
Introduction

Chairman McHugh, Congressman Fattah, and Members of the Subcommittee, I am pleased to appear before you today to provide the Subcommittee with my perspective on current operations within the US Postal Service. Much of this perspective was gained during the audits, investigations, and other work performed by the Office of Inspector General since I testified before you in June 1998. In addition, I will provide a synopsis of the progress we have made in establishing our office, and some of the challenges that we face.

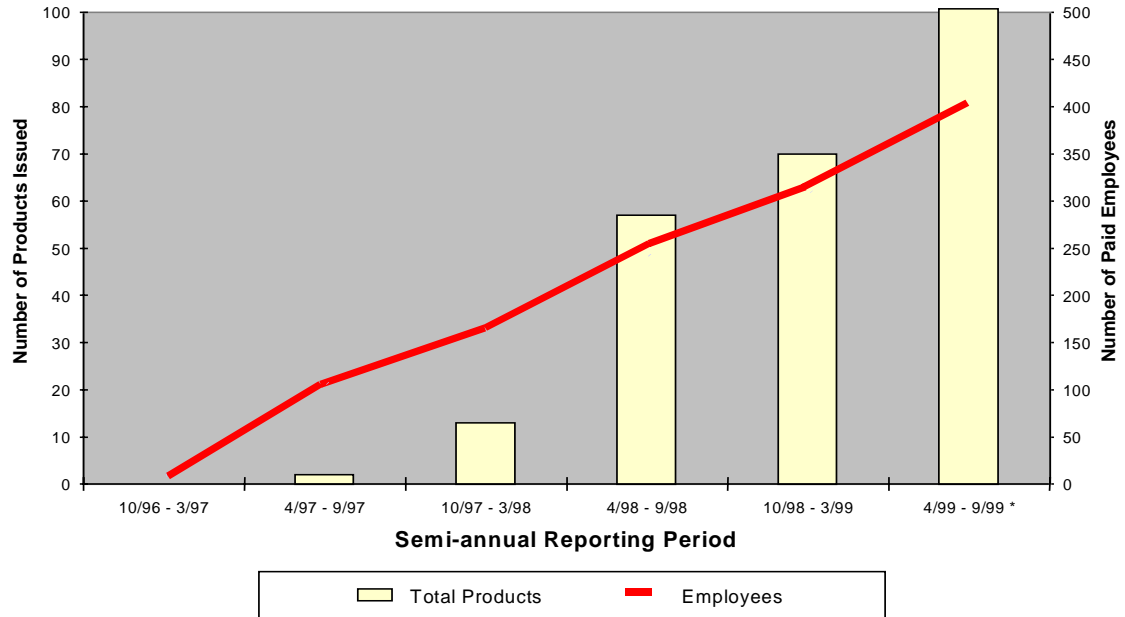
Joining me today are: Thomas Coogan, Legal Counsel, and Richard Chambers, Assistant Inspector General for Audit. With your permission, I would like to submit my full statement for the record.

Background

Mr. Chairman, as you are aware, this is our third year as an independent Office of Inspector General within the Postal Service. In our first year, we established a separate mission from the Inspection Service, crafted a budget, developed a strategic plan, and drew up our initial organization plans. In our second year, we focused our efforts on hiring, identifying the universe of Postal operations and activities, and initiating audits and investigations. In this our third year, we have concentrated our efforts on reviews of key Postal Service programs, initiatives, and activities.

Our progress in hiring employees and accomplishing projects is illustrated in the following chart.

Staffing and Reporting Trends



Even though we still might be considered a fledgling organization by many standards, I am proud to report to you that we have achieved numerous accomplishments and made remarkable progress since my June 1998 testimony. In the last six months alone, with the support of the Postal Service Governors and the assistance of Postal Service management and employees, we issued over 100 reports, including audits, investigations, management advisories, and Congressionals. These reports represented over \$1.1 billion in savings and potential cost avoidance during the current and future years. In addition, we currently have over 190 ongoing investigations. Our investigations have yielded five arrests, seven indictments, five convictions, and \$2 million in civil case recoveries, as well as over \$100,000 in fines and restitution. In addition, we initiated proactive investigative projects targeting fraud and corruption in various areas.

