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

# U.S. Postal Service Mail Recovery Center

## Audit Report

**Report Number
MS-AR-16-001**

**December 1, 2015**

# OFFICE OF INSPECTOR GENERAL
## UNITED STATES POSTAL SERVICE

# Highlights

*The Mail Recovery Center (MRC)*

*is the U.S. Postal Service's*

*official lost and found department.*

## Background

The Mail Recovery Center (MRC) is the U.S. Postal Service's official lost and found department. Processing centers and retail and delivery units nationwide send mail items with no valid addressee or sender information to the MRC. The MRC's core mission is to search, recover, forward, or return undeliverable mail nationwide.

In fiscal year 2014, the MRC received 88 million items, processed 12 million for possible return to customers, and returned 2.5 million. All items not returned to customers were sold at auction, donated, or destroyed.

The objective of this audit was to assess the MRC's effectiveness at handling customer inquiries and managing items it received.
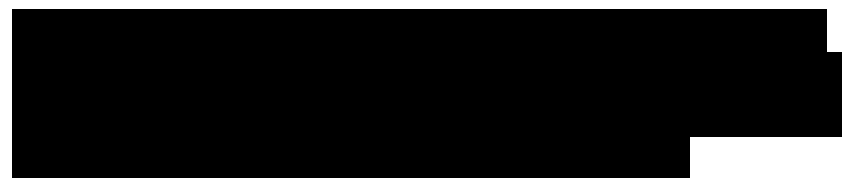
## What the OIG Found

The MRC did not effectively handle customer inquiries or manage undeliverable items it received in certain circumstances. Specifically, the MRC did not:

- Track how many inquiries resulted in items returned to customers.

- Return, dispose of, or secure military items efficiently.

- Return wallets, purses, and the documents they contained to customers.

- Sufficiently oversee the contractor responsible for auctioning unclaimed items at the MRC.

In addition, Postal Service operations outside of the MRC's control negatively impacted MRC efforts to return undeliverable items to customers. Specifically, sales and service associates did not provide customers with clear instructions for filing search inquiries and field offices incorrectly sent recyclable materials to the MRC.

These conditions occurred because the Postal Service either did not have adequate policies and procedures for these functions or did not follow them. As a result, there is an increased risk that customers may not have the opportunity to recover lost items.

## What the OIG Recommended

We recommended the Postal Service enhance policies and procedures for handling lost and undeliverable mail at the MRC, review the contract for auctioning unclaimed items, instruct sales and service associates to provide customers with proper procedures for filing a search inquiry, and enforce existing policy for recyclable materials that should not be sent to the MRC.

# Transmittal Letter

December 1, 2015

**MEMORANDUM FOR:**   SUSAN M. BROWNELL
VICE PRESIDENT, SUPPLY MANAGEMENT

KELLY M. SIGMON
VICE PRESIDENT, RETAIL AND CUSTOMER SERVICE
OPERATIONS

E-Signed by Janet Sorensen
VERIFY authenticity with eSign Desktop

**FROM:**   Janet M. Sorensen
Deputy Assistant Inspector General
 for Revenue and Resources

**SUBJECT:**   Audit Report – U.S. Postal Service Mail Recovery Center
(Report Number MS-AR-16-001)

This report presents the results of our audit of the U.S. Postal Service's Mail Recovery Center (Project Number 15RG019MS000).

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Joseph Wolski, director, Retail, Revenue and Customer Service, or me at 703-248-2100.

Attachment

cc:  Corporate Audit and Response Management

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# Findings

## Introduction

This report presents the results of our self-initiated audit of the U.S. Postal Service's Mail Recovery Center (Project Number 15RG019MS000). Our objective was to assess the Mail Recovery Center's (MRC) effectiveness in handling customer inquiries and managing items it received. See Appendix A for additional information about this audit.

The MRC is the Postal Service's official lost and found department. The MRC scans envelopes (see Figure 1) and opens packages in hopes of finding address information that will allow the delivery or return of items valued at $25 or more.[1] The Postal Service donates, recycles, discards, or auctions all items it does not return to customers.[2] In fiscal year (FY) 2014, the MRC received 88 million items, processed 12 million of those valued at $25 or more, and returned 2.5 million items to customers — a resolution rate of 21 percent[3] of researched items, or 3 percent of total incoming items. If a mailpiece[4] valued at $25 or more does not have a valid address, the MRC retains it for 30, 60, 90, or 180 days, depending on the mail class or special services used.[5] The retention period allows the MRC to match an inquiry[6] with an undelivered item. During FY 2014, the MRC staff [7] processed 277,220 search inquiries. See Table 1 for a sample of items the MRC received.

