Service Performance During the Fiscal Year 2025 Peak Mailing Season

AUDIT REPORT

Report Number 25-036-R25 | July 21, 2025

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Highlights

Background

Each year, increased mail volume during the U.S. Postal Service's peak season —Thanksgiving through New Year's Eve — significantly strains its processing and distribution network. In our prior reports, we discussed how Postal Service management developed a preparedness plan to address the strain with the right amount of personnel, resources, and capacity throughout its network.

What We Did

Our objective was to evaluate the U.S. Postal Service's performance during the fiscal year (FY) 2025 peak and post-peak seasons, the implementation of its peak season preparedness plan, and operational changes to the network potentially impacting performance.

What We Found

The Postal Service lowered the performance targets for FY 2025, and it adjusted the data used to measure service performance during peak season. Even with those adjustments, the Postal Service did not meet five of the six service targets during peak season, and delays continued after peak season—a time during which the Postal Service experiences a high volume of returns—as well. Similarly, the Postal Service was not successful in meeting some of its retail and delivery goals during peak season.

Opportunities exist for the Postal Service to improve its peak season initiatives to better forecast for transportation needs in certain markets, strategically offload mail between processing facilities, and plan for the impact of increased package volume post peak season. In addition, we found that the Postal Service canceled 13,875 requested or scheduled transportation trips during the FY 2025 peak and post-peak seasons, resulting in costs of $8.8 million for the period of November 9, 2024, through January 31, 2025.

Recommendations and Management's Comments

We made 10 recommendations to address the issues identified in the report. Postal Service management agreed with the monetary impact and five recommendations and disagreed with five recommendations. Management's comments and our evaluation are at the end of each finding and recommendation. We consider management's comments responsive to the five agreed to recommendations as corrective actions should resolve the issues identified. We will work with management through the audit resolution process on the remaining five recommendations. See Appendix B for management's comments in their entirety.

Transmittal Letter

OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

July 21, 2025

MEMORANDUM FOR: DANE A. COLEMAN
VICE PRESIDENT, PROCESSING OPERATIONS

ROBERT CINTRON
VICE PRESIDENT, LOGISTICS

JOHN MORGAN
VICE PRESIDENT, DELIVERY OPERATIONS

JENNIFER VO
VICE PRESIDENT, RETAIL AND POST OFFICE OPERATIONS

STEPHEN HAGENSTEIN
EXECUTIVE DIRECTOR, LOGISITCS MODELING AND PLANNING

FROM: Kelly Thresher
Deputy Assistant Inspector General
for Field Operations

SUBJECT: Audit Report - Service Performance During the Fiscal Year 2025 Peak Mailing Season (Report Number 25-036-R25)

This report presents the results of our audit of service performance during the fiscal year 2025 peak mailing season.

All recommendations require U.S. Postal Service Office of Inspector General (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 courtesy provided by your staff. If you have any questions or need additional information, please contact John Littlejohn, Director, Seasonal Performance and Postal Regulatory Commission Directorate, or me at 703-248-2100.

Attachment

cc: Postmaster General
Corporate Audit Response Management

Results

Introduction/Objective

This report presents the results of our self-initiated audit of Service Performance During the Fiscal Year (FY) 2025 Peak Mailing Season (Project Number 25-036). Our objective was to evaluate the U.S. Postal Service's performance during the FY 2025 peak and post-peak seasons,[1] the implementation of its peak season preparedness plan, and operational changes to the network potentially impacting performance. See Appendix A for additional information about this audit.

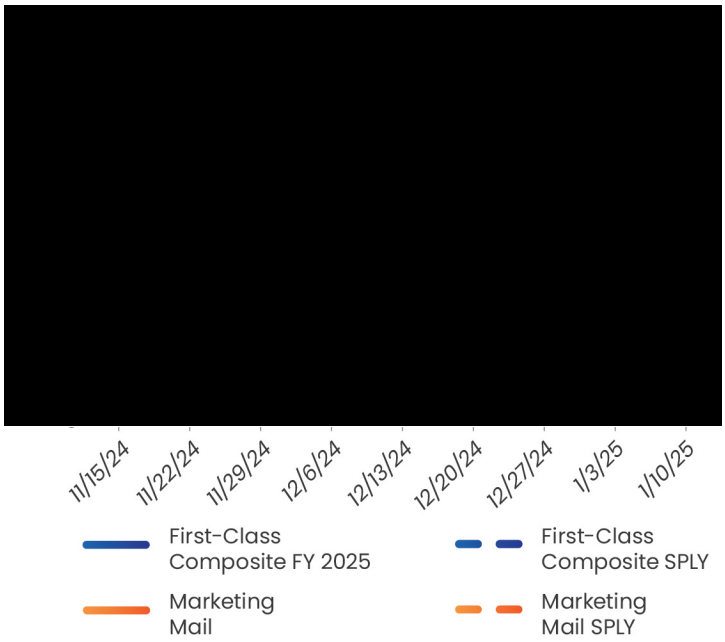
Background

Each year, increased mail volume and winter weather conditions during the U.S. Postal Service's peak season significantly strains the Postal Service's processing and distribution network. To help handle this strain, the Postal Service creates a preparedness plan with peak season initiatives and implements a year-long strategy with permanent operational changes. These initiatives are intended to help the Postal Service have the right amount of personnel, resources, and capacity throughout its processing, transportation, and delivery networks.

Mail Volume During Peak Season

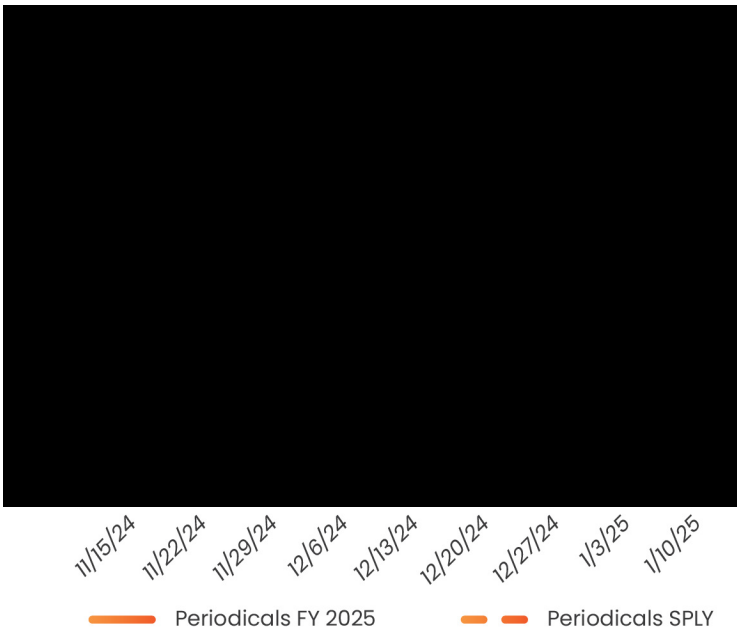
Market dominant[2] volume processed through the network decreased by 1.9 billion pieces (4.9 percent) during the FY 2025 peak season[3] compared to FY 2024 peak season (referred to throughout this report as the same period last year, or SPLY). See Figure 1 for First-Class Composite and Marketing Mail products and Figure 2 for Periodicals.

