Delivering for America: First-Class Mail and Priority Mail Service Performance Update

AUDIT REPORT

OFFICE OF
INSPECTOR
GENERAL
UNITED STATES POSTAL SERVICE

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Highlights

Background

The American public depends on the U.S. Postal Service to deliver its mail timely. The Postal Service has service standards against which it measures its performance — such as for First-Class and Priority Mail, as examined in this report — so it can track how timely it is delivering for the American public. While the Postal Service has strived for service excellence, financial challenges since 2006 have made this more difficult. The Postal Service attributes its difficulties and financial strains to a combination of factors, including declining mail volume, inefficient operational practices, unattainable service standards, and delivering six days a week at uniform and affordable rates. In response, the Postal Service developed its Delivering for America plan, which involved making major changes to its network and lowering service standards to support cost cutting initiatives with the intent to balance service with being financially self-sustaining.

What We Did

Our objective was to assess the Postal Service's First-Class Mail and Priority Mail service performance since fiscal year (FY) 2022. The review looked broadly at service performance changes, trends, failure points, and causes.

What We Found

Challenges implementing major changes to the Postal Service network over the last few years has negatively impacted service performance. Despite lowering standards, the amount of First-Class Mail and Priority Mail delivered on time decreased five and ▮▮▮ percentage points since FY 2022, respectively. The Postal Service is operating in a transitional state, with many additional changes still to be implemented. It is likely service will continue to be suppressed during this time, even with the Postal Service reducing its target for First-Class Mail delivered on time by 4.5 percent in FY 2025. We identified opportunities to enhance operational performance, decrease cost, and improve service.

Recommendations and Management's Comments

We made seven recommendations to address the issues identified in the report. Postal Service management agreed with five recommendations and disagreed with two. Management's comments and our evaluation are at the end of each finding and recommendation. We consider management's comments responsive to recommendations 1, 3, 4, 5, and 7, as corrective actions should resolve the issues identified. Management disagreed with recommendations 2 and 6, and we will pursue those recommendations through the formal audit resolution process. See Appendix D for management's comments in their entirety.

Transmittal Letter

OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

May 7, 2025

MEMORANDUM FOR: GREGORY WHITE
EXECUTIVE DIRECTOR, OPERATIONS INTEGRATION AND
PERFORMANCE EXCELLENCE

DANE COLEMAN
VICE PRESIDENT, PROCESSING OPERATIONS

Mary K. Lloyd

FROM: Mary Lloyd
Deputy Assistant Inspector General
 for Mission Operations

SUBJECT: Audit Report – Delivering for America: First-Class Mail and
Priority Mail Service Performance Update
(Report Number 25-028-R25)

This report presents the results of our audit of First-Class Mail and Priority Mail service performance.

All recommendations require U.S. Postal Service Office of Inspector General's (OIG) concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. Recommendation 2, 4, 5, 6, and 7 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. We consider recommendation 1 and 3 closed with issuance of this report.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Todd Watson, Director, Network Processing, or me at 703-248-2100.

Attachment

cc: Postmaster General
     Corporate Audit Response Management

Results

Introduction/Objective

This report presents the results of our self-initiated audit *Delivering for America: First-Class Mail and Priority Mail Service Performance Update* (Project Number 25-028). Our objective was to assess the Postal Service's First-Class Mail and Priority Mail service performance, trends, changes to standards, and common service failure points. See Appendix A for additional information about this audit.

Background

The American public depends on timely mail delivery. The Postal Service has service standards against which it measures its performance — such as for First-Class and Priority Mail, as examined in this report — so it can track how timely it is delivering for the American public. These standards, which establish timeframes for delivering mail after receiving it from the customer, are different for each type of mail and are one of the primary operational goals, or benchmarks, against which the Postal Service measures its performance. The Postal Service has targets for the amount of mail delivered within the service standard ranging from 80 to 94 percent in fiscal year (FY) 2025 depending on the mail type. Service standards are based on distance; the further a mailpiece travels the longer the standard will be to deliver. When a customer sends mail through the Postal Service, the Postal Service completes the following phases to process, transport, and deliver the mailpiece (see Figure 1):

> "The American public depends on timely mail delivery."

Figure 1. Postal Service Mail Cycle
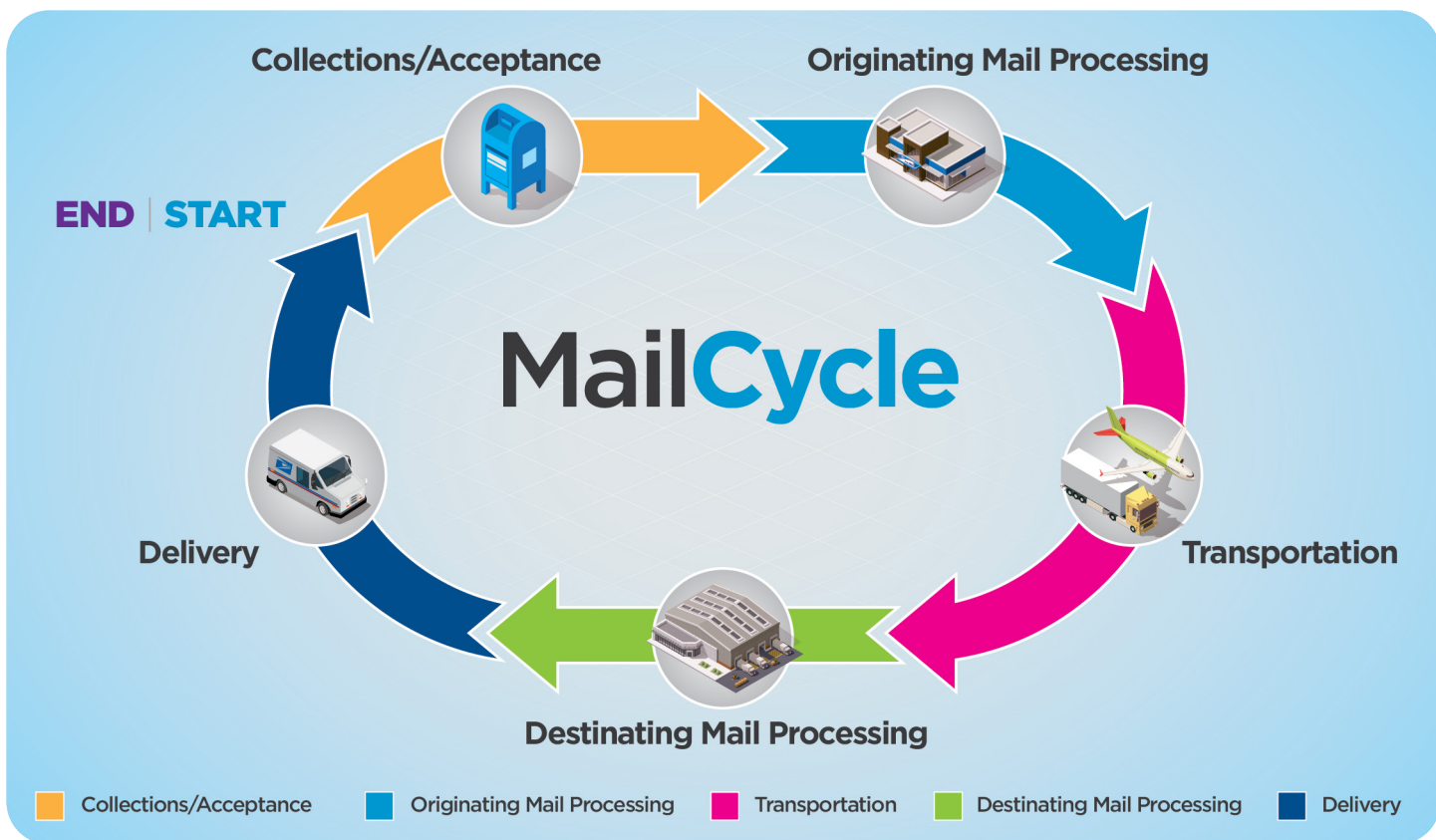
Source: U.S. Postal Service Office of Inspector General (OIG) Nationwide Service Performance report number 21-120-R21, dated September 14, 2021.

1. **Collections/Acceptance** – collecting mail from all induction points, which include collection boxes, retail units, businesses, and residences. Customers who mail in bulk can also induct mail at various locations.

2. **Originating Mail Processing** – sorting of mail originating from ZIP Codes serviced by the processing facility. Mail destined within the same service area is sent to delivery after processing, and mail not destined within the same service area is sent to another Postal Service facility for additional processing.

3. **Transportation** – moving originating and destinating mail between facilities. The Postal Service transports mail primarily by air or truck using both contracted and Postal Service transportation.

4. **Destinating Mail Processing** – sorting mail that will be delivered to an address within that facility's service area.