Impact of Office of Inspector General On Postal Service Operations

One of the principal missions of this OIG is to improve the Postal Service's operations by providing timely and reliable information to its management. We have provided Postal management with recommendations to improve Postal

Service operations in five critical areas: performance, technology, financial management, labor relations, and Inspection Service oversight and other significant issues.

Performance

Ultimately, no business or government agency can be truly successful unless it excels in all of its core business processes. For the Postal Service, these core business processes involve accepting, processing, transporting, and delivering the mail, and marketing Postal products. During the past 18 months, we have completed 49 reviews in these critical core business areas. These reviews:

- Identified potential cost avoidance of nearly \$1 billion through fiscal year (FY) 2007 in the Corporate Call Management program as a result of improvements in technology and changes in call mix.
- Determined that Postal Service could save over \$100 million¹ through better contract administration and oversight of highway transportation emergency and extra trip expenditures.
- Identified savings of nearly \$50 million² in rail detention costs by ensuring that facilities management does not use trailers to augment highway trailer fleets and store equipment, by considering the detention status of trailers before making dispatch decisions, and by seeking reimbursement for detention caused by mailers.
- Determined that a telecommunications contractor had subcontractors who billed for services not rendered, and provided incomplete and defective work. Through our efforts, the Postal Service has recovered \$2 million from the subcontractors thus far.

¹ Projected monetary benefits include \$24.7 million in FY 2000 and \$21.2 million annually through FY 2004.

² Projected monetary benefits through FY 2004 based on the FY 1999 funding level of \$11 million.

- Established that processing mail through the contractor-operated Priority Mail Processing Center Network did not significantly improve on-time delivery performance but did cost the Postal Service more than to process it in-house.
- Concluded that volume data for bulk mail centers was not accurate.
- Found that the International Business Unit did not have key processes in place to achieve projected revenue goals and that some initiatives fell short of revenue projections.
- In one international mail case, as much as \$20 million in revenue could have been collected had the Postal Service not charged a lower negotiated international rate for mail actually processed completely as domestic mail.

These reviews highlight but a few of the issues facing the Postal Service. They raise questions about process integrity, data reliability, the accuracy of revenue projections, and achievement of service delivery and performance goals. We will continue to address these and other similar issues in reviews planned for this fiscal year and beyond.

Technology

The Postal Service depends on technology to deliver more than 650 million pieces of mail every day, maintain its network of over 38,000 post offices and facilities, and pay its more than 800,000 career employees. For just the Information Systems portion of the technology area alone, the Postal Service budgeted almost \$1 billion in Fiscal Year 1999, not including budgets for all technology-dependent equipment, systems, and initiatives. The Postal Service recognizes that technology is critical to its future and, therefore, its technology strategy is to provide convenient access to every customer, everywhere, every day, by fielding smarter retail systems, expanding into new electronic access channels, and providing electronic linkages that integrate customer and postal processes.

Year 2000 Effort

Mr. Chairman, because of this dependency on technology we have devoted considerable Office of Inspector General resources and energy on programs and systems that utilize technology to move the mail. We have dedicated extensive resources to oversee and contribute to the Postal Service's Year 2000 (Y2K) effort, issuing nine reports in the past 18 months that address such issues as remediation, validation, reporting quality, budgeting, contracting, and the adequacy of continuity planning. Our Y2K team was awarded the Executive Council on Integrity and Efficiency Award of Excellence for this work in September 1999.

These audits resulted in improvements in various aspects of the Y2K process, such as the independent verification process. Our recommendations helped improve the quality of systems sent into verification and helped reduce the workload by introducing system sampling to replace 100 percent re-certification. Likewise, our audit on Y2K reporting quality pointed out inconsistencies in information presented to senior management and presented an independent perspective on the progress of the Postal Service's Y2K readiness. I also testified before you in a joint House Subcommittee hearing on the Postal Service's Y2K readiness in February of this year.

In addition, we have four more Y2K projects ongoing. And to demonstrate that we practice what we preach, we have aggressively pursued Y2K readiness by obtaining vendor certifications for all Office of Inspector General office software and network-related hardware and peripherals. All of our personal computers will be compliant by the end of November.

