



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

HIGHLIGHTS

September 28, 2012

Timeliness of Mail Processing at Processing and Distribution Centers

Report Number NO-AR-12-010

BACKGROUND:

The U.S. Postal Service is facing one of the most difficult challenges in its history, reporting a net loss of \$5.2 billion in the 3rd quarter of fiscal year (FY) 2012. This was subsequent to a net loss of 5.1 billion in FY 2011. One factor driving these losses is the continual decline in mail volume, falling from its peak of 213 billion pieces in FY 2006 to 168 billion in FY 2011.

This report summarizes the Postal Service's progress in reducing delayed mail. The Postal Service considers mail delayed when it is not processed or dispatched to meet its established delivery day. Our audit objective was to assess the timeliness of mail processing in processing and distribution centers (P&DCs).

WHAT THE OIG FOUND:

In FY 2012, the Postal Service made significant progress reducing the amount of delayed mail at the 43 largest P&DCs in its network. They also made improvements in service performance scores as measured by the Intelligent Mail Accuracy and Performance System®. Service performance achievement scores rose from 81.2 percent to 95.2 percent in FY 2012.

Through Quarter 3, FY 2012, about 1.4 billion pieces of mail have been delayed while about 3.5 billion pieces were

delayed in FY 2011. Much of this decline can be attributed to management emphasis on delayed mail and expanded use of the Intelligent Mail® barcode (IMb). We identified several issues that contributed to mail delays, including improper color coding, inaccurate reporting, underutilization of automation, floor congestion, incomplete operating plans, and a lack of mail inventory visibility. Delayed mail adversely impacts mailers and other Postal Service customers, negatively impacts operational efficiency and service scores, and could result in additional revenue losses.

WHAT THE OIG RECOMMENDED:

We recommended the manager, Processing Operations, evaluate operations, including consolidations, to reduce the amount of delayed mail in the network and ensure that field personnel are properly trained in the color-coding of Standard Mail as well as the counting and reporting of delayed mail in accordance with policies. We also recommended the manager, Processing Operations, increase investment in and employee access to the IMb tracking system, or other tools, to assist management with identifying potential mail processing problems that could result in delayed mail.