



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.

Fall 2015 Fact Sheet

Semiannual Report to Congress

April 1 — September 30, 2015

99 Reports Issued

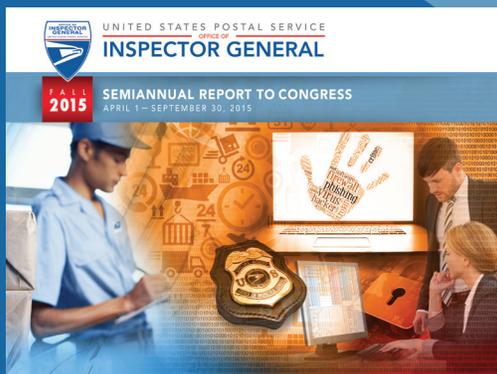
2,218 Investigations Completed

415 Arrests

\$22.4 Million Returned to the Postal Service

\$1.27 Billion Total Revenue Impact

Details inside



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



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.

Reports Issued

99

Significant Recommendations

138

Reports With Financial Impact

25

Funds Put To Better Use

\$140 Million

Finance and Supply

\$ 4 million

Mission Operations

\$ 69 million

Revenue and Resources

\$ 6.5 million

Technology, Investment, and Cost

\$ 61 million

Questioned Costs

\$455.7 Million

Finance and Supply

\$ 371 million

Mission Operations

\$ 52.5 million

Revenue and Resources

\$ 1.9 million

Technology, Investment, and Cost

\$ 29.8 million

Revenue Impact

\$1.27 Billion

Technology, Investment, and Cost

\$ 876 million

TOTAL MONETARY IMPACT
\$1.86 Billion

April 1 — September 30, 2015

A Challenging Year for Mail Delivery

A significant audit effort focused on the unprecedented challenges mail delivery faced in Fiscal Year 2015 because of a significant growth in package volume. We examined the Postal Service's peak season package delivery in December 2014 and also looked into concerns about delayed mail in early 2015.

Package processing improved during the 2014 holiday season: Total workload increased by 88.2 million packages, while delayed packages decreased by 1.8 million compared to the same period last year. Also, service scores for packages increased in 6 of the 9 package categories. However, we recommended segregating Priority Mail and First-Class Mail packages to avoid processing delays.

In the first 6 months of 2015 delayed mail processing increased by about 494 million mailpieces (a 48 percent increase) compared to the same period last year, and external First-Class Measurement scores declined by up to 6.71 percent for 2-day service and up to 38.60 percent for 3-day service.

Although timeliness of processing has recently improved, service is not where it was the previous year and the network still needs to stabilize. We recommended establishing criteria for determining if the network has stabilized, and ensure the criteria are met prior to resuming the network optimization efforts. The Postal Service disagreed that all optimization efforts should stop until it meets all criteria that ensure the network has stabilized.

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.

Guilty of Healthcare Fraud

A significant investigation we jointly conducted with FBI and Department of Labor OIG resulted in a guilty plea involving one count of healthcare fraud by the owner of a Texas-based durable medical equipment (DME) company. The owner was sentenced on May 15, 2015, to 36 months in prison followed by three years of probation, and was also ordered to pay more than \$846,000 in restitution. The joint investigation revealed that between February 2011 and February 2014, the company owner fraudulently billed DOL Office of Workers' Compensation Programs for medical equipment allegedly provided to 155 claimants, who did not receive it.

The investigation also discovered that other durable medical equipment providers were billing and inappropriately getting paid for Current Procedural Terminology (CPT) code 99070. The use of CPT billing by non-physicians for DME goods was brought to the attention of DOL. As a result, DOL implemented a policy change disallowing DME companies from billing for CPT 99070, thus enabling the Postal Service to avoid future costs of nearly \$3.4 million.



415

Arrests

337

Indictments/
Informations

460

Convictions/
Pretrial Diversions

1,255

Administrative
Actions

2,218

Investigations
Closed

\$204 Million

Cost Avoidance

\$46.8 Million

Fines, Restitution,
and Recoveries

AMOUNT
TO THE
POSTAL SERVICE
\$22.4 Million

April 1 — September 30, 2015



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Mission Statement

The mission of the U.S. Postal Service Office of Inspector General is to conduct and supervise objective and independent audits, reviews, and investigations relating to Postal Service programs and operations to:

- Prevent and detect fraud, theft, and misconduct;
- Promote economy, efficiency, and effectiveness;
- Promote program integrity; and
- Keep the Governors, Congress, and Postal Service management informed of problems, deficiencies, and corresponding corrective actions.

Let Us Hear From You!

The OIG sponsors a blog and audit projects 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 Project Pages: www.uspsoig.gov/audit-asks

RISK ANALYSIS RESEARCH CENTER

Advertising mail accounted for over \$20 billion — or 31 percent — of the Postal Service's total revenue in fiscal year 2014. However, marketers have increasingly numerous choices of media available to them.

Understanding physical ad mail's unique qualities and how people respond to them could enable the Postal Service to identify potential new opportunities to maintain and enhance this critically important revenue source.

We worked with Temple University's Center for Neural Decision Making to study people's responses to physical and digital media in the consumer buying process. The results, detailed in a white paper, revealed distinct differences: participants processed digital ad content quicker but spent more time with physical ads; participants had a stronger emotional response to physical ads and more easily recalled physical ads; and physical ads triggered greater brain activity associated with greater intent to purchase.

OIG HOTLINE CONTACT OVERVIEW

April 1 – September 30, 2015

Phone Calls **32,873**



Letters **739**



Voice Mails **275**



Faxes **174**



E-Mails **19,343**



Ntl. Law Enforcement Communications Center **245**



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

www.uspsoig.gov or 888-877-7644