Point of Service ONE

We also looked at systems under development, such as the Postal Service's Point of Service (POS) ONE system, which replaces all outdated, integrated retail terminals at post offices nationwide, and its Tray Management System, which automates the movement and staging of mail between sorting operations. Both systems had faulty system development practices and premature deployment. We believe the POS ONE system resulted in additional costs to the Postal Service and did not fully meet desired results and benefits. The review of the Tray Management System is yielding similar results. Both technologies are critical to the

movement of the mail and revenue collection and represent a projected Postal Service investment of more than \$1 billion combined.

Computer Security

Not to leave any stone unturned, we are also looking at the Postal Service's efforts to protect its investment in technology. We are examining several questions. First, what is the Postal Service's computer security vulnerability posture? Second, does it have proper controls in place to ensure data integrity? Third, are its systems vulnerable to hackers and can they be penetrated?

From the computer security controls perspective, we want to determine whether the Postal Service has established a comprehensive, Postal-wide computer security program. Sensitive, critical systems are vulnerable to penetration. We need to determine if procedures exist to identify and deter cyber attacks. We currently have two teams assessing these security areas and plan to brief management before the year-end.

We are proud that we developed one of the few computer intrusion units within the federal government. This group, along with individuals from the National Aeronautics and Space Administration, received a joint Award of Excellence from both the Executive and President's Councils on Integrity and Efficiency for providing intrusion training to 26 law enforcement agencies, including Office of Inspectors General and the Department of Justice.

Electronic Commerce

Last, but certainly not least, is the area of electronic commerce. During this year, the Postal Service announced its high-level internet strategy, appointed a Vice President for Electronic Commerce, established a senior management Electronic Commerce Steering Committee, established the Internet Business Group, implemented electronic commerce systems, and developed critical electronic commerce partnerships. We are aggressively addressing this issue and have several initiatives planned for Fiscal Year 2000. I am very excited about being part of the electronic commerce initiative and we are keeping pace with Postal Service developments in this most challenging area.

**Financial
Management**

The Postal Service is a \$60 billion business that relies on strong financial management to control costs and maximize revenues. The Postal Service purchased \$8 billion in goods and services in Fiscal Year 1998 through contracts. In addition, the Postal Service is one of America's largest owners, developers and managers of real estate. In Fiscal Year 1998, the Postal Service spent close to \$1.2 billion for contracts to repair, renovate, and construct facilities.

Since our June 1998 testimony, we have issued a total of 31 reports covering financial operations, including contracting and facilities. These reviews:

- Identified ways to reduce the risk of money laundering in the Dinero Seguro wire transfer program. Mr. Chairman, as you know, we previously informed you that the indictment of Bancomer did not jeopardize the integrity of the Dinero Seguro Program. Although it did not effect the integrity of the program, our review did uncover a previously unknown scheme whereby drug traffickers used the program to wire drug proceeds to Mexico. In subsequent partnering with another federal law enforcement agency, this investigation has yielded five arrests for violation of the Money Laundering Control Act, along with the seizure of 25 kilograms of marijuana and three kilograms of cocaine.
- Evaluated the Postal Service's compliance with the Bank Secrecy Act and discovered numerous areas where the Postal Service was noncompliant.
- Examined the financial profitability of international mail and determined that international mail services contribute positively to the financial position of the Postal Service and are not subsidized by domestic mail service.
- Aided the external auditor in independently verifying the reliability and accuracy of the financial data for each of the past two years, including electronic data processing systems.

Contracting and Facilities

In addition, we issued contracting and facilities reports which:

- Disclosed that the Postal Service, as compared to other Federal agencies, rarely suspends or debars contractors. The Postal Service agreed with our report and is establishing a task force to review and improve its suspension and debarment policies and procedures.
- Recommended suspension and/or debarment of three postal contractors, in unrelated cases, who engaged in illegal acts such as bribery and falsifying documents, and failing to adhere to generally accepted construction and quality control practices.
- Reviewed the Atlanta Olympic Facility Improvement Plan, at your request, Mr. Chairman, and found the plan did not receive approval and oversight at an appropriate level -- contributing to an increased cost of at least \$9 million over original projections.
- Identified missed opportunities and questioned up to \$72 million in costs because the Postal Service did not request sufficient pre- and post-award contract audits.
- Suggested ways to help reverse the Postal Service's recent decline in minority contracting by strengthening contracting officer accountability, directing that subcontractors specifically include minority businesses in their hiring plans, and clarifying qualifying regulations. This review was done at Congressman Fattah's suggestion.

