

marks would present no operational problems, it disagreed with the desirability of doing so. Subsequently, in a letter dated January 11, 1968, to the House Committee on Government Operations, the Department raised certain new objections to consolidating the processing of incoming mail and stated that elimination of community names from postmarks would hamper the criminal investigation work of postal inspectors. GAO answered these objections in a letter dated April 1, 1968, to the committee.

EXHIBIT J—SUMMARY OF GAO REPORT—NEED FOR REVISING COSTLY PROCEDURES FOR REMITTING C.O.D. COLLECTIONS AND OTHER FINANCIAL PROCEDURES AND PRACTICES (B-114874, AUG. 20, 1964)

PROBLEM

GAO found that substantial savings could be realized if the Department revised its procedures to provide for consolidation of payments when remitting to shippers, proceeds from C.O.D. collections.

RECOMMENDATION

GAO recommended that the Department's procedure for remitting proceeds from C.O.D. collections at larger first-class post offices be revised to require the issuance of a single money order or Treasury check daily or weekly to each shipper having multiple C.O.D. collections instead of issuing a separate money order for each C.O.D. collection. GAO also recommended that the Department prescribe criteria for consolidating C.O.D. payments at certain smaller post offices.

AGENCY RESPONSE

The Deputy Postmaster General informed us that, while the Department agreed that C.O.D. remittance procedures should be revised to reduce costs, it did not agree that our recommendation was practical or would result in reduced costs. He further stated that the Department was studying improved procedures for C.O.D. remittances.

CURRENT STATUS

The Department has advised that the study has not been completed due to personnel staffing problems, and there has been no change in procedures for remitting C.O.D. collections.

ESTIMATED SAVINGS

\$600,000 per year. (Estimate made in 1964.)

Mr. BELEN. The next two categories are Mr. McMillan's processing of mail and delivery services.

B. PROGRAM CATEGORY 2—PROCESSING OF MAIL

Mr. McMILLAN. Mr. Chairman, processing of mail of course is the activity within the post offices. This is primarily the clerk and mail handler crafts. It is the distribution, tying out of mail, putting the mail in pouches, getting the mail ready for transportation.

We separate first the mail by priority; that is, special delivery, air-mail, preferential mail, and then the second, third, and fourth class. Then in this area we also separate mail in a manner—and this is the scheme the clerks have to learn—necessary to distribute most efficiently to meet the transportation pattern, to insure, for example, that a first-class letter mailed here today hopefully will be delivered in Houston or Dallas or Beaumont tomorrow.

We have some other important duties in this particular area. That is checking to see that proper postage has been paid, and if not, rating it up postage due.

It also includes the processing of mail such as forwarding when it is necessary or returning to sender when it is required.