyor Company, Inc.	135,198
01/23/98	181-1214305-AC(1)	Mid-West Conveyor Company, Inc.	167,714
12/03/97	181-1215690-AC(1)	K&T Electrical Contractors	481,301
03/06/98	181-1216419-AC(1)	Siemens ElectroCom L.P.	66,317
11/26/97	181-1216446-AC(1)	North American Conveyor Inc.	517,017
01/06/98	181-1225136-AC(1)	Ashton-Potter, Ltd.	104,757
03/06/98	181-1229831-AC(1)	Siemens ElectroCom L.P.	3,215,867
03/06/98	181-1231556-AC(1)	Siemens ElectroCom L.P.	24,179
03/27/98	181-1231807-AC(1)	Motion Systems, L.C.	892,256
01/09/98	181-1213123-AC(1)	Sandvik Sorting Systems, Inc.	1,844,457
01/09/98	181-1213127-AC(1)	Sandvik Sorting Systems, Inc.	828,956
01/09/98	181-1213128-AC(1)	Sandvik Sorting Systems, Inc.	931,027
TOTAL			$47,758,637

[1] Reflects Recommendations That Funds Be Put to Better Use reported by the OIG and the Inspection Service. Individual agency case listings are included in Appendix B, Reports Issued to Postal management.

APPENDIX E

Unresolved Reports

Description	Number of OIG Reports	Number of Inspection Service Reports	Total Number of Reports
Unresolved at Beginning of Period	1	118	119
Resolved from Prior Period	(0)	(61)	(61)
Unresolved from Prior Period	1	57	58
Unresolved from This Period1	7	69	76
Total Unresolved[1]	8	126	134
Unresolved by Prior Periods:			
More than Six Months, 09/30/98 (Table A)	1	47	48
More than One Year, 04/01/98 (Table B)	0	10	10

[1] Excludes audits previously reported in Appendix C, Findings of Questioned Costs and Appendix D, Recommendations That Funds Be Put to Better Use.

Table A - List of reports pending more than six months

OFFICE OF INSPECTOR GENERAL

Report Date	Case Number	Condition
09/17/98	CA-AR-98-002	Fiscal Year 1998 Congressional Mail Accounting and Billing, Washington, DC - All recommendations have been resolved. Some of the recommendations were jointly resolved with alternative management actions. Management is working to implement corrective actions.

INSPECTION SERVICE

Report Date	Case Number	Condition
09/30/98	1225145-AD(1)	Electronic Data Processing Controls, San Mateo, CA - Management is finalizing procedures regarding sensitivity classifications and completing security reviews.
09/30/98	1225935-AD(1)	Electronic Data Processing Controls, St. Paul, MN - Management is concluding administrative security issues.
09/30/98	1231082-AD(1)	Electronic Data Processing Controls, St. Louis, MO - Management is finalizing contractual security procedures and physical security improvements.
05/05/98	1169074-AD(1)	Inbound International Statistical Systems, Jersey City, NJ - Management is strengthening controls of international and military mail operations.
09/03/98	1222661-AF(1)	Financial Installation Audit, Greenville, SC - Work is in progress to move operations and provide the additional space needed to properly perform operations.
06/30/98	1223267-AF(1)	Financial Installation Audit, Boston, MA - Management is reviewing procedures and providing training to ensure proper financial management of the Bulk Mail Entrance Unit.
08/13/98	1223405-AF(1)	Financial Installation Audit, Washington, DC - Management is implementing the Meter Accounting Tracking System. Procedures are being developed for the Bulk Mail Entrance Unit to strengthen internal controls.
07/01/98	1223482-AF(1)	Financial Installation Audit, Cincinnati, OH - Management is providing training to ensure proper administration of the Bulk Mail Entrance Unit.
06/04/98	1225186-AF(1)	Financial Installation Audit, Atlanta, GA - Management is providing attention to ensure proper administration and collection of fees on mailings.
09/04/98	1225189-AF(1)	Financial Installation Audit, Norcross, GA - Management is in the process of completing training in post office box/caller service mail.
07/08/98	1229345-AF(1)	Financial Installation Audit, Wilmington, DE - Management is providing additional attention in the shrink-wrap area.
09/10/98	1229346-AF(1)	Financial Installation Audit, Wilkes-Barre, PA - Management is developing procedures regarding window operations.
08/19/98	1223262-AF(1)	Financial Installation Audit, New London, CT - Management is developing procedures and conducting training in business mail acceptance.
06/12/98	1223339-AF(1)	Financial Installation Audit, Lafayette, LA - Management is providing attention to internal controls in postage due/business reply mail.
08/28/98	1223423-AF(1)	Financial Installation Audit, McLean, VA - Management has taken actions in Collect on Delivery mail and Postal Retail Store areas. Documentation needs to be submitted for completion.
08/11/98	1223485-AF(1)	Financial Installation Audit, Liberty, MO - Management is developing procedures in office accountability.
06/01/98	1223708-AF(1)	Financial Installation Audit, Lancaster, CA - Management is implementing procedures in Bulk Mail Entrance Unit operations.
05/26/98	1224031-AF(1)	Financial Installation Audit, Kirkland, WA - Management has begun employee training in Collect on Delivery mail.
04/07/98	1229348-AF(1)	Financial Installation Audit, Conshohocken, PA - Management has begun implementing numerous Bulk Mail Entrance Unit procedures.
08/03/98	1240585-AF(1)	Financial Installation Audit, Sioux City, IA - Management is developing procedures to ensure proper financial management of the Bulk Mail Entrance Unit.
09/02/98	1222998-AF(1)	Financial Installation Audit, South Elgin, IL - Management is acquiring new equipment for Collect on Delivery operations. Training is being given in Bulk Mail Entrance Unit operations.

