



IMPACT ON:

U.S. Postal Service retail optimization efforts.

WHY THE OIG DID THE AUDIT:

The Postal Service issued new procedures for the discontinuance of Postal Service-operated retail facilities. Subsequently, the Postal Service applied the new procedures to begin the first headquarters-initiated study to review more than 3,600 offices for discontinuance opportunities. Our objectives were to assess policy changes for the closing, consolidation, and suspension process; and discontinuance opportunities. This report is part of an ongoing series of retail optimization reviews.

WHAT THE OIG FOUND:

The Postal Service could benefit from an integrated retail network optimization strategy. While the Postal Service has implemented new regulations and policies, and the Retail Access Optimization Initiative, it is unclear what specific changes will be made, how long it will take to make them, and anticipated benefits. The new policy expanded authorization to initiate discontinuance studies to include nationwide directives and aligned procedures for all Postal Service-operated retail facilities. However, we found inconsistent application of the criteria for selection of facilities for discontinuance studies. In addition, the criteria could benefit from an objective

integrated economic modeling. Lastly, the Postal Service made improvements in the emergency suspension process; however, due to data limitations, we were unable to assess compliance of prior suspensions with established policy.

WHAT THE OIG RECOMMENDED:

We recommended management develop an integrated retail network optimization strategy and an economic model, improve the reliability of retail facilities data, and timely process and make decisions to approve or disapprove discontinuance proposals.

WHAT MANAGEMENT SAID:

Management generally agreed with our recommendations and will take actions to improve the retail network optimization strategy. In addition, management stated they will implement an economic model by February 2012, maintain accurate retail facilities data, and timely review and approve or disapprove discontinuance proposals. Management added they will complete by June 2012, feasibility studies of offices whose operations have been suspended prior to fiscal year 2010.

AUDITORS' COMMENTS:

The U.S. Postal Service Office of Inspector General considers management's comments responsive.