Figure 1. Peak Season Market Dominant Mail Volume, FYs 2024 and 2025



Source: U.S. Postal Service Office of Inspector General (OIG) Analysis of Postal Service Informed Visibility (IV) data.

Figure 2. Peak Season Periodical Mail Volume, FYs 2024 and 2025

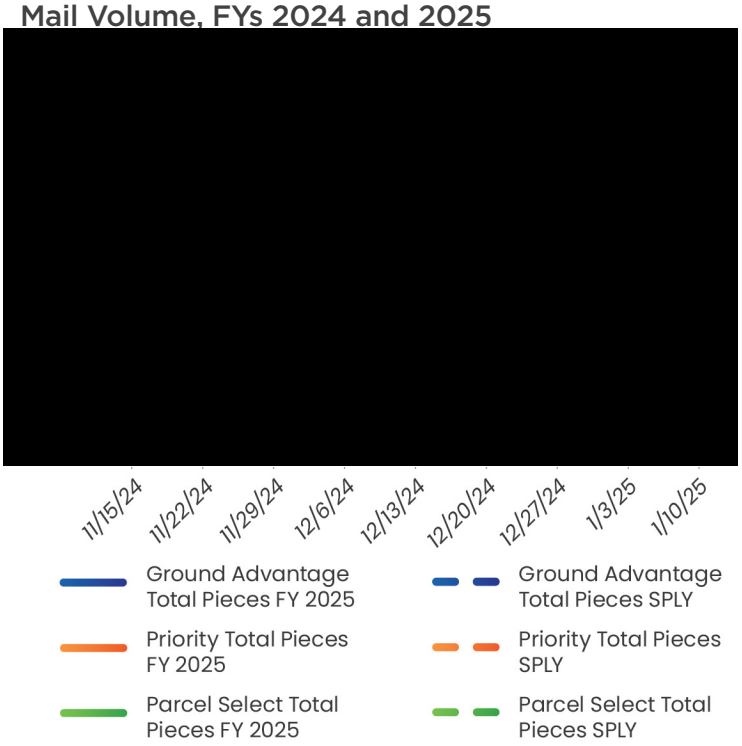


Source: OIG analysis of Postal Service IV data.

1 The peak season period is November 9, 2024, through January 10, 2025. For this report, we defined the post-peak season period to be January 11-31, 2025.
2 Market dominant products include First-Class Mail (Pre-sort and Single Piece) products, Marketing Mail, and Periodicals.
3 The FY 2025 peak season was November 9, 2024, through January 10, 2025.

Competitive product[4] volume increased by about [redacted] million pieces ([redacted] percent) during the FY 2025 peak season when compared to SPLY. Competitive product volume was driven by significant growth in Ground Advantage and had the highest increase in December 2024 (see Figure 3).

Figure 3. Comparison of Competitive Products Mail Volume, FYs 2024 and 2025



Source: OIG analysis of Postal Service IV data.

Seasonal Initiatives and Operational Changes

In prior audit reports,[5] we highlighted how Postal Service management developed a year-round strategy to prepare for peak season by implementing permanent operational changes. These strategies, coupled with peak season initiatives, were intended to lessen the strain that the volume increase places on the network. The Postal Service developed the following initiatives for the FY 2025 peak season:

Processing and Distribution Operations

- Equipment – Deploy new processing equipment, expand operations up to 20 hours, reduce manual package processing, and improve package processing productivity.
- Staffing – Maximize overtime up to 25 percent, limit peak season hiring to pre-career allocations, and hire to support Regional Processing and Distribution Center (RPDC) regions and Regional Transfer Hub (RTH)[6] strategy.
- Space – Reduce reliance on extra, temporary processing facilities.
- Network Modernization – Expand the RTH strategy to more processing operations; strategically offload[7] mail volume as necessary; and use stabilized insourced Surface Transfer Centers,[8] newly established RPDCs, and Local Processing Centers to withstand the increase in processing volume during peak season.

Logistics Operations

- Air Transportation – Develop a weekly air forecast for peak season, estimate and mitigate shortfalls by lane, and allocate air demand to air suppliers. Logistics management estimated a 10.2 percent reduction in air transportation with the establishment of a new air carrier contract and increased surface transportation due to Ground Advantage.
- Surface Transportation – Use pre-planned trips and Freight Auction to meet unanticipated demand for long-haul. Assess capacity needs, trips, routes, and locations to develop trailer and freight auction estimates and RTH strategy.
- Staffing – Hire up to 233 seasonal employees.

Retail and Delivery Operations

- Staffing – Hire 3,298 retail and delivery seasonal employees (126 city carrier assistants and 3,172 retail and delivery clerks); a 25 percent decrease in seasonal employees compared to the plan in FY 2024.
- 6-9 Play Sites – Designate delivery units with flexible delivery schedules to deliver packages before and after carrier's regular route times, from 6 a.m. to 9 a.m. and 6 p.m. to 9 p.m. Reduce the 6-9 play sites from 209 in FY 2024 to 120 in FY 2025.

4 Includes Parcel Select, Ground Advantage, and Priority Mail (Priority Mail includes Air and Surface).
5 See Appendix A, Prior Audit Coverage.
6 The RTH strategy (formerly Go East-Go West initiative) eliminates making separations for every single plant in the country by collapsing those separations into a single container and sending them to a regional hub that processes it with their originating package volume.
7 Offloading refers to the movement of mail from one transportation method to another, or from one facility to another.
8 Surface Transfer Centers are facilities where mail is consolidated and re-distributed.

- Plan B Sites – Identify a list of sites that may need assistance with additional resources for peak season. Reduce the planned number of Plan B sites from 31 in FY 2024 to 18 in FY 2025.

Our recent audit that discussed preparedness for peak season[9] found if the Postal Service's initiatives were implemented as planned and volume forecasts were accurate, it should be prepared for peak season; therefore, we did not issue any recommendations. However, we highlighted risks associated with the significant changes the Postal Service is undertaking to its network. One risk was that package volume typically increases year over year—especially the growing number of oversized packages that require more space. We also identified risks in logistics related to the Postal Service changing of its air carrier contract and moving more package volume to surface transportation. As discussed in this report, increased package volume did result in challenges to a successful peak season.

Findings Summary

The Postal Service implemented both year-round and peak-specific initiatives during the peak season. This peak season, the Postal Service improved its service performance for Ground Advantage by [redacted] percent, while service performance declined for Priority and First-Class Mail by nearly [redacted] percent each, compared to the prior year's peak season. However, the Postal Service failed to meet targets in most product lines, despite its retroactively lowering the target for on-time delivery for many of the mail products (see Table 1). Service was impacted, in part, because the Postal Service did not accurately anticipate an increase in package volume this peak season. Specifically, in certain markets it had to purchase extra transportation to move mail from over-capacity processing facilities and over-filled planes. The Postal Service also did not continue peak season initiatives into the three weeks following peak season, despite package volume remaining as high as it was during peak because of returns.