Report Date	Case Number	Condition
04/27/98	1223429-AF(1)	Financial Installation Audit, Severna Park, MD - Management is providing training to ensure proper administration of the Bulk Mail Entrance Unit.
07/02/98	1224025-AF(1)	Financial Installation Audit, Clearlake, CA - Management is providing training in business mail acceptance operations.
05/05/98	1229351-AF(1)	Financial Installation Audit, Temple, PA - Management is implementing procedures in business mail operations.
08/25/98	1224037-AF(1)	Financial Installation Audit, Haines, AK - Management is implementing procedures in business mail operations.
08/13/98	1235951-AF(2)	Financial Audit Special Review, Washington, DC - Management is preparing procedures and reviewing instructions to ensure proper accountability of Postal assets.
07/20/98	1242959-AF(2)	District Accounting Review, Las Vegas, NV - Management has developed an action plan to address information systems deficiencies.
07/13/98	1217081-AX(1)	Operational Systems, Washington, DC - Management is addressing automation issues and procedures for implementing security controls.
09/15/98	1220283-PA(1)	National Audit on Postal Retail Stores - Management is developing procedures in retail operations, and a handbook and instructions are being updated.
05/12/98	1209811-PA(1)	National Audit on Air Transportation Networks - Management is preparing operating plans, and corrective actions are being taken.
06/05/98	1214098-PA(1)	National Audit on City Route Inspections and Adjustment Process - Management is developing instructions to review, train, and increase supervision for the route inspection and adjustment process and the associated monitoring of savings.
05/11/98	1204380-PA(1)	National Audit on Effectiveness of Employee Reassignments - Management is developing integrated policies and procedures on reassignment processes and providing attention in complement planning initiatives.
04/30/98	1217904-PA(1)	National Audit on External First-Class Collections - Management is providing attention to testing induction methods of mail and is issuing instructions restricting the use of the e-mail system to update databases.
06/04/98	1234520-PA(2)	Flats Automation, Denver, CO - Management is developing implementation plans to address flat sorting machine utilization, flat automation processing, performance targets, staffing, and maintenance.
08/20/98	1241721-PA(2)	Carrier Transportation, St. Louis, MO - Management is continuing to provide attention to vehicle maintenance and operations.
08/11/98	1233190-PA(2)	Injury Compensation and Safety Programs, Kansas City, MO - Management is finalizing training material and providing attention to medical contracts and case management issues.
09/16/98	1238815-PA(2)	Limited and Light Duty Program, Dallas, TX - Management is developing instructions on claim management.
08/10/98	1231591-PA(2)	Two-Three Day Mail and Priority Mail, Washington, DC - Management indicates reviews are ongoing and training is being conducted on mail operations.
09/02/98	1241806-PA(3)	Priority Mail Operations, Denver, CO - Management is developing an operating plan, and transportation schedules are being finalized and published.
07/10/98	1244116-PA(3)	Service and Efficiency Mail Condition Reporting System, Anchorage, AK - Management indicated all training is complete and reviews are ongoing.
09/11/98	1243831-PA(3)	Highway Contract Route Driver Screening Process, New Brunswick, NJ - Management stated the driver screening process is in place and action to implement other recommendations is ongoing.
07/01/98	1245454-PA(3)	Commercial Mail Receiving Agencies, Van Nuys District - Management indicated that training will be provided and a new agreement form is being developed.
07/28/98	1245455-PA(3)	Commercial Mail Receiving Agencies, San Diego District - Management agreed with most of the recommendations and will be working to improve controls.
06/30/98	1245456-PA(3)	Commercial Mail Receiving Agencies, Long Beach District - Management agreed with the recommendations and will provide attention to improve controls.
06/18/98	1244805-RI(2)	Periodical Mail, La Junta, CO - Management needs to provide training on periodical mail operations.

