

Efficiency of Operations at the Louisville Processing and Distribution Center, Louisville, KY

AUDIT REPORT

Report Number 25-073-R25 | June 4, 2025



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Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

June 4, 2025

MEMORANDUM FOR: FRANK VEAL
CENTRAL DIVISION DIRECTOR,
PROCESSING OPERATIONS

JENNIFER SZABO
CENTRAL DIVISION DIRECTOR,
LOGISTICS

A handwritten signature in black ink, reading "Sean Balduff", is centered below the memorandum recipients.

FROM: Sean Balduff
Director, Field Operations, Central & Southern

SUBJECT: Audit Report – Efficiency of Operations at the Louisville Processing and
Distribution Center, Louisville, KY (Report Number 25-073-R25)

This report presents the results of our audit of the Efficiency of Operations at the Louisville Processing and Distribution Center.

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. All 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.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Jennifer Schneider, Audit Manager, or me at 703-248-2100.

Attachment

cc: Postmaster General
Chief Processing and Distribution Officer and Executive Vice President
Chief Logistics and Infrastructure Officer and Executive Vice President
Vice President, Processing and Maintenance Operations
Vice President, Logistics
Vice President, Eastern Regional Processing Operations
Central Regional Director, Logistics
Corporate Audit Response Management

Results

Background

The U.S. Postal Service needs effective and productive operations to fulfill its mission of providing prompt, reliable, and affordable mail service to the American public. It has a vast transportation network that moves mail and equipment among approximately 315 processing facilities and 31,200 post offices, stations, and branches. The Postal Service is transforming its processing and logistics networks to become more scalable, reliable, visible, efficient, automated, and digitally integrated. This includes modernizing operating plans and aligning the workforce; leveraging emerging technologies to provide world-class visibility and tracking of mail and packages in near real time; and optimizing the surface and air transportation network. The U.S. Postal Service Office of Inspector General (OIG) reviews the efficiency of mail processing operations at facilities across the country and provides management with timely feedback to further the Postal Service’s mission.

This report presents the results of our self-initiated audit of the efficiency of operations at the Louisville Processing and Distribution Center (P&DC) in Louisville, KY (Project Number 25-073). We judgmentally selected the Louisville, KY P&DC based on recent service delays in the Greater Louisville, KY Area. In addition, we reviewed key mail processing metrics, such as first and last mile failures;¹ workhours; scanning compliance;² and late, canceled, and extra trips. The Louisville P&DC is in the Central Division and processes letters and parcels. The Louisville P&DC services multiple 3-digit ZIP Codes in urban and rural communities³ (see Table 1).

Table 1. Population Demographics

3-Digit ZIP Codes	Urban Population	Rural Population	Total Population
400-406	1,576,894	547,705	2,124,599
413-414	0	57,273	57,273
427	65,485	121,958	187,443
471	168,213	139,174	307,387

Source: Postal Service National Distribution Labeling List and 2020 Census Bureau data.

Network Processing Initiatives in the Louisville Region

The Postal Service recently introduced the Originating Transfer Hub (OTH), a new method for handling packages and mail within its network. OTH is designed for smaller-volume sites, minimizing separations of originating mail to streamline operations. The goal is to implement this sorting program in many small and medium-sized sites to enhance turnaround efficiency while reducing separations and excessive handling. Packages that originate and destinate within the same geographic area are finalized through this sort plan. As part of the initiative, the Louisville P&DC serves as an OTH for outbound package volume from the Lexington P&DC and the Evansville Mail Processing Annex (MPA). The Louisville P&DC took on this new role on February 10, 2025.

1 First mile failures occur when a mailpiece is collected and does not receive a processing scan at the origin processing facility on the day that it was intended. Last mile failures occur after the mailpiece has been processed at a processing facility on a final processing operation and is not delivered to the customer on the day it was intended.

2 Scans include load, depart, unload, close, assign, and arrive.

3 We obtained ZIP Code information related to population and urban/rural classification from 2020 Census Bureau information.

Objective, Scope, and Methodology

Our objective was to evaluate the efficiency of operations at the Louisville P&DC.

