

# Effectiveness of Package Shipping Services

## AUDIT REPORT

Report Number 24-013-R24 | July 12, 2024



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# Highlights

## Background

The U.S. Postal Service's Delivering for America plan included offering new competitive products and services for customers. As part of this effort, the Postal Service launched a new package shipping service called USPS Ground Advantage and discontinued its Retail Ground, Parcel Select Ground, and First-Class Package services. Ground Advantage was intended to streamline package shipping options, increase customer satisfaction through a more reliable and cost-effective product, and grow revenue – and since its introduction, the Postal Service has experienced nearly a 3 percent increase in package volume nationwide. In addition to Ground Advantage, the Postal Service currently offers two other package shipping services: Priority Mail Express and Priority Mail. A successful launch of Ground Advantage is critical to the Postal Service's efforts to retain existing customers, attract new customers, and remain competitive in the package industry.

## What We Did

Our objective was to evaluate the service performance and effectiveness of package shipping services. We conducted site visits at select Postal Service facilities, interviewed management and employees, observed package entry, dispatch, and processing, analyzed service performance and package volume data from July 2023 through March 2024, and compared package volume to the same period the year prior. We also conducted a mail test to determine if packages shipped met service standards and to gain insight into the customer experience.

## What We Found

While the introduction of Ground Advantage simplified the flow of packages through the Postal Service network, service performance goals were not met for Ground Advantage, Priority Mail Express, or Priority Mail from July 2023 to March 2024. Additionally, delivery units did not always follow guidance to separate packages when preparing mail for dispatch, making identification of packages that require priority processing difficult. Failing to achieve intended efficiencies could impact customer satisfaction and the Postal Service's ability to increase its market share in the growing package industry.

## Recommendations and Management's Comments

We made two recommendations to address packages not being separated, according to guidance, at delivery units. The U.S. Postal Service Office of Inspector General (OIG) considers management's comments responsive to both recommendations, and corrective actions should resolve the issues identified in the report. Postal Service management's comments and our evaluation are at the end of each finding and recommendation. See [Appendix B](#) for management's comments in their entirety.

# Transmittal Letter



OFFICE OF INSPECTOR GENERAL  
UNITED STATES POSTAL SERVICE

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July 12, 2024

**MEMORANDUM FOR:** ELVIN MERCADO  
VICE PRESIDENT, RETAIL AND POST OFFICE OPERATIONS

JACQUELINE K. STRAKO  
CHIEF COMMERCE AND BUSINESS SOLUTIONS OFFICER, EXECUTIVE VICE  
PRESIDENT

*Mary K. Lloyd*

**FROM:** Mary K. Lloyd  
Deputy Assistant Inspector General  
for Mission Operations

**SUBJECT:** Audit Report – Effectiveness of Package Shipping Services  
(Report Number 24-013-R24)

This report presents the results of our audit of Effectiveness of Package Shipping Services.

All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. We consider all recommendations 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 Brandi Adder, Director, Delivery Operations Directorate, or me at 703-248-2100.

Attachment

cc: Postmaster General  
Chief Processing and Distribution Officer & Executive Vice President  
Chief Retail and Delivery Officer & Executive Vice President  
Director Shipping & Commerce Product Management  
Corporate Audit Response Management  
Secretary of the Board of Governors



# Results

## Introduction/Objective

This report presents the results of our self-initiated audit of the Effectiveness of Package Shipping Services (Project Number 24-013). Our objective was to evaluate the service performance and effectiveness of package shipping services. See [Appendix A](#) for additional information about this audit.

## Background

The U.S. Postal Service issued a 10-year transformation plan called Delivering for America (DFA) on March 23, 2021.<sup>1</sup> Priorities for year three of the DFA included offering new, competitive products and services for customers. Strong demand for goods purchased over the internet has driven growth in the package market, despite otherwise declining mail volume. This growing package segment provides the Postal Service an opportunity to offer new competitive products<sup>2</sup> and services for customers and increase revenue.

On July 9, 2023, the Postal Service launched a new package shipping service called USPS Ground Advantage (Ground Advantage) and discontinued the Retail Ground, Parcel Select Ground, and First-Class Package services. According to the Postal Service, Ground Advantage was established to provide customers with a simple, reliable, and more affordable way to ship packages. Ground Advantage also includes several benefits such as free returns, tracking, and up to \$100 of insurance. The Postal Service intends for the new shipping service to streamline package shipping options, increase customer satisfaction, and grow revenue.