Report Date	Case Number	Condition
06/05/98	1240865-RI(1)	Periodical Mail, Englewood, CO - Management needs to provide training on periodical mail operations.
07/28/98	1244516-RI(1)	Periodical Mail, La Junta, CO - Management needs to provide training on periodical mail operations.

Table B - List of reports pending more than one year

INSPECTION SERVICE

Report Date	Report/Case Number	Condition
1/21/94	1130250-AD(1)	Fiscal Year 1994 Financial Opinion Audit, San Mateo, CA - Management is preparing instructions on Free on Board Origin payments that will place more accountability at local offices for reconciliation procedures.
08/12/97	1199652-AD(1)	Electronic Data Processing Controls, San Mateo, CA - Management is progressing in testing critical applications and providing off-site storage for critical files.
07/31/97	1217968-PA(1)	Excessive Overtime Usage, Washington, DC - Management has not implemented all recommendations regarding contractual constraints, leave control, and employee scheduling.
10/10/97	1204520-PA(1)	National Audit on Marketing and Customer Research - Management is developing plans to strengthen marketing communications and increase district revenue contributions.
02/03/98	1198313-PA(1)	National Audit on Office of Workers' Compensation Program Medical Payments - Management is awaiting a decision for national implementation of the Nurse Coordination Program.
11/21/97	1211013-PA(3)	Registered Mail Operations Review, San Francisco, CA - Management is developing procedures for handling remittances and improving registry case security.
11/28/97	1196577-AD(1)	Fiscal Year 1997 Financial Opinion Audit, San Mateo, CA - Management is in the process of developing procedures for the inventory contract payment and reconciliation process.
12/09/97	1200362-AD(1)	Fiscal Year 1997 Financial Opinion Audit, Minneapolis, MN - Management has not implemented all recommendations regarding reconciling general ledger accounts.
12/31/97	1188871-RI(1)	Inbound Verification Procedures, Jersey City, NJ - Management is continuing to develop action plans on verifying inbound foreign and Canadian mail.
02/13/98	1155587-RI(1)	Nonprofit Mailing, Boston, MA - Management has not implemented findings regarding the Nonprofit Permit System.

APPENDIX F

Summary of Inspection Service Actions Under 39 USC 3005 and 3007

For the Period of October 1, 1998 through March 31, 1999

Type of Scheme (Definitions of schemes follow)	Complaints Filed	Consent Agreements	Final Restraining Orders	Cease & Desist Orders
Advance fee	1	1	1	1
Boiler rooms/Telemarketing	1	1		1
Contest/Sweepstakes	2	5	3	7
Rebate fraud	20	20		20
Directory solicitations				
Distributorships				
Employment				
False billings	5	2	3	4
Fraud against government agencies	1	1		1
Fraud against USPS				
Insurance				
Investments				
Loans	1		1	1
Lotteries (Foreign and Domestic)	39	3	36	3
Medical	1	2		2
Memberships				
Merchandise:				
Failure to furnish		1		
Failure to pay	5	4	4	5
Misrepresentation	1	2	2	2
Miscellaneous	2	2	2	2
Solicitations	1			
Travel				
Work at home	4	5	3	4
TOTAL	84	48	56	53

Other Administrative Actions

Administrative Action Requests	79
Temporary Restraining Orders Requested	4
Temporary Restraining Orders Issued	4
Civil Injunctions (1345) Requested	2
Civil Injunctions (1345) Issued	2
Cases Using Direct Purchase Authority	0
Refusals of Direct Purchase Authority	0
Civil Penalties (Section 3012) Imposed	0
Expenditures Incurred for:	
Test Purchases	$205.82
Expert Testimony	$1,254
Witness Travel	$2,370.88
Withholding Mail Orders Issued	43
Voluntary Discontinuances	261

DEFINITIONS OF SCHEMES

Advance fee. Obtaining fees purporting to secure buyers or obtain loans.