### Figure 1: Equipment the MRC Uses to Scan Envelopes
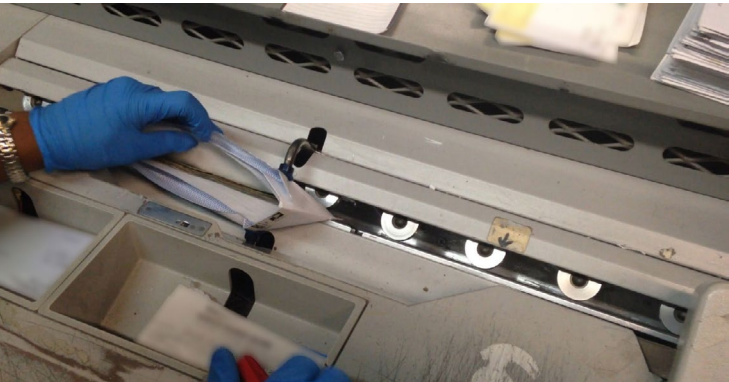


Source: U.S. Postal Service Office of Inspector General (OIG) photograph taken July 8.

### Table 1: Sample of Items the MRC Received in FY 2014

| Item Type | Volume |
| --- | --- |
| Letters, Flats, & Manuals [8] | 85,266,065 pieces |
| Parcels, Books, & Media | 2,169,254 pieces |
| Checks & Money Orders | 199,308 pieces |
| Military Items[9] | 4,307 pieces |
| Recyclable Matter | 3,081,200 pounds |

Source: Contractor-provided data and FY 2014 MRC metrics.

1  *Postal Operations Manual* (POM), Chapter 6, Section 692.14.
2  Correspondence is shredded.
3  The resolution rate of 21% was calculated by dividing the 2.5 million items returned to customers by the 12 million processed items.
4  For purposes of this report, the term "mailpiece" refers collectively to envelopes and packages.
5  POM, Chapter 6, Section 692.14, Opening Parcels.
6  A detailed questionnaire about missing articles that a Postal Service employee fills out and submits on behalf of a customer.
7  The MRC has 87 craft employees and five managerial staff members.
8  Mailpiece that is manually processed.
9  Military items included clothing, gear, records with sensitive personal information, and other items.

## Summary

The MRC did not effectively handle customer inquiries or manage undeliverable items it received in certain circumstances. Specifically, the MRC did not:

*The MRC did not track how many inquiries resulted in items returned to customers.*

In addition, Postal Service operations outside of the MRC's control negatively impacted the MRC's efforts to return undeliverable items to customers. Specifically:

■ Sales and service associates (SSA) did not provide customers with clear instructions for filing search inquiries.

■ Field offices incorrectly sent recyclable materials to the MRC.

These conditions occurred because the Postal Service either did not have adequate policies and procedures in place for these functions or did not follow them. As a result, there is an increased risk that customers may not have the opportunity to recover lost items.

## Customer Inquiries and Undeliverable Items

The MRC did not effectively handle customer inquiries; manage undeliverable items received related to customer inquiry data, military items, wallets, and purses; or sufficiently oversee the contractor responsible for auctioning unclaimed items.

### Customer Inquiry Data

The MRC did not track how many inquiries resulted in items returned to customers because it did not have procedures to capture and analyze inquiry data. Until recently, the MRC used a manual system to record items and did not always maintain historical data. In FY 2015, Quarter (Q) 2, the MRC began using a new automated Mail Recovery Search and Inventory System (MRCS) to record inquiries. See Appendix A for additional information. The new system recorded inquiries but some functions will not be implemented until February 2016. Furthermore, based on interviews with 28 staff members at 14 post offices with high package volume, the MRCS was not always used at Post Office locations because staff indicated they were not trained on how to use the new system. Enhanced data management capabilities would increase search success, improve customer service, and allow managers to better measure the MRC's effectiveness. Further, resolving customer inquiries regarding undelivered items (and returning those items) enhances customer service, increases mailer confidence, and protects the Postal Service brand.

## Military Items and Personally Identifiable Information

The MRC did not return or dispose of military items efficiently because policies and procedures did not include the use of formal Department of Defense (DoD) agreements or contacts to address undeliverable mail. Military items included clothing, gear, records with sensitive personal information, and other items. In 1980, the Postal Service and DoD signed an interagency agreement to efficiently coordinate postal services for the armed forces. According to subsequent Postal Service guidelines,[10] the two organizations need to communicate directly and work together to better serve their mutual customers.

