



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 Postal Service faces a number of strategic challenges as it adapts to a rapidly changing communications market. Those challenges include financial and business constraints, workplace relations, service performance, cybersecurity issues, plus the growing problem of opioids and other illicit narcotics moving through the mail. Also, USPS had to continue operating during this reporting period without a fully functioning Board of Governors. As our work summarized 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 stakeholders as we address the challenges ahead.

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

Fall 2017 Fact Sheet

Semiannual Report to Congress
April 1 — September 30, 2017

-  **105** Reports Issued
-  **1,584** Investigations Completed
-  **430** Arrests
-  **\$8.2 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.



Carrier Leave Without Pay for Union Activities

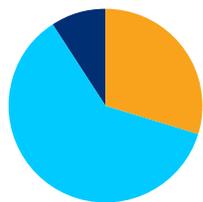
In November 2016, Senator Ron Johnson of Wisconsin requested the OIG review a constituent's allegation that a select group of postal carriers took leave without pay (LWOP) to participate in union political activities. In response, the OIG conducted an audit and reviewed the use of overtime to cover Postal Service carriers who took LWOP to support political activities on behalf of the union during the 2016 election season.

From September through November 2016, the Postal Service granted LWOP to 97 carriers, ranging from four to 50 days, to participate in these activities. The carriers' total cumulative amount of LWOP taken was about 2,776 days during this period.

Postal Service policy states that "the granting of LWOP is a matter of administrative discretion. Each request for LWOP is examined closely, and a decision is made based on the needs of the employee, the needs of the Postal Service, and the cost to the Postal Service."

However, in relation to these specific requests, supervisors received correspondence to grant LWOP even though concerns were raised about operational impact. In some cases supervisors initially denied the leave, but higher level managers in the district overruled them. In other cases, supervisors contacted Labor Relations officials, who told them to approve the leave. Additionally, supervisors approved the leave based on emails or texts from union leadership or postal management validating this as a union activity. As a result, at the 22 postal facilities we reviewed, the Postal Service incurred net overtime costs of \$90,682 due to carriers taking extended LWOP.

We recommended management adhere to the Postal Service policy to assess operational needs prior to granting or denying LWOP for union activities and communicate deviations to appropriate Operations and Labor Relations personnel, and also establish communications protocol that allows Labor Relations and Operations personnel to coordinate employee participation in union initiatives. Management disagreed with the audit findings, monetary impact, and one recommendation, but agreed with the second recommendation with modifications.



Reports issued
105

Recommendations issued
214

Total reports with financial impact
32

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:

\$107,286,012



Fines, Restitution, and Recovery:

\$68,163,350



Amount to the Postal Service:

\$21,462,163



Investigations Completed: **1,584**

Arrests: **430**

Indictments/Informations: **354**

Convictions/Pretrial Diversions: **416**

Administrative Actions: **1,129**

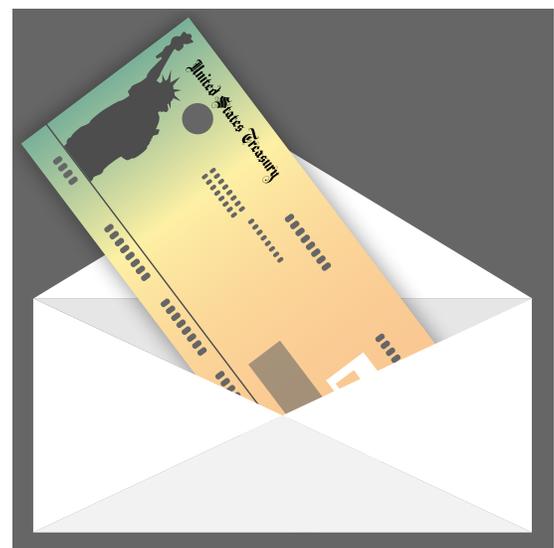


Mail Theft

In October 2012, the OIG joined an ongoing joint federal investigation involving theft and fraudulent negotiation of U.S. Treasury checks destined for ZIP codes beginning with 337.

The investigation determined that in 2012, a mail handler in Florida stole more than 3,000 Social Security Administration (SSA) benefit checks totaling over \$3 million. The mail handler sold the checks to a network of individuals, who cashed them at various convenience stores and check-cashing businesses in Florida and elsewhere. Four accomplices were previously convicted of federal charges related to the theft scheme.

In April 2017, the mail handler appeared before a U.S. District Judge and was sentenced to nine years and one month in federal prison for theft of government property and mail theft. The court also entered a money judgment of just over \$2 million and ordered the mail handler to pay \$720,881 in restitution to SSA.





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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).

Billions Served: Foot Traffic at the Post Office

How many people visit the more than 30,000 post offices each year? The Postal Service officially lists 877 million customer visits in FY 2016, though this is based only on the number of transactions. In reality, most visits do not include a transaction. Instead, customers may check a PO Box, pick up shipping materials, or deposit a letter in the slot. These actions are key elements of the Postal Service's value chain, and omitting them dramatically underestimates customers' use of post offices. A more complete foot traffic estimate could help USPS better manage its retail network for the benefit of the American people.

The OIG used a variety of private-sector proven methods to measure foot traffic, which we defined as any time a person goes inside a USPS-run post office. The result: about 2.7 billion customer visits in FY 2016 — roughly triple the Postal Service's official statistic.

The OIG also segmented post offices by size, categorizing them into Mega, Large, Small/Medium, and Micro locations. This could help USPS assess the viability of potential retail initiatives that may only make sense at locations with sufficient foot traffic.

The OIG also used a nationally-representative sample survey to gain insights on how different demographic groups, including Millennials, use post offices. In addition, we examined how other retailers use foot traffic information to help improve customer service and sales. The Postal Service could use such data to monitor and adapt to the changing mix of customers and activities at post offices, enabling it to better serve the American people.

OIG Hotline Contact Overview

April 1 - September 30, 2017

Telephone Calls: **1,270**

Email: **36,881**

Standard Mail: **791**

Voice Mail Messages: **3,953**

Facsimile: **117**

National Law Enforcement Communications Center: **295**