



FALL 2019 FACT SHEET

Semiannual Report to Congress

For the Period April 1 – September 30, 2019

Through audits and investigations, 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.

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



103

Reports Issued

1,362

Investigations Completed

436

Arrests

\$1.4 Billion

Total Monetary Impact



A Word from the Inspector General

During this SARC period, we continued our efforts to grow the use of data and analytics both in the audit and investigative components. One impact of a greater maturity in data analytics is the ability to support the dedication of a segment of our resources towards quickly identifying and launching targeted local audit projects at post offices that are challenged in delivery service, retail, and financial operations.

Several of our audits covered issues that the U.S. Postal Service has been facing for some years, including pressures to reduce costs, improve service, and better align its resources with a declining workload.

The use of the mail system to ship illicit narcotics continues to demand our attention both in our audit work and our investigations. Still, our special agents cover a wide swath of areas, such as health care fraud and mail theft, among others.

I look forward to working with all stakeholders as we address the challenges ahead. With the support of the Board of Governors, postal management, and Congress, the OIG will continue to play a key role in maintaining the integrity and accountability of America's Postal Service, its revenue and assets, and its employees.



OFFICE OF AUDIT

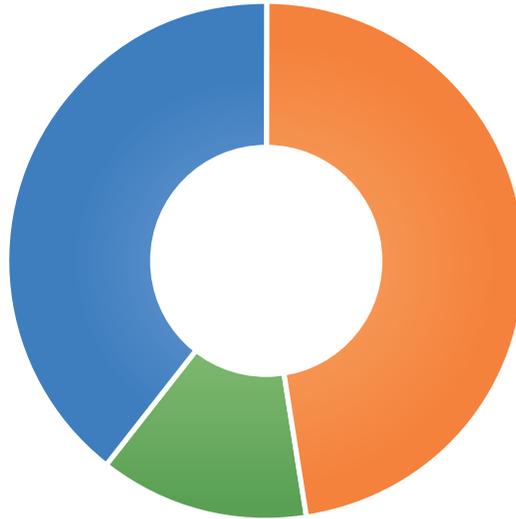
The Office of Audit's mission is to protect postal assets and revenue, ensure efficient and economical mail delivery and operations, and safeguard the integrity of the postal system. Postal Service executives often work closely with their OIG counterparts to identify problems and collaborate on solutions.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

Questioned Costs:
\$549,733,435

Revenue Impact:
\$662,299,820

Funds put to better use:
\$177,801,928

Total:
\$1,389,835,183



96
Reports Issued

227
Recommendations Issued

28
Total Reports with Financial Impact

Advance Electronic Data Holds and Reliability

A key part of international inbound mail operations is the availability and use of advance electronic data (AED) that foreign posts provide to the Postal Service. The USPS routes AED to Customs and Border Protection (CBP), which analyzes it to identify mailpieces the Postal Service is to "hold" for CBP inspection. Our audit found the Postal Service missed a segment of the holds CBP requested in 2018. Furthermore, the Postal Service did not identify reasons for a portion of these missed holds, as the "comment" fields for recording reasons were blank.

We also tested the reliability of AED the Postal Service received from 64 foreign posts between October 2017 and January 2019. Data in nearly 171 million fields failed our tests. We also tested a one-week subset to assess how closely the recipient address information matched Postal Service and third-party information: 57 percent matched at the full address level.

We recommended management develop and implement a control for requiring information to be entered in the "comment" field for tracking missed AED-based holds.

The international mailing and shipping industry is growing significantly. Global eCommerce topped

\$2.8 TRILLION

and is projected to grow over

60% by 2021



The Postal Service recorded nearly

638 million pieces

of inbound international mail in fiscal year 2018

with associated revenue totaling

\$1.1 BILLION





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 exempt from the ethical standards set by the Postal Service.

