



U.S. Postal Service Office of Inspector General **CONGRESSIONAL JUSTIFICATION**

Fiscal Year 2013

U.S. Postal Service Office of Inspector General

Fiscal Year 2013 Budget Plan Outline

Preface

In keeping with the President's agenda for restoring fiscal sustainability and achieving better performance with existing resources, the Office of Inspector General (OIG) budget request of \$241 million reflects a freeze at the Fiscal Year (FY) 2012 Enacted level and one percent decrease from our FY 2011 Enacted level. This budget will allow the OIG to maintain current level of support to help the Postal Service address its financial and operational challenges.

The OIG's workload for the Office of Audit (OA) and the Office of Investigations (OI) drives our budgetary requirements. Consistent with our mission, the OIG strives to operate efficiently and our work focuses on results that return value to the Postal Service. We are able to do this by developing audit and investigative work plans concentrating on areas that present a high risk to the Postal Service. While our budget and staffing have remained relatively stable, the OIG is being asked by the Congress, the Board of Governors, and Postal Service management to do more and increasingly complex work to help the Postal Service respond to its financial challenges. Thus, our workload is increasing significantly without any increase in OIG resources. In fact, even with significant reductions in the Postal Service workforce, our complement remains at only .2 percent of the Postal Service workforce – making us the smallest OIG relative to our parent agency.

Even with our growing workload, we have a strong record of identifying potential monetary savings and impact in support of the Postal Service. In this regard, we have consistently and significantly increased the return on dollars invested in the OIG since 2004 – growing from \$4 to over \$19 in 2010. This has been achieved by identifying over \$13 billion in potential monetary benefits for the Postal Service between 2004 and 2010. In addition, the OIG has identified over \$150 billion in Postal Service overpayments to pension and health benefit programs.

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Section 1 – Purpose

A. Mission and Vision

The mission of the U.S. Postal Service Office of Inspector General (OIG) is to promote integrity and accountability by delivering optimal value to the Postal Service. The OIG ensures its stakeholders, Board of Governors, Congress, and Postal Service management, are informed of areas of improvement, fraud, waste, deficiencies, and recommendations for corrective actions.

The Postal Service focuses on four main business initiatives – strengthening the business to consumer channel, improving the customer experience, competing for package business, and becoming a leaner, faster and smarter organization.

To help the Postal Service with its initiatives and efforts to address its challenges, the OIG has invested in a diverse, highly productive work force guided by sound principles. They are:

- *Achieve Results* – Sustain the OIG performance culture with increasingly challenging and satisfying work that adds value to the Postal Service;
- *Develop and Retain Knowledge* – Create an environment that supports gathering, sharing, and retaining knowledge with interactive networks and tools;
- *Encourage Innovation* – Promote creativity in executing the OIG mission;
- *Operate with Integrity* – Be a model of ethical behavior; and
- *Respect and Develop People* – Treat people in a fair and respectful manner, ensure professional growth, and support diversity.

The OIG sets challenging goals to add value to postal operations by identifying cost reduction opportunities and operations improvements supporting Postal Service efforts to generate revenue. The OIG also seeks ways to improve operational integrity and reduce the risk of revenue loss by detecting and preventing potential fraud, waste and abuse activities. Detection and prevention are accomplished by:

- Conducting independent, timely, high-quality audits, and
- Investigating alleged misconduct and fraud

B. Strategic Goals and Implementation Strategies

Goal 1: Help the Postal Service Focus on Customer Needs by helping them leverage their strength and improve operations

Implementation Strategies:

- Support Postal Service efforts to generate revenue and cut costs by identifying \$70 billion in new revenue and cost reduction opportunities (FY 2011 – FY 2015)
- Leverage innovative and cutting edge technologies including data mining and risk assessment models to increase operational efficiency and effectiveness
- Evaluate the Postal Service's efforts to reduce overall operating costs, including elimination of energy waste through recycling
- Inform the debate among stakeholders and Congress on the future of the Postal Service business model, including areas such as service requirements, financial obligations and pricing of products

Goal 2: Preserve the Integrity and the Security of the Postal Service

Implementation Strategies:

- Develop analytical tools including data mining to proactively identify vulnerabilities, propose countermeasures, and measure the effectiveness of such countermeasures
- Recommend ways to strengthen internal controls on postal systems
- Conduct objective, independent, timely, and high-quality investigations of misconduct and fraud that will recover at least \$1.2 billion in fines, restitutions, recoveries, settlements, and cost avoidance (FY 2011 – FY 2015)
- 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

Goal 3: Continuously Improve OIG Products and Services

Implementation Strategies:

- Expand products and services, and add capabilities to continually meet the evolving mission of the OIG and related needs of the Postal Service
- 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

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

Implementation Strategies:

- Collectively achieve and maintain the organizational competencies necessary to deliver products and services required by our mission and needed by stakeholders in a high quality and timely manner
- Measure and improve employee and customer satisfaction
- Increase employee performance by enhancing the performance management system and continue to link performance goals to each component and employee
- Implement our new succession-planning program, throughout all levels of the OIG

C. Budget Summary

In accordance with the requirements of Public Law 110-409, Inspector General Reform Act of 2008, the U.S. Postal Service Office of Inspector General submits the following information related to its requested budget for FY 2013:

- The aggregate budget request for the operations of OIG is \$241,468,000;
- The portion of this amount needed for OIG training is \$1,995,103; and

The amount requested for training satisfies all OIG training needs for FY 2013.

D. Appropriations Table

The OIG FY 2013 budget plan is based on a level of effort for the two mission programs – Office of Audit (OA) and Office of Investigations (OI). The table below shows the budget by program area for appropriation fiscal years 2011, 2012, and 2013.

