



BACKGROUND:

The U.S. Postal Service measures whether it delivers First-Class Mail on time and meets mail delivery standards to provide the Postal Regulatory Commission (PRC) and the general public with information on its service performance. The postmaster general requested we review whether there was a less costly way to implement this process, known as the External First-Class (EXFC) measurement system. In addition, we evaluated the integrity and usefulness of EXFC.

The law generally requires the measurement system to be external to ensure the objectivity and integrity of the system. Accordingly, the Postal Service measures on-time performance using studies conducted by a contractor.

WHAT THE OIG FOUND:

We identified alternatives to reduce EXFC costs. For example, the Postal Service could reduce its sampling costs by using EXFC for its primary purpose of service performance measurement. It could also, with PRC approval, replace the contractor with an internal group or the next contract can be competed to reduce costs.

Further, the current contract relies on costly manual reporting and recording of test pieces. When negotiating the last EXFC contract, management intended to transition from the current, manual

process to an automated process. However, the Postal Service has not yet developed a plan to automate this process. Without automation, the Postal Service will continue having to pay the costs associated with manual reporting of test pieces. The automation plan should explore technological solutions such as using barcodes and hand held scanners to provide an effective end-to-end alternative to the current process. These technological solutions should also help to reduce costs and provide more reliable service performance measurement results.

In addition to cost reductions, we identified issues that affect program reliability. Specifically, EXFC is vulnerable to 'gaming' as management and staff often give potential test pieces preferential treatment to raise scores.

WHAT THE OIG RECOMMENDED:

We recommended using EXFC only to meet statutory requirements, developing a comprehensive plan to replace the current EXFC activities with an automated solution and developing controls to eliminate unauthorized special treatment of test pieces.