Table 1. Peak Season Service Performance and Targets, FYs 2024 and 2025

Mail Product	FY 2025 Target	Peak FY 2025 Service Performance	Peak FY 2024 Service Performance	Difference (Service Performance Peak FY 2025 vs. Peak FY 2024)
First-Class Mail Composite	88.0%	79.2%	83.1%	(3.9)
Marketing Mail	94.5%	93.3%	94.2%	(0.9)
Periodicals	84.0%	77.6%	79.0%	(1.4)
Ground Advantage Composite	[redacted]	[redacted]	[redacted]	[redacted]
Priority Mail	[redacted]	[redacted]	[redacted]	[redacted]
Parcel Select	[redacted]	[redacted]	[redacted]	[redacted]

Source: Postal Service IV data.

9 *Fiscal Year 2025 Peak Season Preparedness* (Report Number 24-132-R25, dated November 21, 2024).

Finding #1: Service Performance Declined for Most Mail Products Despite Data Adjustment

The Postal Service's FY 2025 service performance declined for most products compared to the prior peak season. This decline occurred despite lower targets (see Table 2); an unannounced, added day for delivery of package products; and incorrect delivery expectations in some markets undergoing network changes.

Table 2. Service Performance Targets, FYs 2024 and 2025

Mail Product	FY 2024 Target	FY 2025 Target	Difference
First-Class Mail Composite	92.5%	88.0%	(4.5)
Marketing Mail	94.6%	94.5%	(0.1)
Periodicals	87.3%	84.0%	(3.3)
Ground Advantage Composite	[redacted]	[redacted]	[redacted]
Priority Mail	[redacted]	[redacted]	[redacted]
Parcel Select	[redacted]	[redacted]	[redacted]

Source: Postal Service IV data.

The Postal Service retroactively added an additional scheduled delivery day for all packages delivered during peak season in FY 2025. This means that Postal Service reporting shows packages met service standards, even when they actually took an extra day to make it to their destination. For example, a package with a three-day standard that took four days to arrive would show up as having met service or been delivered on time. Management gave itself an extra day for package delivery to account for increased mail volume in the network. The Postal Service did not add an extra delivery day during peak season 2024, and it did not mention plans to add an extra day for peak season 2025 during our peak season preparedness audit.

The Postal Service has various means to communicate temporary service changes to customers, but it has mainly used Industry Alerts. In these Alerts, the Postal Service communicates temporary closures, service impacts in specific markets, and long-term changes to specific products. For example, the Postal Service added an extra day for Priority Mail in April 2020, in response to the COVID-19 pandemic.[10] Management stated that it did not announce the added day of service for network volume during the FY 2025 peak season because its competitors do not make an announcement when they add a day. However, inconsistent messaging can cause confusion and misaligned expectations for customers. The OIG made a recommendation related to communicating this type of service change in a recent audit report;[11] therefore, we are not making a similar recommendation in this report.

In addition, the Postal Service did not update how it calculated service standards when network changes were made. Specifically, the Postal Service made changes to how it processed originating mail with the newly established RPDCs in several markets, but it did not update service standards for mail products to change the anticipated delivery days in the Service Standard Directory (SSD)[12] system. This meant that despite network changes that sometimes resulted in mail traveling greater distances for processing, the SSD system was not updated to reflect the changed travel time. These misaligned expected days may have impacted the Postal Service's ability to hit service performance targets during peak season.

For example, the Postal Service launched the Atlanta RPDC in Palmetto, GA, on February 24, 2024. With this launch, the RPDC began processing originating mail for the region, which was previously completed at several small plants in the Atlanta region. Mail processed by the RPDC that originated from Augusta,

10 Industry Alert, *COVID-19 CONTINUITY OF OPERATIONS UPDATE Expected Delivery Changes for Priority Mail and First-Class Package Services*, April 17, 2020, https://about.usps.com/newsroom/service-alerts/pdf/expected-delivery-changes-april-17.pdf.
11 See Recommendation 1 in OIG, *Delivering for America: First-Class and Priority Mail Service Performance Update*, report number 25-028-25R (issued May 7, 2025).
12 This system is the basis for setting all targets and transportation modes for products between processing facilities. It identifies the number of days for receipt and delivery of postal products and is publicly available for customers and mailers. The business rule applies the distance between the processing location of origin and destination location to calculate the number of days. The SSD is driven by existing requirements set by law in United States Code, Title 39 Chapter C, Section 120.

GA, destined for Columbia, SC—rather than the Augusta plant—maintained the original 2-day service standard in the SSD, as calculated by the distance between the Augusta and Columbia processing facilities. Management did not update the SSD to reflect the network changes until February 2025, a year after the RPDC opened. Now, mail sent from Augusta to Columbia, SC processed at the Atlanta RPDC, has a 3-day service standard in the SSD (see Figure 4).

The Postal Service did not effectively communicate delivery expectations in specific networks undergoing network changes by delaying the update to the SSD, which is available for customers and mailers to identify the number of days for delivery. Changing delivery expectations without alerting customers could negatively impact the customer experience, goodwill, and branding during the Postal Service's busiest season.

Figure 4. Map of Mail Flow for Mail Originating in Augusta, GA, and Destined for Columbia, SC

Source: OIG based on SSD.

Recommendation #1

We recommend the **Executive Director, Logistics Modeling and Planning**, establish internal controls to ensure the Service Standard Directory is updated timely when service changes in specific markets.

Postal Service Response

Management agreed with the finding but disagreed with recommendation 1. Regarding recommendation 1, management stated the system and process were in place to compile and report service standard impacts on a quarterly basis. However, management stated the teams responsible were directed to not change service standards, which were frozen until February 2025. Management stated that after the implementation of the new service standards on July 1, 2025, the standards will be updated quarterly, or more frequently if deemed necessary, based on changes to ZIP Code assignments to LPCs or RPDCs and distances of offices to the servicing RPDCs.

OIG Evaluation

We consider management's comments nonresponsive to recommendation 1. By delaying the update to the SSD, the Postal Service did not communicate delivery expectations in specific networks that underwent network changes timely. We maintain that changing delivery expectations without alerting customers could negatively impact the customer experience and branding during the Postal Service's busiest season. The establishment of controls and adherence to those controls would help ensure that the process is followed. We will pursue the recommendation with management through the audit resolution process.

Finding #2: Fiscal Year 2025 Peak Season Network Performance Initiatives

The Postal Service implemented processing and transportation initiatives during peak season to try to move the mail through the system timely to meet service targets. However, it did not meet service targets for five of six products, and deeper analysis demonstrated a lack of resources, planning, and communication between components contributed to delays.