Resources Available for Obligation	FY 2011 Enacted		FY 2012 Enacted		FY 2013 Requested	
	FTE	Amount (000's)	FTE	Amount (000's)	FTE	Amount (000's)
Appropriated Resources:						
Audit	479	\$97,759	424	\$75,196	424	\$75,196
Investigations	715	\$146,638	712	\$166,272	712	\$166,272
Total: Appropriated Resources	1,194	\$244,397	1,136	\$241,468	1,136	\$241,468

Section 2 – Budget Adjustments and Appropriation Language

A. Budget Adjustments Table

Office of Inspector General	FY 2011 Enacted Level	FY 2012 Enacted Level	FY 2013 Requested Level
FTE	1,194	1,136	1,136
Object Classification:			
11.1 Full-time Permanent Positions	\$140,255	\$140,116	\$140,116
11.3 Other than Full-time Permanent	\$200	\$567	\$567
11.5 Other Personnel Compensation	\$4,620	\$2,108	\$2,108
11.9 Total Personnel Compensation	\$145,075	\$142,791	\$142,791
12.0 Personnel Benefits	\$41,016	\$44,200	\$44,200
21.0 Travel	\$5,440	\$6,149	\$6,149
22.0 Transportation of Things	\$743	\$1,015	\$1,015
23.2 Rent Payments to Others	\$8,745	\$7,536	\$7,536
23.3 Communications, Utilities, & Misc.	\$2,250	\$2,843	\$2,843
24.0 Printing and Reproduction	\$194	\$107	\$107
25.1 Advisory & Assistance Services	\$14,600	\$22,390	\$22,390
25.2 Other Services (Goods / Services)	\$414	\$397	\$397
25.3 Government Agencies	\$0	\$279	\$279
25.4 Operation & Maintenance of Facilities	\$320	\$455	\$455
25.6 Medical	\$0	\$424	\$424
25.7 Operation and Maintenance of Equipment	\$2,250	\$574	\$574
26.0 Supplies and Materials	\$1,400	\$2,107	\$2,107
31.0 Equipment	\$14,750	\$6,549	\$6,549
32.0 Lands and Structures	\$7,200	\$3,652	\$3,652
Total Budget Authority	\$244,397	\$241,468	\$241,468

B. Budget Increases and Decreases Description

The FY 2013 Budget represents a freeze at the FY 2012 Enacted level. The one percent decrease between our FY 2011 budget and our FY 2013 budget is largely attributed to a decrease in full-time permanent positions. We plan to contract more subject matter experts to diversify our knowledge base in assisting with our strategic initiatives.

C. Reimbursable Authority

In FY 2013, reimbursable authority work to be performed is estimated at \$500,000. The primary mission for the OIG reimbursable program is to develop joint partnerships with other government agencies to provide unique value added support to the Postal Service. The OIG intends to leverage its resources with these groups in order to share knowledge while meeting stated work requirements.

Other Resources: Offsetting Collections	FY 2011 Enacted Amount (000's)	FY 2012 Enacted Amount (000's)	FY 2013 Requested Amount (000's)
Offsetting Collections:			
Reimbursable Authority	\$1,000	\$500	\$500
Total: Offsetting Collections	\$1,000	\$500	\$500

D. Appropriation Language

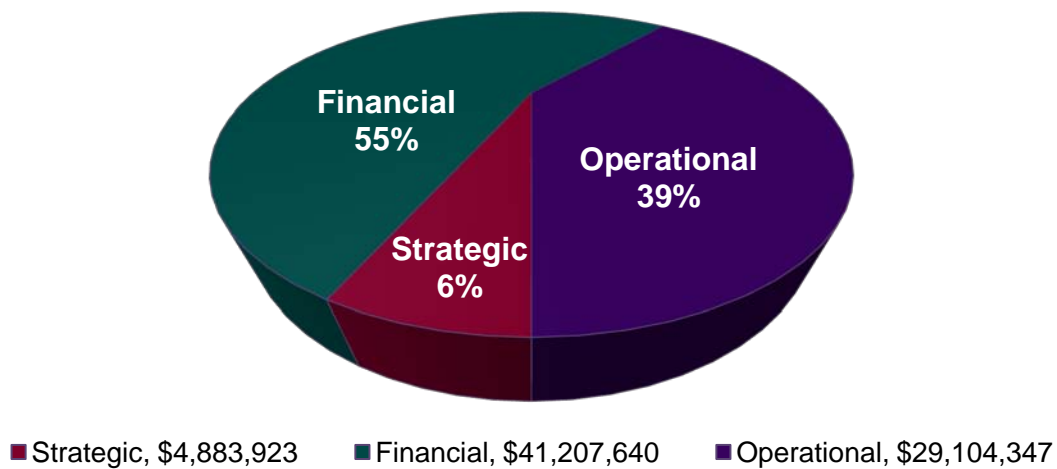
Appropriation Language
Office of Inspector General
SALARIES AND EXPENSES
(Including Transfer of Funds)
For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, \$241,468,000 to be derived by transfer from the Postal Service Fund and expended as authorized by section 603(b) (3) of the Postal Accountability and Enhancement Act (Public Law 109-435): <i>Provided that unobligated balances remaining in this account on October 1, 2013 shall be transferred back to the Postal Service Fund.</i>

Section 3 – Budget and Performance Plan

A. Audit Budget and Performance Plan

The Office of Audit (OA) focuses on reviews that provide the Postal Service with information to address emerging strategic issues, major risks, and management challenges they are facing. OA prioritizes their audit work to address risk factors in three risk categories – Strategic, Financial, and Operational. The following chart shows how OA would allocate its FY 2013 program budget of \$75 million to the three risk areas. In FY 2010, OA identified over \$12.6 billion in monetary benefits – a return on investment of \$159. In FY 2011, OA identified over \$17.1 billion in monetary benefits – a return on investment of \$216.

Audit Resource Allocation



The FY 2010 and FY 2011, monetary benefits mentioned above do not include over \$118 billion realized for Civil Service Retirement System (CSRS) Pension Funds allocation projects. If included, the return on investment – \$898 in FY 2010 and \$971 in FY 2011.

