



OFFICE OF INSPECTOR GENERAL FIVE-YEAR STRATEGIC PLAN

FY 2007 — FY 2011
2008 Update

Promoting Integrity and Accountability in America's Postal System



Message from the Inspector General

Since 2003, my first year as Inspector General, we focused on establishing a highly satisfying, performance-based culture for the Office of Inspector General (OIG). In support of this strategic initiative, we aligned our organization with the Postal Service; strengthened relationships with our stakeholders; made several key organizational and operational changes that institutionalized our performance goal setting and measurement; established a formal enterprise-wide risk assessment to ensure high-value audits; expanded our investigative mission; and established core and specialized competencies -- thereby improving development of our employees. Collectively, these changes have led to high quality mission delivery with a steady increase each year in productivity and value added to the Postal Service and our stakeholders.

For example, over the past 4-½ years, OIG auditors identified \$4.3 billion in monetary benefits and our investigators identified \$.5 billion in cost avoidance, fines, restitutions, and recoveries as defined by the Inspector General Act (the IG Act) and reported to the Office of Management and Budget. We issued 1,921 audit reports containing more than 4,129 recommendations for improving Postal Service operations and financial processes. We completed more than 24,000 investigations that resulted in over 2,600 arrests, indictments or informations, 1,100 convictions or pretrial diversions, and 9,800 administrative actions taken by the Postal Service.

In this update of our Five-Year Strategic Plan fiscal years 2007–2011, we have simplified and clarified our mission and vision statements. In addition, for the first time, our plan includes guiding principles to help employees, customers and stakeholders understand how we will work internally and externally to deliver our mission. Furthermore, we have incorporated changes to ensure we remain aligned with the Postal Service's and our stakeholders' strategic direction. Finally, we present our vision for the next 3 years and the new challenges that we will face.

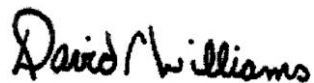
For the balance of this strategic planning period, we will build on our foundation of high quality and productivity by establishing a knowledge center, a joint mission support center, and an enhanced network collaboration. The knowledge center will have tools to collect and analyze the large volume of complex information on postal operations to monitor existing risks and identify emerging ones. In this way, we will transform data and information into shared knowledge to focus our efforts to provide work of value in high-risk areas of the Postal Service. The initiative will also help ensure that knowledge is retained regardless of changes in our workforce.

The joint mission support center will allow the OIG and Postal Inspection Service to realize efficiencies in operations and resources in a way that will benefit the Postal Service through reduced costs and more efficient and enhanced mission

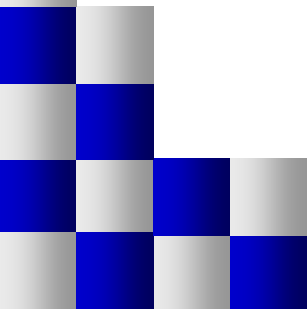
delivery. The joint mission support center will be one organization to support both of these law enforcement organizations in leveraging economies and improving quality in purchasing, staffing, training, forensics and investigative analysis. The enhanced delivery of support services will increase the total value of investigations and promote the integrity and security of the Postal Service.

We will enhance our professional network collaboration by taking our stakeholder relations program to the next level. Although our executives, managers and staff meet regularly with stakeholders, our vision is to establish, using our knowledge center, a more interactive professional collaborative environment. Our goal is to expand our network by using new methods such as open source forums to discuss emerging issues. Building these networks is key to our planning and ensuring we are addressing the right issues and adding value to the Postal Service.

This update builds on our success to date in delivering tangible results to the Postal Service. It also strengthens our focus on the importance of understanding the complex Postal Service operations and ensures that we share and retain the knowledge we have and gain. This will help us continue to provide the value we have in the past, and will help us find new and more significant ways to provide value in the coming years. In this update, we also recognize that continuous hiring, retention and development of high quality employees is essential to our success. Operating by our guiding principles, I am confident we can meet the challenges that face us to continue to deliver optimal value to the Postal Service and our stakeholders.