*DoD agencies returned items to the MRC since they were not mandated to process them.*

The MRC used an informal network of DoD agencies to help locate the owners of undeliverable mail; however, these agencies often returned the items to the MRC since they were not mandated to process them. The MRC warehouses undeliverable military items for extended periods (see Figure 2) and recycles, discards, donates, or auctions these items. As a result of our audit, the MRC coordinated with Military Postal Service Agency management and expects to turn over some of the warehoused items in the near future. The MRC needs to complete the development of procedures that strengthen communication and coordination with the DoD.

### Figure 2: Military Items at the MRC



Source: OIG photograph taken July 7, 2015.

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10  39 U.S.C Section 406 provides the Postal Service with the legal authority to establish Armed Forces post offices abroad and provide postal services to members of the Armed Forces and DoD civilians, including their accompanying family members. In 1980, the Postal Service and DoD signed an interagency agreement. The Postal Service published this agreement as Publication 38, *Postal Agreement with the DoD*. In 1983, the Postal Service published Publication 38-A, *Guidelines for Providing Postal Services on Military Installations,* which establishes the Postal Service policy for implementing the joint agreement stated in Publication 38.

## Sensitive Personal Information

MRC personnel did not secure personal information. Specifically, MRC personnel stored several boxes of military personnel and health records on the workroom floor in violation of Postal Service policy (see Figure 3). Because these records contained personally identifiable information (PII), they should not have been left unsecured. This occurred because the MRC did not follow Postal Service guidelines for storing items containing PII. Postal Service policy[11] requires management to keep the PII of customers, employees, or other individuals secure. Postal Service policy[12] also states that "sensitive information should be protected against theft and disclosure to unauthorized individuals. This includes information stored on disks, diskettes, CDs, USB storage devices, and hardcopy." We brought this issue to the attention of the MRC manager and noted during a subsequent visit and through interviews that MRC management had taken corrective action and removed these items from the workroom floor.

**Figure 3: Unsecured PII: Boxes and Bins Containing Military Personnel and Health Records**
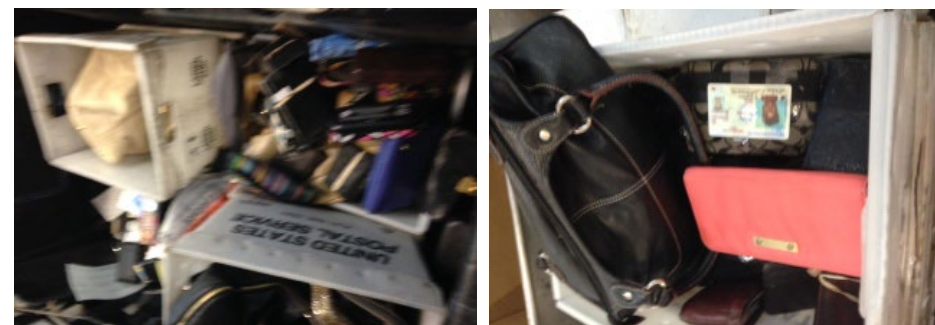


Source: OIG photograph taken May 5 and 8, 2015.

## Wallets and Purses

*The MRC donated or destroyed wallets and purses after removing all PII in order to protect customers against identity theft. The MRC did not attempt to notify the owners.*

The MRC did not return wallets, purses, and their contents as required. Postal Service policy[13] states the Postal Service must "Return to the owners any wallets, bank deposits, or other nonmail matter found in collection boxes or other points within Postal Service jurisdiction, postage-due at the single-piece Standard Mail rates for these articles." Instead, the MRC donated or destroyed wallets and purses after removing all PII[14] in order to protect customers against identity theft. The MRC did not attempt to notify the owners[15] (see Figure 4).

**Figure 4: Hampers and Bins Containing Wallets and Purses**



Source: OIG photograph taken May 5 and 8, 2015.

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11  Handbook AS-353, *Guide to Privacy, the Freedom of Information Act and Records Management*, Section 3-3.4b.
12  Handbook AS-805C, *Information Security for General Users*, Section 4.
13  POM Chapter 69, Dead Mail, Section 691.43, Other Items.
14  Some documents (such as passports) are returned to the passport agency and others (such as driver's licenses) are shredded.
15  The MRC does not use documents found inside wallets or mailing lists to determine or confirm addresses.

