
**Hearing Before the Subcommittee on Federal Workforce,
Postal Service and the District of Columbia
Committee on Oversight and Government Reform
United States House of Representatives**



**Long Statement for the Record
Chicago District Delivery Problems
of the United States Postal Service**

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Mr. Chairman and members of the subcommittee, I appreciate the opportunity to submit my testimony concerning our assessment of United States Postal Service's challenges in the Chicago District. Our auditors and investigators are reviewing the issues in response to a request from the Postmaster General and the Chicago District Manager. We will continue to work in consultation with the Committee and Postal Service officials, and plan to report our results later this summer.

My testimony will focus on our previous work in the Chicago District, our initial assessment of the causes of the current problems, and our views regarding the Postal Service's plan to solve them.

While much of our audit work is national in scope, in recent years the OIG has conducted 21 audits in the Chicago District. The issues we identified point to the historic aspects of the current problems, and include:

- Inadequate management of city letter carrier workhours, especially overtime, compared to their workload;
- 124 unaccounted for Postal Service-owned vehicles worth over \$970,000 and 173 unjustified leased vehicles at an annual cost of over \$850,000;
- Over \$480,000 of unsupported or questionable purchases for such things as sponsorship/charitable events and membership costs; and

- Significant internal control weaknesses at the District's stations, including the Cardiss Collins Postal Store where approximately \$52,000 in Post Office Box revenue was stolen.

The OIG's investigative results in the Chicago District are typical of a city the size of Chicago, so we infer that the employee crimes and misconduct are not a significant contributing factor to the local problems. Our investigative work, since May of 2006, resulted in:

- 11 arrests or indictments for such things as embezzlement, mail theft, and disability benefit fraud;
- \$2.1 million in workers' compensation cost avoidance;
- 70 cases referred for administrative action, such as a letter carrier who was removed for dumping mail in a local forest preserve; and
- 133 new investigative cases opened for such things as embezzlement, mail theft, and drug offenses.

In the Chicago District, as in all major cities, the Office of Investigations conducts the Carrier Observation Program. This program assists the Postal Service in detecting and deterring carriers who are engaging in employee misconduct that affects the efficient delivery of mail and diminishes the public's trust in the Postal Service. Some examples of this misconduct include:

- A Chicago letter carrier submitted a fictitious back injury claim, received paid sick leave, and at the same time attended the Chicago Fire Department's Firefighter Training Academy.
- Another letter carrier purchased and consumed alcohol while on the clock.
- A letter carrier used a postal vehicle to transport their children from school to home while on duty.

In these examples, like others of administrative employee misconduct, the OIG conducted the investigation and reported its findings to postal management, who are responsible for taking disciplinary action.

I will now turn to our initial assessment of the root causes of the current problems in the Chicago District. We are currently finishing limited scope financial audits of 14 Chicago District installations, including the Cardiss Collins Postal Store. We are conducting these audits at the District Manager's request, to help determine the actual amount of cash and stamps on hand so that an accountability baseline can be established for the future. These audits are collectively finding financial management issues at the installations. Our work at this time has identified the following:

- Overall, there is a significant lack of knowledge of financial procedures by the unit supervisors and some station managers resulting in the need for repeated cash counts by our auditors.

- \$64,000 in money orders were at risk because they were unsecured and unaccounted for, while an additional 49 money orders could not be located.
- In one instance we found \$23,322 in stamp stock that was not part of the current supervisor's accountability. It was part of the previous supervisor's accountability, who left approximately 7 years ago. Another OIG team found a \$12,000 overage in the retail floor stock.
- Also a post office could not locate or account for over \$23,000 in stamps.
- We have again found, as in our 2006 audit, a daily cash deposit not being adequately secured/safeguarded in a high crime area.

Our auditors are also independently examining postal operations in the Chicago District, including mail processing, transportation, and delivery operations at selected plants and installations. As a result of this initial work, we have tentatively concluded that the broad root causes are:

- Inconsistent and inadequate supervision at almost every level;
- An observed lack of urgency and questionable accountability at the processing plant;
- Poor operational and resource planning; and
- Inadequate management and employee training.

Finally, I would like to discuss the Postal Service's plan to remedy the problems in the Chicago District. The plan's broad goals are to rebuild public confidence in

the Postal Service and to facilitate culture change. This plan includes over 250 action items, such as:

- Hiring and training letter carriers;
- Improving mail collection;
- Verifying every delivery address;
- Optimizing mail processing equipment life and performance;
- Improving operational processes and supervision; and
- Monitoring and resolving safety issues.

The plan's projected completion time frame is from February 15 to September 30, 2007.

Solving the problems in Chicago is a daunting challenge for the Postal Service, but we believe the current plan is focused on the right things. Yet, while significant attention has been focused on the problems since late 2006, there has not been a dramatic early return. For example, each day for the last several weeks, we have observed delayed processing of approximately 2 million pieces of Standard Mail. We acknowledge time is needed to effect the Postal Service's planned actions to rebuild public confidence and facilitate the culture change needed for success. While actions such as sending in assistance teams will help address the problems in the short term, the more difficult task will be to develop solutions to the long-standing issues related to supervision, accountability, and the overall work culture. A long-term cohesive solution is needed so the

short-term gains will not ultimately be lost.

The OIG will continue to continue to support postal efforts by monitoring and watching as the Postal Service's plan unfolds, assessing the results once the plan is fully executed and, when appropriate, shifting our focus to long-term solutions. We are cognizant of our responsibility to continue keeping the Congress fully and currently informed.