STRATEGIC RISK: \$4,883,923 Funds Requested

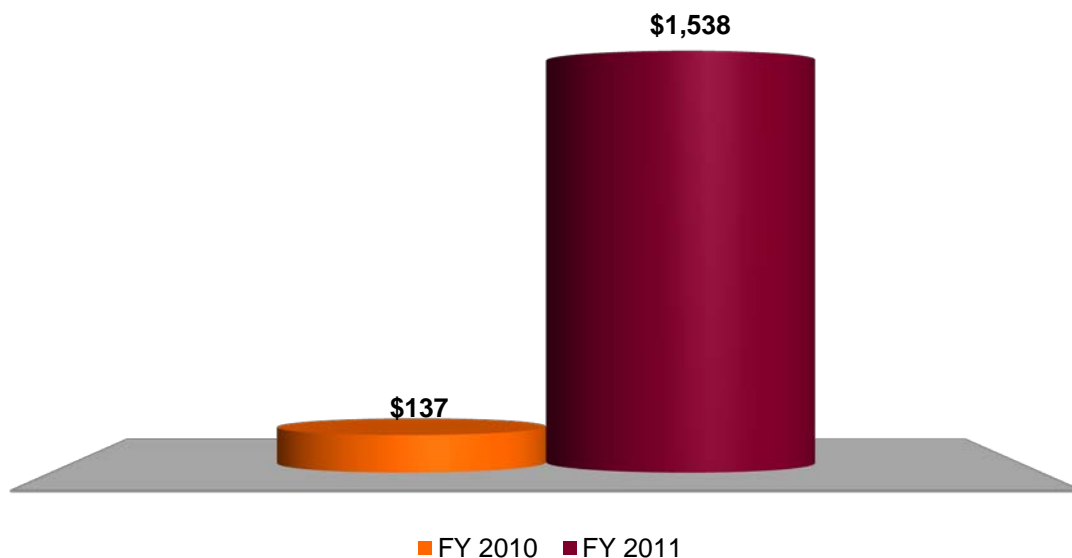
The Strategic Risk category includes issues that impact the Postal Service's overarching strategic direction. Strategic risk factors are those that may impede the Postal Service's ability to be effective and efficient or ensure that its products and services are self-sustaining and balance legal considerations and stakeholder views. Several key cost saving initiatives involve using automation to reduce manual processing, optimizing the facility network, and increasing flexibility in transportation.

Audit work that addresses Strategic Risk issues include:

- Benchmark the Postal Service's innovation process to selected major corporations
- Determine whether the Postal Service uses best practices to gather market intelligence to make informed business decisions
- Assess the value of volume-based national service agreements
- Assess the opportunities for network streamlining
- Analyze the Postal Service's Enterprise Architecture
- Identify risks, benefits, and opportunities related to Voting by Mail
- Evaluate the controls over processes the Postal Service uses to develop the Annual Compliance Report

The Strategic Risk Area provided a monetary benefit of \$3.3 billion in FY 2010 and \$7.3 billion in FY 2011. The following chart displays the Strategic Risk program's Return on Investment for FY 2010 and FY 2011.

Strategic Risk Area Return on Investment



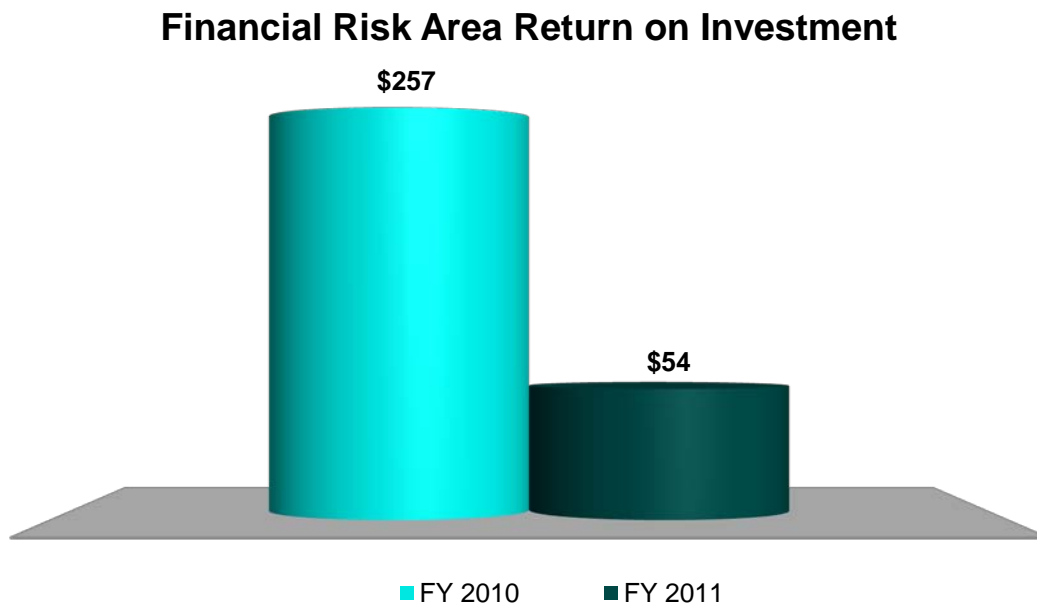
FINANCIAL RISK: \$41,207,640 Funds Requested

The Financial Risk category pertains to issues that have a clear financial impact, particularly those related to cost control and revenue generation. The greatest opportunities to reduce financial risks are in the areas of maximizing the cost-effectiveness of contracts, and improving internal controls in financial systems, processes, and benefit programs. Factors exacerbating financial risk include the weak economy, increases in energy costs, significant declines in mail volume, mandated annual payments to pre-fund retiree health benefits, and overfunded CSRS and Federal Employees Retirement System (FERS) pension funds. Anticipated further declines in volume means the Postal Service still faces major challenges to cut costs and increase revenues.

Audit work that addresses Financial Risk issues include:

- Evaluate ways to reduce the Postal Service’s Workers’ Compensation Program cost
- Evaluate whether there are cost-effective alternatives to the current Cost Revenue Analysis data collection procedures
- Determine ways to reduce the Postal Service’s financial fraud vulnerability
- Assess the Postal Service’s management of pricing simplification
- Assist the Postal Service in cost effectively meeting its various legislative mandates
- Audit cost and pricing data systems and processes

The Financial Risk Area provided a monetary benefit of \$7 billion in FY 2010 and \$2 billion in FY 2011. The following chart displays the Financial Risk program’s Return on Investment for FY 2010 and FY 2011.



OPERATIONAL RISK: \$29,104,347 Funds Requested

The Operational Risk category focuses on issues related to daily postal operations. These risk factors potentially affect the Postal Service's ability to provide timely, reliable delivery and customer service across all access points. Operational risk factors pertain to the quality of postal services and the end-to-end service performance of all mail as well as the assurance that postal products and services meet customer expectations by being responsive, consistent, and easy to use. Great opportunities to reduce costs exist in the areas of optimizing the network to control processing and delivery costs and increasing efficiencies in transportation and technology investments.