### Auctions

The Postal Service did not sufficiently oversee the contractor responsible for auctioning unclaimed items at the MRC. The MRC did not have a process in place to sufficiently log and reconcile items given to the contractor for auction and did not document whether it conducted quarterly contractor reviews or held discussions to coordinate efforts, address issues, and consider revenue opportunities. For example:

- The MRC did not keep detailed descriptions and the quantities of items over an established dollar threshold to ensure the contractor listed, sold, and paid the Postal Service for the items. While there is no requirement to maintain a list of higher valued items provided to the contractor for auction, it makes good business sense to track such items.

- The contract terms included quarterly business reviews between the Postal Service and the contractor, which the Postal Service could use to coordinate efforts and discuss issues and opportunities to increase auction revenue. Management stated that they conducted quarterly reviews informally and did not maintain meeting minutes. Postal Service officials could not provide support beyond 2013 documenting their discussions or proving that they held the meetings.

*To provide the best chance of recovery, SSAs should advise customers to file a search request within 5 days of the mailing date for First-Class mail.*

As a result, the Postal Service could not demonstrate that it adequately protected and considered its own interests. For example, the Postal Service may have an opportunity to increase revenue associated with MRC auctions. From FY 2012 to FY 2014, the Postal Service generated about $11 million in auction revenue annually. This amount is consistent with revenue the MRC earned before it outsourced this function and eliminates costs associated with the MRC conducting its own auctions. Most items were advertised and auctioned in large lots without a bidder inspecting individual items. The Postal Service may be missing opportunities to maximize auction revenue, since neither the MRC nor bidders are fully aware of the total value of the items being auctioned. It may be able to increase auction revenue by making changes to the auction process such as selling high-dollar items individually rather than in lots.

## Postal Service Operations Impact on the Mail Recovery Center

Postal Service operations outside of the MRC's control negatively impacted the MRC's efforts to return undeliverable items to customers. Specifically, Postal Service SSAs did not provide customers with clear instructions for filing search inquiries. In addition, field offices inappropriately sent recyclable materials to the MRC.

### Customer Inquiry Instructions

The Postal Service did not provide customers with clear instructions for filing timely search inquiries because its SSAs were unfamiliar with these instructions. Timely inquiry submissions are important because the MRC retains items valued at $25 or more for only 30, 60, 90 or 180 days[16] before sending them to auction.

MRC personnel stated that SSAs in field offices routinely told customers to delay submitting a search inquiry for a lost package for as many as 3 to 4 weeks. We interviewed 28 postmasters, managers, supervisors, and SSAs in 14 districts and 57 percent of them stated that they have instructed customers to delay submitting a search request. SSAs frequently told customers to wait up to 30 days before submitting a search request to see if the item was delivered. To provide the best chance of recovery, SSAs should advise customers to file a search request within 5 days of the mailing date for First-Class mail.

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16   During our visit we observed the MRC also looked for unique items with estimated monetary value of less than $25 that may be of extreme personal value. See Table 2  for the holding period for several types of mail.

### Recyclable Material

Postal Service retail, delivery, and mail processing employees did not follow policy and incorrectly sent the MRC recyclable materials, such as phone books, newspapers, advertising materials, magazines, and CDs. According to Postal Service policy,[17] if these items are determined to be undeliverable, field offices should donate or dispose of it locally rather than forward it to the MRC. Processing these items reduced the number of workhours that staff can use to focus on the MRC's core mission to search, recover, forward, or return undeliverable mail.

In FY 2014, the MRC recycled over 3 million pounds of material, but MRC management said about 25 percent of that material should not have been forwarded to the MRC. Trucks arrived at the MRC loaded with items sent from sources nationwide, with attached placards specifying the container contents, but little information about their origins. This hindered the MRC's ability to identify the exact sources of unwanted recyclable material and to contact those sources with reminders about disposal policies.

### Improvement Initiatives

*The Postal Service is currently taking steps toward improving processes and procedures at the MRC.*

The Postal Service is currently taking steps toward improving processes and procedures at the MRC. The objective of an ongoing Lean Six Sigma[18] project is to improve receiving, handling, and disposing of undeliverable items at the MRC; and develop standard operating procedures, training plans, and process control systems. The Lean Six Sigma started in FY 2014, and is currently in the "analyze and improve" stage, with several stages left to complete.

Another improvement initiative that will affect operations at the MRC is Project ICE (Improve Customer Experience). Project ICE is a Postal Service cross-functional effort aimed at reducing lost or damaged mail and returning undeliverable items to customers.

