Service Performance During the Fiscal Year 2023 Peak Mailing Season

AUDIT REPORT
Report Number 23-025-R23 | July 13, 2023

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Highlights

Background

Each year, the U.S. Postal Service network stresses to accommodate the peak mailing season — Thanksgiving through New Year's Day. Increased mail volume and operational changes during peak season significantly challenge the Postal Service's processing and distribution network.

In preparation for the fiscal year (FY) 2023 peak mailing season, Postal Service management executed a year-round strategy to include initiatives for increasing employee complement and package sorting machines. In addition, management had peak season-specific initiatives to improve operating plan precision from the previous year and temporarily increase facility space. Furthermore, during the FY 2023 peak season, the Postal Service opened its first Sorting and Delivery Center (S&DC) in Athens, GA, and its first Parcel Delivery Center (PDC) in Brooklyn, NY.

What We Did

Our objective was to evaluate the Postal Service's performance during the FY 2023 peak mailing season and the implementation of its peak season preparedness plan. We also conducted fieldwork at the Athens S&DC and the Brooklyn PDC to determine if the new facilities had an impact on peak season operations.

What We Found

Generally, the Postal Service successfully implemented initiatives during peak season. The Postal Service hired and converted temporary employees to career positions, deployed more package sorting machines than planned, and increased its operating plan precision. The Postal Service leased fewer temporary annexes than planned in response to lower-than-anticipated volume. This lower volume also contributed to a decline in workhours. Service performance scores increased for market dominant products, and the Postal Service reduced the average time it took to deliver Priority Mail and First-Class Packages. However, we did identify an increase in customer delivery inquiries this peak season. Finally, we found an issue with consistently delayed Post Office Box delivery service at the Athens S&DC, one of the two new facilities launched this peak season.

Recommendations

We recommended management (1) develop measurable targets to address increases in customer inquiries during peak season, and (2) develop a plan for on time arrival of the Post Office Box mail to administrative and remotely managed post offices at the Athens, GA, Sorting and Delivery Center.

Transmittal Letter

OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

July 13, 2023

MEMORANDUM FOR: ANGELA CURTIS
VICE PRESIDENT, DELIVERY OPERATIONS

Kelly Thresher

FROM: Kelly Thresher
Deputy Assistant Inspector General
 for Field Operations Review Team

SUBJECT: Audit Report – Service Performance During the Fiscal Year 2023 Peak
Mailing Season (Report Number 23-025-R23)

This report presents the results of our audit of Service Performance During the Fiscal Year 2023 Peak Mailing Season.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact John Littlejohn, Director, Financial Controls, or me at 703-248-2100.

Attachment

cc: Postmaster General
Corporate Audit Response Management
Chief Retail and Delivery Officer
Chief Processing and Distribution Officer

Results

Introduction/Objective

This report presents the results of our self-initiated audit of the Service Performance During Fiscal Year (FY) 2023 Peak Mailing Season (Project Number 23-035). Our objective was to evaluate the U.S. Postal Service's performance during the FY 2023 peak mailing season and the implementation of its peak season preparedness plan. See Appendix A for additional information about this audit.

Background

Each year, increased mail volume and operational changes during the peak mailing season — Thanksgiving through New Year's Eve[1]— significantly strain the Postal Service's processing and distribution network. During the prior peak season (FY 2022), service performance increased for all five major mail classes compared to the FY 2021 peak season.

As noted in prior audit reports, Postal Service management continued to develop a year-round strategy in preparation for peak mailing season by implementing permanent operational changes. These initiatives included increasing employee complement and package sorting machines. In addition, management identified peak season-specific initiatives to improve operating plan precision from the previous year and temporarily increase facility space. This approach, coupled with initiatives for the FY 2023 peak season, was intended to continue the service performance improvement from the FY 2022 peak mailing season.

This year's peak season had specific weather-related challenges, as much of the country experienced extreme weather conditions between December 21 and December 25, 2022. The National Weather Service reported that some 240 million people — more than two-thirds of the U.S. population — were under winter weather warnings and advisories on December 23. Additionally, 89 post offices were temporarily closed,

> **"** This year's peak season had specific weather-related challenges, as much of the country experienced extreme weather conditions between December 21 and December 25, 2022. **"**

including 53 in South Dakota, 20 in North Dakota, six in Nebraska, and five each in Minnesota and Iowa.

In addition, Postal Service management began making operational changes related to its 10-Year Strategic Plan.[2] As part of its network re-design, the Postal Service expanded operations at two, first-of-their-kind facilities during peak season: the Athens, GA, Sorting and Delivery Center (S&DC) and the Brooklyn, NY, Parcel Delivery Center (PDC).[3] In July 2022, the Postal Service announced plans to convert select sites around the country into S&DCs where multiple delivery units are aggregated into one facility along with some package sortation operations to reduce transportation and mail handling costs, standardize operations, and improve operating conditions for employees. The Brooklyn PDC consolidated package processing operations from surrounding post offices for delivery out of a single facility.