A handwritten signature in black ink that reads "David Williams". The signature is written in a cursive, slightly slanted style.

David C. Williams



**FIVE-YEAR STRATEGIC PLAN
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2008 Update**

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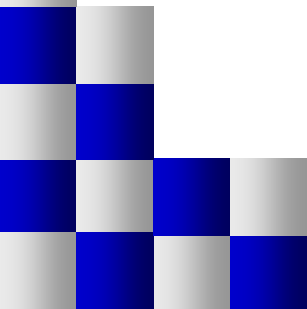
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Mission, Vision and Guiding Principles

Mission

Promote integrity and accountability

Vision

Deliver optimal value to our stakeholders

Guiding Principles

The OIG is committed to:

Achieving Results

Sustain our performance culture with increasingly challenging and satisfying work that adds value to the Postal Service

Respecting and Developing People

Treat everyone fairly and respectfully through our words and actions, ensure professional growth, and support diversity

Operating with Integrity

Be a model of ethical behavior

Encouraging Innovation

Promote creativity in executing our mission

Developing and Retaining Knowledge

Create an environment that supports gathering, sharing and retaining knowledge with interactive networks and tools



Strategic Goals and Implementation Strategies

In keeping with the Government Performance and Results Act, our strategic goals and implementation strategies form the foundation of this strategic plan and are designed to guide us in performing work that will improve our operational efficiency and effectiveness and the value of our products and services. We updated our implementation strategies to ensure continued alignment with Postal Service and stakeholder strategies. We added implementation strategies that address two new Postal Service strategic priorities -- Enhance Sustainability, and Regulatory Studies and Reporting Obligations. Following are the OIG's strategic goals and implementation strategies that will guide our work for the balance of the strategic planning period.

Goal 1 - Add Value to Postal Service Operations

Influence Postal Service actions that improve operational efficiency, increase revenue, and enhance service to customers.

Implementation Strategies

- Support Postal Service efforts to generate revenue and cut costs by identifying \$3.6 billion in new revenue and cost reduction opportunities for the Postal Service.
- Contribute to improved customer service in Postal Service operations.
- Leverage innovative and cutting edge technologies to support the generation of Postal Service revenue (or reduction of costs) by \$250 million.
- Support the Postal Service's strategic priority to enhance sustainability through demonstrating environmental leadership and reducing energy use.
- Fulfill our new mandates and support the Postal Service's strategic priority to meet its reporting obligations under the *Postal Accountability and Enhancement Act of 2006* (Postal Act of 2006).

Summary Measurement Indicators: Monetary benefits; revenue impact; number of audit reports; the percentage customer service, sustainability, and cost, revenue and rates recommendations accepted resulting from audits of the Postal Service; timeliness of the audit products for the independent public accounting firm; and OIG budget execution.



Strategic Goals and Implementation Strategies

Goal 2 - Preserve Integrity and Security for the Postal Service

Improve operational integrity and reduce the risk of loss by detecting and preventing vulnerabilities to fraud, abuse, and breaches of security.

Implementation Strategies

- Develop analytical tools to proactively identify vulnerabilities, propose countermeasures, and measure the effectiveness of such countermeasures.
- Conduct objective, independent, timely, and high-quality investigations of misconduct and fraud that over the next 5 years will recover \$600 million in fines, restitutions, recoveries, settlements, and cost avoidance.
- Conduct audits of the Postal Service, investigative services, and security programs and make recommendations that will improve the safety and security of the nation's mail systems and its employees.

Summary Measurement Indicators: Actual cost avoidance, fines, recoveries, settlements and judgments; deterrent impact of investigations, and the percent of safety and security audit recommendations accepted.



Strategic Goals and Implementation Strategies

Goal 3 - Continuously Improve OIG Products and Services

Enhance OIG systems and processes to make our work more efficient and valuable.