5. **Delivery** – delivering mail to the final address.

Each of the phases is interdependent, and the Postal Service must move mail through each phase timely to avoid significant delays in subsequent phases. The Postal Service operates in a time-sensitive environment with a very narrow window requiring flawless execution of its operating plan,[1] especially during the processing phases, to meet service standards.

While the Postal Service has strived for service excellence in delivering mail to its customers, it has encountered significant financial difficulties for the last 20 years. The Postal Service attributes its difficulties and financial strains to a combination of factors, including declining mail volume, inefficient operational practices, unattainable service standards, and mandates such as mail delivery to

> **"The postal service is operating on a legacy processing network that was designed for high volumes of letter mail, which has since drastically decreased."**

every address in the United States six days a week at uniform and affordable rates. Additionally, the postal service is operating on a legacy processing network that was designed for high volumes of letter mail, which has since drastically decreased. Balancing service performance with the need to remain financially viable in a changing market presents a significant challenge for the Postal Service.

To combat many of these issues, in 2021 the Postal Service issued the Delivering for America (DFA) 10-year plan outlining its blueprint to streamline its network and cut costs to become fiscally sustainable and achieve service excellence. To meet the objectives of the plan, the Postal Service has implemented the following major changes:

- Consolidated multiple processing facilities and facility types into large Regional Processing and Distribution Centers[2] (RPDC) and local processing centers[3] (LPC), activating seven RPDCs and 14 LPCs during FYs 2023 and 2024.

- Centralized delivery unit service hubs into sorting and delivery centers[4] (S&DC), activating 83 S&DCs during FYs 2023 and 2024.

- Accelerated the insourcing of surface transfer centers[5] (STC) due to an unplanned supplier bankruptcy.

- Deployed new large scale package sorting machines to increase sorting efficiency.

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1   The blueprint that details the operations in a facility. It includes volume, start times, percentages of volume by hour, and scheduled end times for all major operations to ensure that the critical entry times and clearance times of each operation and down line operation can be met.
2   These large facilities process all originating mail and package volume in a region and serve as go-betweens for national and regional transportation.
3   These facilities process destination mail for their service area and transfer mail and packages for delivery.
4   This consolidates multiple delivery units and package sortation operations into one centrally located facility.
5   A mail consolidation and redistribution facility with the primary function of achieving increased vehicle cubic capacity utilization. Surface transfer centers receive mail containerized by product type or by ZIP Code for cross-dock transfer.

- Reduced mail processing annexes and seasonal hires during Peak Season.

- Reduced transportation expenses by moving more mail from air travel to surface travel.

Additionally, the Postal Service introduced its Regional Transportation Optimization (RTO)[6] initiative, aimed at redesigning and optimizing transportation between delivery units and processing facilities at the local and regional levels. This RTO plan is designed to reduce the number of trips and mail collections at USPS facilities located more than 50 miles from select processing facilities. Currently, when a customer drops off mail, it is collected at the delivery unit and processed the same night. However, under RTO, some areas will collect and process mail from delivery units the next day, adding an extra day to service.

Before the DFA, the Postal Service last changed its service standards 10 years ago in 2015. Service standards were set based on the first 3-digits of ZIP Codes. Since then there are two changes to support its DFA plan and the new RTO initiative, as follows:

- In FY 2022, the Postal Service revised its service standards to add 4- and 5-day delivery windows within the contiguous United States to support moving mail from air transportation to ground transportation.[7]

- In FY 2025, the Postal Service set service standards based on 5-digit ZIP Codes allowing standards to be set at a more granular level based on distances to the nearest processing facility.

> **"Under RTO, some areas will collect and process mail from delivery units the next day, adding an extra day to service."**

One of the main goals of the Postal Service's DFA plan by way of these operational changes is to achieve best-in-class delivery operations, aiming for 95 percent on-time performance by the end of the implementation of its 10-year plan. For this audit, we reviewed service and operational performance of First-Class Mail and Priority Mail to see how service performance has changed and if the Postal Service is meeting its on-time performance targets.

Findings Summary

Challenges implementing major changes to its network over the last few years have negatively impacted service performance. Despite lowering standards, the Postal Service did not meet targets for First-Class Mail and Priority Mail and the amount of mail delivered on time has decreased five and ▮ percentage points in the two years since FY 2022, respectively.

The Postal Service is operating in a transitional state, with many additional changes still to be implemented. Even though the Postal Service has reduced its targets for First-Class Mail delivered on time by 4.5 percent to 88 percent[8] in FY 2025, it is likely service will continue to be hindered during this time.

We also identified large amounts of Priority Mail being processed through multiple facilities, resulting in opportunities to improve how the Postal Service plans to process and move this mail. Finally, we found that the Postal Service is not fully optimizing its Delivery Point Sequence (DPS) Program, resulting in inefficient operations at the lowest performing facilities that cost the Postal Service an additional $17.7 million in workhours to manually sort mail.

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6   The Postal Service piloted its local transportation optimization initiative beginning in October 2023 at select locations as a precursor to RTO. They will roll out the RTO implementation in April 2025.

7   Postal Regulatory Commission (PRC) Docket N2024-1, *United States Postal Service Request for an Advisory Opinion on Challenges in the Nature of Postal*, dated October 4, 2024.

8   This is the composite First-Class Mail target, a weighted average of all First-Class Mail products.

Finding #1: Service Performance Continues to Fall Despite Expanding Service Standards

The Postal Service has started making major changes to its network over the last few years and updated service standards two times to support cost cutting initiatives. Even with the additional days added to standards, the Postal Service has struggled to achieve those standards and is delivering fewer mailpieces on time.

Management attributes the decrease in service performance to challenges implementing unprecedented major changes to its network. While the changes have negatively impacted service, over the same period the Postal Service has become more efficient in its processing and delivery operations and significantly reduced transportation costs. However, the Postal Service has many more changes to complete, which could suppress service for an undetermined number of years, as the Postal Service operates in a transitional state.

Declining Service Performance and Missed Targets

Since the first full fiscal year of the DFA plan, the Postal Service's on-time performance has declined for First-Class Mail and Priority Mail, especially in the last fiscal year. From FY 2022 to FY 2024, on-time performance declined by four percentage points or more (see Table 1).

Table 1. On-time Service Performance by Fiscal Year

| Mail Product	FY 22	FY 23	FY 24	Percentage Point Change Since FY 22
First-Class Mail	91.0%	91.4%	86.5%	-4.5%
Priority Mail	■	■	■	■

Source: Postal Service Enterprise Data Warehouse (EDW) and Informed Visibility (IV) data.

With these declines, the Postal Service did not meet its internal performance targets in FY 2023 or 2024 (see Figure 2). The Postal Service sets on-time targets for each mail class, representing the percent of mail it believes can be delivered on time for the upcoming year. Generally, these targets have been stable, with minimal changes from year to year. However, the Postal Service decreased its FY 2025 targets, with First-Class Mail decreasing 4.5 percentage points to 88 percent,[9] indicating the Postal Service doesn't expect it can meet targets of recent years and actual performance will be closer to the new targets (see Appendix B for list of targets by mail product).

> **"The Postal Service has many more changes to complete, which could suppress service for an undetermined number of years."**

Figure 2. Service Performance Targets vs. Actual Performance by Fiscal Year
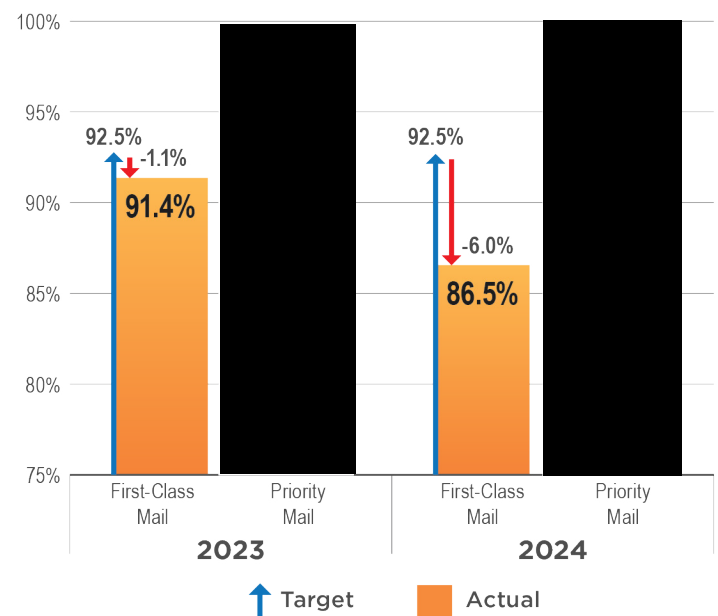

Source: Postal Service EDW and IV data. Targets obtained from Postal Service filings with the Postal Regulatory Commission (PRC).