Contract Fraud

An OIG investigation determined the owner and operator of numerous auto repair and maintenance companies in New York had bribed Postal Service Vehicle Maintenance Facility (VMF) managers with cash, lavish meals, gifts, and trips in exchange for lucrative auto repair and maintenance jobs on Postal Service vehicles. In addition, from 2012 to 2016, the contractor conspired with others to evade paying hundreds of thousands of dollars in federal income taxes by falsely reporting personal and corporate income and expenses to the Internal Revenue Service.

In December 2018, a federal jury in the Southern District of New York found the company owner guilty on seven of eight counts in a superseding indictment – specifically, guilty on one count each of bribery, conspiracy, corporate tax fraud, and four counts of personal tax fraud. In June 2019, the owner was sentenced to five years in prison, three years of supervised release; he was further ordered to pay restitution of approximately \$557,000 to the IRS. The Postal Service VMF Facility manager who accepted cash bribery was sentenced to three years’ supervised release.



Amount to the Postal Service:
\$77,482,164



Cost Avoidance:
\$145,082,496



Fines, Restitution, and Recovery:
\$1,479,586,424

Narcotics

In February 2016, the OIG received information from the FBI alleging that a city carrier in Atlanta, GA, and his girlfriend, a Sales Service/Distribution Associate, were facilitating the shipment of parcels containing narcotics. As the joint OIG-FBI investigation developed, 14 additional letter carriers were implicated in a conspiracy to intercept and deliver narcotics parcels in exchange for cash payments. A total of 16 Postal Service employees accepted payments multiple times.

In August 2017, all 16 employees were arrested for conspiracy to distribute cocaine as well as bribery of a public official. The investigation resulted in federal prison terms ranging from 37 to 108 months among the employees; administrative job terminations and resignations were finalized in April 2019.

1,362

Investigations Completed

436

Arrests

462

Indictments/Informations

509

Convictions/Pretrial Diversions

975

Administrative Actions





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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

Addressing the Diverse Needs and Wants of Rural America: Opportunities for the U.S. Postal Service

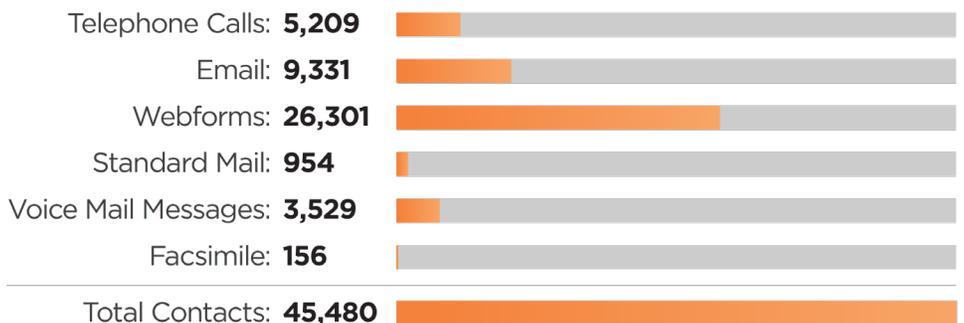
The OIG analyzed what rural customers across the country need and want from the Postal Service. Rural customers have a unique need for a postal retail presence. They have distinct engagement with the Postal Service, including how they interact with mail and parcels. Also, the Postal Service has important “social” value for rural customers. In fact, rural customers are more likely to view USPS as valuable to their community.

To help the Postal Service better serve rural citizens, the OIG made recommendations to assess the feasibility of partnering with local governments to offer access to hunting and fishing licenses, evaluate how to solicit rural customer preferences where retail survey data are currently unavailable, identify a cost-effective means of tracking use of rural parcel lockers, develop actionable metrics to identify underutilized large PO Boxes in rural areas, and create a plan to convert them into parcel lockers.

While postal officials agreed with the potential opportunity, they asserted legislative change is necessary before USPS can partner with state and local governments for hunting and fishing licenses. The OIG notes that the Postal Service could submit a formal case before the Postal Regulatory Commission, which is the organization responsible for evaluating the legality of such proposals.

OIG Hotline Contact Overview

April 1 – September 30, 2019



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