Implementation Strategies

- Expand products and services, and add capabilities to continually meet the evolving mission of the OIG.
- Develop and implement new knowledge-based tools and processes, and streamline existing ones, to improve OIG productivity.
- Continuously improve the responsiveness and value of products and services to internal (OIG) and external stakeholders.
- Leverage innovative and cutting edge technologies to increase operational efficiencies and improve the effectiveness of OIG operations.

Summary measurement indicators: Timeliness, cost, and quality of audits and investigations, and customer surveys results.



Strategic Goals and Implementation Strategies

Goal 4 - Pursue a Highly Satisfying, Performance-based Culture within the OIG

Respect and develop our people and sustain our performance culture with increasingly challenging and satisfying work that adds value to the Postal Service.

Implementation Strategies

- Collectively achieve and maintain the organizational competencies necessary to deliver products and services expected by stakeholders in a high quality and timely manner.
- Measure and improve employee satisfaction during the next 5 years.
- Increase employee performance by enhancing the performance management system and linking performance goals to each component, Director/Special Agent-in-Charge, Audit Manager/Assistant Special Agent-in-Charge, and employee.
- Develop a succession-planning program, and implement it within all levels of the OIG.

Summary Measurement Indicators: Competency evaluation, individual development plans, and succession planning quality and timeliness. Assignment-based evaluation implementation, awards program, internal customer/employee satisfaction results.



Challenges Impacting OIG's Success

Internal Challenges

There are challenges that we must overcome to achieve our Strategic Goals including:

- Building a knowledge-centered environment that is innovative and high performing, and provides incentives to maximize value to customers. Fostering a culture that promotes shared knowledge, ownership and accountability, superior productivity, world-class timeliness and quality, and continuous improvement.
 - Modernizing our capability to synthesize data and information on postal operations and turn it into useable knowledge and insight to identify the root causes and solutions for weaknesses in postal operations.
 - Enhancing our professional network collaboration by establishing a more interactive professional collaborative environment using new methods such as open source forums to discuss emerging issues.
 - Developing the expertise in environmental issues to support the Postal Service's priority to enhance sustainability in its business practices and energy conservation.
 - Assuring that OIG operations are planned and implemented in an environmentally friendly manner.
 - Recruiting, retaining and developing a highly skilled and diverse workforce to perform audits and investigations that maximize the knowledge, skills, abilities and expertise of our senior executives, managers and staff.
 - Redesigning our budget, accounting and performance reporting systems in order to prepare a separate budget statement as required by the Postal Act of 2006.
 - Using innovative technology to improve internal operations and integration with Postal Service systems, as appropriate, to enhance operational efficiencies.
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Challenges Impacting OIG's Success

External Challenges

The Postal Act of 2006 is the first major legislative change to the Postal Service since 1971. As a result of the statute, as well as rapid changes in the market place, the Postal Service's regulatory and business environment is fluid. Therefore, this plan must remain dynamic and focused on known, high-risk issues and our statutory requirements. Our external challenges include:

- Standing up a joint mission support center with the Postal Inspection Service to support both organizations. We will leverage economies and improve quality in purchasing, staffing, training, forensics and investigative analysis.
 - Increasing Postal Service receptiveness and timely implementation of our recommendations given its financial constraints and sometimes-conflicting stakeholder priorities.
 - Balancing our reporting requirements against the need to protect the Postal Service's commercially sensitive and proprietary data and preventing the inadvertent disclosure of information. At the same time, we must meet the intent and requirements of the Freedom of Information Act and the Inspector General Act.
 - Supporting the Postal Service's new reporting requirements under certain provisions of the Sarbanes-Oxley Act, and aspects of Securities and Exchange Commission reporting, both of which will require the OIG to conduct substantial audit work.
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Appendix 1

Strategic Alignment and Workplan

Our Offices of Audit (OA) and Investigations (OI) are aligned with appropriate Postal Service components in order to effectively carry out our mission. Consistent with our mission to conduct audits and investigations relating to its programs and operations, we will conduct an extensive body of work to help the Postal Service manage its major risks.