To accomplish our objective, we focused on five audit areas: mail clearance times;⁴ delayed mail; late, canceled, and extra outbound trips; dock scanning; and security of registry items. We reviewed Surface Visibility Web (SVWeb)⁵ data for late, canceled, and extra trips, as well as scan compliance for the period from March 1, 2024, to February 28, 2025. Further, we identified mail clearance time goals for the Louisville P&DC and compared them with operations shown in the Run Plan Generator report.⁶ During our site visit the week of March 31, 2025, we interviewed P&DC management and observed mail processing and dock operations.

During this time, the OIG also audited three delivery units⁷ serviced by the Louisville P&DC. We will provide the results of those audits to Postal Service management in separate reports. See [Appendix A](#) for additional information about our scope and methodology.

Results Summary

We identified deficiencies with four of the five areas we reviewed that affected the efficiency of operations at the Louisville P&DC (see Table 2).

Table 2. Summary of Results

Audit Area	Issues Identified	
	Yes	No
Clearance Times	X	
Delayed Mail	X	
Late, Canceled, and Extra Outbound Trips	X	
Scan Compliance	X	
Security of Registry Items		X
Other Issues – Facility Safety and Security	X	

Source: Results of OIG data reviewed from fiscal years 2024 and 2025 and fieldwork conducted from March 31 to April 4, 2025.

We observed registry cage conditions and interviewed personnel to determine if procedures over the handling and security of registered mail were being followed. We did not find any systemic issues.

4 The latest time committed mail can clear an operation for proper dispatch.

5 A website dedicated to the Surface Visibility program, which provides real-time transportation updates and reports on the movement of trailers in the surface network. The data captured to identify early, on-time, late, or canceled trips is also used to evaluate and improve transportation schedules.

6 An application mail processing facilities use to plan machine utilization based on volume, clearance times, and other criteria.

7 The three delivery units were Iroquois Station, Louisville, KY (project number 25-074-1); Middletown Branch, Louisville, KY (project number 25-074-2); and Pleasure Ridge Park Branch, Louisville, KY (project number 25-074-3).

Finding #1: Clearance Times

What We Found

From November 2024 to January 2025, the Louisville P&DC did not consistently meet its clearance times for letters and packages. Specifically, letter processing went past the clearance time target 20 out of 88 days (23 percent) while package processing went past the clearance time 34 out of 92 days (37 percent). During our observations the week of March 31, 2025, letters went past the clearance time target one of the four days reviewed. Package processing met clearance time targets during our review.

Why Did It Occur

Management stated that missed clearance times were primarily due to increased outgoing volume resulting from the facility becoming an OTH. The Louisville P&DC began sorting outgoing letters and flats from the Lexington P&DC in February 2025. Management stated the increase in volume surpassed the anticipated volume upon which they based staffing decisions.

Employee attendance issues were also a contributing factor to missed clearance times.⁸ Management asserted there were normally about 20 to 30 unscheduled absences for each shift and supervisors lacked engagement with employees to correct the behavior.

What Should Have Happened

The Postal Service has established service standards⁹ for measuring service performance. Management should verify the mail is processed timely to meet clearance times and the established service standards. In addition, Postal Service policy¹⁰ states that management is responsible for controlling unscheduled absences; including informing employees of leave regulations and discussing attendance records with individual employees when warranted.

Effect on the Postal Service and Its Customers

Missing clearance times increases the likelihood that mail will not be taken to the dock in time for dispatch to delivery units and will be delayed. This could lead to mail not being delivered to customers on time and adversely affect the Postal Service brand.

Management Actions

Since being assigned to the facility in January 2025, the plant manager stated he began meeting with managers and supervisors every two weeks to discuss corrective actions with staff. In addition, the plant hired an attendance control officer, who began April 28, 2025. Additionally, the facility was recently approved to hire 118 more employees in processing and logistics, and began onboarding new staff during our audit. Based on management actions taken, we are not making a recommendation regarding attendance control.

Recommendation #1

We recommend the **Central Division Director, Processing Operations**, develop and implement a plan to allocate sufficient resources to timely process mail daily.

Postal Service Response

The Postal Service agreed with this finding and the associated recommendation. Management stated that, since the audit, it has hired 70 additional employees. Management will also assess staffing and realign where necessary to ensure clearance times are met. The target implementation date is August 31, 2025. See [Appendix B](#) for management's comments in their entirety.

OIG Evaluation

The OIG considers management's comments responsive to the recommendation.

⁸ As of March 17, 2025, the Louisville P&DC's employee availability for processing was 82.98 percent, falling short of the Postal Service's goal of 89 percent.

⁹ A stated goal for service achievement for each mail class.