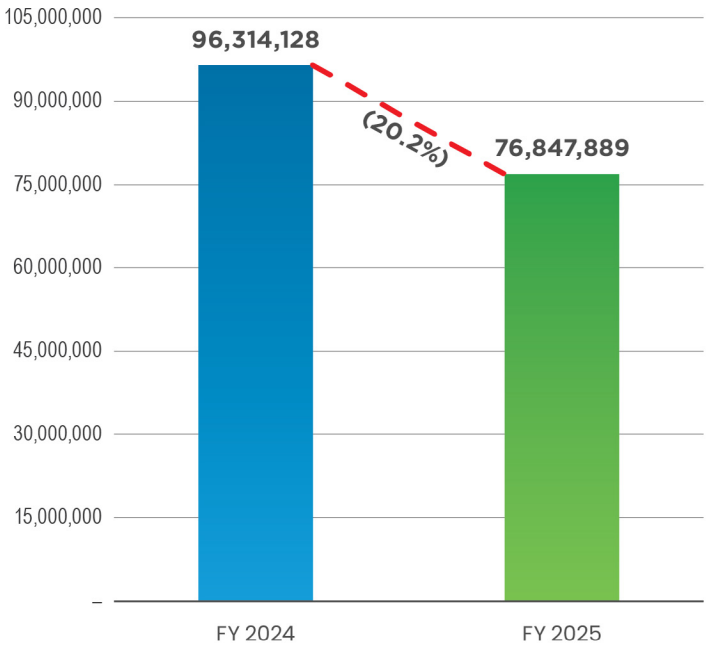
Processing

When processing facilities had more mail than they were able to process, the Postal Service had multiple ways to address the situation. The Postal Service successfully deployed new processing equipment to reduce manual handling, especially for oversized packages. It also offloaded volume from one processing facility to others. Additionally, plant management could use the expanded, 20-hour operating window to run processing machines longer. However, the Postal Service did not always use these methods effectively, as we identified issues with communicating offloads and RPDCs that had delayed mail and were not running at full processing capacity.

New Processing Equipment

The deployment of new processing equipment increased machine processing of packages by [redacted] million pieces (or [redacted] percent) and reduced manual processing of packages by 20.2 percent compared to the prior peak season (see Figure 5). In addition, the Postal Service reduced the processing of packages at temporary annexes. The Postal Service achieved this by moving some non-machinable package[13] volume to new machines that are equipped to process larger, oversized packages.

Figure 5. Peak Season Manual Package Volume, FYs 2024 and 2025



Source: OIG analysis of Enterprise Data Warehouse data.

Expanded Operating Window

The Postal Service planned to leverage the higher processing capacity of machines at newly established RPDCs during the peak season, which included options for plant management to run machines up to 20 hours a day. We assessed the operational capacity used at the three RPDCs with the Postal Service's highest capacity machine – the Matrix Regional Sorter (MaRS).[14] Our assessment included a review of all package processing machines at these facilities. The Chicago RPDC, Indianapolis RPDC, and Atlanta RPDC all reported delayed package volume, and none fully met their package processing potential. Reasons for running under capacity varied daily, but common reasons we saw in our field visits included a lack of staff available to run machines, which we observed in Indianapolis; maintenance issues with machinery, which we were told in Chicago and Indianapolis; or a misaligned

13 Non-machinable packages—referred to as non-machinable outsides—are large, oddly shaped, and heavy packages that cannot be processed on mechanized equipment.
14 A package sorting machine designed to increase package processing capacity and efficiency while using less floor space. The MaRS is part of the Postal Service's RPDC initiative and is used to sort packages at a faster rate than other machines.

mail arrival profile,[15] which we observed in Chicago. Processing operations' goal for peak season was to rely less on seasonal hires and rely more on overtime. While they met this goal, in some processing facilities, machines were underutilized.

Offloaded Mail Volume

Another way the Postal Service planned to handle the additional peak season volume was by using offload trips to move mail or packages from one transportation method to another, or from one facility to another. Prior to peak season, the Postal Service developed a plan for strategic offload. However, we found processing operations did not always execute offloads at the division-level with an approach that considered facility type, resources, and equipment capacity. In addition, division and local level processing and logistics management at some facilities we visited said offloads were not well coordinated or communicated.

We observed offloaded volume sent to facilities that did not have sufficient processing capacity and in some instances, processing capability. For example, during site visits at the Chicago and Indianapolis RPDCs in December 2024, we identified approximately 231,110 delayed letters and 5,635 delayed flats offloaded to the Chicago RPDC from the Indianapolis RPDC, despite the Chicago RPDC not being able to process letters or flats. In addition, machines had processing capacity, but did not have any volume to process. Also, local management did not always know when offloads were coming and did not always have scheduled transportation to move the mail after it was processed, causing congestion on the dock and workroom floors.

Delays in mail volume occurred, in part, because processing capacity was not fully utilized in some facilities and because management did not always follow an offload process that considered factors such as facility type, resources, and equipment capacity. Headquarters processing management included strategic offloads as a peak season initiative, but some offloads were reactionary and not part of the strategic offload plan. Further, logistics leadership told us they were not involved in the decision-making process for strategic offloads.

As a result of not running machines at capacity and poorly planned offloads, mail delays occurred, and mail sometimes had to be further re-routed after being offloaded. When offloads of mail to other facilities are not strategically implemented, there is a risk of delayed mail delivery and facility gridlock.

Transportation

We found the air and surface networks became overloaded during peak season, and a high number of unanticipated extra trips as well as cancellations contributed to the Postal Service spending more than expected on transportation.

Air Network

The Postal Service's actual air volume exceeded the air container capacity every week of peak season. Nearly 1.9 million pounds of air volume exceeded the weekly air container capacity, of which 1.5 million pounds (or 79 percent) was classified as Priority Mail. Out of the total volume exceeding the capacity, 1.1 million pounds (59.8 percent) occurred at 11 air stops[16] (see Table 3).

15 Mail arrival profile is the time the mail is received into a processing facility. The mail arrival profile is used to determine operational start times and staffing.
16 Air Stop means a city, site, or location where mail is dispatched or received, usually identified by a three-digit alpha code designation.

Table 3. Delayed Air Volume Above Container Matrix, During Peak Season FY 2025

Air Stop	Delayed Air Volume	% of Total
OAK	162,550	8.7%
MEM	136,809	7.3%
SEA	131,500	7.0%
DFW	113,357	6.1%
ONT	93,950	5.0%
BIL	93,542	5.0%
DEN	89,150	4.8%
MIA	78,256	4.2%
SAN	77,999	4.2%
LAS	75,626	4.0%
ATL	65,954	3.5%
Subtotal	1,118,693	59.8%
Other	752,937	40.2%
Total	**1,871,630**	**100%**

Source: OIG analysis of USPS IV data.

Logistics' forecast was low during the first and third weeks of peak season compared to last year's peak season. In addition, the Postal Service changed its air contract prior to the FY 2025 peak season, which reduced the number of air stops and impacted weekly volume and air capacity needs when compared to FY 2024.

Surface Network

To accommodate the additional, overcapacity air volume, the Postal Service moved some volume from air to surface and hired freight auction[17] services to transport the mail. This year, the Postal Service used 635 extra freight auction trips to accommodate air to surface diversions – a 10 percent increase compared to the previous peak season.

In addition, Logistics management used freight auction for unanticipated volume on the ground network. During this peak season, freight auction trips for unplanned volume in the network increased 24 percent over SPLY, from 9,938 trips in FY 2024 to 12,337 in FY 2025. However, the biggest increase in freight auction trips during peak season was to make up for contractor failures in the planned network. Freight auction trips increased during peak season from 3,975 trips in FY 2024 to 12,145 trips in FY 2025 because they were called when scheduled contracted trips did not occur due to a contractor failure. Specifically, this means the driver or supplier failed to observe the contract schedule. For the month of December 2024, the Postal Service identified that actual surface transportation costs were $21.1 million above planned costs, due to higher expenses than planned for freight auction and extra services.