Mail Volume

During the FY 2023 peak mailing season, the Postal Service's total mail volume[4] decreased by 2.98 billion pieces, a 10 percent difference compared to same period last year (SPLY). Specifically, letter volume decreased by 2.69 billion pieces, or 10 percent, compared to FY 2022 (see Figure 1). Additionally, flat volume decreased by 282 million pieces, or 23.18 percent, and package volume decreased by ▮▮▮▮▮▮ pieces, or ▮▮ percent, compared to SPLY (see Figure 2 and Figure 3).[5]

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1   For purposes of this report, we used the weeks of November 19, 2022 – January 6, 2023.
2   *Delivering for America: Our Vision and Ten-Year Plan to Achieve Financial Sustainability and Service Excellence*, Postal Service, March 23, 2021.
3   The Athens S&DC opened November 19, 2022, and the Brooklyn PDC opened November 26, 2022. The Brooklyn PDC was originally planned to be an S&DC. The Postal Service changed the name designation on November 5, 2022. The PDC is the only one of its kind, as of the writing of this report.
4   Total volume references automated letters, flats, and packages.
5   This volume reflects total mail processing volume. Volume does not include mail dropped directly at delivery units from other companies.

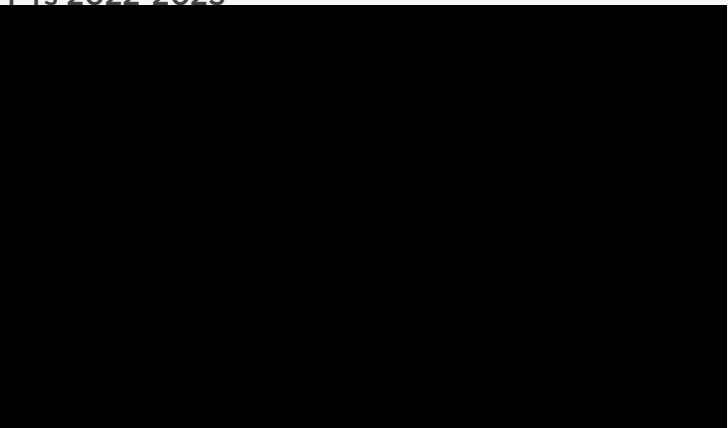**Figure 1. Comparison of Peak Mailing Season Letter Volume, FYs 2022-2023**
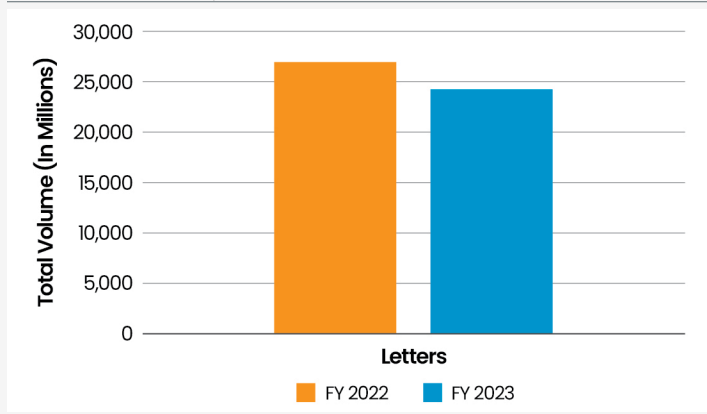
Source: OIG analysis of Informed Visibility (IV)[6] data.

Figure 2. Comparison of Peak Season Flats, FYs 2022-2023
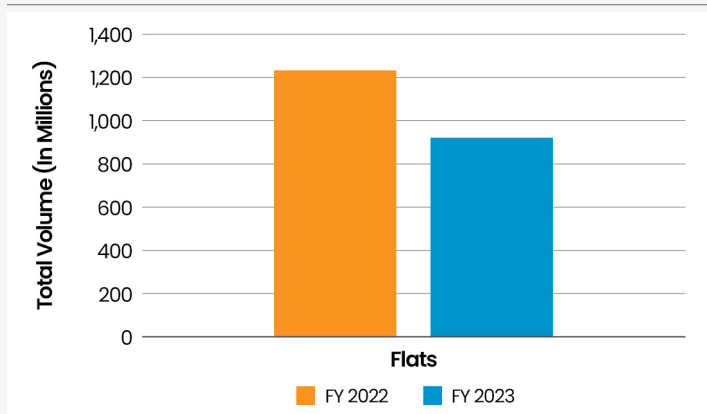
Source: OIG analysis of IV data.

Figure 3. Comparison of Peak Season Packages, FYs 2022-2023

Source: OIG analysis of IV data.

Findings Summary

Generally, the Postal Service successfully implemented initiatives during the FY 2023 peak mailing season. Specifically, the Postal Service hired and converted temporary employees[7] to career positions, deployed more package sorting machines than planned, and increased operating plan precision compared to SPLY. The Postal Service leased fewer temporary annexes than planned in response to lower-than-anticipated volume. This lower volume also contributed to a decline in workhours. Service performance scores increased for market dominant products,[8] and the Postal Service reduced the average time it took to deliver Priority Mail[9] and First-Class Package Service.[10] Also, while neither appeared to negatively impact overall peak season performance, we did identify an increase of Customer 360[11] (C360) customer inquiries related to delivery. Lastly, we found consistently delayed Post Office Box (PO Box)[12] delivery service at the Athens S&DC.

> "Generally, the Postal Service successfully implemented initiatives during the FY 2023 peak mailing season."

