



OFFICE OF
**INSPECTOR
GENERAL**
UNITED STATES POSTAL SERVICE

HIGHLIGHTS

September 28, 2012

Domestic Air Mail Irregularities

Report Number FT-AR-12-015

BACKGROUND:

Irregularities occur when air carrier personnel fail to protect or safeguard the mail from, for example, inclement weather, loss, destruction, or other hazards while in the control or custody of air carriers. The U.S. Postal Service's commercial air contract addresses domestic air mail irregularities and states that liquidated damages will be assessed for damaged or unprotected mail. Postal Service personnel at commercial air stops record irregularities when they occur and transportation personnel adjudicate the irregularities or approve them for further processing. If approved, a penalty is assessed and the amount paid to the air carrier for transporting mail is reduced.

The Postal Service paid about \$194 million for transporting mail from October 1, 2010, through May 31, 2012, but only paid about \$44,000 in claims over nearly the same time period. The objective was to determine whether domestic air mail irregularities processing was effective.

WHAT THE OIG FOUND:

Domestic air mail irregularities processing was not effective. Specifically, management did not monitor whether recording problems existed or whether claim deductions were calculated accurately. Also, Postal Service personnel did not always record irregularities for adjudication and

assess applicable penalties when they occurred. Further, management did not accurately calculate domestic air mail irregularity penalty amounts.

In addition to network and personnel changes, these issues occurred because management did not consider this program a high priority and did not obtain data necessary to monitor the process. Also, comprehensive written procedures for processing domestic air mail irregularities did not exist and penalty amounts were automatically calculated based on outdated contract data. As a result, Postal Service personnel did not always assess or correctly assess penalties to air carriers, and the air carriers were not always held accountable for safeguarding the mail. We were not able to determine the reasonableness of the \$44,000 of irregularity claims processed.

WHAT THE OIG RECOMMENDED:

We recommended management implement a process to readily obtain data to monitor whether recording problems exist or claim deductions were calculated accurately. We also recommended implementing procedures for processing irregularities, and providing all airports the means to report irregularities and verifying functionality on a regular basis.