This effort started in FY 2015, and has the following goals:

- Standardize the handling of undeliverable mailpieces

- Provide customer visibility and tracking

- Reduce the chances that a mail item will be damaged or lost

- Improve the customer experience

The Postal Service has been proactive in developing these improvement initiatives. Enhancements to existing policies and procedures, improvements to the contract for auctioning unclaimed items, and further training should also be considered in addition to the ongoing efforts to accomplish its stated goals.

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17  *Domestic Mail Manual* (DMM) Section 507.1.9.1(b); and POM Section 691.532.
18  A methodology that relies on a collaborative team effort to improve performance by systematically removing waste, including defects, overproduction, waiting, non-utilized talent, transportation, inventory, motion and extra processing.

# Recommendations

*We recommend management enhance policies and procedures for MRC employees handling lost and undeliverable mail; review the contract for auctioning unclaimed items; and instruct SSAs with proper procedures.*

We recommend the vice president, Supply Management:

1. Enhance policies and procedures for Mail Recover Center employees handling lost and undeliverable mail related to customer inquiry data and the handling of military items, wallets, and purses.

2. Review the contract for auctioning unclaimed items for potential additional revenue and document all required contractor performance reviews.

We recommend the vice president, Retail and Customer Service Operations:

3. Instruct sales and service associates to provide customers with proper procedures for filing a search inquiry.

4. Instruct sales and service associates not to send recyclable materials to the Mail Recovery Center.

## Management's Comments

Management agreed with the findings and recommendations.

Regarding recommendation 1, management agreed to enhance procedures for handling lost and undeliverable mail related to customer inquiries. Management stated that the MRC search and Inventory tool implemented in February 2015 electronically stores inquiry data, and FY 2016 enhancements will allow customers to enter their own search requests via USPS.com and will provide better tracking and reporting capabilities. Management also agreed to work with military contacts to optimize opportunities to forward military mail. In addition, management agreed to review its policies for wallets and purses and to coordinate changes in all impacted operations, including (mail) processing and the MRC. The target implementation date is April 30, 2016.

Regarding recommendation 2, management agreed with the recommendation, reestablished quarterly performance reviews, and intends to meet with the contractor in the second quarter of FY 2016 to evaluate strategies to optimize revenue. The target implementation date is March 31, 2016.

Regarding recommendation 3, management agreed with the recommendation and developed a revised service talk for field personnel. The service talk will instruct employees to complete an electronic Search Form inquiry as soon as they are contacted by a customer and provide time frames for field personnel to recommend to customers. The target implementation date is January 31, 2016.

Regarding recommendation 4, management agreed with the recommendation and will provide field employees a service talk on the "Do's and Don'ts" of items sent to the MRC that will include handling of recyclable materials. The Postal Service will also post the instructions on the Retail and Customer Service Operations website. The target implementation date is January 31, 2016.

See Appendix B for management's comments, in their entirety.

## Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendations in the report.

The OIG considers all four recommendations significant, and therefore requires OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions for these recommendations are completed. The recommendations should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendations can be closed.

# Appendices

*Click on the appendix title*

*to the right to navigate to*

*the section content.*

## Background

Processing centers and retail and delivery units nationwide send items with no valid addressee or sender information to the MRC. The MRC's core mission is to search, recover, forward, or return undeliverable mail nationwide. The MRC opens mailpieces to find the name and address of the recipient or sender so the mailpiece can be delivered or returned. Table 2 highlights the holding period for several types of mail.

**Table 2. Holding Period by Mail Type**

| Type of Mail With Enclosure Valued at Over $25 | Holding Period |
| --- | --- |
| Letters | |
| Priority Mail | 30 Days |
| Standard Mail | |
| Package Services Mail | |
| Insured Packages | 60 Days |
| Registered Packages | |
| Priority Mail Packages with Delivery Confirmation | |
| Certified Mail Letters and Packages | 90 Days |
| Unnumbered Packages with Insurance | |
| Ordinary Mail of Value[19] | |
| Express Mail Packages | 180 Days |
| Insured Packages (may be held up to 1 year) | |

Source: POM, Dead Mail and Mail Recovery Center Updated Procedures, December 13, 2012.

## MRC Search and Inventory System

The Postal Service implemented the MRC's new MRCS in FY 2015, Q2, and it is available online for Postal Service employees to input search inquiry information for damaged or lost mailpieces on behalf of customers. A customer can have the Postal Service submit an inquiry by going to a local Post Office in person or by contacting the Postal Service in writing or by telephone.

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19   The value for ordinary mail is $25 or more.