¹⁰ *Employee and Labor Relations Manual*, Section 511.42, dated March 2024.

Finding #2: Delayed Mail

What We Found

During our observations at the P&DC on April 1 and 2, 2025, we identified about 112,864 pieces of delayed mail. This consisted of letters in the manual letter operation unit and packages on the workroom floor (see Figures 1 and 2). Some of the delayed letters in the manual operation unit had been there since January 30, 2025. Management properly reported this mail in the Mail Condition Visualization (MCV)¹¹ system during our visit.

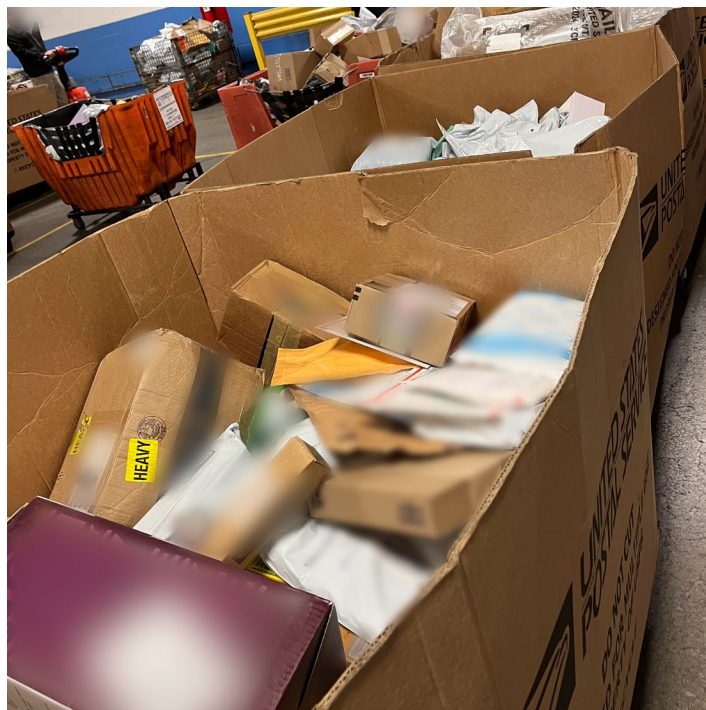
We also identified approximately 177 potentially delayed packages in the Priority Mail Express area that were not dispatched timely and were not reported as delayed in the MCV system (see Figure 3).

Figure 1. Example of Delayed Mail in the Manual Letter Unit



Source: OIG photo taken April 1, 2025.

Figure 2. Example of Delayed Packages on the Workroom Floor



Source: OIG photo taken April 2, 2025.

Figure 3. Example of Potentially Delayed Priority Express Mail



Source: OIG photo taken April 1, 2025

¹¹ MCV provides near real-time visibility of a facility's on-hand volume, delayed processing volume, delayed dispatch volume, and oldest mail date by mail category and processing operation and stores historical trailer information.

Why Did It Occur

The delayed letters we identified were partially due to the attendance issues reported in [Finding 1](#). Specifically, when there are staffing shortages in the automated letter and package processing units, management moves employees from the manual operations unit to process automated letter mail and packages. Management also cited a lack of oversight in the manual operations unit. The automation supervisor was responsible for overseeing manual operations. However, due to the unit's location in a room at the opposite end of the building, active supervision was not maintained.

Management stated delayed packages on the workroom floor were caused by increased package volume without increased staffing. The processing support manager asserted they receive approximately 20,000–30,000 more packages daily since becoming an OTH and required additional employees for processing.

Management did not properly report the potentially delayed packages in the Priority Mail Express area because the process support specialists did not know to include the Express Mail area in their daily count of delayed mail. Plant management was not aware of this oversight and stated they would instruct

processing support personnel to include this area in the delayed mail count.

What Should Have Happened

Postal Service policy¹² states that management should continually gauge how well they are managing the flow of mail and have control over the workload, personnel, and equipment needed for a well-run operation. As part of Postal Service practice, a delayed mail count should be performed and accurately reported in the MCV system daily.¹³

Effect on the Postal Service and Its Customers

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

Management Actions

During our audit, management stated they were in the process of reorganizing the plant to relocate the manual operation unit to a more centralized location on the workroom floor. Management also recently hired an attendance control officer. In addition, in [Finding 1](#) we recommended management develop and implement a plan to allocate sufficient resources to timely process mail daily. Therefore, we are not making any additional recommendations for the issues related to delayed letters and packages identified in the manual operations section and the workroom floor.

