



Fall 2018 Fact Sheet

Semiannual Report to Congress

For the Period April 1 – September 30, 2018

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



➔ To view our entire Semiannual Report to Congress go to www.uspsoig.gov.

A Word from the Acting Inspector General

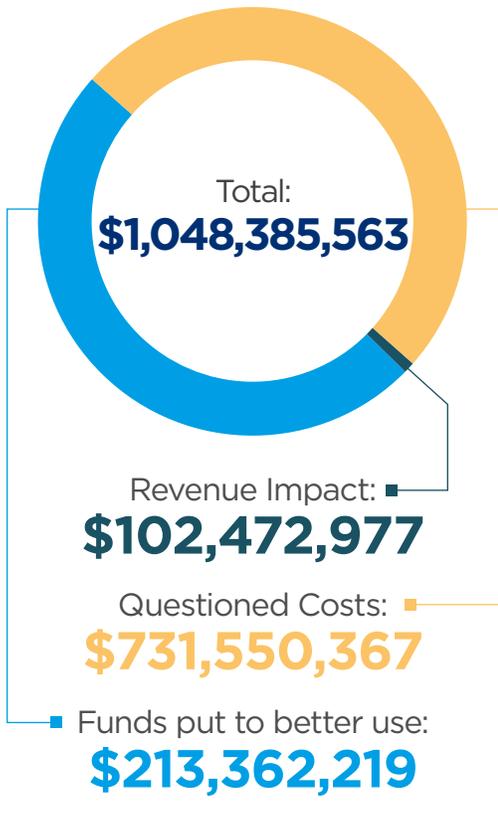
The Postal Service is in the midst of a challenging journey. Mail volume has been declining since 2007, and pressures from lost revenue have been mounting. Retiree health care and pension expenses are significant, and workers' compensation liabilities remain a big issue to be addressed, both operationally and financially. And finally, the mail infrastructure has increasingly become a target of those wishing to abuse it to distribute illicit narcotics. Here at the OIG, our audit work, research reports, and investigative cases provide critical data to influence the changes that will be necessary in the next few years to ensure the viability of the nation's Postal Service. Change is challenging, but it is critical to the future of the Postal Service, and we embrace it and look forward to further exploration of how our work can integrate with and inform this evolution.

- **85** Reports Issued
- **1,577** Investigations Completed
- **400** Arrests
- **\$1 Billion** Total Monetary Impact



OFFICE OF AUDIT

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



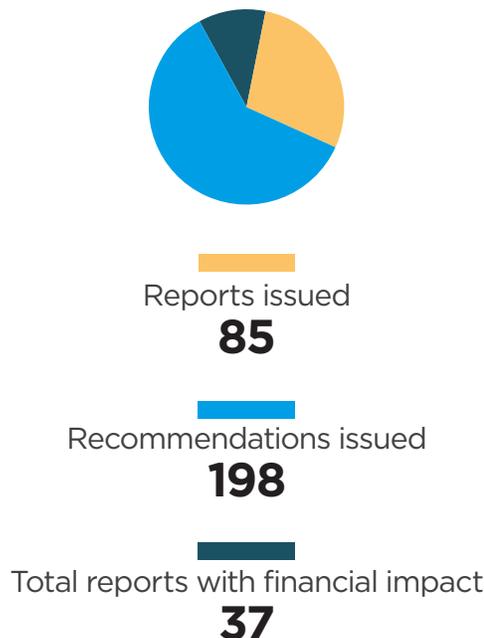
Use of Postal Service Network to Facilitate Illicit Drug Distribution

International and domestic drug traffickers use the Postal Service to distribute illicit drugs. Known vulnerabilities include USPS's general prohibition from opening international and domestic mail and lack of a distinct penalty under the Federal Sentencing Guidelines for using the Postal Service network for illicit drug distribution.