Audit

To facilitate planning and managing audit work, OA's structure is designed to address high-risk areas and cover the breadth of postal operations and activities. OA's directorates are functionally aligned with the Postal Service.

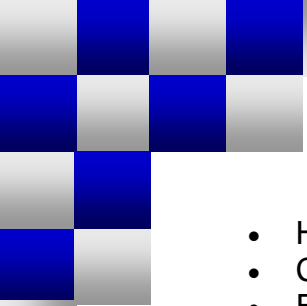
Historically, the Postal Service had not conducted a formal enterprise-wide risk assessment. Consequently, in FY 2007 OA conducted such a risk assessment, and divided the Postal Service's risk universe into three risk categories: Strategic, Financial and Operational. Within each category, numerous risk factors were identified and rated according to likelihood of occurrence and impact if they did occur. The assessment considers the concerns of Congress, the Governors, and other key stakeholders. The results were used to identify and prioritize audit work for the following fiscal year.

In addition, each program director authors an annual Director's Program Assessment (DPA), which highlights areas of concern and challenges in their program area. Furthermore, OA annually works with the Postal Service to identify areas that, with examination, could yield savings and optimize the value added to the Postal Service. This process yields a "Value Proposition," which is an agreement between a director and his/her counterpart Postal Service vice president to conduct a specific body of work in a specific time frame. The agreement includes the area of focus, objectives/goals, scope of work, OIG resources, Postal Service resources, anticipated value, and deliverables.

Based on the risk assessment, the DPAs, and Value Propositions, OA develops an Annual Audit Plan. The plan, however, is a living document that can change as needed to address unplanned work based on new legislation; new requests from the Congress, the Governors and Postal Service management; and strategic changes by the Postal Service.

Investigations

OI's structure and ongoing resource redeployment are designed to cover postal program vulnerabilities and are aligned geographically to the postal workforce with specialized units in Headquarters. With more than 600 Special Agents stationed in more than 90 offices nationwide, OI meets its statutory responsibility by investigating internal postal crimes involving:

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- Health Care Fraud
 - Contract Fraud
 - Financial Fraud
 - Internal Mail Theft
 - Employee Misconduct

In 2006, OI expanded its investigative mission to include employee mail theft, completing the transition of jurisdiction of all internal crimes from the Postal Inspection Service. To accomplish this new work, OI added staff, expanded its investigative responsibilities, and established new offices across the country.

For each postal area, Special Agents in Charge develop annual Domain Awareness Reports, which includes a risk assessment based on the profile of vulnerabilities in the area. OI tracks the nature of criminal activity in order to direct its resources to anticipate the scope of investigative work.

Appendix 2

Statutory Responsibilities

The Postal Service OIG was established pursuant to provisions of the *Omnibus Consolidated Appropriations Act of 1997*, Public Law 104-208, on September 30, 1996. General OIG authority is derived from the Inspector General Act of 1978, as amended, codified at 5 U.S.C. Appendix §§ 1-12, which provides statutory responsibility to protect the integrity of Postal Service programs and operations, and to ensure that the mail service is administered with maximum economy and efficiency.

As prescribed by the IG Act, we will:

- Maintain our independence and objectivity to conduct and supervise audits and investigations relating to the programs and operations of the Postal Service;
- Recommend policies and practices to promote economy, efficiency, and effectiveness in the administration of Postal Service programs;
- Take appropriate action to prevent and detect fraud, waste and abuse in the Postal Service's programs and operations;
- Oversee all activities of the Postal Inspection Service, including any internal investigation performed by them;
- Keep the Governors and Congress fully informed about problems and deficiencies and the necessity for and progress of corrective action;
- Receive and, as appropriate, investigate complaints from any person or entity, including Congress;
- Report violations of law to the U.S. Attorney General;
- Review existing and proposed legislation and regulations;
- Protect the identity of whistleblowers; and
- Prepare and submit semiannual reports to the Governors and Congress.

The Postal Act of 2006 requires the OIG to regularly audit the data collection systems and procedures the Postal Service uses in collecting information used for its report to the Postal Regulatory Commission.