“Ground Advantage was established to provide customers with a simple, reliable, and more affordable way to ship.”

In addition to Ground Advantage, the Postal Service continued to offer Priority Mail Express and Priority Mail as other package shipping service options to meet customer needs (see Table 1).

Table 1. USPS Package Shipping Services

	Priority Mail Express	Priority Mail	Ground Advantage
Price <sup>3</sup>	From \$30.45	From \$9.25 <sup>4</sup>	From \$5.00
Service Standard	Next-Day to 2-Day <sup>5</sup> by 6:00 PM <sup>6</sup>	1-3 Business Days <sup>7</sup>	2-5 Business Days <sup>8</sup>
Money-Back Guarantee	Yes	No	No
Max Weight	70 lbs.	70 lbs.	70 lbs.
Tracking Included	Yes	Yes	Yes
Insurance up to \$100 Included <sup>9</sup>	Yes	Yes	Yes

Source: Obtained March 27, 2024, from [www.usps.gov](http://www.usps.gov).

## Service Performance

The Postal Service establishes service standards as one of its primary operational goals, or benchmarks, against which service performance can be

1 Delivering for America, March 23, 2021.  
2 A category of Postal Service products and services for which similar products and services are offered by private sector carriers. Competitive products include Priority Mail Express service, Priority Mail service, Parcel Select service, Parcel Return Service, Premium Forwarding Service, and most international mail products except First-Class Mail International service.  
3 Additional fees may apply to large, lightweight, and nonstandard size packages.  
4 Price depends on the size and weight of the box and destination zone. Price using the USPS Flat Rate mailing box starts at \$10.40.  
5 Average number of days for delivery based on package origin and destination.  
6 Exceptions apply. Specifically, effective August 1, 2023, the Postal Service discontinued guaranteed-service postage refunds for Priority Mail Express destined to or originating from Alaska or Hawaii.  
7 The expected delivery date printed on the customer's receipt or provided at checkout will reflect a delivery time of 1 to 3 business days and is based on origin, destination, and drop-off time.  
8 Packages going to certain places (including Alaska, Hawaii, and offshore destinations) or containing hazardous materials or live animals may receive slower service.  
9 Insurance coverage is provided against loss, damage, or missing package contents and is limited to a maximum liability of \$100.

“Service standards are measured by the number of days the Postal Service handles the mail. Generally, the further the mail must travel, the more days allotted.”

measured. The service standards are measured by the number of days the Postal Service handles the mail — from point of entry into the Postal Service network to final delivery. Generally, the further the mail must travel, the more days allotted for the service standard. From July 2023<sup>10</sup> to March 2024, the service performance goals established for the percentage of Priority Mail Express, Priority Mail, and Ground Advantage delivered on time were [REDACTED], respectively.<sup>11</sup>

During the first nine months Ground Advantage was offered, the Postal Service experienced nearly a 3 percent increase in package volume nationwide from nearly 3.8 billion to more than 3.9 billion from the same period the prior year.<sup>12</sup> Although overall package volume increased, volumes of certain product categories declined significantly. For example, the volume of Priority Mail packages decreased by more than 23 percent from over 591.6 to about 454.5 million during that same period.<sup>13</sup>

## Findings Summary

While the introduction of Ground Advantage simplified the sorting, processing, and flow of packages through the Postal Service network, the Postal Service did not meet service performance goals for any package shipping services<sup>14</sup> from July 2023 to March 2024, and guidance issued to further streamline package processing was not always followed.

## Ground Advantage

Ground Advantage directly aligns with three DFA initiatives:

1. Bold Approach to Growth, Innovation, and Continued Relevance;
2. Service Standard Change to Improve Reliability; and
3. Fully Optimized Surface to Air Transportation Network.

As part of its overall strategy, the Postal Service has made several changes designed to simplify mail flow and increase efficiencies (see [Figure 1](#)). For example, the mail flow was simplified by reducing the number of Retail Distribution Codes (RDC)<sup>15</sup> used at delivery units to separate packages for dispatch.<sup>16</sup> Additionally, machine sorting capabilities were updated, providing facilities the ability to process packages together regardless of the shipping service.

“The Postal Service has made several changes designed to simplify mail flow and increase efficiencies.”

