



HIGHLIGHTS

IMPACT ON:

Mail processing operations nationwide.

WHY THE OIG DID THE AUDIT:

Our objectives were to follow-up on the U.S. Postal Service's progress in reducing workhours based on recommendations made in our prior report (Report Number NO-MA-11-004, May 20, 2011) and to assess the efficiency of the processing and distribution network for fiscal year (FY) 2011.

WHAT THE OIG FOUND:

The Postal Service made substantial progress by reducing workhours in the network from the previous year. Plants that were the least productive in FY 2010 reduced more than 5.9 million workhours (achieving 42.4 percent of the recommended workhour savings) and improved productivity by 6.95 percent.

Regarding efficiency for FY 2011, productivity for all plants improved by more than 5.9 percent over the prior fiscal year and overtime decreased by almost 4.2 percent compared with FY 2010.

The Postal Service made these workhour reductions with only slight declines in service from FYs 2010 to 2011. However, we found the Postal Service had not yet fully adjusted

workhours in response to declining mail volume (because of poor economic conditions) nor achieved all possible efficiencies in mail processing operations. Therefore, the Postal Service is using more workhours than necessary to process mail volume.

WHAT THE OIG RECOMMENDED:

We recommended the vice president, Network Operations, reduce more than 14 million workhours by FY 2014 with an associated economic impact of almost \$665 million and periodically evaluate operating efficiency by assessing performance against the median productivity level for each plant grouping.

WHAT MANAGEMENT SAID:

Management agreed with our recommendations to reduce workhours and periodically evaluate efficiency by assessing performance against the median productivity level for each plant grouping.

AUDITORS' COMMENTS:

The U.S. Postal Service Office of Inspector General considers management's comments responsive to the recommendations and corrective actions should resolve the issues identified in the report.