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9   The FY 2025 target of 88 percent is a composite total of all mail products that fall within First-Class Mail.

Degrading Service Standards

In FY 2022, the Postal Service extended its First-Class Mail service standards to allow up to an additional two days for delivery of some mail within the contiguous United States by introducing 4-day and 5-day delivery time frames. From the change to standards in 2022 and 2025, the Postal Service has increased the service standard for more than 30 percent of mail, providing the Postal Service with additional time to meet performance targets. The Postal Service is planning further revisions to service standards in the summer of 2025 to support its RTO initiative. Management has stated that without these revisions, it will not be able to meet current First-Class Mail performance obligations. Based on estimates provided by the Postal Service, see Figure 3 for the impact of service standard changes since the start of the DFA, broken down by percent of First-Class Mail.

### Figure 3. Service Standards Changes Made and Planned for First-Class Mail
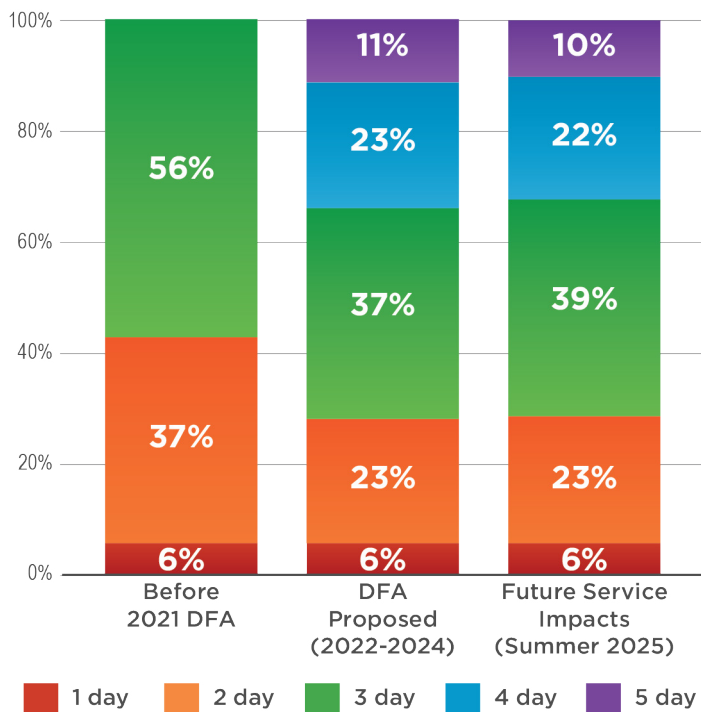
Source: DFA plan and Postal Service filings with the PRC.
*Figures in the charts above are rounded, and therefore, may not add up to 100 percent.

> "The Postal Service has increased the service standard for more than 30 percent of mail."

While the changes for First-Class Mail, overall, are minimal, Single Piece First-Class Mail[10] is expected to experience the largest impact, with almost 40 percent of all Single Piece mail having its service standard extended (see Figure 4). Postal Service management stated that single piece volume has declined by 80 percent since the late 1990s, but the Postal Service had not fundamentally adjusted the collection processes or their transportation network to account for this decline.

Figure 4. Future Service Impacts to First-Class Single Piece Mail

Percent of First-Class Mail Mix

72.7%	27.3%

■ First-Class Presort   ■ First-Class Single Piece
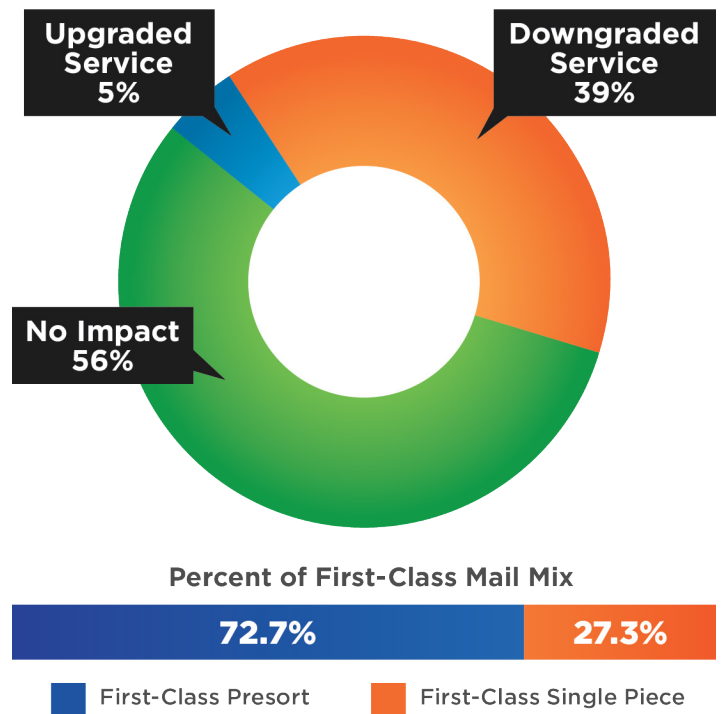
Source: DFA plan and Postal Service filings with the PRC.

In addition to the adjustments in First-Class Mail standards, the Postal Service also ████████ ████████████ to Priority Mail standards throughout the year, ████████████████████

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10   Noncommercial First-Class Mail generally refers to single letters sent by customers and deposited into a blue collection box, a local post office, or carrier collections at a residence or business.

[BLACK REDACTED] In FY 2024, the [BLACK REDACTED] to Priority Mail [BLACK REDACTED] (see Figure 5).

Figure 5. FY 2024 On-time Performance of Priority Mail [BLACK REDACTED]

Source: OIG analysis of EDW data.
* The above data accounts for holidays, Sundays, and packages entering the mail steam after the daily cutoff time. It eliminates any adjustments such as [BLACK REDACTED].

The Postal Service [BLACK REDACTED] like Priority Mail and does not [BLACK REDACTED] A [BLACK REDACTED] can apply to a specific 5-digit ZIP Code route or a range of originating and destinating ZIP Codes. In FY 2024, the Postal Service had 164,020 [BLACK REDACTED] each lasting an average of 131 days. When [BLACK REDACTED] to Priority Mail,

> " **The Postal Service had 164,020** [BLACK REDACTED] **each lasting an average of 131 days.** "

customers [BLACK REDACTED] when purchasing postage or checking the Postal Service's website. However, we found that the Postal Service does not always [BLACK REDACTED]. For instance, on December 12, 2024, the Postal Service [BLACK REDACTED] to all Priority Mail, a common practice during peak season. However, the [BLACK REDACTED] As a result, the Postal Service chose to [BLACK REDACTED] at the time customers purchased and shipped their Priority Mail packages, [BLACK REDACTED] Management stated that it is working to reduce [BLACK REDACTED] as it gains a better understanding of Priority Mail's true performance.

Service Performance Stability

Even though the Postal Service is not meeting its on-time targets, nearly all mail is delivered within a few days of their service standards. For example, 94 percent or more of First-Class Mail and Priority Mail was delivered within one day of its service standard in FY 2024. Postal Service management stated it is nearing its long-term goal to meet the service standard 95 percent of the time by the end of the DFA plan. However, we found that in FY 2024 it trended away from 95 percent in service performance, even if provided an extra day (see Table 2).
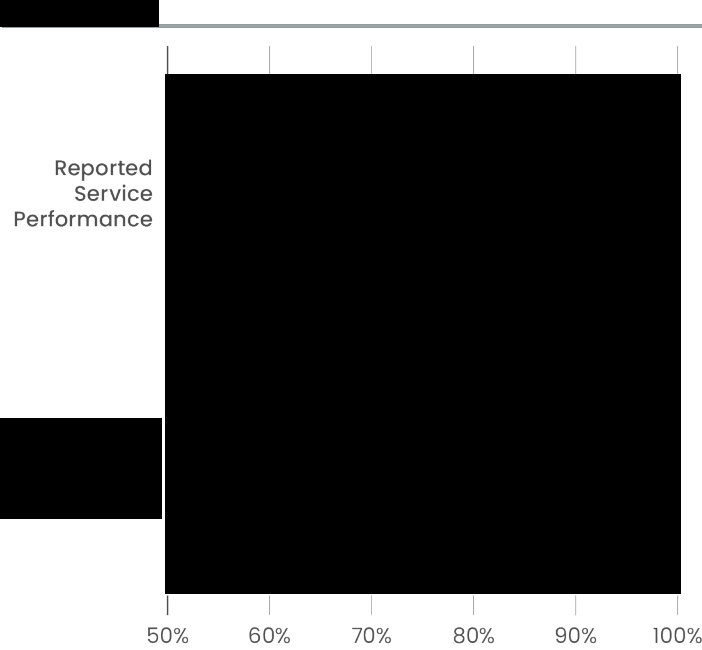
Table 2. Service Standard Plus One Day Mail Delivery

FY	Mail Product	On-time Percentage	+1 day
2024	First-Class Mail	86.5%	94.4%
	Priority Mail	[BLACK]	[BLACK]
2023	First-Class Mail	91.4%	96.7%
	Priority Mail	[BLACK]	[BLACK]

Source: Postal Service EDW and IV data.