In general, Postal Service employees supported Ground Advantage. Specifically, during site visits at mail processing facilities, employees stated Ground Advantage allowed for more efficient and faster processing. Further, we learned from employees at select delivery units that advantages included a simplified package separation process, resulting in less handling and more straightforward employee training.

<sup>10</sup> Our timeframe of review included the first nine months in which Ground Advantage was launched as a package shipping service.

<sup>11</sup> Service performance goals obtained from Informed Visibility, Service Performance Dashboard.

<sup>12</sup> The difference in total package volume from July 2022 through March 2023 (3,797,410,468) to July 2023 through March 2024 (3,911,310,976) is 113,900,508, a 2.99 percent increase, based on Postal Service data.

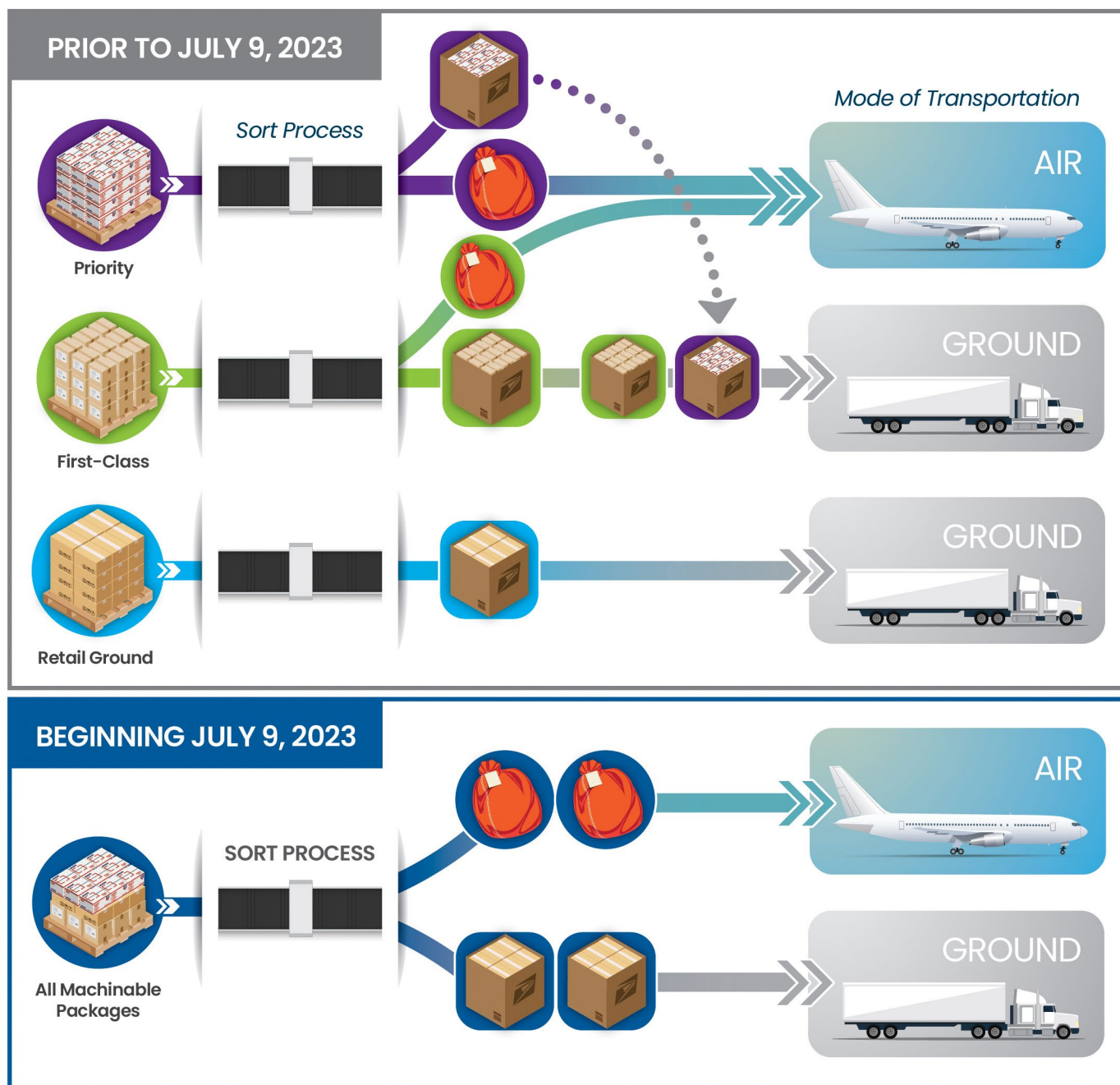
<sup>13</sup> The difference in Priority Mail volume from July 2022 through March 2023 (591,563,066) to July 2023 through March 2024 (454,533,445) is 137,029,621, a 23.1 percent decrease, based on Postal Service data.