Based on the results of these initial reviews, we will expand our coverage of these areas to add value, identify opportunities for cost savings, and promote improved financial management practices.

Labor Management

The Postal Service has characterized labor management as one of its most important challenges in achieving its goals in the 21st century. With approximately 800,000 career and 100,000 part-time employees, improving workplace relations among labor, management, and the unions and associations that represent them, is a key objective within

the Postal Service. Because of the importance of labor management on Postal operations, the Postal Service has developed numerous initiatives and programs focused on reducing conflict in the workplace and improving the effectiveness of procedures to resolve disputes. In addition, established channels are available to help resolve Postal employees' complaints. These channels include contractual grievance arbitration procedures and the Equal Employment Opportunity process.

However, labor management is one of the toughest areas for us to adequately address. Since our inception, we have received over 2,500 individual labor management complaints. Because of the emotional involvement, potential financial impact, and the length of time to resolve these issues for the employee, management, and Postal Service, it is important that our involvement in this area be meaningful and positive. Therefore, the approach we have developed to deal with the sheer magnitude of complaints is to step back and focus primarily on systemic issues and conduct Postal-wide reviews. These reviews are designed to identify and short circuit potential problems that can detract from a healthy and productive work environment.

Federal Inspectors General typically perform programmatic and operational audits. Most individual labor management complaints do not focus on programs and operations but on personal concerns. Therefore, we usually do not review individual complaints unless they involve potentially violent or other egregious situations. However, individual complaints provide us with extremely valuable information that we can use to identify Postal-wide issues and plan reviews that address these issues on a systemic basis. Members of Congress often ask us to address individual complaints, but to do this would require a substantial increase in our labor management staff and expanding our mission into individual reviews.

Since June 1998, the Office of Inspector General has completed 30 reports and approximately 60 congressional responses concerning labor management. Our Labor-Management team was recognized with an Executive Council on Integrity and Efficiency Award of Excellence this year for work in this area.

As a result of a request from Congressman Fattah, we have issued four reports that focused on the Postal Service grievance arbitration process. In Fiscal Year 1997, the Postal Service estimated that it spent at least \$216 million on grievances. These grievance arbitration reviews provided suggestions on how to improve the process, reduce the backlog of grievances, and improve the labor climate.

In July 1998, Congressman Fattah sent us over 500 complaints, which he had received from a Postal union, representing the concerns of more than 1,200 individuals.

We designed a series of reviews to address the systemic issues underlying these complaints.

The first report in this series addressed the consistency with which Postal management within one district communicated and enforced Postal Service policies regarding violent and inappropriate behavior in the workplace. We found that management had not effectively implemented many of the Postal Service's violence prevention policies and procedures. This is similar to the result we found when we looked at the December 1997 Milwaukee incident, at your request, Mr. Chairman. Based on the work at Milwaukee and the other district, we are reviewing the violence prevention and response programs at 26 additional Postal Service district offices and will issue reports upon completion.

Another area that has piqued our professional interest involves the implementation of the Postal Employees Safety Enhancement Act requirements and its effect on the organizational climate and Postal Service operations in general. A review of these issues will provide Postal Service employees with an independent evaluation of working conditions and provide information that may reduce the Postal Service's liability for penalties and third party litigation.

To address Postal Service challenges, the Postal Service must give labor management issues more visibility. We will continue to work with management and to consult with labor

officials to ensure our reviews are pertinent and that our recommendations are appropriately addressed.

**Inspection Service
Oversight and Other
Significant Issues**

Mr. Chairman, the final Postal Service areas I would like to discuss include Inspection Service oversight and other significant issues. As you well know, one of the primary reasons an independent Office of Inspector General was established in the Postal Service was to provide oversight of Postal Inspection Service activities. Because this is one of our specific statutory responsibilities, we seek to review and resolve all individual complaints that we receive against the Inspection Service. We also perform systemic reviews of Inspection Service operations and activities, and investigate complaints against Postal Inspection Service executives.