The increase in freight auction trips led us to analyze contractor failures and subsequent trip cancellations. The Postal Service often pays for canceled trips, making it an important indicator of planning accuracy. When a trip is canceled, local management is prompted to input a reason for the cancellation, which can help higher level management identify systemic issues. During peak season, the Postal Service canceled 275,704 surface trips,[18] an increase of 7.6 percent from the prior peak season. Canceled freight auction and highway contract route (HCR)[19] trips totaled 77,159 (or 28 percent) of all trip cancellations during this period. Most of these trips were canceled by postal management or management did not provide a reason for canceling the trips. See Table 4 for the reasons the freight auction and HCR trips were canceled.

17 Freight auction trips are solicited bids for contractors to transport mail on an "as needed" basis for routes that are on-demand and operate infrequently, are generally more expensive than dedicated schedule services, and involve multiple cost segments. The Postal Service pays a flat fee when a freight auction trip is canceled.
18 Total surface trips include freight auction, HCR, postal vehicle surfaces, and rail.
19 HCRs are contracted surface transportation trips that provide service between postal facilities, mailer plants, and similar facilities. These are dedicated service contracts that operate on a predetermined schedule and frequency and have an agreed upon fixed price rate The Postal Service pays the scheduled trip rate for HCR trips when these trips are canceled.

Table 4. Freight Auction and HCR Canceled Trips, During Peak Season FY 2025

Reason for Cancellation	Number of Trips Canceled	Percent of Total
Canceled by postal management	42,287	54.8%
No reason populated	15,726	20.4%
Contractor failure	13,078	16.9%
Other	3,415	4.4%
Adverse weather conditions	2,653	3.4%
Total	**77,159**	**100%***

Source: OIG analysis of Surface Visibility data.
*Percentage does not sum to 100 due to rounding.

The Postal Service spent more than planned on surface transportation, in part, because the Postal Service underestimated its surface transportation needs. The increased use of the freight auction network occurred largely because extra transportation was needed when volume exceeded the planned dispatch capacity and for various contractor failures and omitted service. The increase in canceled trips occurred largely because of cancellations by postal management. As a result, the Postal Service paid $7.7 million in costs for requested or scheduled trips that were canceled during the period of November 9, 2024, through January 10, 2025.[20]

Recommendation #2

We recommend the **Vice President, Processing Operations**, adjust package processing plans and staffing plans during peak season to ensure full capacity of machines is used to minimize delayed mail volume.

Recommendation #3

We recommend the **Vice President, Processing Operations**, direct and monitor division management decisions in the offload process during peak season to incorporate strategic factors, such as facility type, resources, and equipment capacity.

Recommendation #4

We recommend the **Vice President, Processing Operations**, in coordination with the **Vice President, Logistics**, develop a process for clear communication of offloads between all levels of processing and logistics functions.

Recommendation #5

We recommend the **Vice President, Logistics**, reassess the methodology used for surface transportation planning to better estimate surface transportation needs and costs.

Recommendation #6

We recommend the **Vice President, Logistics**, evaluate the reasons for cancellations of freight auction and repetitive highway contract route trips to reduce the associated excess payments for these trips during peak season.

Postal Service Response

Management disagreed with this finding and recommendations 2 and 3. Management agreed with recommendations 4, 5, and 6, as well as the monetary impact. Regarding the finding, management stated that the finding is specific to three plants and a unique machine but does not explore or explain overall successes. Regarding recommendation 2, management stated it has adequate processing and staffing plans in place. Regarding recommendation 3, management stated that processing operations already has strategic offload plans that the divisions follow.

20 Specifically, the Postal Service paid $7,666,125 in supported unrecoverable questioned costs for 10,972 canceled trips—$2,130,800 for requested freight auction trips that were subsequently canceled and $5,535,325 for scheduled HCRs that were repeatedly canceled—during the period of November 9, 2024, through January 10, 2025.

For recommendation 4, management stated it will develop a process for clear communication of offloads between all levels of processing and logistic functions. The target implementation date is January 31, 2026. Regarding recommendation 5, management stated that cross-functional collaboration occurs as it plans out surface transportation and will provide evidence of cross-collaboration meetings that have occurred. The target implementation date is August 31, 2025. Regarding recommendation 6, management stated it will provide weekly cadence and files used to evaluate canceled and underutilized trips. The target implementation date is August 31, 2025.

OIG Evaluation

We consider management's comments responsive to recommendations 4, 5, and 6, as corrective actions should resolve the issues identified in the report.

Regarding management's disagreement with the finding, we measured the Postal Service's success through the initiatives provided by management. We recognized the Postal Service's accomplishments, such as its successful deployment of new processing equipment to reduce manual handling of packages. However, we also identified areas where the processing and transportation initiatives could have been better coordinated across components to reduce delays and improve service.

We consider management's comments nonresponsive to recommendations 2 and 3. Regarding recommendation 2, our assessment of how the Postal Service leveraged the processing capacity at three facilities with the highest package machine capacity found that the processing machines were underutilized because of a lack of staffing, maintenance issues, and the misalignment of mail arriving at the facility. We maintain that adjustments to processing and staffing plans will help the Postal Service leverage its processing capacity and reduce delayed package volume. Regarding recommendation 3, we found that processing operations did not always execute offloads with an approach that considered facility type, resources, and equipment capacity. Although headquarters processing management included strategic offloads as a peak season initiative, some offloads were reactionary and not part of the strategic offload plan. During our observations, we found poorly planned offloads caused congestion on docks and workroom floors and delayed mail. We maintain that management decisions to offload mail to another facility, whether strategic or reactionary, should incorporate factors such as facility type, resources, and equipment. We will pursue these recommendations with management through the audit resolution process.

Finding #3: Fiscal Year 2025 Peak Season Retail and Delivery Performance

During the FY 2025 peak season, Postal Service management established 10 key performance indicators to measure performance for retail and delivery units. Most performance indicators focused on delivery. The indicators largely represent year-round goals and are used to aid management in monitoring delivery unit performance. The Postal Service established targets for six of the 10 indicators for peak season. During the FY 2025 peak season, only two of the six targets were met or largely met nationwide (see Table 5).

Table 5. Retail and Delivery Performance Indicator Results During Peak Season

Performance Indicator	Target Description	Results
PM Distribution	Mail should be distributed after 12 p.m. for committed delivery the following day 30 percent of the time or more.	Not met. One of 50 districts met goal.
Arrival at Unit Productivity	Arrival at unit scans[21] occur at a rate of 300 scans per hour or greater.	Largely met. 44 of 50 districts met goal.
Stop the Clock 6-9 a.m.	Total scans performed by delivery employees between 6 a.m. and 9 a.m. should be 25 percent or greater of total scans in a service day.	Not met. No district met the goal.
Office to 60 Min	Total time spent in the office sorting mail for each route should not exceed 60 minutes.	Partially met. Four of 50 districts met goal.
Street Var Base	A carrier's street delivery time being within 1 percent of the established baseline.	Not met. No district met the goal.
Carriers Returns 2100	The percentage of carriers on the street after 9 p.m. should be less than 5 percent.	Met. All 50 districts met the goal.