<sup>14</sup> Package shipping services from July 2023 to March 2024 included Priority Mail Express, Priority Mail and Ground Advantage.

<sup>15</sup> Allows retail employees to do a basic sort of packages to reduce handling at mail processing facilities.

<sup>16</sup> Mail prepared and loaded for transportation.

Figure 1. USPS Mail Flow for Packages



Source: OIG analysis of the USPS mail flow for packages.

Note: Beginning July 9, 2023, the mode of transportation for Ground Advantage and Priority Mail packages can vary based on distance, volume, density, and customer shipping patterns.

# Finding #1: Service Performance of Package Shipping Services

Table 2. Service Performance of Package Shipping Services From July 2023 Through March 2024

Package Shipping Service	Total Volume	Failed Volume	Percent Failed (%)	Percent <sup>17</sup> On Time (%)	Goal Percent On Time (%)
Priority Mail Express	13,465,063				
Priority Mail	454,533,445				
Ground Advantage	1,266,148,158				
Total	1,734,146,666				

Source: Informed Visibility, Service Performance Dashboard.

We found the Postal Service did not meet service performance goals for Priority Mail Express, Priority Mail, or Ground Advantage from July 2023 to March 2024, and service failures increased from the prior year. Specifically, from July 2022 to March 2023, (or about ) of the total volume<sup>18</sup> failed to meet service performance goals. However, the percent of failures increased to approximately (or about ) from July 2023 to March 2024 (see Table 2).

To further assess service performance of package shipping services and to gain insight into the customer experience (i.e., effectiveness of package shipping services), we conducted a non-statistical mail test. Specifically, between March 7 and March 16, 2024, 84 packages (42 Priority Mail and 42 Ground Advantage) were shipped across the country between OIG staff. See Appendix A for the mail test scope and methodology.

During our mail test, of 84, or of the packages arrived within service standards.<sup>19</sup> Specifically, of 42, or of the Priority Mail packages, and of 42, or of the Ground Advantage packages arrived within service standards. However, as of July 10, 2024, one package shipped on March 13, 2024, using the Ground

“The Postal Service did not meet service performance goals for Priority Mail Express, Priority Mail, or Ground Advantage from July 2023 to March 2024.”

Advantage shipping service, had not been delivered. Further, we found some packages sent using the Ground Advantage shipping service with a 2-5 day service standard received the same service as the packages sent using the Priority Mail shipping service with a 1-3 day service standard. The detailed results of our mail test include:

- of 84, or , of the packages sent using the Priority Mail and Ground Advantage shipping services from the same post office, at the same time, with the same delivery address were delivered on the same day. Therefore, when a customer does not require package delivery within the Priority Mail service standard of 1-3 days, Ground Advantage is a more economical choice.

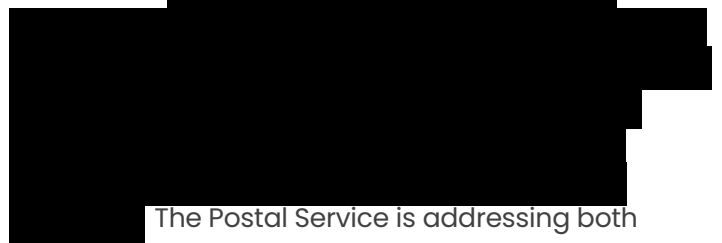
<sup>17</sup> This is the average percentage on time from the Service Performance Dashboard in Informed Visibility.  
<sup>18</sup> Total volume includes Priority Mail, Priority Mail Express, First-Class Packages, Retail Ground and Parcel Select.  
<sup>19</sup> We used the maximum number of days for the service standard; 3 days for Priority Mail and 5 days for Ground Advantage.



