INFORMATION TECHNOLOGY

U.S. Postal Service Needs to Strengthen System Acquisition and Management Capabilities to Improve Its Intelligent Mail® Full Service Program

Why GAO Did This Study

In 2003, the United States Postal Service (USPS) initiated the Intelligent Mail® program, which is intended to use information-rich standardized barcodes to track mail and thus provide USPS and mailers with better and timely information. A major component of this program is the Full Service program, which, among other things, is intended to build a system that improves the visibility into end-to-end mail processing operations through the use of new barcodes, and create efficiencies by streamlining and automating certain aspects of the process. GAO was asked to determine (1) the current status and plans for the Intelligent Mail® Full Service program and (2) if the Postal Service has capabilities in place to successfully acquire and manage the Intelligent Mail® Full Service program. GAO obtained and analyzed USPS documentation, reviewed previous GAO reports, interviewed officials, and compared acquisition best practices with USPS's practices.

What GAO Recommends

GAO is recommending that the Postmaster General take several actions to improve the management of the program, including developing a comprehensive cost estimate and sound acquisition and development policies. In written comments on a draft of this report, USPS agreed with three of GAO's recommendations, disagreed with three, and did not comment on one. GAO continues to believe that adoption of key acquisition practices is essential.

What GAO Found

Program officials have completed key activities for implementing the Intelligent Mail® Full Service program, such as deploying the first phase of the program; however, the current schedule for the program has been delayed by almost 10 months. As a result, the second phase of the program is not expected to be implemented until the end of November 2009. In addition, key functions of the program that were originally intended to be delivered have been deferred. Moreover, the life-cycle cost that program officials prepared does not capture all the costs associated with the acquisition and implementation of the program. As a result, program officials lack an accurate total cost estimate. Finally, the first deployed phase is currently experiencing operational problems.

While the Full Service program has taken steps to implement acquisition management activities, it does not have the full set of capabilities it needs to fully manage the acquisition.

Summary of the Full Service Program Acquisition Management Capabilities

Capability	Status
Project planning	Initiated, but key activities remain to be completed, such as developing an overall project plan that identifies the full scope of the Full Service program and identifying key deliverables beyond the second phase.
Project monitoring and control	Key steps taken, but the prime contractor for the development of the Full Service program also manages program management office activities, including assessing the quality of deliverables and overseeing the program's schedule, issues, and risks, which creates a conflict of interest because of the risk that the contractor will not evaluate its own products in a completely objective manner.
Requirements development and management	Initiated, but USPS has not finalized or validated a core set of requirements for the Full Service program.
Risk management	Initiated, but key activities remain to be performed, such as establishing a risk management process that ensures a comprehensive list of risks is maintained and complete mitigation strategies are developed.
Product integration	Initiated, but program officials have not developed a systems integration plan regarding the plans for conducting product integration for the entire Full Service program, which includes the integration of approximately 30 systems.

Source: GAO analysis of USPS data.

A key cause of the program's acquisition management weaknesses in the areas of project planning, risk management, and product integration is that USPS organizational policies do not set forth sufficient requirements for establishing effective practices in these areas. Weaknesses exist in the program monitoring and control area because the program management contract creates a conflict of interest by requiring that the contractor assess the quality of its own deliverables and oversee the program's schedule, issues, and risks. Without these management capabilities in place, USPS increases the risk that this program will continue to encounter problems in meeting its performance, schedule, and cost objectives.

United States Government Accountability Office