**Figure 5: Methods for Customers to Submit a Search Inquiry**
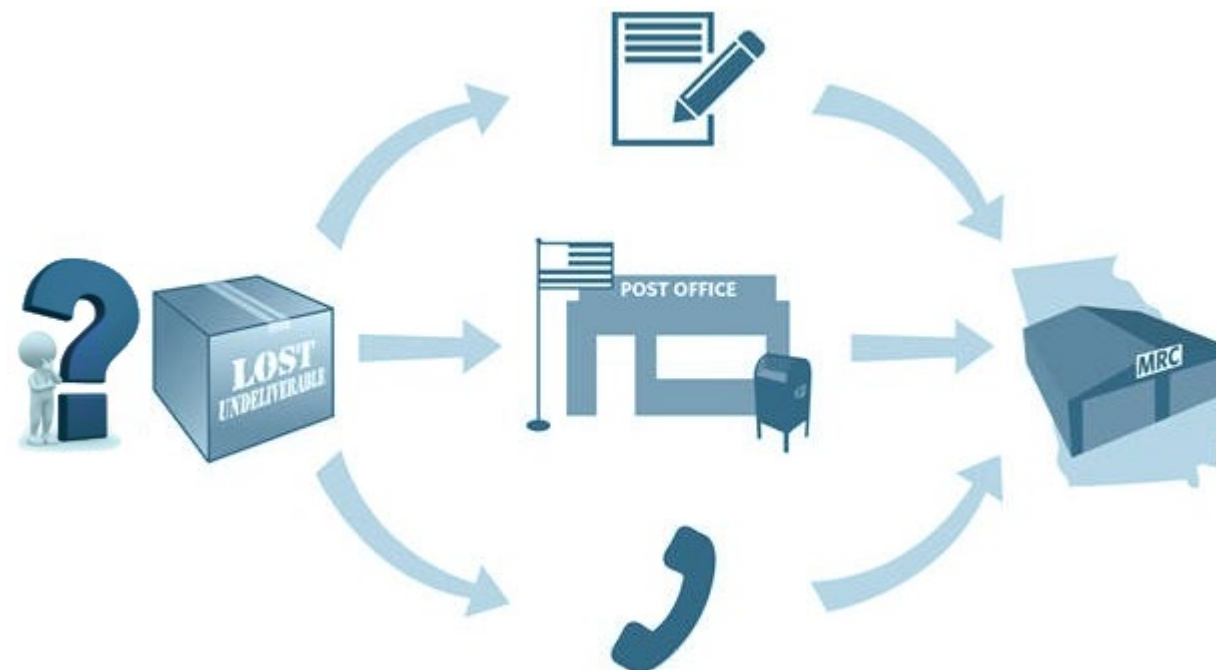


Source: OIG-generated.

However, many customers do not file inquiries for their lost items. In FY 2014, the MRC only received 277,220 search inquiries. In the same period the Postal Service received about 4 million customer complaints, 2 million of which related to items customers did not receive (see Table 3).