- One package sent using the Ground Advantage shipping service arrived a day prior to the package shipped using the Priority Mail shipping service; however, both packages arrived within their respective service standards.
- Two of 42, or 4.8 percent, of the packages sent using the Priority Mail shipping service arrived damaged. One of these packages arrived in a “USPS We Care” plastic bag with only a piece of the box, and no contents (see Figure 2).

“The Postal Service acknowledged service performance has been impacted and is addressing inefficiencies.”

The Postal Service acknowledged service performance has been impacted by inefficiencies such as the



The Postal Service is addressing both inefficiencies as it continues to implement the DFA. Specifically, as it opens more Regional Processing and Delivery Centers<sup>20</sup> nationwide, it will have the capability to transport more packages via ground transportation. Also, as the Postal Service increases package sorting capabilities on mail processing machines, it can potentially reduce package handling to a single sort. When fully implemented, these efforts should improve Postal Service efficiency, giving it the capability to meet or exceed service performance standards. Therefore, we will not make a recommendation at this time.

#### Postal Service Response

Management agreed with finding 1 and appreciated the acknowledgment that the plans, when fully implemented, should improve efficiency, giving the Postal Service the capability to meet or exceed service performance standards.

#### OIG Evaluation

The OIG considers management’s comments responsive to the finding in the report.

**Figure 2. Damaged Packages**



Source: OIG packages received during mail test.

According to the Postal Service, service performance goals were not met nationwide because operational advancements, new technologies, and revised training procedures were still being introduced during the initial two years of the DFA. During site visits, we learned the Postal Service was installing new package processing equipment and repurposing facilities to better support processing operations and streamline mail flow. While the goal is to create long-term efficiencies, in the interim, the Postal Service experienced short-term service performance challenges. When the Postal Service does not meet service standards or service performance goals, it can impact the ability to retain existing customers, attract new customers, and remain competitive in the package industry.

<sup>20</sup> Multi-purpose distribution centers with common designs, layouts, and processing equipment with the goal of merging mail processing into a central facility within a region to reduce transportation costs and improve service reliability.

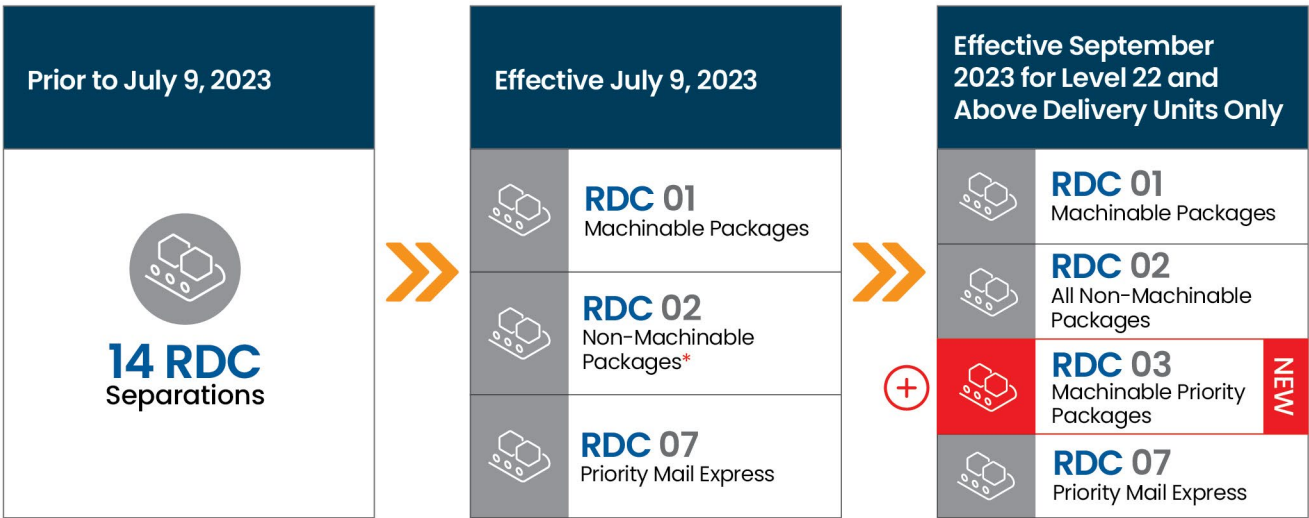
# Finding #2: Package Separation by Retail Distribution Codes