Operational Workhour and Transportation Cost Impacts

While the Postal Service's on-time performance has declined in recent years, the Postal Service has been more efficient in its operations through workhour reductions and has had a significant decline in costs for transportation (see Table 3).

The Postal Service's transportation expenses are currently at levels not seen since FY 2021. In FY 2022 and FY 2023, transportation costs exceeded $10 billion annually, but these expenses were significantly reduced in FY 2024. This decrease is attributed to various factors, including a reduction in air transportation, fewer peak season contracts, fewer extra trips, improved utilization, and lower fuel prices.

Although the Postal Service has continued to cut workhours through more efficient operations, these savings have not always translated directly into lower costs due to rising employee salaries and benefits. Since 2021, the Postal Service has reduced workhours in Mail Processing and Delivery by 9.6 and 2.6 percent, respectively. However, employee salaries increased by 11 percent during the same period, negating any cost savings.

> " The Postal Service has been more efficient in its operations through workhour reductions. "

Table 3. Cost and Workhour Variance by Function in FY 2024 Compared to FY 2021 (In Millions)

Fiscal Year	Network Processing	Delivery	Transportation
FY 21	$9,094	$30,781	$9,607
FY 22	$9,411	$31,535	$10,314
FY 23	$9,399	$33,032	$10,140
FY 24	$9,455	$32,860	$8,841
Cost Change FY 21 to FY 24	**$360**	**$2,080**	**($766)**
Percent Change	**4.0%**	**6.8%**	**-8.0%**
Workhour Changes FY 21 to FY 24	(20.1)	(18.2)	**Not Assessed**
Workhour Percent Difference FY 21 to FY 24	-9.6%	-2.6%	

Source: OIG analysis of EDW data.
*Differences due to rounding.

Causes of Service Failures

Postal Service management attributed the decline in performance in recent years to the extensive changes the agency is undergoing, as well as several unexpected disruptions within the network. Management explained that each network change has unique impacts, and there is no one-size-fits-all solution. We found the Postal Service has teams and functions in place to quickly identify, assess, and address large network-wide challenges from the DFA plan as they arise.

However, it appears the Postal Service's network will be in a transitional state for an undetermined number of years. The Postal Service has only launched seven of 60 planned RPDCs, 14 of 190 planned LPCs, and 83 of potentially 300 planned S&DCs as of FY 2024 (see Table 4). Additionally, the Postal Service is in the process of rolling out several other initiatives that affect operations and service, including the deployment of package sorting equipment, RTO, and the establishment of Regional Transfer Hubs.[11]

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11   Regional Transfer Hubs consolidate mail volume before dispatch to the network, and inbound volume is sorted for distribution to other processing facilities in the region.

Given that these changes are still underway, it is probable that service performance will remain below targets as the Postal Service continues to implement these large-scale adjustments, as evidenced by the Postal Service's decision to both change the service standards and lower the service targets for FY 2025.

Table 4. Completion Status of Planned Network Modernization Changes

Initiative	Launched as of FY 2024	Total Planned	Percent Launched
RPDC	7	60	12%
LPC	14	190	7%
S&DC	83	~300	28%

Source: OIG analysis of DFA Plan 2.0.

In addition to the large-scale changes impacting nationwide service performance, our audit work in FY 2024 highlighted continuous operational issues at local facilities impacting mail delivery timeliness. At 62 facilities reviewed by OIG in FY 2024, we found 1.5 million pieces of delayed mail due to operational issues such as:

- Local management not providing adequate oversight.

- Management not ensuring mail has been cleared from a delivery unit after the carriers depart for their routes, and/or after the trucks leave from a processing facility.

- Delivery units and processing facilities operating with insufficient staffing due to low employee availability and unscheduled absences.

- Resources not being allocated correctly by management to ensure proper coverage of critical operations.

- Machinable mail being manually sorted instead of being sorted by a machine.

While implementing numerous DFA and network change initiatives has negatively impacted service, the Postal Service has improved efficiency and reduced costs. As the Postal Service continues to

implement changes, mail delivery may remain inconsistent. When service targets are not met or standards are relaxed, it takes longer for customers to receive their mail. Because prompt and reliable service is essential to the Postal Service's brand and reputation, customers who pay the same or higher postage rates but experience a decline in service may perceive the Postal Service as offering less value, increasing the likelihood they will seek alternatives.

> **"It is probable that service performance will remain below targets as the Postal Service continues to implement these large-scale adjustments."**

Recommendation #1

We recommend the **Executive Director, Operations Integration and Performance Excellence**, continue to identify potential risks and failure points based on past implementations and pilot programs prior to implementing new initiatives or activating new facilities. Additionally, we recommend implementation of a detailed plan to address past issues and monitor progress for improvement.

Recommendation #2

We recommend the **Executive Director, Operations Integration and Performance Excellence**, discontinue applying competitive product ▮▮▮▮▮▮▮▮ implementing a more transparent and proactive communication strategy when ▮▮▮▮▮▮▮▮▮▮▮▮ .

Recommendation #3

We recommend the **Executive Director, Operations Integration and Performance Excellence**, provide transparency to stakeholders on how long service performance will be affected by network changes and when expected changes will be completed.

Postal Service Response

Management disagreed with this finding, agreed with 1 and 3, and disagreed with recommendation 2.

Regarding the finding, management stated that the service scores for FYs 2022 and 2023 outpaced the scores for FY 2020, which is the year before the launch of DFA, and these years should not be used as a baseline for comparing subsequent service performance scores. Management also partially disagreed with the statement that the Postal Service had updated service standards two times to support cost cutting initiatives. While management agreed that the service standard changes have led to significant cost reductions, they also aligned their network to meet the future needs of the American public.

Regarding recommendation 1, management stated they continually identify risks from past implementation to inform detailed plans for future activations. Management provided support to close this recommendation.

Regarding recommendation 2, management believed there are instances where ███████ ████████████ should be applied such as in cases of significant weather events.

Regarding recommendation 3, management noted actions already in progress, such as how they regularly meet with customers to communicate things such as service challenges and network changes. Management provided support to close this recommendation.

OIG Evaluation

The OIG considers management's comments responsive to recommendations 1 and 3, and corrective actions should resolve the issues identified in the report. Based on our review of the evidence provided, we confirmed the Postal Service took corrective action, and consider recommendations 1 and 3 closed upon issuance of the report. Regarding recommendation 2, the OIG views the disagreement as unresolved and will pursue it through the audit resolution process.

Regarding management's disagreement with the finding, the OIG acknowledges that the DFA is a work in progress and that service performance will fluctuate as the network changes are implemented. While the Postal Service noted that service was higher in 2020, the scope of our audit was service performance since the issuance of the DFA plan in March 2021. Additionally, the OIG acknowledges that there may be additional reasons besides costs for the service standard changes. However, one of the stated goals of DFA is for the Postal Service to achieve fiscal sustainability, which includes cutting costs.

Regarding recommendation 2, the OIG acknowledges there may be reasons to use ████████████████████ such as significant weather events that are outside the control of the Postal Service. However, as was noted in the finding, there have been instances where the ██████████████████ were applied in response to █████████████ due to heavy mail volume during peak season. The OIG does not view these instances as an appropriate use of ██████████████████.

Finding #2: Increased Risk of Priority Mail Service Failure Is Occurring When Processed at Three or More Locations

Priority Mail pieces sorted at three or more facilities before being delivered had significantly lower service performance than pieces sorted at one or two facilities. Specifically, only ■ percent of Priority Mail pieces sorted at three or more facilities met service standards, over ■ percentage points lower than pieces sorted at two or fewer facilities (see Table 5).

Inefficient mail flows and missorted[12] and missent[13] mail can result in mailpieces being sorted at more facilities than needed, increasing the risk for delay. In FY 2024, over 8 percent of Priority Mail pieces were sorted at three or more facilities that resulted in higher failure rates. The Postal Service's legacy network includes a system of network distribution centers (NDC), processing and distribution centers (P&DC), and processing annexes that work together to process mail and packages. At times, a P&DC will work together with a neighboring annex or NDC. This can cause packages to get processed across multiple locations. While there are instances that an optimized mail flow includes multiple processing points, the Postal Service's DFA plan acknowledges and seeks to correct misalignments within its network of facilities. Furthermore, when a package is missorted, it is sent to the wrong processing facility or delivery unit, causing it to travel distances unnecessarily and undergo reprocessing. See Figure 6 for examples illustrating the effects of missorting two mail packages destined for Colorado.

