



# UNITED STATES POSTAL SERVICE

OFFICE OF

# INSPECTOR GENERAL

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



## A Word from the Acting Inspector General

The first six months of our fiscal year has put us on course for a year like no other. In December, the U.S. Postal Service Board of Governors lost its last remaining presidentially-appointed governor when his holdover term expired. The Board, which operates much like a corporate board of directors, is now without any independent governors for the first time since the Postal Reorganization Act of 1970 created the governing body. As our work presented here indicates, we continue to be driven by the mission of ensuring efficiency, accountability, and integrity in the Postal Service — no matter what is happening around us. I look forward to working with all stakeholders as we address the challenges ahead.

 To view our entire Semiannual Report to Congress go to [www.uspsoig.gov](http://www.uspsoig.gov).

## Spring 2017 Fact Sheet

### Semiannual Report to Congress

October 1, 2016 — March 31, 2017

-  **84** Reports Issued
-  **1,394** Investigations Completed
-  **345** Arrests
-  **\$1.5 Billion** Total Monetary Impact



# AUDITS AND WHITE PAPERS

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.



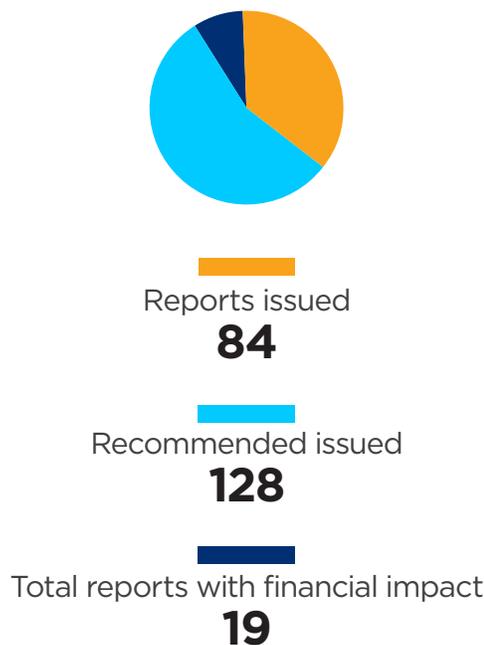
## Environmental Conditions at Michigan Metroplex Processing and Distribution Center

The American Postal Workers Union and a Postal Service contractor raised concerns about the safety of the Michigan Metroplex Processing and Distribution Center. We issued a management alert, February 22, 2016, regarding the malfunction of the methane detection system. The U.S. Department of Labor Occupational Safety and Health Administration and independent contractors found that methane concentrations within the facility did not exceed methane exposure limits, and that other hazardous air pollutants detected within the facility were below permissible levels.

However, additional testing disclosed methane levels of the building subslab sampled from two vent pipe locations exceeded the concentrations considered when the building was designed. Postal Service officials stated they would initiate modifications to the current methane detection system by making the subslab venting “active” on the two vent stacks.

We also found that management did not calibrate or check the methane detection system’s sensors for eight months. Postal Service officials were not sufficiently trained to perform their responsibilities with the system, and management did not update the methane venting and detection systems operating manual when system components were modified.

We recommended management finalize conversion of the methane venting system from passive to active, develop a process to check the sensor calibration, provide training on the methane detection system to responsible personnel, and update the operating manual. Management partially agreed with our recommendation to convert the venting system from active to passive but agreed with all of the remaining recommendations. ([HR-MA-17-001](#))



# 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:

**\$85,109,881**



Fines, Restitution, and Recovery:

**\$19,952,851**



Amount to the Postal Service:

**\$3,340,161**



Investigations Completed: **1,394**

Arrests: **345**

Indictments/Informations: **289**

Convictions/Pretrial Diversions: **396**

Administrative Actions: **1,080**



## Health Care Provider Fraud

In June 2016, a Texas chiropractor was sentenced to 14 years in federal prison and ordered to pay over \$17 million in restitution to the Department of Labor (DOL). We conducted the investigation with the U.S. Army Criminal Investigation Command's Major Procurement Fraud Unit, FBI, IRS CID, and DOL OIG.

The case began in March 2010, when reports from a Texas Injury Compensation Office indicated the Postal Service was being billed for therapy that postal employees did not receive. After an extensive investigation, agents determined that a pharmacy owner paid \$5.3 million in kickbacks to a chiropractor from March to December of 2015. The chiropractor

organized and controlled multiple health care related entities, including eight clinics in Texas that derived substantial revenue from DOL health care benefit programs.

The investigation determined the kickbacks were for referring federally insured employees in need of prescriptions and for influencing physicians to prescribe compounded medications, which the pharmacy then provided. In November 2016, the pharmacy owner pled guilty in federal court to willful offer and payment of illegal remuneration in relation to a federal health care program. The pharmacy owner faces up to five years in federal prison and has agreed to pay more than \$5 million in restitution.



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October 1, 2016 — March 31, 2017

### 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](http://www.uspsoig.gov/blog)
- Audit Asks: [www.uspsoig.gov/audit-asks](http://www.uspsoig.gov/audit-asks)

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

[www.uspsoig.gov](http://www.uspsoig.gov)  
**888-877-7644**

### Governance of the U.S. Postal Service

The Postal Service is overseen by a Board of Governors, which is similar to a corporate board of directors. The law dictates that the Postal Service be led by nine, presidentially-appointed governors, who provide postal management with strategic direction and ensure that the organization operates in the public interest. However, the last remaining governor left the board on December 8, 2016, when his holdover term expired, leaving the Postal Service in the unprecedented situation of having no presidentially-appointed governors.

Without presidentially-appointed, Senate confirmed governors, the authority of the Postal Service to change prices or significantly alter products is questionable. Furthermore, without any presidentially-appointed, Senate confirmed governors, in whom the authority rests, there can be no appointment or removal of the postmaster general, deputy postmaster general, or inspector general. In addition, the Constitution requires that executive branch agencies, including the Postal Service, be run by presidential appointees — a requirement that is not fulfilled without appropriately appointed governors.

Our review also examined five decades of research on the Postal Service's governance model as well as corporate governance best practices from the private sector. A strong, active, and diverse Board informed by these best practices could help the Postal Service navigate its operational, economic, regulatory, and political challenges. ([RARC-WP-17-002](#))

### OIG Hotline Contact Overview

October 1, 2016 - March 31, 2017

Telephone Calls: **1,027**

Email: **45,472**

Standard Mail: **801**

Voice Mail Messages: **3,961**

Facsimile: **151**

National Law Enforcement Communications Center: **200**