Prior to July 9, 2023, Postal Service delivery unit employees were required to separate packages into containers according to 14 different RDCs, when preparing packages for dispatch. Additionally, the employees were to affix a placard<sup>21</sup> with a barcode to each container, identifying its contents. With the introduction of Ground Advantage and the discontinuation of Parcel Select Ground, Retail Ground, and First-Class Package shipping services, the Postal Service issued work instructions, effective July 9, 2023, reducing the required number of RDC separations from 14 to three. The change was meant to streamline containers received at mail processing facilities and minimize additional handling by processing employees. In September 2023, the Postal Service issued additional guidance

– effective only at Level 22<sup>22</sup> and above delivery units. The guidance outlines a newly created RDC and requires Level 22 and above delivery units to separate machinable<sup>23</sup> Priority packages from the rest of the machinable packages (see Figure 3).

During site visits to the selected Level 22 and above delivery units, we observed three of 18 units, or 17 percent, where machinable Priority packages were not separated from other machinable packages and labeled with the corresponding placard, as required.<sup>24</sup> For example, at the Jonesboro, Georgia, Main Office, we observed machinable Priority packages commingled with other machinable packages rather than in a separate container (see Figure 4).

Figure 3. RDC Separation for Packages



Source: OIG analysis of Postal Service guidance.<sup>25</sup>

\* Non-machinable packages are those packages greater than 15 inches high, 22 inches long, 18 inches wide, and weigh more than 25 pounds.

21 Printed signage referred to as Mail Transport Equipment Labeler (MTEL) placards.  
22 A level is assigned to a delivery unit based on a combination of the responsibilities of the postmaster, the number of employees, the size of the facility, revenue, volume, and various operations performed within the delivery unit.  
23 Machinable packages have a maximum size of 15 inches high, 22 inches long, and 18 inches wide, and a maximum weight of 25 pounds.  
24 Issues related to the separation and identification of machinable Priority packages was also identified in OIG reports, California 5 District: Delivery Operations (24-027-R24), dated March 22, 2024, and Lammond Riggs Station in Washington DC.: Delivery Operations (24-065-2-R24).  
25 Learn and Grow Mail Preparation (MTEL) Changes Level 22 and Above Only, dated September 2023, and Ground Advantage Activation Readiness Processing Divisions.

**Figure 4. Machinable Priority and Ground Advantage Packages Not Separated**



Source: OIG photo taken February 15, 2024, at the Jonesboro, GA, Main Office.

This occurred because Postal Service managers and employees were not aware of the new requirement to separate machinable Priority packages from other machinable packages.

“Ground Advantage simplified the sorting, processing, and flow of packages.”

When Level 22 and above delivery units do not separate machinable Priority packages into their own container, it is not possible to quickly identify and process these packages first, to meet Priority service standards. In addition, when this separation does not occur, manual sortation at the mail processing facilities may be required, causing potential delays,

and impacting the Postal Service’s ability to meet service standards and customer expectations for Priority packages.

#### **Recommendation #1**

We recommend the **Vice President, Retail and Post Office Operations**, communicate to all Level 22 and above delivery unit employees the requirement to create four Retail Distribution Code separations for packages prepared for dispatch.

#### **Recommendation #2**

We recommend the **Vice President, Retail and Post Office Operations**, update Postal Service guidance to include a requirement for Level 22 and above Postmasters and Station Managers to confirm packages are separated by the required four Retail Distribution Codes, and the appropriate placards are affixed to containers when prepared for dispatch.

#### **Postal Service Response**

Management agreed with finding 2 and recommendations 1 and 2.

Regarding recommendation 1, management reissued guidance and conducted training to support ongoing changes to mail preparation for Level 22 and above delivery units.

Regarding recommendation 2, management revised guidance directing installation heads, postmasters, and station managers to conduct inspections to ensure packages have been properly separated by RDCs and that appropriate placarding is affixed to containers prepared for dispatch.

Management provided documentation to the OIG requesting closure of recommendations 1 and 2 with issuance of this report.

#### **OIG Evaluation**

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

All recommendations require OIG concurrence before closure. After review of the documentation provided by Postal Service management, we concur that the actions taken are sufficient to close both recommendations. As a result, we consider recommendations 1 and 2 closed with issuance of this report.