Finding #1: FY 2023 Peak Mailing Season Preparedness Plan Implementation

During the FY 2023 peak mailing season, management implemented initiatives developed to focus on continuing improvements made during the FY 2022 peak mailing season. The objectives of the initiatives included:

- Converting 10,000 temporary processing employees to career service and backfilling them.

- Hiring 28,200 additional seasonal employees[13] (19,600 processing employees and 8,600 retail and delivery employees) starting in October 2022,

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6 Informed Visibility is a system used to track service performance for all mail products, processing facilities, transportation, and delivery.
7 Temporary employees are sometimes called non-career employees. They do not receive the same benefits as career employees.
8 Market dominant products include First-Class composite, Periodicals, and Marketing Mail.
9 Priority Mail includes air and surface.
10 Hereinafter called First-Class Packages.
11 A cloud-based application that enables Postal Service employees to diagnose, resolve, and track customer inquiries.
12 Post Office Box Service is a premium service offered for a fee to customers requiring more than free carrier or general delivery. Post Office boxes allow customers to obtain their mail when the lobby is open.
13 Temporary employees are hired for a specific project or time period, whereas seasonal employees are hired to work during a particular season or event.

with staggered end dates corresponding with the end of peak mailing season.

- Deploying and installing 50 package sorting machines at mail processing facilities.
- Leasing 17 temporary mail processing and 71 temporary delivery annexes to process and deliver packages.
- Achieving operating plan precision improvement compared to SPLY.

The following sections discuss whether and how the Postal Service implemented or adjusted the above-mentioned initiatives to meet peak mailing season objectives and respond to mail volume changes.

Employee Conversions and Hiring

The Postal Service made great strides to achieve hiring targets throughout the year, and management adjusted their conversion and hiring goals based on operational needs. Specifically, between March 2022 and August 2022, the Postal Service converted 8,137 processing employees from temporary to career (81.37 percent of the originally planned 10,000 conversions). In addition, the Postal Service converted 4,335 delivery employees from temporary to career during this period. This occurred prior to the start of peak mailing season, which is consistent with the Postal Service's year-round employee complement strategy (see Table 1).

> " The Postal Service made great strides to achieve hiring targets throughout the year, and management adjusted their conversion and hiring goals based on operational needs. "

Table 1. Employee Conversions

Functional Area	Number of Conversions
Mail Processing	8,137
Delivery	4,335
Total	12,472

Source: OIG analysis of Postal Service data.

In addition, the Postal Service partially met its initiative to hire and train 28,200 seasonal employees (19,600 processing and 8,600 retail and delivery) before the FY 2023 peak season began. Specifically, it hired 27,092 seasonal employees (21,532 processing employees and 5,560 retail and delivery), 3.93 percent less than originally planned (see Table 2).

Table 2. FY 2023 Peak Seasonal Employee Hiring

Functional Area	Initial Target	Actual	Difference (Initial Target and Actual)	Percentage Difference
Mail Processing	19,600	21,532	1,932	9.86
Retail and Delivery	8,600	5,560	(3,040)	(35.35)
Total	28,200	27,092	(1,108)	(3.93)

Source: OIG analysis of Postal Service data.

Postal Service management stated that targets are fluid and can change due to changes in circumstances, such as adjustments to volume projections, opening annexes, or deploying more machines. Postal Service management did not hire as many seasonal employees as anticipated; instead, they focused on hiring temporary employees and converted 4,335 temporary employees to career status to meet their year-round desired staffing levels.

With the focused conversions and temporary hiring initiatives, the employee availability[14] percentage improved slightly to 76.38 percent during the FY 2023 peak season, compared to 76.05 percent during the FY 2022 peak season (see Figure 4).

Figure 4. Comparison of FY 2022 and FY 2023 Employee Availability Percentages
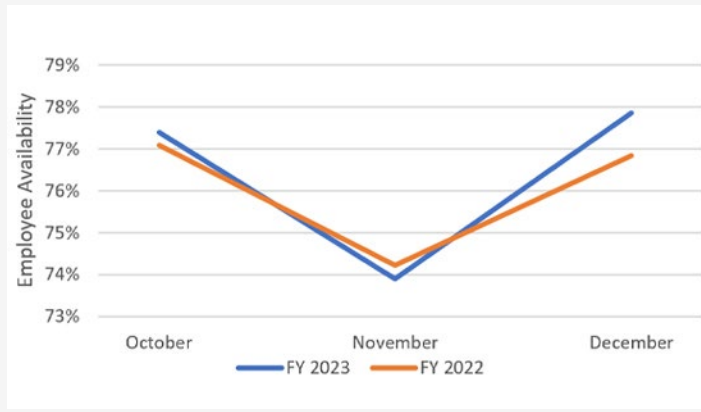
Source: Postal Service Time and Attendance Collection System.[15]

Postal Service management stated that another benefit to their year-round complement strategy for peak mailing season would be a reduction in overtime. In fact, during the FY 2023 peak mailing season, workhours decreased by 9.2 million hours, or 4.25 percent, and overtime was reduced by 3.2 million hours, or 8.80 percent, compared to SPLY (see Figure 5).

