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# HIGHLIGHTS

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## **BACKGROUND:**

The U.S. Postal Service continues to face significant financial challenges. The Postal Service concluded the first 2 quarters of fiscal year (FY) 2012 with net losses of more than \$6.4 billion. In addition, the operating revenue for the 1st 2 quarters declined by \$207 million from the same period last year. The Postal Service is aggressively pursuing new revenue streams and reducing costs in areas within its control. Maximizing mail processing efficiency is critical in that regard.

The Los Angeles International Service Center (ISC) is located in the Pacific Area and is responsible for receiving, processing, and dispatching international import and export mail. It processed more than 51 million mailpieces in FY 2011, an increase of 11.5 percent from FY 2010.

Our objective was to evaluate the efficiency of the work performed by the Los Angeles ISC.

## **WHAT THE OIG FOUND:**

Although management at the Los Angeles ISC has made progress in improving productivity in FY 2012, further opportunities exist for improvement.

The Los Angeles ISC management did not fully evaluate operational efficiency and staffing based on workload,

establish realistic productivity goals or targets, or always properly supervise employees. In addition, management did not maximize the use of automated and mechanized equipment. Consequently, the Los Angeles ISC used more workhours than necessary to process its mail volume.

We estimate that management at the Los Angeles ISC could further improve productivity by reducing 63,170 workhours. If they avoid these workhours, the Postal Service could save almost \$2.2 million annually.

## **WHAT THE OIG RECOMMENDED:**

We recommended the plant manager, Los Angeles ISC, reduce 63,170 workhours with an associated economic impact of almost \$2.2 million annually, or increase mail volume by 3.1 million pieces, or a combination of both. We also recommended the plant manager periodically evaluate operating efficiency and staffing at the Los Angeles ISC to determine whether further workhour adjustments are necessary based on workload. Finally, we recommended that management maximize the use of automated and mechanized equipment, establish realistic productivity goals or targets, and improve supervision of employees.