Audit work that addresses Operational Risk issues include:

- Assess the overall efficiency of the processing and distribution network
- Determine cost effective opportunities for First-Class Mail on air transportation
- Identify opportunities to reduce operating costs for city delivery operations
- Assess Postal Service contract management data availability and validity
- Assess the state of security in the Postal Service by evaluating Postal Service security controls and processes
- Assess the Postal Service's processes to ensure compliance with Occupational Safety and Health Administration (OSHA) regulations to ensure safety of employees and to avoid OSHA penalties
- Identify opportunities for the Postal Service to optimize excess space

The Operational Risk Area provided a monetary benefit of \$2.5 billion in FY 2010 and \$7.5 billion in FY 2011. The following chart displays the Operational Risk program's Return on Investment for FY 2010 and FY 2011.



Due to the financial crisis, OA will focus more work on significant cost savings initiatives needed within the Postal Service. In FY 2013, OA will continue to concentrate on areas that present a high risk to the Postal Service, specifically in those areas that can assist the Postal Service in identifying cost savings or increased revenue. Below is an illustration of OA's efforts to meet the OIG's four overarching goals.

Audit Budget Activity				
Resource Level	000s	000s	000s	000s
	FY 2010	FY 2011	FY 2012	FY 2013
	Obligated	Obligated	Projected	Projected
Appropriated Resources	\$97,759	\$97,759	\$75,196	\$75,196
FTE	479	479	424	424
Performance Measure	FY 2010	FY 2011	FY 2012	FY 2013
	Actual	Obligated	Projected	Projected
Goal 1 – Help the Postal Service Focus on Customer Needs by Leveraging its Strengths and Improving its				
Total OA Monetary Benefits including Revenue Protection*	\$71,157,803	\$77,801,000	\$2,800,000	\$2,800,000
Percent of significant recommendations accepted by USPS	97%	95%	Tracked only, Not a Goal	Tracked only, Not a Goal
Goal 2 – Preserve Integrity and Security of the Postal Service				
Dollar value of assets safeguarded	\$13,915,972	\$10,999,000	\$1,600,000	\$1,600,000
Goal 3 – Continuously Improve OIG Products and Services				
Consistently achieve XX calendar days from message agreement to issuance of final performance audit reports	78 days	73 days	75 days	75 days
Percent of Performance Audits on time as calculated in ABE	46%	59%	65%	65%
Percent of Financial Installation Audits on time as calculated in ABE	90%	88%	85%	85%
Percent of Performance Audits on budget as calculated in ABE	77%	85%	80%	80%
Percent of Financial Installation Audits on budget as calculated	99%	99%	95%	95%
Number of final performance reports	141	192	210	210
Number of final field financial reports	201%	163	32	32
OA Customer Survey Satisfaction for Value	4.06	4.2	4.25	4.30
Goal 4 – Pursue a Highly Satisfying, Performance-based Culture within the OIG				
Assignment Based Evaluation Score	94	94	95	97
Percent of auditors who complete their CPE requirements	100%	100%	100%	100%
* The FY 2010 and FY 2011 Monetary Benefits include CSRS audits.				

Legislative Mandates

At a cost of over \$7.2 million, about 47 percent of OIG audit work is legislatively mandated by Congress or is work directed at assisting the Postal Service in meeting its legislative mandates. As indicated in the table below, the OIG spends \$226,840 to oversee activities of the Postal Inspection Service, \$1,255,850 to audit the data collection systems and procedures the Postal Service utilizes to prepare reports related to costs, revenues, rates and quality of service for all products, and over \$5.7 million to assist the Postal Service in meeting its legislative mandates by performing work such as audits related to the public accountant's opinion on the Postal Service financial statements and compliance with Sarbanes-Oxley Act (SOX) and Securities and Exchange Commission (SEC) financial reporting requirements.

Legislative Mandates - Dollar Value by Identified Mandates		
Public Law Reference	Mandate Description	Cost*
5 U.S.C. App. 3 § 8G(f)(2)	Oversight of the Postal Inspection Service	\$226,840
39 U.S.C. § 3652	Audits of Postal Service Data Collection Systems	\$1,255,850
Various	Audits in Support of Postal Service Mandates**	\$5,728,397
Total Dollar Value		\$7,211,087

*Based on FY11 work.

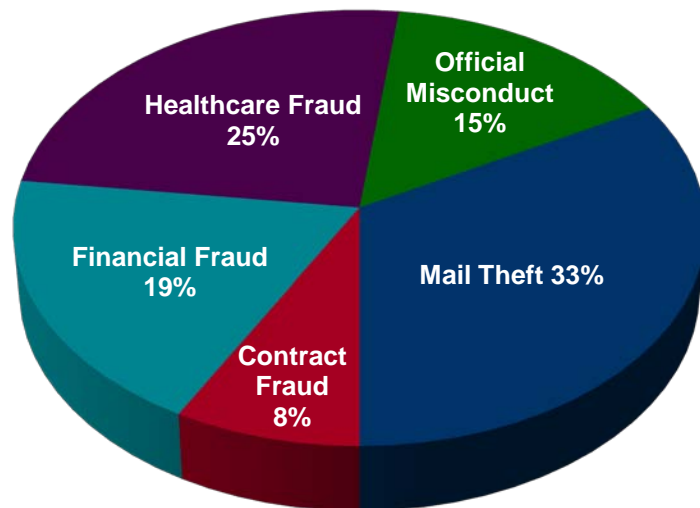
** Although not legislatively mandated for the OIG, these financial and information technology-related audits assist the Postal Service in meeting its various mandates.

B. Investigations Budget and Performance Plan

The Office of Investigations (OI) performs work to protect the mail and to ensure the integrity of postal processes, finances, and personnel. OI deploys its personnel resources in the field and headquarters based on the number of Postal employees, the need for specialized investigations, and Postal Service requested support. To facilitate planning and managing investigative work, OI Field Offices are aligned with Postal Area Offices allowing OI to focus efforts where there is the greatest potential for economic recovery. This alignment also enhances OI's responsiveness to the needs of the Postal Service.