The left area of figure 6 demonstrates a package sent from Anaheim, CA, on January 28, 2025, expected to be delivered in Broomfield, CO, by January 31, 2025. However, the package was erroneously sent to Fort Myers, FL, and Tampa, FL, on January 30, 2025. The package was then rerouted back to Denver on February 1, 2025, before being delivered on February 3, 2025.

> **"Inefficient mail flows and missorted and missent mail can result in mailpieces being sorted at more facilities than needed."**

The upper right corner of figure 6 demonstrates a package sent from Tucson, AZ, on January 23, 2025, expected to be delivered in Aurora, CO, by January 27, 2025. However, the package was transported to Denver on January 25, 2025, then erroneously sent to Salt Lake City, UT, via Rock Springs, WY, on January 26, 2025. It was further transported to Provo, UT, on January 27, 2025. The package was then rerouted back to Denver on February 1, 2025, before being delivered on February 3, 2025.

Table 5. Priority Mail On-Time Performance by Processing Facility Handlings

Number of Separate Processing Facilities	FY 2023		FY 2024	
	Percent On Time	Mailpieces (in millions)	Percent On Time	Mailpieces (in millions)
1	■	114	■	63
2	■	670	■	451
3 or More	■	58	■	46

Source: OIG analysis of EDW data.

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12 Missorted mail is mail sorted to the wrong destinating separation or bin.
13 Missent mail is mail sent from an originating facility to the wrong destinating facility.

Figure 6. Missorted/Misrouted Packages
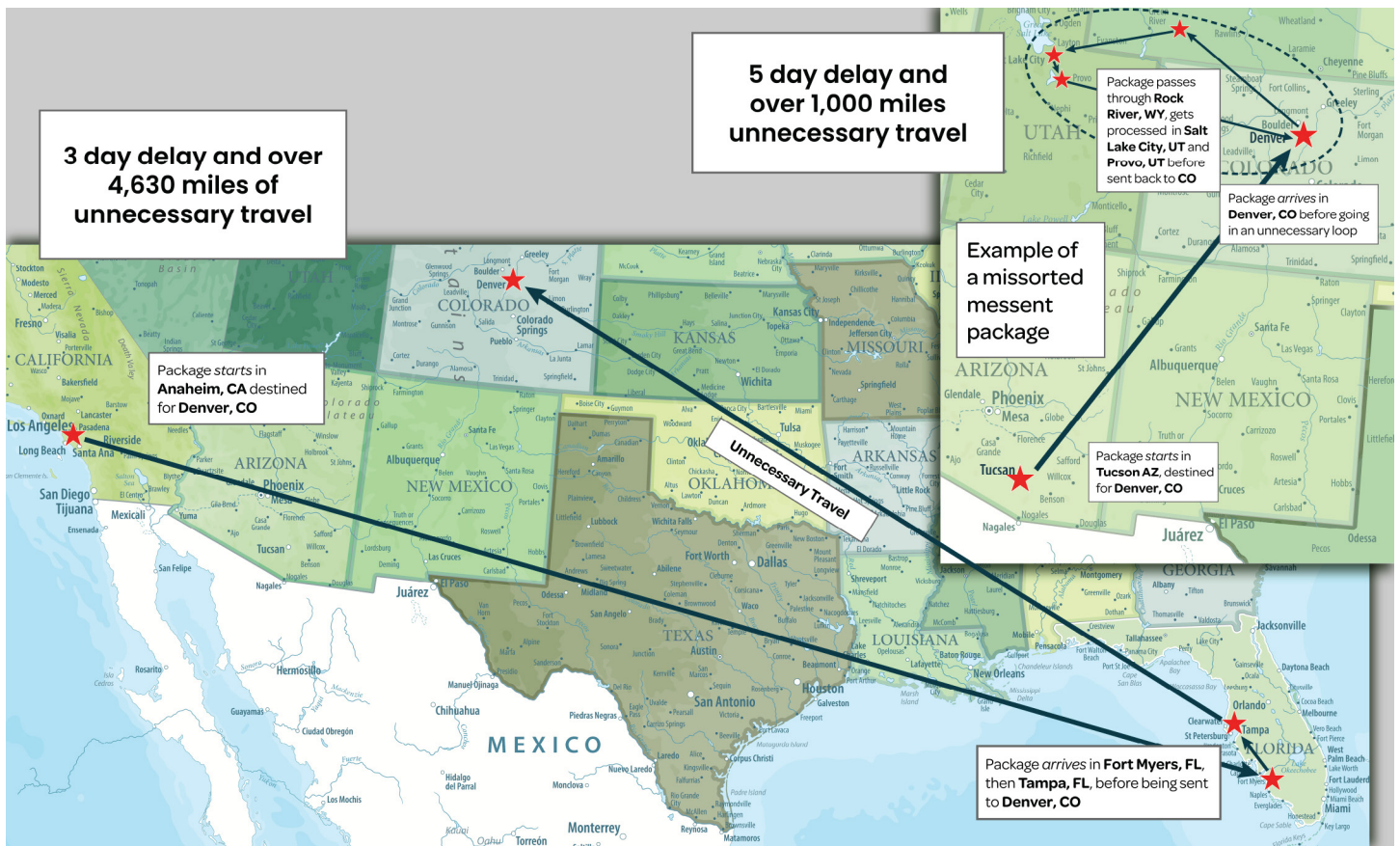
Source: Analyzed from Postal Service's Product Tracking and Reporting System.
*These examples of missorted mail are not representative of the population of Priority packages.

Once a package passes through more than two processing facilities, the chances of meeting on-time performance standards decrease substantially. This also increases handling costs. Additionally, when mail is missent, misrouted, or undergoes unnecessary processing, it increases the risk of delays. The Postal Service should ensure prompt and cost-effective delivery by maintaining efficient networks.

> "Once a package passes through more than two processing facilities, the chances of meeting on-time performance standards decrease substantially."

Recommendation #4
We recommend the **Vice President, Processing Operations**, analyze the root cause of processing facilities with high amounts of missorted and missent mail and develop a plan to reduce missent and missorted mail.

Recommendation #5
We recommend the **Vice President, Processing Operations**, analyze network flow that requires excessive processing touch points and identify opportunities to streamline that mail.

Postal Service Response
Management disagreed with the risk noted in the finding but agreed with recommendations 4 and 5.

Regarding the finding, management noted that the root cause logic for determining how a piece may have failed service is being updated to incorporate network changes and therefore, the data may be unreliable to determine if mail was sent to the wrong location. Additionally, management stated routings are designed to balance cost with performance, and percent on time is impacted by many factors beyond the number of sorting facilities.

Regarding recommendation 4, management stated they continually analyze root causes of missorted and missent mail as part of their daily cadence and take action to mitigate the root causes. The target implementation date is August 31, 2025.

Regarding recommendation 5, management stated they will consider opportunities, if any, to reduce processing touch points as part of their ongoing reviews. The target date is October 31, 2025.

OIG Evaluation

The OIG considers management's comments responsive to recommendations 4 and 5, and corrective actions should resolve the issues identified in the report.

Regarding management's disagreement with the finding, as stated in our report, based on Postal Service on time performance data, Priority packages that receive three or more processing touches fail at higher rates. The OIG analyzed packages at the piece level without considering the Postal Service's defined root cause categorization. We found missent mail was one example of why a package could be sorted three or more times.

Finding #3: Delivery Point Sequence Program Shortfall

The Postal Service has not fully optimized its DPS Program, which uses automated machines to sort letters in the order they will be delivered by mail carriers. During FY 2023 and FY 2024, 92.5 percent (or 46.5 billion pieces per year) of letter mail was processed through DPS, falling 4.5 percent (3.8 billion pieces per year) short of the 97 percent target.[14] The shortfall is required to be manually sorted, increasing the time and cost it takes to deliver those mailpieces. See Appendix C for a list of facilities with the lowest DPS percentage rates.

The Postal Service largely attributes the low DPS processing rates to commercial mailers who pay for machinable rates but send non-machinable mail that does not meet automation or machinability standards. For example, mail from certain retailers can cause sorting machine jams due to the material, thickness, or other characteristics of the mailpiece that can make it non-machinable (see Figure 7).

Despite ongoing efforts by management to address these issues in collaboration with mailers, DPS processing rates have shown limited improvement over time. Previous audits have identified additional contributing factors to not meeting DPS targets, including insufficient management oversight and a lack of preventative maintenance.

> **"DPS processing rates have shown limited improvement over time."**

Figure 7. Mailer Non-Machinable Example

Source: Postal Service photos provided February 10, 2025.

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14   Data on DPS processing does not specify the breakdown by mail types, meaning it could include various categories such as First-Class letters and Marketing Mail.