Figure 5. Comparison of FY 2022 and FY 2023 Workhours and Overtime
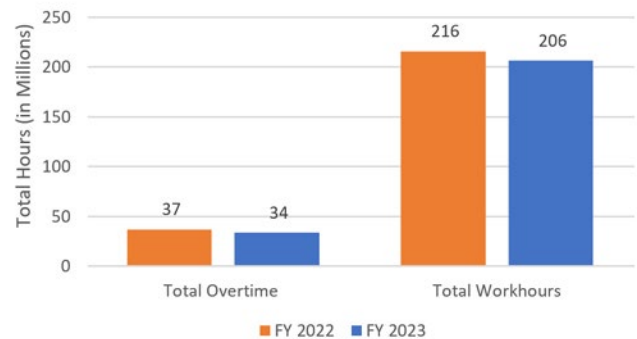
Source: OIG analysis of Postal Service Time and Attendance Collection System.

Package Processing Machines

The Postal Service exceeded its goal to install and deploy 50 package sorting machines[16] in the FY 2023 peak mailing season. Specifically, the Postal Service installed and deployed three High Output Package Sorter[17] and 76 Single Induction Package Sorter[18] machines at processing facilities (see Table 3).

> “The Postal Service installed and deployed three High Output Package Sorter and 76 Single Induction Package Sorter machines at processing facilities.”

Table 3. Comparison of Package Sorting Machine Counts

Machine	January 2022	November 2022	Difference
High Output Package Sorter	1	4	3
Single Induction Package Sorter	13	89	76
Total	14	93	79

Source: OIG analysis of Mail and Image Reporting System.

14 Employee availability compares straight work hours to the work hours that would have been recorded if all employees reported to work as scheduled.
15 The data was available by month and includes October 1 – December 31, 2022.
16 The USPS installed five Automated Delivery Unit Sorters to process packages inside delivery units.
17 High Output Package Sorter is a fully automated system for processing packages with manual/semi-auto systems.
18 Single Induction Package Sorter sorts machinable packages to carrier route based on size, weight, and destination.

Peak Mailing Season Processing and Delivery Annexes

The Postal Service did not meet its goal of leasing 17 temporary mail processing annexes and 71 temporary delivery annexes. Our review found the Postal Service leased 11 temporary mail processing annexes and 11 temporary delivery annexes.[19] Of the remaining six temporary mail processing annexes and the 60 delivery annexes that did not open, Postal Service management stated they modified the original plan due to the limited availability of spaces to lease and lower-than-expected package volume as compared to SPLY.

Operating Plan Precision

During the FY 2023 peak season, the Postal Service achieved its goal for improving operating plan precision[20] compared to SPLY. Operating plan precision measures daily how closely to plan each processing facility ran, as well as whether plants met their expected clearance times.[21] Specifically, mail processing attained an operating plan precision score of 74.19 percent, improving nearly 7 percentage points from the FY 2022 peak mailing season score of 67.59 (see Figure 6).

Figure 6. Comparison of FYs 2022 and 2023 Operating Plan Precision
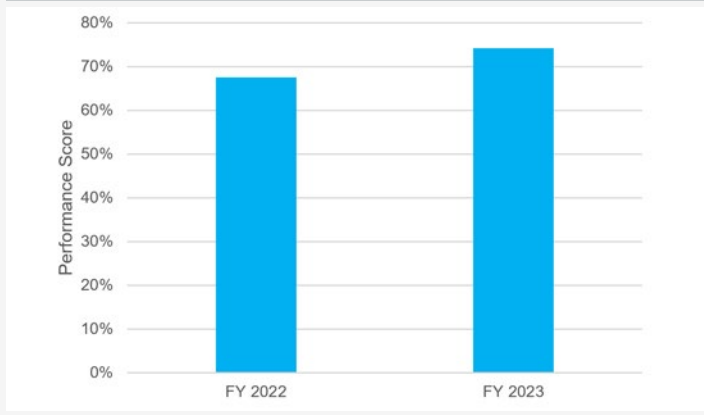
Source: OIG analysis of Postal Service data.

Because the Postal Service adjusted its plans as the peak season evolved to meet operational needs and shifting volume, we are not making a

recommendation related to implementation of its preparedness plan.

Finding #2: Peak Mailing Season Service Performance

The initiatives implemented to support the FY 2023 peak season were intended to improve service performance compared to SPLY. However, service performance metrics changed for competitive products, and severe weather impacted delivery in much of the country. Though service performance improved for three out of five mail classes and the Postal Service reduced the average time it took to deliver Priority Mail and First-Class Packages, customer inquiries increased by 4.94 percent compared to SPLY.

Service Performance

Service performance scores improved compared to SPLY for market dominant products. Specifically, during the FY 2023 peak mailing season, 87.63 percent of First-Class Composite,[22] 82.64 percent of Periodicals, and 94.44 percent of Marketing Mail were delivered on time. This represented an increase in on-time delivery of 0.66 percent for First-Class Composite, 2.55 percent for Periodicals, and 1.93 percent for Marketing Mail compared to SPLY (see Figure 7).