The Inspection Service has approximately 4,500 employees, including 2,100 Postal Inspectors located in 185 offices who enforce over 200 statutes relating to crime against the U.S. mail and Postal Service employees and customers. In the past 18 months, we have conducted 18 reviews and investigations involving Inspection Service personnel and operations. During these reviews, we:

- Determined that approximately 250 Postal Inspectors performing audits did not spend at least 50 percent of their time performing the duties of a law enforcement officer. This review was done at your request, Mr. Chairman. As a result of this review, the Inspection Service decided that they would no longer perform "Yellow Book" audits. This decision will have a major impact on the Office of Inspector General. We have created a task force to evaluate the effect of this decision on our staffing needs, field structure, and the agreed upon designation of functions with the Inspection Service. We plan to discuss the results of the task force with the Governors as soon as the task force completes its evaluation.
- Evaluated the Fiscal Year 1998 Postal Inspection Service Leadership Conference as a result of a hotline allegation. We found that certain conference expenditures and agenda items appeared unnecessary or extravagant, including non-work related workshops, publications, and \$82,000 in mementos.

- Established that a greater level of investigative effort by the Inspection Service was required to deter the use and sale of drugs on Postal premises.

As a result of our Postal Inspection Service oversight reviews, Congress, Postal management, and employees, including all levels of Inspection Service employees, have an independent, unbiased, and credible view of Inspection Service activities and operations.

Turning from the Inspection Service to other significant work within the Postal Service, we:

- Provided a statement for the record on proposed sweepstakes fraud legislation in response to an invitation by this Subcommittee. We strongly supported this consumer protection legislation, and suggested that the Postal Service subpoena authority focus on sweepstakes mailings and include due process safeguards.
- Continued to monitor the Postal Service compliance efforts with the Government Performance and Results Act, and assessed the Postal Service's implementation of the General Accounting Office's observations on the Postal Service's draft strategic plan and preliminary annual performance plan.
- Noted opportunities to enhance the administration of the Postal Service Ethics Program.
- Questioned the appropriateness of a recent management decision to purchase insurance that included provisions to cover legal expenses of Postal Service officials in the event they are indicted on federal criminal charges.

Our work in these other significant areas provides an independent voice, not subject to Postal Service management, which renders objective information and analysis of Postal Service operations.

**Office of Inspector
General's Progress**

I would now like to discuss our internal progress. As mentioned earlier in my testimony, in June 1998 we were in the midst of establishing office space and hiring employees. The Inspector General community recognized our enormous accomplishment of establishing a new Office of Inspector General through its Award of Excellence. Since then we have grown from 178 to over 400 employees and from four to six offices in Arlington, VA; Dallas, TX; Minneapolis, MN; St. Louis, MO; San Mateo, CA; and Atlanta, GA. In August 1999, the Governors approved a budget for the Office of Inspector General that would support a total of 648 staff and allow us to establish additional offices in Chicago, IL; New York, NY; Los Angeles, CA; Denver, CO; and Raleigh, NC.

Diversity

Of the 403 individuals on board as of September 30, 1999, 43 percent are women and 42 percent are minorities. Minorities include Blacks (28 percent), Hispanics (7 percent), Asians (6 percent), and Native Americans (1 percent). Based on the U.S. Bureau of the Census estimated data, as of November 1998, Office of Inspector General has met or exceeded the U.S. percentage of total population for each of these groups except for Hispanics, which is 11 percent. Our senior staff is 35 percent female and 26 percent minority.

The Office of Inspector General is proud of its diversity and is committed to developing and utilizing the diverse talents of all its employees. Many of our employees have advanced degrees and are certified public accountants, certified internal auditors, certified information systems auditors, certified fraud examiners, and certified acquisition auditors. In addition, a number of our investigators hold law enforcement specialty certifications in areas such as polygraphic examinations and seized computer evidence recovery. Our criminal investigators attend rigorous training at the Federal Law Enforcement Training Center or equivalent law enforcement academy. Employee education and professional certification enhances the Office of Inspector General's ability to add value to the Postal Service.