Mail that is not processed in DPS falls into two categories: raw mail and carrier-routed mail.[15] Raw mail requires two different manual sorts—first to each carrier's route, and then by a carrier into delivery point order, using a case (see Figure 8). Carrier-routed mail requires the second sort, sorting into delivery point order using the case.

Figure 8. Carrier Manually Sorting Mail

Source: USPS OIG.

When mail is not processed through DPS, it increases the time carriers spend manually sorting mail in the office, delaying the start of their routes and potentially reducing their capacity to deliver additional mail. Non-DPS mail also places extra strain on delivery units, especially during staff shortages. A high volume of non-DPS mail can exacerbate staffing challenges, reducing efficiency in already overburdened

> "Non-DPS mail also places extra strain on delivery units, especially during staff shortages."

units, and limit the unit's ability to efficiently deliver the day's mail.

Focusing on improving the lowest 61 processing facilities that failed to even meet the average of the bottom 25 percent of DPS performance in FY 2023 and FY 2024 — and bringing them up to the average of the bottom quartile[16]— could have reduced manual sorting costs by $17.7 million over the last two FYs.

Recommendation #6

We Recommend the **Vice President, Processing Operations**, create an action plan to track, identify, and correct the main causes of mail not automated in Delivery Point Sequence (DPS) to improve the DPS rate for the bottom performing processing facilities, and share the results with other processing facilities.

Postal Service Response

Management disagreed with the finding, the monetary impact, and recommendation 6.

Regarding the finding, management noted the data presented in the report for letter mail processed through DPS is incorrect, stating it was actually 94.15 percent in FY 2023 and 94.38 percent in FY 2024. Additionally, the Postal Service stated efforts to remediate mailpiece deficiencies and other contributing factors are largely beyond the scope of Processing Operations.

Regarding the monetary impact, management stated the questioned costs make inaccurate assumptions about opportunities to increase DPS percentages and the ability to capture savings based on those increases. Management stated a few less pieces in manual volume does not necessarily translate into capturable work hour reductions on an individual carrier basis.

Regarding recommendation 6, management stated they already have a plan in place and

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15   Distribution of carrier route mail for local delivery units, firms, box sections, and other local destinations.
16   The bottom quartile represents the bottom 25 percent of facilities, which totaled 102 facilities combined for FY 2023 through FY 2024, whose average DPS rate was 92.0 and 91.8, respectively.

non-machinable mail continues to represent the greatest contribution to volume that must be sorted manually. Additionally, the Postal Service's systems capture non-conforming or no-machinable pieces and its customer and sales teams work with customers to resolve identified irregularities. Finally, management noted that Postal Service headquarters holds regularly scheduled Learn & Grows with facilities to identify non-conforming mail and steps to remediate issues.

OIG Evaluation

The OIG does not consider management's comments responsive to recommendation 6, viewing the disagreement as unresolved. We will pursue the recommendation through the audit resolution process.

Regarding management's disagreement with the finding, we based our data on the Postal Service's major analytic system that reports DPS mail and the associated monetary impact, and we completed independent tests of the data's reliability. During the audit, we provided management the data used in our report but they did not express concerns until providing their official response to the report. Additionally, our report highlights contributing factors that are within the scope of Processing Operations, such as management oversight and a lack of preventative maintenance.

Regarding recommendation 6, management stated the Postal Service already has a plan in place with established processes to capture mailer irregularities. However, the Postal Service is not meeting their internal target of 97 percent and there remains an opportunity for improvement at the bottom performing processing facilities.

Finding #4: Decreasing and Missed On-Time Operational Execution

For FY 2024, the Postal Service surpassed its planned target for the percent of processing operations completed on time[17] but fell short compared to FY 2023. Operating plan precision tracks how closely each processing facility adheres to its daily planned schedule, including meeting expected clearance times.[18] Specifically, mail processing facilities achieved an overall average operating precision of 84.7 percent on time, exceeding the target. However, this represents about a 3-percentage point decline from the previous year's 87.3 percent on-time performance.

> " The operating plan precision is an accurate measurement of when operations should be completed and when trucks should depart to ensure mail is moving to its next phase timely."

Additionally, while the Postal Service met the target nationally, there were 111 days (or 30 percent of all processing days) in FY 2024 when facilities did not meet the target. For those days, facilities showed significant underperformance when they failed to meet their daily goal, meeting only 77 percent of their operations on time.

Management cited employee availability, training opportunities, and leadership development as areas needing attention to ensure teams consistently hit their targets and meet facility deadlines. Some areas struggled more than others, particularly the Southeast Division, which achieved 66 percent on time for FY 2024, struggling the most with on time truck departures. Management in the Southeast

Division cited not updating expected clearance times of the operating plan after the launch of the new Matrix Regional Package Sorter[19] at the Atlanta RPDC as the main reason for the low achievement.

The operating plan precision is an accurate measurement of when operations should be completed and when trucks should depart to ensure mail is moving to its next phase timely. Management stated the operating plan precision report lets them know how the facility finished compared to its operation.

When mail does not clear operations on time, there is an increased risk it will not be delivered in time to meet service standards. Further, not achieving operating plan precision can result in delays, increased costs, resource strain, decreased capacity, and a negative impact on customer satisfaction — all of which compromise the overall efficiency and effectiveness of the Postal Service's operations.

Recommendation #7

We recommend the **Vice President, Processing Operations**, implement targeted improvement plans for underperforming facilities, focusing on addressing operational inefficiencies, enhancing staff training, and optimizing daily operation alignment to consistently strive to meet or exceed on-time performance goals.

Postal Service Response

Management disagreed with the finding but agreed with recommendation 7.

Regarding the finding, management noted that day-to-day variations are expected and are factored in the annual goals of the operating plan precision. Additionally, management stated comparisons of the operating plan precision of FY 2023 to FY 2024 are misleading since the Postal Service added DPS percent in FY 2024.

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17   Target obtained from National Performance Assessment system on Postal Service intranet. The web-based system collects performance-related metrics.
18   Clearance times are the latest time committed mail can clear an operation for proper dispatch or delivery.
19   The OIG completed previous audit work on the Matrix Regional Sorter. For additional information of the Matrix Regional Sorter see *Planning and Deployment of the Matrix Regional Sorter*, report number 24-049-R24, dated September 5, 2024.

Regarding recommendation 7, management said leadership holds sites accountable for improvement and they have a service team dedicated to identifying lower performing sites and recommending actionable goals for improvement. The target implementation date is August 31, 2025.

OIG Evaluation

The OIG considers management's comments responsive to recommendation 7, and corrective actions should resolve the issues identified in the report.

Regarding management's disagreement with the finding, they failed to recognize that the OIG removed the DPS percentage from our analysis of the operating plan precision. Further, day-to-day variations in performance can cause significant impacts to service. As noted in our report, the

Postal Service failed to complete operations on-time for 30 percent of the days in FY 2024. This increases the risk mail will not be delivered in time, which can increase costs and negatively impacts customer satisfaction.

Looking Forward

The Postal Service's network transformation success hinges on balancing timely and efficient mail delivery while controlling costs. Despite massive network changes aimed at cutting costs and improving service, along with various price increases to support the DFA, service levels remain inconsistent and financial stability has not yet been achieved. Failure to improve and stabilize service could lead to further risks of revenue loss and worsen the Postal Service's financial position, negatively impacting its ability to fully implement key DFA initiatives.

Appendices

Appendix A: Additional Information

Scope and Methodology

We reviewed the service performance metrics for FYs 2022 through 2024 for Priority Mail and First-Class Mail, with data from FY 2021 being selectively used as a comparative reference. This project looked broadly at service performance changes in recent years and identified what causes were found in our recently issued audits. We also reviewed data for workforce efficiency, mail processing efficiency, transportation, and delivery. To accomplish our objective, we:

- Reviewed and analyzed mail on-time performance data.

- Obtained and analyzed system data from Informed Visibility, Workforce Analytics, and Enterprise Data Wearhouse.

- Obtained and reviewed documentation and applicable policies and procedures related to the areas under audit.

- Conducted interviews with Postal Service executives and Division Directors to better understand the Postal Service's First-Class Mail and Priority Mail service performance, trends, changes to standards, and common service failure points.

We conducted this performance audit from November 2024 through May 2025 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 our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and

conclusions based on our audit objectives. We discussed our observations and conclusions with management on April 11, 2025, and included its comments where appropriate.

In planning and conducting the audit, we obtained an understanding of mail processing and reporting internal control structure to help determine the nature, timing, and extent of our audit procedures. We reviewed the management controls for overseeing the program and mitigating associated risks. Additionally, we assessed the internal control components and underlying principles, and we determined that the following components were significant to our audit objective:

- Control Environment

- Risk Assessment

- Control Activities

- Information and Communication

- Monitoring

We developed audit work to ensure that we assessed these controls. Based on the work performed, we identified internal control deficiencies related to risk assessment and information and communication that were significant within the context of our objectives. Our recommendations, if implemented, should correct the weaknesses we identified.