¹² Handbook PO-413, *Platform Operations*, Section 2-4.4, dated December 2013.

¹³ *Mail Condition Visualization Manual Line Item Entry Job Aid*, updated October 26, 2020.

Recommendation #2

We recommend the **Central Division Director, Processing Operations**, complete the reorganization of operations at the Louisville Processing and Distribution Center to maximize visibility of the manual operation unit for effective monitoring and supervision.

Recommendation #3

We recommend the **Central Division Director, Processing Operations**, verify that delayed Priority Mail Express pieces are documented in the Mail Condition Visualization system daily.

Postal Service Response

The Postal Service agreed with this finding and the associated recommendations. Regarding

recommendation 2, management stated that, on April 4, 2025, it moved the manual operations unit to the operations area for increased visibility and direct oversight. Regarding recommendation 3, management stated it will verify that all mail types are documented in MCV. Management will also ensure Priority Mail Express packages are entered daily on the On-Hand Manual line item in the Mail Condition Visualization system. The target implementation date for both recommendations is June 30, 2025.

OIG Evaluation

The OIG considers management's comments responsive to the recommendations.

Finding #3: Late, Canceled, and Extra Outbound Trips

What We Found

From March 1, 2024, through February 28, 2025, there were a total of 18,127 outbound late trips, 14,013 outbound canceled trips, and 2,997 outbound extra trips at the Louisville P&DC. These trips represent about 54.6 percent of all trips at the facility (see Table 3).

Table 3. Outbound Transportation Metrics

Transportation Metric	Number	Percent of Total Trips
Late Trips	18,127	28.2
Canceled Trips	14,013	21.8
Extra Trips	2,997	4.7

Source: SVWeb.

Why Did it Occur

Late and extra trips were generally due to the attendance and staffing issues identified in [Finding 1](#). Specifically, there were not enough people daily to process delivery point sequence (DPS)¹⁴ mail, transport it to the dock, and load the trucks timely. Therefore, some mail did not make the scheduled dispatch. Extra trips occurred when drivers returned for the remainder of the mail. In addition, extra trips occurred every Monday due to high mail volume overfilling the trucks. Further, the Louisville P&DC has not completed a Postal Vehicle Service (PVS)¹⁵ transportation schedule review since 2022. The goal of a PVS transportation schedule review includes eliminating stand-by time (when drivers are not needed for a specific trip or related action but are required to be paid) and aligning schedules and staffing across all shifts.

Management attributed canceled trips to lack of scanners for dock technicians to scan trips. When the highway contract route (HCR) trips were not scanned, supervisors manually canceled the trips in the system to trigger payment to the contractor.

What Should Have Happened

According to Postal Service policy,¹⁶ key elements to effective dispatch and routing include evaluating transportation performance to planned schedules and ensuring that planned dispatches are compatible with an effective mail arrival profile at the destination. Transportation management at P&DCs are required to complete annual PVS transportation schedule reviews to optimize PVS operations.

Effect on the Postal Service and its Customers

When there are late, canceled, and extra trips, there is an increased risk the mail will not be delivered on time, which can adversely affect Postal Service customers, harm the brand, send mailers to competitors, increase operating costs, and cause the Postal Service to lose revenue. In addition, inappropriately canceled trips can lead to inaccurate data that management relies on for decision-making.

Management Actions

Management recently hired an attendance control officer to address staffing issues and began hiring additional staff. In addition, we recommended in [Finding 1](#) that they develop a plan to allocate sufficient resources to timely process mail. Therefore, we are not making any additional recommendations for the issues related to attendance and staffing issues affecting late and extra trips. Management recently ordered 31 new scanners for the facility which should improve the scanning of HCR trips. Therefore, we are not making a recommendation for the canceled trips.

¹⁴ An automated process of sorting mail by carrier routes into delivery order, eliminating the need for carriers to sort the mail manually in the delivery unit prior to their departure to the routes.
¹⁵ A service Postal Service employees use to transport mail between mail processing facilities, post offices, post office branches, post office stations, detached mail units, various postal customers, and terminals.
¹⁶ Handbook M-22, *Dispatch and Routing Policies*, dated July 2013.