Source: Postal Service Peak Scorecard.

The Postal Service included all six metrics in their peak season scorecard. However, retail management stated that these are year-round metrics, and they do not prioritize two of these metrics—the "Office to 60 Min" and "Street Var Base"— during peak season because of the high volumes during this time. In addition, the Postal Service enhanced its daily monitoring of expected package volume at every unit during peak season.

Also, the Postal Service executed a year-long customer service strategy in retail units. During peak season, it re-emphasized that strategy by focusing on meeting the supply and equipment needs of increased customer demand. The Postal Service uses revenue and customer service metrics to measure the execution of its strategy. To measure retail experience, we examined Point of Service Overall Satisfaction (POS OSAT), which is a metric of success at the retail customer service level and found this score dropped during the FY 2025 peak season. Specifically, 36 of 50 (or 72 percent) Districts' POS OSAT scores were lower than SPLY. Creating specific retail targets to help retail management measure their plan could improve the customer retail experience during the Postal Service's busiest season.

In addition, the Postal Service set delivery and retail goals to, in part, reduce costs during peak season by lowering the number of Plan B and 6-9 Play sites. The Postal Service reduced the number of Plan B sites as planned to a total of 17 sites. However, we found the Postal Service had more delivery units designated as 6-9 Play sites than planned. The Postal Service reported 43 delivery units designated as 6-9 Play sites; however, we identified 189 delivery units listed

21 The time the clerk scans "arrived at the unit" on the mail piece.

as 6-9 Play sites. Management could not explain the large variance in the reporting of the 6-9 Play designated delivery units.

These issues occurred because management did not provide sufficient oversight to verify its key performance indicators were met. Headquarters-level initiatives were not prioritized by field operations, leading to most targets not being met. In addition, management did not include POS OSAT score targets in its peak season initiatives, despite identifying it as a measure of success for retail year-round. Also, management did not accurately track or report the total number of active 6-9 Play sites in operation during peak season.

When delivery unit performance and POS OSAT scores are poor, there is an increased level of customer dissatisfaction, which may adversely affect the Postal Service brand. Effective monitoring of peak season performance measurement initiatives could have aided the Postal Service in better identifying opportunity areas and achieving targets for satisfaction scores. Additionally, accurate tracking of 6-9 Play units could improve management's ability to make data driven decisions based on daily conditions to determine whether they should implement or discontinue 6-9 Play at delivery units.

Recommendation #7

We recommend the **Vice President, Delivery Operations**, assess and update peak season key performance indicators and initiatives.

Recommendation #8

We recommend the **Vice President, Retail and Post Office Operations**, develop measures and targets to evaluate the customer experience during peak season.

Postal Service Response

Management disagreed with this finding and recommendation 8 but agreed with recommendation 7. Regarding the finding, management stated it had established key performance indicators that it did not focus on during peak season 2025. Rather, management stated it focused on metrics that better aligned with peak season demands and prioritized operational issues such as package backlog, missed scans, and customer complaints.

Regarding recommendation 7, management stated it will review all key performance indicators on the peak performance dashboard to include only those that focus and drive package delivery performance and visibility on backlogs and other delivery concerns. The target implementation date is November 30, 2025.

Regarding recommendation 8, management stated it assesses the customer experience by leveraging organizational customer interface platforms to gauge and be responsive to the customer and service levels. Management does not agree that it should establish specific strategies or targets for peak season and stated it will continue to use these tools to provide actionable insights and integrate into ongoing efforts to enhance retail performance during peak periods.

OIG Evaluation

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

Regarding management's disagreement with the finding, we used information provided by management to assess delivery and retail performance. We acknowledged that management told us in subsequent meetings that they did not prioritize some of these metrics to monitor delivery unit performance during the peak season.

We consider management's comments nonresponsive to recommendation 8. Regarding this recommendation, we acknowledged that the Postal Service executed a year-long customer service strategy in retail. Our review of the POS OSAT found this score dropped during the FY 2025 peak season compared to the prior season. We maintain that developing measures to monitor the customer experience specifically during peak season will help the Postal Service in making customer improvements during this high-volume mailing season. We will pursue this recommendation with management through the audit resolution process.

Finding #4: Service Performance During Post-Peak Season

We analyzed package volume during the period immediately following peak season, which fell during January 11-31, 2025, and found that it approached near peak season levels. Additionally, our analysis found the Postal Service experienced delays during this period in specific markets. Specifically, we reviewed reported delayed mail volumes during the post-peak season at the 12 highest volume facilities and identified delayed inventory[22] of [redacted] packages. We found opportunities for improvement in processing, transportation, and staffing during the post-peak season.

Processing Delays During Post-Peak Season

Package volume during the three weeks after peak season was consistent with the volume experienced during the last three weeks of peak season.[23] As shown in Figure 6, service performance started into a downward trend in late December 2024 and declined considerably during the post-peak season for two of the three competitive products. Specifically, the respective scores for Ground Advantage and Priority Mail during the last two weeks of the post-peak season were well below FY 2025 targets as well as those observed during peak season.

Although management previously stated that they had sufficient capacity to process package volume timely, the decrease in scores and mail volume delays indicated management did not adequately anticipate the near-peak volume levels during post-peak season.

Transportation Delays

During the post-peak season, the Postal Service experienced transportation delays. We found that air volume delays continued each week of post-peak season due to package volume exceeding the air capacity in specific markets. Specifically, 280,000 pounds of air volume was delayed due to the Postal Service exceeding the air container matrix, of which 152,217 pounds (or 54.4 percent) occurred at five air stops (see Table 6).

Figure 6. Comparison of Peak and Post Season Package Volume and Service Performance, FY 2025

Source: Postal Service IV data.

22 Provides a count of pieces not processed.
23 Includes total package volume that is included in service performance, and the last week in peak season the Postal Service considers to be January 4-10, 2025.

Table 6. Delayed Air Volume that Exceeded the Air Capacity by Air Stop, January 11-31, 2025

Air Stop	Delayed Air Volume	Percent of Total
MCI	58,725	21%
MIA	27,264	9.7%
SAT	24,440	8.7%
SMF	22,150	7.9%
MSP	19,638	7.0%
Subtotal	152,217	54.4%
Other	127,806	45.6%
Total	**280,023**	**100%**

Source: Postal Service IV data.

The Postal Service moved some of the volume exceeding air capacity to surface transportation and hired freight auction trips to transport the mail, just like during peak season. The Postal Service used 179 extra freight auction trips to accommodate air volume in the post-peak season—a 14 percent increase compared to SPLY.

We assessed extra, late, and canceled trips to assess schedule accuracy during the period of January 11-31, 2025. Extra freight auction trips for unplanned volume and contractor failures increased 140.6 percent over SPLY. Similar to peak season, the biggest increase in freight auction trips was to make up for contractor failures in the planned network when the driver or supplier failed to observe the contract schedule. In addition, during the post-peak period, there were 181,138 delayed surface transportation trips, including 25,922 trips delayed due to dock congestion, an increase of 61.2 percent from SPLY.