To provide support for these investigations, OI organizes its work into five major investigative programs – Contract Fraud, Financial Fraud, Healthcare Fraud, Official Misconduct, and Internal Mail Theft. In addition to investigating the potential internal crimes and frauds listed above, special agents also investigate bribery, kickbacks, extortion, conflicts of interest, and allegations against postal executives. Furthermore, OI combats fraud and theft through crime prevention efforts. The following chart shows how OI would allocate its FY 2013 program budget of \$166 million to the five investigative programs. OI's return on investment was \$1.67 for FY 2010 and \$1.51 for FY 2011.

Investigative Program Area Allocation



■ Contract Fraud, \$13,301,767	■ Financial Fraud, \$31,591,697
■ Healthcare Fraud, \$41,568,022	■ Official Misconduct, \$24,940,813
■ Mail Theft, \$54,869,790	

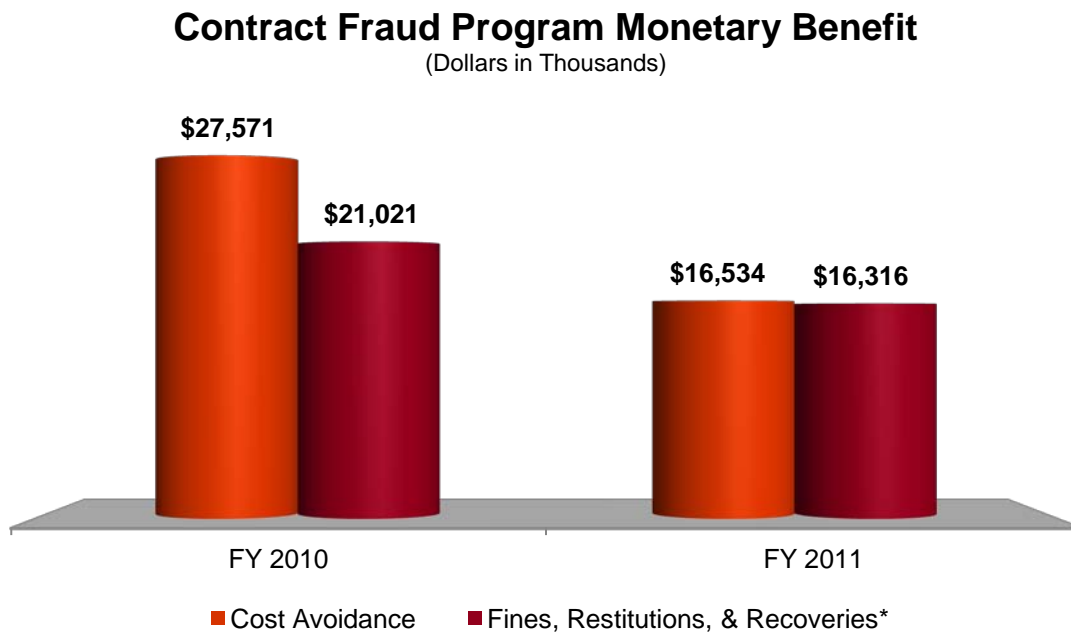
CONTRACT FRAUD: \$13,301,767 Funds Requested

The Contract Fraud program aids the Postal Service by investigating allegations of contract fraud, waste, and misconduct. The Postal Service manages contracts, ranging from multimillion dollar national contracts for services such as transportation networks and IT infrastructures to local contracts for supplies and services at individual postal facilities.

Investigative work that addresses Contract Fraud includes:

- Assessing risk of Postal Service acquisitions and contracts
- Investigating allegations of contract improprieties
- Documenting and presenting evidence for criminal and civil prosecution and administrative remedies

The Contract Fraud program provided a return on investment of \$2.94 in FY 2010 and \$2.49 in FY 2011. The following chart displays the Contract Fraud program’s monetary benefit for FY 2010 and FY 2011.



* This chart depicts the Fines, Restitutions, & Recoveries returned directly to the Postal Service and does not reflect the total monetary benefit from the OIG’s investigations.

Total Fines, Restitutions, & Recoveries in FY 2010 = \$142,117,223

Total Fines, Restitutions, & Recoveries in FY 2011 = \$418,843,980

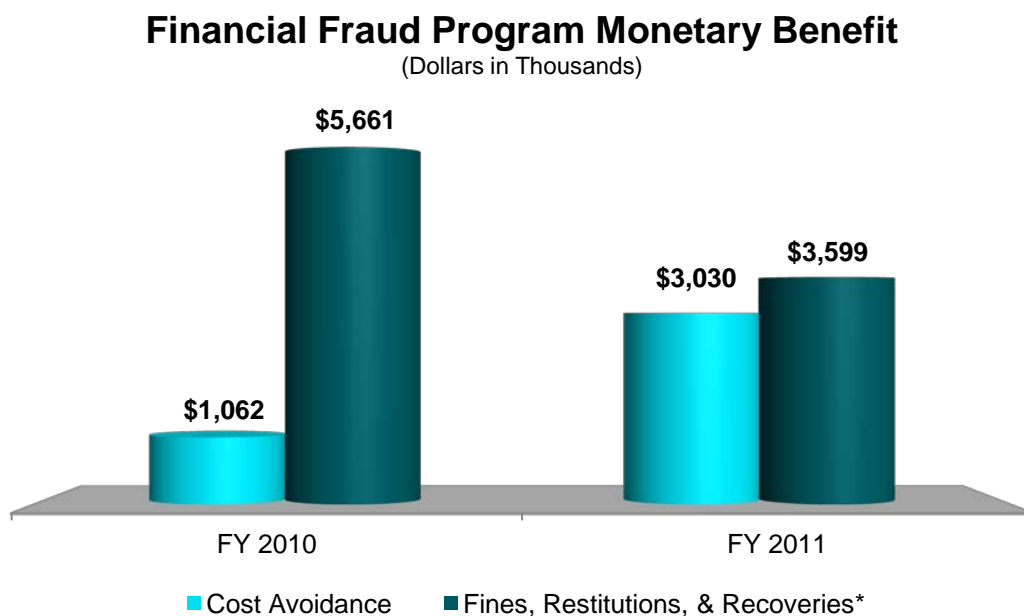
FINANCIAL FRAUD: \$31,591,697 Funds Requested

The Financial Fraud program conducts two main types of investigations: embezzlement investigations and disbursement card investigations. A large portion of the \$67 billion in revenue generated by the Postal Service in FY 2010 is handled at the 32,000 postal retail locations. Employees who allegedly embezzle funds, kite or otherwise misuse money orders, or steal and misuse postal-issued credit cards receive investigative attention from our special agents.

