



HIGHLIGHTS

BACKGROUND:

The U.S. Postal Service consolidates mail processing operations to improve operational efficiency and service. In response to significant market changes and mail volumes since 2006, the Postal Service has reduced the number of mail processing facilities from 673 in fiscal year (FY) 2006 to 461 in FY 2011. The Post-Implementation Review (PIR) is used to evaluate the effectiveness of consolidations by comparing actual savings and service impacts with projections.

This audit focused on 35 consolidations that were implemented between FYs 2009 and 2011. Our objective was to evaluate the PIR process and the related savings calculations.

WHAT THE OIG FOUND:

The PIR process used to evaluate whether area mail processing (AMP) consolidations achieve projected savings can be improved. Thirty-four of 35 final PIRs (97 percent) reported greater than projected savings based on the methodology used; however, impacts from concurrent initiatives were included and not identified separately in the PIR.

The current policy pertaining to PIRs could be improved to address reporting inconsistencies. The process of allocating costs and savings

associated with other initiatives and multiple facilities consolidated into the same gaining facility is inconsistent. In addition, 14 of the 35 PIRs (40 percent) did not always report results from the individual consolidation worksheets that calculate PIR savings, resulting in an understatement of about \$4.8 million. Finally, 32 of the 35 (91 percent) PIRs were not completed timely. When the PIRs are not completed accurately or timely, it diminishes management's ability to understand the complete AMP impact, ensure accountability, and take any needed action.

WHAT THE OIG RECOMMENDED:

We recommended that management improve the PIR guidelines to separate savings and costs associated with concurrent initiatives; implement the use of automated data calculations for PIR worksheets; establish a process to allocate savings and costs when multiple losing facilities are consolidated into the same gaining facility; and assess whether current PIR milestones to complete PIRs should be adjusted.