Finally, there were 82,424 total canceled surface trips, including 18,193 freight auction and HCR trip cancellations. Similar to peak season, most of these trips were canceled by management. See Table 7 for the reasons these trips were canceled.

Table 7. Freight Auction and HCR Canceled Trips, During Post-Peak Season FY 2025

Reason for Cancellation	Number of Trips Canceled	Percent of Total
Canceled by postal management	9,161	50.4%
No reason populated	3,037	16.7%
Contract failure	3,013	16.6%
Adverse weather conditions	2,355	12.9%
Other	627	3.4%
Total	**18,193**	**100%**

Source: OIG analysis of Surface Visibility data.

The Postal Service did not plan for the impact of increased package volume during this post-peak season. In addition, the increase in canceled surface trips during the post-peak season occurred largely because of cancellations by postal management. As a result, the Postal Service paid about $1.2 million in costs for requested or scheduled trips that were canceled during the period of January 11-31, 2025.[24]

The planning activities and initiatives developed for peak season are intended to lessen the impact of increased mail volume and improve service performance. The absence of planning for post-peak season volume increased the Postal Service's risk that delays occurred and service performance targets were missed. Delays have a direct impact on customer experience and expectations.

Recommendation #9

We recommend the **Vice President, Processing Operations** and the **Vice President, Logistics**, adjust the timelines for peak initiatives to incorporate post-peak season package volume on operations.

24 Specifically, the Postal Service paid $1,153,611 in supported unrecoverable questioned costs for 2,903 canceled trips—$497,600 for requested freight auction trips that were subsequently canceled and $656,011 for scheduled HCRs that were repeatedly canceled—during the period of January 11-31, 2025.

Recommendation #10

We recommend the **Vice President, Logistics**, evaluate the reasons for cancellations of freight auction and repetitive highway contract route trips to reduce the associated excess payments for these trips during the post-peak season.

Postal Service Response

Management disagreed with the finding and recommendation 9 but agreed with recommendation 10 and the monetary impact. Regarding the finding, management stated that assumptions were made correlating delayed mail volume with inadequate planning in processing, transportation, and staffing post-peak. Management also stated the Postal Service's year-round strategy does include the period described as post-peak and that there was no lapse in planning, only unexpected conditions, including weather.

Regarding recommendation 9, management provided information on ramping down hires after peak season. Management stated the Postal Service's year-round strategy does include the post-peak period with no lapses in planning initiatives regarding package volume fluctuations. Regarding recommendation 10, management agreed to continue to evaluate canceled and underutilized trips. The target implementation date is August 31, 2025.

OIG Evaluation

The OIG considers management's comments responsive to recommendation 10.

We consider management's comments nonresponsive to recommendation 9. Regarding management's disagreement with the finding and recommendation 9, we maintain that the decreased service performance scores and mail volume delays indicate management was not adequately prepared for the mail volumes in the three week period after peak season. Package volume during the post-peak period was consistent with the volume experienced during the last three weeks of peak season. The planning activities and initiatives developed for peak season are intended to lessen the impact of increased mail volume and improve service performance. Given that package volume was still high in post-peak, while service declined significantly, we maintain that planning for post-peak mail volume would decrease the risk of delays and missed service performance targets. We will pursue management's disagreement with this recommendation through the audit resolution process.

Appendices

Appendix A: Additional Information

Scope and Methodology

Our audit objective was to evaluate the U.S. Postal Service's performance during the FY 2025 peak and post seasons, the implementation of its peak season preparedness plan, and operational changes to the network potentially impacting performance.

To accomplish our objective, we:

- Obtained and reviewed policies and procedures related to peak season initiatives.
- Conducted visits at facilities during post peak season to evaluate performance of package return volume, and review implementation of past recommendations at the following sites:
  - Miami, FL, Processing and Distribution Center (PDC)
  - Royal Palm, FL, Logistics Distribution Center
  - Pompano Beach, FL, Sorting and Delivery Center (SDC)
  - Chicago, IL, Regional Processing and Distribution Center (RPDC)
  - Chicago, IL, Metro Surface Hub
  - Chicago, IL, SDC
  - Indianapolis, IN, Mail Processing Annex
  - Indianapolis, IN, RPDC
  - Terre Haute, IN, SDC
  - North Houston, TX, RPDC
  - South Houston, TX, Local Processing Center
  - Panther Creek, TX, SDC
  - North Houston, TX, Peak Season Annex
  - Klein Branch, TX
- Analyzed the FY 2024 and FY 2025 service performance and volume data to identify service disruptions and substantial delays during peak season.
- Analyzed processing productivity data for FY 2025 peak season to assess rate of efficiency of processing packages.
- Analyzed FY 2025 post peak season performance and volume data for returns and identify any indications of specific service disruptions.
- Obtained facility space/capacity data to identify the annexes the Postal Service acquired to process the planned package volume of non-machinable packages during FY 2025 peak season.
- Reviewed air and surface transportation data to identify efficiency and effectiveness of forecasting volume and planning adequate transportation.
- Reviewed air and surface transportation expense data to identify financial impacts of network changes.
- Analyzed the usage of 6-9 Play and Plan B sites during peak season.
- Reviewed hiring and employee availability data during the FY 2025 peak season to determine if planned goals were met.
- Interviewed Postal Service Headquarters officials to identify challenges or successes in implementing the peak season initiatives and operational changes to the network.
- Obtained and reviewed C360 and Retail Customer Experience data for peak season FY 2025.

We conducted this performance audit from December 2024 through July 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 June 17, 2025, and included its comments where appropriate.

In planning and conducting the audit, we obtained an understanding of peak season performance 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 four components were significant to our audit objective: control environment, risk assessment, 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 peak season performance that were significant within the context of our objectives. Our recommendations, if implemented, should correct the weaknesses we identified.

We assessed the reliability of EDW, IV, SV, WebEOR, and Webcoins data by interviewing knowledgeable agency officials, testing for completeness, reviewing related documentation, and comparing data to other related data. 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 2025 Peak Season Preparedness	To evaluate the U.S. Postal Service's preparedness for the FY 2025 peak mailing season.	24-132-R25	November 21, 2024	None
Service Performance During FY 2024 Peak Mailing Season	To evaluate the U.S. Postal Service's performance during the FY 2024 peak season and the implementation of its peak season preparedness plan.	24-050-R24	August 26, 2024	None
FY 2024 Peak Mailing Season Preparedness	To evaluate the U.S. Postal Service's preparedness for the FY 2024 peak mailing season.	23-121-R24	November 15, 2023	None
Service Performance During FY 2023 Peak Mailing Season	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.	23-025-R23	July 13, 2023	None
FY 2023 Peak Season Preparedness	To evaluate the U.S. Postal Service's preparedness for the FY 2023 peak mailing season.	22-163-R23	November 14, 2022	None

Appendix B: Management's Comments

UNITED STATES POSTAL SERVICE

July 7, 2025

VICTORIA SMITH
ACTING DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response: *Service Performance During the FY 2025 Peak Mailing Season (25-036-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, *Service Performance During the FY 2025 Peak Mailing Season.*

Finding #1: Service Performance Declined for Most Mail Products Despite Data Adjustment – The Postal Service generally agrees with the information found in Finding #1. We are grateful the OIG pointed out the robust performance in Table 1 for Ground Advantage for Peak Season 2025 compared to Peak Season 2024.