Investigative work that addresses Financial Fraud includes:

- Investigating theft and misuse of Postal Service money and property
- Reviewing internal controls and identifying problems and solutions to prevent the loss of Postal revenues and assets
- Investigating and initiating administrative, civil, or criminal actions against individuals and firms responsible for the theft or misuse of Postal revenue and assets

The Financial Fraud program provided a return on investment of \$0.16 in FY 2010 and \$0.21 in FY 2011. The following chart displays the Financial Fraud program's monetary benefit for FY 2010 and FY 2011.



* This chart depicts the Fines, Restitutions, & Recoveries returned directly to the Postal Service and does not reflect the total monetary benefit from the OIG's investigations.

Total Fines, Restitutions, & Recoveries in FY 2010 = \$6,791,493

Total Fines, Restitutions, & Recoveries in FY 2011 = \$3,829,188

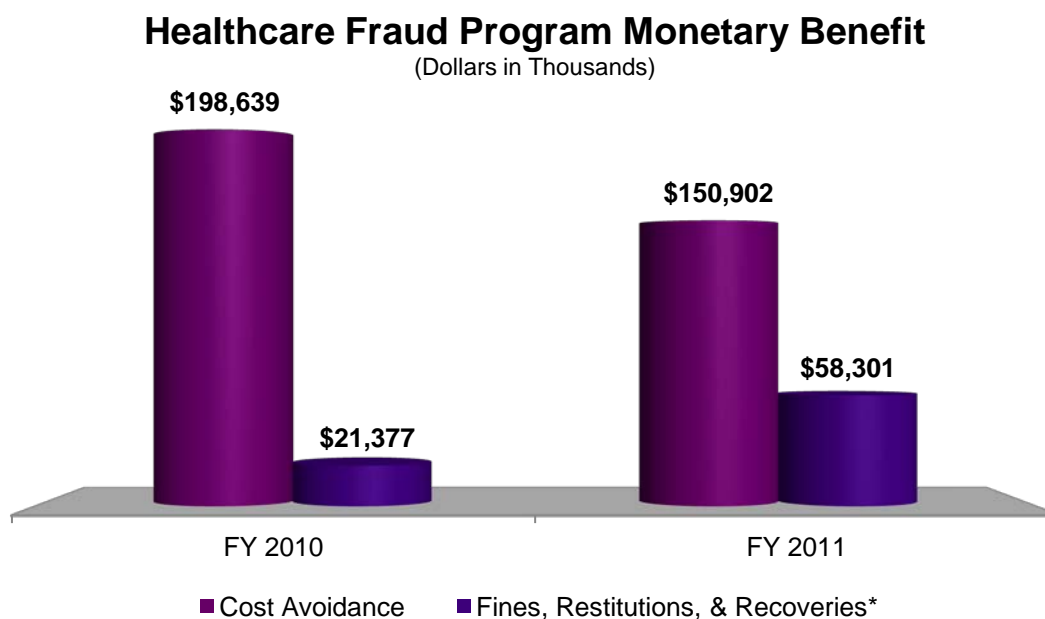
HEALTHCARE FRAUD: \$41,568,022 Funds Requested

The Healthcare Fraud program conducts investigations for two main types of fraud: claimant fraud and medical provider fraud. The monetary and medical benefits paid by the Postal Service to workers' compensation claimants (employees who sustained job-related injuries) in FY 2010 totaled more than \$1 billion. Administered by the U.S. Department of Labor (DOL), the Office of Workers' Compensation Programs (OWCP) provides direct compensation to providers, claimants, and beneficiaries. The Postal Service later reimburses the OWCP in a process known as "charge-back billings." Investigative efforts during this reporting period resulted in more than \$86 million in cost savings or avoidances, 17 arrests, and 73 administrative personnel actions, including removals and suspensions and termination of benefits.

Investigative work that addresses Healthcare Fraud includes:

- Detecting and investigating allegations of fraudulent claims by individuals
- Detecting and investigating allegations of submitting false bills, colluding with claimants to extend benefits, and falsifying claim documents by medical providers

The Healthcare Fraud program provided a return on investment of \$5.33 in FY 2010 and \$5.07 in FY 2011. The following chart displays the Healthcare Fraud program's monetary benefit for FY 2010 and FY 2011.



* This chart depicts the Fines, Restitutions, & Recoveries returned directly to the Postal Service and does not reflect the total monetary benefit from the OIG's investigations.

Total Fines, Restitutions, & Recoveries in FY 2010 = \$1,821,246,819

Total Fines, Restitutions, & Recoveries in FY 2011 = \$299,332,338

OFFICIAL MISCONDUCT: \$24,940,813 Funds Requested

The Official Misconduct program is responsible for investigating misconduct by all postal employees and postal contractors. The OIG takes seriously any conduct by postal employees that deteriorates the public's trust and reflects negatively on the Postal Service. The Official Misconduct program investigates Postal employee misconduct, including misuse of Postal Service computers, destruction or theft of Postal Service property, falsifying official documents, forgery, theft of funds, abuse of authority, sabotage of operations, and narcotics and alcohol abuse.

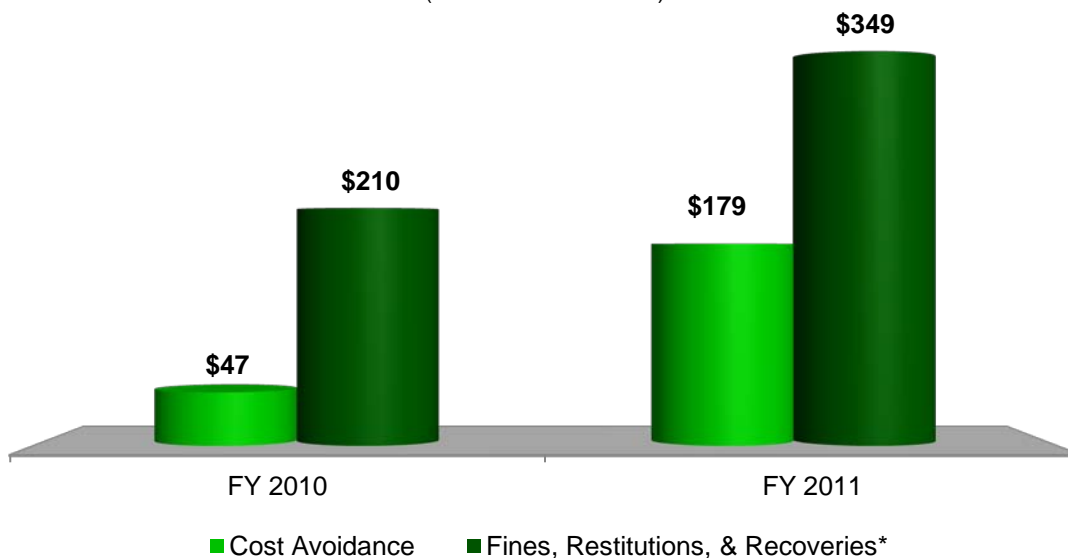
Investigative work that addresses Official Misconduct includes:

- Protecting the Postal Service and its customers from crimes and misconduct by postal employees and contractors
- Identifying and investigating general crimes and employee misconduct
- Assisting in prosecuting those responsible for official misconduct

The Official Misconduct program provided a return on investment of \$0.01 in FY 2010 and \$0.02 in FY 2011. The following chart displays the Official Misconduct program's monetary benefit for FY 2010 and FY 2011.

Official Misconduct Program Monetary Benefit

(Dollars in Thousands)



* This chart depicts the Fines, Restitutions, & Recoveries returned directly to the Postal Service and does not reflect the total monetary benefit from the OIG's investigations.

Total Fines, Restitutions, & Recoveries in FY 2010 = \$2,294,544

Total Fines, Restitutions, & Recoveries in FY 2011 = \$5,528,805

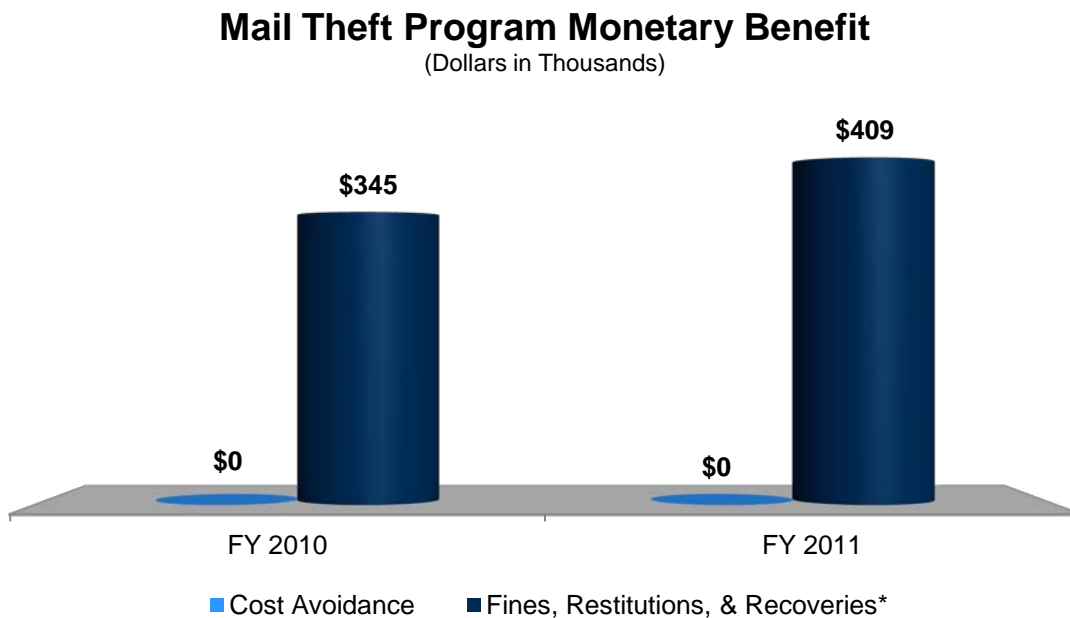
MAIL THEFT: \$54,869,790 Funds Requested

The Mail Theft program investigates mail theft by postal employees and postal contractors. OI is responsible for investigating internal mail theft. The Postal Service depends on the public's confidence in the sanctity of the mail. Postal Service and the public expect and demand a certain level of investigative service in this area.

Investigative work that addresses Mail Theft includes:

- Protecting the Postal Service and its customers from mail delay, destruction, and theft
- Identifying and investigating allegations for theft, rifling, destruction, mistreatment, and obstruction of the mail
- Arresting and Prosecuting those responsible for mail theft

The Mail Theft program provided a return on investment of \$0.01 in FY 2010 and \$0.01 in FY 2011. The following chart displays the Mail Theft program's monetary benefit for FY 2010 and FY 2011.



* This chart depicts the Fines, Restitutions, & Recoveries returned directly to the Postal Service and does not reflect the total monetary benefit from the OIG's investigations.

Total Fines, Restitutions, & Recoveries in FY 2010 = \$2,246,668

Total Fines, Restitutions, & Recoveries in FY 2011 as of March 31, 2011 = \$1,124,017

OI is aligned with appropriate Postal Service components in order to effectively conduct high impact, high quality investigations of alleged fraud, waste, and abuse affecting Postal Service programs, operations, and personnel. In FY 2012, OI expects its current FY 2011 volume of work to remain stable and will continue to focus its resources on allegations with the most potential impact to the Postal Service. In addition, the OIG plans to increase its focus on investigating healthcare disability fraud and contract fraud allegations.

For FY2013 and based on FY 2012 volume of work, OI plans to retain its focus on its five program areas and achieve financial results approximating \$250 million. These program areas show a large return on investment by identifying savings, which will assist the Postal Service in meeting future financial responsibilities.