Our cultural and professional diversity reflects the hiring of the most qualified staff from the widest sources available. We have obtained staff from private industry, other federal

and state agencies, and the Postal Service, including the Postal Inspection Service. Each employee undergoes a full background investigation to ensure his or her suitability for employment with the Office of Inspector General. Because of our desire to hire competent, talented individuals, we have been highly selective in filling our vacancies.

To develop a diverse pool of highly qualified candidates, we have attended numerous conferences, colleges, and career fairs. With the unemployment rate at historic lows, hiring competent, talented individuals continues to be one of our greatest challenges. For example, in order to meet our Governor-approved hiring level of 648 for Fiscal Year 2000, we need to hire over 200 individuals. In addition, as mentioned earlier, we may need to increase our staffing levels and, hence, our level of hiring, because of the Inspection Service's decision not to perform "Yellow Book" audits in the future.

Organizational
Infrastructure

We continued to build our infrastructure. Over the last 18 months, we established:

- Our human relations processes and systems, including: a 360 degree feedback evaluation system; an interim pay-for-performance system; an extensive screening process for potential new employees; a thorough pre-employment background investigation process; ten 1-week orientation classes for new employees; a bi-weekly employee newsletter; and a 3-week Postal-specific investigative training program.
- Our administrative resources services, including: management controls over our internal processes; development of our own contracting function; establishment of Office of Inspector General offices by identifying, leasing, and developing space to accommodate Office of Inspector General staff in various locations throughout the country; performance of numerous quality assurance and internal reviews; and implementation of an automated tracking system for time and projects.
- Critical audit, investigative and administrative processes, including: developing internal policies and Postal-wide policies for describing Office of Inspector General

authorities and responsibilities; continuing to notify Postal employees at all levels of their right to report wrongdoing to the Office of Inspector General without fear of retaliation; assuming responsibility from the Inspection Service for review of Postal Service legislation, policies, and procedures; engineering an electronic subpoena system to improve processing of Inspector General administrative subpoenas (for which we received an Executive Council on Integrity and Efficiency Award of Excellence); deploying a report processing review staff to expedite and standardize issuance of reports; working with Postal Service to ensure a valid tracking system for recommendations from the external auditor, General Accounting Office, Inspection Service, and the Office of Inspector General; processing over 100 Freedom of Information Act requests and over 100 Congressional responses; and providing quarterly firearms qualifications and defensive tactics training to criminal investigators.

- Strategic processes, including: revising the Strategic Plan, developing a universe of over 1,000 projects, preparing the Fiscal Year 2000 Annual Performance Plan, achieving over 80 percent of the performance measurements for Fiscal Year 1999 resulting in a Team Award for Office of Inspector General employees, and establishing computer intrusion and electronic commerce units.

Professional
Organization
Memberships

Within the Inspector General community, the Postal Service Office of Inspector General is now a member of two important policymaking bodies of the President's Council on Integrity and Efficiency. I am a member of the Investigations Committee and my Assistant Inspector General for Audit is a member of the Federal Audit Executive Council. In these positions, the Postal Service has a greater voice within the Inspector General community. In September 1999, the Postal Service Office of Inspector General was honored to receive more awards than any other Office of Inspector General, including four Awards of Excellence and eight Honorable Mention Awards. This accomplishment is especially noteworthy since the Postal Service Office of Inspector General is one of the newest members of the Inspector General community.

Within the Postal community, the Office of Inspector General continued to gain respect and acceptance in numerous areas. For example, in March 1999, the Governors approved the Office of Inspector General's role as Co-Contracting Officer's Representative on the external certification of the Postal Service's financial statements. This role provides the Office of Inspector General with greater involvement in the external audit process.

In August of this year, I was a delegate to the Universal Postal Union in China and saw first hand the role of the Postal Service in the international arena. By attending the Postal management committee meetings with senior Postal officials, I keep informed of emerging issues, developing trends, and new initiatives.

Members of my staff and I continued to give numerous presentations to various groups including professional organizations, internal Postal groups, and major Postal stakeholders, informing them about the Office of Inspector General. We have also given over 30 fraud awareness briefings to Postal employees. With our upcoming Semiannual Report to Congress, we will issue a hotline poster, which will be disseminated to all Postal facilities.