Finding #2: Fiscal Year 2025 Peak Season Network Performance Initiatives – The Postal Service disagrees with Finding #2 as written. The finding talks specifically about three plants and a unique machine but does not explore or explain the successes overall.

Finding #3: Fiscal Year 2025 Peak Season Retail and Delivery Performance
Management disagrees with the finding:

Management has established key performance indicators (KPIs) on the dashboard that were not focused on during this past peak season as initially determined. Management has prioritized immediate operational issues such as package backlog, missed scans, and C360 complaints. In doing so, management focused on real-time metrics that better aligned with peak season demands. Moving forward, management will identify, prioritize and focus on the KPIs that drive package delivery performance.

While the OIG recognizes the numerous year-round customer service efforts and ongoing metrics implemented by management—including POS OSAT—it contradicts itself by suggesting management should establish specific strategies/targets during peak season. Management will continue leveraging its multiple metrics to guide customer service performance during all operational periods.

Finding #4: Service Performance During Post-Peak Season –

The Postal Service disagrees with Finding #4. Assumptions are being made correlating delayed mail volume with inadequate planning in processing, transportation, and staffing "post-peak." The assertion of "absence of planning" misrepresents the facts. The Postal Service's year-round strategy does include the period described as "post-peak"—there was no lapse in planning, only unexpected conditions. Additionally, weather disruptions weren't acknowledged, despite their impact.

Management concurs with the monetary impacts described as related to cancellation payments made on highway contract route and freight auction surface transportation.

The following are our comments on each of the ten recommendations:

Recommendation 1:
We recommend the Executive Director, Logistics Modeling and Planning, establish internal controls to ensure the Service Standard Directory is updated timely when service changes in specific markets.

Management Response/Action Plan:
Management disagrees with this recommendation. Systems Integration Support is responsible for working with the Service Standard Directory team (now SSMP team) to compile and report service standard impacts due to changes to Origin Processing Facility and labeling list changes on a quarterly basis. The system and process were in place, however, the teams were directed not to change service standards. Service standards were unfrozen in February 2025. After the new service standards are implemented July 1, 2025, they will be updated quarterly, or more frequently if deemed necessary, based on changes to ZIP assignments to LPCs or RPDCs and distances of offices to the servicing RPDCs.

Target Implementation Date: N/A

Responsible Official: N/A

Recommendation 2:
We recommend the Vice President, Processing Operations, adjust package processing plans and staffing plans during peak season to ensure full capacity of machines is used to minimize delayed mail volume.

Management Response/Action Plan:
Management disagrees with the recommendation as written. The Postal Service had adequate processing and staffing plans in place.

Target Implementation Date: N/A

Responsible Official: N/A

Recommendation 3:
We recommend the Vice President, Processing Operations, direct and monitor division management decisions in the offload process during peak season to incorporate strategic factors, such as facility type, resources, and equipment capacity.

Management Response/Action Plan:
Management disagrees with this recommendation as processing operations already have strategic offload plans that the divisions follow.

Target Implementation Date: N/A

Responsible Official: N/A

Recommendation 4:
We recommend the Vice President, Processing Operations, in coordination with the Vice President, Logistics, develop a process for clear communication of offloads between all levels of processing and logistics functions.

Management Response/Action Plan:
Management agrees with this recommendation. Management will develop a process for clear communication of offloads between all levels of processing and logistics functions.

Target Implementation Date: 01/31/2026

Responsible Official: Sr Dir Processing Operations & Sr Dir Surface Logistics

Recommendation 5:
We recommend the Vice President, Logistics, reassess the methodology used for surface transportation planning to better estimate surface transportation needs and costs.

Management Response/Action Plan:
Management agrees that a cross functional collaboration has and continues to occur as we plan out our surface transportation. In our pre-meeting with the OIG, we agreed to show the cross-collaboration meetings that have occurred to close out this recommendation.

Target Implementation Date: 8/31/2025

Responsible Official: Director, Surface Logistics Planning

Recommendation 6:
We recommend the Vice President, Logistics, evaluate the reasons for cancellations of freight auction and repetitive highway contract route trips to reduce the associated excess payments for these trips during peak season.

Management Response/Action Plan:
Management agrees with this recommendation and in our pre-exit meeting, agreed to provide the weekly cadence and files used to evaluate canceled and underutilized trips to close out this recommendation.

Target Implementation Date: 8/31/2025

Responsible Official: Director Surface Logistics Planning

Recommendation 7:
We recommend the Vice President, Delivery Operations, assess and update peak season key performance indicators and initiatives.

Management Response/Action Plan:
Management agrees with this recommendation. Management will review all KPIs on the Peak Performance Dashboard to determine realignment to include only those that focus and drive package delivery performance and visibility on backlog and other delivery concerns.

Target Implementation Date: 11/30/2025

Responsible Official: Vice President, Delivery Operations

Recommendation 8:
We recommend the Vice President, Retail and Post Office Operations, develop measures and targets to evaluate the customer experience during peak season.

Management Response/Action Plan:
Management disagrees with this recommendation.
In addition to utilizing POS OSAT & Retail Customer Experience (RCE) measurements, Management also assesses the customer experience by leveraging organizational customer interface platforms such as USPS Call Centers, C360, and social media to gauge and be responsive to the "Voice of the Customer" and service levels. Continuing efforts to make ongoing customer centric improvements are a direct result of measuring the customer experience.

These tools will continue to provide actionable insights and be integrated into ongoing efforts to enhance retail performance during peak periods - and beyond.

Target Implementation Date: N/A

Responsible Official: N/A

Recommendation 9:
We recommend the Vice President, Processing Operations and the Vice President, Logistics, adjust the timelines for peak initiatives to incorporate post-peak season package volume on operations.

Management Response/Action Plan:
Management disagrees with this recommendation. Leading into peak, the Postal Service increased pre-career hires (10/4/24 -12/06/24) by approximately 4,581 pre-career Processing employees. The week following peak (12/27/24-1/3/25) approximately 1,174 pre-career employees were released, as part of the gradual ramp down efforts, rather than a sudden decrease in staff. Contractually, Processing Operations could no longer exceed cap following the week of December 27, 2024. The Postal Service's Year-Round strategy does include the period described as "post-peak" with no lapses of planning initiatives regarding package volume fluctuations.

Target Implementation Date: N/A

Responsible Official: N/A

Recommendation 10:
We recommend the Vice President, Logistics, evaluate the reasons for cancellations of freight auction and repetitive highway contract route trips to reduce the associated excess payments for these trips during the post-peak season.

Management Response/Action Plan:
Management agrees to continue to evaluate canceled and underutilized trips.

Target Implementation Date: 8/31/2025

Responsible Official: Sr. Director, Surface Logistics

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Vice President, Processing Operations

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Stephen Hagenstein
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cc: Corporate Audit & Response Management

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