



HIGHLIGHTS

BACKGROUND:

The U.S. Postal Service is facing one of the most difficult challenges in its history. Mail volumes peaked at 213 billion pieces in 2006. In 2011, mail volume had declined to 168 billion pieces, a 25 percent decline over the past 5 years. The Postal Service implemented Area Mail Processing to consolidate mail processing operations, eliminate excess capacity, increase efficiency, and better use resources. Consolidations provide opportunities for the Postal Service to reduce costs, improve service, and operate as a leaner, more efficient organization.

This audit responds to a request from Congresswoman Shelley Moore Capito, 2nd District, West Virginia on consolidation of destinating mail processing operations from the Frederick, MD Processing and Distribution Facility (P&DF) into the Baltimore Processing and Distribution Center (P&DC). Our objectives were to assess the October 2011 through January 2012 consolidation and examine stakeholder concerns.

WHAT THE OIG FOUND:

Consolidation of the Frederick P&DF destinating mail processing operations into the Baltimore P&DC initially resulted in significant delayed mail and declines in service and customer experience scores. In addition, transportation costs

increased by about \$558,000 over the period. These conditions occurred because:

- The consolidation took place during the heaviest volume period of the year.
- Significant turnover occurred in key management positions during the consolidation period.
- Management did not adequately plan for consolidation transportation needs.

Management acknowledged there were challenges and mail delays during initial implementation of the consolidation and service and customer experience scores declined. However, management has addressed many of the problems experienced during the consolidation and operating conditions have improved as of February 2012.

WHAT THE OIG RECOMMENDED:

We recommended the vice president, Capital Metro Area, avoid implementing consolidations during the fall and Christmas mailing seasons, as appropriate, ensure it meets customer service commitments, and complete transportation schedule adjustments to avoid late and extra trips.

[Link to review the entire report](#)