We assessed the reliability of various[20] data sources by performing electronic testing of required data elements, reviewing existing information about the data and the system that produced them, and interviewing agency officials knowledgeable about the data. We determined that the data was sufficiently reliable for the purposes of this report.

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20 Various data sources included: Enterprise Data Warehouse, Informed Visibility, Operating Precision, and Workforce Analytics.

Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date	Monetary Impact (Millions)
Network Changes: Local Transportation Optimization	To determine the impacts to service performance, customer service, mail security, and expected cost savings from implementation of the Local Transportation Optimization initiative.	24-142-R25	December 18, 2024	N/A
Timeliness of First-Class Mail Within Southeast Florida	To assess the timeliness of FCM collected and delivered within the Florida 3 District.	24-123-R25	December 11, 2024	N/A
Planning and Deployment of the Matrix Regional Sorter	To evaluate the planning, deployment, and initial performance of the MaRS at the Atlanta and Chicago RPDCs.	24-049-R24	September 5, 2024	$2.2
Service Performance During the Fiscal Year 2024 Peak Mailing Season	To evaluate the Postal Service's performance during the fiscal year (FY) 2024 peak season and the implementation of its peak season preparedness plan.	24-050-R24	August 26, 2024	N/A
Accuracy of Reported Service Performance	To assess the accuracy and reliability of the Postal Service's reported service performance. For this audit, we reviewed the SPM statistical sampling plan, methodology, and business rules. We also reviewed the Postal Service's external audit on the SPM and validated the accuracy of publicly reported service performance scores.	23-168-R24	June 26, 2024	N/A
Service Performance During the Fiscal Year 2023 Peak Mailing Season	To evaluate the Postal Service's performance during the FY 2023 peak mailing season and the implementation of its peak season preparedness plan.	23-025-R23	July 13, 2023	N/A
Service Performance During the Fiscal Year 2022 Peak Mailing Season	To evaluate the Postal Service's performance during the FY 2022 peak mailing season and implementation of its peak season preparedness plan.	22-039-R22	June 23, 2022	N/A
Improving Service Performance and Mail Processing Efficiencies at Historically Low Performing Facilities	To evaluate service performance and processing efficiencies at 10 low performing mail processing facilities and determine potential areas for improvement.	21-243-R22	August 22, 2022	$82.4

Appendix B: Service Performance Targets From FY 2021 to FY 2025

The Postal Service did not meet any of its First-Class Mail service performance targets in FYs 2023 or 2024. The Postal Service reduced its service performance targets across all First-Class Mail categories in FY 2025 (see Table 6).

Table 6. Service Performance Targets for First-Class Mail

Mail Product		Targets and Performance				
		FY 2022	FY 2023	FY 2024	FY 2025	Percent Change FY 2024 to 2025
Single-Piece First-Class Mail Targets	2-Day	90.3%	93.0%	93.0%	87.0%	-6.0%
	3-5-Day	90.0%	90.3%	90.3%	80.0%	-10.3%
Presorted First-Class Mail Targets	Overnight	94.8%	95.0%	95.0%	94.0%	-1.0%
	2-Day	93.0%	95.0%	95.0%	92.0%	-3.0%
	3-5-Day	90.5%	92.2%	93.0%	88.0%	-5.0%
First-Class Composite Targets		**91.0%**	**92.5%**	**92.5%**	**88.0%**	**-4.5%**
First-Class Composite On Time Performance		**91.0%**	**91.1%**	**85.7%**	**83.5%***	**-2.2%**

Source: Postal Service Informed Visibility Service Performance.
*FY 2025 performance though the first quarter (October 1, 2024, to December 31, 2024)

Appendix C: Poor Performing Facilities Underutilizing DPS

The Postal Service has not fully optimized its DPS Program, which uses automated machines to sort letters in the order mail carriers will deliver them in.

We identified the facilities that fall within the bottom quartile of low performers for utilization of DPS (see Table 7).

Table 7. Listing of Bottom Quartile of Facilities for DPS Utilization

Total Workhour Savings	Location Sorted by Impact	DPS Percentage	
		2023*	2024*
50,414	Morgan, NY, P&DC	87.50%	88.90%
30,772	San Juan, PR, MPA	79.50%	80.80%
27,556	Boston, MA, P&DC	90.00%	90.00%
23,169	Westchester, NY, P&DC	89.70%	90.00%
21,554	Chicago, IL, P&DC	89.70%	90.50%
18,331	Hartford, CT, P&DC	91.00%	89.80%
15,804	Richmond, VA, RPDC	87.90%	88.30%
15,119	Columbus, OH, P&DC	90.10%	90.20%
14,973	Philadelphia, PA, P&DC	91.30%	90.80%
14,166	Carol Stream, IL, P&DC	88.90%	90.00%
13,511	Duluth, GA, LPC	91.30%	88.20%
13,132	Albany, NY, P&DC	89.50%	88.90%
12,499	Palatine, IL, P&DC	90.60%	90.40%
12,416	Cleveland, OH, P&DC	91.30%	91.00%
11,879	Harrisburg, PA, P&DC	89.30%	91.40%
11,759	Michigan Metroplex P&DC	90.10%	**
11,112	Merrifield, VA, P&DC	89.40%	90.80%
8,580	Southern Maine P&DC	84.70%	88.80%
8,480	Cincinnati, OH, P&DC	90.80%	90.80%
7,584	Atlanta, GA, LPC	91.50%	89.90%
7,448	Dayton, OH, P&DC	89.70%	90.70%
7,318	South Suburban, IL, P&DC	90.90%	91.20%
6,472	Delaware P&DC	90.90%	89.90%
4,613	Providence, RI, P&DC	90.90%	91.50%
4,424	Greensboro, NC, P&DC	91.00%	90.70%
4,282	Southern, MD, P&DC	90.40%	91.20%
4,220	Curseen-Morris P&DC	90.30%	90.60%
4,060	Saint Louis, MO P&DC	**	90.99%
36,348	Remaining 33 Facilities		
421,994	**Total**		

Source: Postal Service Informed Visibility.
*Bottom quartiles were calculated and counted as one facility for each FY independently.
** Facility did not fall below bottom quartile threshold this fiscal year.

Appendix D: Management's Comments

UNITED STATES POSTAL SERVICE

April 25, 2025

VICTORIA SMITH
ACTING DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response: *Delivering for America: First-Class Mail and Priority Mail Service Performance Update* (25-028-DRAFT)

Thank you for providing the Postal Service with an opportunity to review and comment on the findings and recommendations contained in the draft audit report, *Delivering for America: First-Class Mail and Priority Mail Service Performance.*

Management disagrees with the assessment in Finding #1. In the 8 years prior to the Delivering for America (DFA) plan, the Postal Service did not meet their First-Class Mail targets, and scores declined from 2017 through 2020. In 2021, USPS incurred major costs to stabilize and improve service. That is reflected in the FY2022 service performance scores. The FY2022 and FY2023 First-Class Mail scores outpaced the FY2020 service scores (the year prior to the launch of DFA). These years should not be used as a baseline for comparing subsequent service performance scores.

The title of the finding, "Service Performance Continues to Fall Despite Expanding Service Standards", implies that adjusting our service standards would inherently improve service performance, but does not account for the necessary operational changes that were enabled by the service standard change.

One must understand that the initial service standards expansion to 1-5 days for First-Class Mail enabled the shift of volume from air to ground. This was done to align service standards with our processing and transportation operations – not to make service standards easier to achieve. The second service standard change was also made to enable operational change (in this case regional transportation efficiencies) – not to make service standards easier to achieve. As stated, single-piece First-Class Mail has declined by 80% since the 1990s. A decline predominantly driven by alternate communication and payment channels through advancement of technology. However, the Postal network had not adequately adjusted with this decline, in large part due to the service standards.

The finding statement "updated service standards two times to support cost cutting initiatives" is also only partially true. While the service standard changes have led to significant cost reductions, they have also aligned our network to the future needs of the American public. For example, the Ground Advantage product was enabled by the 1–5-day service standard. The market has shown that this is a valuable

product, as the product has experienced significant growth. The service standard changes enabled both improved financial footing and better alignment to the current mail and package environment. While service is not where it needs to be today, the changes are necessary to ensure the long-term operational improvements and financial condition improvements of the USPS well into the future.

Management disagrees with the risk assessment in Finding #2 regarding pieces sorted at three or more facilities before being delivered. The root cause logic for determining how a piece may have failed service is being updated to incorporate the changes resulting from the Regional Transfer Hub/Originating Transfer Hub (RTH/OTH) network alignment. This update directly impacts the categorization of "missent" root cause, as the logic relies on scan data to evaluate whether scans occur at the expected locations. However, due to adjustments in transportation pathways, all pieces traveling through the RTH/OTH network that fail service are currently flagged as "missent". This designation is misleading, as it does not accurately represent the reasons behind the service failure. Using the current data to identify "missent" pieces is unreliable and implies that the volume has been sent to the wrong location—when the volume is moving as expected based on new transportation routes.