**Table 3: Portion of Customer Complaints Resulting From Undelivered Mailpieces**
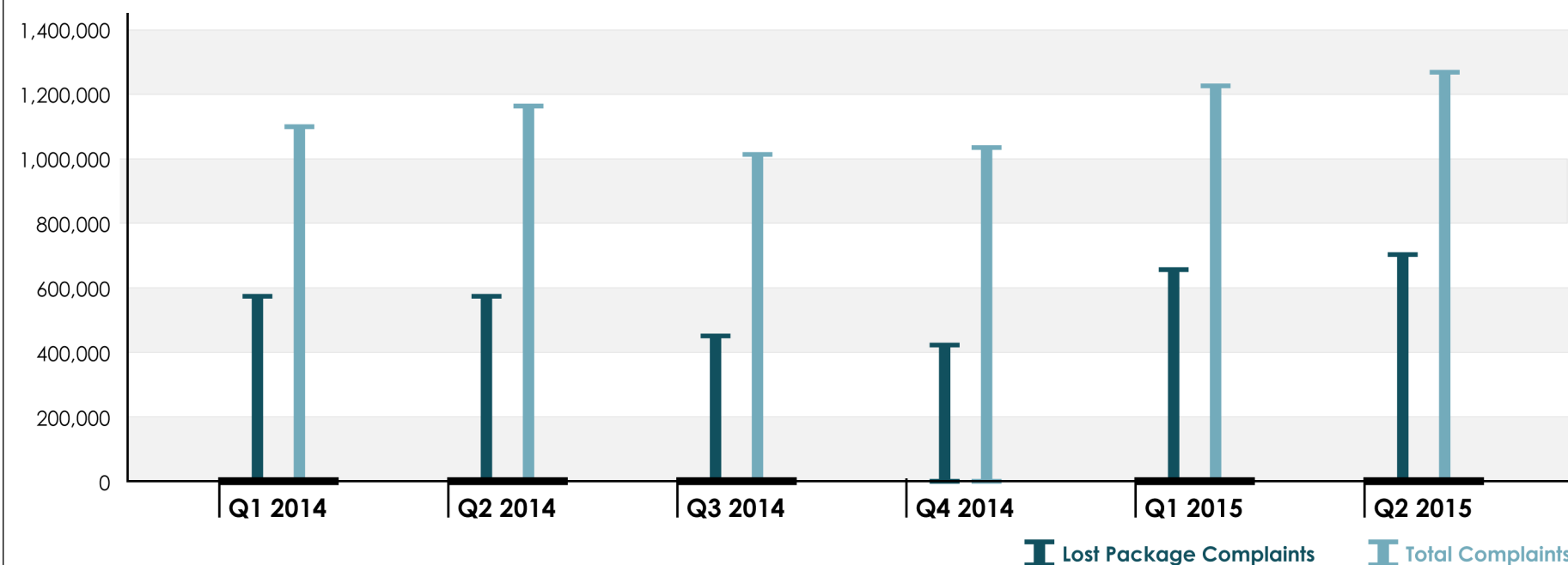


Source: Corporate Customer Contact.

The new system is a significant improvement for the MRC in processing search inquiries. An important advantage of the new system is that when the employee submits the web-based search form, the MRC inventory database is automatically searched. According to the Postal Service, the automated system will continue to search for new entries in the MRC database until the mailpiece's retention period expires. The system also notifies the customer, either by letter or email, of the status of the search. The system will notify a customer if the MRC finds his or her item, if an initial search was unsuccessful, and when the search reaches the end of the retention period.

## Objective, Scope, and Methodology

Our objective was to assess the MRC's effectiveness at handling customer inquiries and managing items sent to the MRC. To accomplish our objective we:

- Interviewed postmasters, managers, supervisors, clerks, and key officials from the MRC, Asset Management, Asset Performance and Accountability, Information Technology, the U.S. Postal Service Office of Investigations, and Supply Management.

- Obtained and reviewed documentation and relevant information regarding the MRC's processes and procedures for handling customer inquiries and managing items sent to the MRC.

- Reviewed current policies and procedures for customers to report lost items and request item searches at the MRC.

- Reviewed customer service-related issues reported to and resolved by the MRC.

- Reviewed Postal Service policies, instructions, and documents for reporting customer service-related issues.

- Observed and assessed MRC staff handling undeliverable mail, search requests, auctions, and recycling.

- Reviewed how negative customer feedback is tracked, analyzed, and used to improve customer service.

- Reviewed policies and procedures related to auctioning items found in undeliverable mail that is forwarded to the MRC.

- Reviewed legal requirements or restrictions related to auctioning items found in undeliverable mail in response to congressional interest in this area.

- Reviewed training records for all clerks responsible for customer service-related duties at the MRC.

- Reviewed applicable documentation, policies, and procedures.[20]

We conducted this performance audit from February through December 2015, in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for

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20  Documentation, policies, and procedures reviewed include POM, 39 U.S.C Section 406, Handbook AS-353; and Handbook AS-805, *Information Security*, *Standard Operating Procedures,* Mail Recovery Operations, October 1, 2008.

our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We discussed our observations and conclusions with management on October 28, 2015, and included their comments where appropriate.

We assessed the reliability of MRC search and inquiry data. The MRC had been recording data manually until January 2015. We analyzed MRC data and determined that the data were sufficiently reliable for the purposes of this report.

## Prior Audit Coverage

| Report Title | Report Number | Final Report Date | Monetary Impact |
|---|---|---|---|
| *Mail Recovery Center* | MS-MA-15-007 | 5/26/2015 | None |

**Report Results:** ████████████████████████████████████████████
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**Appendix B:**
**Management's Comments**

**UNITED STATES POSTAL SERVICE**

November 23, 2015

LORI LAU DILLARD
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Response to Draft Audit Report – U.S. Postal Service Mail Recovery Center
(Report Number MS-AR-16-DRAFT)

We welcome the opportunity to review and comment on the subject draft audit report. In general, we agree with the findings and recommendations within this report. The Postal Service values our customers and has a desire to excel in customer service. We expect to deliver every letter and every package; and have it delivered in a timely manner. Unfortunately, there are instances where mail is undeliverable or damaged during processing. When this occurs, local facilities and finally the MRC make every attempt to reunite these items with our customers.