Opportunities exist for the U.S. Postal Inspection Service (USPIS) to enhance its data analytics to identify mailpieces for inspection that may contain illicit drugs. The USPIS's process for removing mailpieces potentially containing illicit drugs is resource-intensive. Finally, the amount of narcotics-related arrests by the OIG indicates a need for USPS to educate employees about the dangers of colluding with drug traffickers.

We recommended management work with Congress to develop legislative changes that would authorize USPIS to open and inspect suspicious packages and also establish separate and enhanced penalties for using the Postal Service network to distribute illicit drugs. We also recommended designation of an officer to consolidate efforts and lead implementation of a comprehensive strategy to combat moving illicit drugs through the USPS network. Finally, we recommended enhancing USPIS's data model, establishing a process to more efficiently divert packages suspected of containing illicit drugs, and instituting a centralized, automated program to increase adherence to current procedures and improve existing policies.

Management disagreed with all recommendations, except the need to improve policies related to and oversight of Commercial Mail Receiving Agencies. The OIG will pursue management's disagreements through audit resolution.



OFFICE OF INVESTIGATIONS



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



Cost Avoidance:

\$350,186,740



Fines, Restitution, and Recovery:

\$72,777,083



Amount to the Postal Service:

\$37,193,841



Investigations Completed: **1,577**

Arrests: **400**

Indictments/Informations: **423**

Convictions/Pretrial Diversions: **174**

Administrative Actions: **1,202**



Narcotics

In June 2017, USPIA notified the OIG of suspected controlled substances being mailed to addresses within a specific carrier route in Beachwood, OH. The investigation revealed that the regular carrier for the route was facilitating delivery of parcels containing methamphetamine. In September 2017, the carrier admitted to diverting as many as 15 parcels to a drug dealer in exchange for \$300 cash per parcel. The carrier was criminally charged in U.S. District Court for the Northern District of Ohio for conspiracy and possession with intent to distribute methamphetamine. Additionally, two non-USPS co-conspirators were charged.

In April 2018, following a guilty plea to the charges, the carrier was sentenced to eight years' incarceration. The two co-conspirators were also sentenced to six years' and 15 years' incarceration, respectively, following their guilty pleas.





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Mission Statement

Ensuring efficiency, accountability, and integrity in the U.S. Postal Service.

Let Us Hear From You!

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

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

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

www.uspsoig.gov
888-877-7644



Visit Oversight.gov to find reports from all Federal Inspectors General who are members of the Council of Inspectors General on Integrity and Efficiency (CIGIE).

Millennials and the Mail

As Millennials come into their economic prime, understanding how they use mail and the ways to best serve their needs is of crucial importance to the Postal Service. The OIG therefore conducted qualitative and quantitative research to provide a more comprehensive view of how Millennials — defined in the paper as adults aged 18 to 34 — engage with the Postal Service.

The OIG found that while Millennials check their mail less frequently than older generations, their overall satisfaction with the Postal Service is similar to that of older age cohorts. They generally want more convenience and customization, suggesting that USPS provide more self-service, advance knowledge of mail and parcel deliveries, and customer loyalty and benefits programs. Many of their suggestions intersect with existing products or services, such as Informed Delivery, Self-Service Kiosks, and Package Pickup. The overlap shows that USPS is on the right track with innovations that meet Millennials' desires, and new efforts to improve awareness are paramount.

The research also indicated that Millennials' engagement with USPS varies according to household living arrangement. Those living with a partner, and especially those with a child, are generally more engaged and interested in new services than those living with their parents, alone, or with roommates. This is important because Millennials are delaying marriage and child-rearing.

Continuing to monitor shifts in living arrangements and catering products and services to meet the needs of these distinct segments could prove valuable for USPS and ensure its relevance with the next generation of consumers.

OIG Hotline Contact Overview

April 1 – September 30, 2018

Telephone Calls: **878**

Email: **8,862**

Webforms: **32,206**

Standard Mail: **738**

Voice Mail Messages: **3,462**

Facsimile: **92**

Total Contacts: **46,238**