Recommendation #4

We recommend the **Central Division Director, Logistics Operations**, complete a review of Postal Vehicle Service transportation schedules and verify related actions are implemented at the Louisville Processing and Distribution Center.

Postal Service Response

The Postal Service agreed with this finding and the associated recommendation. Management

stated the headquarters PVS team has scheduled a transportation schedule review for June 2025. Management will also make appropriate adjustments and monitor for compliance. The target implementation date is August 31, 2025.

OIG Evaluation

The OIG considers management's comments responsive to the recommendation.

Finding #4: Scan Compliance

What We Found

The Louisville P&DC did not consistently meet the load¹⁷ and unload¹⁸ scanning goal. From March 1, 2024, to February 28, 2025, the average score for load scanning was 86.26 percent and the average for unload scanning was 88.59 percent. This is below the Postal Service’s goal of 93.69 percent in FY 2025 and 93.25 percent in FY 2024 (see Table 4).

Table 4. Scanning Compliance at the Louisville P&DC From March 2024 to February 2025

Month	Scan Type	
	Load	Unload
February 2025	77.10	83.49
January 2025	59.36	59.07
December 2024	71.72	75.57
November 2024	89.24	91.11
October 2024	88.49	92.66
September 2024	90.87	93.28
August 2024	92.52	94.57
July 2024	92.91	94.57
June 2024	93.29	95.15
May 2024	93.77	94.79
April 2024	94.42	94.84
March 2024	91.44	94.01

Source: SVWeb

Why Did it Occur

Scans were not being performed consistently due to a lack of management oversight. Specifically, plant management stated they were not actively

monitoring scan data daily. Further, management stated there is a shortage of scanners for dock technicians and lack of accountability for the remaining scanners. For example, the facility had 109 scanners with a status of “Issued” in their scanner inventory as of March 25, 2025. However, 38 of these scanners had not transferred any data since January 1, 2024.

In addition, expeditors in operations often print extra placards¹⁹ that are not used and not terminated. Printing a placard causes the Surface Visibility system to expect future scans of the placard. If the extra placards are not terminated, the placard will appear to have no load and unload scans in the system.

What Should Have Happened

Postal Service policy²⁰ states that employees are required to perform outbound and inbound scans of containers and trailers to ensure 100 percent mail visibility. In addition, Postal Service policy²¹ requires the safeguarding of equipment and obligates managers and supervisors to maintain awareness of equipment status. Management also stated employees should terminate all unused placards.

Effect on the Postal Service and its Customers

Low scanning compliance could contribute to inaccurate utilization data, missent mail, and operational inefficiencies. Management uses scanning data to streamline outbound container operations, enhance dispatch quality, and increase efficiency in the use of transportation containers and trailers. When scans are not made, management may not have the information needed to make accurate operational decisions. In addition, lack of internal controls over the scanner inventory can increase the risk of loss or misappropriation of the scanners.

17 Performed when the container is loaded onto the trailer for dispatch.

18 Performed when the container is unloaded from a trailer.

19 A large sign or card attached to various types of mail transport equipment that provides internal information about the content, mail processing operation, or dispatch of the mail.

20 *Surface Visibility Program User booklet*, updated November 14, 2024.

21 *Handbook F-1, Accounting and Reporting Policy*, section 3-6.8.2, dated January 2015.

Recommendation #5

We recommend the **Central Division Director, Processing Operations**, coordinate with the **Central Division Director, Logistics Operations**, to develop and implement a plan to verify scanning at the Louisville Processing and Distribution Center is consistently completed in accordance with policy.

Recommendation #6

We recommend the **Central Division Director, Processing Operations**, train employees responsible for safeguarding scanners at the Louisville Processing and Distribution Center on proper scanner accountability procedures and verify these procedures are followed.

Recommendation #7

We recommend the **Central Division Director, Processing Operations**, verify proper placarding procedures are followed and consistently completed at the Louisville Processing and Distribution Center.

Postal Service Response

The Postal Service agreed with this finding and the associated recommendations. Regarding recommendation 5, management stated it will conduct a national training rollout on proper scanning procedures May 31 through June 13, 2025. Management will also conduct reviews to monitor for compliance. The target implementation date is July 31, 2025. Regarding recommendation 6, management stated it will provide scanner accountability training to the general office clerk to ensure sufficiency of scanner inventory. Management will also conduct reviews to monitor for compliance. The target implementation date is June 30, 2025. Regarding recommendation 7, management stated it will provide standard work instructions to all expeditors regarding proper placard printing procedures to prevent excess, unterminated placards. Management will also conduct reviews to monitor consistency and compliance. The target implementation date is July 31, 2025.