Figure 7. Comparison of FY 2022 and FY 2023 Market Dominant Product Performance
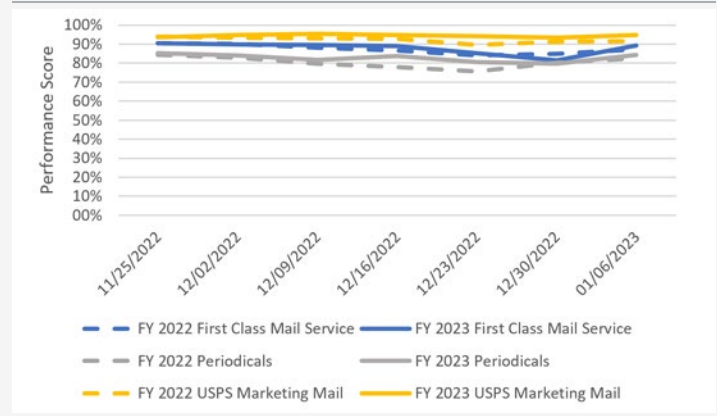
Source: OIG analysis of IV data.

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19 The risk of this initiative not being fully implemented before the peak mailing season was identified in our prior audit of *Fiscal Year 2023 Peak Season Preparedness* (Report Number 22-163-R23, dated November 14, 2022).
20 Operating plan precision is a calculated percentage of operational groupings completed on time divided by total operational groupings run to determine the precise achievement capability within each facility. Operational groupings are collections of equipment running a specific process. For example, letter cancellations equipment running the cancellation process is an operational grouping.
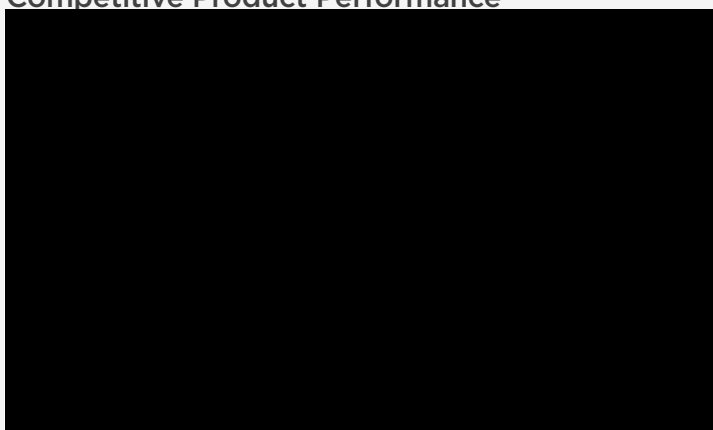21 Clearance times are the latest time committed mail can clear an operation for proper dispatch or delivery.
22 First-Class Composite includes single-piece and presort letters; flats; single-piece and presort postcards; and inbound and outbound international First-Class Mail, including letter post.

The Postal Service's on-time delivery goals changed between the FY 2022 and FY 2023 peak seasons. In the past two peak seasons, service standards for Priority Mail and First-Class Packages were extended by one day due to impacts of the COVID-19 epidemic beginning in April 2020. Some of these service standards expired in May 2022, resulting in more stringent service standards for competitive products[23] in FY 2023. On-time scores were █ percent for Priority Mail and █ percent for First-Class Packages during the FY 2023 peak season. This represented a ████ in on-time delivery of █ percent for Priority Mail and █ percent for First-Class Packages compared to SPLY (see Figure 8).

The ████ in service performance the week of December 30 could be explained by extreme weather conditions that occurred between December 21 and December 25, 2022.

Figure 8. Comparison of FYs 2022 and 2023 Competitive Product Performance

Source: OIG analysis of IV data.

Although the tightening of service standards this peak season did contribute to lower service performance scores, the Postal Service did reduce the average time it took to deliver Priority Mail and First-Class Packages. First-Class Mail stayed relatively constant compared to the FY 2022 peak season (see Table 4).

Table 4. Average Number of Days to Deliver by Mail Product October to December

FY	First-Class Mail	First-Class Packages	Priority Mail
2022	2.59	█	█
2023	2.57	█	█
Total	(0.02)	█	█

Source: OIG analysis of Postal Service data.

Customer Inquiries

During the FY 2023 peak mailing season, the Postal Service received 4.94 percent more C360 customer inquiries compared to SPLY (see Table 5). Customer inquiries can be complaints, compliments, or questions related to Postal Service offerings. Specifically, of the total customer inquiries, the daily mail service inquiry type represented a 36.77 percent increase over SPLY, and the package pickup inquiry type was 30.19 percent over SPLY (see Table 6). Daily mail service requests include feedback when customers do not receive their mail, and package pickup inquiries include customer feedback when a package pickup appointment does not occur.

Table 5. C360 Inquiries Compared to SPLY

FY22 Peak	C360 Cases	FY23 Peak	C360 Cases	Percentage to SPLY
November 2021	585,219	November 2022	593,828	1.47%
December 2021	807,268	December 2022	867,485	7.46%
Total	1,392,487	Total	1,461,313	4.94%

Source: OIG analysis of USPS Enterprise Data Warehouse[24] data.

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23 Competitive package products include Priority Mail and First-Class Packages.
24 Enterprise Data Warehouse is a collection of data from many sources that is stored in a single place for reporting and analysis.