Boiler rooms/Telemarketing. An office or suite of offices with banks of telephones and telephone solicitors who use high-pressure techniques to persuade consumers to respond to phony offers.

Contest/Sweepstakes. Schemes in which the respondent is required to pay a fee to obtain prizes of money, gifts or other items of value. "Prizes" either are never shipped or are inferior to what was promised.

Rebate fraud. Redeeming cents-off coupons or manufacturers' rebates when no merchandise was actually purchased; establishing fictitious stores, clearing houses, or addresses; submitting counterfeit coupons or rebates by consumers.

Directory solicitations. Fraudulent solicitations in the guise of invoices for advertisement or renewal in business directories.

Distributorships. Pyramid schemes in which it is mathematically impossible for all participants to recoup their investments. The emphasis is not on the sale of the product, but on getting others to participate.

Employment. Soliciting money for information or assistance in obtaining nonexistent or misrepresented jobs.

False billings. Mailing solicitations in the guise of billings.

Fraud against government agencies. Any scheme that attempts to defraud a government agency except the Postal Service.

Fraud against Postal Service. Any scheme that attempts to defraud the Postal Service.

Insurance. Investigation of insurance-related fraud involving false claims, false advertising on the availability of insurance, or the collection of premiums for nonexistent policies.

Investments. Misrepresented opportunities to invest in commodities, gems, metals, stocks, bonds, certificates of deposit, mutual funds, IRAs, coins, stamps, art, etc.

Loans. Mailings soliciting money for information on nonexistent or misrepresented loans.

Lottery. Advertisements seeking money or property by mail for participation in schemes to win prizes through chance.

Medical. Sales by mail of misrepresented health products or services, including fraudulent medical degrees.

Memberships. Failure to provide services advertised in connection with organization membership.

Merchandise failure to furnish. A mail order operator that does not provide ordered merchandise.

Merchandise failure to pay. Mail order merchandise that is acquired without providing payment.

Merchandise misrepresentation. Mail order merchandise or services are materially misrepresented in advertising.

Miscellaneous. Any other scheme not described in a specific category.

Solicitations. Fraudulent solicitation of funds through the mail for alleged charitable, religious, or minority-oriented groups and similar causes or organizations.

Travel. Fraudulent vacation or travel opportunities.

Work at home. Schemes, such as envelope stuffing, that do not provide home employment.

APPENDIX G

Criminal Statistics

For Period Ending March 31, 1999

OFFICE OF INSPECTOR GENERAL

Type of Investigation	ARRESTS	CONVICTIONS[1]
Revenue & Cost Containment		
Revenue Protection	1	2
Contracts	1	0
OIG Total[2]	2	2

INSPECTION SERVICE

Type of Investigation	ARRESTS	CONVICTIONS[1]
Revenue & Asset Protection Program		
Expenditure Investigations	4	6
Financial Investigations	157	146
Workers' Compensation Fraud	29	29
Revenue Investigation	47	40
Robbery	57	55
Burglary	90	75
Miscellaneous External Crimes *(includes counterfeit and contraband postage, money order offenses, vandalism, and arson)*	287	213
Assaults Against Employees *(includes threats and assaults against on-duty Postal employees)*	227	189
Employee Narcotics Cases *(includes employees and nonemployees selling narcotics on Postal property)*	14	13
Mail Theft by Employees *(includes theft and possession of stolen mail)*	272	271
Mail Theft by Nonemployees or Contractors *(includes theft and possession of stolen mail)*	2,317	1,941
Miscellaneous Employee Crimes *(includes theft of Postal property and sabotage of equipment)*	41	34
Bombs/Explosive Devices	34	34
Mailing of Controlled Substances *(includes narcotics, steroids, drug-related proceeds and drug paraphernalia)*	735	640
Child Exploitation, Mailing of Obscene Matter and Sexually Oriented Advertisements	67	80
Mailing of Miscellaneous Nonmailables *(includes hazardous material, firearms and weapons, intoxicants, explosives other than bombs, extortion, and false documents)*	16	36
Mail Fraud	748	664
Inspection Service Total[2]	5,142	4,466
GRAND TOTAL	5,144	4,468

[1] Convictions reported in this time frame may be related to arrests made in prior reporting periods.

[2] Arrests and convictions include joint investigations with other federal law enforcement agencies.