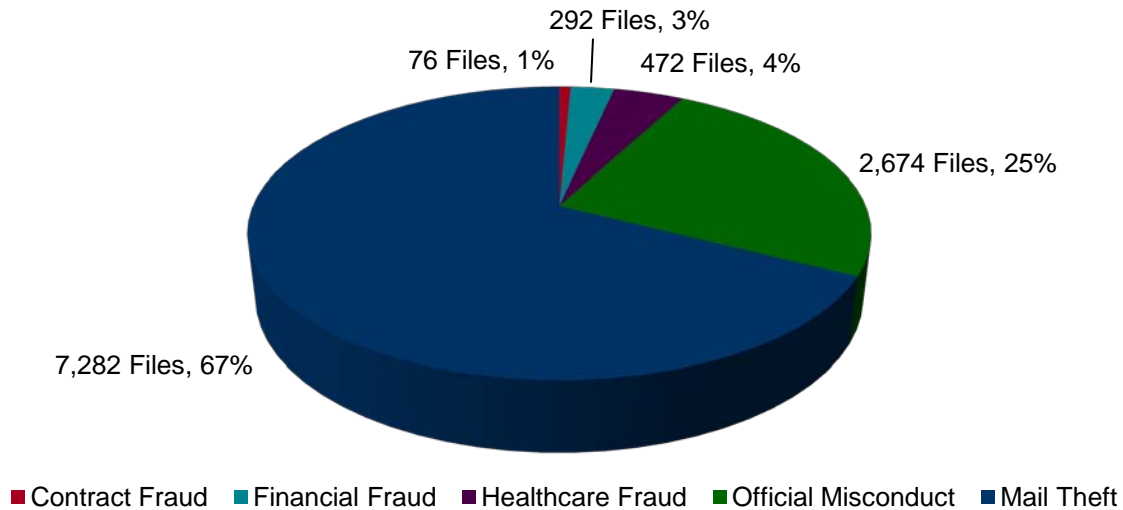
OI's most important goal is finding high quality cases and maximizing OI's potential impact to the Postal Service. OI will use performance measures to set a general direction for each area that can measure achievements all the way down to the individual investigator. Below is an illustration of OI's efforts to meet the OIG's four overarching goals.

Investigations Budget Activity				
Resource Level	000s	000s	000s	000s
	FY 2010	FY 2011	FY 2012	FY 2013
	Obligated	Obligated	Projected	Projected
Appropriated Resources	\$146,638	\$146,638	\$166,272	\$166,272
FTE	715	715	712	712
Performance Measure	FY 2010	FY 2011	FY 2012	FY 2013
	Actual	Actual	Projected	Projected
Goal 1 – Help the Postal Service Focus on Customer Needs by Leveraging its Strengths and Improving its				
Percentage of High Complex Cases	31%	35%	18%	18%
Goal 2 – Preserve Integrity and Security of the Postal Service				
Amount of Financial Recoveries	\$275,932	\$249,619	\$238,885	\$238,885
Goal 3 – Continuously Improve OIG Products and Services				
Achieve compliant status on all QAR review items	N/A	100%	100%	100%
Goal 4 – Pursue a Highly Satisfying, Performance-based Culture within the OIG				
Number of Resolved Investigations	N/A	1,915	2,000	2,000

HOTLINE CONTACTS

In FY 2011, 10,796 contacts for OI's five program areas passed through the OIG hotline, making it an effective source of viable information to identify problem areas. As a result of the investigations associated with these hotline contracts, the OIG has identified cost avoidance, fines, restitutions, and settlements.

FY 2011 Hotline Files Referred to OI Program Areas



Case Type	Cases Opened	Cases Closed	Arrests	Admin Actions	Fines, Forfeitures, Restitution, Recoveries	Costs Avoided	Total Monetary Benefits
Contract Fraud	115	137	21	189	\$16,315,800	\$16,534,195	\$32,849,995
Financial Fraud	580	704	141	338	\$3,599,198	\$3,030,000	\$6,629,198
Healthcare Fraud	672	635	36	102	\$58,300,873	\$150,901,540	\$209,202,413
Official Misconduct	643	915	78	1,705	\$349,264	\$178,588	\$527,852
Mail Theft	1,383	1,399	383	614	\$409,495	\$ -	\$409,495
Totals	3,393	3,790	659	2,948	\$78,974,630	\$170,644,323	\$249,618,953

Section 4 – Supporting Materials

A. Human Capital Strategy Description

Description	FY 2010	FY 2011	FY 2012	FY 2013
FTEs	1,194	1,194	1,136	1,136
Net Change from prior start of year to budget end of year	0	0	-58	0

To compensate for government personnel shortfalls, the OIG has turned toward hiring contractors to fulfill much of the IT support work, investigate workers' compensation issues, and provide subject matter expertise to audits instead of hiring full-time government employees. This necessary practice has allowed the OIG to keep pace with the IT community and meet users' needs for information technology, increase positive investigative results concerning workers' compensation fraud and ensure current/best practices expertise in auditing Postal Services programs and operations.

B. Information Technology Resources

As the OIG business landscape transforms, the Office of Chief Information Officer (OCIO) continues to employ a strategy to focus its work where mission, process, and technology converge. The OCIO develops and delivers purpose-built solutions that leverage technology to accelerate the agency innovation through increased technology capability and efficiency.

The OCIO continues to provide state-of-the-art capabilities to the core mission functions of auditing and investigating regardless of geographical location. Funding for information technology solutions enables the innovation required for research, development, and deployment of improved technology to expand mission capabilities. Examples include:

- Continuous improvements to organizational communication conduits, including data, voice, and video
- Exploring hybrid cloud networking technologies
- Strengthening the agency's cyber-security posture
- Enhancing a versatile and sophisticated application development capability
- Focused and deliberate improvements in customer service for all products and value-added services
- A project portfolio describing current and future information technology projects and dependencies on one another

OCIO has cultivated the ability to maintain information technology capabilities at a high proficiency level by employing a combination of federal employees and short-term contractors. This combination provides the OIG with a unique ability to adjust quickly when necessary, adding expertise when funding is available or reducing contractor personnel if funding is limited.

Information Technology Investments (000's)					
IT Investments / Funds Source	FY 2011 Enacted	FY 2012 Proposed	% Change from FY11 to FY12	FY 2013 Request	% Change from FY12 to FY13
Major IT Investments	\$-	\$-	\$-	\$-	\$-
Non-Major IT Investments	\$14,186	\$14,471	2.0%	\$13,628	-5.8%
Infrastructure Investments	\$-	\$-	\$-	\$-	\$-
Enterprise Architecture	\$-	\$-	\$-	\$-	\$-
Total IT Investments	\$14,186	\$14,471	2.0%	\$13,628	-5.8%