Table 6. C360 Highest Inquiry Types Compared to SPLY

FY22 Peak Inquiry Type	Inquiry Count	FY23 Peak Inquiry Type	Inquiry Count	Percentage to SPLY
Daily Mail Service	201,937	Daily Mail Service	276,184	36.77%
Package Pickup	8,653	Package Pickup	11,265	30.19%

Source: OIG analysis of USPS Enterprise Data Warehouse data.

The Postal Service did not set specific goals for customer inquiries for FY 2023 Peak Season. Increased C360 inquiries concerning daily mail service and package pickup are an indication of customer concern and dissatisfaction, which may adversely affect the Postal Service brand and send mailers to competitors, increase operating costs at call centers, and cause the Postal Service to lose revenue.

> **Recommendation #1**
> We recommend the **Vice President Delivery Operations** develop measurable targets to address increases in customer inquiries during peak season.

Finding #3: S&DC and PDC Implementation During the FY 2023 Peak Season

We assessed the implementation of two, first-of-their-kind facilities in November 2022, during the height of the FY 2023 peak season: the Athens S&DC and the Brooklyn PDC. We included these facilities in our review because they were part of the Postal Service's efforts to modernize its processing and delivery networks, and their opening during peak season could have put mail delivery at risk.

> "The OIG is currently conducting a nationwide assessment of the first seven S&DC openings."

The OIG is currently conducting a nationwide assessment of the first seven S&DC openings. This upcoming audit report[25] will assess the effectiveness of communications with stakeholders and identify successes, opportunities, and lessons learned during the launch of the Postal Service's new Sorting and Delivery Centers in November 2022 and February 2023.

Specifically, as part of its 10-Year Strategic Plan, the Postal Service is consolidating delivery operations in some regions. In Athens, the S&DC aggregated the delivery operations of ten post offices: three main post offices[26], three administrative post offices (APOs)[27] and four remotely managed post offices (RMPOs)[28] into one, previously existing delivery unit. The letter carriers from the APOs moved to the S&DC, and all mail for the APOs and RMPOs — including the PO Box mail for each office — now arrives to the S&DC from processing and distribution centers for delivery (see Figure 9). Similarly, the Brooklyn PDC delivered packages for four existing delivery units in the region.

> "As part of its 10-Year Strategic Plan, the Postal Service is consolidating delivery operations in some regions."

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25   Project Number 23-062 - *Review of USPS Sorting and Delivery Centers Opened in FY 2023 Quarter 1 and Quarter 2.*
26   The primary postal facility in a city where a post office uses subordinate post office stations, post office branches, and other facilities.
27   An administrative post office (APO) is a Level Executive and Administrative Schedule 18 or above post office that has administrative responsibilities for a cluster of up to approximately ten post offices, which are referred to as remotely managed post offices.
28   A post office that offers part-time retail window service, is staffed by a Postal Service employee at the direction of a postmaster, and reports to an APO.

Figure 9. Athens S&DC Hub and Spoke Map
Source: OIG Analysis
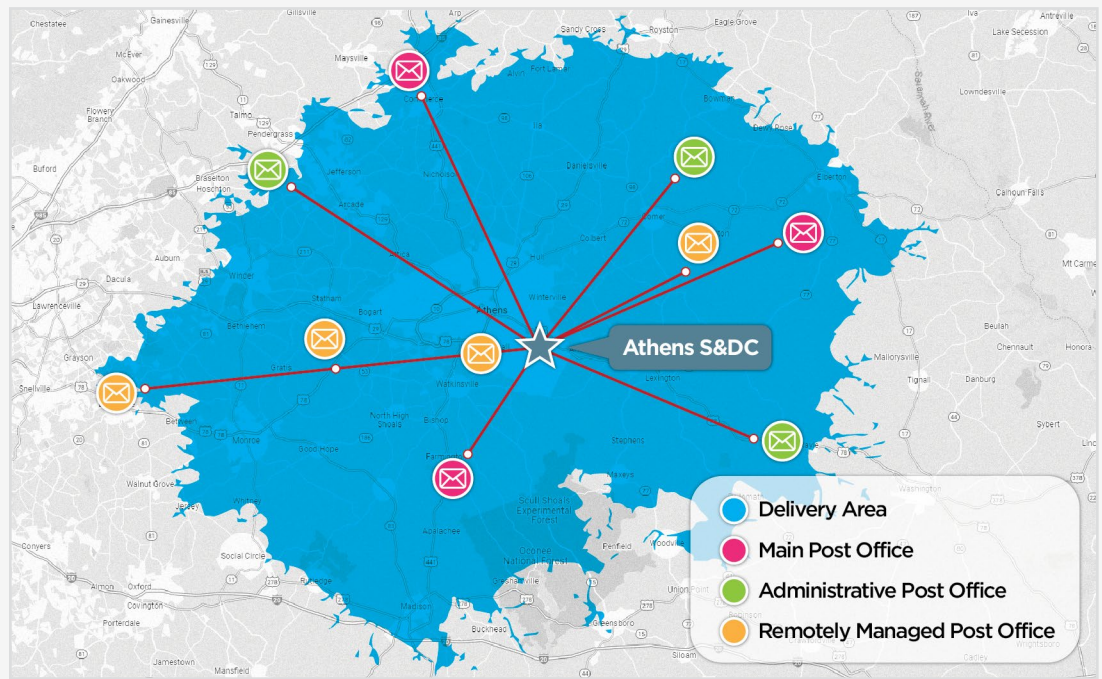
At these facilities, we observed the initial implementation of the Small Delivery Unit Sorter[29] machine, transportation scheduling, and delivery operations. We determined the Postal Service was generally successful in the implementation of the two facility consolidations, but we identified opportunities for improvement regarding management and oversight of PO Box mail.

