



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



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**INSPECTOR GENERAL**  
POSTAL REGULATORY  
COMMISSION

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# HIGHLIGHTS

July 12, 2012  
Cost of Appeals for Closing Postal Service-Operated Retail  
Facilities  
Report Number CI-AR-12-005

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## **BACKGROUND:**

This was a joint audit between the Offices of Inspectors General (OIG) of the U.S. Postal Service and the U.S. Postal Regulatory Commission (PRC). Since fiscal year (FY) 2009, the Postal Service has increased its efforts to optimize the retail network. As a result, the number of final determinations to discontinue retail operations has increased from 118 to 362 (307 percent) from FY 2010 to FY 2011.

Consequently, appeals of final determinations also increased from six to 103 (1,766 percent) for the same period. On May 9, 2012, the Postal Service announced a new strategy to preserve post offices in rural America and achieve cost savings.

Our objective was to assess the costs for the Postal Service and the PRC to process, administer, and manage closure appeals for Postal Service-operated retail facilities. The Postal Service Law Department (Law Department) is responsible for tracking, monitoring, and processing all retail facility closure appeal cases opened by the PRC. The PRC Office of General Counsel is responsible for processing and advising PRC commissioners on appeal cases. In addition, the PRC appoints a Public Representative to represent the interests of the public in each appeal.

## **WHAT THE OIGs FOUND**

The Postal Service OIG estimated the average costs and staff hours the Law

Department needs to process each appeal are about \$1,365 and 15 hours, respectively. The PRC OIG's review determined the costs and staff hours the PRC needs to process an appeal ranges from \$1,806 to \$2,496 and from 19 to 29 hours, respectively.

In addition, the Postal Service OIG found the Law Department did not consistently track attorney and staff hours spent on individual appeals. The Law Department recognizes the need for additional resources to handle the estimated workload and, accordingly, issued a statement of work to obtain support through contracting.

Lastly, from July through November 2011, the Postal Service withdrew four final determinations after appeals were filed with the PRC. It did not disclose the factors that led to withdrawing its final determinations. The Postal Service OIG estimated the Postal Service could have realized cost savings of \$5,460 if it considered those facts before the final determinations.

## **WHAT THE OIGs RECOMMENDED:**

Although the report does not contain recommendations, Postal Service management provided written comments and the Postal Service OIG consider them responsive. PRC management elected not to provide written comments because there were no recommendations.