OIG Evaluation

The OIG considers management's comments responsive to the recommendations.

Finding #5: Safety and Security

What We Found

During our site observations, we observed several safety and security issues. Specifically, we observed:

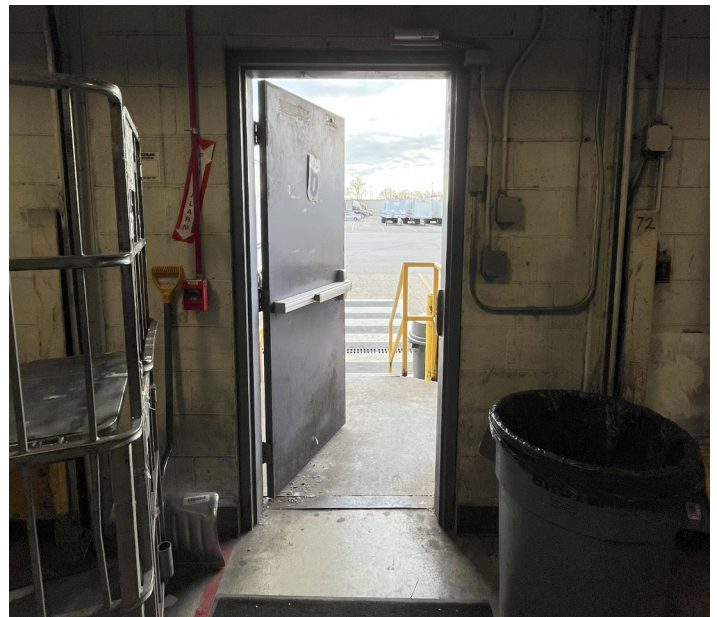
- Trucks and trailers parked at the docks without wheel chocks placed next to the tire to prevent them from rolling away (see Figure 4).
- Three fire extinguishers were blocked, and one was missing monthly inspections.
- An open unsecured door on the east dock (see Figure 5).
- Empty mail transport equipment and mail blocking dock doorways (see Figure 6).

Figure 4. Trailer Without Wheel Chocks at the Louisville P&DC



Source: OIG photo taken April 1, 2025.

Figure 5. Open Dock Door



Source: OIG photo taken April 2, 2025.

Figure 6. Empty Mail Transport Equipment and Mail Blocking Doorways



Source: OIG photos taken April 1 and 2, 2025.



Why Did It Occur

Management was unaware that truck drivers were not using wheel chocks. The maintenance manager was not aware of the blocked fire extinguishers, the fire extinguisher missing a monthly inspection, or the open dock door. However, they were aware of the blocked doorways and stated that there is a high volume of mail and limited space to accommodate it on the workroom floor. In addition, the plant manager stated that delivery units often improperly send empty equipment on the trucks to the plant, which management was not continuously monitoring.

What Should Have Happened

Postal Service policy²² states that PVS drivers must prevent trailers from rolling away from docks by using wheel chocks. Further, Postal Service policy states that door locks must not be disabled or doors propped open.²³ In addition, the Occupational Safety and Health Administration (OSHA) requires employers to provide a safe and healthy workplace free of recognized hazards.²⁴

Effect on the Postal Service and Its Customers

When employees do not observe safe working practices and safety rules, there is an increased risk of employee accidents and injuries. Also, when the Postal Service does not preserve and protect the security of the mail in its custody, there is an increased risk of someone committing unauthorized acts such as opening, inspecting, reading, tampering, or delaying mail.

Recommendation #8

We recommend the **Central Division Director, Logistics**, provide training to personnel responsible for truck safety, and verify all drivers are using wheel chocks at the Louisville Processing and Distribution Center.

Recommendation #9

We recommend the **Central Division Director, Processing**, verify that fire extinguishers are not blocked and monthly fire extinguisher inspections are completed at the Louisville Processing and Distribution Center.

Recommendation #10

We recommend the **Central Division Director, Processing Operations, coordinate with the Central Division Director, Logistics**, to verify facility doors are secured at the Louisville Processing and Distribution Center.