**Challenges Facing
The Office of
Inspector General**

As a new Office of Inspector General, we still have numerous challenges, which fall into three broad categories: our internal infrastructure, our internal Postal Service role, and our external role to Postal stakeholders. As I look to the future, the key challenges in these categories are:

- Internal Infrastructure: hiring additional talented and diverse staff; building our processes, policies, and procedures; promoting our values and culture; and continuing to forge ahead with our mission while being sensitive to the variety of extensive demands that are being placed on our employees in our evolving environment.
- Internal to the Postal Service: continuing to add value through our work by providing meaningful results on a timely basis; educating the Postal Service on our roles and responsibilities; resolving differences, including those of authority, roles, and responsibilities with the Inspection Service; maximizing the impact of Office of

Inspector General work by instituting effective resolution processes; educating Postal management on the independence of the Office of Inspector General and its duty to report any significant issues to the Postal Service Governors and the Congress; informing Postal Service officials of our authority to make independent decisions on areas to review; performing work and continuing to gain expertise in Postal Service programs, operations, and emerging issues.

- External to the Postal Service: making the results of our work publicly available without affecting the Postal Service's competitive position; educating Postal stakeholders on our role; continuing to establish the Postal Service Office of Inspector General as a significant player in the Inspector General and federal law enforcement communities; and effectively dealing with hotline and Congressional inquiries.

I would like to expand on one of these issues -- our ability to develop effective working relationships with the Inspection Service. As the Office of Inspector General has grown and initiated work into various Postal areas and operations, Postal employees have not always been familiar with Office of Inspector General authorities. Recently, Postal Inspection Service personnel challenged the Office of Inspector General's presence at a Postal facility while we were participating in a federal task force surveillance. As a result of this incident, executives of both agencies have renewed team-building efforts to increase communications, trust, and coordination. Situations like these illustrate the need for mutual respect and professional courtesy between the Inspection Service and the Office of Inspector General.

**Benefits of an
Independent Office of
Inspector General**

An independent Office of Inspector General benefits the Postal Service by providing not only Postal management but also the Governors and Congress with timely, objective, and complete information and analyses of Postal Service operations. For example, in our 2½ years of existence, we have issued 14 reports in the areas of new product development, new business processes, new and redesigned automated equipment, and automated systems development. These reports were provided to the Governors, briefed as appropriate to the audit committee and the Governors, and included in our Semiannual Reports

to Congress. In contrast, records indicate that for the five-year period before this office was established, 15 developmental projects had been opened. While we understand issues were discussed with management, none of the developmental projects were reported in the Semiannual Reports to Congress until September 1998, after our office was established.

Other significant benefits to the Postal Service of an independent Office of Inspector General include the:

- Expansion of audit and investigative coverage of all Postal operations and activities, including rate making, contract administration, Inspection Service oversight, labor management, computer intrusion, electronic commerce, and marketing. This coverage will achieve cost savings, enhance contract and program administration, and increase employee and program integrity.
- Technological evaluations in areas such as Y2K, electronic commerce, and computer intrusion with experienced, specially trained staff.
- Independent review of complaints against the Inspection Service, which receive specific audit and investigative oversight.
- Audit resolution and follow-up processes, which will provide meaningful mechanisms for resolving findings and recommendations where Office of Inspector General and Postal management are in disagreement, and for assuring that management implements corrective action.

In summary, we believe that the establishment of an independent Postal Inspector General by Congress in late 1996 has resulted in:

- Greater Postal Service economy, efficiency, and integrity.
- A truly independent voice.

- A venue for all employees and other stakeholders to confidentially report allegations of fraud, waste, abuse, and mismanagement.
- Delivery of objective information and analysis of Postal Service operations to all Postal stakeholders, including Congress and the Governors.

Closing

The Postal Service is reevaluating the role it will play in an advanced technology and highly competitive environment. We will continue to assist the Postal Service, the Governors, and Congress by providing accurate and objective information upon which to base important decisions in the critical areas of performance, technology, financial management, labor management and Inspection Service oversight. As you can see, in the past 18 months we have achieved much and look forward to continuing to work with this Subcommittee and the Postal Service to improve Postal operations.

Mr. Chairman, this concludes my statement. I would be pleased to answer any questions you or the Subcommittee may have.