Specifically, PO Box mail for the ten post offices: three main post offices, three APOs and four RMPOs were not delivered timely, resulting in ▊▊▊ PO Box customers who failed to receive their mail on the expected delivery day. This PO Box mail left from the S&DC after the post offices and RMPOs closed for the day. During a follow-up conversation with Athens local management in January 2023, the PO Box mail continued to be late to the ten offices.

The delayed PO Box mail occurred due to ineffective management oversight. Late distribution up-time[30] resulted in the carriers leaving the office late, requiring last-minute arrangements to transport PO Box mail to the outlying offices. Management did not have alternative plans to transport the PO Box mail to the ten offices if the carriers left the S&DC late.

Further, management stated that due to staffing issues, they could not address PO Box delivery timeliness issues or ensure the adherence to PO Box management procedures for on-time service to customers.

Postal Service policy[31] states that management should review all communication that could affect the day's workload and develop contingency plans for situations that may interfere with normal delivery service. The policy[32] further states that all types of First-Class Mail, Priority Mail, and Priority Mail Express are to be scheduled (committed) for delivery on the day of receipt at the post office.

When mail is delayed, there is an increased risk of customer dissatisfaction, which may adversely affect the Postal Service brand.

Recommendation #2

We recommend the **Vice President Delivery Operations** develop a plan for on time arrival of the Post Office Box mail to administrative and remotely managed post offices at the Athens, GA, Sorting and Delivery Center.

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29 Small Delivery Unit Sorter machines standardize, streamline, and expedite the package sortation by leveraging mechanized equipment and technology to handle the large growth of eCommerce Package volume.
30 The time of day that the clerks have completed distributing mail to the carrier routes.
31 Handbook M-39, *Management of Delivery Services*, Transmittal Letter 14, Section 111.2, June 2019.
32 Delivery Unit Service Talk-*Committed Mail and Color Code Policy for Marketing Mail*, February 2019.

Management's Comments

Management agreed with the findings, disagreed with recommendation 1, and agreed with recommendation 2. See Appendix B for management's comments in their entirety.

Regarding finding 1, management stated, with emphasis on maximizing FY 2022 peak season improvements, the Postal Service successfully implemented its FY 2023 peak mailing season initiatives, and service performance improved. Management stated that the Postal Service reduced the average time it took to deliver First-Class, Periodicals, and Marketing Mail compared to the same period last year.

Regarding finding 2, management stated they agreed that the opportunity exists to improve C360 Customer Inquiries and will continue to focus on aligning Customer Experience indicators, including Customer Inquiries, with operational data to identify offices and delivery routes where management attention is needed.

Regarding recommendation 1, management stated they do not believe it would be a useful exercise to establish targets for an acceptable level of Customer Inquiries, in light of the significant variables not fully within USPS control that drive the volume of inquiries during peak; for example, mail/package volume and weather. Management stated weather was responsible for an increase in Package Inquiries compared to SPLY over a two-week period leading up to the Christmas weekend. Management stated it is more important to focus on using their key operational performance indicators, in conjunction with Customer Experience data, to identify offices and delivery routes where management attention is needed as early as possible so steps can then be taken to curtail Customer Inquiries. They stated this process has proven successful to reduce Customer Inquiries and will continue to be refined as they go forward.

Regarding recommendation 2, while management agreed to implement, they noted that assignment of this work should be a joint effort between the District Manager and local Postmaster. The target implementation date is August 31, 2023.

Evaluation of Management's Comments

The OIG considers management's comments non-responsive to recommendation 1 and responsive to recommendation 2. The corrective actions for recommendation 2 should resolve the issue identified in the report.

Regarding recommendation 1, as stated in the report, extreme weather conditions between December 21 and December 25, 2022, impacted service in parts of the country. However, inquiries also increased in November compared to SPLY, as well as in areas of the country not impacted by weather. We believe management should create measurable targets to serve as indicators to focus their efforts on the geographic and operational areas that are experiencing increases in inquiries during Peak Mailing Season. Increased C360 inquiries concerning daily mail service and package pickup are an indication of customer concern and dissatisfaction, which may adversely affect the Postal Service brand and send mailers to competitors, increase operating costs at call centers, and cause the Postal Service to lose revenue. The plan described by management in their response to finding 2 could be a way to close recommendation 1.

All recommendations require OIG concurrence before closure. We will pursue concurrence for recommendation 1 through the formal audit resolution process. The OIG requests written confirmation when corrective actions are completed. 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

Appendix A: Additional Information

Scope and Methodology

To accomplish our objective, we:

- Interviewed Postal Service headquarters and regional management to determine if implementing the peak mailing season preparedness plan succeeded.

- Compared peak mailing season package volume data for FYs 2022 and 2023 to identify trends in actual package volume during the peak mailing season.

- Conducted fieldwork observations at the S&DC and PDC for performance efficiency.