Routings are designed to balance cost with performance. There are significant benefits to the DFA efforts to reduce transportation costs. Percent on time is impacted by many factors beyond the number of sorting facilities. 2024 was particularly challenging due to conditions out of USPS control, such as inclement weather, hurricanes, flooding, and wildfires.

Management disagrees with Finding #3. The "letter mail processed through DPS" data is incorrect in the Draft Report. In FY 2023, 80.76B pieces were processed in DPS, with a DPS percentage of 94.15%. In FY 2024, 78.91B pieces were processed in DPS, with a DPS percentage of 94.38%. The DPS percentage increased from 2023 to 2024. Total DPS non-machinable and un-codable mail continue to represent the greatest contribution to volume that must be sorted manually. Efforts to remediate mailpiece deficiencies and other contributing factors are largely beyond the scope of Processing Operations.

Management disagrees with Finding #4. Operating Plan Precision reports the percentage of achieved operating plan based on site specific designed operating plans for the year. It measures the expected capability within each facility. Day to day variations are expected and are factored into the annual goals. Factors beyond USPS control may impact achievement from day to day, but the Postal Service met the target nationally. Comparisons of Operating Plan Precision FY 2023 to FY 2024 are misleading since the Postal Service added DPS % in FY 2024.

Management disagrees with the Monetary Impact. The Questioned Costs make inaccurate assumptions about opportunities to increase DPS percentages and the ability to capture savings based on those increases. Savings are difficult to capture

given the widely dispersed nature of the potential savings. A few less pieces in casing volume does not necessarily translate into capturable work hour reductions on an individual carrier basis.

Following are our comments on each of the seven recommendations.

Recommendation 1:
We recommend the Executive Director, Operations Integration and Performance Excellence, continue to identify potential risks and failure points based on past implementations and pilot programs prior to implementing new initiatives or activating new facilities. Additionally, we recommend implementation of a detailed plan to address past issues and monitor progress for improvement.

Management Response/Action Plan:
Management agrees with the recommendation. We continually identify risks from past implementations to inform detailed plans for future activation. Our approach includes tracking service scores daily and conducting weekly reviews with regional and national leadership to improve service performance. We have implemented strengthened approaches in phased activations, facility readiness, and operational readiness, based on our learnings from previous regional implementations.

The OIG reviewed documents that support our actions and found them sufficient to close recommendation #1 with issuance of the final report.

Target Implementation Date: 5/31/25

Responsible Official: Executive Director, Operations Integration and Performance Excellence

Recommendation 2:
We recommend the Executive Director, Operations Integration and Performance Excellence, discontinues applying competitive product ████████████ implementing a more transparent and proactive communication strategy when ███████████████████████████

Management Response/Action Plan:
Management disagrees with this recommendation. There are instances in which ██████████████████████ should be applied. For example, ██████████ ████████ due to force majeure events (such as significant weather events) are common practice in the competitive industry today.

Target Implementation Date: N/A

Responsible Official: N/A

Recommendation 3:

We recommend the Executive Director, Operations Integration and Performance Excellence, provide transparency to stakeholders on how long service performance will be affected by network changes and when expected changes will be completed.

Management Response/Action Plan:
Management agrees with this recommendation as it recommends actions already in progress. Communication with stakeholders is frequent and transparent. We regularly meet with our customers to communicate service challenges, network changes, and other transformation activities that may impact them. For commercial customers, we hold industry briefings – for example, we presented to the Mailers Technical Advisory Committee (MTAC) on network transformation activities on March 12th and hosted service standard and operational changes briefings for all customers on March 24th and 26th. Sessions include question-and-answer segments.

In addition, we address service disruptions for the residential & retail stakeholders in a number of ways including through the Service alerts - Newsroom that provides information about postal facility service disruptions caused by weather-related and other natural disasters, special events, or other changes impacting service; usps.com web banners alerting customers of expected impacts, as appropriate; and messaging, as appropriate, through our Integrated Voice Recognition system if a customer reaches out to the USPS call center, 1-800-ASK-USPS®, in impacted regions. Additionally, as necessary, we may provide the public with information through press releases, FAQs, Retail Digest, retail signage, social media posts, and other communication channels. Finally, this information is made available to District Customer Relations, Consumer Affairs, and Business Service Network team members for the purposes of outreach and issue resolution.

The OIG reviewed documents that support our actions and found them sufficient to close recommendation #3 with issuance of the final report.

Target Implementation Date: 5/31/25

Responsible Official: Executive Director, Operations Integration and Performance Excellence

Recommendation 4:
We recommend the Vice President, Processing Operations, analyze the root cause of processing facilities with high amounts of missorted and missent mail and develop a plan to reduce missent and missorted mail.

Management Response/Action Plan:
Management agrees with this recommendation. The audit does not report that missorted and missent mail is excessive or outside the expected range. The Postal Service analyzes root causes of missorted and missent mail as part of their daily cadence and takes action to mitigate the root causes.

Target Implementation Date: 8/31/25

Responsible Official: Sr Director Processing Operations

Recommendation 5:
We recommend the Vice President, Processing Operations, analyze network flow that requires more than two processing touch points and identify opportunities to streamline that mail.

Management Response/Action Plan:
Management agrees with this recommendation. The Postal Service designs network flows for the most efficient processing and delivery of mail. As facilities and volumes change, all flows are reviewed and revised for maximum efficiency. Processing touches are only added where they can be performed within service constraints and can drive cost efficiencies considering both transportation and processing. Planned flows may be altered temporarily due to conditions beyond the control of the Postal Service, such as weather events. We agree to consider opportunities, if any, to reduce processing touch points as part of our ongoing reviews.

Target Implementation Date: 10/31/25

Responsible Official: Sr Director, Strategic Planning & Implementation

Recommendation 6:
We Recommend the Vice President, Processing Operations, create an action plan to track, identify, and correct the main causes of mail not automated in Delivery Point Sequence (DPS) to improve the DPS rate for the bottom performing processing facilities, and share the results with other processing facilities.

Management Response/Action Plan:
Management disagrees with the recommendation to create an action plan. The Postal Service already has a plan in place. Non-machinable and un-codable mail continue to represent the greatest contribution to volume that must be sorted manually. SV Mailer Irregularity (MI) affords the organization the ability to capture mail pieces that are non-conforming or not meeting specifications (e.g. irregularities). USPS captured irregularities are directly ported to a customer facing application (Mailer Scorecard), where the customers can review irregularities and other concerns aggregated monthly for their action. Customer and/or Sales representatives work with the customer to resolve the identified irregularities. The Business Solutions team works with the representative and plant on customer actions. When irregularities are resolved, such as correcting paper quality or following specifications for tabbing, related volumes can be processed in automation and sorted to DPS. Internally for USPS, HQ holds regularly scheduled Learn & Grows with Plants on SV MI use and methods.

Performance Excellence is tasked with identifying mailer volume that is not flowing correctly through letter automation. Once a mailer is identified, tests are conducted to determine if the mailing meets our Domestic Mail Manual (DMM) requirements and in cases where it doesn't, the team is working with the mail preparers to bring the mailings into alignment with our standards. The team created a dashboard to analyze data and determine issues that need to be addressed. Once mailer volumes are identified, pieces are tested against the DMM regulation for size shape and construction. Pieces are also tested, in conjunction with the Engineering group, to determine cover paperweight and then tested for machinability on our Delivery Barcode Sorters. All these efforts are intended to increase letter automation inducted at a letter automation rate and reduce manual sortation.

Target Implementation Date: N/A

Responsible Official: N/A

Recommendation 7:
We recommend the Vice President, Processing Operations, implement targeted improvement plans for underperforming facilities, focusing on addressing operational inefficiencies, enhancing staff training, and optimizing daily operation alignment to consistently strive to meet or exceed on-time performance goals.

Management Response/Action Plan:
Management agrees with this recommendation, which describes current activity. In conjunction with the Efficiency Index, Operating Precision Plan, and with Division Support, leadership holds sites accountable for improvement. There is a service team dedicated to identifying lower performing sites and recommending actionable goals for improvement.

Target Implementation Date: 8/31/25

Responsible Official: Sr Director Processing Operations

E-SIGNED by DANE.A COLEMAN
on 2025-04-25 20:17:35 EDT

Dane A. Coleman
Vice President, Processing Operations

E-SIGNED by GREGORY.T WHITE
on 2025-04-28 10:37:15 EDT

Gregory White
Executive Director, Operations Integration and Performance Excellence

cc: Corporate Audit & Response Management

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