As mentioned within the report the Postal Service has been proactive toward improving processes around undeliverable and damaged mail through Lean Six Sigma projects and other initiatives. Our goals include: standardizing the handling of undeliverable mail; provide customer visibility and tracking; reduce the chances that a mail item will be damaged or lost; and improve the customer experience. Furthermore in February 2015, the MRC implemented an automated search and inventory system designed to enhance the identification and return of lost mail.

**OIG Recommendations**

We recommend the Vice President, Supply Management:

**Recommendation 1**: Enhance policies and procedures for MRC employees handling lost and undeliverable mail related to customer inquiry data and the handling of military items, and wallets and purses.

**Management Response/Action Plan**: Management agrees as described within this recommendation's response. With the February 2015 implementation of the MRC Search and Inventory tool, customer inquiry data is now electronically stored in the system. In Fiscal Year (FY) 2016, customers will be able to enter their own search requests using USPS.com which will provide them with more flexibility, reduce the reliance on Postal Service employees to enter these requests for customers, and provide better tracking and reporting capabilities.

Military items will continue to be processed in accordance with existing policy. While the Postal Service understands the significance of lost military items; all pieces of lost mail are important for our customers and we will continue to identify and return lost mail to the greatest extent possible. We do agree to continue working with military contacts to optimize the opportunities to forward military mail pieces to their owners.

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The Postal Service will review its policies for wallets and purses. Any changes will be coordinated in all impacted operations (including processing and the MRC).

**Target Implementation Date**: April 2016

**Responsible Official**: Manager, Asset Performance & Accountability

**Recommendation 2**: Review the contract for auctioning unclaimed items for potential additional revenue and document all required contractor performance reviews.

**Management Response/Action Plan**: Management agrees with this recommendation. The Postal Service reestablished quarterly performance reviews in October 2015 and will continue these on a quarterly basis going forward documenting the reviews. Additionally, a formal meeting will be held within Quarter 2, FY 2016, with contracting, Asset Management personnel, and the contractor to specifically focus on evaluating strategies they are already utilizing to optimize revenue and potential options for future strategies while at the same time recognizing that we must maintain a cost efficient process for the MRC.

**Target Implementation Date**: March 2016

**Responsible Official**: Manager, Asset Performance & Accountability

We recommend the Vice President, Retail and Customer Service Operations:

**Recommendation 3**: Instruct retail clerks to provide customers with the proper procedures for filing a search inquiry.

**Management Response/Action Plan**: Management agrees. In Quarter 3, FY 2015, Retail and Customer Service Operations sent a Service Talk to the Field regarding the February implementation of the MRC Search and Inventory tool. Instructions in a revised Service Talk will direct employees to complete an electronic Search Form in the new Search and Inventory System as soon as they are contacted by a customer with an inquiry. Likewise, the revised Service Talk will provide recommended time frames for customers to request a search or submit a claim.

**Target Implementation Date**: Service Talk to be disseminated to the field by January 2016

**Responsible Official**: Manager, Retail Operations

**Recommendation 4**: Instruct retail clerks not to send recyclable materials to the MRC.
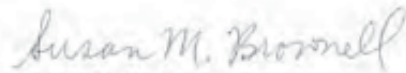
**Management Response/Action Plan**: Management agrees. A Service Talk on the Do's and Don'ts for items sent to the MRC will be forwarded to the Field employees and posted to the Retail and Customer Service Operations Website. Included with the Service Talk will be a "Loose in the Mail" job aid that will provide additional instructions and further define:

3

1. The time frames for holding items.
2. Direction for the final destination of those items found loose in the mail.
3. Included in the references are recyclable materials, trash and excess supplies.

The service talk will be directed to address handling of undeliverable items for Sales and Service Associates, Back Office clerks and Plant employees.

**Target Implementation Date**:  Revised Service Talk is being updated by the Program Office and will be provided to Retail & Customer Service Operations for dissemination to the field by January 2016.

**Responsible Official**:  Manager, Retail Operations

Susan M. Brownell
Vice President
Supply Management

Kelly M. Sigmon
Vice President
Retail and Customer Service Operations

cc:  Manager, Corporate Audit Response Management

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Arlington, VA 22209-2020
(703) 248-2100