- Compared the peak mailing season total workhours and overtime to validate improvement over the previous peak mailing season.

- Analyzed service performance scores during the FY 2023 peak mailing season to identify trends in service performance related to package volume.

- Reviewed hiring and conversion data and calculated the employee availability percentages during the FY 2023 peak mailing season to determine if planned goals were met.

- Obtained facility space/capacity data to identify the annexes the Postal Service acquired to process the planned package volume during the FY 2023 peak mailing season.

- Analyzed package processing deployment machine data to determine if planned machines were installed and operational during the FY 2023 peak mailing season.

We conducted this performance audit from November 2022, through July 2023, 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 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 June 9, 2023, and included their comments where appropriate.

We assessed the reliability of Enterprise Data Warehouse, IV, and Time and Attendance Collection System data by interviewing agency officials knowledgeable about the data and reviewing documentation. We determined that the data were sufficiently reliable for the purposes of this report.

Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date	Monetary Impact
FY 2022 Peak Mailing Season Preparedness	To evaluate the U.S. Postal Service's preparedness for the fiscal year (FY) 2022 peak mailing season.	21-206-R22	November 19, 2021	None
Embargoes and Redirections at U.S. Postal Service Processing Facilities	To evaluate the operational impacts experienced by the U.S. Postal Service before and after the embargoes and redirections at mail processing facilities during the fiscal year (FY) 2021 peak mailing season	21-112-R21	August 13, 2021	None
Peak Season Hiring	To assess whether the U.S. Postal Service effectively hired bargaining employees for the peak season periods of 2019 through 2021.	20-316-R21	September 23, 2021	None
Nationwide Service Performance	Our objective was to assess the U.S. Postal Service's service performance for all mail classes over an 18-month period and determine the most common failure points in the mail flow process.	21-120-R21	September 20, 2021	None
Overtime Administration System	The objective was to assess whether OT Admin was achieving its intended goals to help managers and supervisors efficiently and consistently assign overtime.	21-251-R22	April 29, 2022	None
Service Performance FY 2022 Peak Mail Season	The objective was 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	None
Peak Season Preparedness	The objective was to evaluate the Postal Service's preparedness for the FY 2023 peak season.	22-163-R23	November 14, 2022	None

Appendix B: Management's Comments

![UNITED STATES POSTAL SERVICE]

June 30, 2023

JOHN CIHOTA
DIRECTOR, AUDIT SERVICES

SUBJECT: Service Performance During the FY2023 Peak Mailing Season (23-025)

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 titled: **Service Performance During the FY2023 Peak Mailing Season**.

Management generally agrees with the findings in the report. With emphasis on maximizing FY 2022 peak season improvements, the Postal Service successfully implemented its FY 2023 peak mailing season initiatives. In FY 2023 we deployed more package sorting machines, increased operating plan precision, improved employee availability, and reduced workhours and overtime. The original plan for temporary annexes was amended due to the limited availability of spaces to lease and lower than expected package volume. Still, the Postal Service had the proper facility infrastructure in place for a successful peak mailing season.

Service performance also improved. The Postal Service reduced the average time it took to delivery First-Class, Periodicals, and Marketing Mail compared to the same period last year.

Management agrees that opportunity exists to improve C360 Customer Inquiries. CRDO in conjunction with Customer Experience will continue to focus on aligning Customer Experience indicators, including Customer Inquiries, with operational data to identify offices and delivery routes where management attention is needed. In fact, the processes currently in place can identify locations in need of intervention through leading indicators that can prevent Customer Inquiries which tend to lag after service and performance issues.

Following is management's response to the two recommendations.

Recommendation #1: We recommend the **Vice President Delivery Operations** develop measurable targets to address increases in customer inquiries during peak season.

Management Response/Action Plan:
Management disagrees with this recommendation. We do not believe it would be a useful exercise to establish targets for an acceptable level of Customer Inquiries in light of the significant variables not fully within USPS control that drive the volume of inquiries during peak, for example,

mail/package volume and weather. To this point, we realized an increase in Package Inquiries compared to SPLY over a two week period during this last peak as a result of the storms across the country leading up to the Christmas weekend. We believe it's more important to focus on using our key operational performance indicators, in conjunction with Customer Experience data, to identify offices and delivery routes where management attention is needed as early as possible so steps can then be taken to curtail Customer Inquiries. This process has proven successful to reduce Customer Inquiries and will continue to be refined as we go forward.

Target Implementation Date: N/A

Responsible Official: N/A

Recommendation #2: We recommend the **Vice President Delivery Operations** develop a plan for on time arrival of the Post Office Box mail to administrative and remotely managed post offices at the Athens, GA, Sorting and Delivery Center.

Management Response/Action Plan:
Management **agrees** with this recommendation, but assignment of this work should be a joint effort between the District Manager and local Postmaster.

Target Implementation Date: 08/31/2023

Responsible Official:
District Manager

Signature of Official(s):

E-SIGNED by ANGELA.H CURTIS
on 2023-06-30 12:27:59 CDT
_____
Angela H. Curtis

cc: *Chief Retail & Delivery Officer*
         Manager, Corporate Audit Response Management

Contact us via our Hotline and FOIA forms. Follow us on social networks. Stay informed.

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