## Looking Forward

We acknowledge Ground Advantage simplified the sorting, processing, and flow of packages through the Postal Service network and created an easy and affordable shipping solution for customers. The introduction of Ground Advantage also positioned the Postal Service to compete competitively in the package industry with potential to grow its revenue. However, as the Postal Service continues its plan to create long-term efficiencies, it is essential to monitor the progress and customer impact to proactively address the associated short-term challenges.



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# Appendix A: Additional Information

## Scope and Methodology

Our objective was to evaluate the service performance and effectiveness of package shipping services. To accomplish our objective, we:

- Reviewed applicable laws and regulations and Postal Service policies, procedures, and package shipping service standards.
- Conducted interviews with Postal Service Headquarters to gain an understanding of package processing and the Ground Advantage implementation, including the assessment of non-compliance fees for mailers using discontinued package shipping labels.
- Obtained and analyzed Postal Service package volume from July 2023 through March 2024 and compared it to package volume for the same period the year prior (July 2022 through March 2023).
- Obtained and analyzed Postal Service service performance data from July 2023 through March 2024.
- Obtained and analyzed Postal Service data pertaining to the identification of non-compliant package shipping labels and the assessment of associated mailer fees from November 2023 through March 2024.
- Judgmentally selected:
  - Six lower-performing Postal Service originating processing facilities based on the highest total volume and highest failed percentage of Ground Advantage packages from July 9, 2023, through November 30, 2023.
  - Two higher-performing Postal Service originating processing facilities based on the highest total volume and lowest failed percentage of Ground Advantage packages from July 9, 2023, through November 30, 2023.
- One Postal Service originating facility that processed packages destined for a facility outside the continental United States.
- Eighteen Level 22 and above delivery units serviced by the selected originating processing facilities (see [Table 3](#)).
- Conducted unannounced site visits at the selected Postal Service processing facilities and delivery units from January through March 2024 to interview employees and management and observe package entry, dispatch, and processing practices.
- Conducted a non-statistical mail test to determine whether packages arrived within service standards and to gain insight into the customer experience. Specifically, between March 7 and March 16, 2024, 84 total packages (42 Priority Mail and 42 Ground Advantage) were shipped. Details of the mail test included:
  - Used the small flat-rate box for Priority Mail and a cardboard box of the sender's choice for Ground Advantage. Each package weighed less than one pound.
  - Shipped one Priority Mail and one Ground Advantage package at the same time, from the same post office to the same destination address. Locations included: San Francisco, CA; Denver, CO; Dallas, TX; El Paso, TX; Fort Worth, TX; and Pittsburgh, PA areas.
  - Recorded receipt of each package and retained Postal Service tracking information.

**Table 3. OIG Site Visit Locations**

Facility	Associated Delivery Unit
Milwaukee, WI, Mail Processing Annex	Brookfield Main Office
	Kenosha Main Office
Houston, TX, North Annex Delivery Distribution Center	Cornerstone Station
	Greens North Station
Chicago, IL, Network Distribution Center (NDC)	Daniel J Doffyn/Kedzie Grace Station
	Fort Dearborn Station
Atlanta, GA, Processing and Distribution Center (P&DC)	Forest Park Main Office
	Jonesboro Main Office
Oakland, CA, P&DC	Alameda Main Office
	Hayward Main Office & Vehicle Maintenance Facility
San Francisco, CA, NDC	Daly City Main Office
	Menlo Park Main Office
Kansas City, MO, P&DC	James Crews Station
	Lees Summit Main Office
St. Louis, MO, Annex	Ballwin Main Office
	Chesterfield Main Office
Portland, OR, P&DC	East Portland Station
	Beaverton Main Office

Source: OIG judgmentally selected sites.

We conducted this performance audit from December 2023 through July 2024 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 12, 2024, and included their comments where appropriate.

In planning and conducting the audit, we obtained an understanding of Postal Service’s delivery

and processing 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 five components were significant to our audit objective:

- Control environment
- Risk assessment
- Control Activities
- Information and Communication; and
- Monitoring.

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

We assessed the reliability of package volume data by performing tests for data completeness, reasonableness, accuracy, and validity. We determined that the data was sufficiently reliable for the purposes of this report.

## Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date	Monetary Impact
<i>Lammond Riggs Station in Washington DC., Delivery Operations</i>	The objective was to evaluate mail delivery operations and property conditions at the Lammond Riggs Station in Washington, DC.	<a href="#">24-065-2-R24</a>	April 11, 2024	\$0
<i>California 5 District: Delivery Operations</i>	The objective was to evaluate mail delivery operations and property conditions at the Dockweiler Station, Downtown Long Beach Station, and Inglewood Carrier Annex.	<a href="#">24-027-R24</a>	March 22, 2024	\$0
<i>Efficiency of Operations at the North Houston Processing and Distribution Center, Houston, TX</i>	The objective was to evaluate the efficiency of operations at the North Houston P&DC.	<a href="#">23-150-R24</a>	November 28, 2023	\$0
<i>Service Performance During the Fiscal Year 2022 Peak Mailing Season</i>	To evaluate the Postal Service's performance during the FY 2022 peak mailing season and implementation of its peak season preparedness plan.	<a href="#">22-039-R22</a>	June 23, 2022	\$0
<i>Nationwide Service Performance</i>	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.	<a href="#">21-120-R21</a>	September 20, 2021	\$0
<i>Assessment of the U.S. Postal Service's Service Performance and Costs</i>	To analyze service performance and cost trends of the Postal Service over the last five years.	<a href="#">NO-AR-19-008</a>	September 17, 2019	\$0



# Appendix B: Management's Comments



July 5, 2024

JOHN CIHOTA  
DIRECTOR, AUDIT SERVICES

*SUBJECT: Management Response: Effectiveness of Package Shipping Services  
(Report Number 24-013-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, Effectiveness of Package Shipping Services (Report Number 24-013-DRAFT).

Finding #1 - Management appreciates the acknowledgement that our plans, when fully implemented, should improve our efficiency, giving us the capability to meet or exceed service performance standards.

Regarding the statement that "[REDACTED] of 84, or [REDACTED] of the packages sent using the Priority Mail and Ground Advantage shipping service from the same post office, and at the same time, with the same delivery address were delivered on the same day". [REDACTED]

In some cases, [REDACTED]

In other cases, [REDACTED]

[REDACTED] for Ground Advantage.

Finding #2 - The OIG inferred that employees at Level 22 and above offices were not aware of the new Retail Distribution Code requirements for separating machinable Priority packages from other machinable packages. However, Management was able to provide documentation showing it had given ample notification and instruction to employees via Learn & Grows, Standard Work, and District Leadership calls.

Following are Management's comments on each of the two recommendations.

Recommendation 1:

We recommend the **Vice President, Retail and Post Office Operations**, communicate to all Level 22 and above delivery unit employees the requirement to create four Retail Distribution Code separations for packages prepared for dispatch.

Management Response/Action Plan: Management **agrees**.

Management has communicated – and will continue to do so - to all Level 22 and above delivery unit employees the requirement to create Retail Distribution Code separations for packages prepared for dispatch. In addition, Management has reissued Standard Work Instructions and training - along with a Vice President Letter to Area Vice Presidents, District Managers, and Managers, Integration Operations. Mail Transportation Equipment Labeler (MTEL) Training was again conducted during May Learn & Grows that supports ongoing changes to mail preparation.

Management provided documentation to the OIG and is requesting Closure at Issuance for this Recommendation.

Target Implementation Date: 08/31/24

Responsible Official:

Manager, Integrated Operations Processing & Logistics

Recommendation 2:

We recommend the **Vice President, Retail and Post Office Operations**, update Postal Service guidance to include a requirement for Level 22 and above Postmasters and Station Managers to confirm packages are separated by the required four Retail Distribution Codes, and the appropriate placards are affixed to containers when prepared for dispatch.

Management Response/Action Plan: Management **agrees**.

Management has added language to the Standard Work Instructions directing Installation Heads, Postmasters and Station Managers, to conduct periodic inspections to ensure packages have been properly separated by Retail Distribution Codes and that appropriate placarding has been affixed to containers prepared for dispatch.

Management provided documentation to the OIG and is requesting Closure at Issuance for this Recommendation.

Target Implementation Date: 08/31/24

Responsible Official:

Manager, Integrated Operations Processing & Logistics

E-SIGNED by ELVIN MERCADO  
on 2024-07-05 14:59:14 EDT

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Elvin Mercado

Vice President, Retail and Post Office Operations

*cc: Corporate Audit & Response Management*

# OFFICE OF INSPECTOR GENERAL

UNITED STATES POSTAL SERVICE



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