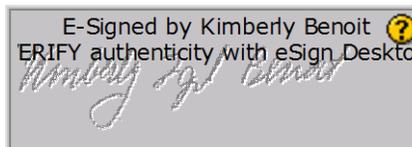




February 26, 2016

**MEMORANDUM FOR:** MAURA A. MCNERNEY  
ACTING FINANCE AND PLANNING VICE PRESIDENT



**FROM:** Kimberly F. Benoit  
Deputy Assistant Inspector General  
for Technology, Investment and Cost

**SUBJECT:** Fiscal Year 2015 Decision Analysis Report Summary  
(Report Number MI-CAP-16-001)

The U.S. Postal Service Office of Inspector General (OIG) reviews decision analysis reports (DAR) in advance of Investment Review Committee (IRC) meetings to determine whether the requested investments are reasonable business decisions or are in the best interests of the Postal Service (Project Number 16TDA009MI000). The purpose of this memorandum is to summarize the business process issues that the OIG identified during fiscal year (FY) 2015.

The U.S. Postal Service uses DARs to recommend investments to the IRC for approval. These projects can include the purchase of vehicles or support equipment, material handling, mail processing automation and mechanization, or research and development proposals. DARs describe a problem the Postal Service is facing or an opportunity it may have, along with the detail needed to justify the expenditure. All investment projects must be justified either as an economic opportunity or as a means of sustaining existing postal operations into the future by correcting or eliminating a problem. The DAR provides the detail needed, including back-up documentation, to enable the IRC to make an informed decision regarding the use of postal funds.

In FY 2015, the OIG evaluated 37 DARs, totaling about \$2.2 billion. The 37 DARs required Postal Service Headquarters Finance team validation and subsequent IRC

approval or disapproval. We provided our individual reviews to DAR sponsors, and the IRC considered these reviews during its approval process.

We determined the DARs reviewed in FY 2015 were reasonable business decisions or in the best interest of the Postal Service. However, we identified business process issues for four programs totaling about \$566.2 million. These issues stemmed from aggressive business approaches and increased risks.

We identified concerns with managing large information technology projects, multiple year deployments, aggressive deployment schedules, limited machine performance data, and dependence on regulatory approval. Specifically, we noted the following concerns:

- *Retail Systems Software (RSS) Modification Request* – The full deployment cost of RSS was not known because the contract was not a fixed priced contract. Additionally, large information technology projects are not easy for any organization to manage and deploy. Multiple year deployments further increase risk.
- *Mobile Delivery Device Program – Phase 2* – The aggressive deployment schedule could lead to delays without detailed and flexible planning.
- *Twenty-Six Small Package Sorting System (SPSS) Machines* – This funding request was premature because there was limited performance data about the throughput of SPSS. Additionally, a methodology for ensuring the capture of the Function 1 labor savings was not identified.
- *Informed Visibility* – A percentage of the cost savings identified depended on approval from the Postal Regulatory Commission to end contract support for external components of service measurement. This approval was not in place at the time of the DAR. In order to achieve the projected cost savings it is important that the capital spend rate be monitored to align with scheduled releases and deployments. Large information technology deployments that take place over multiple years are not easy for any organization to manage and increase risk. A strong and experienced program management office, which can cross business/functional boundaries and silos easily, is a key element for program success.

Although we noted the above concerns, we concluded that the DARs were in the best business interests of the Postal Service and no systemic issues across all DARs were identified.