Recommendation #11

We recommend the **Central Division Director, Processing Operations, coordinate with the Central Division Director, Logistics**, to implement a plan to store empty mail transport equipment and mail away from doors and entryways at the Louisville Processing and Distribution Center.

²² Handbook EL-803, *Maintenance Employee's Guide to Safety*, Section 1, subsection C dated July 2020.

²³ Handbook EL-801, *Supervisor's Safety Handbook*, Section 8-16, dated July 2020.

²⁴ OSHA Act of 1970 and Handbook EL-801, *Supervisor's Safety Handbook*, dated July 2020.

Postal Service Response

The Postal Service agreed with this finding and the associated recommendations. Regarding recommendation 8, management stated it will provide a stand-up talk to PVS drivers reiterating truck safety and the requirement to use wheel chocks. Management will also conduct reviews to monitor compliance. The target implementation date is July 31, 2025. Regarding recommendation 9, management stated it will conduct visual inspections prior to the end of each work shift to ensure fire extinguishers are not blocked. Management will also complete monthly inspections of fire extinguishers. The

target implementation date is October 30, 2025. Regarding recommendation 10, management stated it will provide a stand-up talk on security policy and the requirement to secure all facility doors and will monitor daily for compliance. The target implementation date is June 30, 2025. Regarding recommendation 11, management stated it has created an area to store empty equipment and remove obstructions from doors and entryways. The target implementation date is July 31, 2025.

OIG Evaluation

The OIG considers management's comments responsive to the recommendations.

Appendix A: Additional Information

We conducted this audit from March through June 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 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 May 16, 2025, and included its comments where appropriate.

In planning and conducting the audit, we obtained an understanding of the mail processing operations 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 three components were significant to our audit objective:

- 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 control activities, information and communication, and monitoring that were significant within the context of our objectives. Our recommendations, if implemented, should correct the weaknesses we identified.

We assessed the reliability of the MCV system and SVWeb data by reviewing existing information, comparing data from other sources, observing operations, and interviewing Postal Service officials knowledgeable about the data. We determined that the data were sufficiently reliable for the purposes of this report.

Appendix B: Management's Comments



May 21, 2025

VICTORIA SMITH
DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response: Efficiency of Operations at the
Louisville Processing and Distribution Center, Louisville, KY
(Report Number 25- 073-DRAFT)

Thank you for providing the Postal Service with an opportunity to review and comment on the findings contained in the draft audit report, *Efficiency of Operations at the Louisville Processing and Distribution Center, Louisville, KY*

Management agrees with the five findings in the report on clearance times, delayed mail, late, canceled, and extra trips, scan compliance, and other issues.

The following are our comments on each of the eleven recommendations.

Recommendation 1: We recommend the Central Division Director, Processing Operations, develop and implement a plan to allocate sufficient resources to timely process mail daily.

Management Response/Action Plan: Management agrees with this recommendation.

Since the OIG visit, 34 PSEs and 36 MHAs have been onboarded. Management will assess staffing and realign where necessary to ensure clearance times are met.

Target Implementation Date: 08/31/2025

Responsible Official:
Central Division Director, Processing Operations

Recommendation 2: We recommend the Central Division Director, Processing Operations, complete the reorganization of operations at the Louisville Processing and Distribution Center to maximize visibility of the manual operation unit for effective monitoring and supervision.

Management Response/Action Plan: Management agrees with this recommendation.

On April 4, 2025, the Manual Letters section was moved from the old CFS room to operational areas for increased visibility and direct oversight.

Target Implementation Date: 06/30/2025

Responsible Official:

Central Division Director, Processing Operations

Recommendation 3: We recommend the Central Division Director, Processing Operations, verify that delayed Priority Mail Express pieces are documented in the Mail Condition Visualization system daily

Management Response/Action Plan: Management agrees with this recommendation.

On the daily conditions call, the Division Director/DMOS/DMIS verify with Plant Managers/Manager of Processing Support that all mail types are documented in MCV. More specifically, management will ensure Priority Mail Express packages are entered daily on the On-Hand Manual line item in the Mail Condition Visualization system.

Target Implementation Date: 06/30/2025

Responsible Official:

Central Division Director, Processing Operations

Recommendation 4: We recommend the Central Division Director, Logistics Operations, complete a review of Postal Vehicle Service transportation schedules and verify related actions are implemented at the Louisville Processing and Distribution Center.

Management Response/Action Plan: Management agrees with this recommendation.

The HQ PVS team has scheduled a Zero Base for June 2025, after which, appropriate adjustments will be made and monitored for compliance.

Target Implementation Date: 08/31/2025

Responsible Official:

Central Division Director, Logistics Operations

Recommendation 5: We recommend the Central Division Director, Processing Operations, coordinate with the Central Division Director, Logistics Operations, to develop and implement a plan to verify scanning at the Louisville Processing and Distribution Center is consistently completed in accordance with policy.

Management Response/Action Plan: Management agrees with this recommendation. Processing Support produces daily scan compliance reports that identify which tours present the greatest opportunity for improvement. A national training rollout on proper scanning procedures is scheduled for May 31 through June 13, 2025. Management will conduct reviews to monitor for compliance.

Target Implementation Date: 07/31/2025

Responsible Official:

Central Division Director, Processing Operations
Central Division Director, Logistics

Recommendation 6: We recommend the Central Division Director, Processing Operations, train employees responsible for safeguarding scanners at the Louisville Processing and Distribution Center on proper scanner accountability procedures and verify these procedures are followed.

Management Response/Action Plan: Management agrees with this recommendation.

Management will provide scanner accountability training to the general office clerk to ensure sufficiency of scanner inventory. In addition, management will conduct reviews to monitor for compliance.

Target Implementation Date: 06/30/2025_

Responsible Official:

Central Division Director, Processing Operations

Recommendation 7: We recommend the Central Division Director, Processing Operations, verify proper placarding procedures are followed and consistently completed at the Louisville Processing and Distribution Center.

Management Response/Action Plan: Management agrees with this recommendation.

Standard work instructions will be provided to all expeditors regarding proper placard printing procedures to prevent having excess, unterminated placards. Management will conduct reviews to monitor consistency and compliance.

Target Implementation Date: 07/31/2025

Responsible Official:

Central Division Director, Processing Operations

Recommendation 8: We recommend the Central Division Director, Logistics, provide training to personnel responsible for truck safety, and verify all drivers are using wheel chocks at the Louisville Processing and Distribution Center.

Management Response/Action Plan: Management agrees with this recommendation.

In addition to daily Gembas, Logistics management will provide a stand-up talk to PVS drivers reiterating truck safety and the requirement to use wheel chocks. Management will conduct reviews to monitor compliance.

Target Implementation Date: 07/31/2025

Responsible Official:

Central Division Director, Logistics Operations

Recommendation 9: We recommend the Central Division Director, Processing, verify that fire extinguishers are not blocked, and monthly fire extinguisher inspections are completed at the Louisville Processing and Distribution Center.

Management Response/Action Plan: Management agrees with this recommendation.

SDO's will conduct Gemba walks 30 minutes prior to the end of the tour to ensure fire extinguishers are not blocked. Additionally, fire extinguishers will be updated to reflect completion of monthly inspections.

Target Implementation Date: 10/30/2025

Responsible Official:

Central Division Director, Processing

Recommendation 10: We recommend the Central Division Director, Processing Operations, coordinate with the Central Division Director, Logistics, to verify facility doors are secured at the Louisville Processing and Distribution Center.

Management Response/Action Plan: Management agrees with this recommendation.

Management will provide a stand-up talk on security policy and the requirement to secure all facility doors. Additionally, management will perform daily Gemba walks to ensure compliance.

Target Implementation Date: 06/30/2025

Responsible Official:

Central Division Director, Processing Operations

Central Division Director, Logistics Operations

Recommendation 11: We recommend the Central Division Director, Processing Operations, coordinate with the Central Division Director, Logistics, to implement a plan to store empty mail transport equipment and mail away from doors and entryways at the Louisville Processing and Distribution Center.

Management Response/Action Plan: Management agrees with this recommendation. The re-wrap section has been converted into an MTE work cell to store empty equipment and remove obstructions from doors and entryways.

Target Implementation Date: 07/31/2025

Responsible Official:
Central Division Director, Processing Operations
Central Division Director, Logistics Operations

E-SIGNED by FRANK.D VEAL
on 2025-05-21 09:39:55 EDT

Frank Veal
Division Director, Central Processing Operations

E-SIGNED by JENNIFER.D SZABO
on 2025-05-21 10:12:58 EDT

Jennifer Szabo
Division Director, Central Logistics Operations

cc: Vice President, Regional Processing Operations (Eastern)
Corporate Audit Response Management

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